



The background of the image is a blurred screenshot of a financial trading platform. On the left, a candlestick chart for the GBP/USD M15 pair is visible, showing price movement with blue and yellow candles. A yellow trend line is drawn across the chart. At the top, a status bar shows 'Bid', 'Ask', 'Auto', and 'Stop' buttons. A price box displays '1.4505' and '1.4500'. The right side of the image is dominated by a large orange graphic element consisting of two overlapping rounded rectangles. The text '2019' is centered in the left rectangle, and 'CFA RESEARCH CHALLENGE' is centered in the right rectangle.

2019

CFA RESEARCH
CHALLENGE

CFA Institute Research Challenge



Phnom Penh Autonomous Port



PHEARUM



GECHOU



SOKLIDA



HEANG



SITHSYAT

TEAM OVERVIEW



CamEd Business School Candidates and Advisor

1. Von Sithsyat

Senior Student
Bachelor of Accounting and Finance

2. Chan Soklida

Senior Student
Bachelor of Accounting and Finance

3. Kim Gechou

Senior Student
Bachelor of Accounting and Finance

4. Quach Seng Heang

Senior Student
Bachelor of Accounting and Finance

5. Tang Ek Phearum

Senior Student
Bachelor of Accounting and Finance

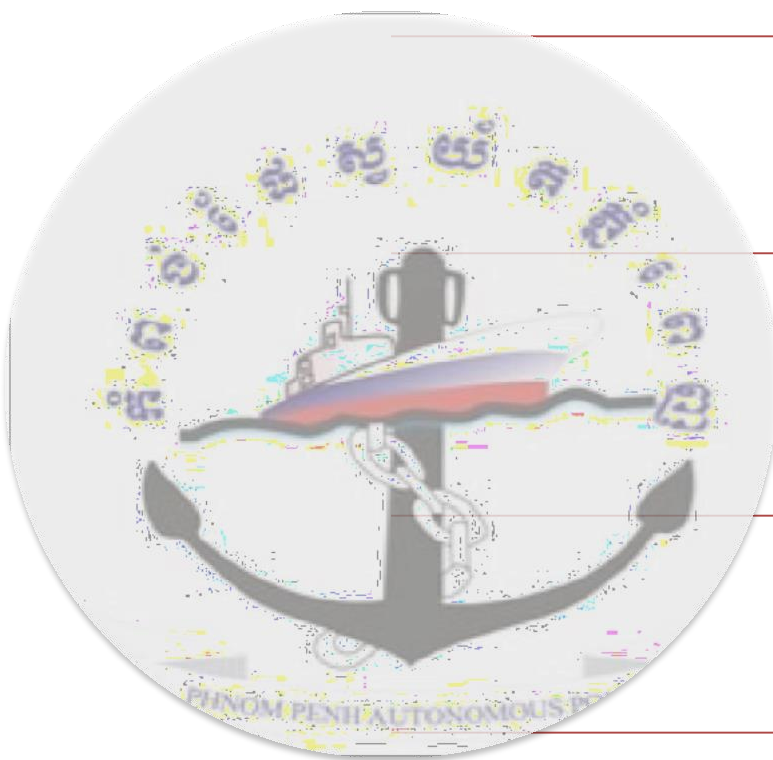
Advisor

Muhammad M. Ma'aji

Professor of Finance
CamEd Business School

BUY

RECOMMENDATION



Strong competitive edge



Positive economic outlook



Healthy operating metrics



Stimulating financial performance

Target Price:

USD 2.32



USD 1.63

**42.33%
UPSIDE**



Strong competitive edge



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Stimulating financial performance

1 Geographical advantage

Companies in SEZ

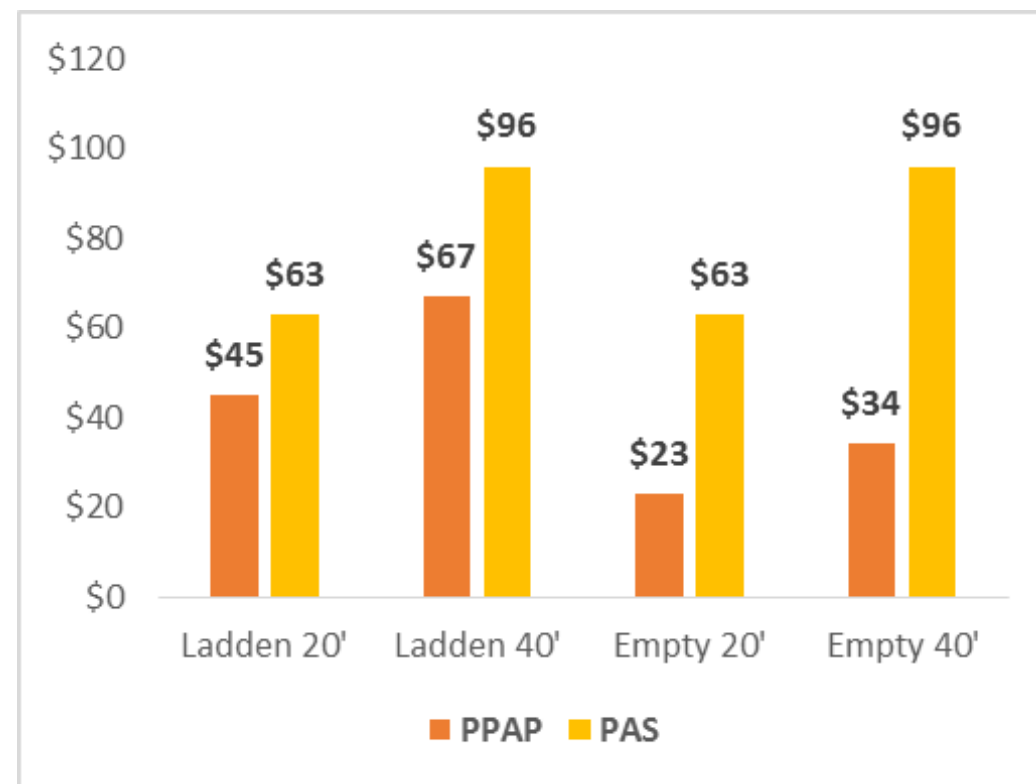
Location	No of companies	%
Phnom Penh	37	40.2%
Svay Rieng/Bavet (163km)	29	31.5%
Kandal (11Km)	3	3.3%
Poipet (359Km)	1	1.1%
Shihanouk Ville (230Km)	20	21.7%
Koh Kong (271Km)	2	2.2%
Total	92	100.0%

Source: Council for Development of Cambodia (CDC)

Note: The parenthesis indicates the distance from Phnom Penh

2 A big captive of hinterland

3 Competitive pricing (Import)





Strong competitive edge



Positive economic outlook



Healthy operating metrics



Stimulating financial performance

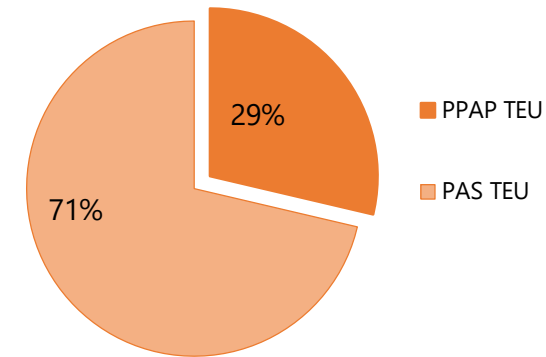
4

Rising to almost 30% market share (TEUs)

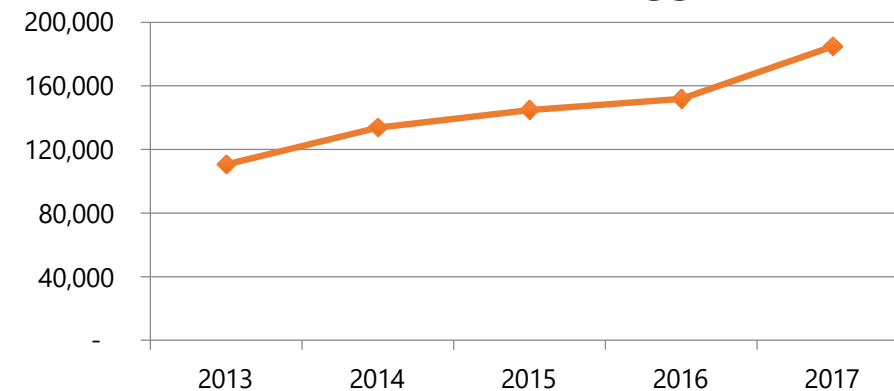
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TEUs will reach more than 238,000 TEUs (BY 2022)

