

PPAP (KH100040001CSX)

March 1, 2016

Performance Highlights

FY ends Dec (KHR'bn)	4Q16	% QoQ	% YoY	2016*	% YoY
Revenue	16.24	-16.9%	5.5%	66.07	7.5%
EBITDA	7.63	-32.8%	12.6%	34.07	7.1%
EBIT	5.19	-41.8%	17.9%	24.44	8.9%
Finance cost	-1.38	4.1%	9.7%	-5.16	9.6%
PBT	3.81	-49.8%	21.2%	19.28	8.7%
Net profit	3.28	-50.8%	74.8%	16.57	28.2%
EBITDA margin	39.1%	-11.2%pt	3.0%pt	51.6%	-0.2%pt
EBIT margin	32.0%	-13.7%pt	3.4%pt	37.0%	0.5%pt
Net margin	20.2%	-13.9%pt	8.0%pt	25.1%	4.0%pt

Note: *Unaudited;
Source: Company, YSC Research

4Q16 review: Net profit surges 74.8% YoY in 4Q16

Container throughput in 4Q16 up 5.0% YoY;

- Container throughput handled by PPAP in 4Q16 came to 36,884 TEUs, up 5.0% compared to the same period in 2015. While container throughput for imports rose slightly by 1.8% YoY, container throughput for exports saw a solid increase of 8.6% YoY, thanks particularly to a jump in exports of rice (PPAP handled 56,118 tonnes of rice for exports in 4Q16, vs 15,890 tonnes in 3Q16). Total container cargo volume rose 14.1% YoY to 352,208 tonnes between Oct and Dec last year. On the other hand, 4Q16 saw a 0.5% YoY drop in general cargo traffic in contrast to the previous quarters which were marked by strong growth in general cargo. The combined cargo volume (including gas & oil cargo) handled at PPAP during the three-month period stood at 596,891 tonnes, a 16.0% increase YoY. In 2016, container throughput totaled to 151,781 TEUs, increasing modestly by 4.8% from a year ago.

Top-line growth slows to 5.5% YoY as income from sand dredging declines

- With modest growth in cargo traffic, top-line growth moderated to 5.5% YoY in 4Q16 from a solid 9.1% YoY in the previous quarter. A breakdown of total revenue indicates that the main sources of revenue including income from stevedoring, lift-on lift-off (LOLO), and port services continued their growth, rising 12.6% YoY, 10.1% YoY, and 10.6% YoY, respectively. However, the overall revenue growth during 4Q16 was undermined by a 47.9% YoY fall in income from storage services and an 85.2% decline in income from sand dredging service.
- In 2016, total revenue reached KHR66.1bn, up by 7.5%, vs 14.5% in 2015 and 16.9% in 2014. The slowdown in revenue growth was mainly driven by a huge drop in income from sand dredging and a slow growth in income from LOLO services. Income from stevedoring rose 11.1% YoY, port services 15.0%, and storage 63.9%. Income from LOLO grew well below 10% at 8.4% YoY, most likely due to the implementation of the 5% reduction on LOLO service fees from mid-June, following the government's instruction to lower the fees to help reduce the Kingdom's transportation and logistics costs. On the other hand, income from sand dredging fell 55.7%, due to increased competition, with the Ministry of Mine and Energy granting "sand dredging" licenses to other private firms.

Operating profit surges 17.9% YoY in 4Q16

- In 4Q16, EBITDA increased 12.6% YoY to KHR7.3bn, and EBIT rose 17.9% YoY to KHR5.19bn. The double-digit growth of EBITDA and EBIT was achieved despite modest revenue growth, because general administrative expense remained almost unchanged (-0.1% YoY) while other income jumped 211.7% YoY, significantly offsetting the 16.6% YoY rise in cost of services.
- In 2016, EBITDA and EBIT rose 7.1% and 8.9%, respectively. While cost of services during the year rose 4.1% reflecting modest growth of container throughput and revenue, general administrative rose 22.4%, mainly driven by strong growth in salaries and wages as a result of post-listing organizational restructuring.

Net profit jumps 74.8% YoY in 4Q16 and 28.2% YoY in 2016

- In 4Q16, pre-tax profit soared 21.2% YoY, while net profit jumped 74.8% YoY as income tax expense dropped by 57.6% YoY.
- In 2016, net profit came to KHR16.57bn, up 28.2% compared to the previous year. Significant growth in net profit last year was mainly due to the 3-year long tax incentive that will be enjoyed by PPAP as a listed company from 2016 to 2018.

