Anchored in Stability,
Sailing Through Challenges

PHNOM PENH AUTONOMOUS PORT

Date: 29 January 2025
Market Price: KHR 13,860
Target Price: KHR 14,150
Recommendation: **HOLD 2% Upside**

Stock exchange: CSX
Company's Ticker: PPAP
Sector: Transport & Logistics


Poeng Theamheng


Son chandara


Sim Khyleng


Huot Monikachhna


Zhu David

TEAM OVERVIEW

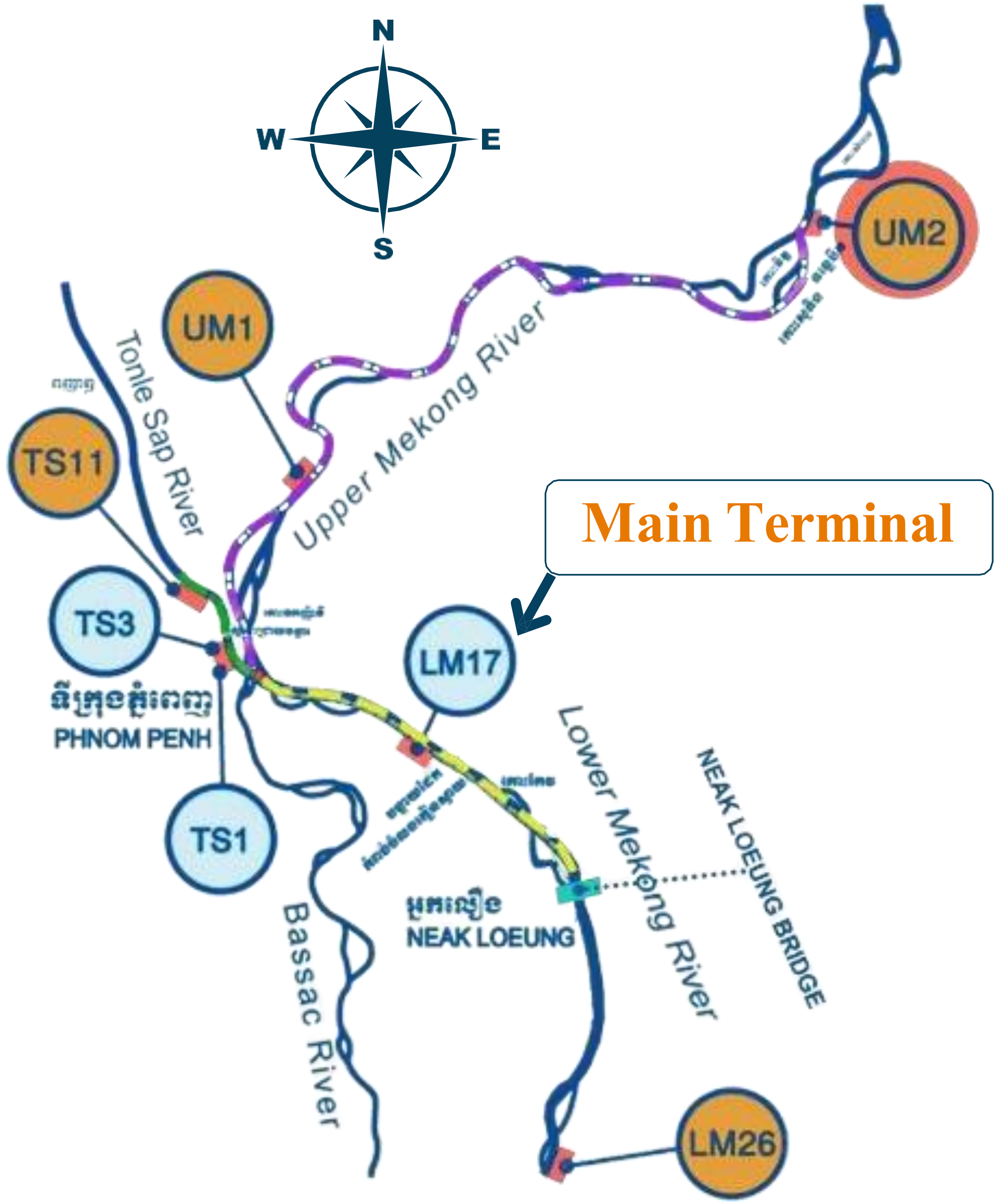
CamEd Business School
Candidates and Advisor

1. **Zhu David**
   Senior Student
   Bachelor of Accounting and Finance
2. **Huot Monikachhna**
   Senior Student
   Bachelor of Accounting and Finance
3. **Son Chandara**
   Senior Student
   Bachelor of Accounting and Finance
4. **Sim Khyleng**
   Senior Student
   Bachelor of Accounting and Finance
5. **Poeng Theamheng**
   Senior Student
   Bachelor of Accounting and Finance

Advisor
Muhammad M. Ma'aji
Professor of Finance
CamEd Business School

BUSINESS OVERVIEW

PPAP has seven terminals, with the majority of its earnings being container revenue



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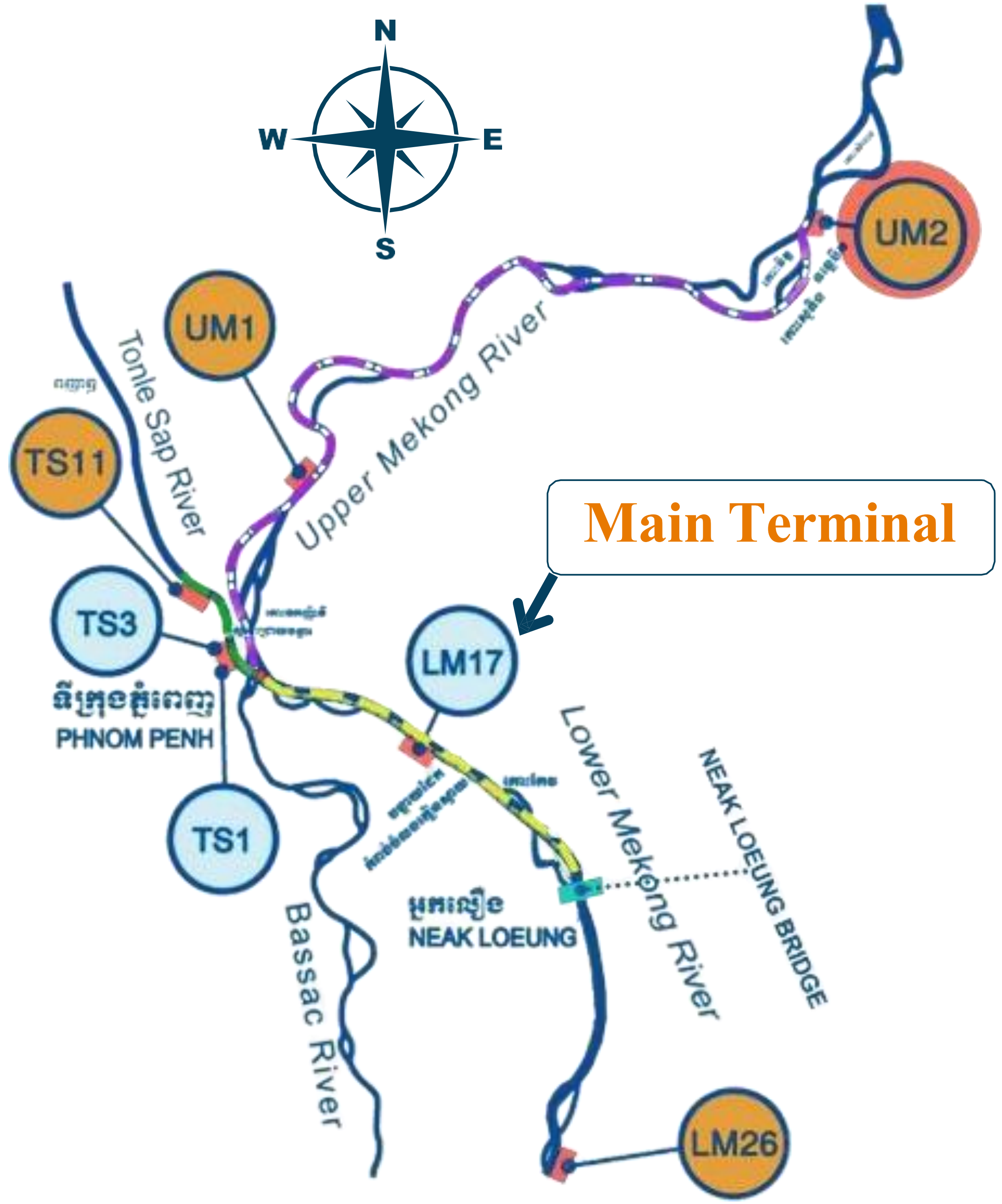

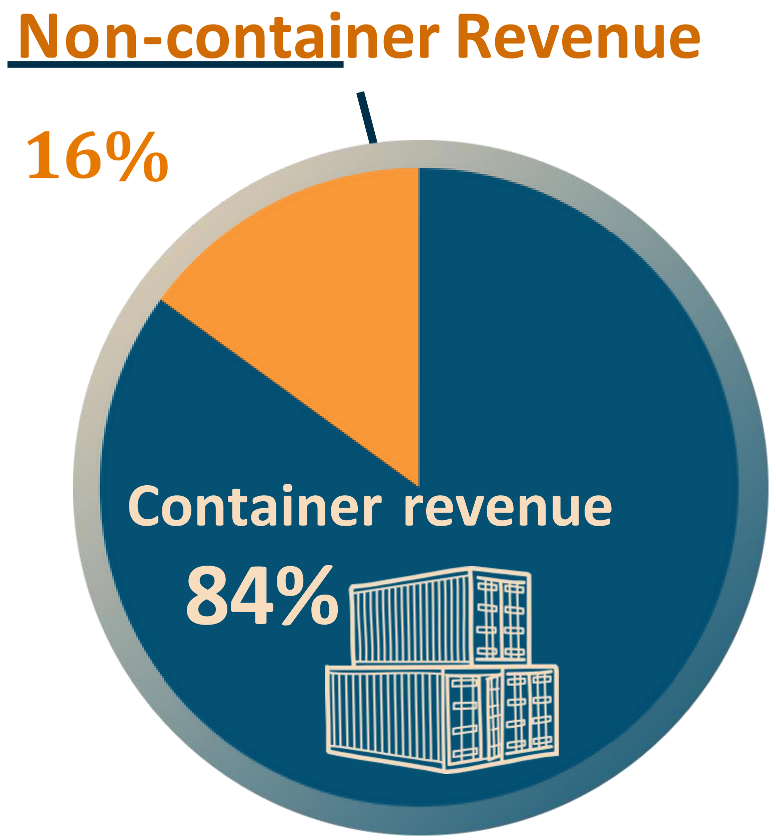

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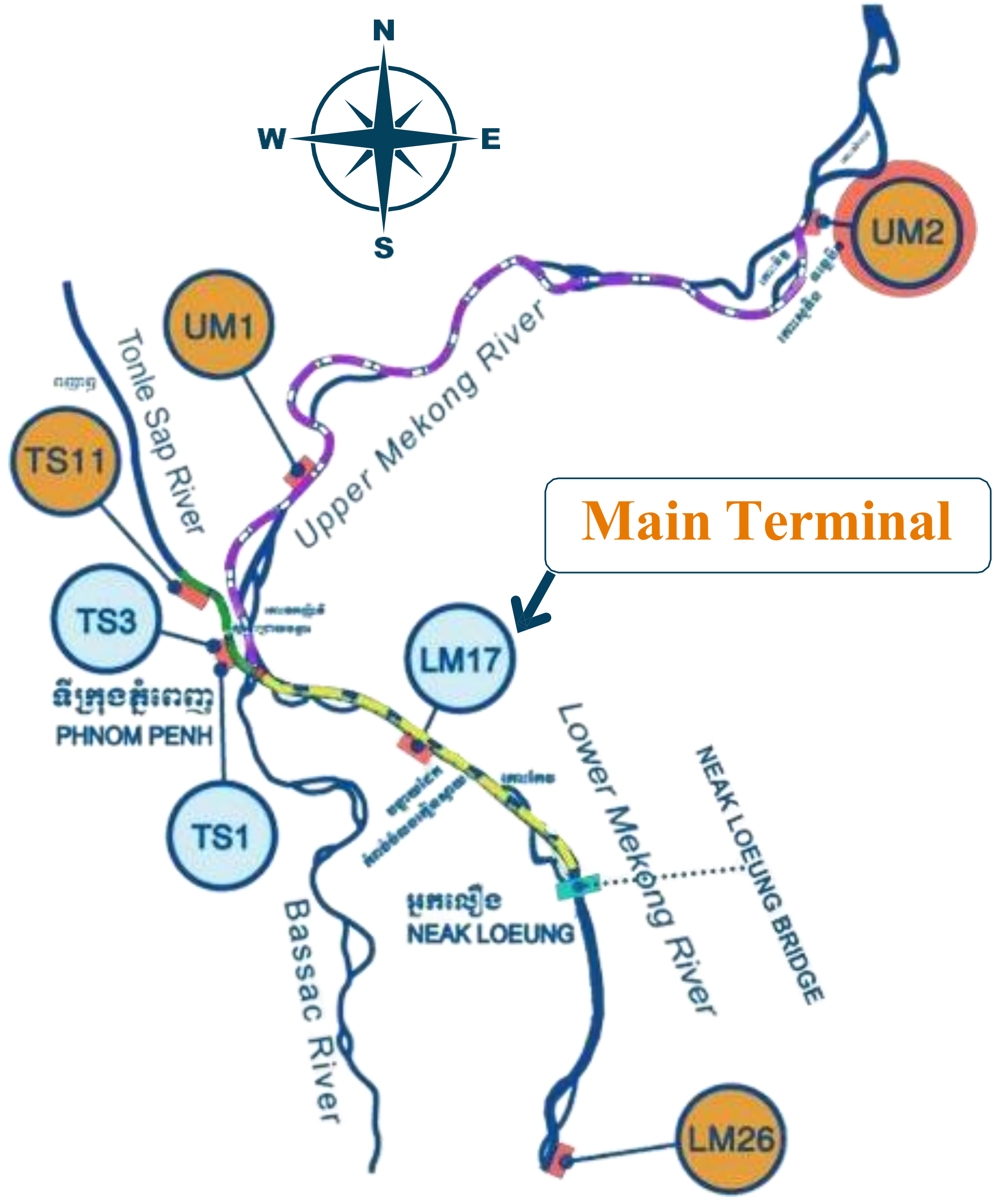
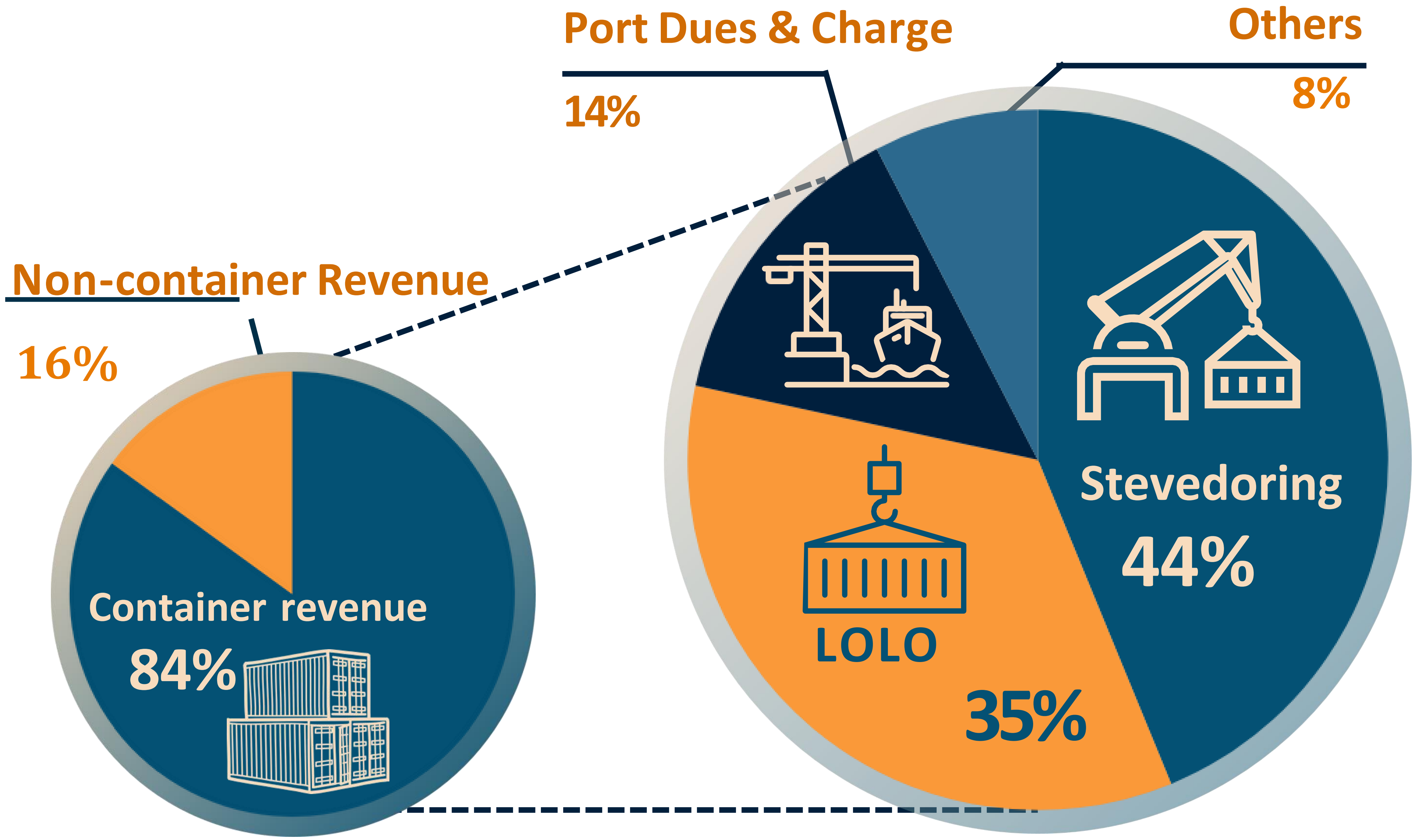


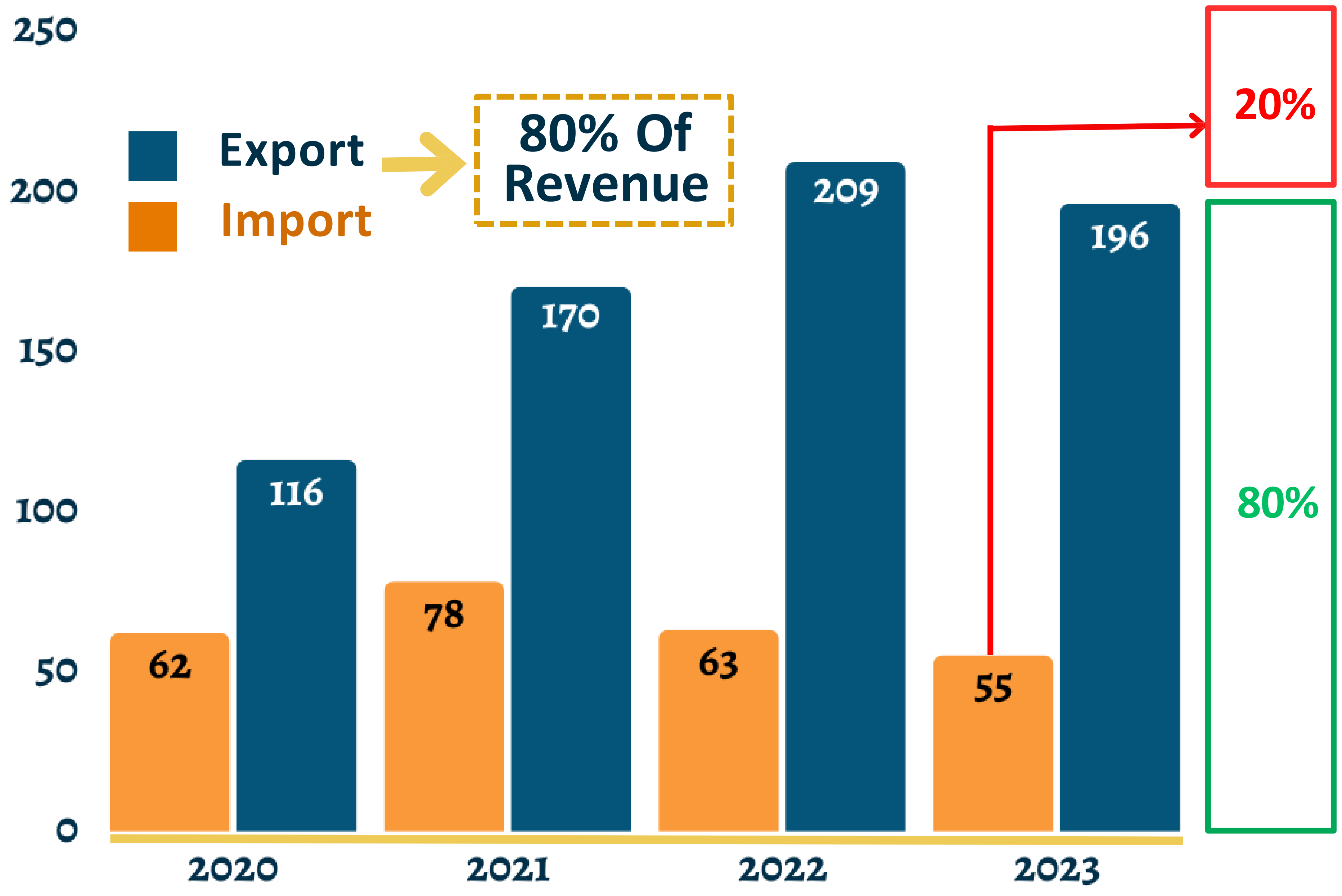


Source: Company data, Team analysis

BUSINESS OVERVIEW

PPAP as a port flourishes through trade, particularly with exporting goods to the US

PPAP's Import & Export in TEUs ('000)



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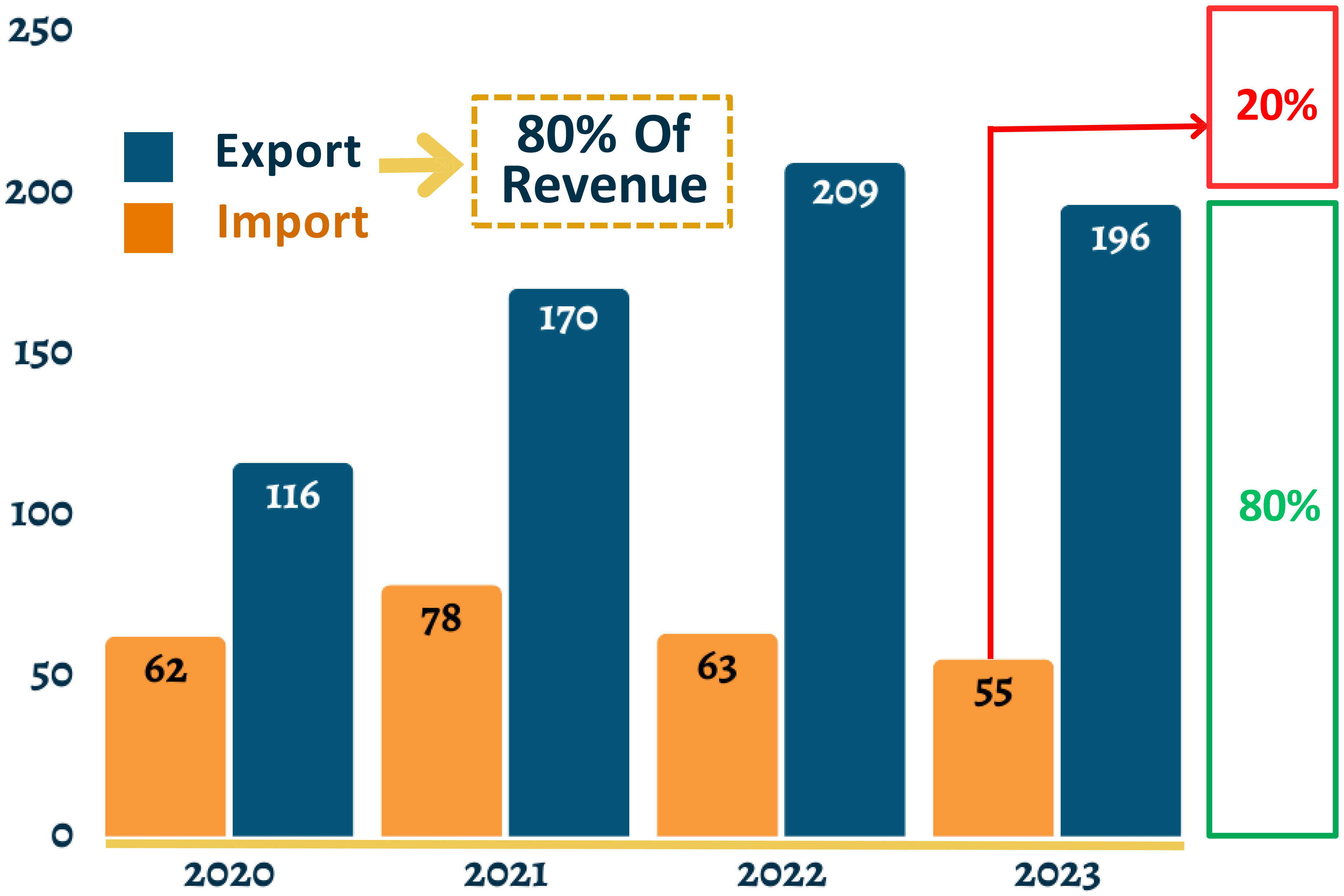
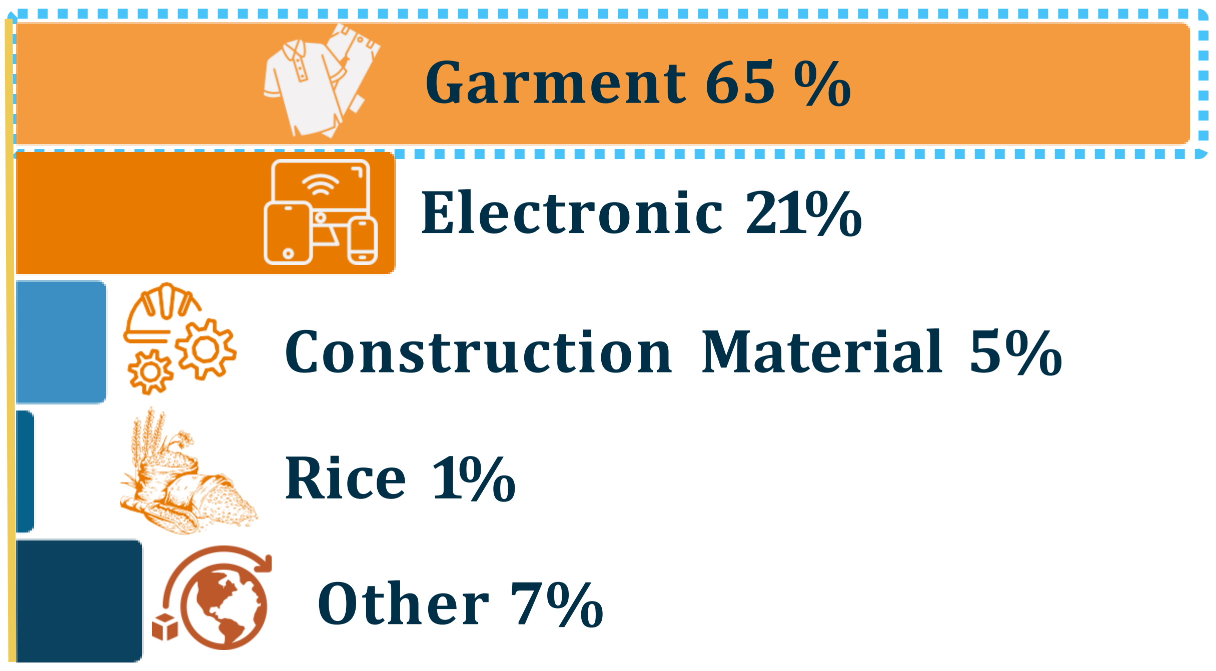


PPAP's 2023 Export Breakdown



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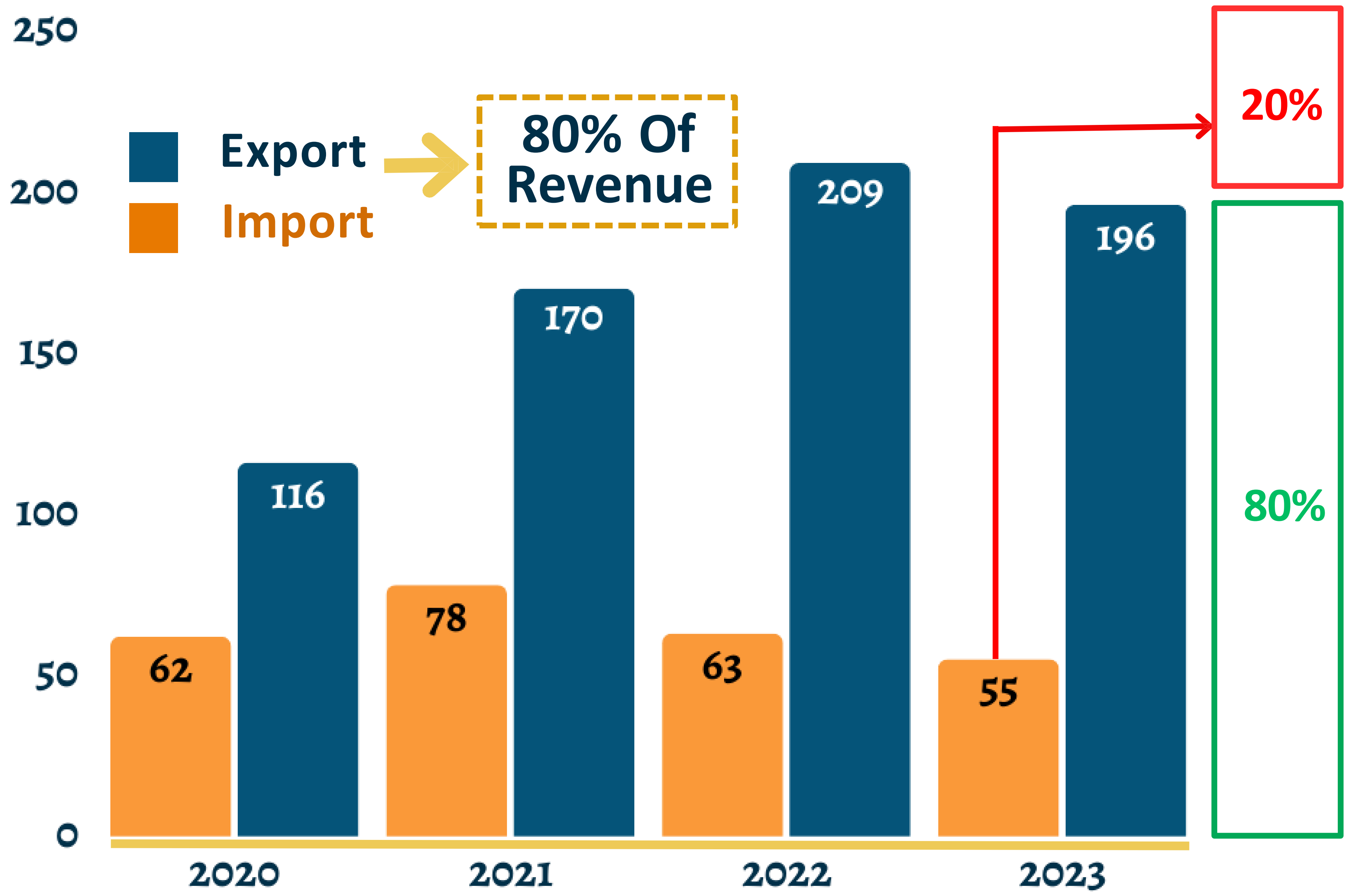

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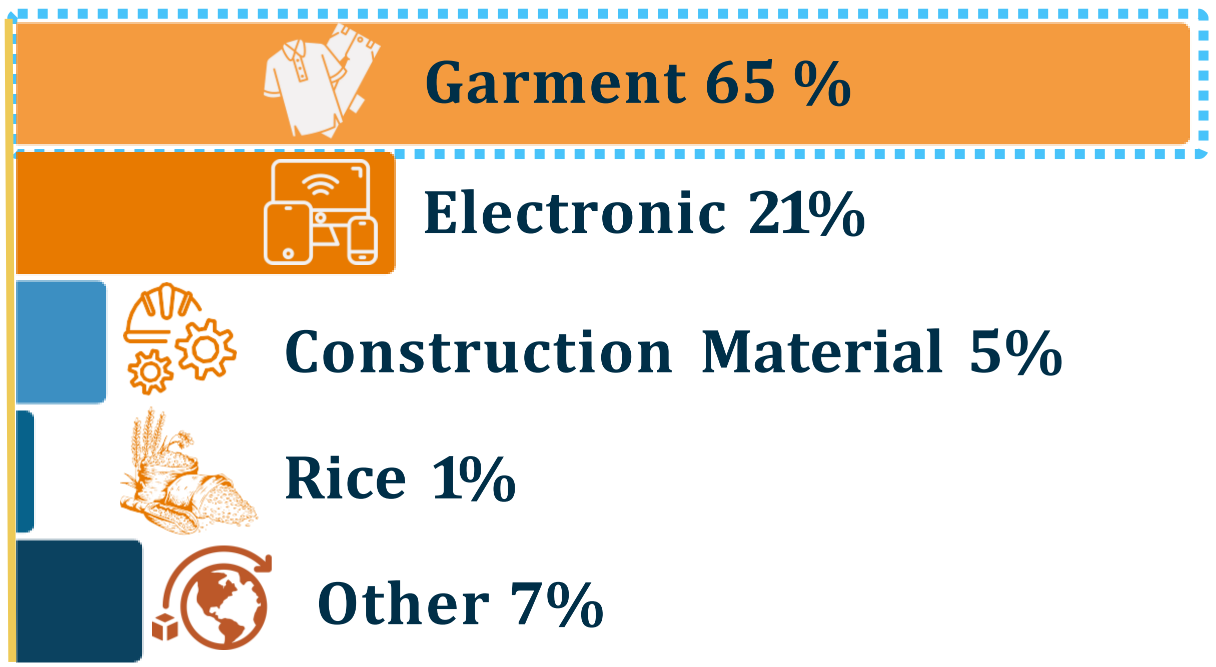
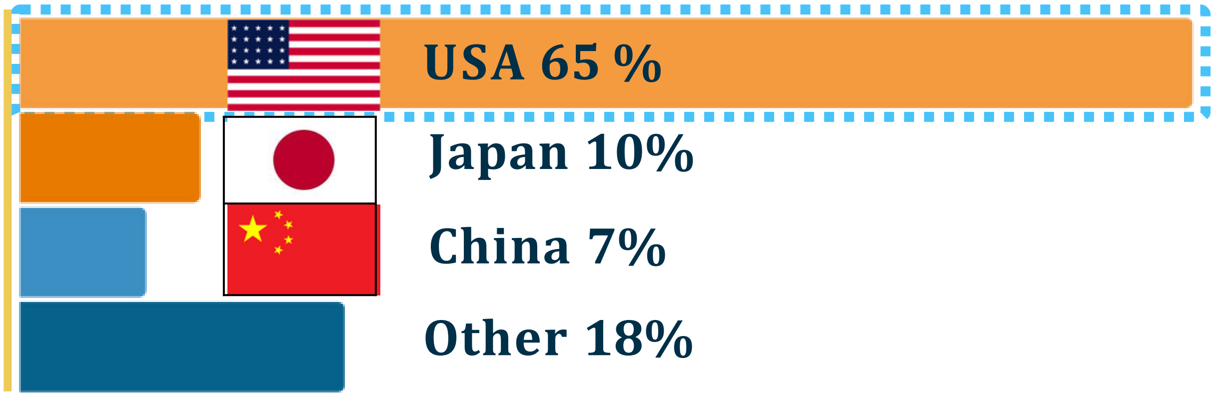