Market share in 2017



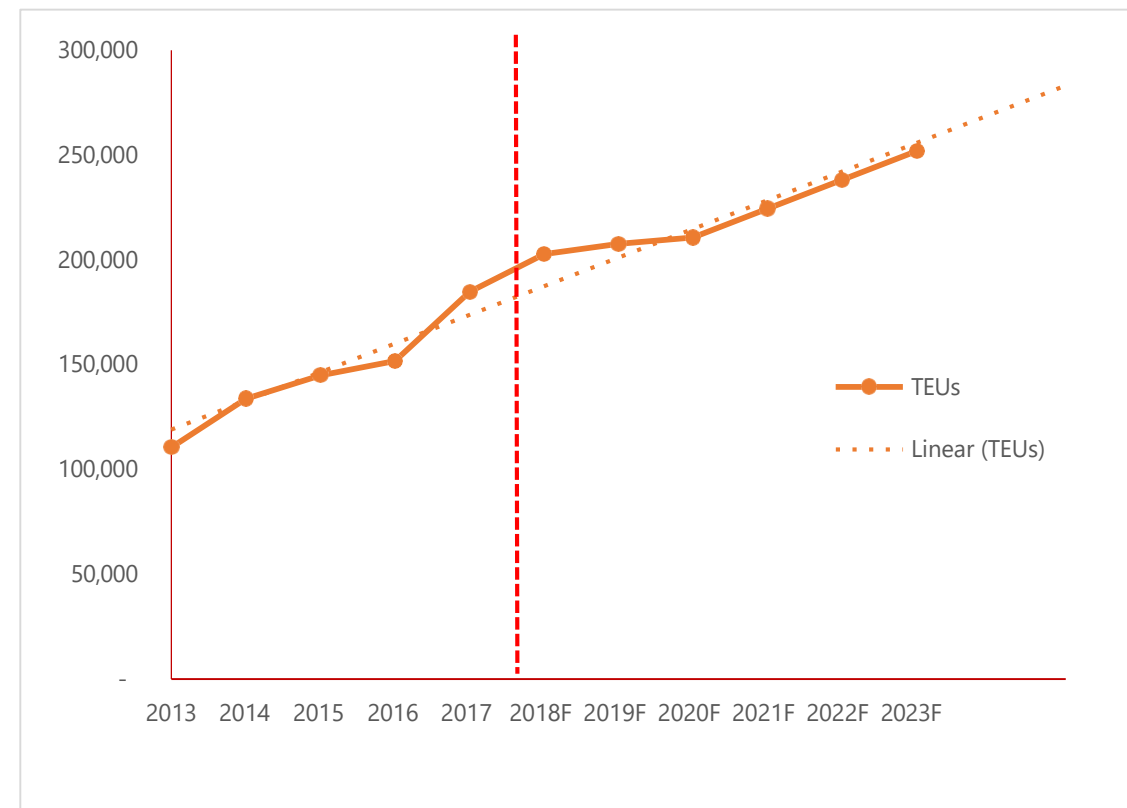
PPAP TEUs



TEU FORECAST

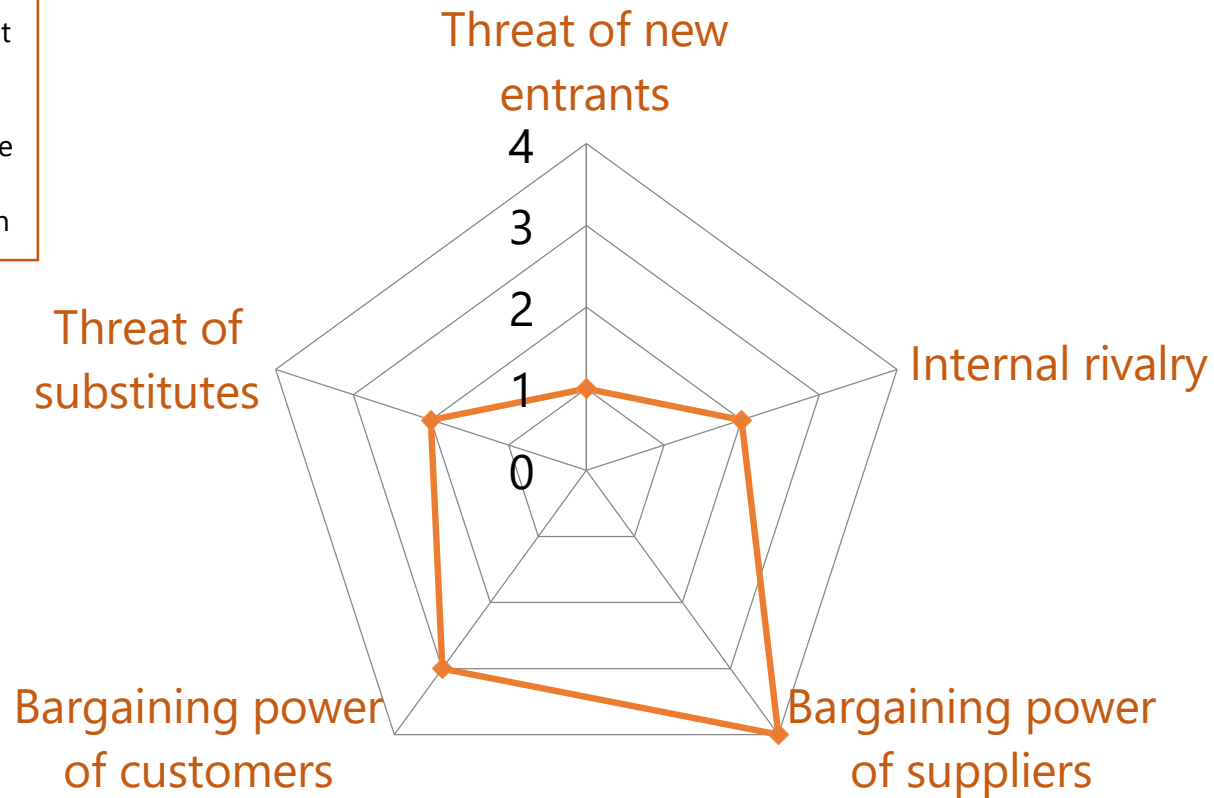
Year	TEUs
2013	110,500
2014	133,666
2015	144,813
2016	151,781
2017	184,805
2018F	202,757
2019F	207,650
2020F	210,739
2021F	224,486
2022F	238,233

128% Rise
(2013 till 2022)



PORTER'S ANALYSIS

Legend:
0: No threat
1: Very low
2: Low
3: Moderate
4: High
5: Very high



- **INTERNAL RIVALRY AMONG FIRMS (MODERATE)**
- **THREATS OF NEW ENTRANTS (LOW)**
- **THREAT OF SUBSTITUTES (LOW)**
- **BARGAINING POWER OF SUPPLIERS (HIGH)**
- **BARGAINING POWER OF CUSTOMERS (LOW)**



