

PPAP (KH100040001CSX)

February 17, 2021

Performance Highlights

FY ends Dec (KHR'bn)	4Q20	% QoQ	% YoY	2020U	% YoY
Revenue	26.86	-13.4%	-10.0%	110.30	0.1%
EBITDA	15.67	-21.5%	-21.4%	66.85	-12.8%
EBIT	12.69	-25.7%	-24.1%	55.65	-13.1%
Finance cost	-1.09	-0.9%	-7.6%	-4.45	-21.8%
PBT	11.60	-27.4%	-25.4%	51.20	-12.2%
Net profit	8.96	-29.0%	-26.7%	39.99	-14.6%
EBITDA margin	58.4%	-6.0%pt	-8.5%pt	60.6%	-9.0%pt
EBIT margin	47.3%	-7.8%pt	-8.8%pt	50.5%	-7.7%pt
Net margin	33.4%	-7.3%pt	-7.6%pt	36.3%	-6.2%pt

Source: The Company (Unaudited), YSC Research

4Q20 review: Revenue decreases for second straight quarter

Container throughputs up 1.6% YoY in 4Q20, 3.5% YoY in 2020

- In 4Q20, container throughputs increased 1.6% YoY to 69,565 TEUs. The positive growth was achieved after a decline of 7.4% YoY in 3Q20 likely as a consequence of COVID-19 impact. Total container shipments reached 520,800 tons between Oct and Dec 2020, up 8.2% compared to the same period in 2019, driven mainly by 13.2% YoY increase in export shipments. Import shipments, on the other hand, grew modestly by 5.4% YoY. In the fourth quarter, total cargo shipments amounted to 983,075 tons (+5.4% YoY), of which 256,774 tons were general cargo shipments (+14.5% YoY), and 205,501 tons were oil & gas cargo shipments (-9.5% YoY).
- In 2020, container throughputs rose slightly by 3.5% YoY to 290,857 TEUs, the slowest annual growth the port operator has seen since at least 2010. While in 1Q20, PPAP continued to achieve a robust container throughput growth of 25.5% YoY, the company started to feel the impact of COVID-19 pandemic from 2Q20 when the growth slowed down drastically to 0.7% YoY. In 3Q20, container throughput fell by 7.4% YoY as both import and export shipments decreased 11.0% and 10.1% YoY, respectively. The significant negative growth in the third quarter can be attributed to the COVID-19-driven decline in exports of garment products and imports of construction materials, which are important commodities handled by PPAP (Cambodia's exports of garment and footwear products decreased 16% YoY, while imports of construction materials plummeted 19% YoY in 3Q20).

Top line fell 10% YoY in 4Q20 on declining vessel and boat traffic

- PPAP earned KHR26.86bn in total revenue in 4Q20, recording a drop of 10% YoY. With the slight increase in container throughputs, main sources of revenue continued to achieve a positive growth. Income from stevedoring and lift-on lift-off (LOLO) services rose 4.6% and 5.5% YoY to KHR11.97bn and KHR10.08bn, respectively. However, port services income plunged 32.0% YoY to KHR3.42bn, while storage services income dove 78.1% YoY to KHR328mn. The drop in the third largest income source can be attributed to a decline in vessel and boat traffic. The number of cargo vessel in 4Q20 came to 605, down 8.6% from 662 in 4Q19. Also, PPAP recorded zero number of tourist boat for a third consecutive quarter due to the concern over COVID-19 spread. Meanwhile, other incomes—including gate fees, weighting fees, stuffing/unstuffing fees, trucking fees, sand dredging fees, and others—plummeted 54.2% YoY to KHR1,064mn.
- Total revenue last year was up slightly by 0.1% to KHR110.3bn. Income from stevedoring and LOLO services increased modestly by 4.6% and 6.2%, respectively. Port services income fell 11.3%; storage service income dove 44.6%, while other incomes were down 6.0%.