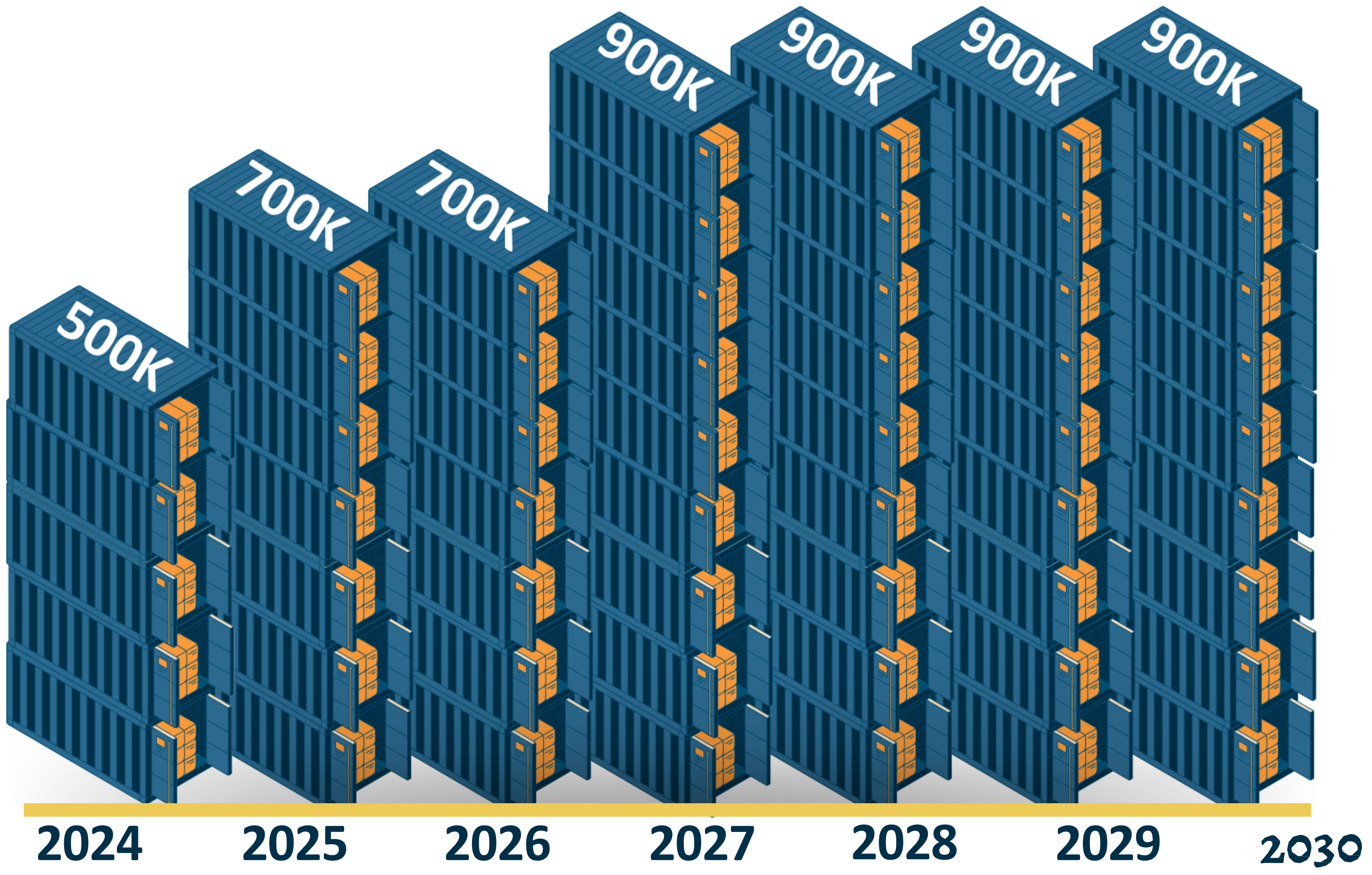
PPAP's 2023 Export Destination



Source: Company data, Team analysis

LM17 development plan appears reasonable, aligning with the recovery of global trade

PPAP LM17 Expansion Plan



Source: WTO, Team analysis

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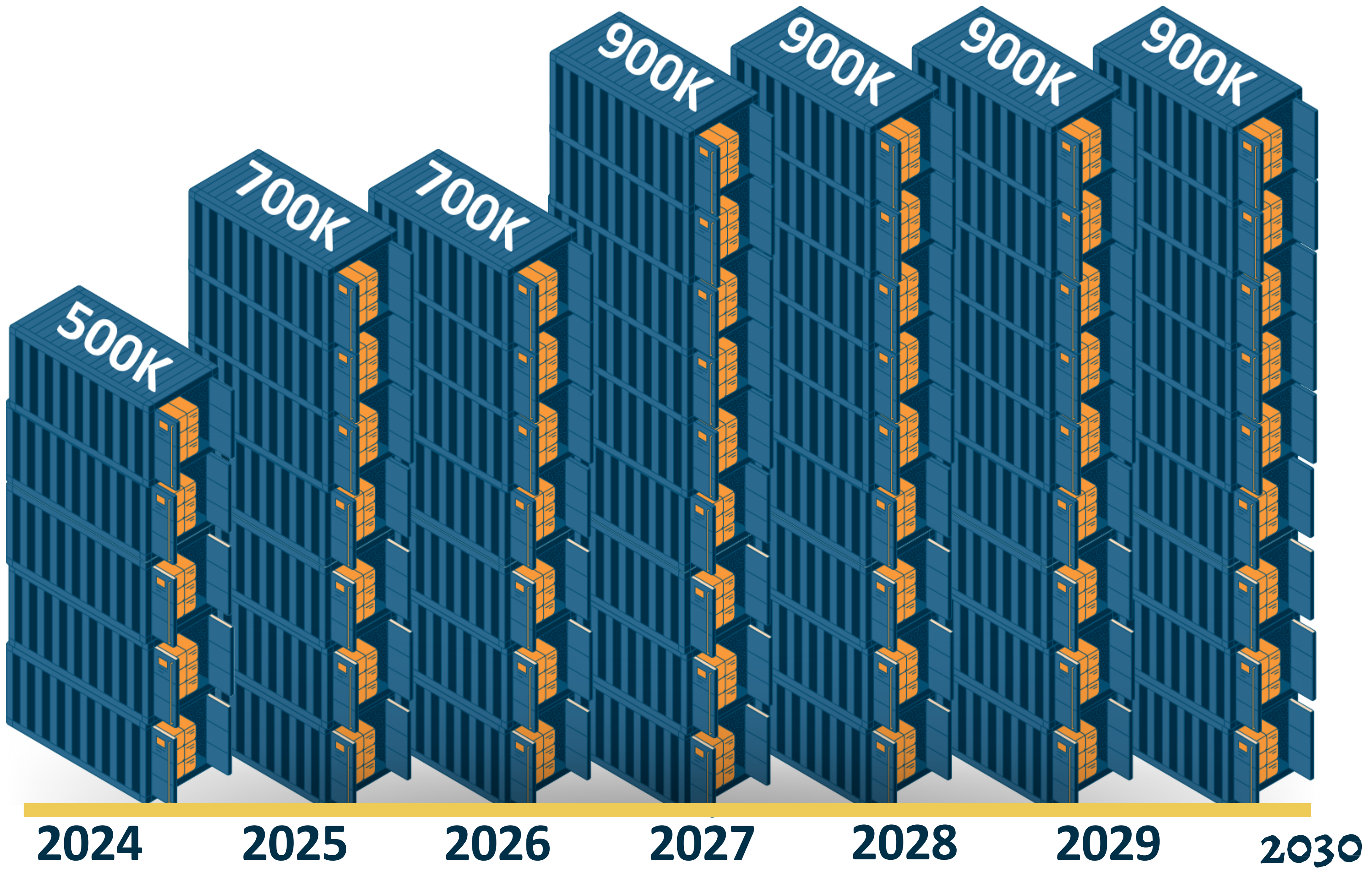

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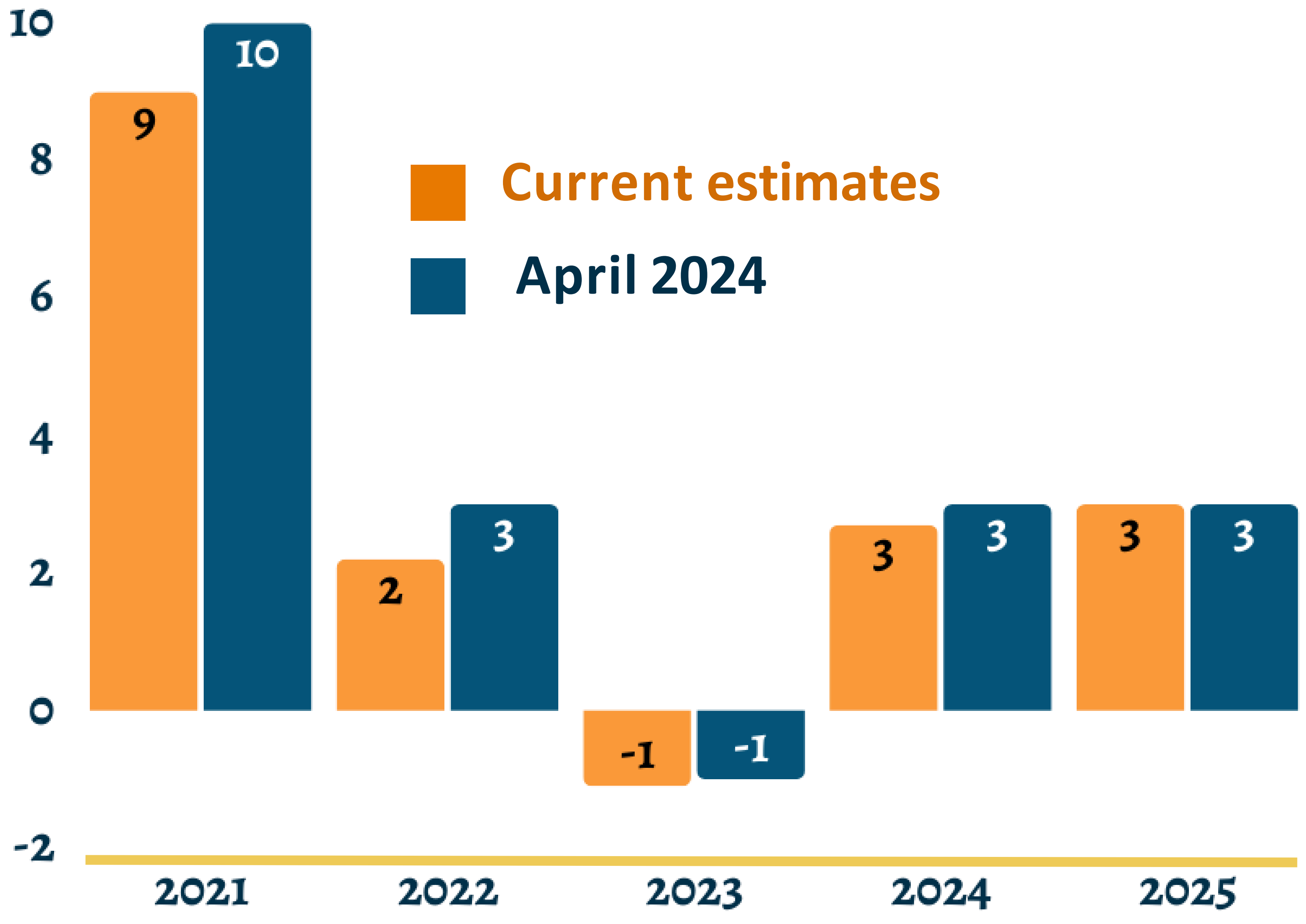
Global Trade Volume Growth Rate %



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However, expanding to agriculture remains doubtful on its ROI

North-eastern Agricultural Development Plan

EXPANSION PLANS

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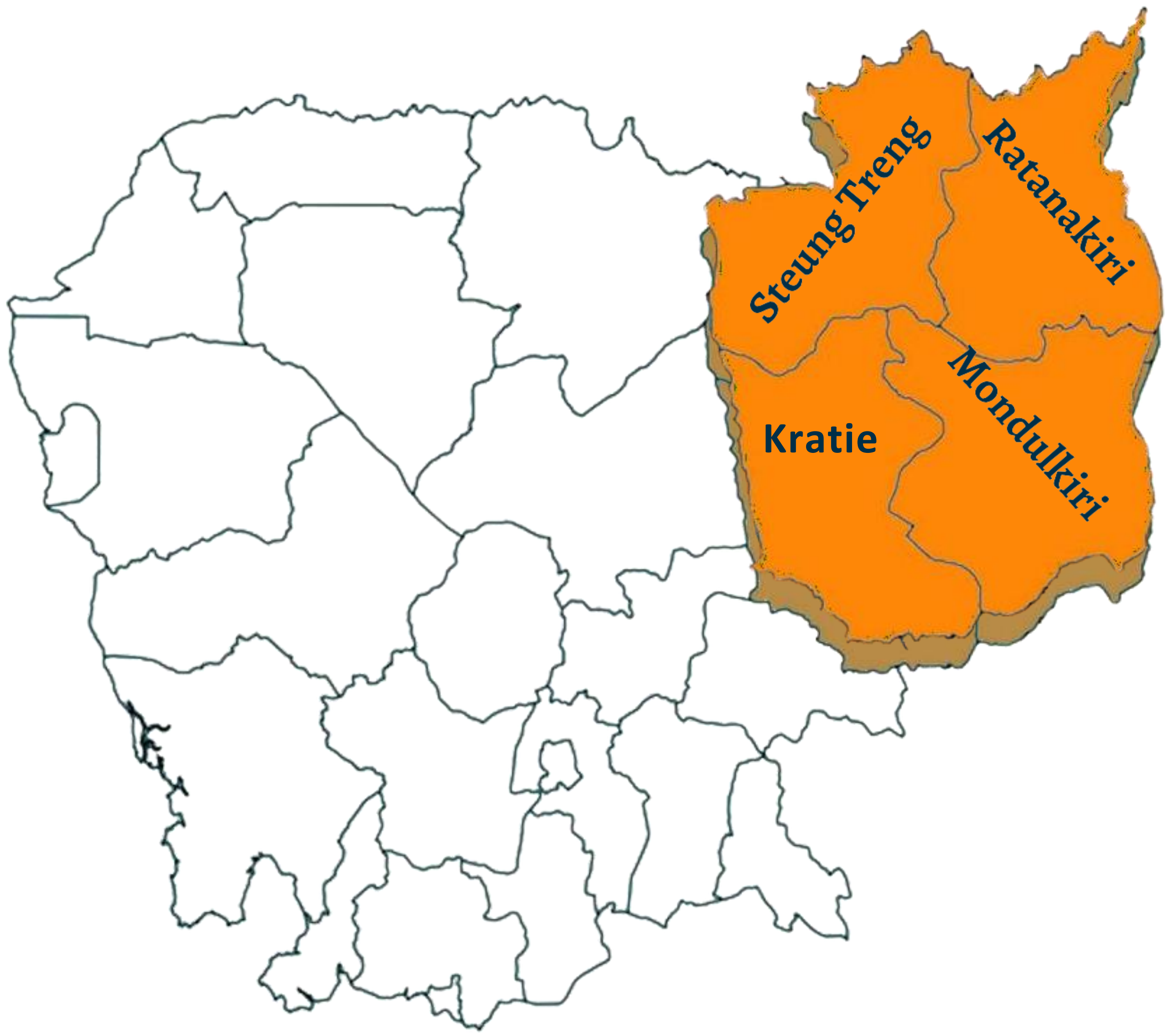
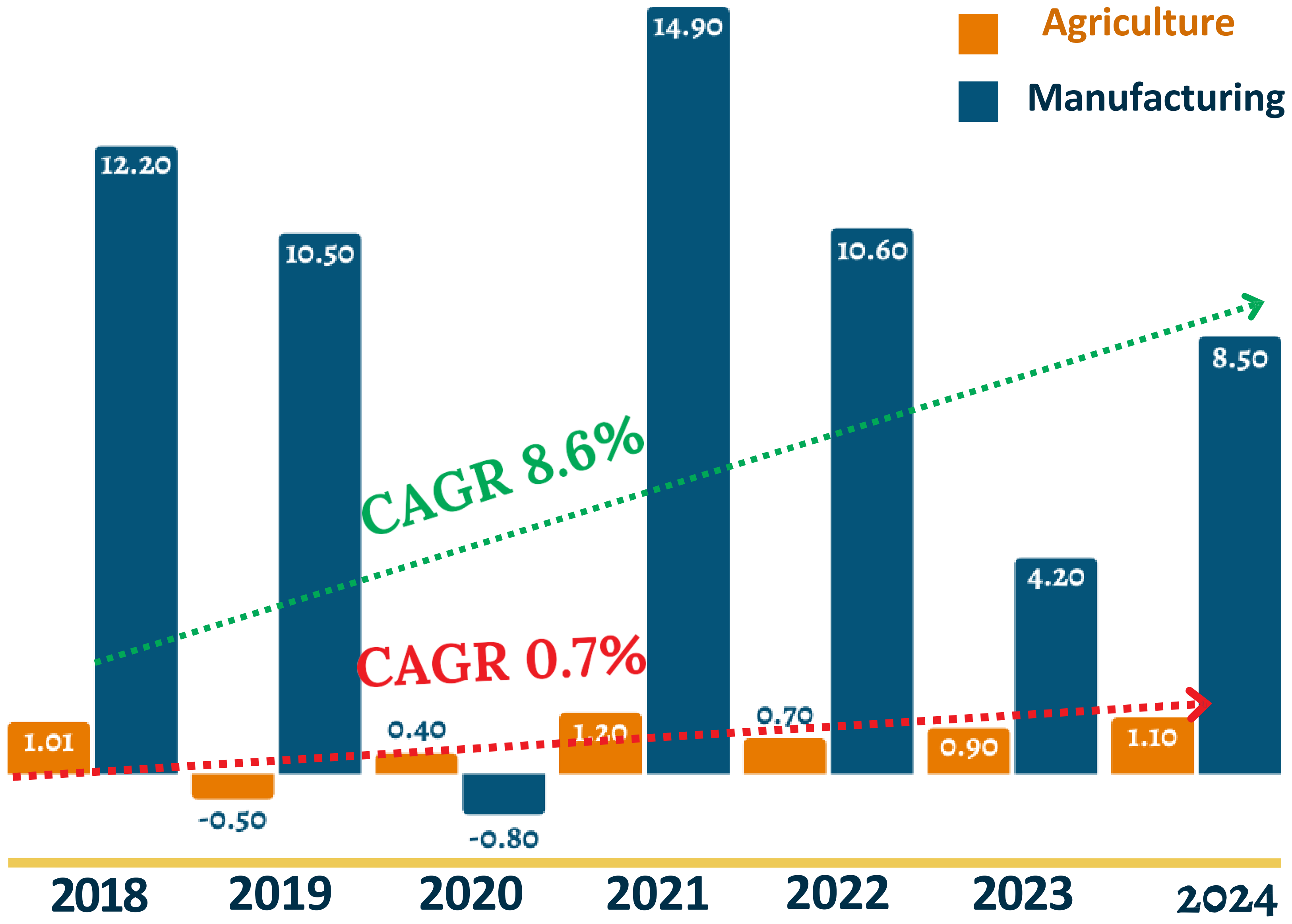
North-eastern Agricultural Development Plan



Sector Growth Rate Comparison



SIZE MATTERS

Key weaknesses of PPAP hinges on its limited capacity as a river port and service quality

PPAP Customers

- ONE (Ocean Network Express)
- EVERGREEN
- WAN HAI
- MAERSK
- ТРАНЗИТ (Экспедирование и Логистика)
- SITC

Customer Preference For Shipping To The US

Prefer PPAP
10%

Prefer PAS
90%

Source: Team analysis

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PPAP Key Aspects Rating

Service Quality
1.5/5

Capacity
2/5

Lead time
3.5/5

Source: Team analysis

ESG SCORING USING REFINITIV

Desires to improve its impact clear, yet lack of disclosure & transparency still remains

ENVIRONMENTAL		SOCIAL		GOVERNANCE	
Categories	Weighting = **30%**	**Categories**	Weighting = **40%**	**Categories**	Weighting = **30%**

E

S

G

Source: Team analysis

OVERALL ESG SCORING

ESG SCORING USING REFINITIV

Desires to improve its impact clear, yet lack of disclosure & transparency still remains

ENVIRONMENTAL

Categories Weighting = 30%

Sustainability Report Debut

Green Port Vision

Minimal Noise Pollution

Lack of Disclosure

Harmful Effects of Dredging

E 1.5/3

SOCIAL

Categories Weighting = 40%

S

GOVERNANCE

Categories Weighting = 30%

G

Source: Team analysis

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Green Port Vision	Generous Donations to Charities	
Minimal Noise Pollution	Internal Promotions	
Lack of Disclosure	BOD Diversity	
Harmful Effects of Dredging		
E 1.5/3	S 2.8/4	G

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Source: Team analysis

OVERALL ESG SCORING

5.7/10 **57%** USING REFINITIV METHODOLOGY

INVESTMENT THESIS

We issue a HOLD recommendation with a 12-month target price of KHR 14,150

01. **Governance at Odds**
State Versus Minority Shareholder Interest

02. **Disappointing Returns**
Deteriorating Profits & Inefficient Assets Utilization

03. **Intensified Competition**
Seaport Expansion & The Cost of Shallow Waters

HOLD WITH 2% UPSIDE AT THE CURRENT PRICE OF KHR 13,860

1. GOV E R N AN CE A T O DD S

A Go e n a e D mm a O e tives

or Minority

Shareholder Interests

GOVERNANCE AT ODDS

Listed but Government-Led: Majority Rules, Minority Losses

SHAREHOLDER	No. of	Shares in %
PREFERENCE SHARES (Non-Voting)		
Class C		
Government (MEF)	93,769,120	100%
ORDINARY SHARES (Voting)		
Class B		
Government (MEF)	16,547,492	80%
Class A		
Employee Stock Ownership	234,453	1.13%
Public Investors	3,902,420	18.87%

Source: Company data, Team analysis

MAJORITY are held by the state, strong government influence.

71% of the board members are appointed by the government.

SUPPORTING state priorities, broader social, and economic benefits.

MINORITY SHAREHOLDER returns may be a secondary priority.

GOVERNANCE AT ODDS

Listed but Government-Led: Unlikely to Go Bankrupt

Government Support

Financial Advisor

Ministry of Economy and Finance (MEF)

Technical Advisor

Ministry of Public Works and Transport (MPWT)

Advantages of State-owned Enterprises

01 Provide **STABILITY**

02 Provide **SUBSIDIES**

03 **FAVORABLE AGREEMENTS**

GOVERNANCE AT ODDS

Flaws Associated With PPAP's Board Structure

01 The **CHAIRMAN and CEO** are the same person

02 Shortfall in **GENDER DIVERSITY**

03 Limited **SECTOR KNOW-HOW**

04 Lack of adherence to **GLOBAL BEST PRACTICES**

14% of board directors are **FEMALE**

14% of board directors are **INDEPENDENT**

14% of board directors are **NON-EXECUTIVE**

GOVERNANCE AT ODDS

Balancing Social Responsibility and Shareholder Interests

IN 2023

NET PROFIT

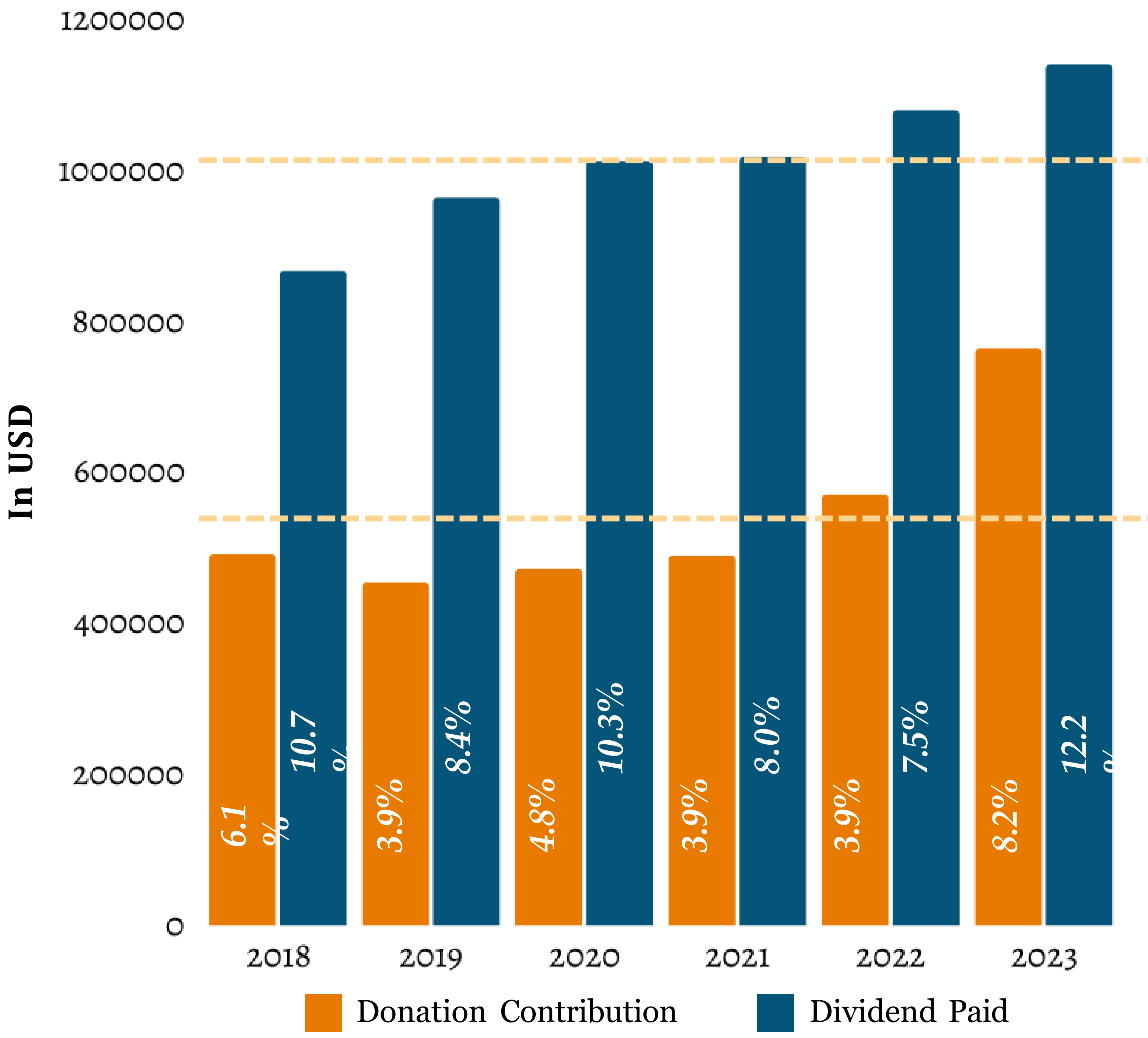
- **$9.4 Million** net profit
- Decreased by **35%**

CSR CONTRIBUTION

- **$765 Thousand** donated
- Increased by **34%**

DIVIDEND PAID

- **$1.15 Million** paid
- Increased by **6%**



Average Dividend Paid
9.5% of Net Profit

Average CSR Spending
5.1% of Net Profit

Equals =
$3.2M
From 2018 to 2023

Source: Company data, Team analysis

Governance Missteps: Board Actions Undermine Shareholder Returns

Funan Techo Canal Project

Leasing Land Along Tonle Sap

Governance Missteps: Board Actions Undermine Shareholder Returns

Funan Techo Canal Project

- Estimated **$1.7 BILLION** project
- Approximately **180KM**
- PPAP covers **25%** of the first 21km
- Estimated to be around **$50 MILLION**

Leasing Land Along Tonle Sap

Governance Missteps: Board Actions Undermine Shareholder Returns

Funan Techo Canal Project

Leasing Land Along Tonle Sap

- Leasing **9.25 HECTARES** land
- Valued at **$100+ MILLION**
- For **$16.5 MILLION** over **50 years**

Structural Benefits:

- Embankments along the leasing land
- Walkway & Path for small vehicles
- PPAP Administration Building
- Two new terminal blocks

2.
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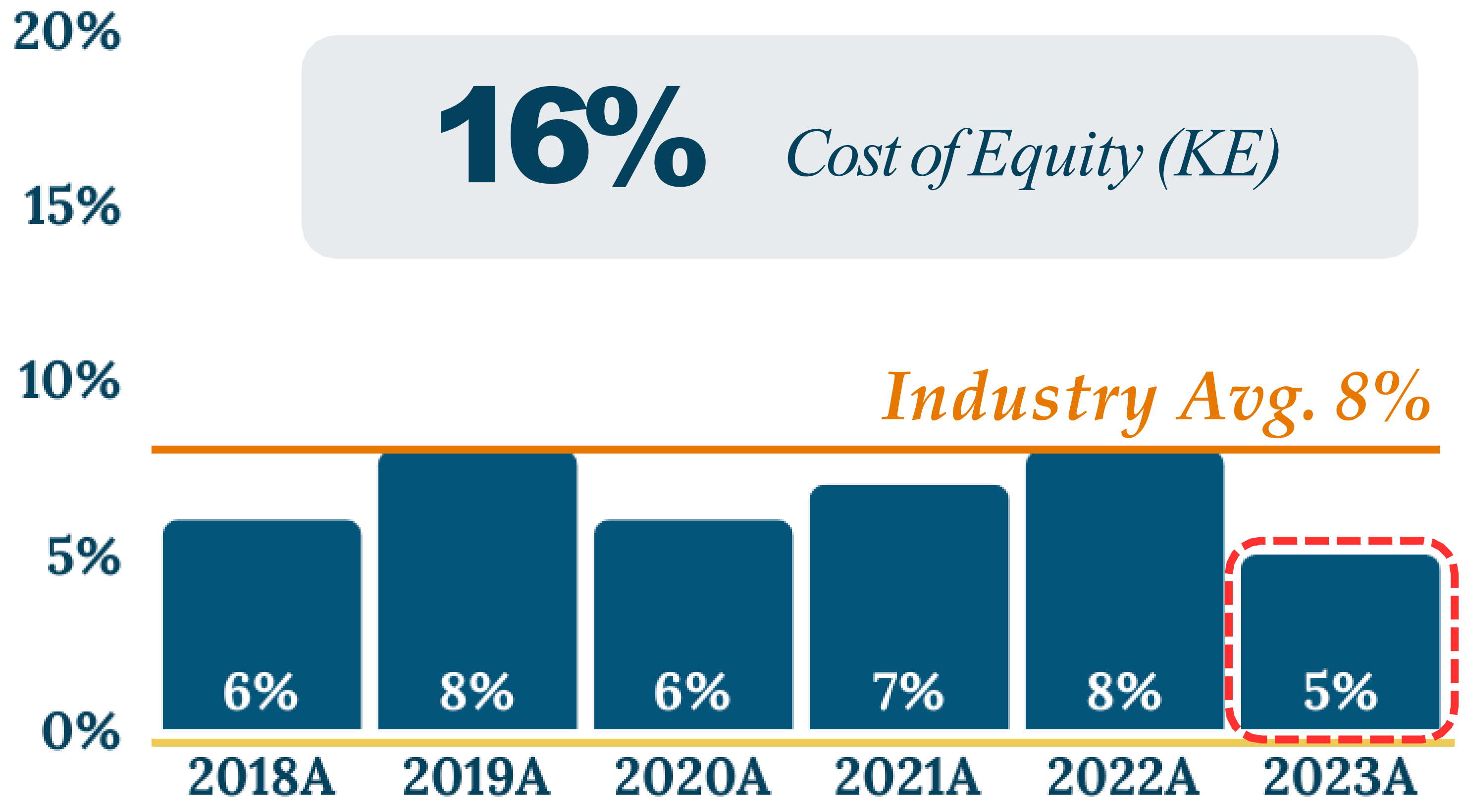
n A

DIS APPOINTIN G RETU

Det e b a t g P o f t a d h e f e
S
s ets Utilization

Worse Return Than Peers Despite Better Profitability

Return On Equity (ROE)