Current mkt. price	KHR 5,200
IPO price	KHR 5,120

Source: CSX, YSC Research

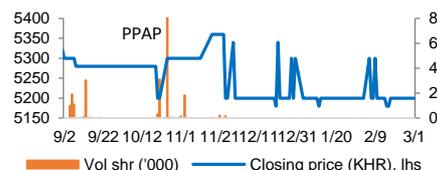
Stock info

Industry	Transport Support Services
Market cap (KHRbn)	107.6
Outstanding shares (mn)	21
Majority shareholder	Ministry of Economy & Fin (%) 80
Avg daily vol. (last 6 months, shr)	892
Free floating shares (last 6 months, %)	2.70
Price low/high (last 6 months, KHR)	5,180-5,360

EPS (KHR) (ttm)	810
P/E (x) (ttm)	6.42
P/B (x) (mrq)	0.21
P/B* (x) (mrq)	0.73
EV/EBITDA (x) (ttm)	5.80
D/E (%) (mrq)	26.56

Note: ttm = trailing twelve months (2016); mrq = most recent quarter (4Q16); *Excluding equity of Class C (non-voting) shares.

Stock performance



Trading volume and value in 2016

	Monthly trading		Average per day	
	Volume (shr)	Value (KHR'mn)	Volume (shr)	Value (KHR'mn)
Jan	57,679	315	3,036	16.6
Feb	40,429	220	2,021	11.0
Mar	12,605	69	573	3.1
Apr	23,496	127	1,305	7.1
May	4,200	23	247	1.3
Jun	14,559	79	693	3.8
Jul	13,639	74	649	3.5
Aug	27,416	146	1,192	6.3
Sep	7,187	38	342	1.8
Oct	14,155	74	745	3.9
Nov	2,940	15	163	0.9
Dec	2,966	15	135	0.7

Earning strength

EPS (ttm, KHR)



Note: *Based on pre-IPO outstanding shares of 16.5bn.
**Based on weighted average outstanding shares;

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Container throughputs

Container throughputs (TEU)	4Q16	QoQ	YoY	2016	YoY
Total	36,884	-24.5%	5.0%	151,781	4.8%

Source: The Company

Quarterly container, general, and oil cargoes (volume, change, growth, share of total)

Cargoes (Ton)	4Q16	4Q15	YoY Chg	YoY % Chg	4Q16 %of Total
Container	352,208	308,803	43,405	14.1%	59.0%
General	82,245	82,623	-378	-0.5%	13.8%
Oil & gas	162,438	158,675	3,763	2.4%	27.2%
Total	596,891	550,101	46,790	16.0%	100%

Source: Company

Annual container, general, and oil cargoes (volume, change, growth, share of total)

Cargoes (Ton)	2016	2015	YoY Chg	YoY % Chg	2016 %of Total
Container	1,270,416	1,196,887	73,529	6.1%	52.7%
General	448,389	299,030	149,359	49.9%	18.6%
Oil & gas	690,827	665,493	25,334	3.8%	28.7%
Total	2,409,632	2,161,410	248,222	59.9%	100%

Source: Company

Breakdown of quarterly revenue (KHR'mn, change, growth, share of total)

Source of revenue	4Q16	4Q15	YoY Chg	YoY % Chg	4Q16 % Total
Stevedoring	6,626	5,885	741	12.6%	40.8%
LOLO	5,566	5,057	509	10.1%	34.3%
Port services	3,177	2,874	303	10.6%	19.6%
Storage	201	386	-185	-47.9%	1.2%
Sand dredging	96	649	-553	-85.2%	0.6%
Others	569	545	24	4.4%	3.5%
Revenue	16,236	15,396	840	5.5%	100.0%

Source: Company

Breakdown of annual revenue (KHR'mn, change, growth, share of total)

Source of revenue	2016	2015	YoY Chg	YoY % Chg	2016 % Total
Stevedoring	27,196	24,487	2,708	11.1%	41.2%
LOLO	21,699	20,011	1,688	8.4%	32.8%
Port services	11,650	10,129	1,521	15.0%	17.6%
Storage	1,939	1,183	756	63.9%	2.9%
Sand dredging	1,292	2,917	-1,625	-55.7%	2.0%
Others	2,290	2,730	-441	-16.1%	3.5%
Revenue	66,066	61,458	4,607	7.5%	100.0%