Operating profit narrows as general administrative expenses continue to increase

- In 4Q20, gross profit margin increased 2%pt YoY to 70.4% as cost of services dropped 11.6% YoY thanks mainly to 32.6% YoY decrease in fuel and gasoline cost, 13.6% YoY drop in direct depreciation expense and 13.9% YoY decrease in crane charge. However, general administrative expenses soared 21.8% YoY driven mainly by 10.7% YoY increase in salaries and wages, 30.8% YoY surge in indirect depreciation expense, and 420% jump in other tax expense. As a result, EBITDA fell 21.4% YoY to KHR15.67bn, and EBIT dropped 24.1% to KHR12.69bn. EBITDA margin contracted 8.5%pt YoY to 58.4%, while EBIT margin narrowed 8.8%pt YoY to 47.3%.
- In 2020, EBITDA and EBIT amounted to KHR66.85bn and KHR55.65bn, down 11.9% and 11.7% YoY, respectively. EBIT margin decreased 7.7%pt to 50.5%.

Bottom line plunges 26.7% YoY in 4Q20, and 14.6% YoY in 2020

- With financing cost decreasing 7.6% YoY, pre-tax profit slumped 25.4% YoY to KHR11.60bn, and net profit plunged 26.7% YoY to KHR8.96bn in 4Q20.
- Last year, PPAP generated KHR40bn in net profit, a 14.6% decrease from 2019.

Closing price	KHR 11,980
IPO price	KHR 5,120

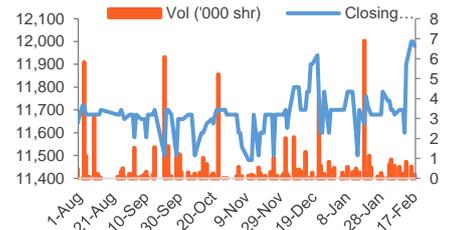
Source: CSX, YSC Research

Stock info

Industry	Transport Support Services
Market cap (KHRbn)	247.799
Outstanding shares (mn)	20.7
Majority shareholder	Ministry of Economy & Fin (%) 80
Avg daily vol. (last 6 months, shr)	512
Free floating shares (last 6 months, %)	0.30
Price low/high (last 6 months, KHR)	11,480 - 12,000
EPS (KHR) (ttm)	1,934
P/E (x) (ttm)	6.20
P/B (x) (mrq)	0.38
P/B* (x) (mrq)	0.90
EV/EBITDA (x) (ttm)	3.71
D/E (%) (mrq)	14.13

Note: ttm = trailing twelve months (2020); mrq = most recent quarter (4Q20); *Excluding equity of Class C (non-voting) shares.

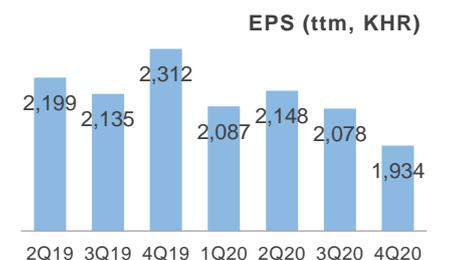
Stock performance



Trading volume & value in last 12 months

	Monthly trading		Average per day	
	Volume (shr)	Value (KHR'mn)	Volume (shr)	Value (KHR'mn)
Feb-20	33,693	390	1,685	19
Mar-20	20,998	221	1,000	11
Apr-20	27,815	293	1,264	13
May-20	22,831	259	1,343	15
Jun-20	32,844	378	1,564	18
Jul-20	13,455	155	585	7
Aug-20	11,912	139	745	9
Sep-20	16,182	187	899	10
Oct-20	8,739	102	460	5
Nov-20	4,057	47	214	2
Dec-20	14,467	168	629	7
Jan-21	11,562	135	609	7

Earning strength



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Container throughputs

Container throughputs	4Q20	% QoQ	% YoY	2020	% YoY
TEUs	69,565	-18.8%	1.6%	290,857	3.5%
Tonnage					
Import (tons)	329,449	-12.7%	5.4%	1,366,749	0.5%
Export (tons)	191,351	0.5%	13.2%	698,527	0.3%
Total (tons)	520,800	-8.2%	8.2%	2,065,276	0.4%

Source: The Company

Container, general, and oil cargoes

Ton	4Q20	% QoQ	% YoY	2020	% YoY
Container	520,800	-8.2%	8.2%	2,065,277	0.4%
General	256,774	12.5%	14.5%	865,367	11.5%
Oil & gas	205,501	0.3%	-9.5%	849,876	-11.2%
Total	983,075	-1.8%	5.4%	3,780,520	-0.2%