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SUBOPTIMAL RETURN

Worse Return Than Peers Despite Better Profitability

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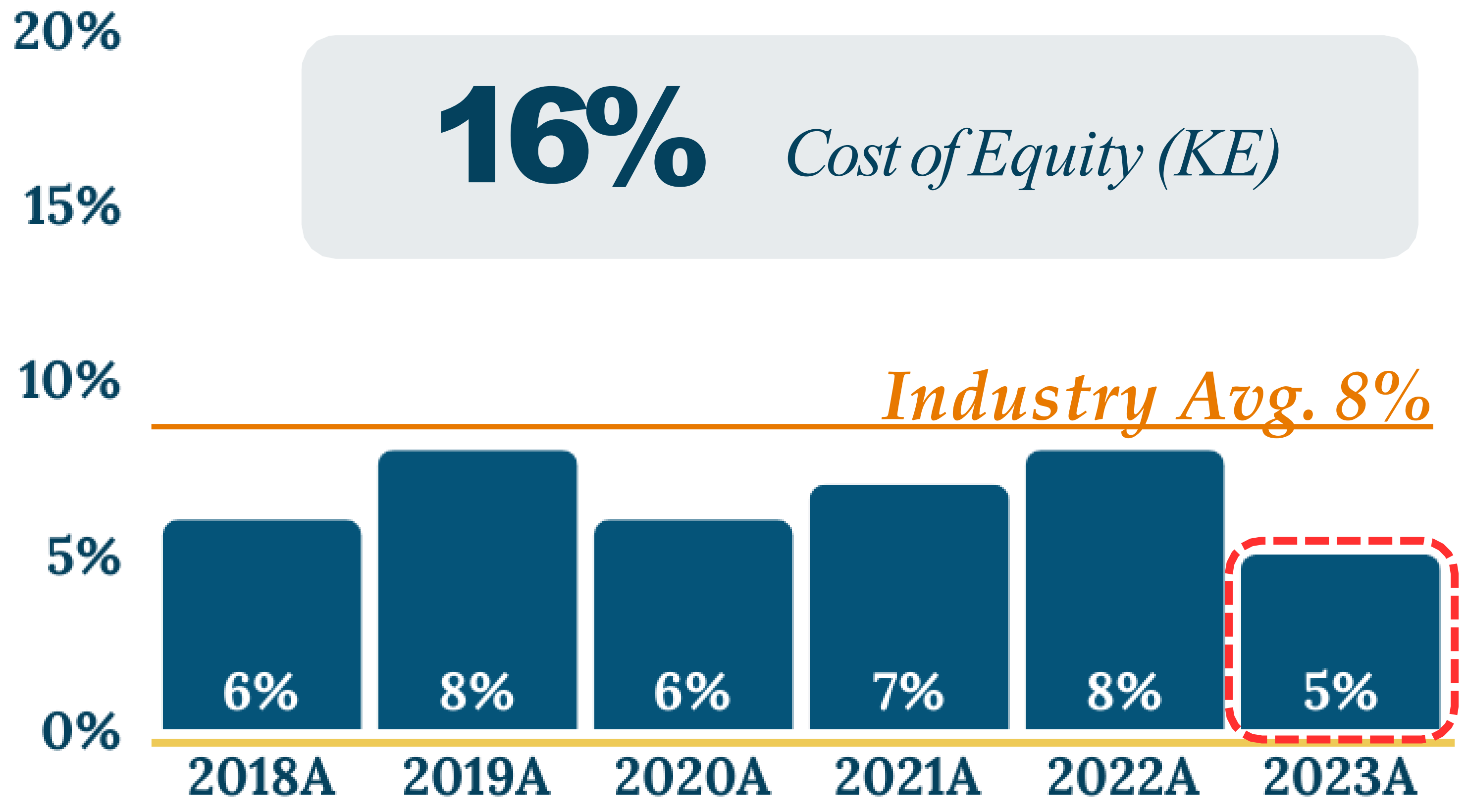
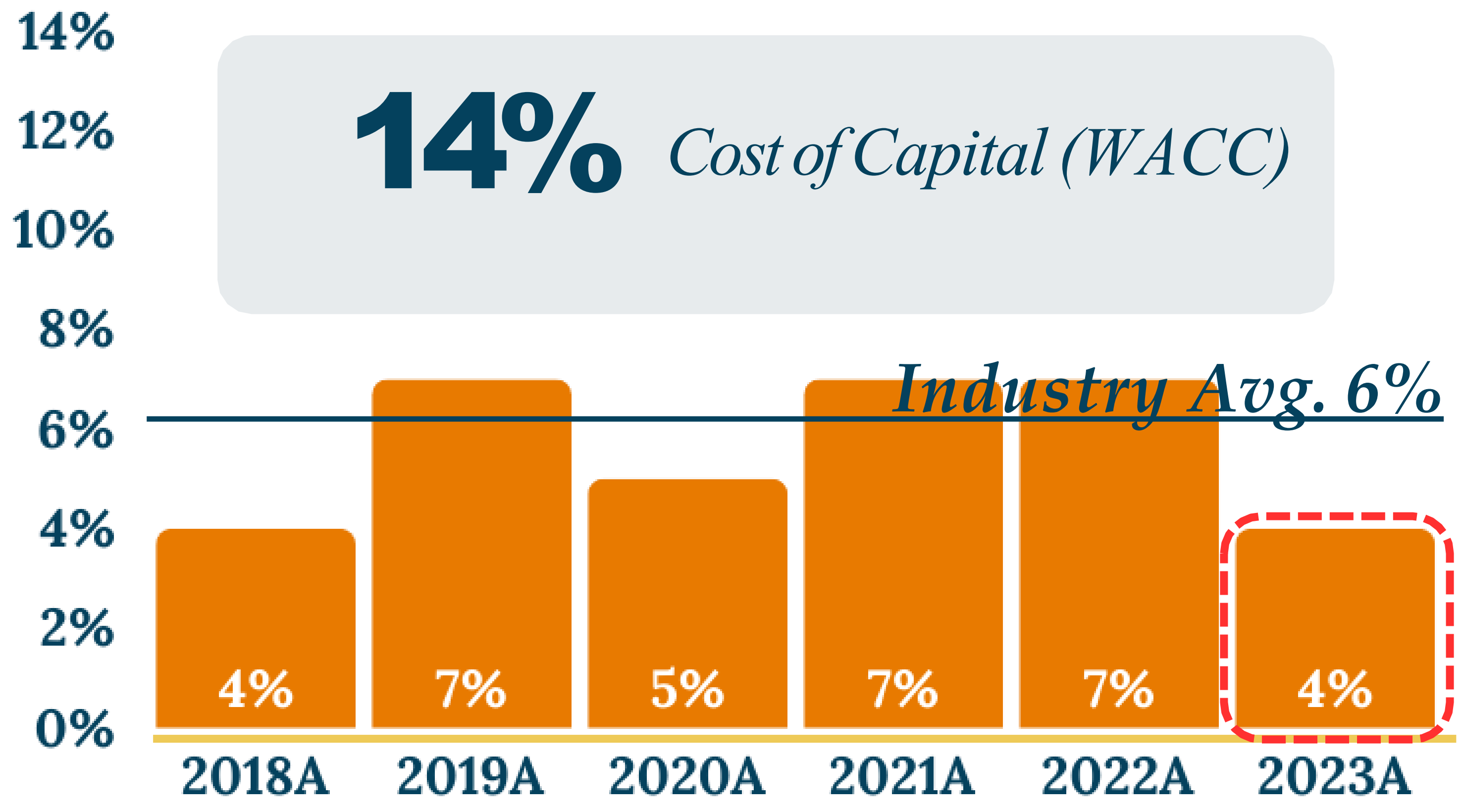


Return On Invested Capital (ROIC)



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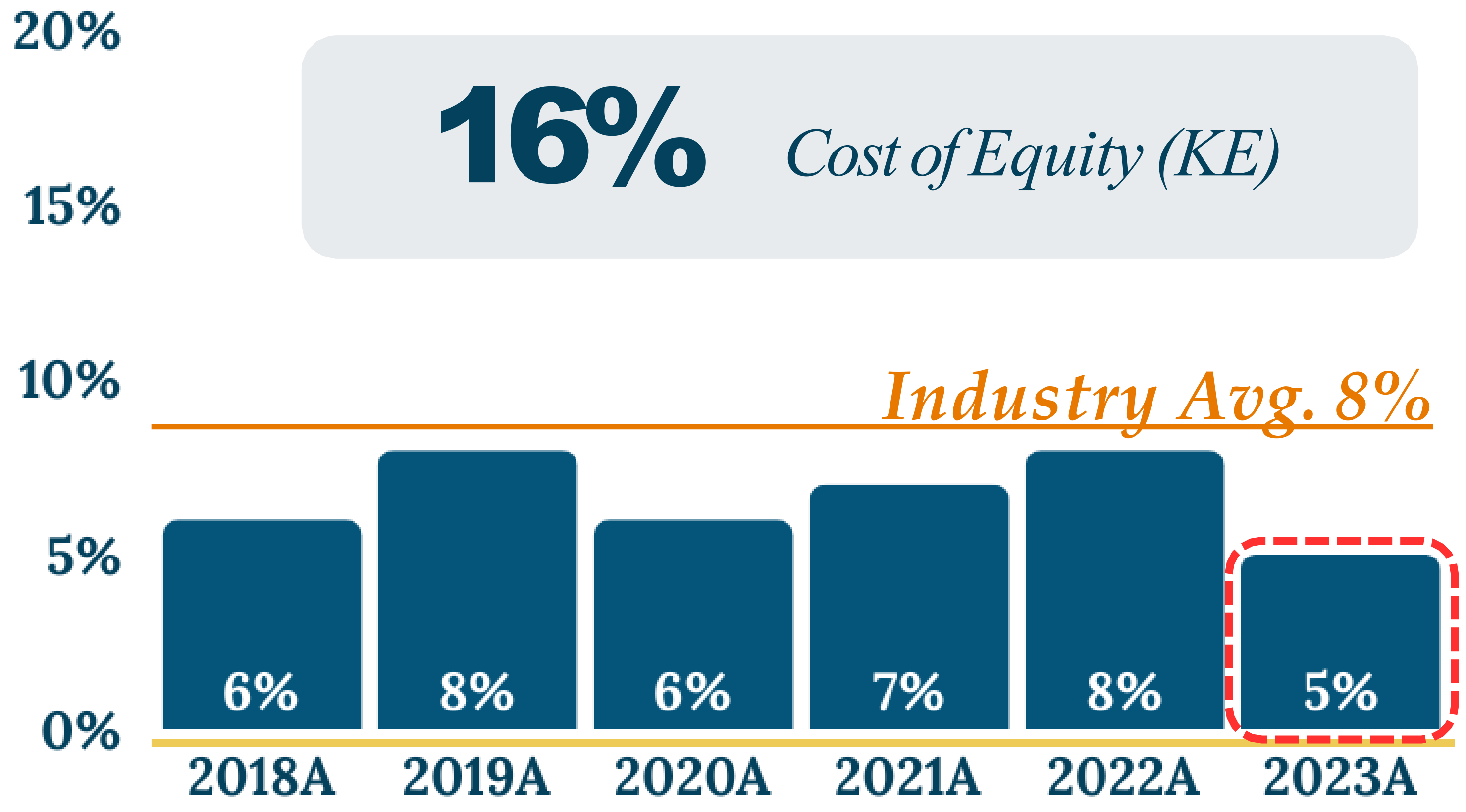
SUBOPTIMAL RETURN

Worse Return Than Peers Despite Better Profitability

Return On Equity (ROE)



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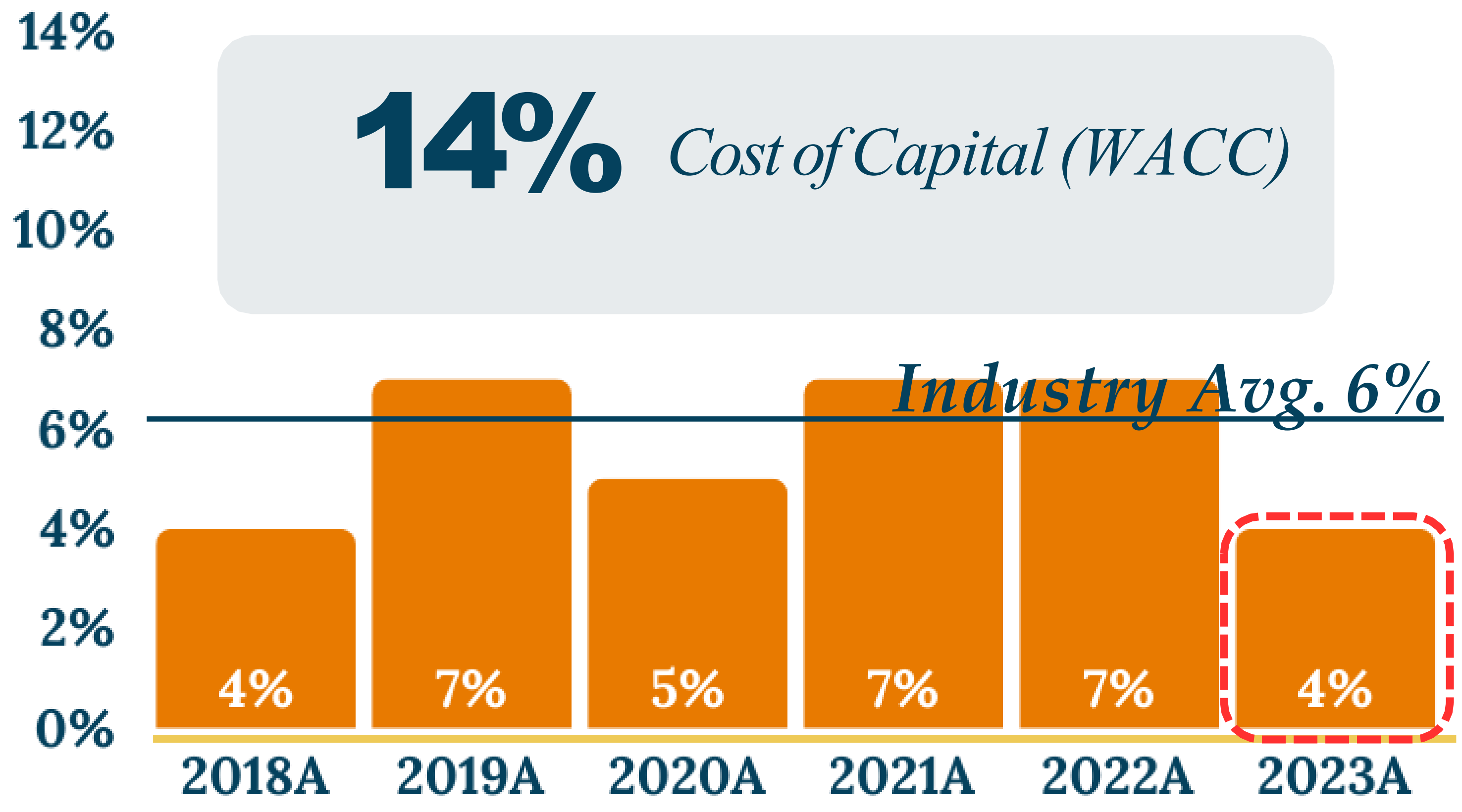


Lower Than Investors' Expectation G Demand

due to 3 possible factors

Subpar TEU & Revenue Growth

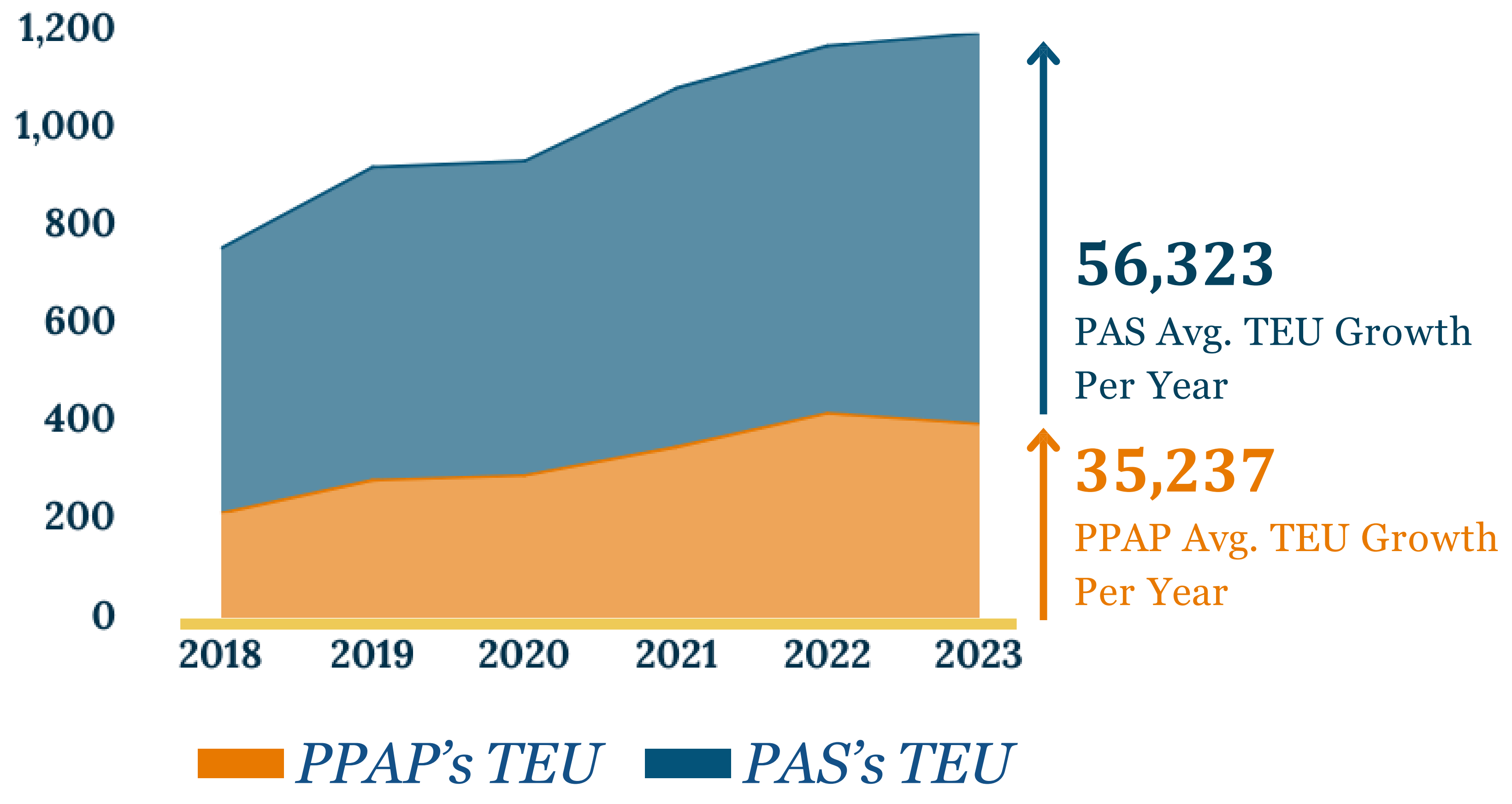
Deteriorating Profit

Inefficient Asset Utilization

Source: Company data, Team analysis

Subpar TEU & Revenue Growth To PAS

TEU Comparision With PAS



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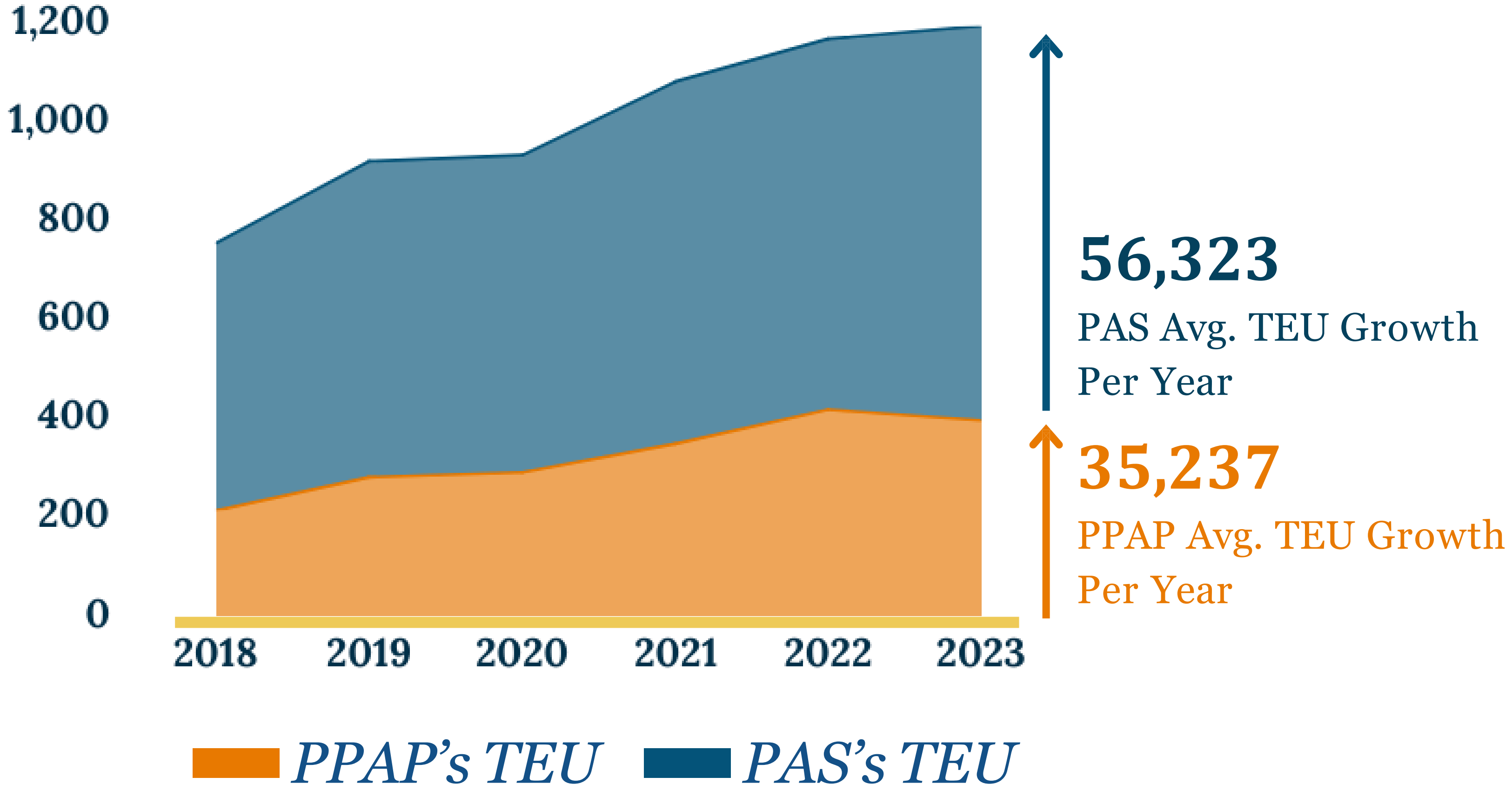
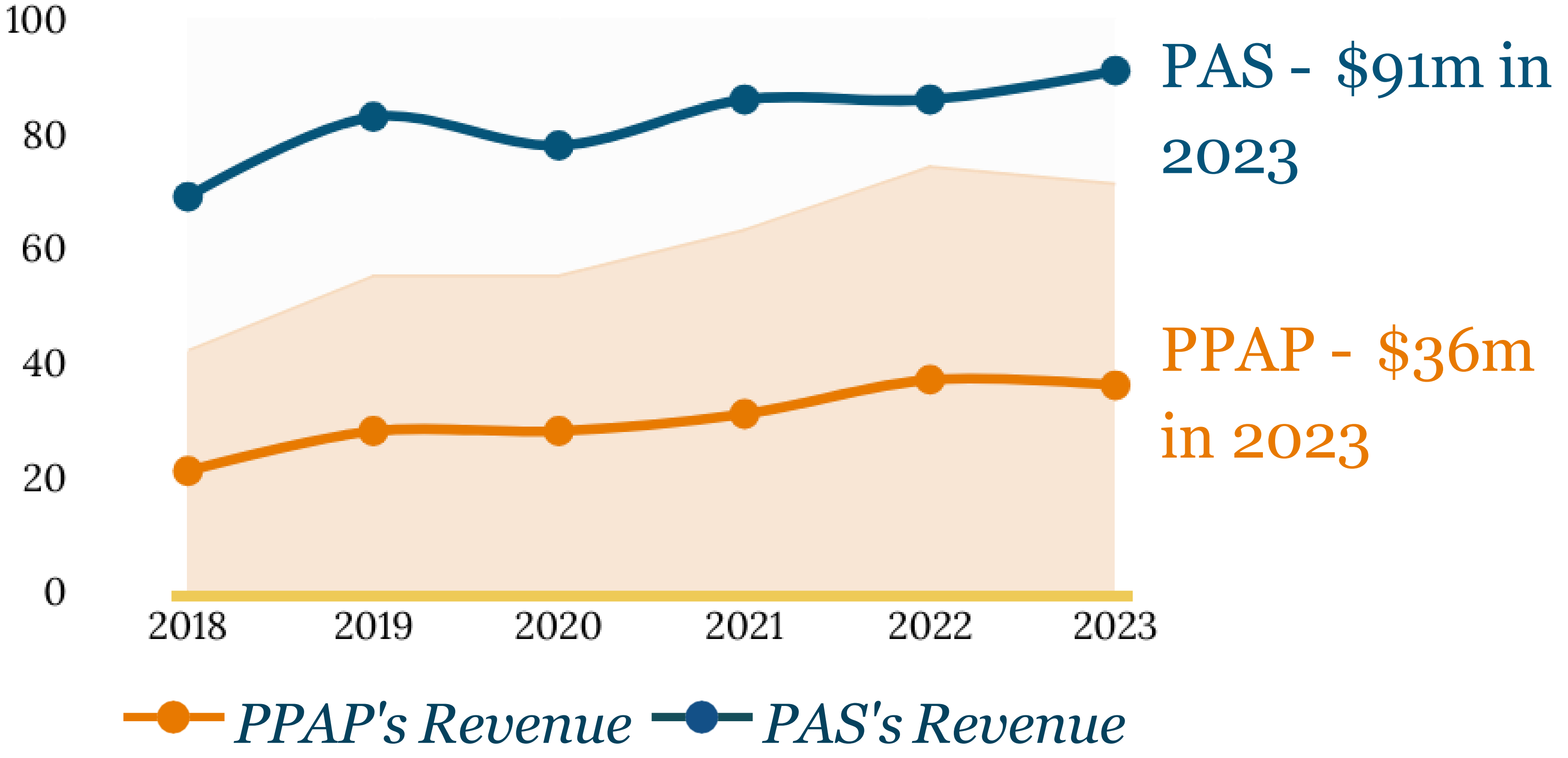


Revenue Comparison with PAS ($'million)



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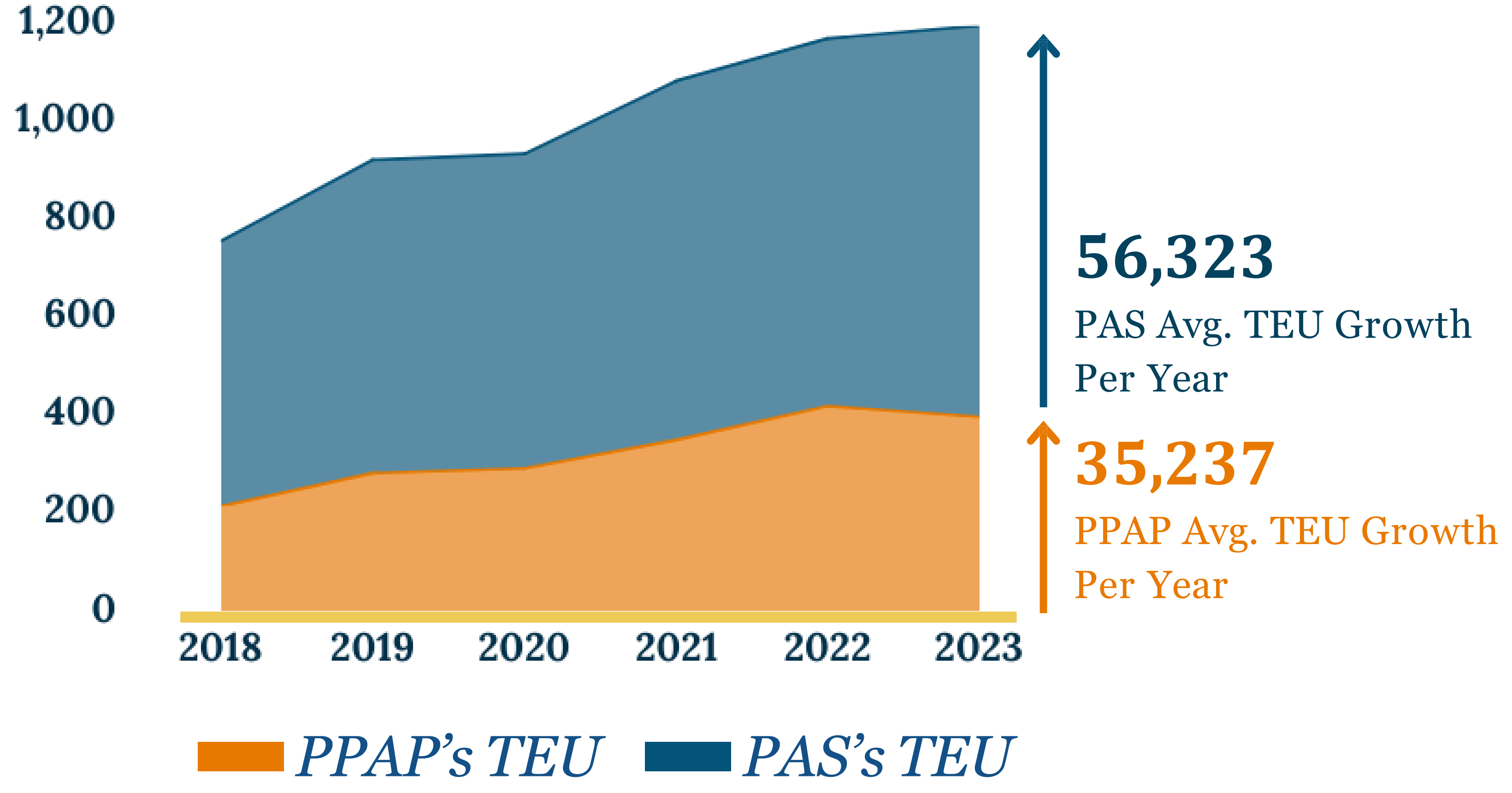

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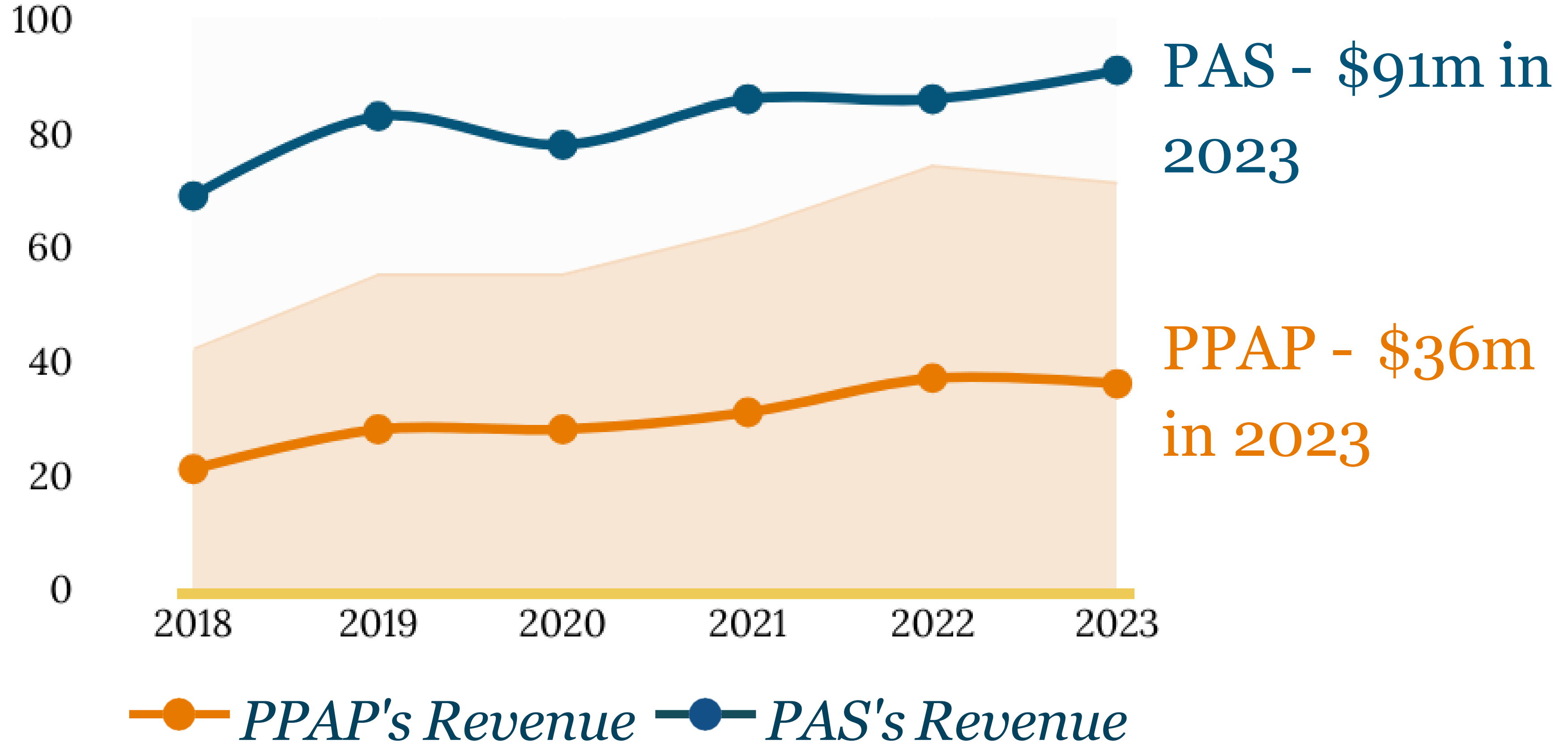


3 *DRIVING FACTORS*

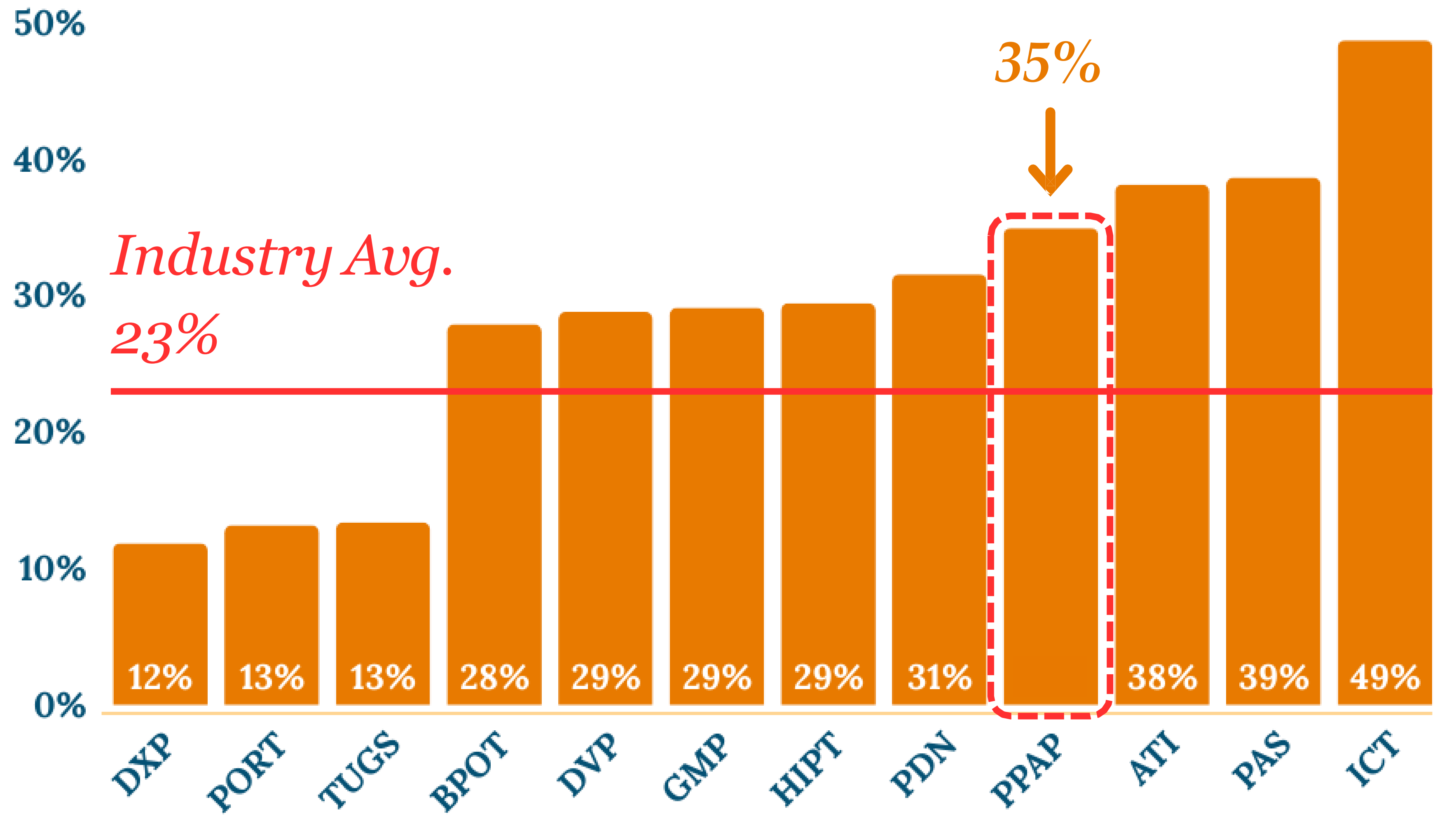
1. *Increased Competition*
2. *Inherent Water Depth Limitation*
3. *Shift of Export-Oriented Factories to Coastral Areas*