Source: Company

Financial Ratios

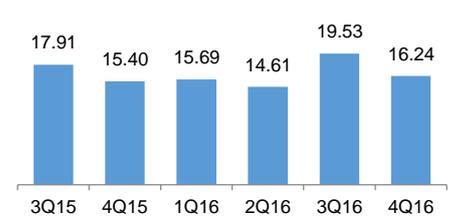
Financial Ratios					
FY end to Dec	2012	2013	2014	2015	2016*
Valuation ratios, as of March 1, 2017					
P/E (x)	13.13	36.61	12.71	8.31	6.42
P/B (x)	0.23	0.23	0.22	0.21	0.21
P/B (x, excluding Class C)	1.18	1.12	1.00	0.78	0.73
EV/EBITDA (x)	11.89	10.34	7.68	6.21	5.80
P/S (x)	2.51	2.34	2.00	1.75	1.63
Dividend yields** (%)	-	-	-	0.49	-
Dividend payout (%)	12.35	64.49	23.08	17.43	-
Profitability ratios					
EBITDA margin (%)	38.8	41.6	48.0	51.7	51.6
EBIT (%)	29.6	25.1	30.8	36.5	37.0
Net margin (%)	19.2	6.4	15.8	21.1	25.4
ROE (%)	1.8	0.6	1.8	2.6	3.2
ROE*** (% , ex. Class C)	n/a	n/a	n/a	10.5	11.7
ROA (%)	1.4	0.5	1.4	2.1	2.6
Efficiency ratios					
Asset turnover (x)	0.07	0.07	0.09	0.09	0.10
Receivables turnover (x)	6.4	6.3	8.1	10.1	8.2
Payable turnover (x)	-	-	-	-	NA
Financial strength					
Debt/equity (%)	29.2	30.3	27.1	26.2	26.6
Net debt/equity (%)	25.0	27.4	22.7	16.0	17.2
Interest coverage (x)	8.3	2.1	3.2	4.8	4.7
Inter & ST debt cover (x)	1.8	0.6	3.2	4.8	4.7
Current ratio (x)	0.4	0.4	1.6	4.6	3.5
Quick ratio (x)	0.4	0.4	1.6	4.6	3.5
Net debt/EBITDA (x)	7.0	6.8	4.3	2.6	2.6

Note: ROE= return on average equity; ROA = return on average assets;

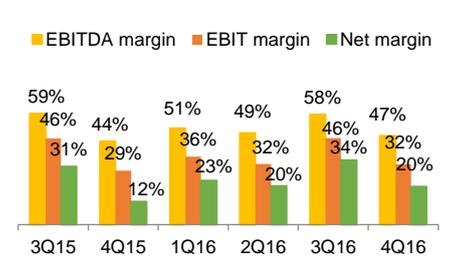
* Unaudited report; ** Dividend yield for holders of Class A (voting) shares; ***Excluding equity of Class C (non-voting) shares;

Source: Company, YSC Research

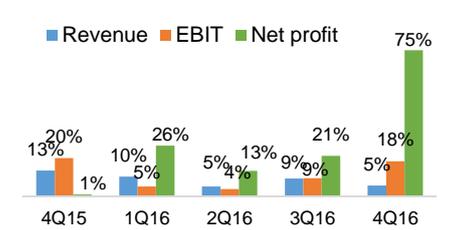
Quarterly revenue (KHR'bn)



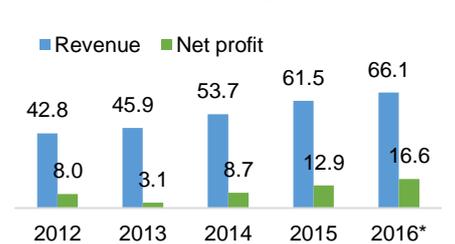
Quarterly profit margin



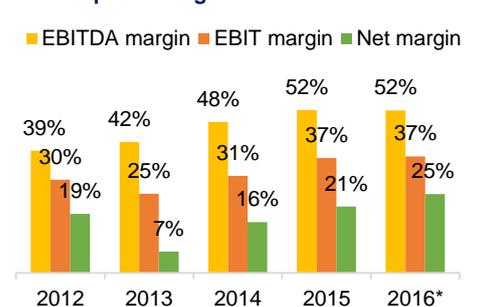
Quarterly revenue and profit growth (YoY)