Strong competitive edge



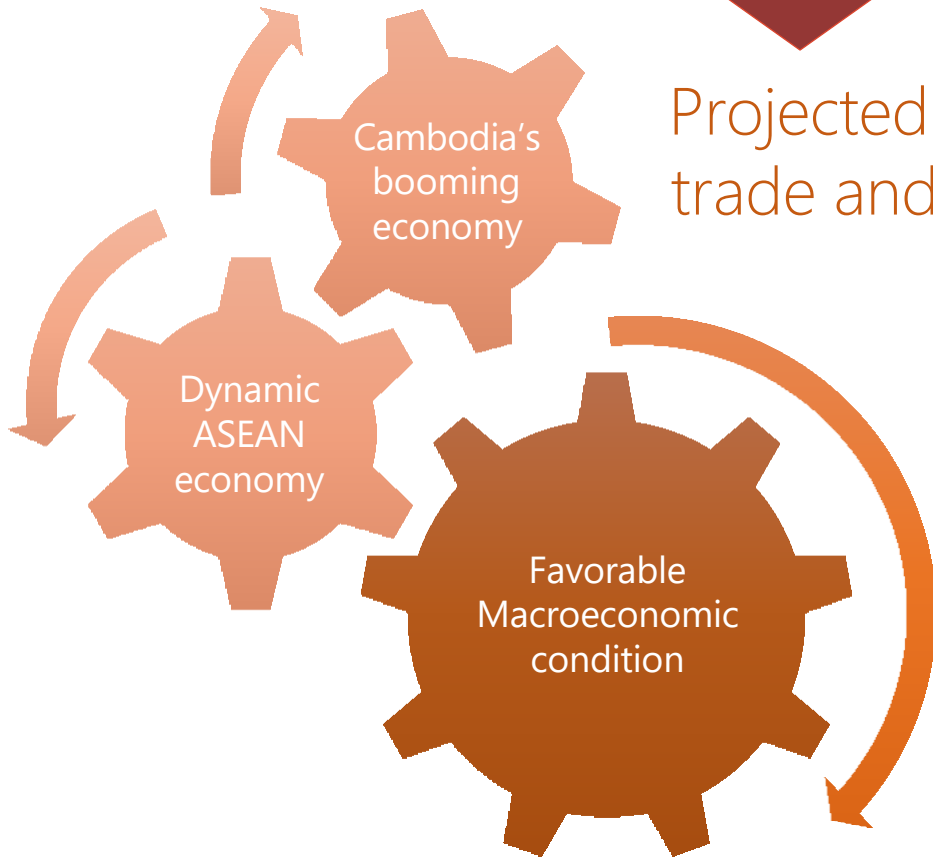
Positive economic outlook



Healthy operating metrics



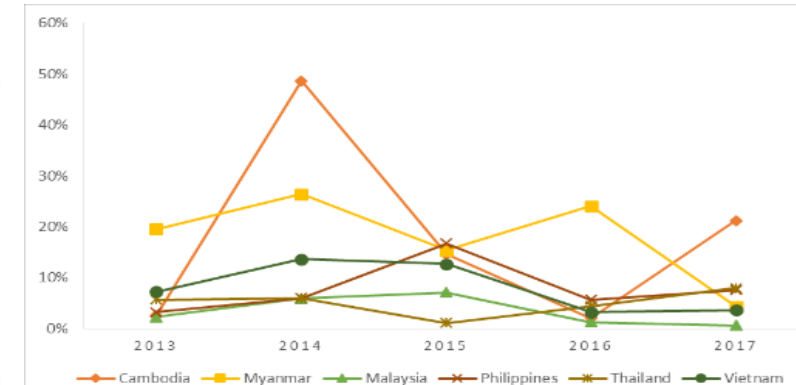
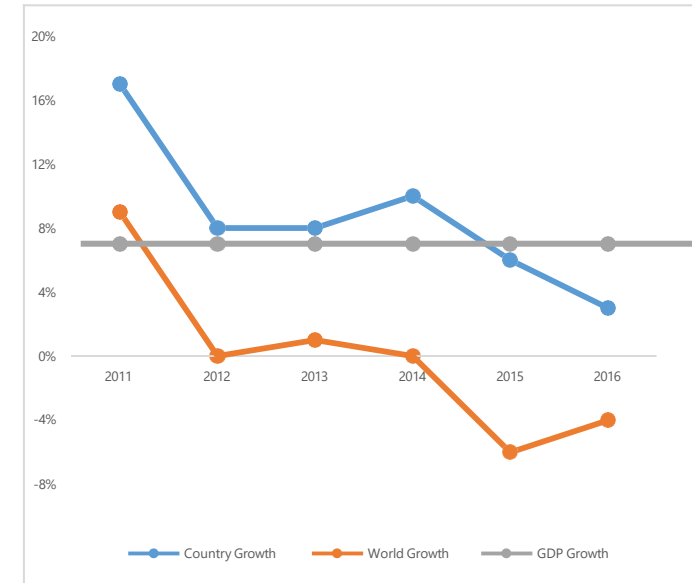
Stimulating financial performance



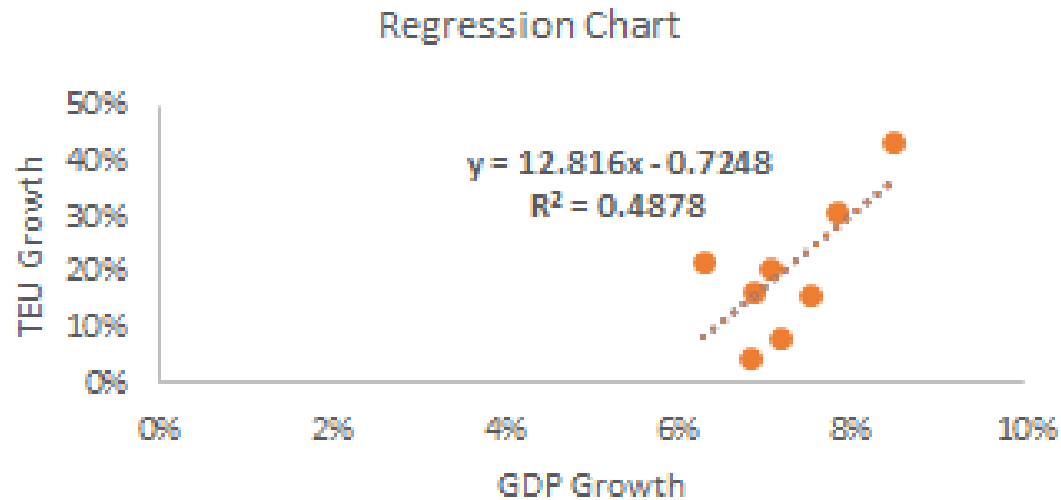
Projected Growth in trade and economy

Strong relationship between Cambodia's GDP and TEUs

Cambodia Country Growth V/S World Growth V/S GDP Growth



Regression analysis



Strong relationship between
Cambodia's GDP and TEUs

Regression Statistics

Multiple R	0.698424311
R Square	0.487796518
Adjusted R Square	0.402429271
Standard Error	0.096159554
Observations	8

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	-0.724787721	0.390146283	-1.857733245	0.112576932	-1.679441286	0.229865843	-1.679441286	0.229865843
X Variable 1	12.81561888	5.36124771	2.390417227	0.05399552	-0.302881675	25.93411944	-0.302881675	25.93411944