Source: Company data, Team analysis

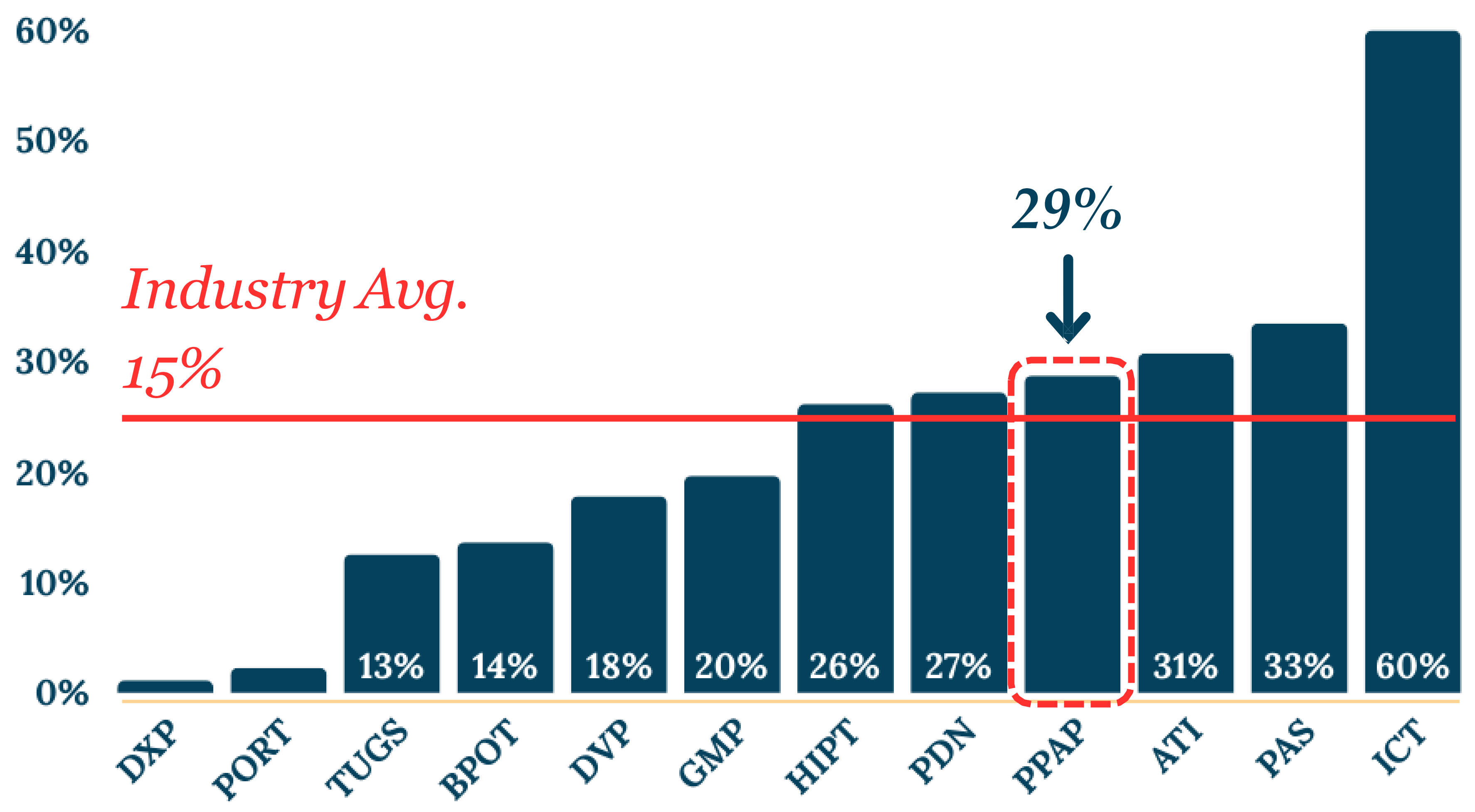
SUBOPTIMAL RETURN

Deteriorating Profit

Better Operating Margin Than Peers, 2023 (%)



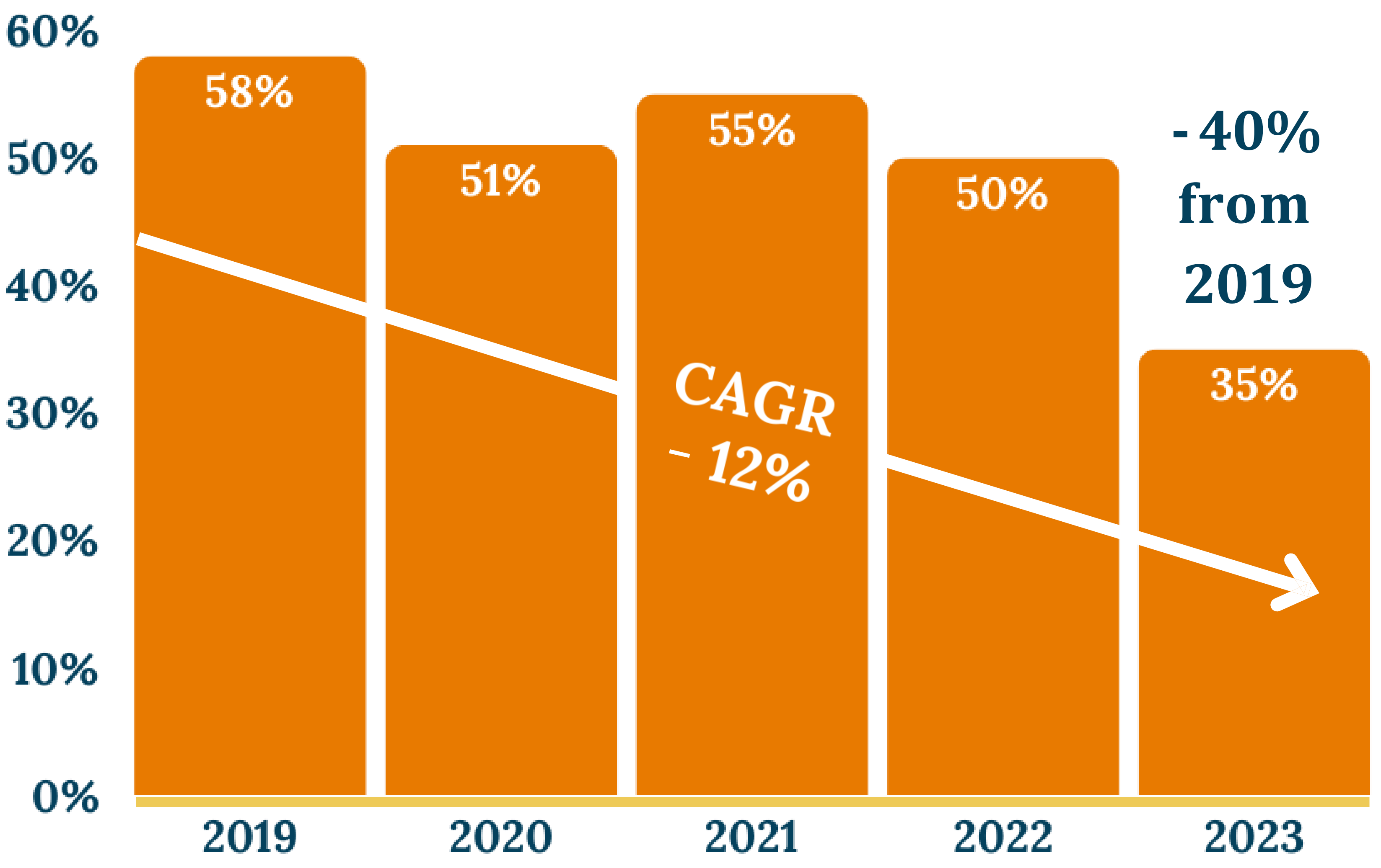
Better Net Profit Margin Than Peers, 2023 (%)



Source: Company data, Team analysis

Deteriorating Profit

Reducing Operating Margin (%)



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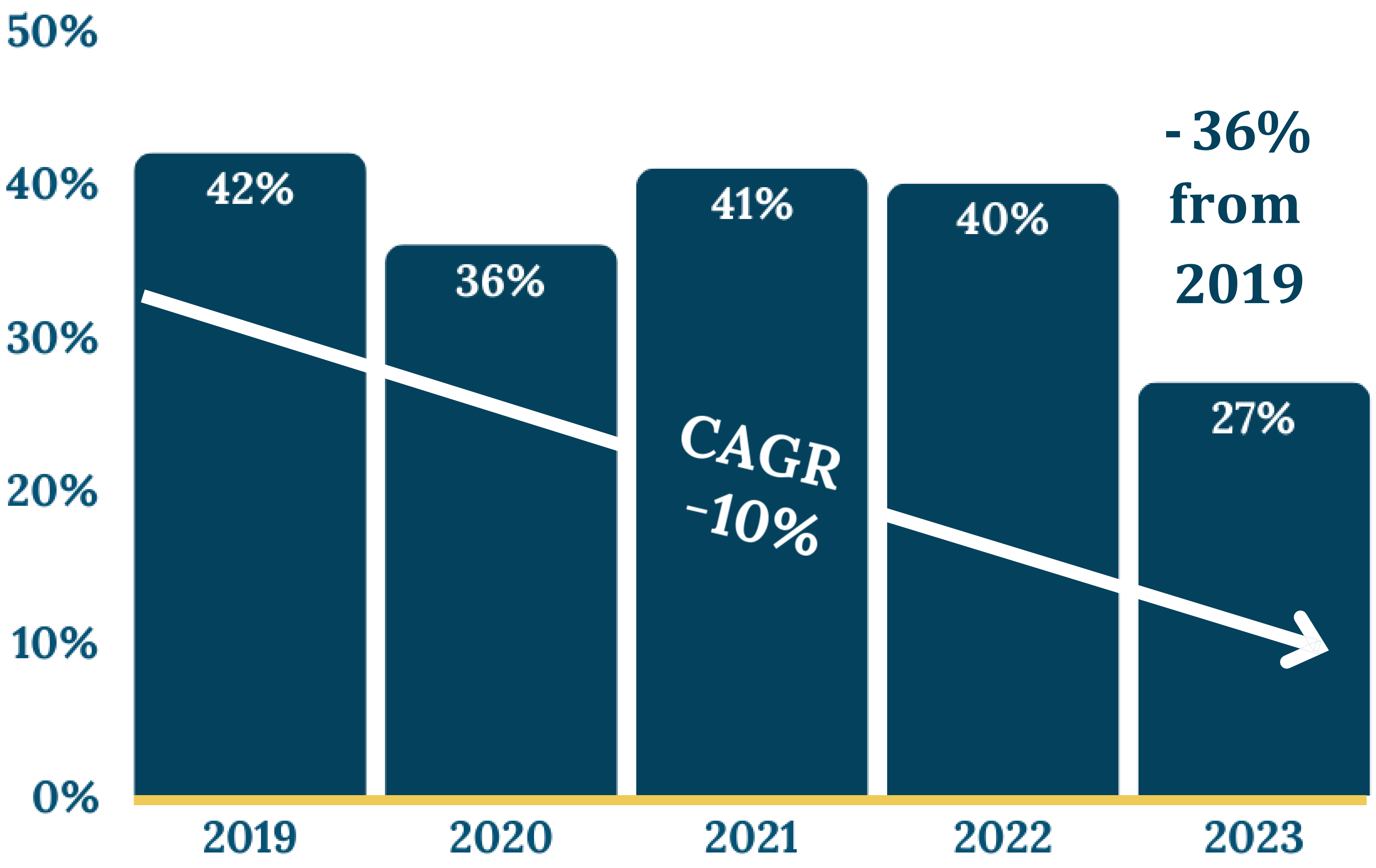

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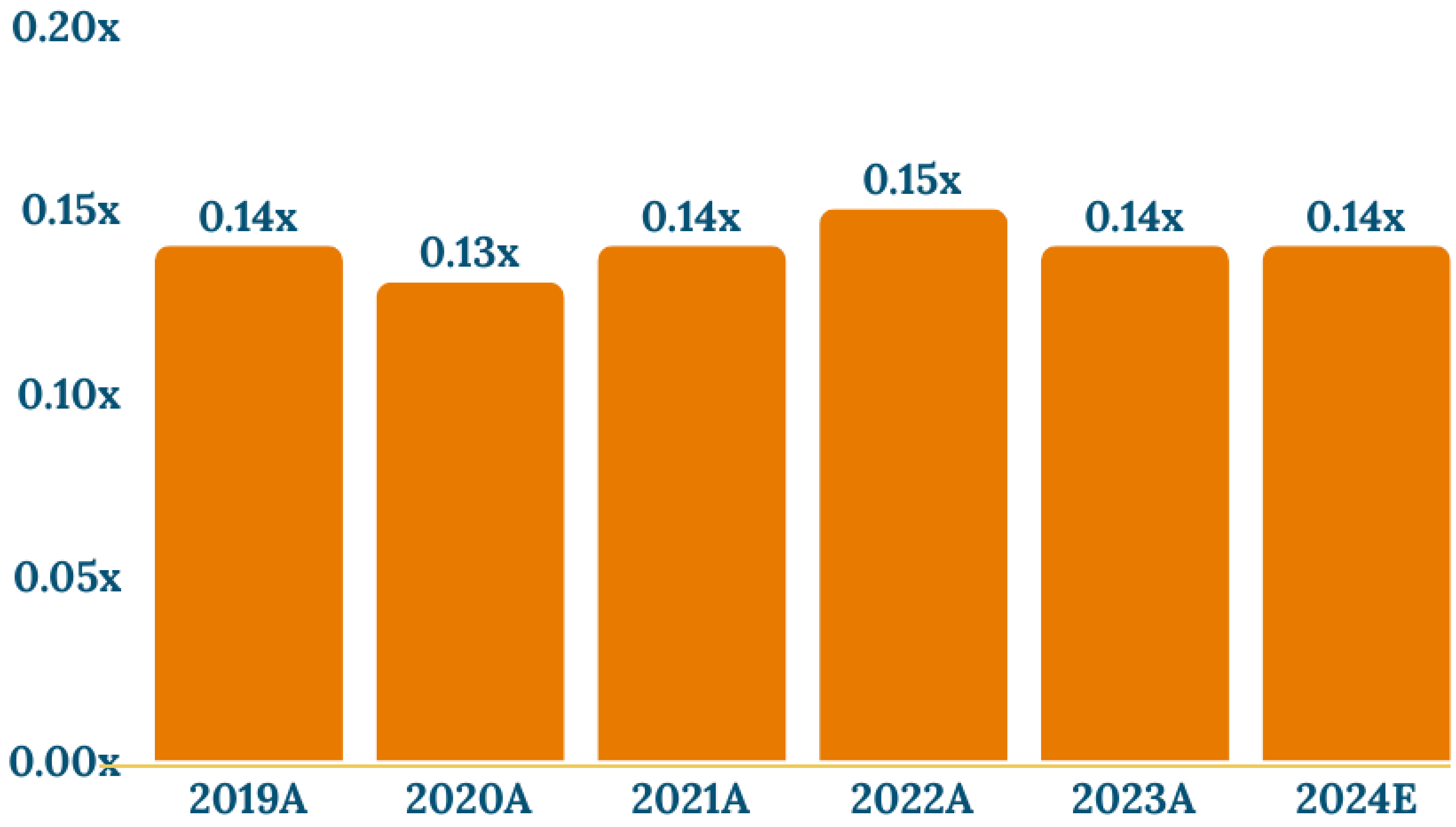
Inefficient Asset Utilization

Asset Turnover (%)

Industry Avg. 0.32x



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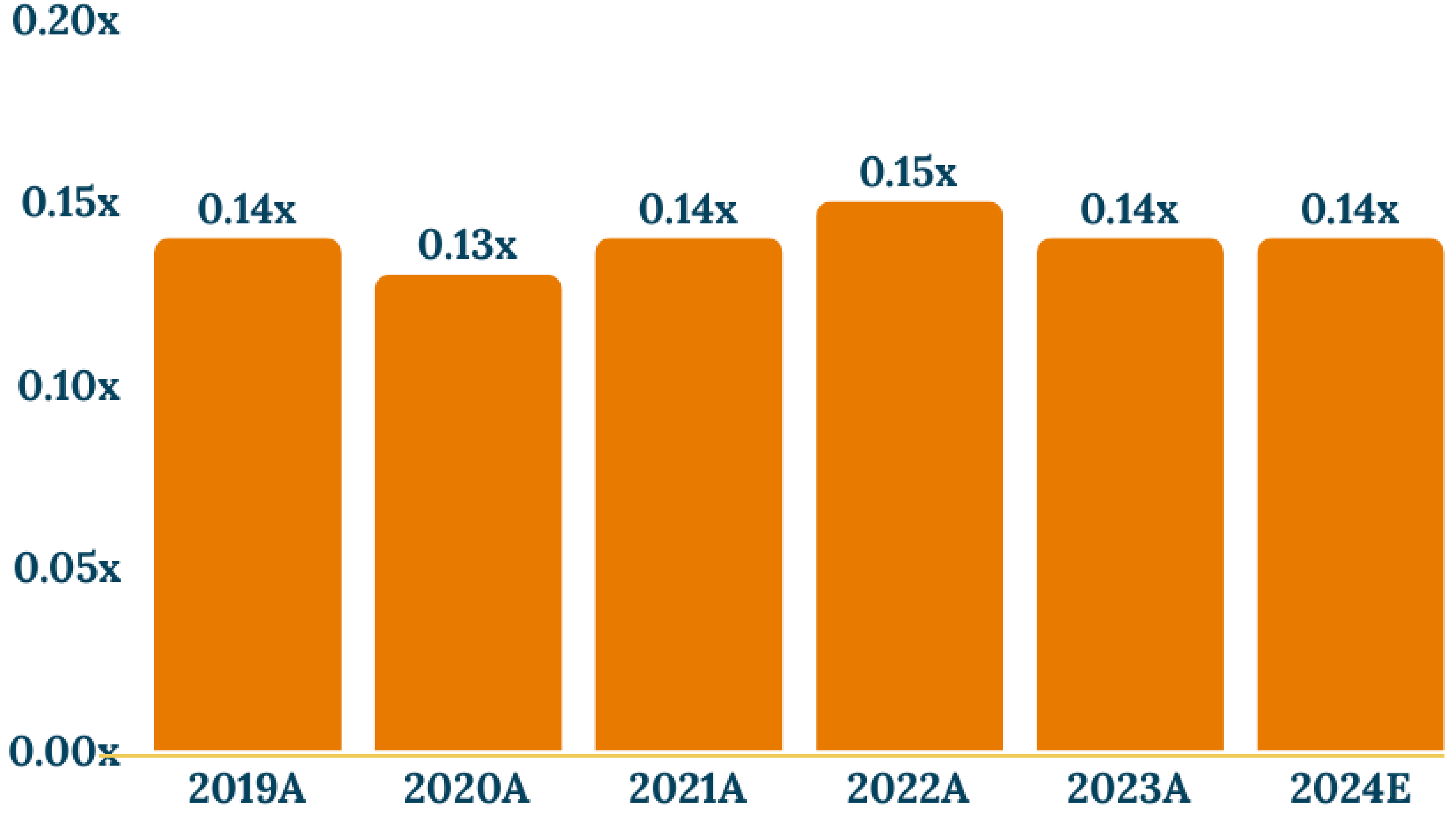
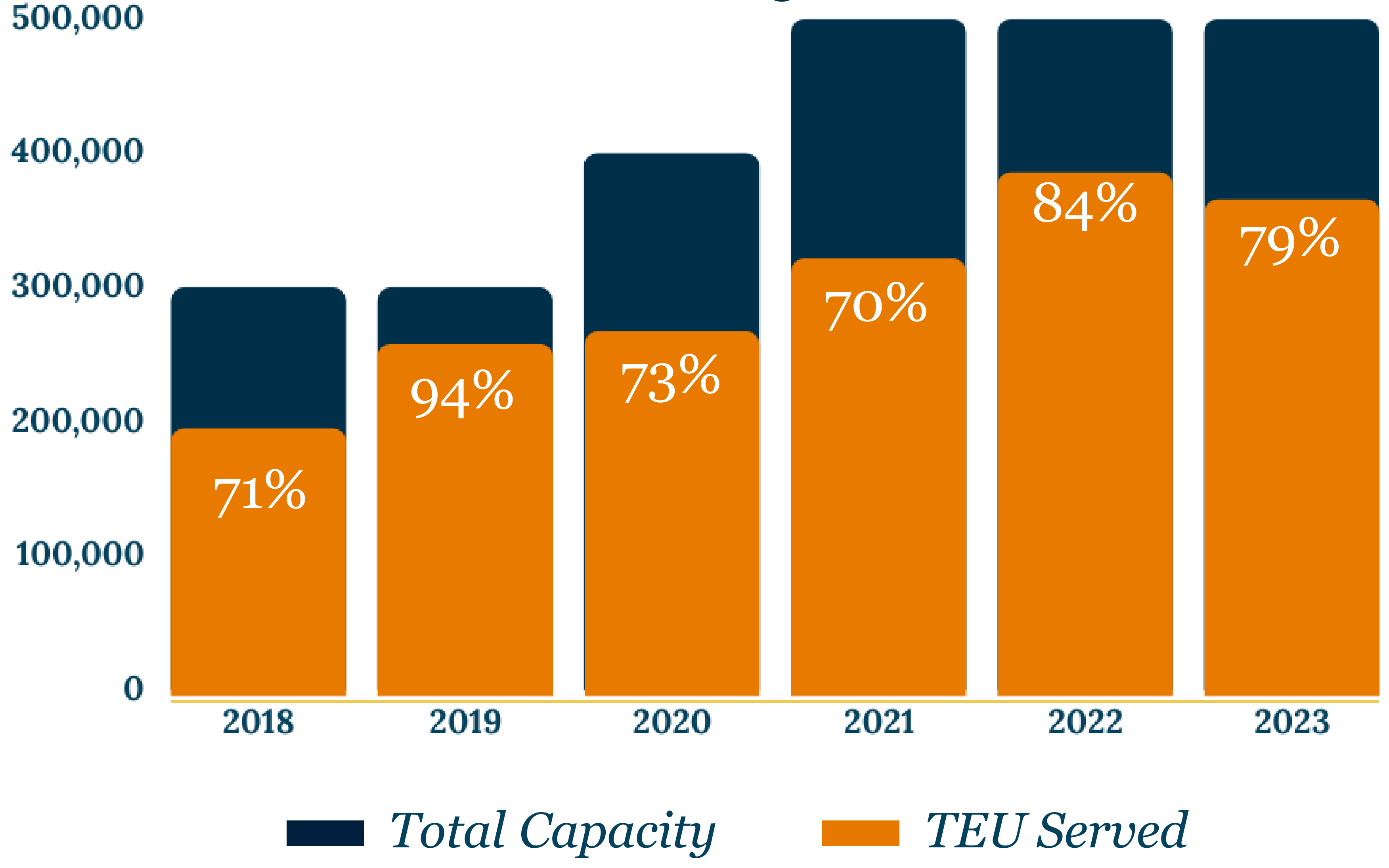


Capacity Utilization Rate (PPAP vs. PAS)

PAS Avg. 94%



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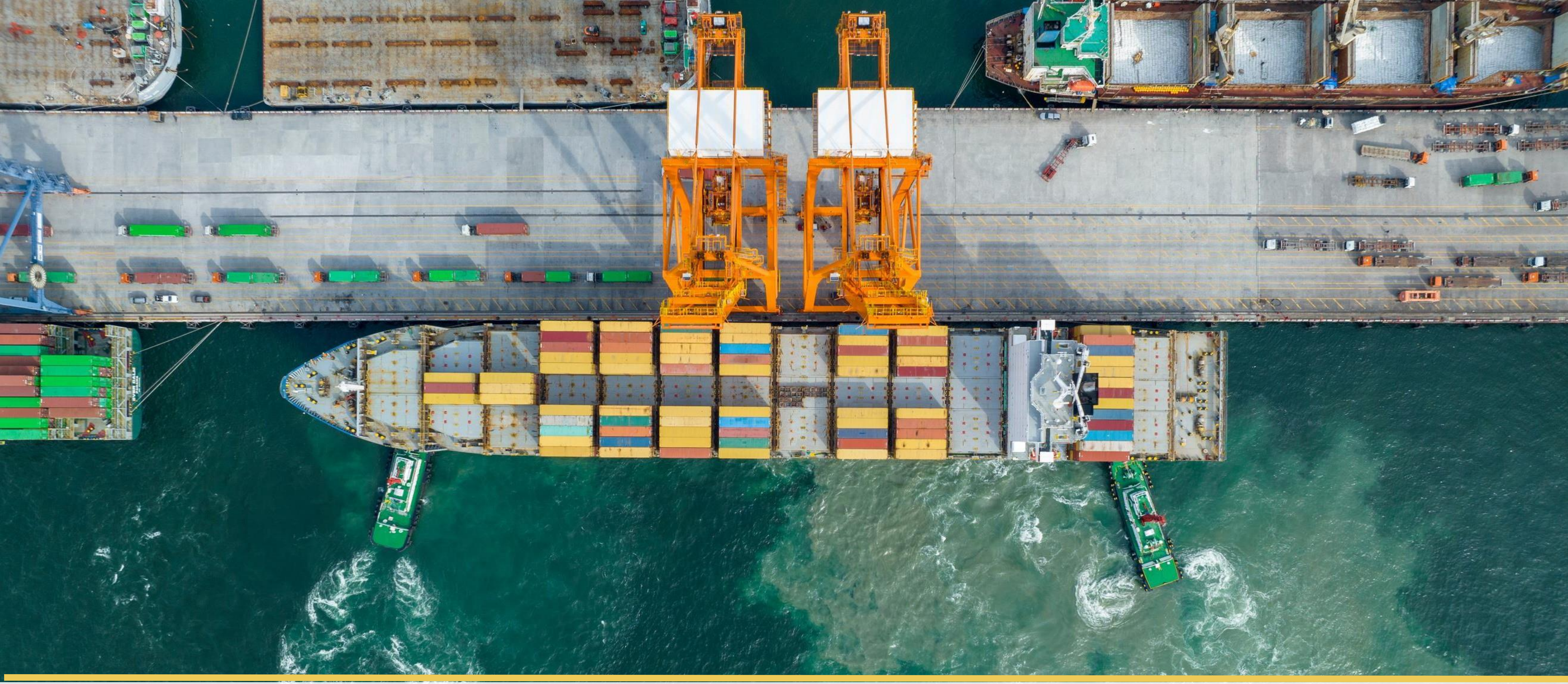
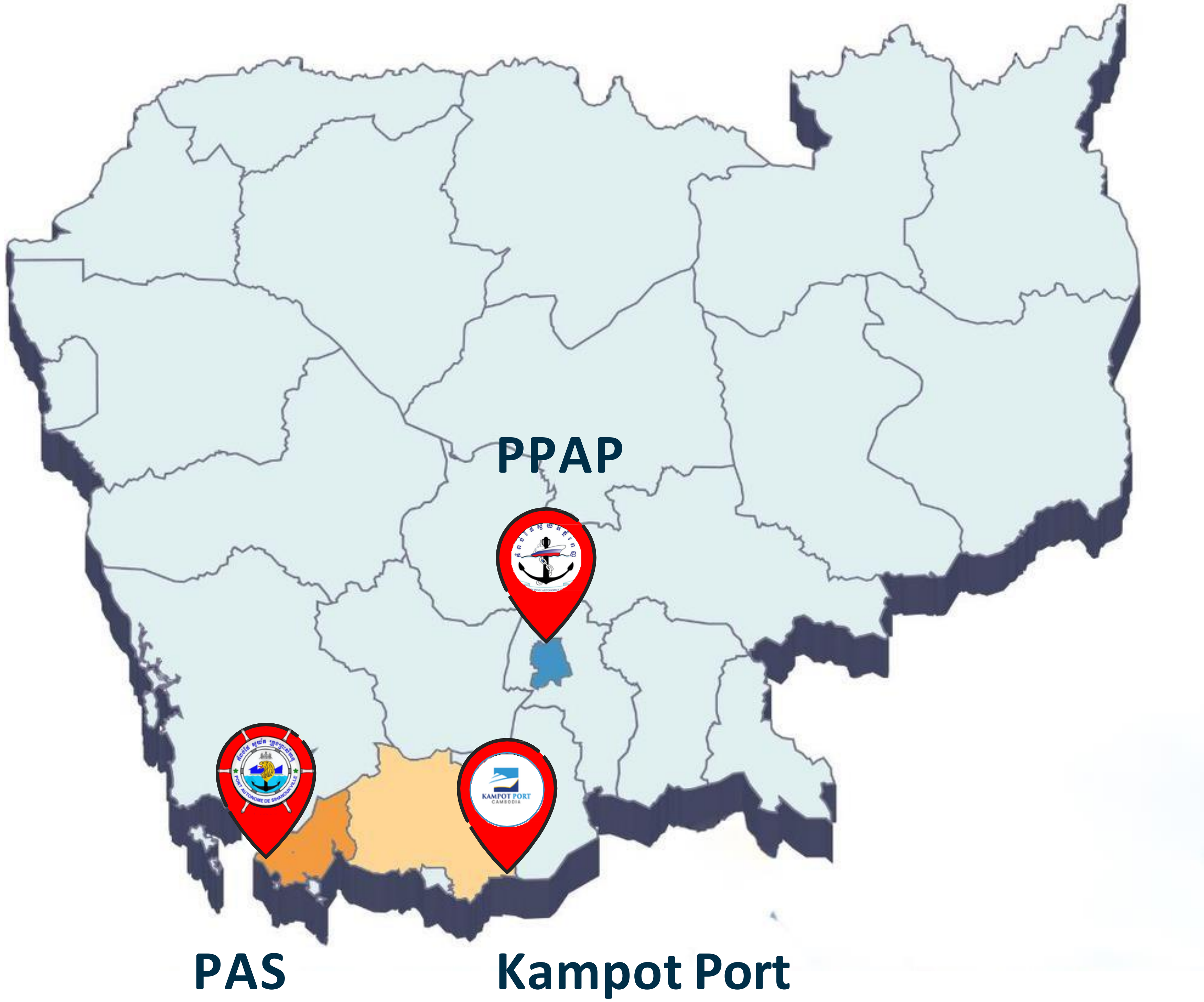