Source: The Company

Breakdown of revenue

Source of revenue	4Q20	% QoQ	% YoY	2020U	% YoY
Stevedoring	11,966	-13.8%	4.6%	47,977	4.6%
LOLO	10,079	-11.1%	5.5%	40,077	6.2%
Port services	3,417	-12.0%	-32.0%	14,889	-11.3%
Storage	328	-52.3%	-78.1%	2,593	-44.6%
Others	1,064	-12.2%	-54.2%	4,768	-6.0%
Total	26,855	-13.4%	-10.0%	110,303	0.1%

Source: The Company

Financial Ratios

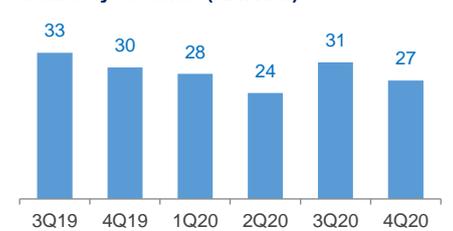
FY end to Dec	2016	2017	2018	2019	2020U
Per share ratios					
EPS (KHR)	801	1,049	1,584	2,263	1,934
BPS (KHR)	25,195	26,121	27,382	29,926	31,519
BPS* (KHR, excluding Class C)	7,062	7,988	9,249	11,793	13,386
EBITDA/Shr (KHR)	1,647	2,021	2,311	3,707	3,232
SPS (KHR)	3,194	3,688	4,053	5,326	5,333
DPS (KHR, of Class A)	256	307	333	333	n/a
Share Price	5,300	5,140	7,680	12,500	11,700
Valuation ratios					
P/E (x)	6.62	4.90	4.85	5.52	6.05
P/B (x)	0.21	0.20	0.28	0.42	0.37
P/B*(x, excluding Class C)	0.75	0.64	0.83	1.06	0.87
EV/EBITDA (x)	5.85	4.21	3.57	2.01	2.68
P/S (x)	1.66	1.39	1.90	2.35	2.19
Dividend yield on end-period close (% of Class A)	4.83	5.97	4.33	2.66	n/a
Dividend yield on current price (% of Class A)	2.14	2.56	2.78	2.78	n/a
Dividend yield on IPO price (% of Class A)	5.00	6.00	6.50	6.50	n/a
Dividend payout (% of Class A)**	31.96	29.28	21.01	14.71	n/a
Dividend payout (%)	20.16	16.20	11.83	8.82	n/a
Profitability ratios					
EBITDA margin (%)	51.6	54.8	57.0	69.6	60.6
EBIT (%)	37.0	39.4	42.7	58.1	50.5
Net margin (%)	25.4	28.3	39.3	42.8	37.1
ROE (%)	3.2	4.1	5.9	8.0	6.4
ROE* (% of Class C)	11.8	13.9	18.5	21.7	15.7
ROA (%)	2.6	3.2	4.6	6.0	4.9
Efficiency ratios					
Asset turnover (x)	0.10	0.11	0.12	0.14	0.13
Receivables turnover (x)	8.3	8.2	8.6	9.1	3.9
Financial strength					
Total Debt/ Total Equity (%)	22.4	21.7	19.1	16.4	14.1
Net debt/equity (%)	17.2	12.9	2.1	-0.8	3.2
Interest coverage (x)	4.7	5.9	7.6	11.2	12.5
Inter & ST debt cover (x)	4.7	2.2	2.7	4.5	4.3
Current ratio (x)	3.5	2.9	4.8	4.2	3.9
Quick ratio (x)	3.5	2.9	4.8	4.2	3.9
Net debt/EBITDA (x)	2.6	1.7	0.2	-0.1	0.3

EPS = Earnings Per Share; BPS = Book value Per Share; SPS = Sales Per Share; DPS = Dividend Per Share;

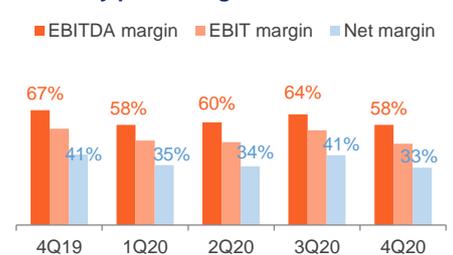
Current price is closing price on the day of the report;

*Excluding capital of Class C shares that are wholly held by the government; **DPS to Class A shares divided by EPS;

Quarterly revenue (KHR'bn)