Strong competitive edge



Positive economic outlook



Healthy operating metrics

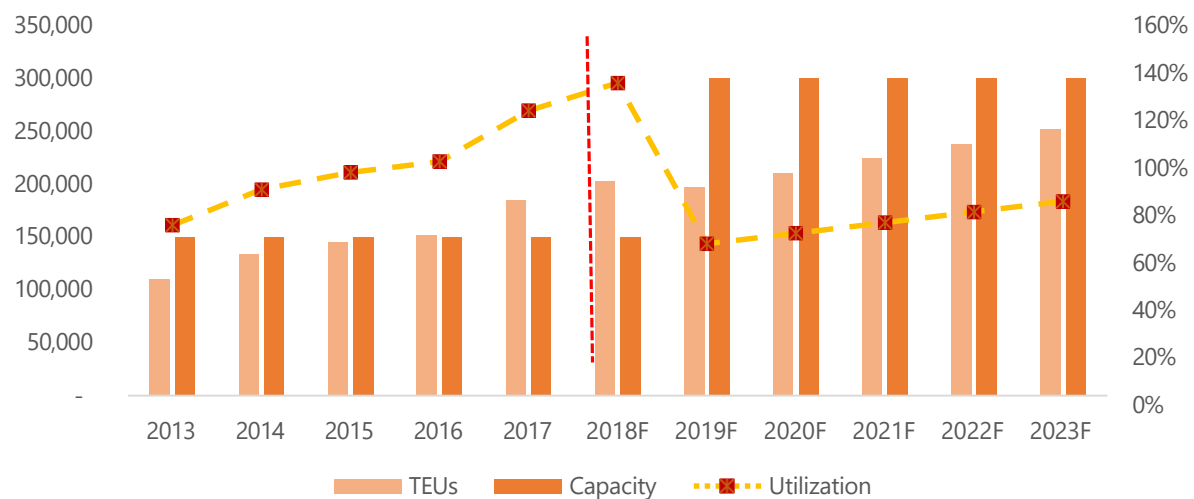


Stimulating financial performance

1

Efficient Capacity Utilization

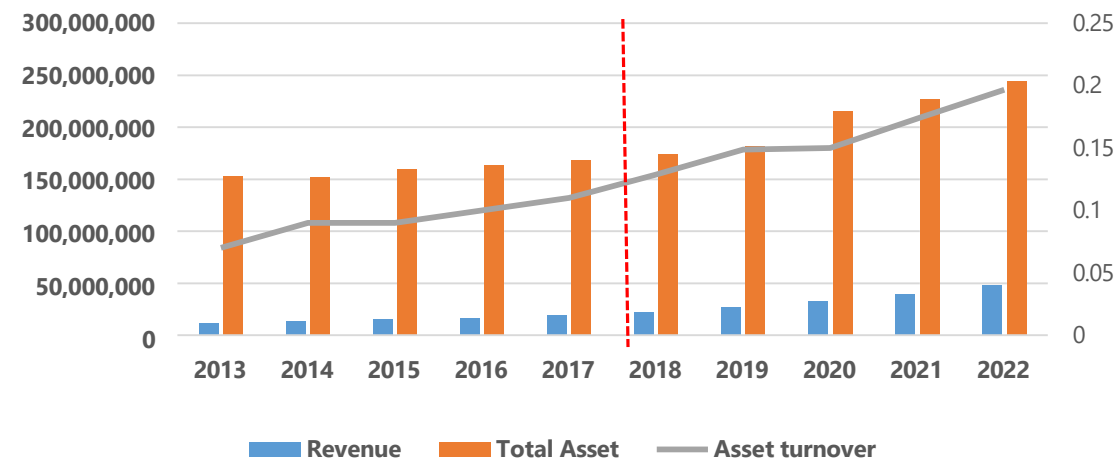
Capacity Utilization



2

Enhancing Asset Turnover Ratio

Efficiency Ratio





Strong competitive edge



Positive economic outlook



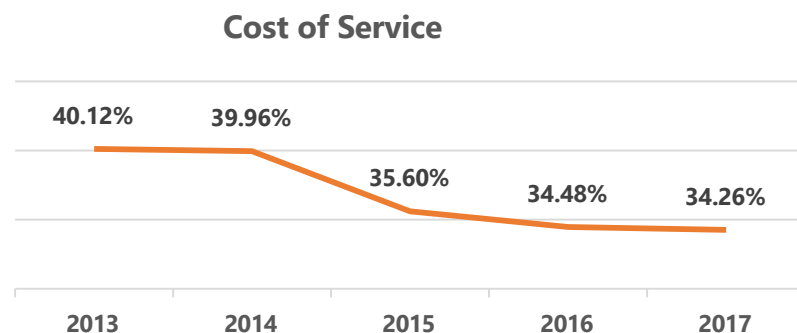
Healthy operating metrics



Stimulating financial performance

1

Declining in Cost of Service

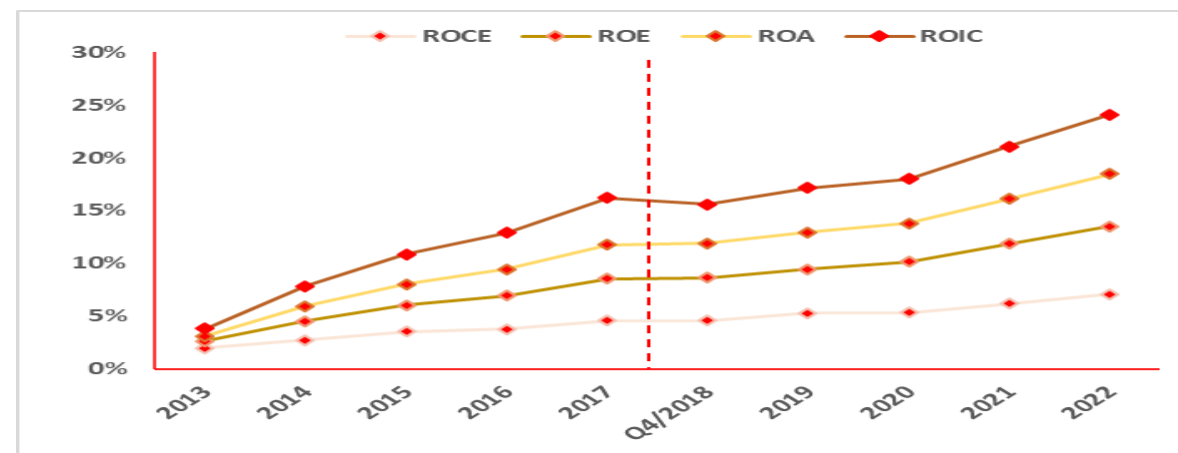
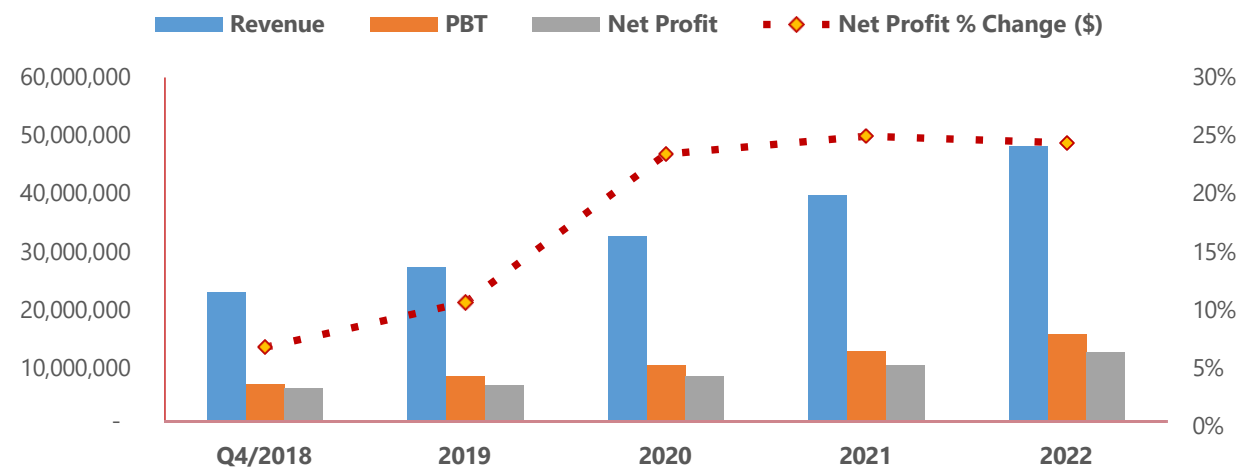