3. IN TE N SIFI E D CO M P ET ITI O N

S e o t E pan s o & T h e C s o s

ha l w Waters

The Shift in Cambodia's Shipping Market: PPAP vs. PAS and New Rivals



INTENSIFIED COMPETITION

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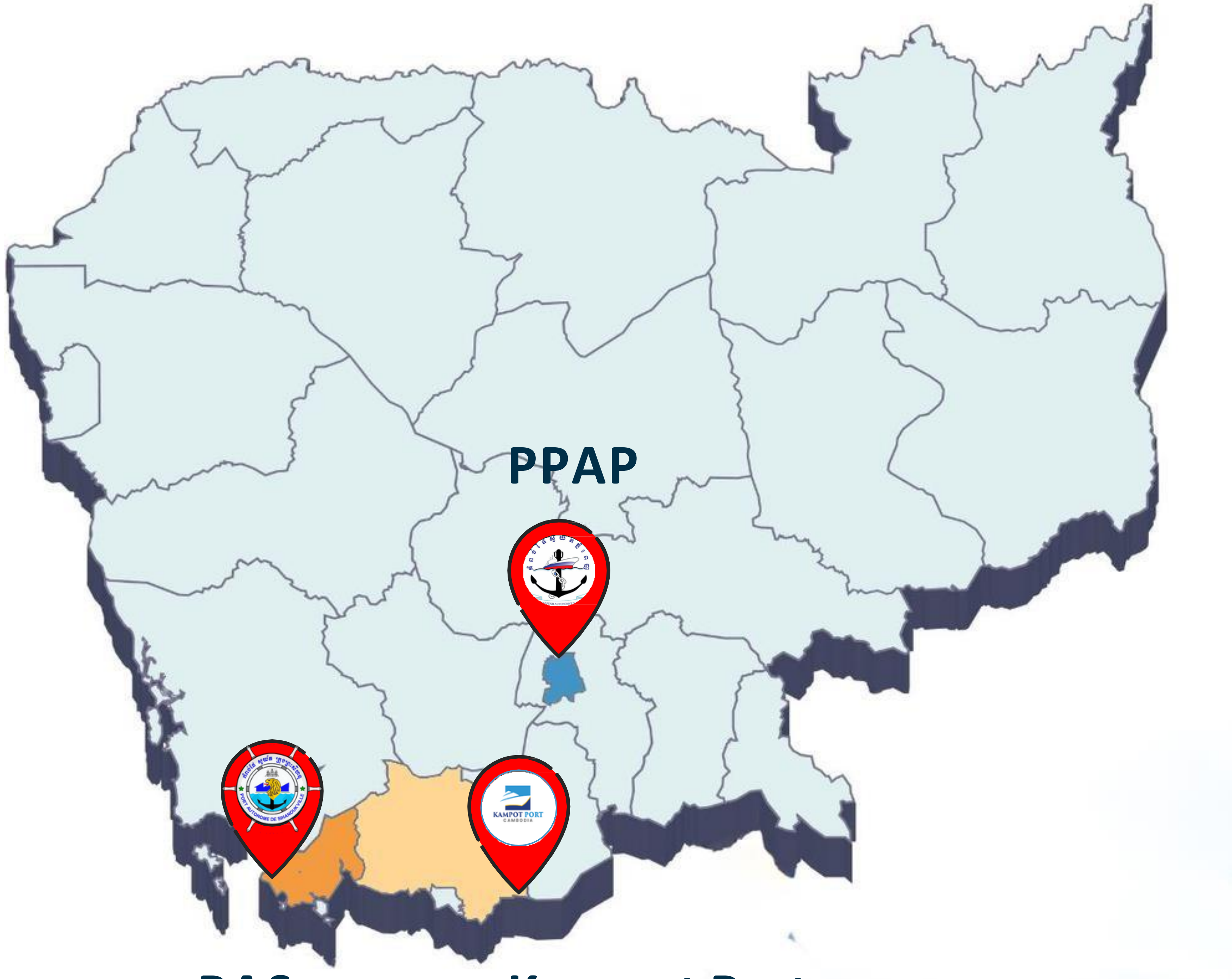
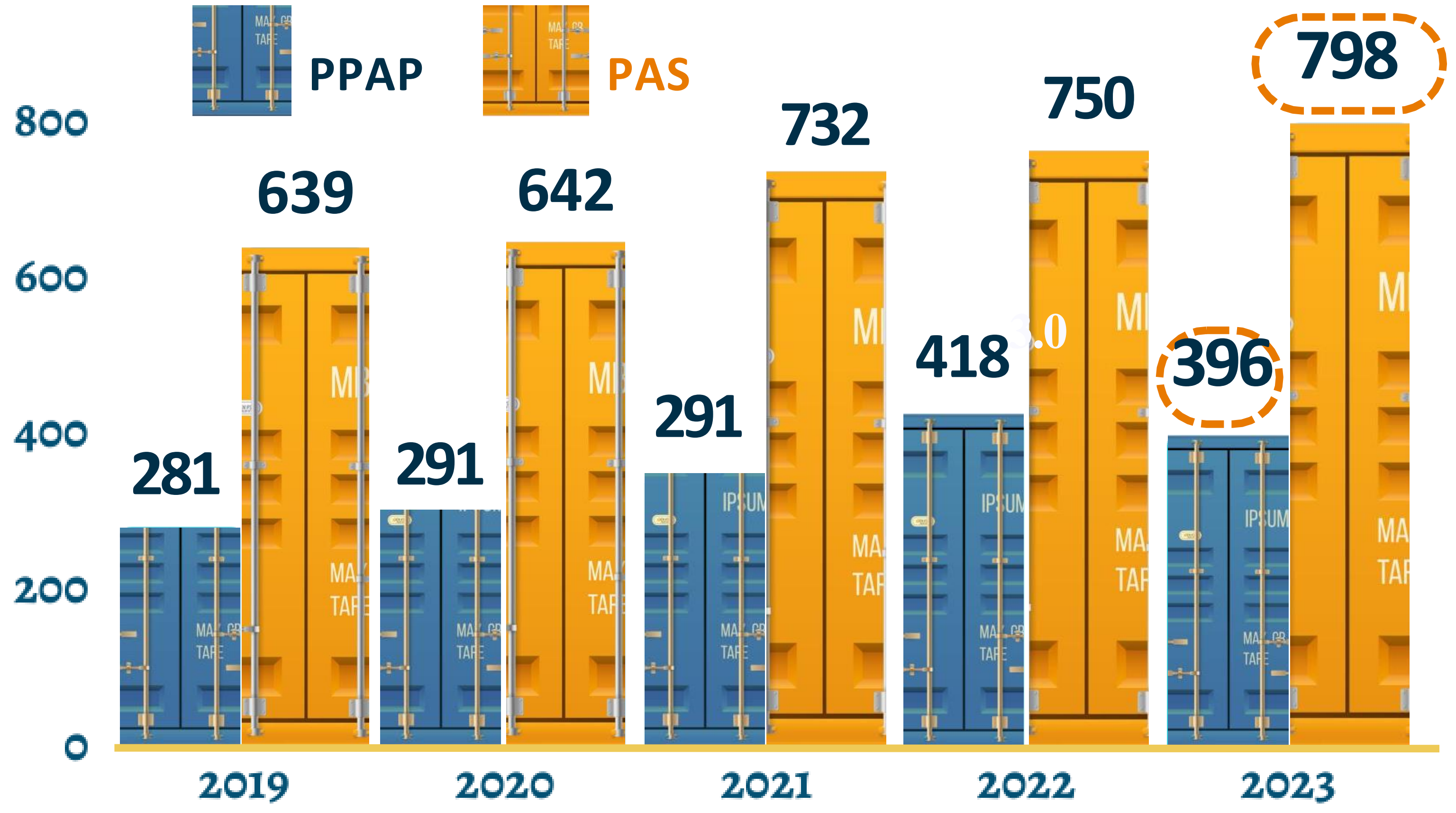


PPAP Vs PAS TEU Throughput ('000)



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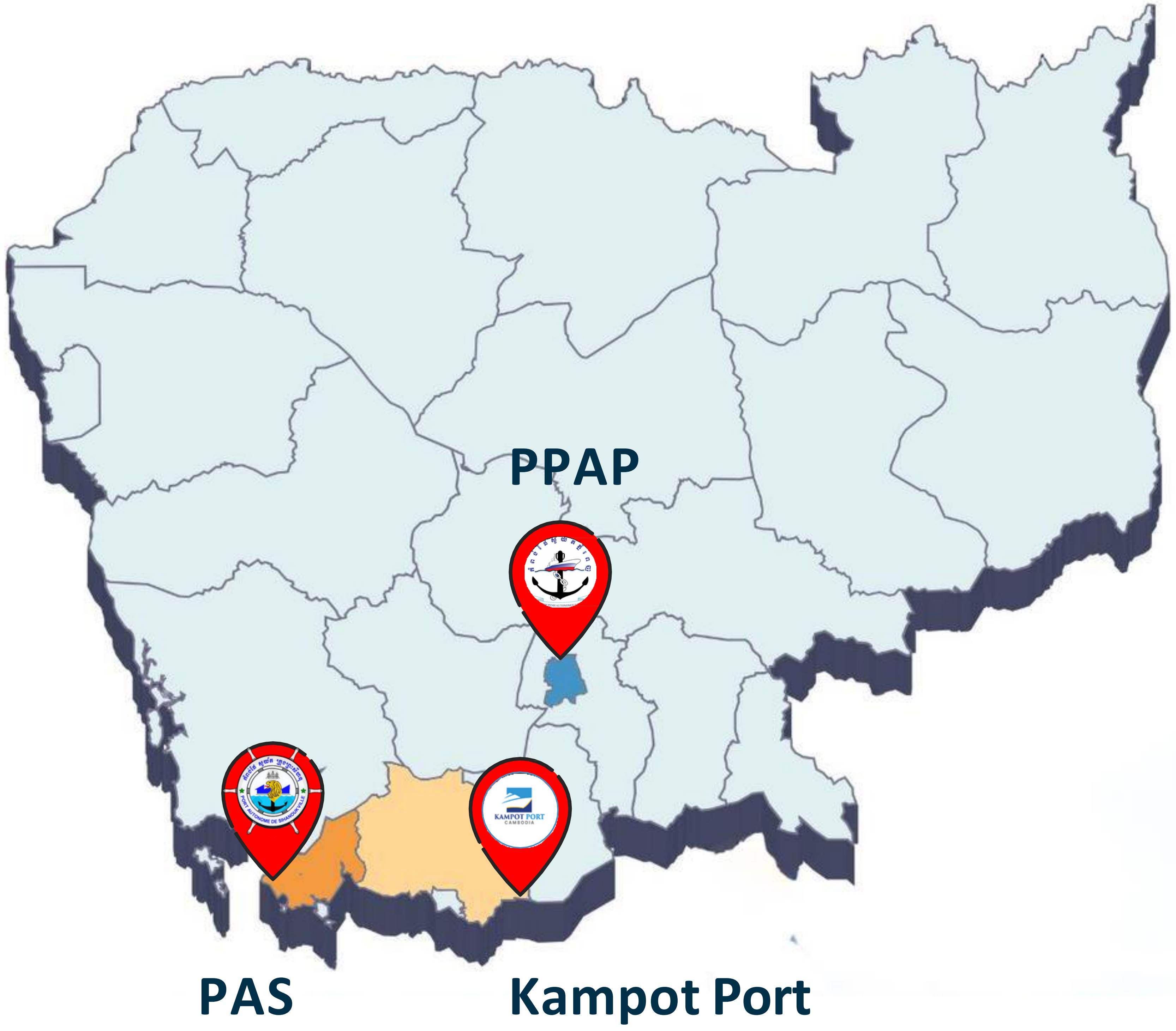

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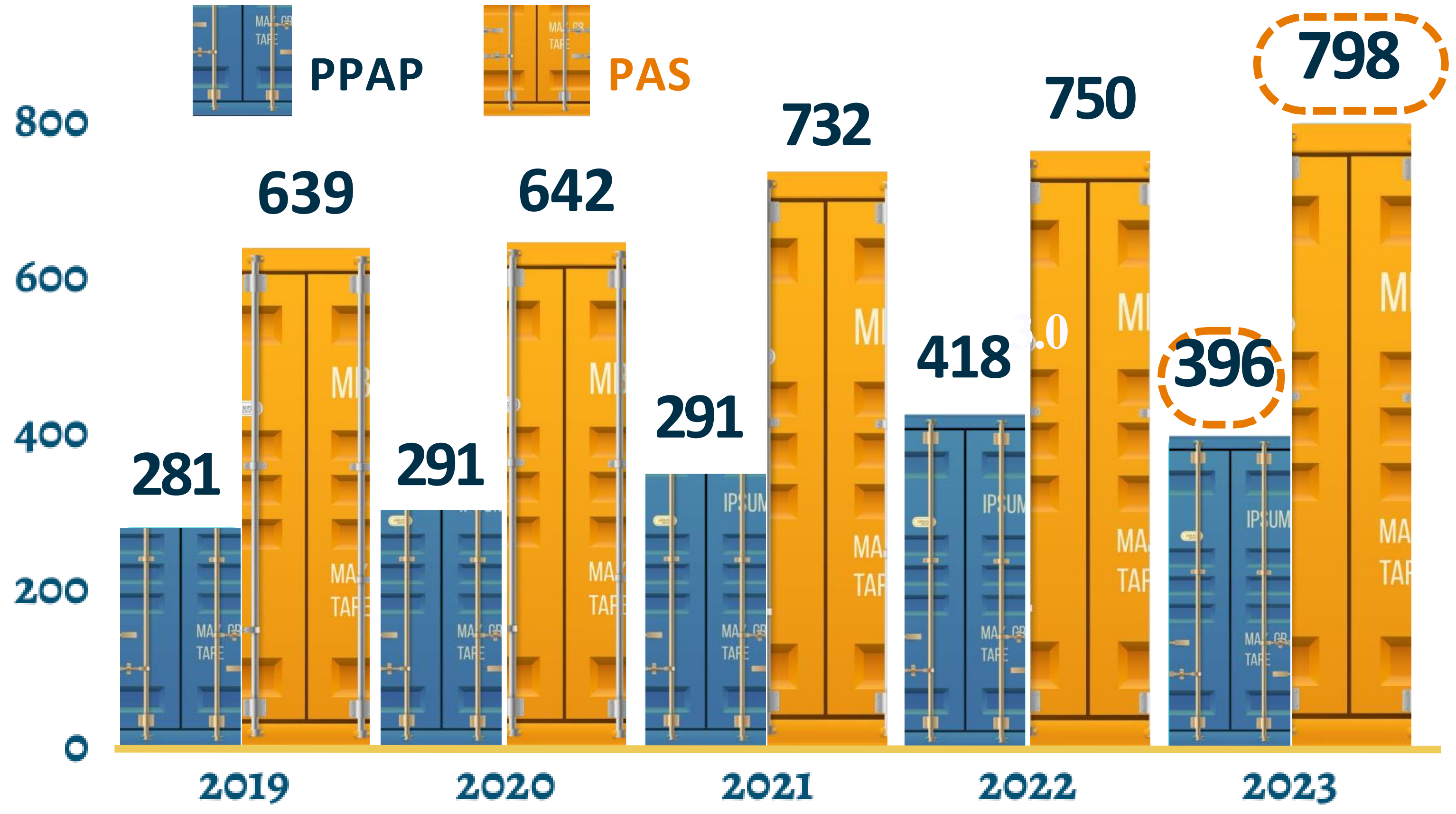
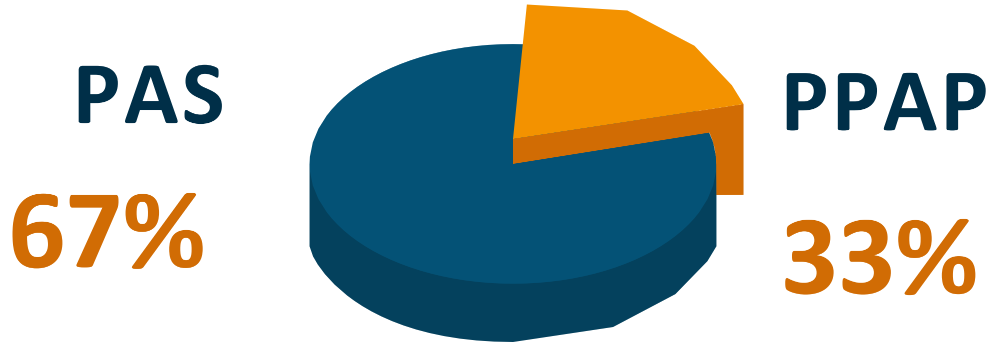


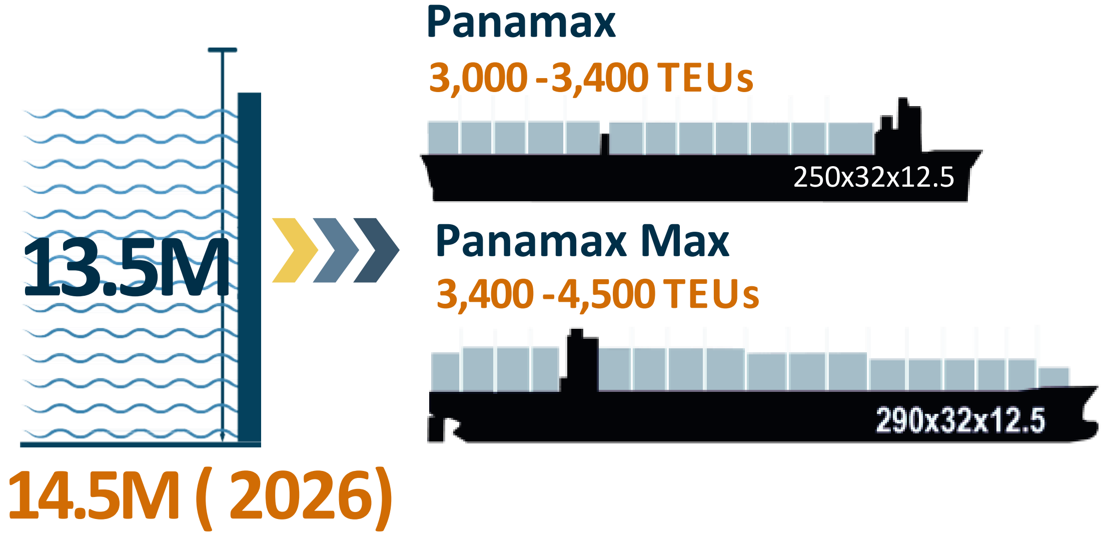
Domestic Market Share



Too Shallow to Compete: Why Depth Matters

PAS

Sea depth & TEU per Vessel



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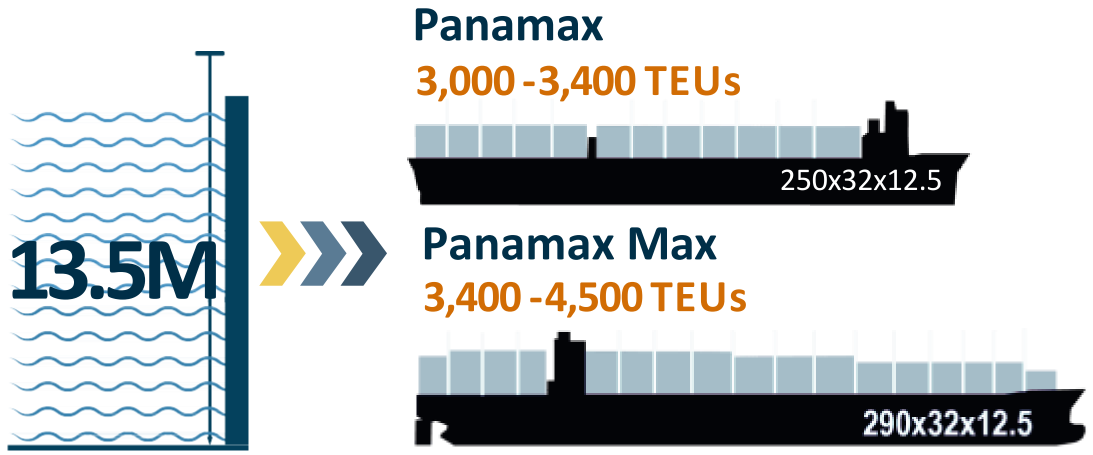
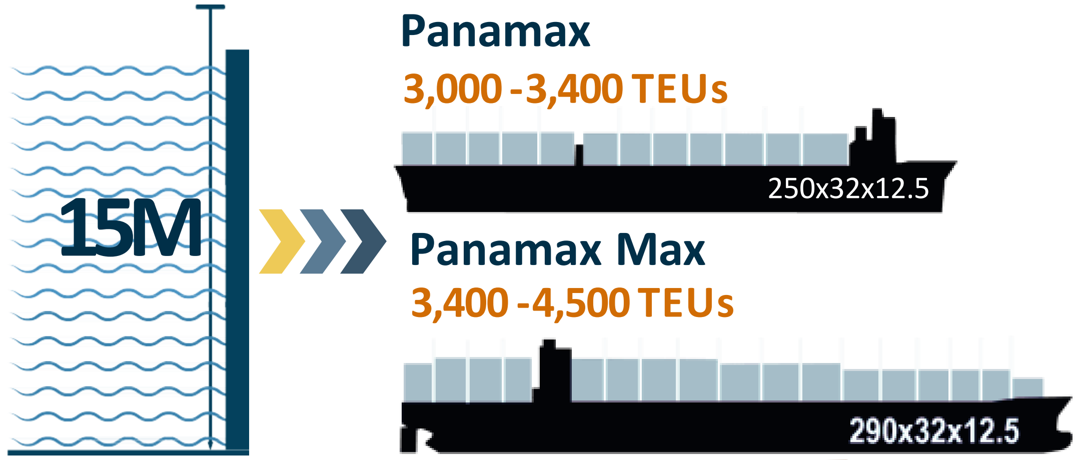


14.5M (2026)

Kampot Port

Sea depth & TEU per Vessel



INTENSIFIED COMPETITION

Too Shallow to Compete: Why Depth Matters

PAS

Kampot Port

PPAP

Sea depth & TEU per Vessel (PAS)

13.5M
14.5M (2026)

Panamax
3,000 -3,400 TEUs
250x32x12.5

Panamax Max
3,400 -4,500 TEUs
290x32x12.5

Sea depth & TEU per Vessel (Kampot Port)

15M

Panamax
3,000 -3,400 TEUs
250x32x12.5

Panamax Max
3,400 -4,500 TEUs
290x32x12.5

River depth & TEU per Vessel (PPAP)

4.5M

Early Containerships
500 -800 TEUs
137x17x9
200x20x9

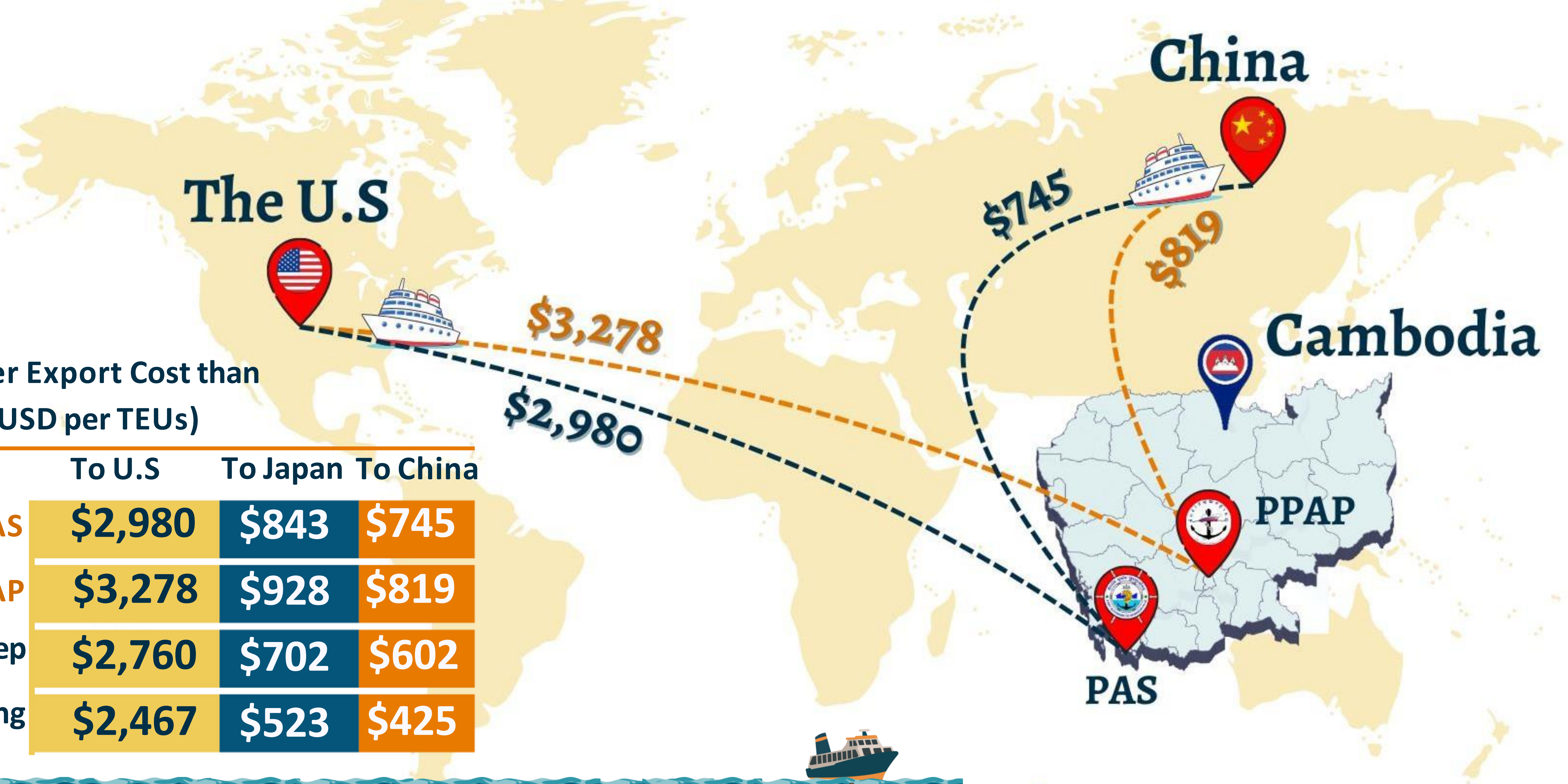
The Race Against Time: How Lead Time Affects Exporters

Higher Lead Time Than PAS (Days)

	To U.S	To East Asia
PPAP	28	16
PAS	26	14
Cai Mep	25	14
Leam Chabang	25	14

INTENSIFIED COMPETITION

Cost Disadvantage: Why PPAP's Fees Are Holding It Back



Higher Export Cost than PAS (USD per TEUs)

	To U.S	To Japan	To China
PAS	$2,980	$843	$745
PPAP	$3,278	$928	$819
Cai Mep	$2,760	$702	$602
Leam Chabang	$2,467	$523	$425

VALUATION & INVESTMENT RISKS

Anchored With Measured Potential

VALUATION: DISCOUNT CASHFLOW MODEL

INTRINSIC VALUE = KHR 14,150 ($3.54)

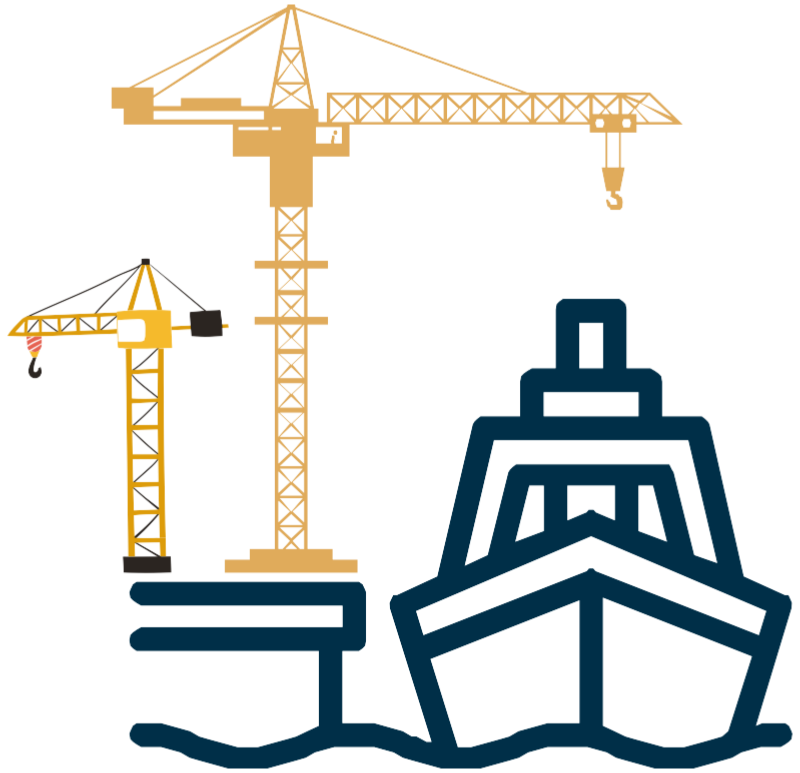
2.1% Upside

COST OF EQUITY

16.2%

Using Capital Asset Pricing Model (CAPM)

US Risk Free Rate	3.7%
US Equity Risk Premium	4.3%
Cambodia Contry Risk	7.3%
PPAP Levered Beta (Equity beta)	1.2
Cost of Equity (Ke)	16.2%



FCFE MODEL

The capital structure is lowly geared where debt-to-equity ratio is 15%

TERMINAL GROWTH

4.1%

From Cambodia GDP and Inflation

Average GDP growth	6.0%	60% weighted
Average inflation rate	2.9%	40% weighted
Terminal growth rate	4.1%	

SENSITIVITY ANALYSIS

HOLD

RECOMMENDATIONS

At the target price of

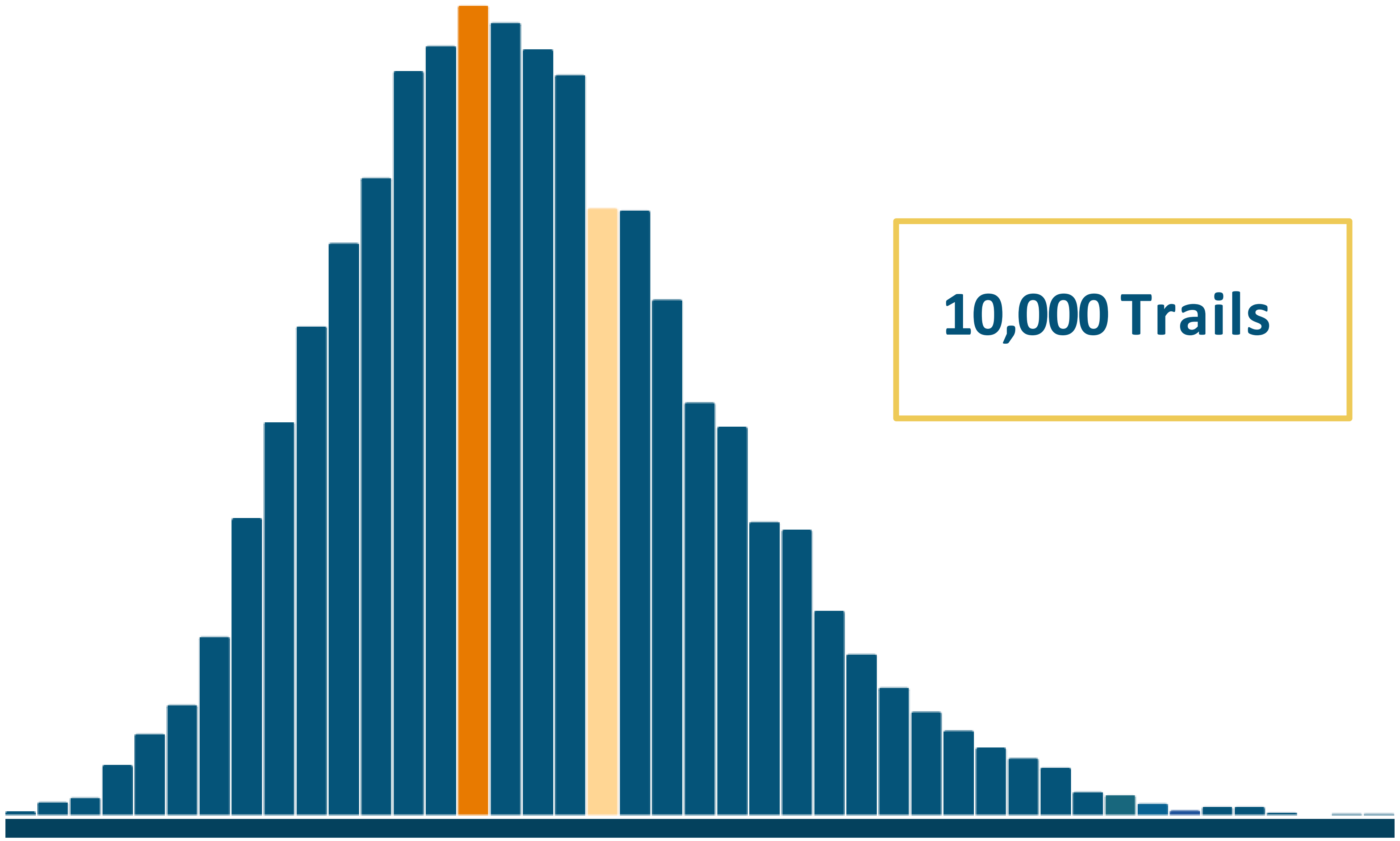
KHR 14,150 ($3.57)

RECOMMENDATION	AMOUNT	RISK
SELL	< KHR 12,096	-10% DOWNSIDE
HOLD	KHR 12,096 - 14,784	± 10%
BUY	> KHR 14,784	+10% UPSIDE

Terminal Growth Rate	Cost of Equity						
KHR	10.15%	12.15%	14.15%	16.15%	18.15%	20.15%	22.15%
1.12%	25,350	19,275	15,202	12,316	10,186	8,565	7,301
2.12%	27,673	20,594	16,010	12,839	10,538	8,810	7,476
3.12%	30,658	22,205	16,965	13,442	10,937	9,084	7,669
4.12%	34,633	24,217	18,110	14,145	11,393	9,392	7,884
5.12%	40,188	26,801	19,508	14,975	11,919	9,741	8,124
6.12%	48,499	30,243	21,255	15,972	12,533	10,139	8,394
7.12%	62,297	35,053	23,498	17,189	13,257	10,599	8,699

VALUATION: DISCOUNT CASHFLOW MODEL

MONTE CARLO SIMULATION



KHR 11,800

Current Price KHR 13,860

Target Price KHR 14,150

KHR 18,160

10,000 Trails

Key Variables

- Changes in TEUs
- Operating Expenses
- Cost of Equity

Possibility

SELL	HOLD	BUY
36%	62%	2%

VALUATION: DISCOUNT CASHFLOW MODEL

BEAR AND BEAR CASE ANALYSIS

KHR 18,003

(30% Upside)

- TEUs increase by 1%
- COS and OPEX decrease by 4%
- No change in price

BASE CASE

KHR 14,150

(2% Upside)

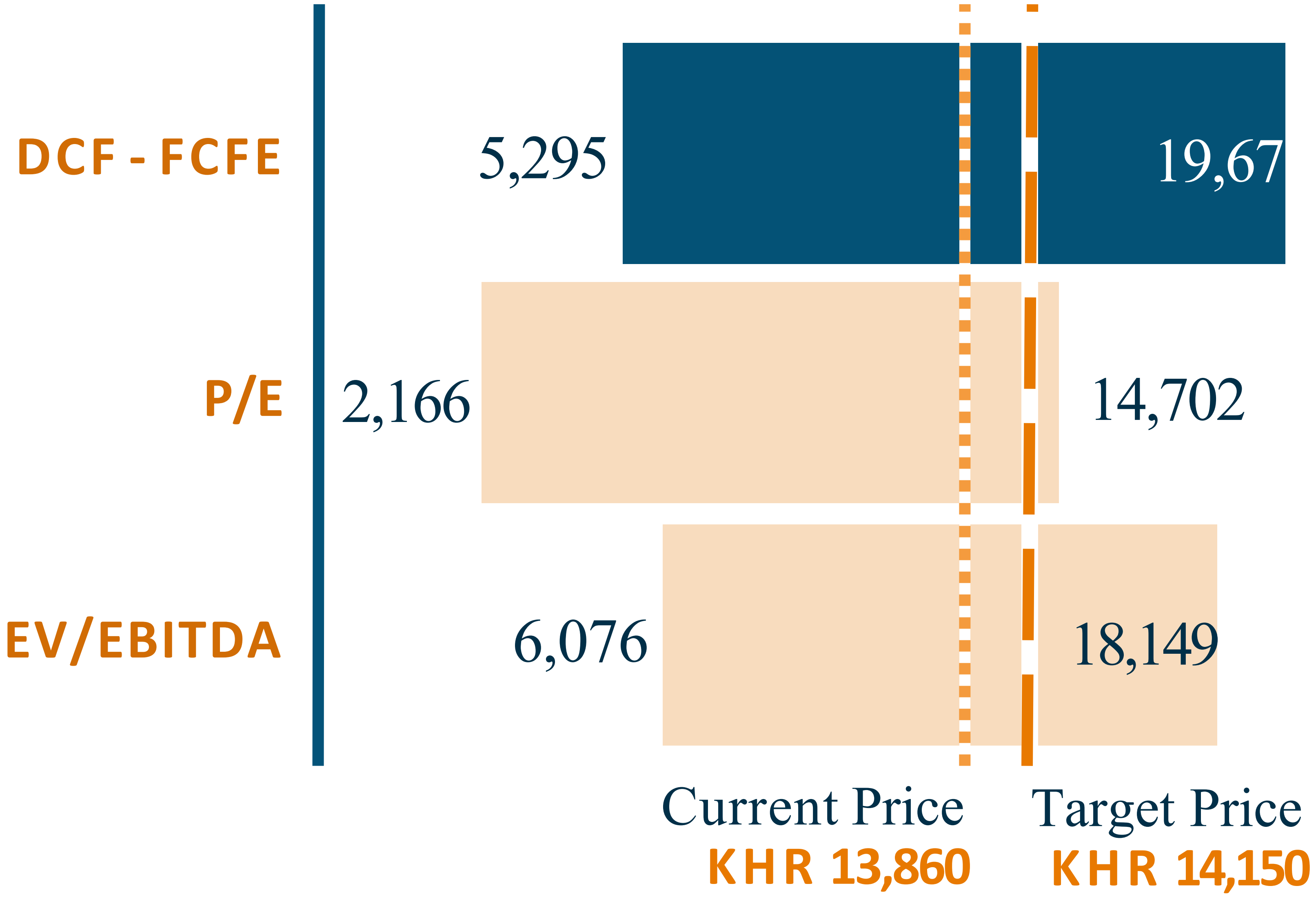
KHR 9,521

(-31% Downside)