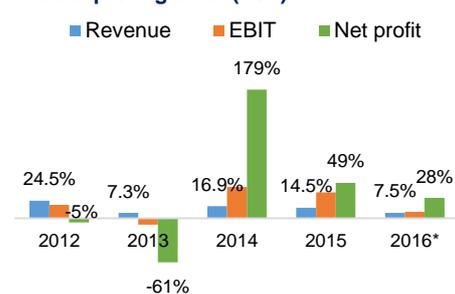
Annual revenue and net profit (KHR'bn)



Annual profit margin



Annual profit growth (YoY)



Note: * Unaudited report

Condensed Financial Statements

Statement of comprehensive income					
FY to Dec (KHR'bn)	2012	2013	2014	2015	2016*
Revenues	42.8	45.9	53.7	61.5	66.1
Operating costs	-27.8	-28.2	-29.2	-31.1	-35.9
Other income	1.6	1.4	1.2	1.5	3.9
EBITDA	16.6	19.1	25.7	31.8	34.1
Depreciation & Amortization	-4.0	-7.6	-9.2	-9.4	-9.6
EBIT	12.6	11.5	16.5	22.4	24.4
Finance costs	-1.5	-5.4	-5.2	-4.7	-5.2
PBT	11.1	6.1	11.3	17.7	19.3
Income tax expense	-3.1	-3.0	-2.7	-4.8	-2.7
Net profit of period	8.0	3.1	8.7	12.9	16.6
Re-measurements of defined benefit liability	0.2	-0.2	-0.2	0.0	0.2
Comprehensive income	8.2	2.9	8.5	12.9	16.8

Statement of cash flow					
FY to Dec (KHR'bn)	2012	2013	2014	2015	2016*
Operating cash flow	-21.4	11.6	21.7	19.4	27.2
Net profit	8.0	3.1	8.7	12.9	16.6
Depreciation & amortization	4.0	7.6	9.2	9.4	9.6
Change in working capital	-33.0	-0.3	2.2	-5.1	0.4
Others	-0.4	1.2	1.6	2.2	0.6
Investing cash flow	-29.7	-27.1	-3.6	-6.7	-33.1
Net CAPEX	-29.7	-27.1	-3.6	-6.7	-33.1
Others	0.0	0.0	0.0	0.0	0.0
Financing cash flow	40.3	8.6	1.6	15.4	-2.2
Net change in share capital	0.0	3.7	3.6	17.4	0.0
Net change in debt	41.3	5.8	0.0	0.0	0.0
Cash dividend	-1.0	-1.0	-2.0	-2.0	-2.2
Net change in cash & equivalent	-10.8	-7.0	19.7	28.1	-8.1
Beginning cash & equivalent	5.5	-5.3	-12.3	7.4	35.5
Ending cash & equivalent	-5.3	-12.3	7.4	35.5	27.4

Note: *Unaudited
Source: Company, YSC Research

Statement of financial position					
FY to Dec (KHR'bn)	2012	2013	2014	2015	2016*
Non-current assets	593.8	604.2	600.1	600.6	622.9
Properties, plants & equipment	550.7	572.5	568.4	568.5	588.3
Investment properties	31.8	31.6	31.7	32.1	34.6
Other non-current assets	11.3	0.0	0.0	0.0	0.0
Current assets	8.6	9.6	12.9	47.3	39.3
Trade receivables	8.3	9.1	5.6	11.8	11.9
Cash & cash equivalent	0.3	0.5	7.4	35.5	27.4
Total assets	602.4	613.8	613.0	647.9	662.2
Non-current liabilities	113.3	121.1	122.7	124.2	127.6
Long-term debts	111.0	116.7	117.0	117.7	117.5
Other non-current liabilities	2.2	4.4	5.7	6.5	10.2
Current liabilities	23.1	21.6	7.9	10.3	11.3
Trade & other payables	15.2	7.9	6.6	7.7	9.3
Other current liabilities	7.8	13.7	1.3	2.6	2.0
Total liabilities	136.3	142.7	130.6	134.5	139.0
Shareholders' equity	466.1	471.1	482.4	513.4	523.2
Share capital	100.6	104.2	108.1	447.9	457.8
Reserves	2.0	2.7	2.8	3.5	4.8
Development fund	18.2	24.5	25.6	31.8	41.0
Retained earnings	345.2	339.6	345.9	12.8	12.9
Other capital	0.0	0.0	0.0	17.4	6.7
Total liabilities & equity	602.4	613.8	613.0	647.9	662.2

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