Quarterly profit margin



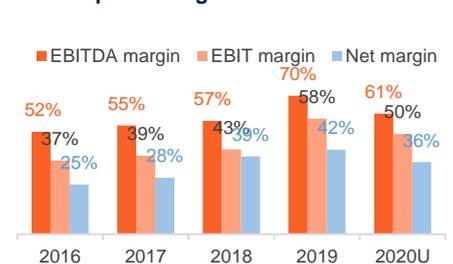
Quarterly revenue & profit growth (YoY)



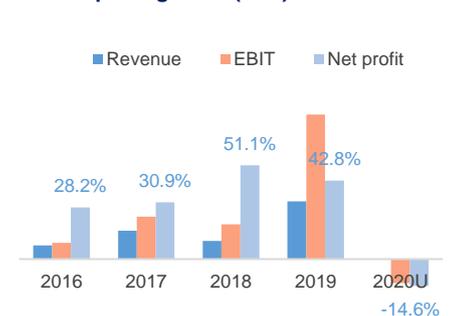
Annual revenue & net profit (KHR'bn)



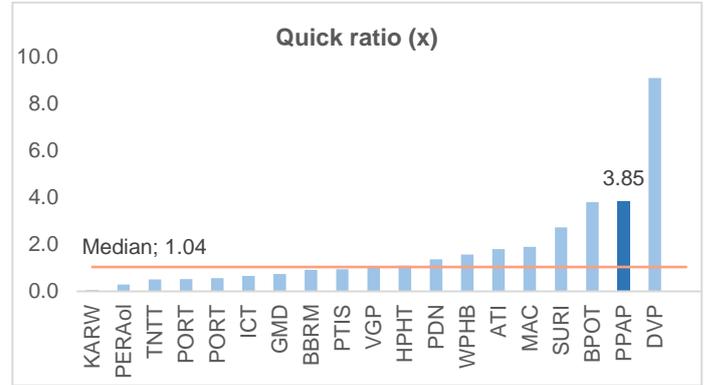
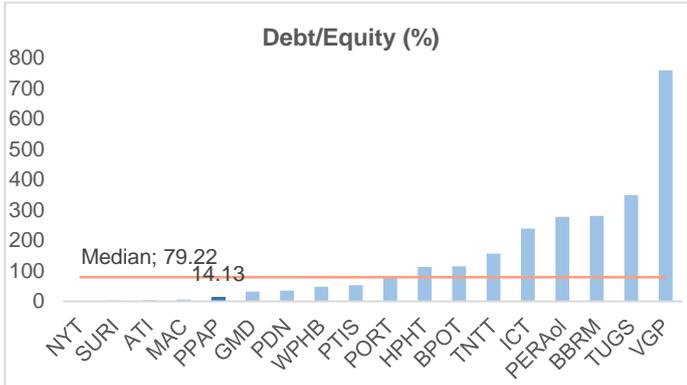
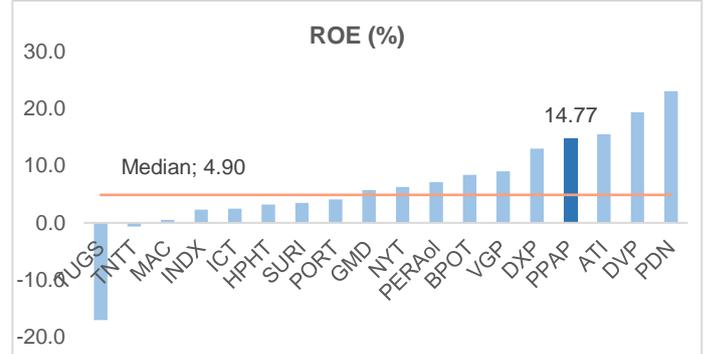