- TEUs decrease by 1%
- COS and OPEX increase by 4%
- Price decrease by 1%

VALUATION: SUPPORTING MODELS

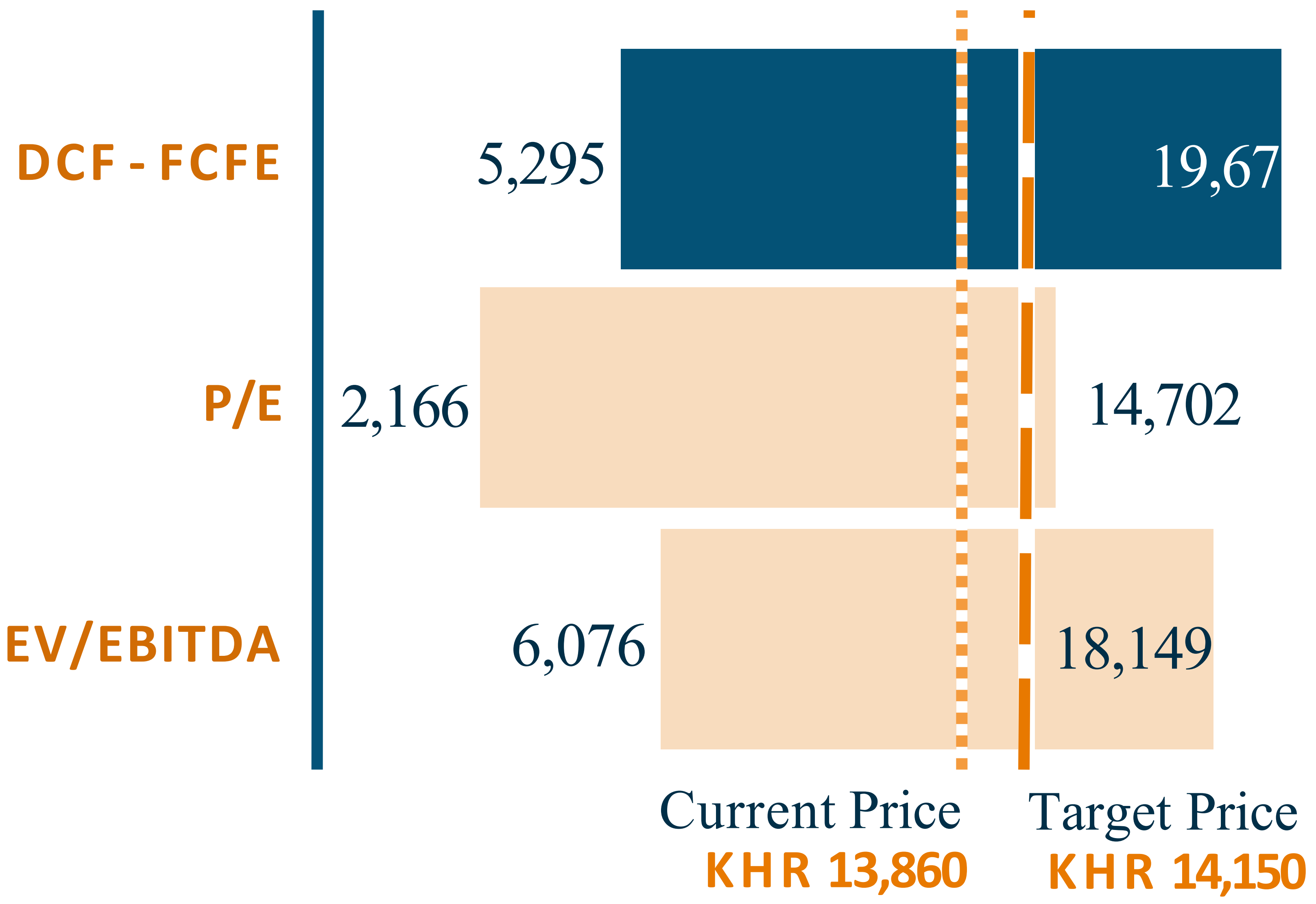
VALUATION FOOTBALL FEILD



Asian Peers	Country	Debt/Equity (%)	ROE (%)	P/E (x)	EV/EBITDA (x)
Ea Technique M Bhd	Malaysia	37.5	81.7	2.65	2.12
Tiong Nam Logistics Holdings	Malaysia	189.6	5.9	8.81	10.08
Harbour-Link Group Bhd	Malaysia	4.6	11.9	6.11	1.84
Asian Terminals Inc	Philipines	32.0	18.3	9.36	4.64
Harbor Star Shipping Services	Philipines	140.0	10.0	3.96	3.05
Ds3 Joint Stock Company	Vietnam	66.7	18.8	3.76	12.41
Vietnam Maritime Development	Vietnam	0.0	16.7	4.94	1.62
Namyong Terminal	Thailand	78.8	13.8	8.37	4.48
Regional Container Lines	Thailand	20.8	11.4	4.39	2.68
Sidomulyo Selaras Tbk PT	Indonesia	57.4	146.6	0.9	3.32
Humpuss Maritim International	Indonesia	55.1	4.5	2.58	4.57
Industry Median		**55.1**	**13.8**	**5.07**	**3.32**
PAS.PP	**Cambodia**	**0.84**	**4**	**12.61**	**7.95**
PPAP.PP	**Cambodia**	**0.13**	**11**	**5.57**	**3.54**

VALUATION: SUPPORTING MODELS

VALUATION FOOTBALL FEILD



Target price based on P/E

KHR 12,211

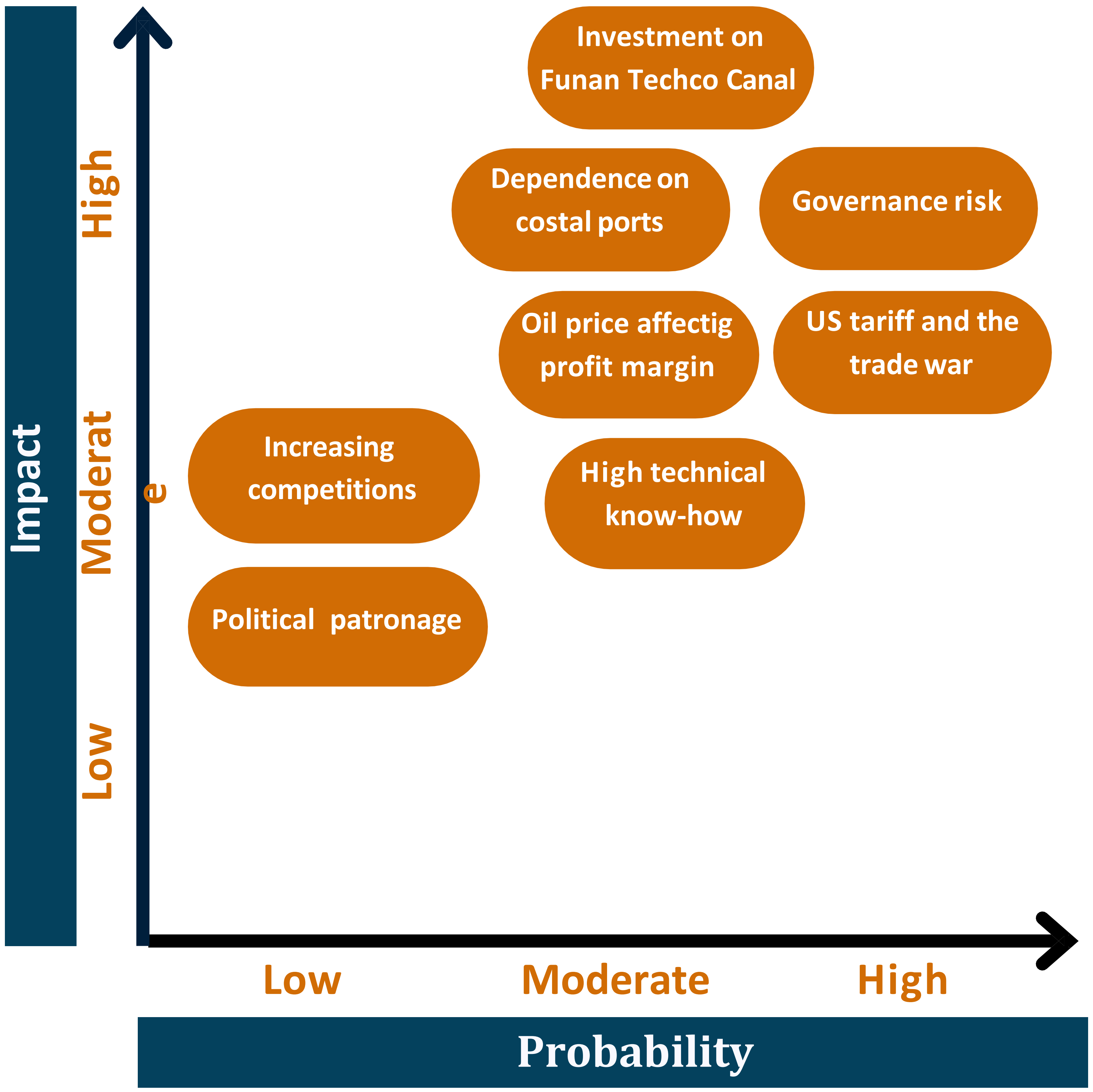
(-9% Downside risk)

Target price based on EV/EBITDA

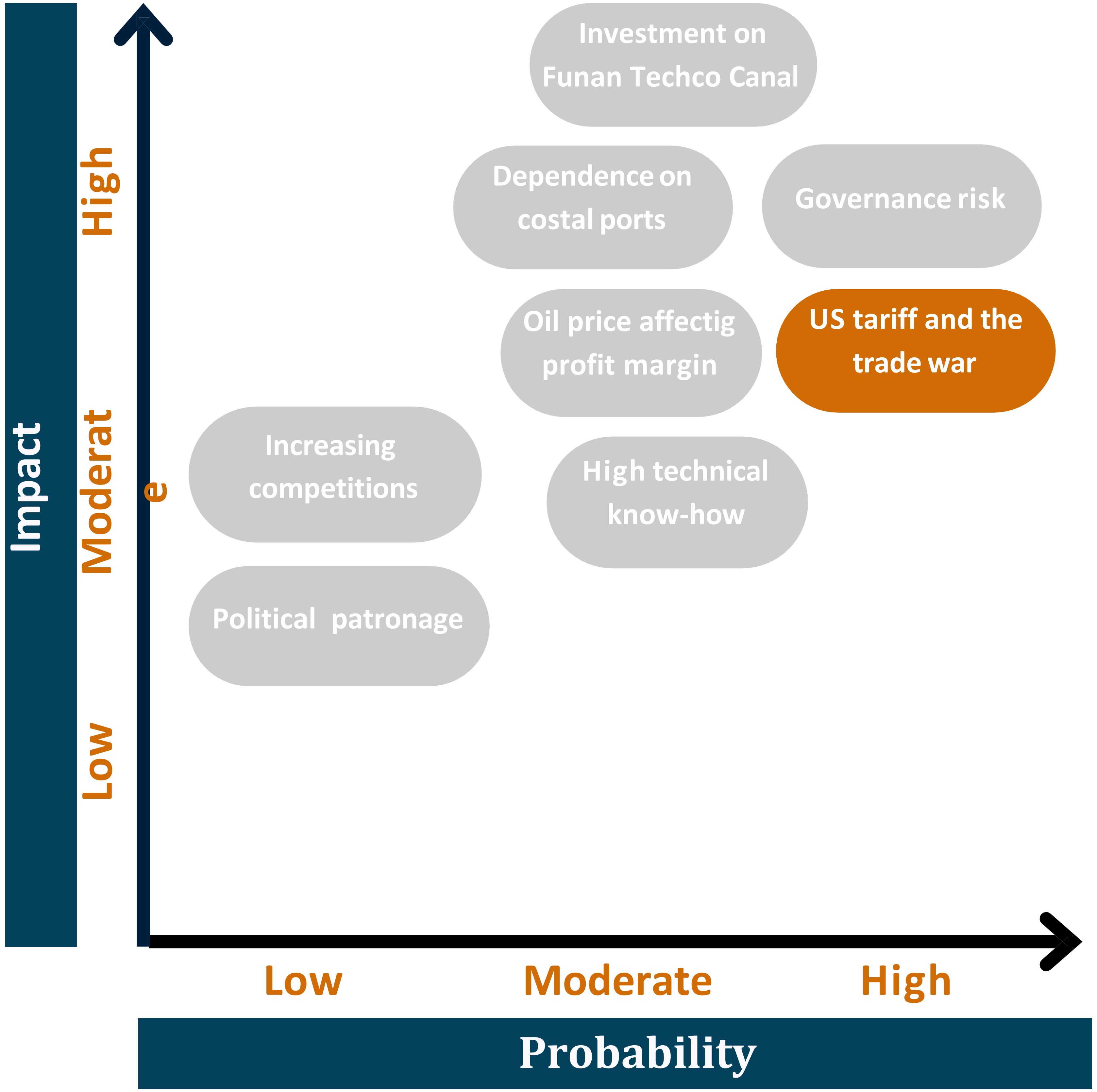
KHR 12,448

(-7% Downside risk)

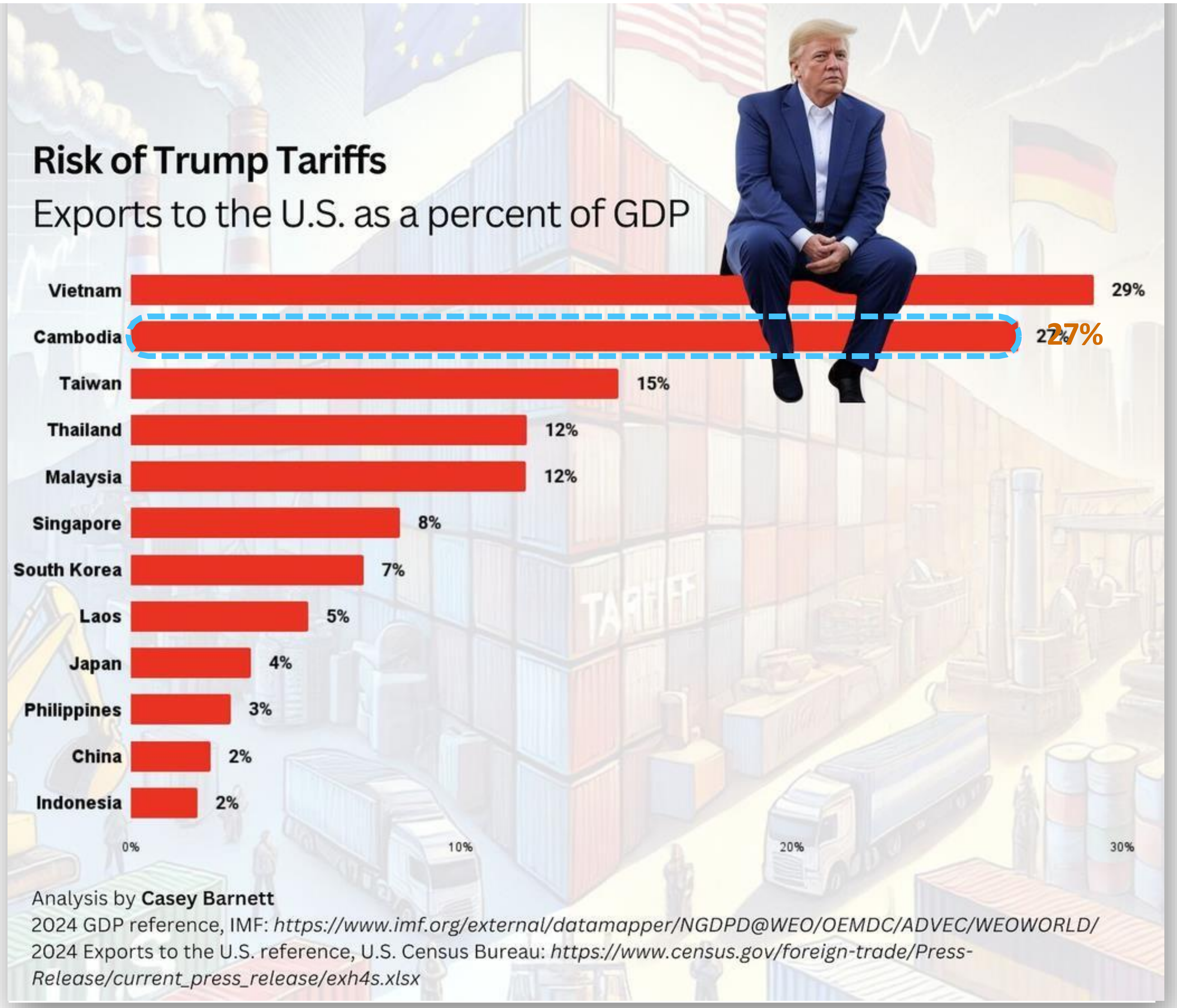
INVESTMENT RISKS



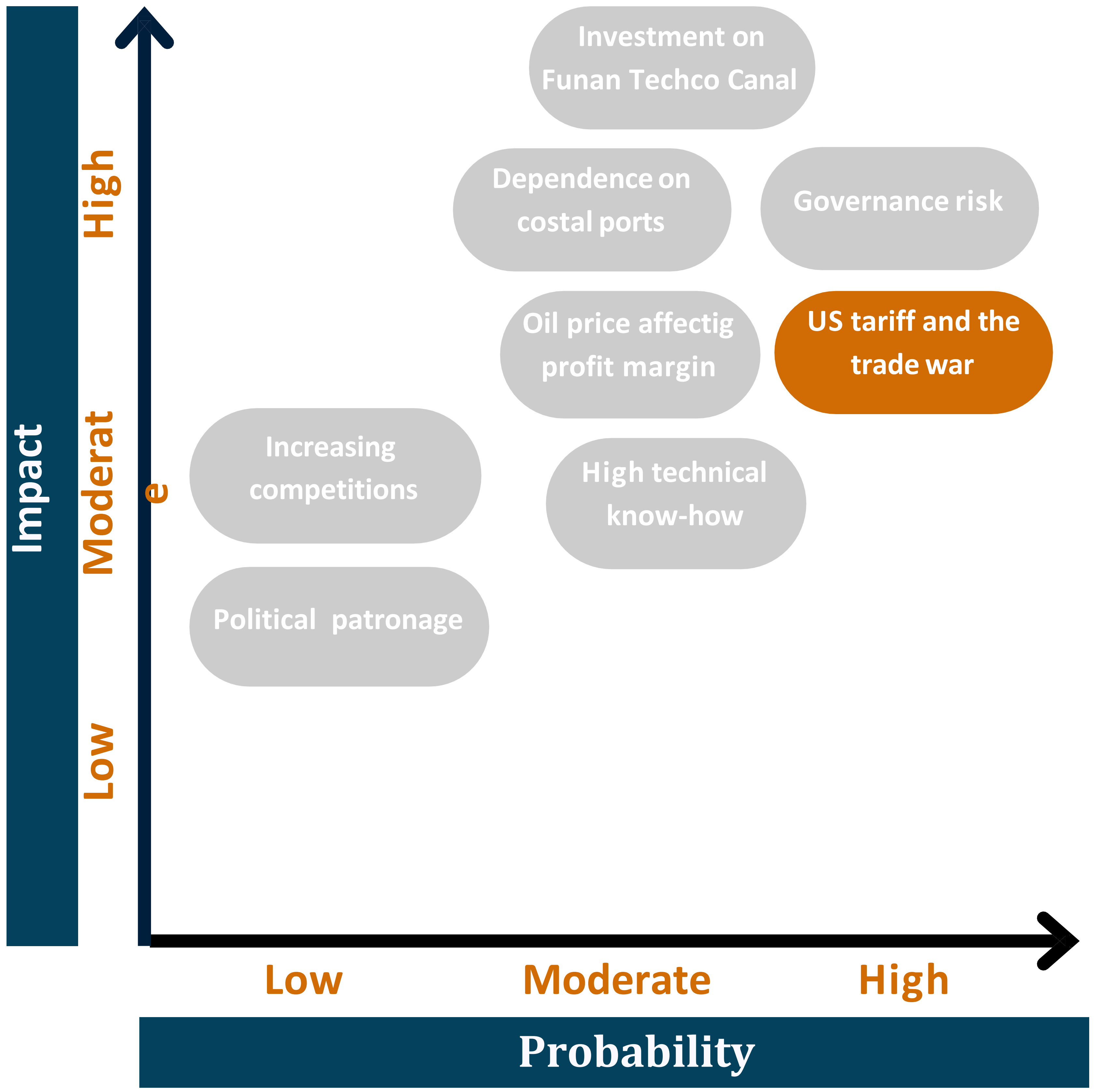
INVESTMENT RISKS



US TARIFF AND THE TRADE WAR

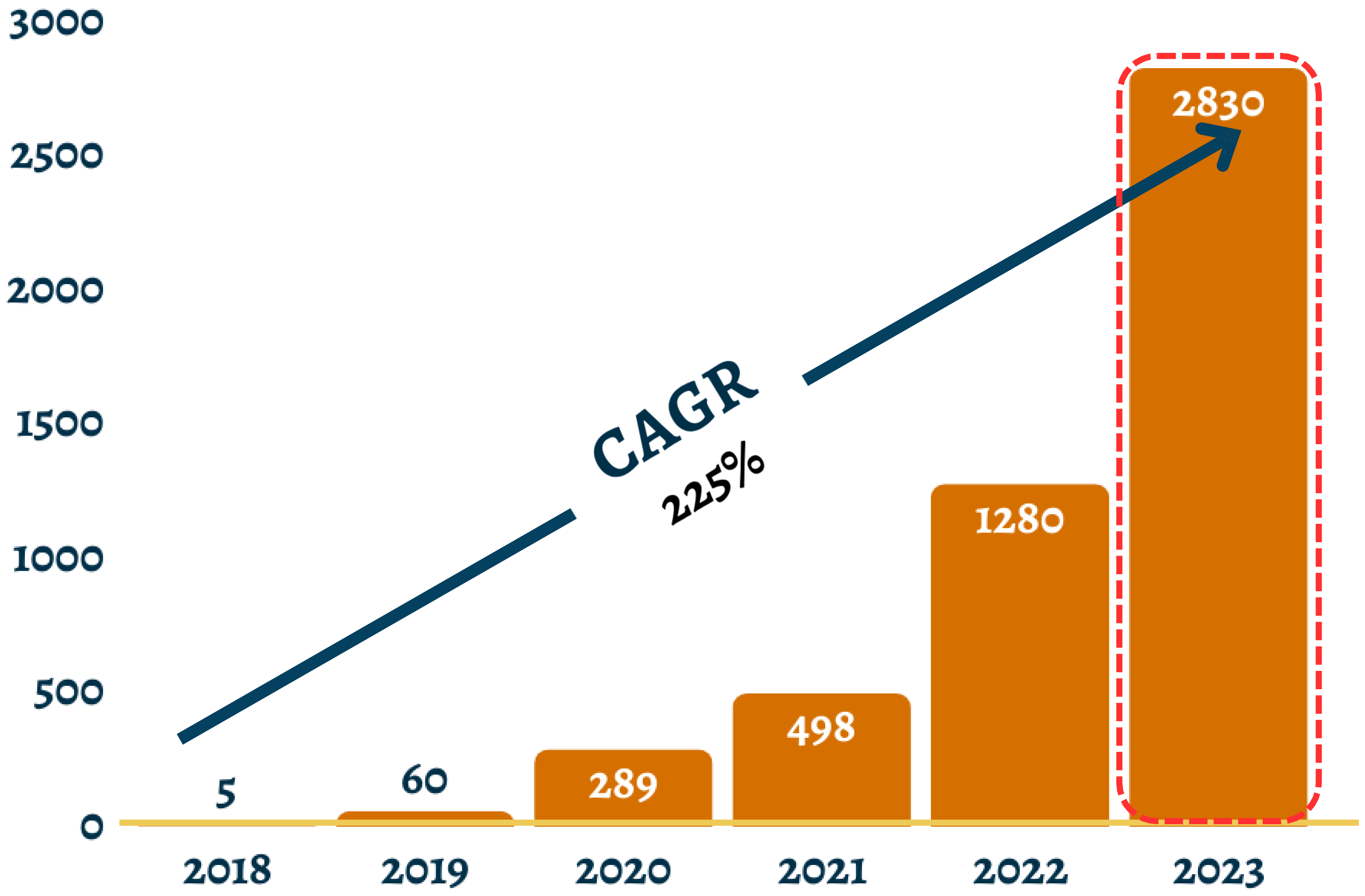


INVESTMENT RISKS



US TARIFF AND THE TRADE WAR

CAMBODIA SOLAR PANEL EXPORT & OTHER ELECTRONICS IN MILLION USD



INVESTMENT SUMMARY

Anchored in Stability, Sailing Through Challenges

01. **Governance at Odds**
State Versus Minority Shareholder Interest

02. **Disappointing Returns**
Deteriorating Profits & Inefficient Assets Usage

03. **Intensified Competition**
Seaport Expansion & The Cost of Shallow Waters

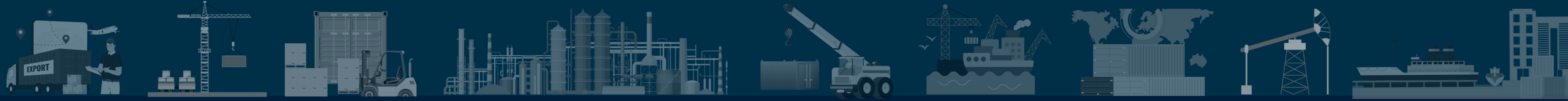
HOLD
2% Upside

Date: 29 January 2025
Market Price: KHR 13,860
Target Price: KHR 14,150

APPENDIX NETWORK

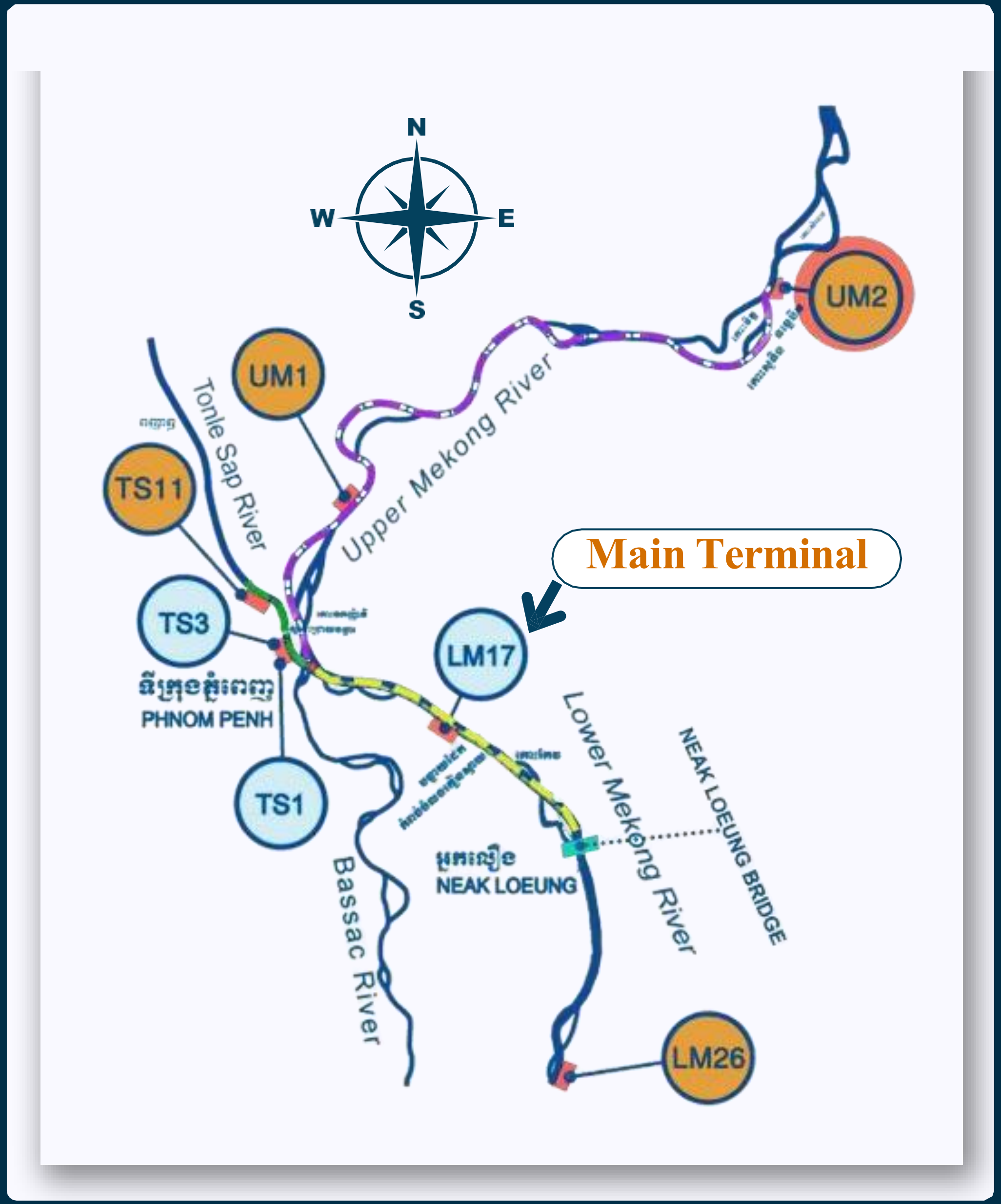
APPENDIX A: GLOSSARY

Berth	A designated docking spot where ships can safely park and conduct loading or unloading operations.	**Moor**	To secure a vessel to the dock using ropes or similar fastening methods.
Bulk Cargo	Unpackaged materials (either solid or liquid) that are poured, dumped, or pumped directly into a ship's storage area, such as grain or oil.	**Stevedoring charges**	The costs associated with loading and unloading cargo from ships.
Dredging	A specialized facility where shipping containers are processed, stored, and transferred between different transportation methods like ships, trucks, and trains.	**Twenty-foot equivalent unit (TEU)**	A standard measurement unit based on a 20-foot container length, used to measure both ship capacity and port handling volumes.
Lift-on lift-off	A method of loading or unloading cargo using cranes, either from the dock or the ship itself.	**Vessel**	Any large watercraft capable of maritime transportation.

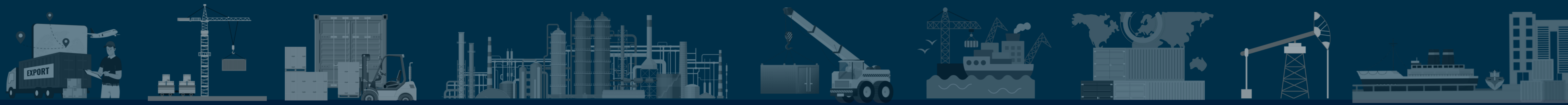


APPENDIX B: BUSINESS DESCRIPTION

B-1: PPAP's Major Terminal



PPAP operates several key terminals along the Tonle Sap, Upper Mekong, and Lower Mekong rivers, each serving distinct roles in Cambodia's trade and logistics network. **The Tonle Bet Terminal (UM2)**, inaugurated in January 2024, is a small-scale feeder port in Thbong Khmum Province, specializing in consolidating and exporting agricultural products with a capacity of 70,000 TEUs/year. **The Multipurpose Terminal (TS3)**, located in central Phnom Penh, provides general cargo handling and berthing services for river cruises, while the adjacent Passenger and **Tourist Terminal (TS1)** is being enhanced to support domestic and international waterway tourism. **The Container Terminal (LM17)**, PPAP's main terminal in Kandal Province, has a capacity of 500,000 TEUs/year and state-of-the-art facilities to handle both containerized and conventional cargoes efficiently. Situated at the Cambodia-Vietnam border, **the Sub-Feeder Multipurpose Terminal (LM26)**, inaugurated in 2024, facilitates cross-border trade with modern weighing stations and planned warehouse expansions. Additionally, the **TS11 Terminal and UM1** Terminal contribute to PPAP's comprehensive cargo and logistics operations, enhancing connectivity and supporting regional trade growth. Together, these terminals underscore PPAP's strategic importance in driving Cambodia's economic development, strengthening trade capabilities, and fostering international integration.



APPENDIX B: BUSINESS DESCRIPTION

B-2: PPAP'S MAIN BUSINESS

WAREHOUSING

PPAP offers flexible warehousing for storing goods, consolidating shipments, or splitting them into smaller loads.

INLAND CONTAINER DEPOT (ICD)

Located near Container Terminal LM17, the ICD offers 24/7 handling and storage of empty containers. ensuring smooth supply for export and domestic use.

STORAGE SERVICES

Secure storage facilities are available for all kinds of cargo, including temperature-sensitive goods.

CARGO HANDLING

Provides loading and unloading services using floating cranes, container stacking with reach stackers and sky stackers, and cargo inspection with mobile scanners.

TRUCKING SERVICE

Trucking services connect LM17 with Phnom Penh, providing reliable, 24/7 transportation.

PILOTAGE AND BERTHING SERVICES

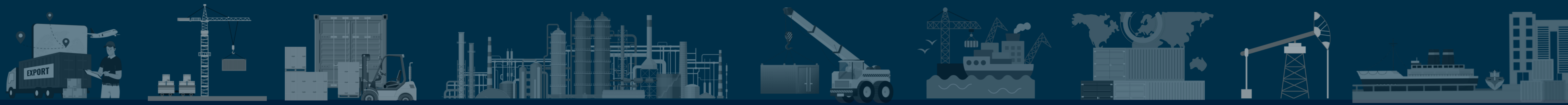
Experienced pilots and navigation aids, including buoys and traffic lights, support the safe movement of vessels along the waterways. This ensures uninterrupted 24/7 operations from the Vietnam border to PPAP terminals.

DREDGING SERVICES

Maintains deep channels for smooth navigation and provides sand mining and land reclamation services.