2

Revenues Growth

3

Rising Profitability Ratio





Other Financial Indicators

EBITDA
Margin

44.8%



5 Years later

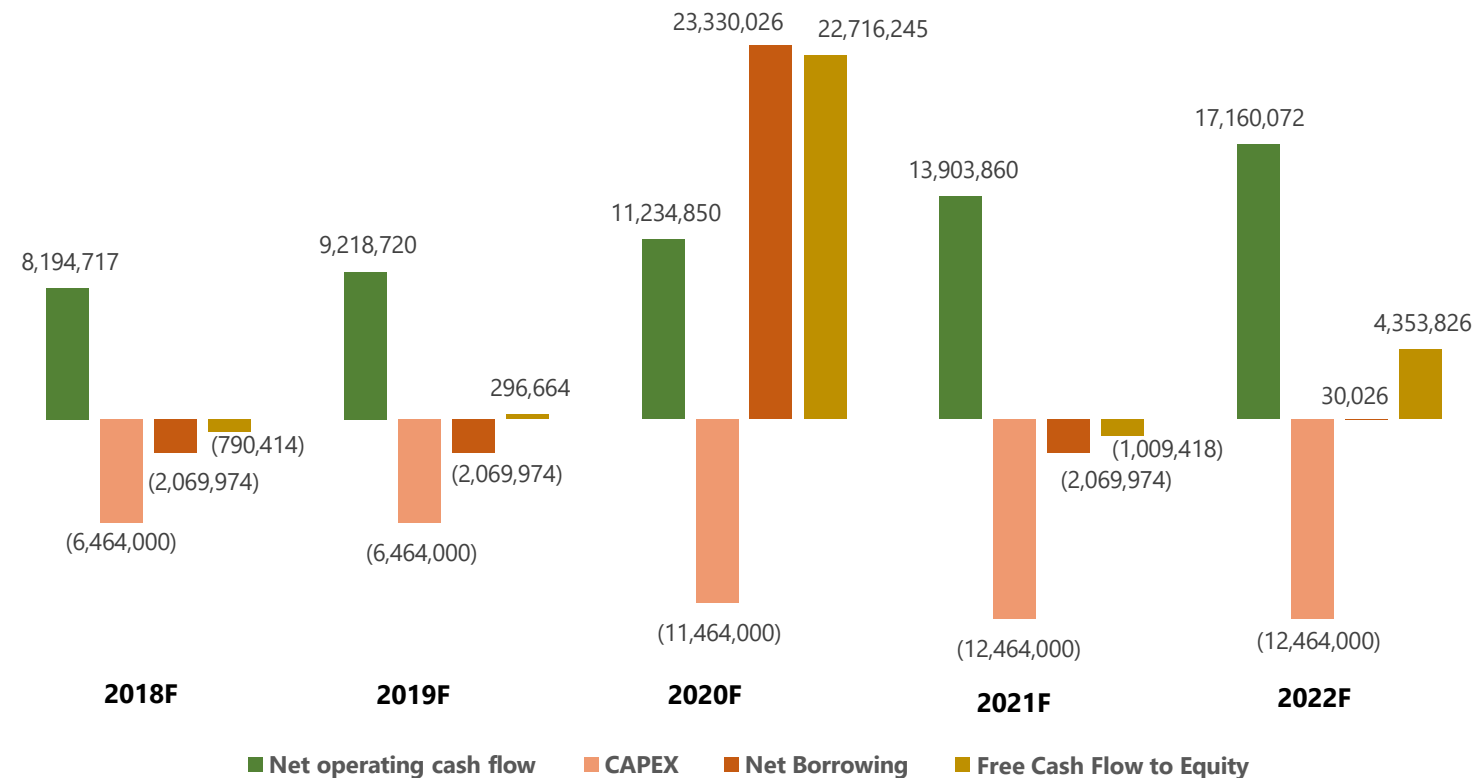
43.2%



2013-2017

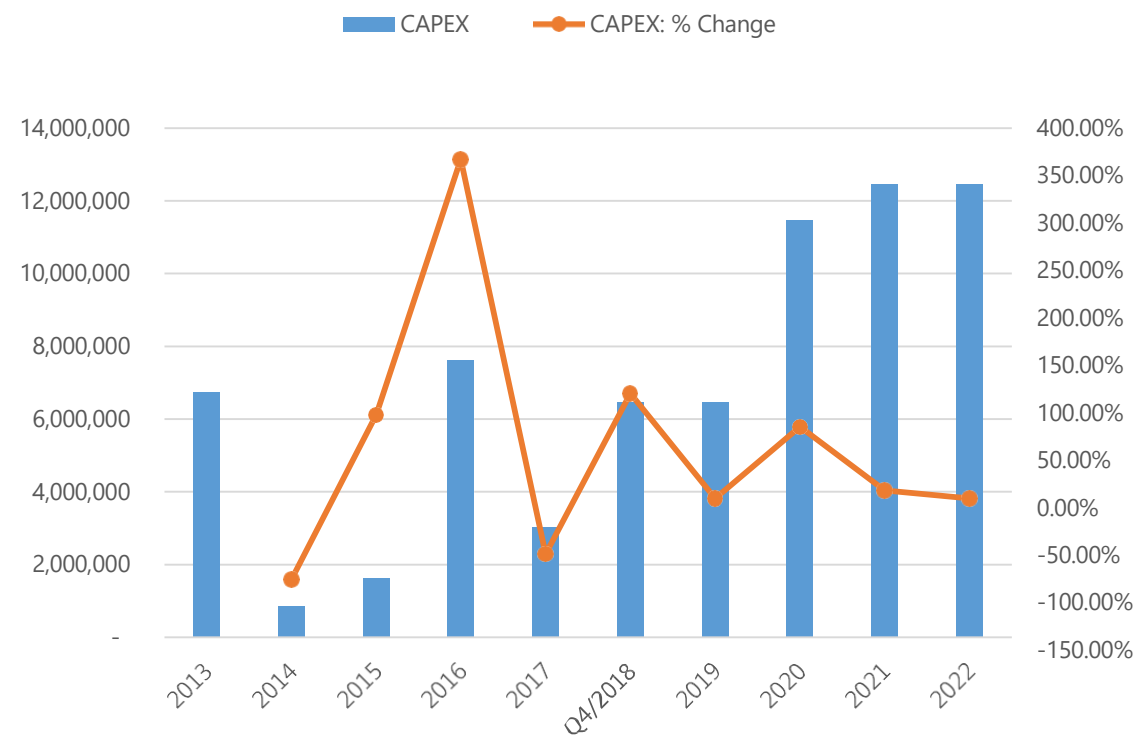
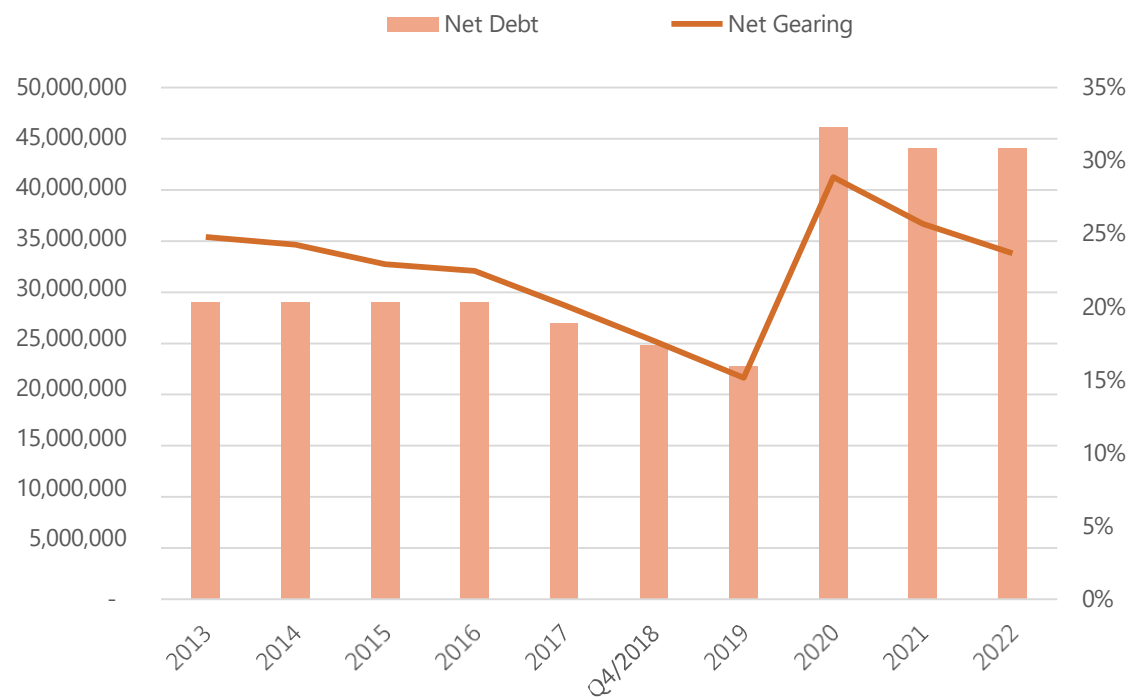
41.3%

HEALTHY CASHFLOW





Other Financial Indicators



Discounted Free Cash Flow to
Equity (DFCFE)



80%

+

Justified Price-to-Earning
Ratio (PER)



20%

=

\$2.32

BUY

RECOMMENDATION

USD 2.32



USD 1.63

42.33%
UPSIDE

DFCFE

+

PER

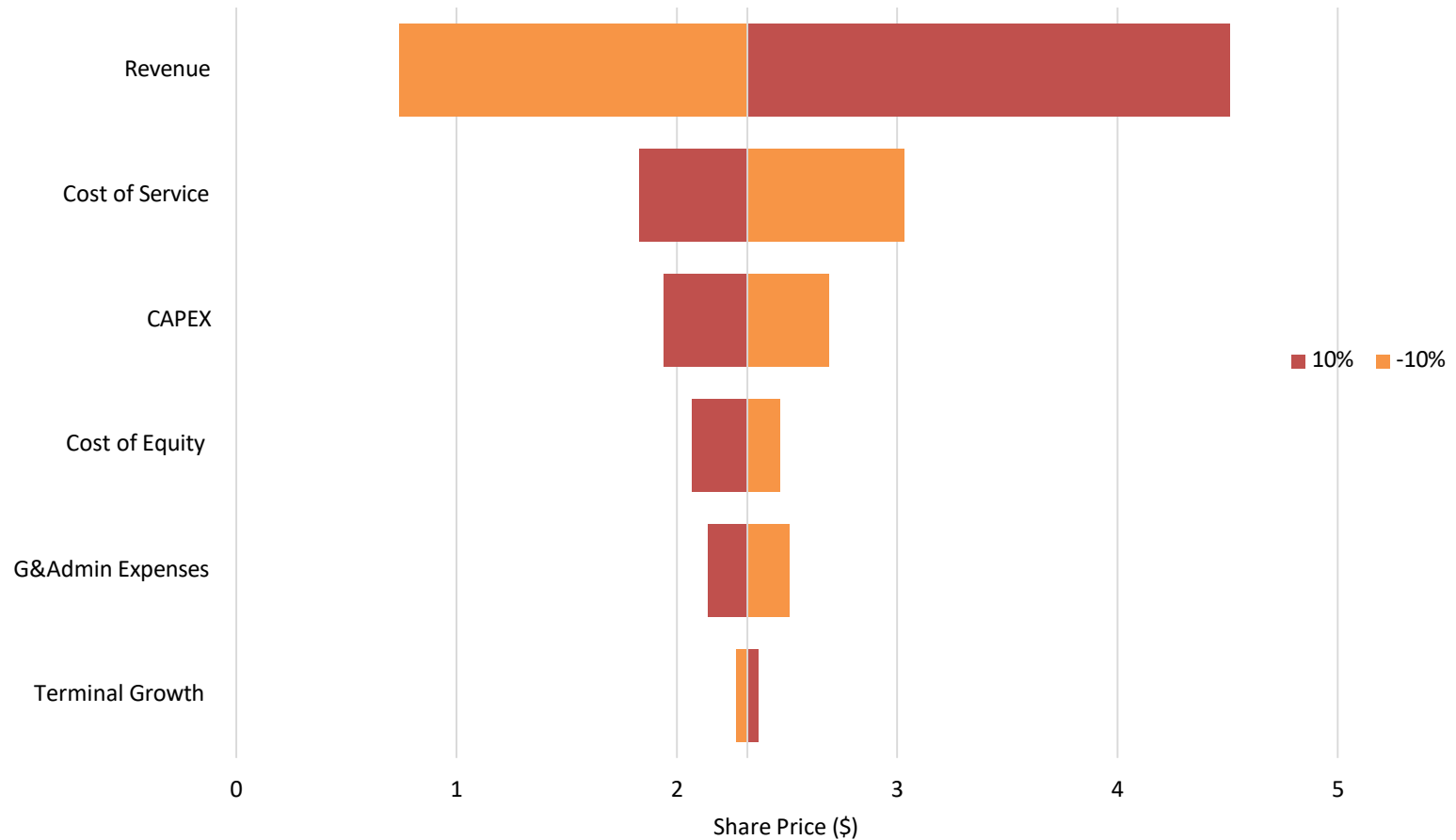
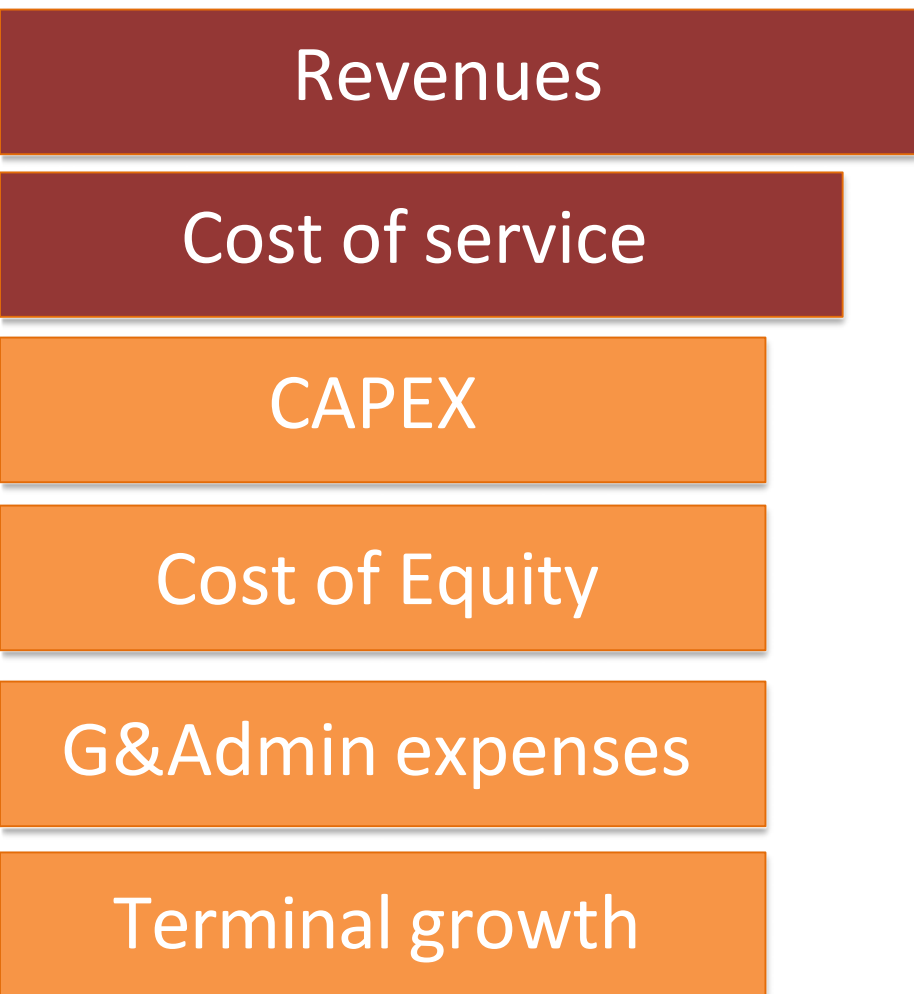
PRICE: \$ 1.88