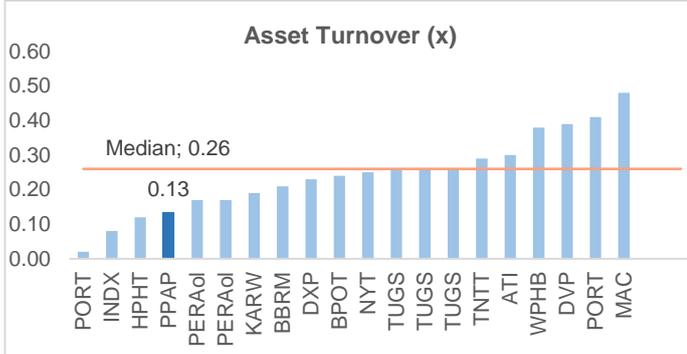
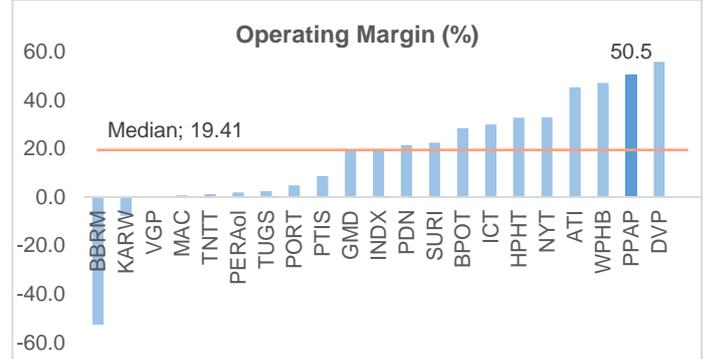
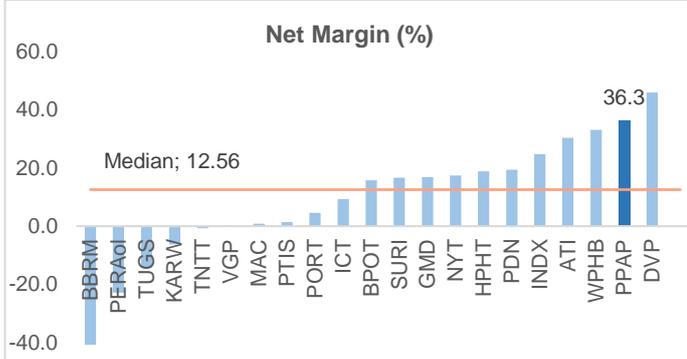
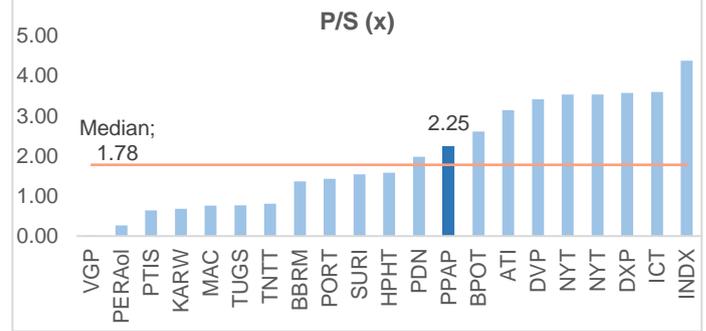
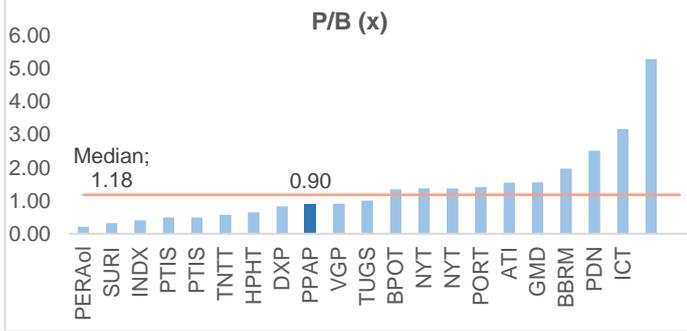
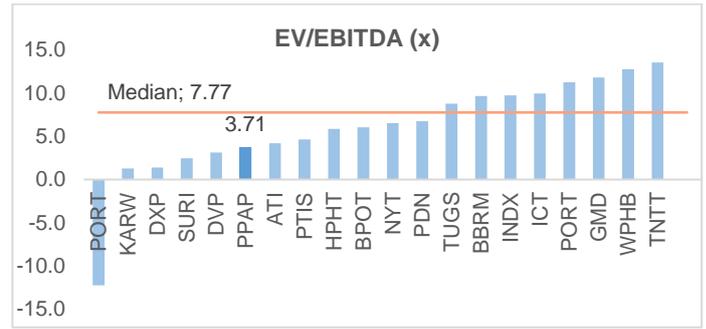
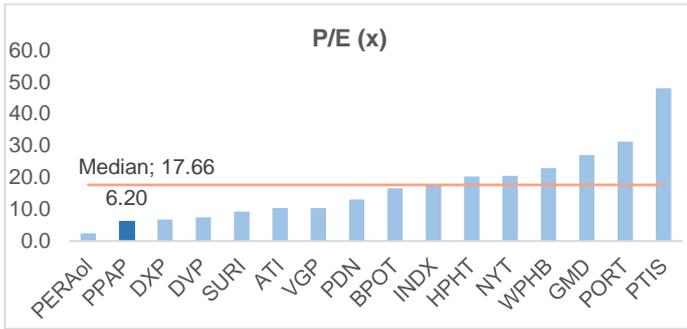
Annual profit margin