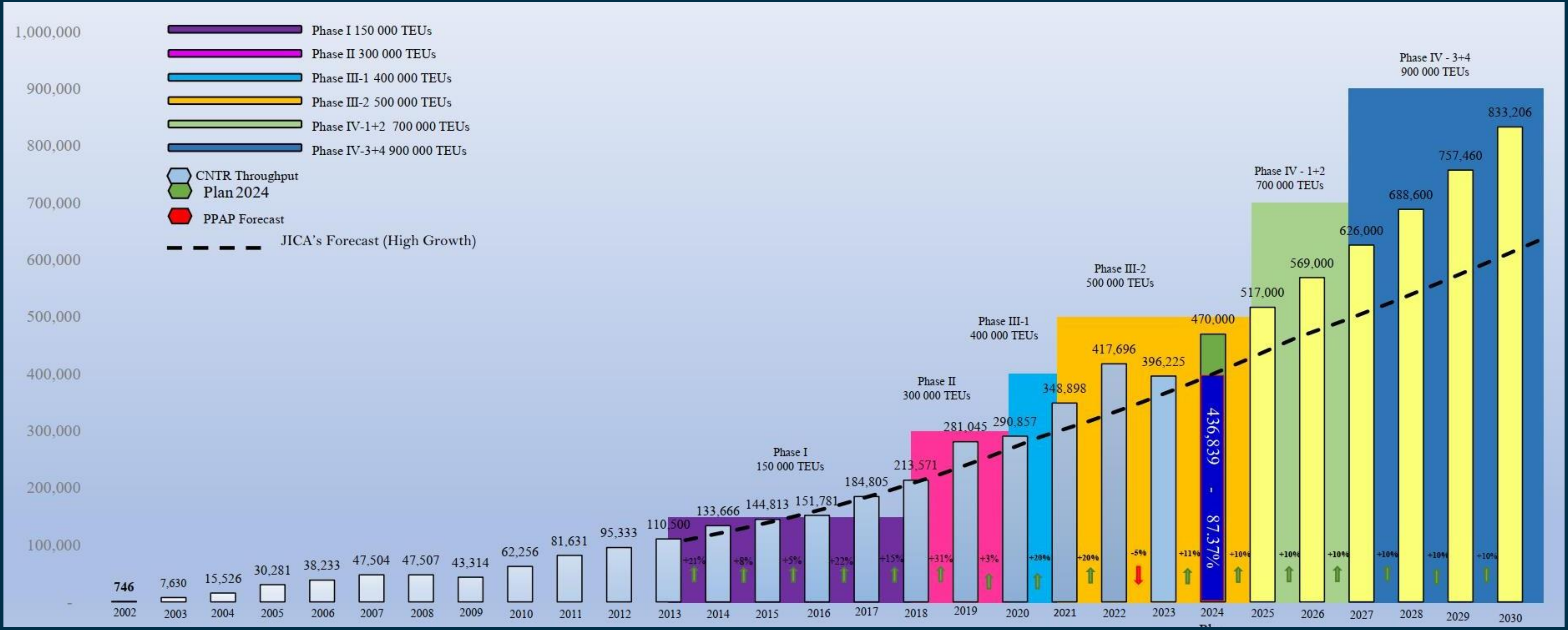
OTHER SERVICE

- Reefer container
- Stuffing/ Unstuffing
- Lift on/ Lift off
- Consolidation/ Deconsolidation
- Tourist terminal
- Weight Station



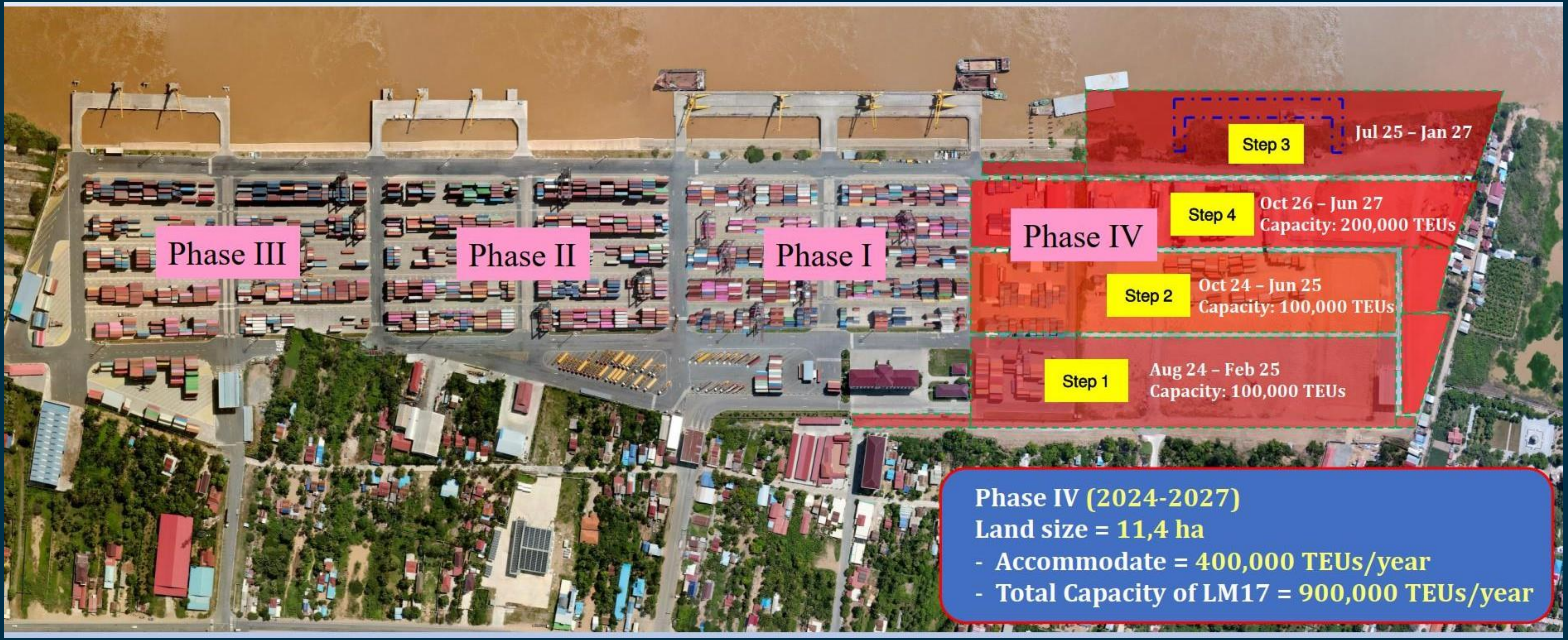
APPENDIX B: BUSINESS DESCRIPTION

B-3: PPAP'S LM17 EXPANSION AND TEU GROWTH FORECAST



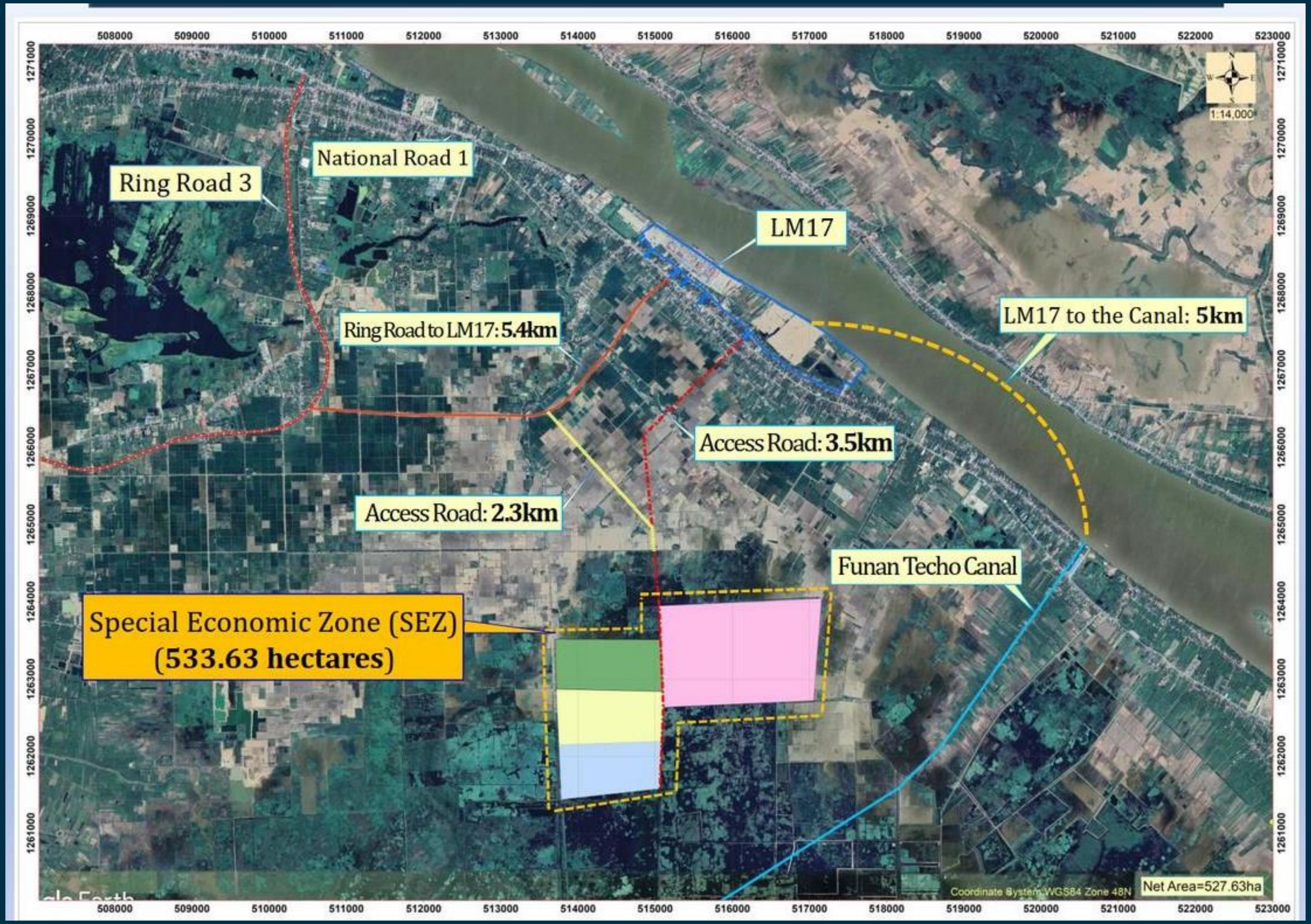
APPENDIX B: BUSINESS DESCRIPTION

B-4: PPAP'S LM17 EXPANSION



APPENDIX B: BUSINESS DESCRIPTION

B-5: PPAP’S SEZ DEVELOPMENT



APPENDIX B: BUSINESS DESCRIPTION

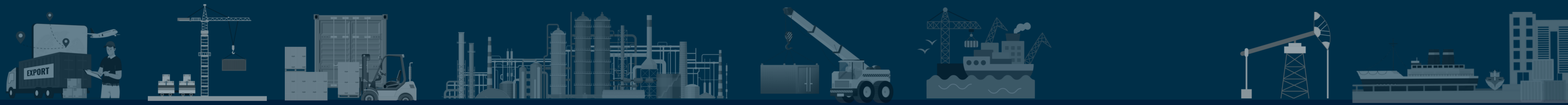
B-6: PPAP'S POTENTIAL EXPANSION

APPENDIX C: ESG

Pillars	Categories	Themes	PPAP (Scoring)	Justification
ENVIRONMENT	Emission Levels (15%)	Greenhouse Gases	2	There is no disclosure on greenhouse gases and carbon footprint, making information hard to access.
		Wastewater	2	There is no disclosure to the management of wastewater, making information harder to access.
		Noise Pollution	6	A visit to the LM17 terminal found moderate noise levels and minimal residential impact, aided by nighttime peak operations. Enhanced noise level disclosure would strengthen environmental compliance and sustainability commitments.
		Biodiversity	2	There is no disclosure to the affect on biodiversity, making information harder to access.
		Waste Management	10	The port enforces strict waste collection protocols for all vessels docking at its facilities, including dry and cold warehouses, ensuring adherence to environmental regulations. Additionally, it partners with two specialized recycling companies to manage and repurpose operational waste, demonstrating a commitment to sustainable waste management practices
	Resource Efficiency (10%)	Energy Usage	8	The port operates with a hybrid energy mix, using fuel for generators and mobile cranes, while fixed cranes run on electricity. Management is exploring solar energy adoption, but progress is limited by regulatory restrictions on solar farm locations, highlighting the need for collaborative solutions.
		Water Usage	2	There is no disclosure to water usage, making information harder to access.
		Sustainable Approaches	7	The port's adoption of EV trucks and forklifts reflects its sustainability commitment but faces challenges from high costs and limited infrastructure. Notably, all employee vehicles have been transitioned to EVs, showcasing leadership in green initiatives.
	Innovation (5%)	Digitalization & Technologies	8	PPAP uses a Radiation Portal Monitor (RPM) to scan the cargo containers and vehicles leaving or entering the terminal to detect radio substances, meeting the US regulatory compliance of the Department of Homeland Security's (DHS) addressed by ANSI N42.35
		Service Innovation	2	There is no disclosure to service innovation, making information harder to access.
	Environmental Average Score =		1.5	

APPENDIX C: ESG

SOCIAL	**Workforce (20%)**	Health and Safety	8	PPAP ensures workplace safety through NSSF benefits, health insurance, PPE, and emergency response kits. Employees have access to designated hospitals for accidents or illnesses, underscoring its commitment to employee welfare.
		Working Conditions	7	PPAP complies with labor laws and supports employees with on-site facilities like a canteen, dormitories, and a clinic, fostering a safe and supportive workplace.
		Career Development and Trainings	8	In 2023, PPAP prioritized leadership growth, with directors and senior officers attending over 40 domestic and international training sessions, reinforcing its commitment to leadership excellence.
		Diversity and Inclusion	5	PPAP lacks gender diversity, with one female board member and limited workforce transparency. However, its leadership is highly qualified, offering diverse expertise. Improving gender representation could strengthen ESG alignment.
	Product Responsibility (10%)	Responsible Marketing	7	PPAP ensures transparency through adherence to regulated pricing and detailed disclosures on its website. Enhancing website functionality and launching marketing campaigns could strengthen market presence and competitiveness.
		Service Quality	7	PPAP enhances service quality through expanded storage, infrastructure upgrades, and new machinery while ensuring transparent pricing, consistent quality, and timely delivery to drive customer satisfaction.
		Data Privacy	2	There is no disclosure to data privacy, making information harder to access.
	Human Rights (5%)	Human Rights	8	PPAP adheres to Cambodian labor laws and enforces policies to prevent discrimination of gender, races, and religions within their workplaces.
	Community (5%)	Equally important to all industry groups, hence a median weight of five is assigned to all	10	PPAP supports community development through donations to Kantha Bopha Hospital, the Red Cross, and local programs, highlighting its commitment to social responsibility.
		Social Average Score =	**2.8**	



APPENDIX C: ESG

GOVERNANCE	**Shareholders (13%)**	Shareholder Rights	7	PPAP complies with the Cambodian Corporate Governance Code, ensuring shareholder rights to meetings, voting, dividends, and liquidation assets, reflecting transparent and equitable governance.
		Takeover Defences	2	There is no disclosure to takeover defences on PPAP, making information harder to access.
	Management (12%)	Structure (Independence, Committees, Diversity)	4	PPAP's Board comprises seven members, with limited independence and gender diversity, as the Chairman also serves as CEO, and only one female member is present. However, established committees for audit, risk, remuneration, and nomination provide a governance foundation. Improving diversity and independence could enhance effectiveness and align with best practices.
		Compensation	5	PPAP has only disclosed the total remuneration for their board of directors, executive directors, and senior officers. They did not disclose whether it was linked with performance or any other measures.
	CSR Strategy (5%)	Corporate Social Responsibility	8	PPAP is dedicating to corporate social responsibility efforts, allocating an average of 5% of its profit between 2018 and 2023, to support various initiatives and social welfares. However, the sudden big increase in 2023 may raise concerns among some investors.
		ESG Reporting andTransparency	3	PPAP has not previously issued a sustainability report, but PPAP will begin publishing sustainability reports in 2025, marking a step toward greater transparency and alignment with ESG standards.
		Governance Average Score =	**1.4**	
Overall Score		**=**	**5.7**	**Out of 10**

C-2: BOARD OF DIRECTORS

Name	Position	Appointing Period	Education	Compensation in 2023 (KHR'000)
H.E. Hei Bavy	Chairman of BOD & CEO	27 June 2022 - 27 June 2025	MBA, Charles Sturt University, Australia. PhD in Economic, Chamroeun Polytechnic of Cambodia.	279,070
H.E. Suon Rachana	Member (Ministry of Public Works and Transportation)	27 June 2022 - 27 June 2025	Graduate, Faculty of Medicine	144,000
H.E. Ken Sambath	Member (Ministry of Economy & Finance)	27 June 2022 - 27 June 2025	Master Degree of Economic of Lomonosov State, Russia. Master Degree of Public Policy Saitama, Japan. PhD of Economics International, England.	144,000
H.E. Penn Sovicheat	Member (Ministry of Commerce)	27 June 2022 - 27 June 2025	Bachelor Degree of Economic Cambodia Institute of Economics. Master Degree of Business, New England, Australia.	144,000
Mr. Gui Anvanith	Member (Independent Director, Chairperson, Foreign Trade Bank of Cambodia)	27 June 2022 - 27 June 2025	Mathematic in France Language Stanislaus College of Montreal, Canada. B.A.Sc. of Industrial Engineering Universite de Montreal Baccalaureate, Canada. Master of Business Management Western Ontario, London, Canada.	144,000
Mrs. Pok Pheakdey	Non-Executive Director (Representative of Private Shareholders)	27 June 2022 - 27 June 2025	Bachelor of Accounting and Finance, National University of Management. Completed Part 1 of ACCA. Associate Member of CPA, Australia. Associate Member of the Institute of Public Accountants, Australia.	144,000
Mr. Kong Sothea	Member (Employees' Representative)	27 June 2022 - 27 June 2025	Associate Degree Secondary School of Finance/Accounting. Degree of Enterprise Management. Master Degree of Economics.	279,070

APPENDIX C: ESG

C-3: PPAP INVESTMENT INTO CANAL

KIRIPOST

DISCOVER BUSINESS TECH LIFESTYLE EDUCATION HEALTH TRAVEL VIDEOS

INVESTMENT

PAS and PPAP To Hold 51% Stake, OCIC 49% in Funan Techo Canal

The ports' investment would cover the first 21km of the canal while tasked with operating the waterways, while 49 percent of the stake will be held by OCIC

APPENDIX C: ESG

C-4: PPAP'S LEASE LAND NEWS

Lease signed for plot off port

BUSINESS

Publication date
25 July 2018 | 10:31 ICT

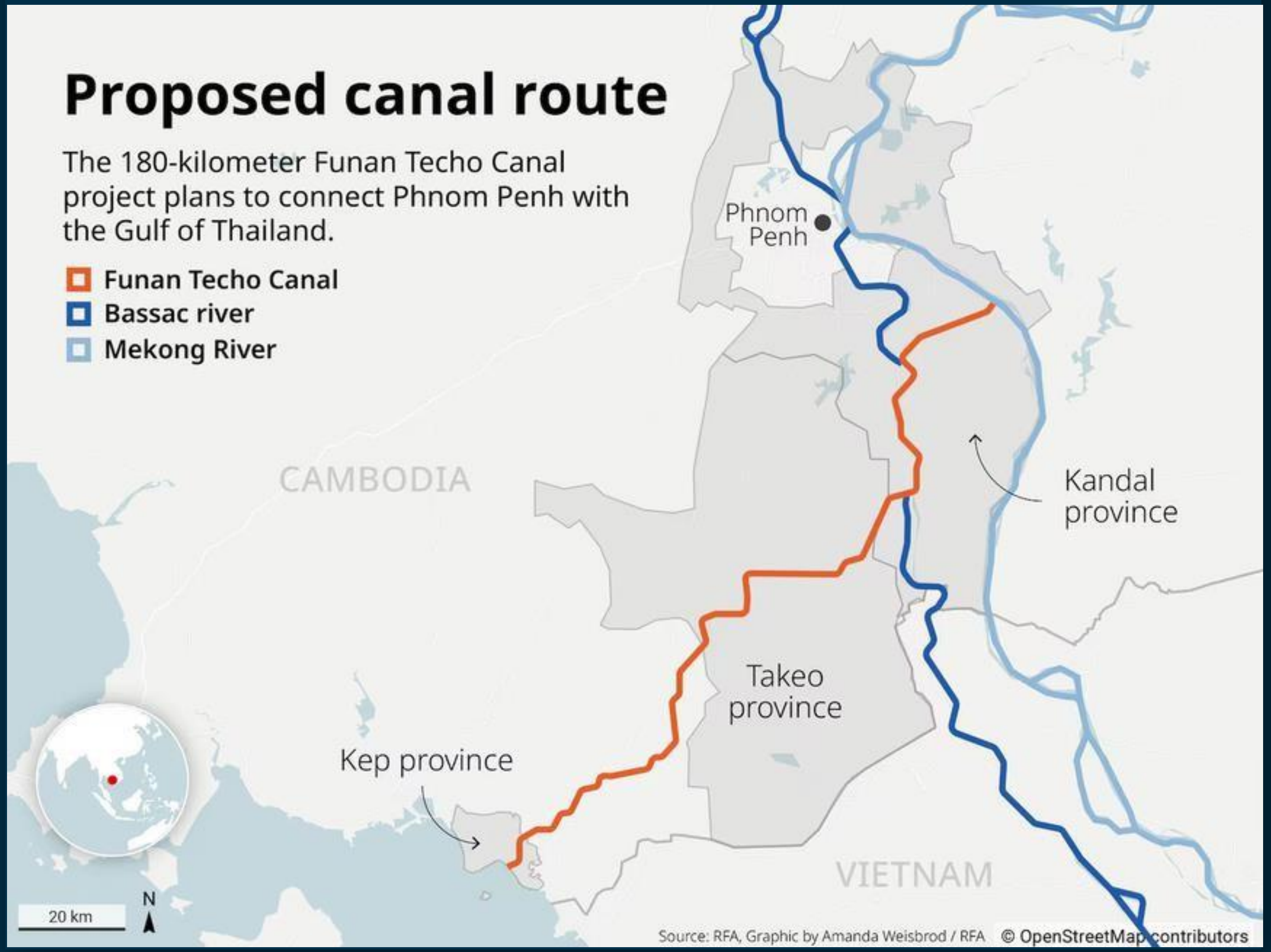
Reporter : **Hin Pisei**

More Topic

A billboard advertisement of Yuetai Group was placed at the outside wall of Phnom Penh Autonomous Port. **Heng Chivoan**

APPENDIX D: INDUSTRY AND COMPETITIVE POSITION

D-1: MAP OF THE FUNAN TECHO CANAL



The Funan Techo Canal remains a speculation on the benefits it has over the logistic sector in Cambodia. The canal intended to shorten and smoothen the route of logistics in the Mekong river. Hence, PPAP will more or less be impacted which is deemed to substitute the current trading route. Currently, ships from PPAP travel along the Mekong river reaching the ports in Vietnam prior to the transition to international water. The canal will ultimately switch the transition destination from Vietnam ports to Cambodia sea water ports such as Kampot and PAS, transforming Cambodian ports to the logistic hub. Nevertheless, the optimism still remains a speculation. According to the plan, ships from PPAP river ports will totally avoid going into Vietnamese ports. Therefore, PPAP will be a complementary port to Cambodian sea water ports instead of competing with each other.

APPENDIX D: INDUSTRY AND COMPETITIVE POSITION

D-2: SOUTHEAST ASIAN PORT CURRENT TARIFF STRUCTURE

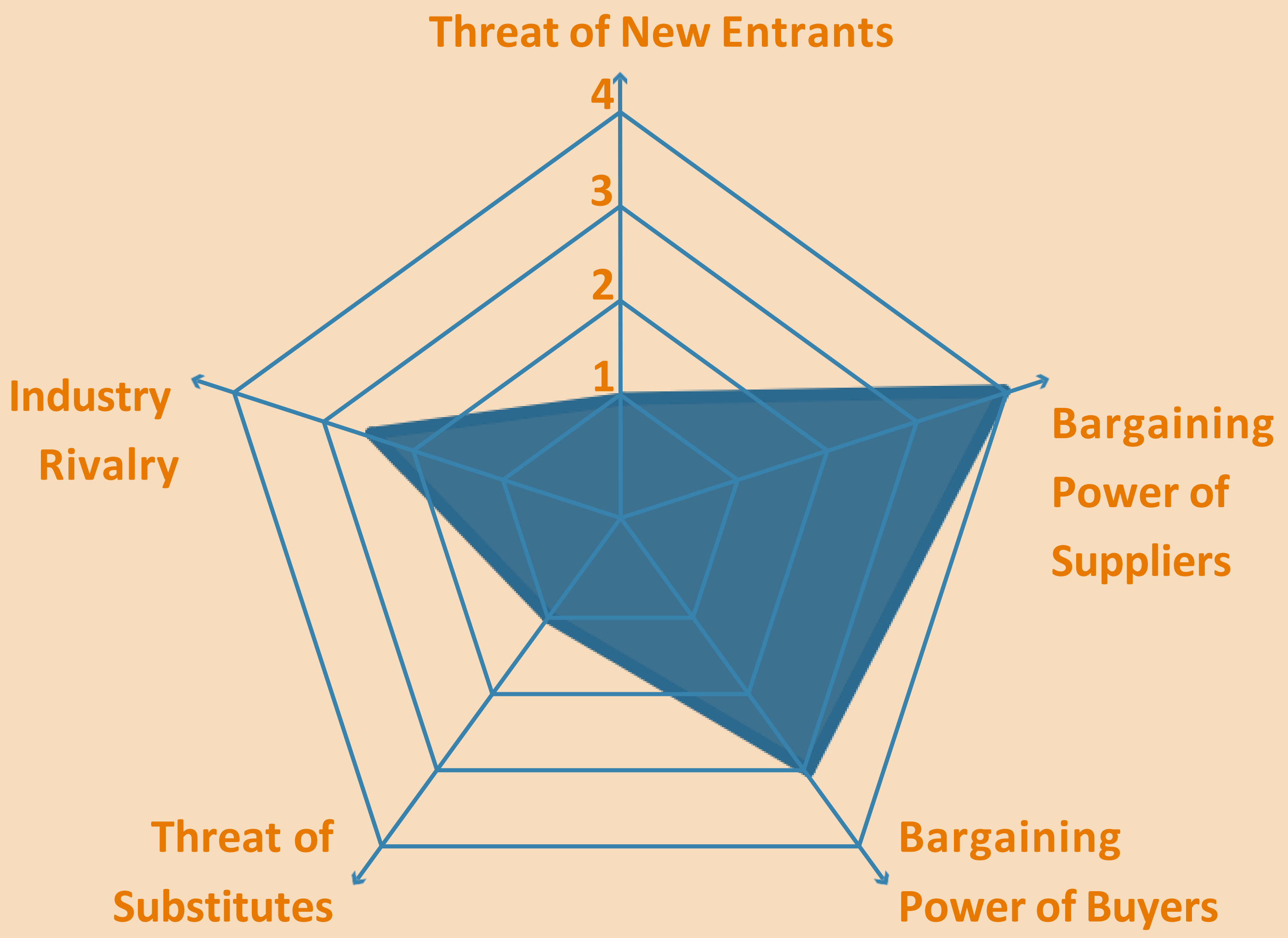
			Export		Import	
ASEAN Ports	**Country**	**Exchange rate/USD**	**Laden**	**Empty**	**Laden**	**Empty**
Phnom Pehn Port (PPAP)	**Cambodia**	**4,100**	**$45.00**	**$23.00**	**$45.00**	**$23.00**
Sihanoukville Port (PAS)	**Cambodia**	**4,100**	**$15.00**	**$0.00**	**$57.00**	**$57.00**
Philippines Port Authority	Philippines	57.5	$153.40	$153.40	$153.40	$153.40
Port Klang	Malaysia	4.3	$100.00	$58.14	$100.00	$58.14
Tanjung Pelepas	Malaysia	4.3	$61.60	$48.10	$61.60	$48.10
PSA International Port	Singapore	1.3	$48.28	$17.56	$48.30	$17.56
Laem Chabang Port	Thailand	33.2	$48.27	$35.29	$48.30	$35.29
South Van Phong International Port	Vietnam	25,164	$24.68	$14.62	$24.70	$14.62
Cai MEP Port	Vietnam		$43.20	$28.08	$43.20	$28.08
Hai Phong Port	Vietnam	25,164	$16.49	$11.13	$16.50	$11.13

APPENDIX D: INDUSTRY AND COMPETITIVE POSITION

D-3: PORTER'S FIVE FORCES

THREAT OF NEW ENTRANTS - LOW

- **Access to Suitable Location:** PPAP has expanded its terminals and excelled along the Mekong River while PAS and Kampot International Port plan to expand deeper on the coast. The availability of suitable locations for comparable ports is currently limited, lowering the chances of new entrants.
- **High Capital Requirements:** A port business demands significant capital investment in land, machinery, and other essential assets. For instance, the LM17 port terminal spans around 40 hectares.
- **Economies of Scale:** Established ports benefit from economies of scale in handling large cargo volumes, allowing them to offer competitive pricing. This is an advantage that new entrants may find challenging in resimulating the established ports in this industry.
- **Regulatory Hurdles:** In Cambodia, the port industry must adhere to Maritime regulations (IMO) and stringent environmental, labor, and security regulations, which contribute to high compliance costs and present a barrier to entry.



D-3: PORTER'S FIVE FORCES

THREAT OF SUBSTITUTES - LOW

- **Alternative Trade Routes:** One study indicates that for shipping large volumes of cargo by ships, it is priced 12-16 times lower than air freight. As for on-land transportation, Cambodia's railway requires further developments, and road transportation remains limited to small volume cargoes and nearby countries only.
- **Sihanoukville Expressway:** Most passenger vehicles and smaller cargo trucks have now switched to use the expressway, which has eased congestion on the National Road 4, making it more accessible for larger container trucks. For shipping companies opting to use the expressway, there is a charge of $0.40/km for trucks with loading above 20 tons.
- **Logistic Innovations:** The Ministry of Public Works and Transport has announced plans to build high-speed rail for passenger and cargo transportation across Cambodia by 2028, though no concrete initiatives have been launched to date. Although there was significant growth from 29,000 TEUs in 2015 to 39,437 TEUs in 2020 (PAS Data 2022) , it only represented 13.5% of container throughput of PPAP in 2020 which was 290,857 TEUs.

INDUSTRY RIVALRY- MODERATE

- **Direct Competition:** Among Cambodia's 119 ports, PAS stands out as PPAP's main direct competitors and threats. However, the shorter lead times provided by PPAP's river route along the Mekong to Vietnamese ports give it a competitive edge for quicker access to major trading partners.
- **Indirect Competition:** PPAP also faces indirect competition from domestic small ports and from neighboring countries' ports, equipped with advanced infrastructure and large handling capacity. Nevertheless, shipping companies have to consider the extra rail or road transportation fees when considering these alternatives.
- **Pricing Pressure:** There is a slight difference in pricing pressure that PPAP has put on PAS, given their position as key players in the domestic market. However, PPAP can leverage its geographical advantage to offer flexible pricing, particularly for clients with medium bulk cargo suitable for river transport.

BARGAINING POWER OF BUYERS - MODERATE

- **Moderate Switching Costs:** PPAP's major clients may consider switching to PAS or other nearby ports if service quality declines or price increases. However, shifting to these alternatives would incur additional transportation costs and longer lead times.
- **Concentration of Major Clients:** Large shipping companies are the primary customers for port businesses, since they bring substantial cargo volumes and are integral to the port's revenue. Consequently, they may negotiate for competitive pricing and enhanced services.
- **Import and Export:** The LM17 port's strategic location is Phnom Penh, close to special economic zones and approximately 9314 factories (as of 2023), making it particularly advantageous. Additionally, high volumes of imports and exports to markets like the US, China, and Japan benefit from LM17's connection to Vietnam Saigon Port, effectively reducing lead times.
- **Price and Service:** For containers that need to stay in the port for at most 7 days, no storage cost will incur. Meanwhile, PAS offers free container storage for only 5 days.

BARGAINING POWER OF SUPPLIERS - HIGH

- **Specialized Equipment and Technology:** The port relies on specialized suppliers for equipment like fixed and traveling cargo cranes, as well as other automated systems. Since only a few global manufacturers supply these technologies and local options are limited, supplier power is relatively high.
- **Labor Expertise:** The shortage of skilled labor and technical expertise drives up human resource costs, both for training and competitive offers. There is also limited know-how in port operations.
- **Fuel and Utility:** One of the substantial operation costs for port business is fuel and electricity. Advantageously, the Cambodian government regulates fuel prices by setting a maximum price that aligns with international oil prices, providing some financial relief.
- **Maintenance Cost:** PPAP's maintenance expense accounted for approximately 5.7% of the company's total revenue in 2023, reflecting a significant portion dedicated to it.