Rating-based Default Spread	6.36%
Coutry Risk Premium (Rating)	7.70%
Equity Risk Premium (Rating)	13.20%
Rf (Based on 10Y Vietnam Gov Bond)	5.04%
Beta	0.38
Total Risk Premium	20.90%
CAPM	13.20%
Damodaran Implied Ke	14.50%
Assumed Ke	15%

PRICE: \$ 4.07

PER	2018
Dividend	2,091,603
Earnings	5,707,442
Ke	15%
Growth	5%
Target Price	\$4.07

SENSITIVITY ANALYSIS



SHARE PRICE SENSITIVITY ANALYSIS

		Cost of Equity									
Terminal Growth rate		11%	12%	13%	14%	15%	16%	17%	18%	19%	20%
	0%	\$2.42	\$2.29	\$2.18	\$2.08	\$1.99	\$1.92	\$1.85	\$1.79	\$1.74	\$1.69
	1%	\$2.52	\$2.37	\$2.24	\$2.13	\$2.04	\$1.96	\$1.89	\$1.82	\$1.77	\$1.71
	2%	\$2.65	\$2.47	\$2.32	\$2.20	\$2.09	\$2.00	\$1.92	\$1.85	\$1.79	\$1.74
	3%	\$2.80	\$2.59	\$2.41	\$2.27	\$2.15	\$2.05	\$1.97	\$1.89	\$1.82	\$1.76
	4%	\$3.00	\$2.73	\$2.53	\$2.36	\$2.23	\$2.11	\$2.02	\$1.93	\$1.86	\$1.79
	5%	\$3.26	\$2.93	\$2.67	\$2.47	\$2.32	\$2.18	\$2.07	\$1.98	\$1.90	\$1.83
	6%	\$3.63	\$3.18	\$2.86	\$2.61	\$2.42	\$2.27	\$2.14	\$2.04	\$1.94	\$1.87
	7%	\$4.19	\$3.54	\$3.10	\$2.79	\$2.56	\$2.37	\$2.22	\$2.10	\$2.00	\$1.91
	8%	\$5.11	\$4.07	\$3.45	\$3.03	\$2.73	\$2.50	\$2.32	\$2.18	\$2.06	\$1.96
	9%	\$6.96	\$4.96	\$3.96	\$3.36	\$2.96	\$2.67	\$2.45	\$2.28	\$2.14	\$2.02

Source: Team Analysis

PEER COMPARISON

Company Name	Ticker	Current Price (\$)	Mkt Cap (\$ Million)	Beta	P/E (x)	EV/EBITDA (x)	P/B (x)	Div. Yield	ROE	ROIC
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Local

PAS	PAS	\$2.22	\$190.6	1.16	27.4	18.12	1.69	0.3%	3.9%	4.1%
PPAP	PPAP	\$2.05	\$42.4	0.38	7.9	15.11	0.85	4.6%	4.0%	5.6%
Simple Average				0.77	17.65	16.62	1.27	2.5%	4.0%	4.8%

Regional

Bintulu	BPOT.KL	\$1.08	\$546.5	0.08	17.6%	7.34	2.3	3.7%	13.4%	6.2%
In't Container Terminal	ICT.PS	\$1.96	\$3,724.7	0.79	29.4%	NA	1.8	2.6%	6.8%	0.5%
Westports	WPHB.KL	\$0.84	\$3,077.2	0.33	21.5%	17.11	6.02	3.5%	28.8%	15.7%
Simple Average				0.40	22.8	12.23	3.37	3.3%	16.3%	7.5%