Annual profit growth (YoY)



ASEAN Peers Comparison



Source: Reuters (As of February 16, 2021), YSC Research

Condensed Financial Statements

Statement of comprehensive income					
FY to Dec (KHR'bn)	2016	2017	2018	2019	2020U
Revenues	66.1	76.3	83.8	110.2	110.3
Operating costs	-35.9	-36.9	-41.9	-49.2	-53.4
Other income	3.9	2.4	5.9	16.7	9.9
EBITDA	34.1	41.8	47.8	77.7	66.9
Depreciation & Amortization	-9.6	-11.7	-12.0	-12.6	-11.2
EBIT	24.4	30.1	35.8	65.1	55.7
Finance costs	-5.2	-5.1	-4.7	-5.7	-4.5
PBT	19.3	25.0	31.1	59.4	51.2
Income tax expense	-2.7	-3.3	1.7	-11.5	-11.2
Net profit of period	16.6	21.7	32.8	47.8	40.0
Re-measurements of defined benefit liability	0.2	-0.1	0.1	0.4	0.9
Comprehensive income	16.8	21.6	32.9	48.2	40.9

Statement of cash flow					
FY to Dec (KHR'bn)	2016	2017	2018	2019	2020U
Operating cash flow	31.9	40.4	98.3	51.8	39.9
Net profit	16.6	21.7	32.8	46.8	9.0
Depreciation & amortization	9.6	11.7	12.0	12.6	11.2
Change in working capital	0.4	0.4	1.2	-9.2	-12.9
Others	5.3	6.6	52.3	1.6	32.6
Investing cash flow	-33.1	-12.9	-32.1	-32.0	-51.7
Net CAPEX	-33.1	-12.3	-32.5	-28.2	-57.6
Others	0.0	-0.6	0.3	-3.8	6.0
Financing cash flow	-6.9	-8.0	-64.1	-16.6	-17.2
Net change in share capital	0.0	0.0	0.0	0.0	0.0
Net change in debt	0.0	0.0	-8.4	-8.4	-8.4
Cash dividend	-2.2	-3.3	-3.5	-3.9	-4.1
Net change in cash & equivalent	-8.1	19.5	2.1	3.2	-29.0
Beginning cash & equivalent	35.4	15.1	34.5	36.1	39.6
Ending cash & equivalent	27.3	34.5	36.1	39.9	10.9

Source: The Company, YSC Research

Statement of financial position					
FY to Dec (KHR'bn)	2016	2017	2018	2019	2020U
Non-current assets	620.5	621.0	642.7	683.3	721.4
Properties, plants & equipment	586.0	586.8	296.6	316.1	359.3
Investment properties	34.5	34.2	341.6	345.8	342.6
Other non-current assets	0.0	0.0	4.5	21.5	19.5
Current assets	39.1	59.5	109.2	134.2	114.7
Trade receivables	11.8	12.1	12.7	28.3	43.1
Cash & cash equivalent	27.3	47.3	96.4	105.9	71.6
Total assets	659.6	680.5	751.9	817.5	836.1
Non-current liabilities	127.1	119.4	162.9	166.4	154.4
Long-term debts	117.0	108.6	99.8	92.8	83.7
Other non-current liabilities	10.1	10.8	63.1	73.6	70.7
Current liabilities	11.3	20.8	22.6	32.2	29.7
Trade & other payables	9.3	10.1	10.8	13.6	12.4
Other current liabilities	2.0	10.6	11.7	18.6	17.4
Total liabilities	138.4	140.2	185.5	198.5	184.2
Shareholders' equity	521.1	540.3	566.4	619.0	651.9
Share capital	457.8	457.8	457.8	457.8	457.8
Reserves	4.8	6.4	75.0	104.5	147.8
Development fund	40.9	49.9	0.0	0.0	0.0
Retained earnings	12.8	21.3	31.1	47.2	40.9
Other capital	4.9	4.9	2.5	9.5	5.4
Total liabilities & equity	659.6	680.5	751.9	817.5	836.1

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