D-4: SWOT ANALYSIS

STRENGTHS:

- Cambodia's largest river port operator, and one of the only two international access points that services a link to global trade and supports Cambodia increasing trade demands
- Growth is inherently associated with the booming rise of Cambodia trade and economy, with PPAP responsible for 33% of total local TEUs traffic
- Strategically located near Special Economic Zones (SEZs) ensuring cost advantage for customers
- Shipping costs remain comparable to regional peers despite being at an earlier stage of development due to being the only river port

WEAKNESSES:

- Traditional usage of development fund for expansion, leading to lack of efficiency of fund usage
- The current underutilization of capacity highlights a low return on investment
- Being a monopoly in the river shipping industry able to handle large volumes of trade discouraged innovation in terms of technological adoption and service offerings

OPPORTUNITIES:

- Cambodia's expansion of manufacturing sectors beyond garments and footwear into electronics and solar panels creates an opportunity where PPAP can be the link between the various manufacturers to the international market
- Being part of the planned Techo Funan Canal which aims to connect the various port infrastructures and improve cost-efficiency allows PPAP to integrate itself deeper into Cambodia's trade flow and expand its services

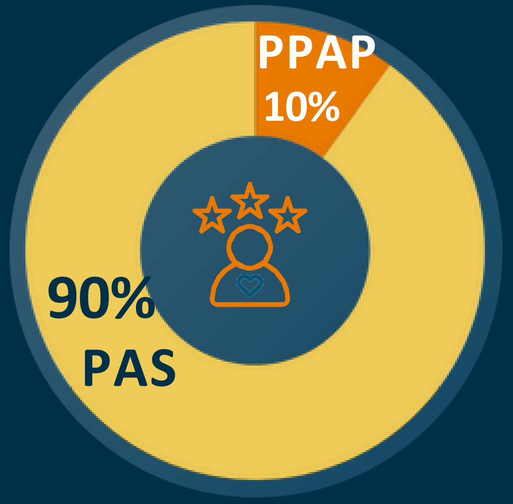
THREATS:

- Other infrastructure developments could reduce PPAP's position as the sole linkage of import and export such as more efficient freight transport and roads
- Techo Funan Canal might entirely disrupt the lucrative trade route from PPAP to Cai Mep, affecting PPAP's revenue and bottom line

S W O T

APPENDIX F - CUSTOMER SURVEY

To better understand the cost implications of shipping through different ports in Cambodia, we have conducted a survey focusing on a comparative analysis between Phnom Penh Autonomous Port (PPAP) and Sihanoukville Autonomous Port (PAS). The primary objective was to evaluate the price differences for shipping to the USA and gather insights on why companies choose one port over the other. The survey collected data from key stakeholders in the shipping and logistics industry, including logistics professionals, garment factory managers, and exporters. The results are presented in the table below :



Customer Preference : PPAP VS PAS

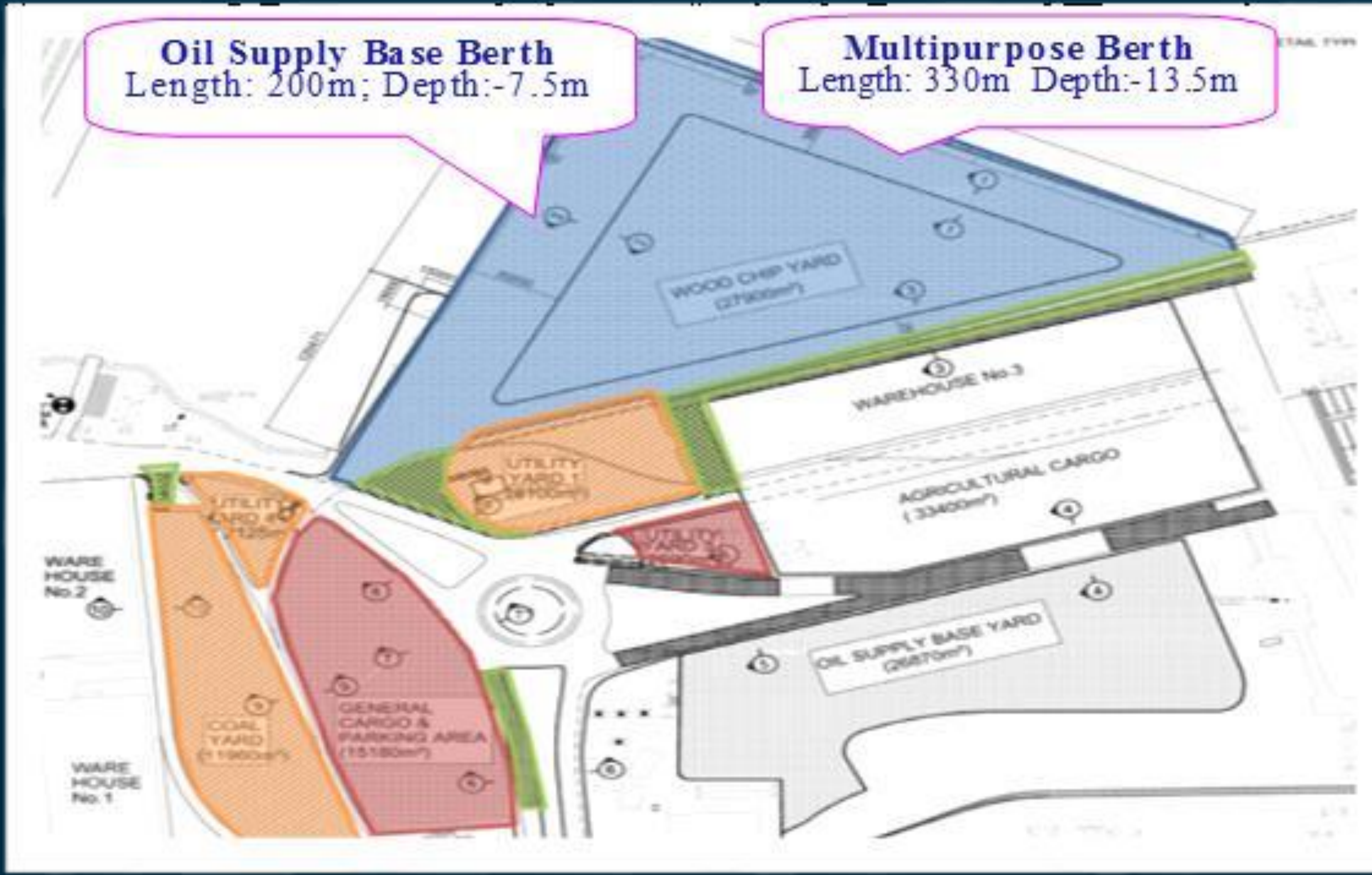
Aspect	PPAP	PAS
Price	Higher cost: 10% premium for shipping to the US. PPAP:$3,278 per TEU vs PAS: $2,980 per TEU.	Lower cost: No additional premium, making it more economical.
Transit Route	Uses Vietnam route, involves higher charges.	Direct transit through Singapore port via Mother Vessel, more efficient.
Suitability for Industries	Suitable for industries closer to PPAP facilities.	Generally easier and more efficient for broader industries.
Service Quality	Limited warehouse capacity and service standard.	Better efficiency due to direct transit through Singapore port.
Recommendations	Improve storage capacity and standardization of services.	Establish direct vessel routes to Vietnam ports for cost optimization.

APPENDIX E - WATER DEPTH

PAS Multi-Purpose terminal Main Facilities :

- Multi-purpose terminal; Length: 330m and alongside depth: -13.50m
- Terminal for Oil Exploration Logistic Base: 200m and alongside depth: -7.50m
- Navigation Channel; Water depth: -12m, Length: 3,900m, Wide: 150m and total volume 1,800,000m3
- Dry bulk cargo storage yard: 28,000m2
- Coal Storage Yard: 13,000m2, General Cargo Storage Yard: 14,000m2 and other main port facilities.

This project uses (JICA) Japanese soft loan and started the construction process in early January 2015 and expected to be completed in July 2017.



APPENDIX E - WATER DEPTH

Business May 1, 2023

Deep-water port construction to increase PAS capacity

Chea Vanyuth / Khmer Times

PAS said that in 2024, there will be a new port with a length of 350 meters, which will increase the storage capacity of 1 million TEUs per year.

In addition, PAS plans to develop the port in three phases. By 2026, the new container terminal, which will be 350 meters long and 14.5 meters deep with a container capacity of 1.45 million TEUs per year, is expected to be completed.

APPENDIX G: FINANCIAL STATEMENT ANALYSIS

G-1: ASSUMPTIONS

Forcasted Revenue	Revenue is the product of price per TEU and TEUs. The price per TEUs is expected to remain constant at $87/TEU if the economy is performing ordinarily or going in a positive direction due to PPAP limited influence in the price modification. Meanwhile, the TEUs projection is based on the Ordinary Least Model (OLM) using data of total Cambodia port TEUs, GDP, import, and export from 2010 to 2023 to create a regression line that can be used to estimate the future TEUs. Through this statistically method, a TEUs growth rate for the projected periods are determined and based on this growth, the Cambodia total TEUs are derived and divided proportionally based on the market share of PPAP (33%) and PAS (67%) which was arrived based on the historical average as well.
Cost of services	Cost of services is assumed to be the difference between Gross Profit and Revenue. Incorporating the positive management report for 2024 as a recovery from the slump of 2023, we assumed the COS to be more in line with historical data through using 5-year moving average of the COS account.
General and admin expenses	General and admin expenses is assumed to be 3-year moving average of the general and admin expenses, which is our intention to account for the outlier of 2023 due to the instabilities.
Finance costs and incomes	Finance cost is assumed to be based on opening borrowing account at the rate taken from the 3-year moving average of interest rate derived from dividing the historical finance cost by historical opening debt. Finance income is assumed to be generated from the opening cash of the previous year based on a fixed rate of 7% per annum.
Dividend payout and retained earnings	Dividend payout is based on dividend payout ratio while retained earnings is the remaining amount of net profit after accounting dividend payout. Dividend payout ratio for the forecasting period is based on the formula of "opening retained earnings - closing retained earnings + net profit - change in reserves". This is done to reflect the reality of paying a dividend based on the profit. The forecasted figures were also proven to be in line with historical dividend payout ratio at an average of 9% of net profit.
Capital expenditure	Capital expenditure is assumed to be based on our calculation derived from management reports and projected capacity expansion until 2030. On top of that, despite growing and on-going projects and port developments, only LM17 is fully financed under PPAP. Other projects and developments are under partnership which does not require PPAP’s large capital contribution, but just land. This help ease PPAP’s capital expenditure and cash flow requirement for their developments. However, 10% of future capital expenditure financing is assumed and added to the borrowing account based on the management comment on its plan to seek out alternative financing in the future.

APPENDIX G: FINANCIAL STATEMENT ANALYSIS

G-2: REVENUE PROJECTION

Year	2021A	2022A	2023A	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F
Cambodia Total TEUs	1,081,285	1,167,844	1,194,003	1,239,375	1,303,851	1,369,044	1,437,496	1,538,121	1,645,789	1,728,079	1,797,202	1,851,118
Assumed Growth				4.00%	4.00%	5.00%	5.00%	6.00%	5.00%	5.00%	4.00%	4.00%
PPAP TEUs	348,898	417,696	396,225	413,084	425,056	446,308	468,624	501,427	536,527	563,354	585,888	603,464
Market Share of PPAP	32%	36%	33%	33%	33%	33%	33%	33%	33%	33%	33%	33%
Average Price per TEU				87	87	87	87	87	87	87	87	87
Revenue	**30,783,715**	**36,411,932**	**34,558,511**	**35,940,851**	**37,378,485**	**39,247,410**	**41,209,780**	**43,682,367**	**45,866,485**	**48,159,810**	**50,086,202**	**52,089,650**

APPENDIX G: FINANCIAL STATEMENT ANALYSIS

G-3: STATEMENT OF PROFIT OR LOSS FORECAST ASSUMPTIONS

Year	2021A	2022A	2023A	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F
Revenue Growth	14%	18%	-5%	4%	4%	5%	5%	6%	5%	5%	4%	4%
Gross Profit % of Revenue	68%	66%	62%	67%	67%	67%	67%	67%	67%	67%	67%	67%
Operating expenses % of Revenue	24%	26%	25%	26%	26%	26%	26%	26%	26%	26%	26%	26%
Finance Cost % of Borrowings				3.8%	5%	5%	5%	7%	7%	5%	4%	3%
Finance Income % of Opening Cash				3.8%	5%	5%	5%	7%	7%	5%	4%	3%

APPENDIX G: FINANCIAL STATEMENT ANALYSIS

G-4: STATEMENT OF PROFIT OR LOSS FORECAST (USD'000)

Year	2021A	2022A	2023A	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F
Revenue	30,784	36,412	34,559	35,941	37,378	39,247	41,210	43,682	45,866	48,160	50,086	52,090
Cost of services	(9,811)	(12,444)	(13,082)	(12,448)	(13,290)	(14,135)	(14,589)	(15,576)	(16,370)	(17,137)	(17,853)	(18,564)
Gross profit	20,972	23,968	21,476	23,493	24,089	25,113	26,621	28,107	29,496	31,023	32,234	33,525
General and administrative expenses	(7,451)	(9,637)	(8,689)	(9,083)	(9,579)	(9,948)	(10,474)	(11,123)	(11,654)	(12,246)	(12,739)	(13,243)
Operating profit	15,390	16,924	12,046	14,410	14,510	15,164	16,147	16,984	17,842	18,777	19,495	20,282
Finance income	1,465	1,244	1,408	256	415	192	208	675	1,373	1,568	2,145	3,144
Finance costs	(1,143)	(1,087)	(1,260)	(1,263)	(1,226)	(1,201)	(1,163)	(1,108)	(1,040)	(1,015)	(968)	(896)
Profit before tax	14,247	15,837	12,194	13,403	13,699	14,155	15,192	16,551	18,176	19,330	20,672	22,531
Taxation (20%)	(3,005)	(4,136)	(2,801)	(2,681)	(2,740)	(2,831)	(3,038)	(3,310)	(3,635)	(3,866)	(4,134)	(4,506)
Profit for the financial year	**11,243**	**11,701**	**9,393**	**10,722**	**10,959**	**11,324**	**12,154**	**13,241**	**14,541**	**15,464**	**16,537**	**18,024**

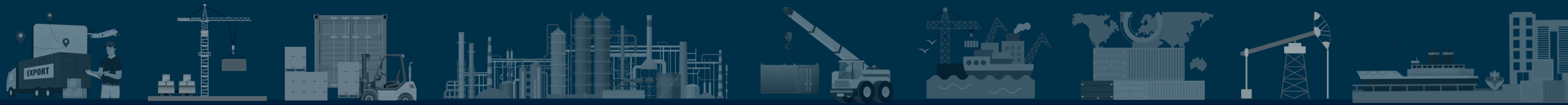
G-5: STATEMENT OF FINANCIAL POSITION FORECAST (USD '000)

Year	2021A	2022A	2023A	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F
ASSETS												
Non-current assets												
Property, plant and equipment	103,328	112,890	126,656	133,763	143,827	150,454	152,792	151,998	161,300	165,259	163,051	160,918
Right-of-use assets	3,661	5,908	8,761	11,192	13,549	15,834	16,699	17,426	18,042	18,567	19,017	19,402
Investment property	84,627	86,662	87,360	87,834	88,311	88,791	89,273	89,758	90,245	90,735	91,228	91,723
Other non-current assets	4,505	23,598	19,877	19,845	19,814	19,793	19,764	19,736	19,710	19,684	19,657	19,631
	196,121	229,058	242,653	252,634	265,500	274,871	278,528	278,918	289,297	294,245	292,952	291,674
Current assets												
Trade and other receivables	5,135	7,827	431	2,700	3,050	3,400	3,050	3,167	3,206	3,141	3,171	3,172
Cash and bank balances	18,615	7,294	3,899	6,313	2,922	3,165	10,281	20,910	23,881	32,667	47,884	64,555
Other current assets	14	1,366	7,824	916	1,005	1,140	1,315	1,507	1,727	1,981	2,275	2,611
	23,763	16,487	12,153	9,929	6,977	7,704	14,646	25,584	28,813	37,788	53,329	70,339
TOTAL ASSETS	**219,884**	**245,545**	**254,806**	**262,564**	**272,477**	**282,576**	**293,174**	**304,502**	**318,110**	**332,034**	**346,282**	**362,012**

APPENDIX G: FINANCIAL STATEMENT ANALYSIS

G-5: STATEMENT OF FINANCIAL POSITION FORECAST (USD ‘000)

Year	2021A	2022A	2023A	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F
LIABILITIES												
Non-current liabilities												
Borrowings	18,630	16,560	14,490	16,411	16,003	15,436	14,663	13,748	13,486	12,849	11,876	10,911
Contract liabilities	13,650	13,350	13,050	13,050	13,050	13,050	13,050	13,050	13,050	13,050	13,050	13,050
Deferred revenue	0	7,728	11,214	9,868	10,262	10,775	11,314	11,993	12,593	13,222	13,751	14,301
Other non-current liabilities	7,369	12,041	12,596	10,764	10,633	10,412	10,068	9,649	9,671	9,503	9,172	8,893
	39,648	49,679	51,350	50,092	49,948	49,674	49,095	48,439	48,801	48,624	47,849	47,155
Current liabilities	7,078	8,912	8,411	7,792	8,043	8,249	8,543	8,702	8,923	9,176	9,390	9,681
TOTAL LIABILITIES	**46,727**	**58,590**	**59,761**	**57,884**	**57,991**	**57,922**	**57,638**	**57,142**	**57,723**	**57,800**	**57,239**	**56,836**

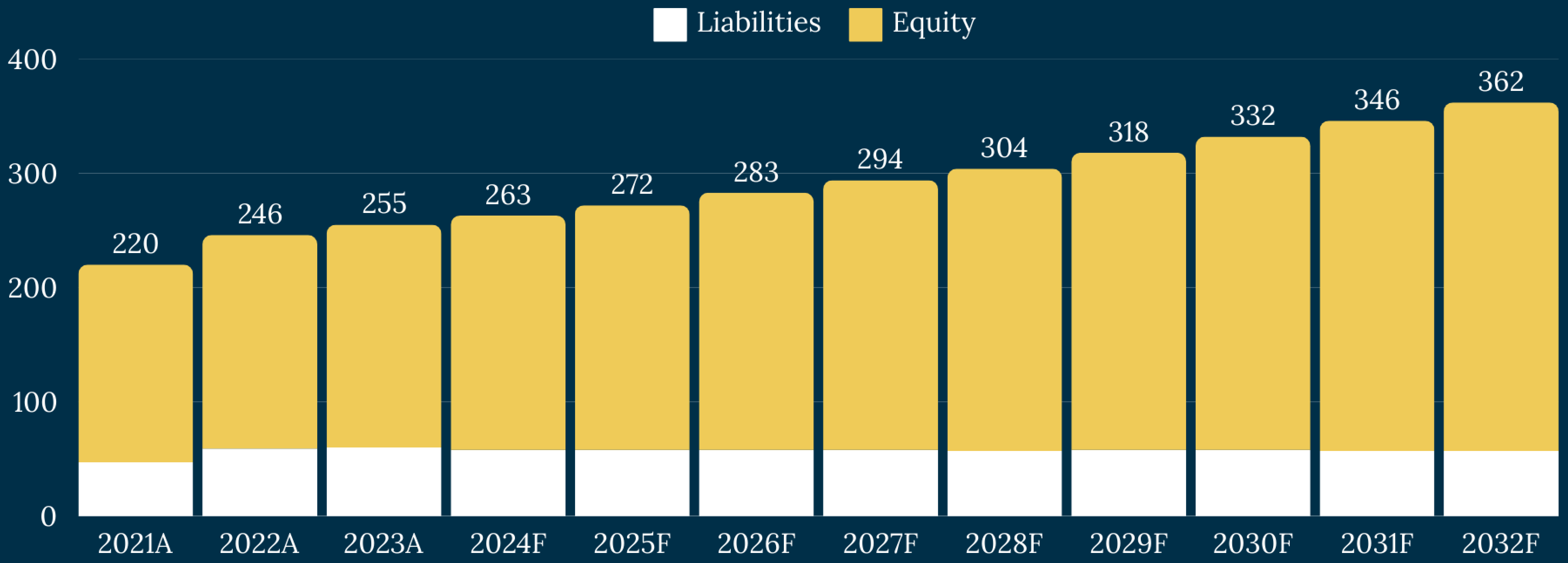


APPENDIX G: FINANCIAL STATEMENT ANALYSIS

G-5: STATEMENT OF FINANCIAL POSITION FORECAST (USD '000)

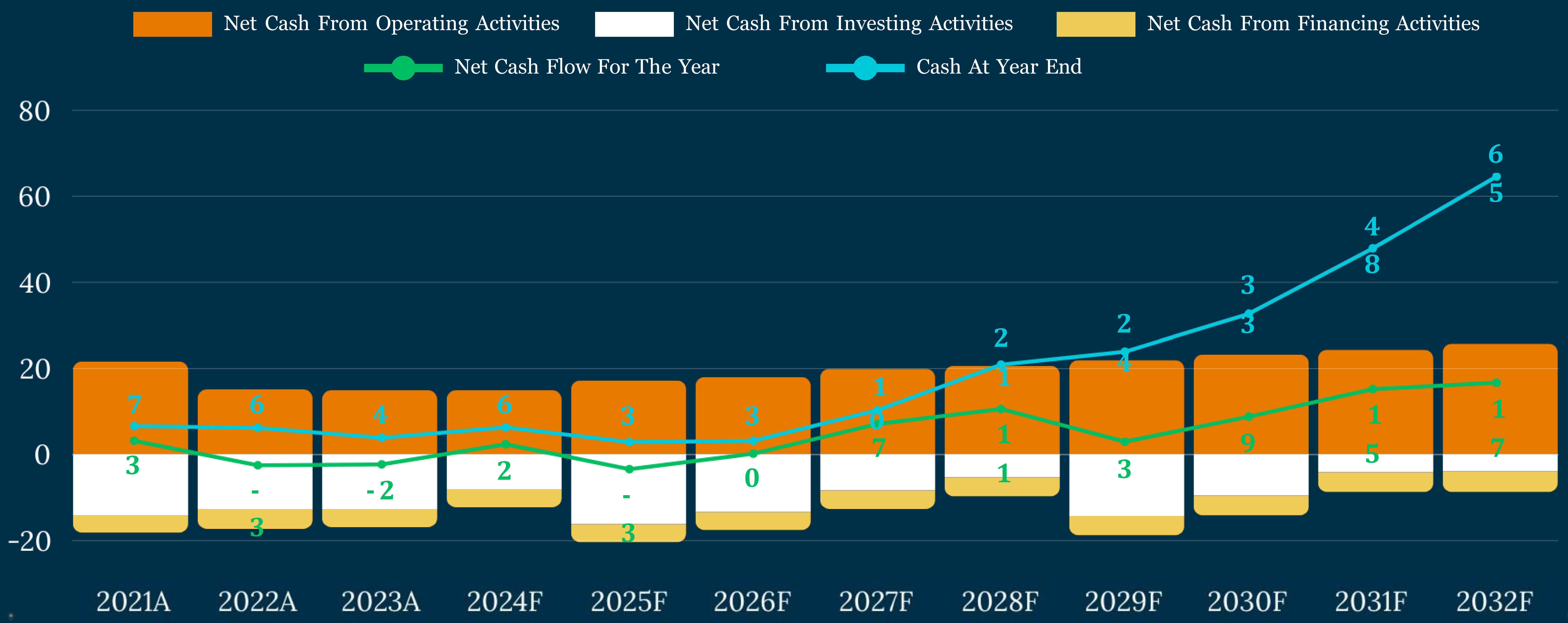
Year	2021A	2022A	2023A	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F
EQUITY												
Share capital	114,609	114,609	114,609	114,609	114,609	114,609	114,609	114,609	114,609	114,609	114,609	114,609
Reserves	45,861	57,467	70,638	80,436	90,070	99,878	110,044	120,927	132,751	145,778	159,625	174,434
Retained earnings	12,687	14,879	9,798	9,634	9,807	10,166	10,883	11,824	13,027	13,846	14,809	16,133
TOTAL EQUITY	**173,157**	**186,954**	**195,045**	**204,679**	**214,487**	**224,653**	**235,536**	**247,360**	**260,387**	**274,234**	**289,043**	**305,176**

G-5: STATEMENT OF FINANCIAL POSITION FORECAST (USD ‘000,000)



APPENDIX G: FINANCIAL STATEMENT ANALYSIS

G-6: CASH FLOW STATEMENT (USD '000,000)



APPENDIX G: FINANCIAL STATEMENT ANALYSIS

G-7: ALTMAN Z-SCORE

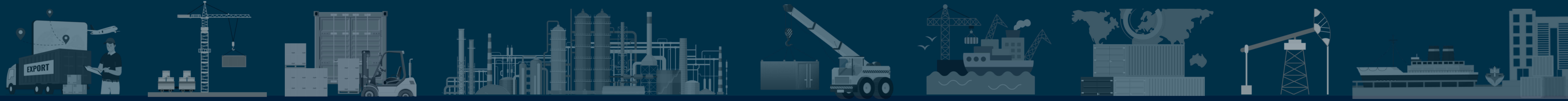
Input Variable	2020A	2021A	2022A	2023A
Total assets	206,754,193	219,883,886	245,544,835	254,806,250
Total liabilities	45,526,368	46,726,722	58,590,346	59,760,867
Working capital	7,669,273	2,740,614	5,784,282	(1,790,249)
Retained earnings	10,079,232	12,686,797	14,878,805	9,798,425
EBIT	13,714,267	16,855,124	18,129,351	12,045,954
Market value of equity	161,227,825	173,157,164	186,954,489	195,045,383
Sales	27,048,412	30,783,715	36,411,932	34,558,511

The Altman Z-score is a tool used to measure the financial health of a company to understand the risk of default. The computation method are based on the function: Altman Z-Score = 1.2A + 1.4B + 3.3C + 0.6D + 1.0E
The threshold suggested that if the Altman Z-score is below 1.80, the company faces high probability of default. On the contrary, if the Atlman Z-score is above 3.00, the company has low risk of going default.

Result: According to the Altman Z-score methodology, PPAP has an average score of 2.50, which is more than 1.80 and less than 3.00. This interpretation exhibits that the company has a moderate default risk

Derived variable	2020A	2021A	2022A	2023A
A = working capital / total assets	0.0371	0.0125	0.0236	(0.0070)
B = retained earnings / total assets	0.0487	0.0577	0.0606	0.0385
C = earnings before interest and tax / total assets	0.0663	0.0767	0.0738	0.0473
D = market value of equity / total liabilities	3.5414	3.7057	3.1909	3.2638
E = sales / total assets	0.1308	0.1400	0.1483	0.1356
Atman Z-score	**2.5873**	**2.7121**	**2.4196**	**2.2953**
Average Atman Z-score	**2.5**	*Alt-man Z score of 2.5 indicates that the company is at moderate risk of default*		

High default risk	Moderate default risk	Low Default risk
	1.8	3.0



APPENDIX G: FINANCIAL STATEMENT ANALYSIS

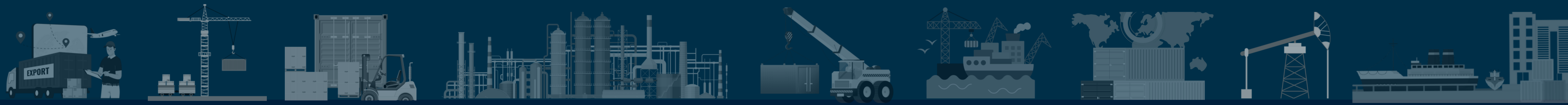
G-8: FINANCIAL RATIOS

Year	2021A	2022A	2023A	Industry Avg. 2023	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F
Return Ratios													
Return on Equity	7%	8%	5%	**8%**	5%	5%	5%	5%	5%	6%	6%	6%	6%
Return on Capital Invested	7%	7%	4%	**6%**	5%	5%	5%	5%	5%	5%	5%	5%	5%
Return on Assets	6%	6%	4%	**6%**	4%	4%	4%	4%	4%	5%	5%	5%	5%
Profitability Ratios													
Gross Margin	68%	66%	62%	**66%**	65%	64%	64%	65%	64%	64%	64%	64%	64%
Operating Margin	55%	50%	35%	**27%**	40%	39%	39%	39%	39%	39%	39%	39%	39%
Net Margin	41%	40%	27%	**15%**	30%	29%	29%	29%	30%	32%	32%	33%	35%

APPENDIX G: FINANCIAL STATEMENT ANALYSIS

G-8: FINANCIAL RATIOS

Year	2021A	2022A	2023A	Industry Avg. 2023	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F
Leverage Ratios													
Debt-to-Equity ratio	16%	16%	15%	**36%**	14%	13%	12%	11%	10%	9%	8%	7%	6%
Debt to EBITDA	136%	139%	176%	**190%**	145%	139%	127%	114%	102%	97%	88%	78%	70%
Liquidity Ratios													
Current ratio	3.36	1.85	1.44	**1.22**	1.27	0.87	0.93	1.71	2.94	3.23	4.12	5.68	7.27
Efficiency Ratios													
Asset turnover ratio	0.14	0.15	0.14	**0.32**	0.14	0.14	0.14	0.14	0.14	0.14	0.15	0.14	0.14
Sales-to-capital ratio	0.15	0.17	0.15	**0.20**	0.15	0.15	0.16	0.16	0.16	0.16	0.16	0.16	0.16
Account receivables days	61	78	5	**26**	27	30	32	27	26	26	24	23	22
Account payables days	89	81	84	**102**	92	88	85	84	81	79	77	76	75
Investor Ratio													
Dividend payout ratio	8%	7%	12%	**12%**	10%	9%	9%	9%	9%	9%	9%	9%	9%



APPENDIX H: VALUATION

H-1: DISCOUNTED CASHFLOW (FCFE)

FCFE in USD	2024E	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	Terminal
Net profit	10,722,259	10,958,884	11,324,394	12,153,796	13,240,733	14,540,565	15,463,812	16,537,271	18,024,422	
Add: Depreciation	5,096,925	5,345,343	5,852,042	6,211,963	6,370,290	6,299,060	6,659,927	6,842,480	6,780,334	
Less: Δ in working capital	(2,250,596)	(354,229)	(411,558)	266,613	(225,158)	(176,249)	(105,745)	(238,986)	(254,086)	
Less: CAPEX	(12,000,000)	(15,000,000)	(12,000,000)	(8,000,000)	(5,000,000)	(15,000,000)	(10,000,000)	(4,000,000)	(4,000,000)	
Add: Net debt	(869,974)	(569,974)	(869,974)	(1,269,974)	(1,569,974)	(569,974)	(1,069,974)	(1,669,974)	(1,669,974)	
FCFE	698,614	380,024	3,894,903	9,362,398	12,815,891	5,093,402	10,948,020	17,470,790	18,880,696	163,460,683
Discount factor (Ke = 16.31%)	0.861	0.741	0.638	0.550	0.473	0.407	0.351	0.302	0.260	
Present value of FCFE	**601,494**	**281,708**	**2,485,870**	**5,144,732**	**6,063,430**	**2,074,777**	**3,839,662**	**5,275,503**	**4,908,663**	**42,497,025**

We believe that FCFE valuation is suitable for PPAP because historically, the company has shown a stable capital structure characterized by a low debt-to-equity ratio. In addition, based on the disclosure in the annual report and the discussion with the management, PPAP prioritize internal funding through retained earnings and is less likely to utilize debt or increase their gearing ratio to optimize their financial leverage. This valuation is derived through an application of cost of equity of 16.15% and a terminal growth of 4.12%. This valuation result in an upside of 2% with relative P/E valuation of a downside risk of 9% and relative EV/EBITDA valuation of a downside risk of 7%. In this valuation, CAPEX for PPAP's expansion and development of LM17 and other projects are taken into consideration. This FCFE valuation is highly sensitive to cost of equity and terminal growth and a clear picture of this sensitivity is shown in Sensitivity Analysis.

Total intrinsic value ($)	**73,172,864**
Number of shares	20,684,365
Intrinsic value per share (KHR)	14,150
Current share price (KHR)	13,860
Recommendation	**HOLD**
Upside	**2%**

APPENDIX H: VALUATION

H-2: WEIGHTED AVERAGE COST OF CAPITAL (WACC)

Cost of Equity (Ke)	
US Risk Free Rate	3.7%
US Equity Risk Premium	4.3%
Cambodia Country Risk	7.3%
PPAP Equity Beta	1.18
Cost of Equity (Ke)	**16.15%**

PPAP's Equity Beta Assumption	
Tax Rate	20.0%
PPAP Debt to Equity Ratio	15.0%
PPAP Debt to Capital Ratio	13.0%
Industry Unlevered Beta (Asset Beta)	1.05
PPAP Levered Beta (Equity Beta)	**1.18**

Cost of Debt (Kd)	
Interest Coverage Ratio	9.56
Synthetic Credit Rating	AA
Synthetic Credit Rating Spread	1.0%
US Risk Free Rate	3.7%
Cambodian Default Spread	5.2%
PPAP Default Spread	0.7%
After-tax Cost of Debt (Kd)	**7.7%**
WACC =	**15.1%**

WACC: Based on the weighted proportion of equity and debt, combined with their respective required rates of return, PPAP's WACC is calculated to be 15.1%.

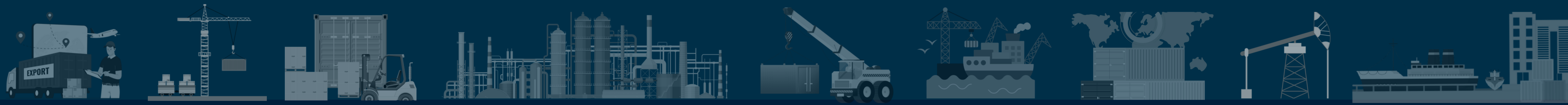
Cost of Equity: The cost of equity was determined using the CAPM model, incorporating a risk-free rate of 3.7% based on the US 10-year Treasury bond and an equity risk premium of 4.3%. The equity risk premium was adjusted by multiplying it with an equity beta of 1.18 and adding a Cambodia country risk of 7.3%, yielding a cost of equity of 16.15%.

Cost of Debt: In 2023, PPAP has an interest coverage ratio of 9.56, resulting in AA synthetic credit rating with 1.0% spread. The cost of debt was calculated by taking the weighted average of the spot rate and the 5-year average of the US 10-year Treasury bond yield of 3.7%, adding Cambodia's default spread of 5.2% and PPAP's default spread of 0.7%, and then adjusting for a 20.0% tax rate. This resulted in an after-tax cost of debt of 7.7%.

APPENDIX H: VALUATION

H-3: RELATIVE VALUATION

Asain Peers	Country	Net Margin (%)	Operating Margin (%)	ROE (%)	Quick ratio (x)	Debt/Equity (%)	P/E (x)	EV/EBITDA (x)	P/S (x)	P/B (x)	Asset Turnover (x)
Ea Technique M Bhd	Malaysia	88.10	108.24	81.66	0.90	37.47	2.65	2.12	1.84	1.54	0.26
Tiong Nam Logistics Holdings Berhad	Malaysia	6.72	18.18	5.86	0.43	189.63	8.81	10.08	0.46	0.39	0.27
Harbour-Link Group Bhd	Malaysia	10.16	13.52	11.91	3.24	4.60	6.11	1.84	0.69	0.58	0.85
Asian Terminals Inc	Philipines	28.54	39.43	18.27	1.31	32.00	9.36	4.64	2.22	1.38	0.43
Harbor Star Shipping Services, Inc	Philipines	6.13	18.16	10.01	1.39	140.03	3.96	3.05	0.19	0.23	0.42
Ds3 Joint Stock Company	Vietnam	4.74	5.88	18.75	0.42	66.66	3.76	12.41	0.79	1.28	0.37
Vietnam Maritime Development	Vietnam	4.17	5.57	16.73	1.73	0.00	4.94	1.62	0.74	0.22	2.14
Namyong Terminal Public Company	Thailand	30.37	31.83	13.81	0.95	78.77	8.37	4.48	2.04	1.03	0.26
Regional Container Lines	Thailand	37.57	37.44	11.36	1.38	20.80	4.39	2.68	0.49	0.70	0.53
Sidomulyo Selaras Tbk PT	Indonesia	3.32	7.39	146.55	0.52	57.39	0.90	3.32	0.25	0.58	0.60
Humpuss Maritim Internasional Tbk PT	Indonesia	8.52	13.82	4.54	1.64	55.10	2.58	4.57	0.57	0.47	0.45
Industry Median		**8.52**	**18.16**	**13.81**	**1.31**	**55.1**	**5.07**	**3.32**	**0.69**	**0.58**	**0.43**
PAS.PP	**Cambodia**	**16**	**24**	**4**	**2.15**	**0.84**	**12.61**	**7.95**	**2.38**	**0.96**	**0.25**
PPAP.PP	**Cambodia**	**31**	**39**	**11**	**1.51**	**0.13**	**5.57**	**3.54**	**1.71**	**0.33**	**0.15**



APPENDIX H: VALUATION

H-4: MONTE CARLOS SIMULATION

To account for the inherent uncertainty and variability in PPAP's share price trajectory, we performed a Monte Carlo Simulation with 10,000 iterations, systematically adjusting key input variables. This method offers a comprehensive perspective on potential valuation outcomes across a range of scenarios. The simulation incorporates variability in the following critical factors: *(1). Terminal Growth Rate, (2). Cost of Equity (Ke), (3). TEUs Growth Rate, (4). Cost of Services (CoS)*

Result: Our analysis revealed that there is a 36% probability of a downside risk, and only 2% of upside risk. At the same time, the simulation shows 62% of the hold recommendation.

This probabilistic assessment provides clarity on the range of potential outcomes and underscores the validity of our HOLD recommendation, given the volatility of the cost and revenue driver.

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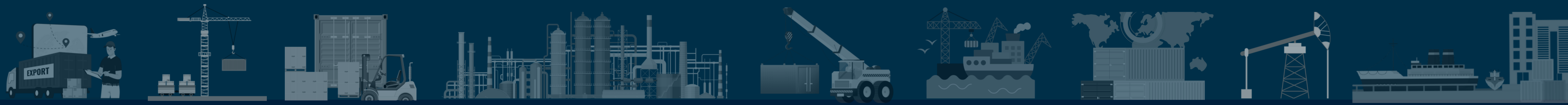

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