RISKS & MITIGATION





Risk Matrix



Market Risks

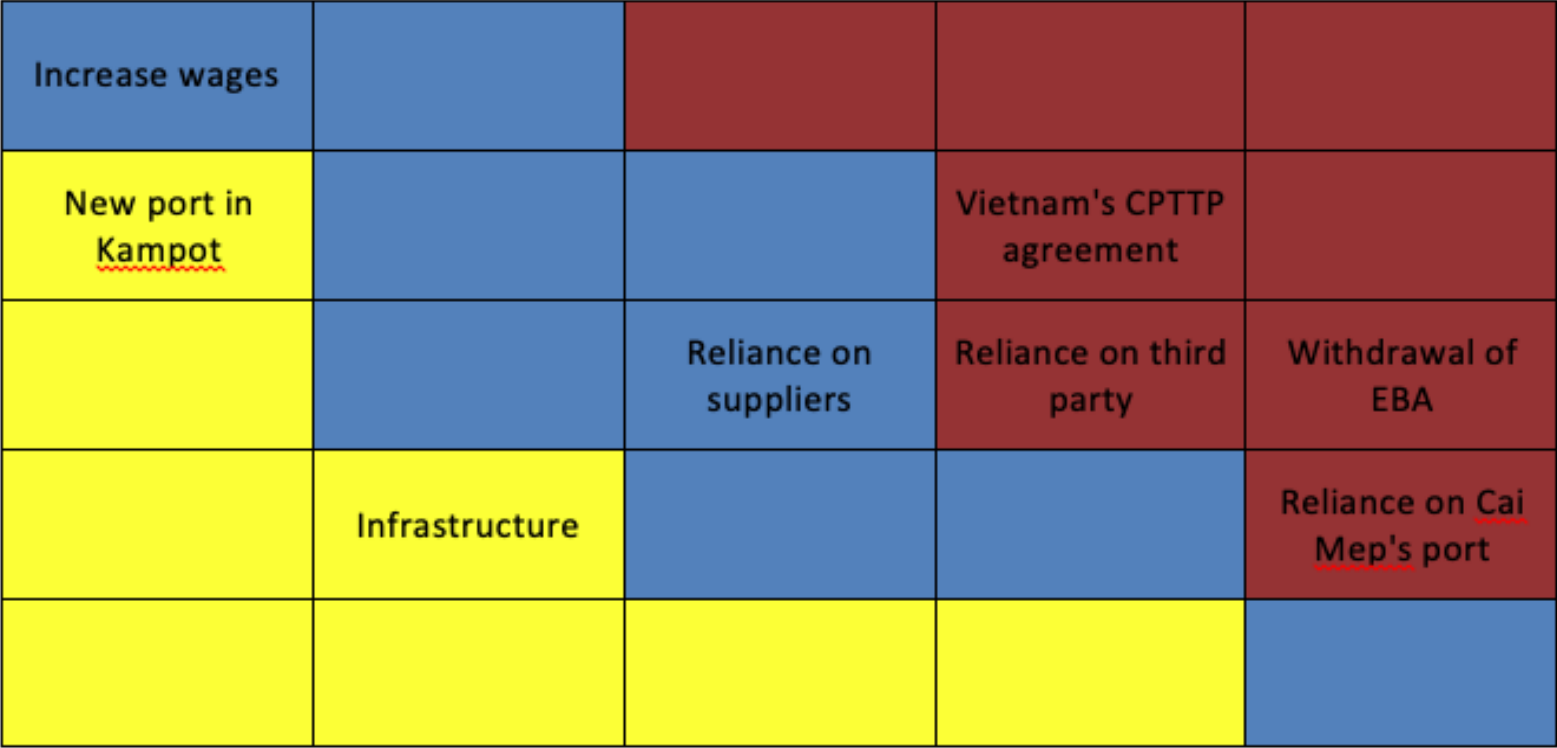


Industry Risks



Operational Risks

Probability



Legend	Description
Yellow	Low risk
Blue	Medium risk
Red	High risk

Impact



Risk Matrix



Market Risks

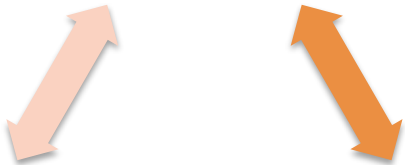


Industry Risks



Operational Risks

Withdrawal
of EBA



Trade war
effect



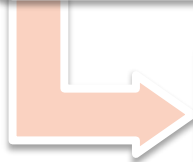
CPTTP
Agreement

Neighboring
port



Kampot's
new port

Reliance
on vendor



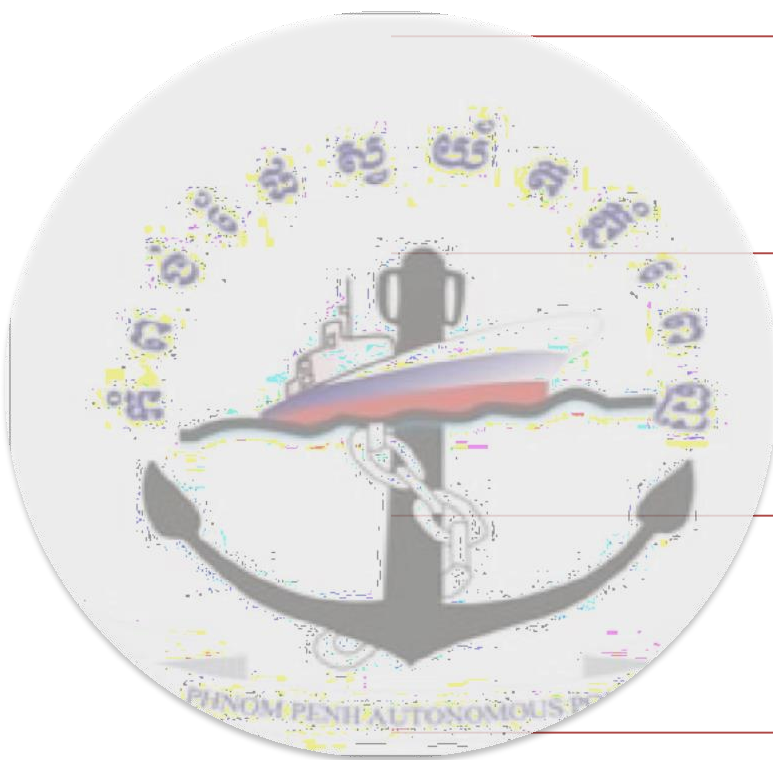
Increase
wages



Other

BUY

RECOMMENDATION



Strong competitive edge



Positive economic outlook



Healthy operating metrics



Stimulating financial performance

Target Price:

USD 2.32



USD 1.63

**42.33%
UPSIDE**

THANK YOU!

២. សមាសភាពក្រុមប្រឹក្សាភិបាល



Board of Directors	Title
1. H.E. Hei Bavy	Chairman and CEO
2. H.E. Suon Rachana	Member (Rep. of Ministry of Public Works and Transportation)
3. H.E. Ken Sambath	Member (Rep. of Ministry of Economy & Finance)
4. H.E. Penn Sovicheat	Member (Rep. of Ministry of Commerce)
5. Mr. Gui Anvanith	Member (Independent Director)
6. Mrs. Chuon Sokhem	Member (Rep. of Employees of PPAP)
7. Mr. Dith Sochal	Member (Non-Executive Director, Rep. of Private Shareholders)

Source: CSX Website ⁽²⁰⁾

Senior Officers	Title
1. Tao Ni	Deputy Director General of Administration and Finance
2. Koy Bounthon	Deputy Director General of Technique
3. Mr. Hiek Phirun	Deputy Director General of Maritime Service/Traffic
4. Hei Phanin	Deputy Director General of Operation
5. Mr. Keo Sophanara	Head of Internal Audit Department
6. Mrs. Chuon Sokhem	Head of Administration Department
7. Mr. Kong Sothea	Head of Personnel/HR Department
8. Ms. Chheav Vanthea	Head of Accounting/Finance Department
9. Mr. Chui Vichet	Head of Engineer Department
10. Mr. Chieap Viraya	Head of Hydrographic Department
11. Tol Sokhom	Head of Harbor Department
12. Mr. Soy Sereysovathanak	Head of Commercial Zone/Domestic Port Department
13. Hun Sokhali	Head of Planning/Marketing Department
14. Mr. Yim Choeurn	Head of LM17 Operation Department
15. Mr. Kong Channy	Manager of Secretariat

Source: Annual Report

CORP. GOVERNANCE ASSESSMENT	SCORE	WEIGHT	CALCULATION
1. BOARD AND MANAGEMENT	12/13	46%	43%
a. The board does not exceed seven members pursuant to the law on the General Statute of Public Enterprises			
b. The board consists of at least one independent director and one non-executive director as a representative of the private shareholders			
c. The director take clear responsibilities to make sure that no directors or any small group may put pressure on the board's decision			
d. PPAP has formal and transparency remuneration policy by determining aggregate compensation and remuneration package for directors and senior officers			
e. The independent directors are nominated by the board of director and elected at the general shareholder meeting from at least two proposed candidates			
f. The non-executive directors representing private shareholders nominated by the board of director from candidates proposed by private shareholders and elected by private shareholders			
g. The mandate of the independent director and the non-executive directors representing private shareholders last three years			
h. The board constitutes a number of committees, including audit committee, risk management committee			
i. The audit committee is composed of at least three members and chaired by independent director and this committee have at least one financial expertise and rich in experiences in finance and other members who are literate in finance and accounting			
j. The risk management committee compose of at least three members, at least one member has expertise in finance and risk management			
k. The nomination committee is composed of at least three members who are non-executive directors			
l. The board ensures that the directors access training in order to keep themselves up-to-date with the development of corporate governance, laws and other regulations that may affect the operation of PPAP			
m. The company holds a meeting with the audit committee at least once a year without the presence of senior officers			
2. FINANCIAL DISCLOSURE	5/6	21%	18%
a. PPAP establishes a transparent and fair mechanism when there are any actions leading to change in corporate control, such as takeovers, mergers, acquisitions and transfers of business or liquidation in accordance with the law on the General Statute of Public Enterprises and the Anukret on the implementation of law on the General Statute of Public Enterprises			
b. PPAP discloses, in an efficient and timely manner, information that is required by Law and regulation and any other information that may influence the decision-making of shareholders and other stakeholders			
c. PPAP discloses information in an easy-to-understand form to avoid ambiguous and complicate technical terms			
d. The publicly disclosed information is easily accessible and low cost			
e. Documents disclosed in a foreign language translated into Khmer by an agent recognized by the SECC			
f. PPAP changes its professional accounting firm at every three years or less			

3. INVESTOR'S RELATION		5/5	18%	18%
a. The shareholders have the right to the registration of their ownership, conveyance or transfer of shares, the right to obtain relevant information, participate and vote in general shareholder meetings				
b. PPAP has a website which the shareholders and the public can access information				
c. Shareholders of the same class of shares treated equally				
d. PPAP recognizes one vote for each common share for all shareholders and that voting right are not restricted by any person				
e. Any shareholders access non-disclosed information from PPAP				
4. GOVERNANCE STRUCTURE		1/4	14%	4%
a. PPAP's Annual report provides for a chapter on corporate governance where they describe all the relevant events related to the corporate governance, recorded during the previous financial exercise				
b. PPAP includes a description of their corporate governance structures in a company website				
c. There are defined the corporate governance structures, positions, components and responsibilities of the Board of Directors (BD) and of the executive management				
d. The Corporate Governance Regulations are posted on the company website, indicating the date of the last update				
TOTAL CORPORATE GOVERNANCE SCORE		21/28	100%	82%
GRADING SCALE				
Insignificant Threat to shareholders		100%		
Low threat to Shareholders		80%		
Moderate threat to Shareholder		60%		
Significant threat to shareholders		40%		
High threat to shareholders		20%		

Source: Prakas on Corporate Governance for Listed Public Enterprise & Team Analysis

INCOME STATEMENT

In USD \$	2013	2014	2015	2016	2017
Revenue	11,402,763	13,292,255	15,137,484	16,300,422	18,856,296
Cost of services	(4,574,299)	(5,311,058)	(5,388,585)	(5,619,645)	(6,460,794)
Gross profit	6,828,464	7,981,197	9,748,899	10,680,777	12,395,502
Other income	352,757	301,336	360,285	967,904	603,968
General Administration and selling expense	(4,316,379)	(4,188,216)	(4,581,506)	(5,619,730)	(5,561,219)
Profit from operation	2,864,842	4,094,317	5,527,678	6,028,951	7,438,251
Finance costs	(1,339,411)	(1,288,541)	(1,159,186)	(1,272,385)	(1,254,767)
Profit before taxation	1,525,431	2,805,776	4,368,492	4,756,566	6,183,484
Income tax expense	(753,246)	(660,667)	(1,185,267)	(669,176)	(821,651)
Net profit for the year	772,185	2,145,109	3,183,225	4,087,390	5,361,833
Other comprehensive income					
Re-measurements of defined benefit liability	(42,618)	(49,004)	4,831	47,626	(27,304)
Total comprehensive income	729,567	2,096,105	3,188,056	4,135,016	5,334,529

INCOME STATEMENT (COMMON SIZE)

In %					
Revenue	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of services	-40.12%	-39.96%	-35.60%	-34.48%	-34.26%
Gross profit	59.88%	60.04%	64.40%	65.52%	65.74%
Other income	3.09%	2.27%	2.38%	5.94%	3.20%
General Administration and selling expense	-37.85%	-31.51%	-30.27%	-34.48%	-29.49%
Profit from operation	25.12%	30.80%	36.52%	36.99%	39.45%
Finance costs	-11.75%	-9.69%	-7.66%	-7.81%	-6.65%
Profit before taxation	13.38%	21.11%	28.86%	29.18%	32.79%
Income tax expense	-6.61%	-4.97%	-7.83%	-4.11%	-4.36%
Net profit for the year	6.77%	16.14%	21.03%	25.08%	28.44%

FORECASTED STATEMENT OF PROFIT OR LOSS & COMMON SIZE

Forecasted Statement of Profit or Loss	Q4E/2018	2019	2020	2021	2022
Revenue	22,438,992	26,926,791	32,312,149	39,420,822	48,093,402
Cost of services	(8,275,866)	(9,931,039)	(11,917,247)	(14,539,042)	(17,737,631)
Gross Profit	14,163,126	16,995,751	20,394,902	24,881,780	30,355,772
Other income	757,583	909,100	1,090,920	1,330,922	1,623,725
General Administration and selling expense	(7,341,907)	(8,810,289)	(10,572,346)	(12,898,262)	(15,735,880)
Profit From Operation	7,578,802	9,094,563	10,913,475	13,314,440	16,243,617
Finance costs	(1,237,200)	(1,219,879)	(1,202,801)	(1,185,962)	(1,169,358)
Profit Before Taxation	6,341,602	7,874,683	9,710,674	12,128,478	15,074,258
Income tax expense	(634,160)	(1,574,937)	(1,942,135)	(2,425,696)	(3,014,852)
Net Profit For The Year	5,707,442	6,299,747	7,768,539	9,702,782	12,059,407

Forecasted Statement of Profit or Loss	Q4E/2018	2019	2020	2021	2022
Revenue	100%	100%	100%	100%	100%
Cost of services	-37%	-36.88%	-36.88%	-36.88%	-36.88%
Gross Profit	63.12%	63.12%	63.12%	63.12%	63.12%
Other income	3.38%	3.38%	3.38%	3.38%	3.38%
General Administration and selling expense	-32.72%	-32.72%	-32.72%	-32.72%	-32.72%
Profit From Operation	33.78%	33.78%	33.78%	33.78%	33.78%
Finance costs	-5.51%	-4.53%	-3.72%	-3.01%	-2.43%
Profit Before Taxation	28.26%	29.24%	30.05%	30.77%	31.34%
Income tax expense	-2.83%	-5.85%	-6.01%	-6.15%	-6.27%
Net Profit For The Year	25.44%	23.40%	24.04%	24.61%	25.07%

BALANCE SHEET

In USD \$	2013	2014	2015	2016	2017
Assets					
Non-current asset	142,173,078	140,767,115	140,013,553	145,156,392	145,355,017
Property, plant and equipment	7,852,418	7,842,164	7,907,653	8,535,320	8,473,703
Investment properties	-	-	-	-	-
Prepayment	150,025,496	148,609,279	147,921,206	153,691,712	153,828,720
Current assets	2,265,818	1,375,233	2,913,180	2,934,781	3,009,308
Trade and other receivable	126,670	1,820,910	8,749,221	6,751,489	11,717,944
Cash and bank balance	2,392,488	3,196,143	11,662,401	9,686,270	14,727,252
Total assets	152,417,984	151,805,422	159,583,607	163,377,982	168,555,972
Liabilities and equity					
Equity	25,884,662	26,777,872	110,316,612	114,453,485	114,453,485
Share capital	-	-	4,292,375	155,502	155,502
Share premium/other capital	335,366	349,143	431,780	590,941	795,311
Legal reserves	335,366	349,143	431,780	590,941	795,311
General reserves	6,087,168	6,335,151	7,822,617	10,126,768	12,355,661
Development fund	84,331,897	85,655,817	3,160,025	3,175,671	5,282,062
Retained earning	-	-	-	-	-
Currency translation difference					
Total Equity	116,974,459	119,467,126	126,455,189	129,093,308	133,837,332
Non-current liabilities	-	-	-	793,653	630,080
Guaranteed dividend payable	28,979,637	28,979,637	28,979,637	28,979,637	26,909,663
Borrowings	619,842	717,462	525,192	533,959	619,279
Provision for retirement benefit	476,048	693,094	1,082,617	1,183,701	1,414,296
Deferred tax liabilities, net	30,075,527	30,390,193	30,587,446	31,490,950	29,573,318
Current liabilities	3,176,183	-	-	-	2,069,974
Overdrafts	1,966,013	1,628,128	1,900,091	2,304,463	2,510,885
Trade and other payable	225,802	319,975	640,881	489,261	564,463
Provision for income tax	5,367,998	1,948,103	2,540,972	2,793,724	5,145,322
Total liabilities	35,443,525	32,338,296	33,128,418	34,284,674	34,718,640
Total liabilities and equity	152,417,984	151,805,422	159,583,607	163,377,982	168,455,972

BALANCE SHEET (COMMON SIZE)

In %	2 0 1 3	2 0 1 4	2 0 1 5	2 0 1 6	2 0 1 7
A s s e t s					
Non-current asset					
Property, plant and equipment	9 3 . 2 8 %	9 2 . 7 3 %	8 7 . 7 4 %	8 8 . 8 5 %	8 6 . 2 4 %
Investment properties	5 . 1 5 %	5 . 1 7 %	4 . 9 6 %	5 . 2 2 %	5 . 0 3 %
Prepayment	-	-	-	-	
Current assets					
Trade and other receivable	1 . 4 9 %	0 . 9 1 %	1 . 8 3 %	1 . 8 0 %	1 . 7 9 %
Cash and bank balance	0 . 0 8 %	1 . 2 0 %	5 . 4 8 %	4 . 1 3 %	6 . 9 5 %
Total assets	1 0 0 . 0 0 %	1 0 0 . 0 0 %	1 0 0 . 0 0 %	1 0 0 . 0 0 %	1 0 0 . 0 0 %
Liabilities and equity					
Equity					
Share capital	2 2 . 1 3 %	2 2 . 4 1 %	8 7 . 2 4 %	8 8 . 6 6 %	8 5 . 5 2 %
Share premium/other capital	-	-	3 . 3 9 %	0 . 1 2 %	0 . 1 2 %
Legal reserves	0 . 2 9 %	0 . 2 9 %	0 . 3 4 %	0 . 4 6 %	0 . 5 9 %
General reserves	0 . 2 9 %	0 . 2 9 %	0 . 3 4 %	0 . 4 6 %	0 . 5 9 %
Development fund	5 . 2 0 %	5 . 3 0 %	6 . 1 9 %	7 . 8 4 %	9 . 2 3 %
Retained earning	7 2 . 0 9 %	7 1 . 7 0 %	2 . 5 0 %	2 . 4 6 %	3 . 9 5 %
Currency translation difference	-	-	-	-	-
Total Equity	1 0 0 . 0 0 %	1 0 0 . 0 0 %	1 0 0 . 0 0 %	1 0 0 . 0 0 %	1 0 0 . 0 0 %
Non-current liabilities					
Guaranteed dividend payable	-	-	-	2 . 3 1 %	1 . 8 1 %
Borrowings	8 1 . 7 6 %	8 9 . 6 1 %	8 7 . 4 8 %	8 4 . 5 3 %	7 7 . 5 1 %
Provision for retirement benefit	1 . 7 5 %	2 . 2 2 %	1 . 5 9 %	1 . 5 6 %	1 . 7 8 %
Deferred tax liabilities, net	1 . 3 4 %	2 . 1 4 %	3 . 2 7 %	3 . 4 5 %	4 . 0 7 %
Current liabilities					
Overdrafts	8 . 9 6 %	-	-	-	5 . 9 6 %
Trade and other payable	5 . 5 5 %	5 . 0 3 %	5 . 7 4 %	6 . 7 2 %	7 . 2 3 %
Provision for income tax	0 . 6 4 %	0 . 9 9 %	1 . 9 3 %	1 . 4 3 %	1 . 6 3 %
Total liabilities	1 0 0 . 0 0 %	1 0 0 . 0 0 %	1 0 0 . 0 0 %	1 0 0 . 0 0 %	1 0 0 . 0 0 %

FORECASTED STATEMENT OF FINANCIAL POSITION

Forecasted Statement of Financial Position	Q4E/2018	2019	2020	2021	2022
Assets					
Non-Current Asset					
Property, plant and equipment	151,819,017	158,283,017	169,747,017	182,211,017	194,675,017
Investment properties	8,609,282	8,747,031	8,886,983	9,029,175	9,173,642
Prepayment	-	-	-	-	-
Current Assets					
Trade and other receivable	3,757,599	4,500,094	5,400,113	6,588,137	8,037,527
Cash and bank balance	10,155,475	9,614,838	31,352,174	29,356,281	32,578,370
Total Assets	174,341,373	181,144,980	215,386,287	227,184,610	244,464,556
Liabilities and Equity					
Equity					
Share capital	114,453,485	114,453,485	114,453,485	114,453,485	114,453,485
Share premium/other capital	155,502	155,502	155,502	155,502	155,502
Legal reserves	954,373	1,145,248	1,374,297	1,649,157	1,978,988
General reserves	954,373	1,145,248	1,374,297	1,649,157	1,978,988
Development fund	14,579,680	17,204,022	20,300,746	23,954,881	28,266,759
Retained earning	9,471,188	16,200,602	22,024,306	29,675,146	39,450,219
Total Equity	140,568,601	150,304,107	159,682,633	171,537,328	186,283,941
Non-Current Liabilities					
Guaranteed dividend payable	472,560	354,420	265,815	199,361	149,521
Borrowings	24,839,689	22,769,715	46,099,741	44,029,767	44,059,793
Provision for retirement benefit	625,472	631,727	638,044	644,424	650,868
Deferred tax liabilities, net	1,767,870	2,209,838	2,762,297	3,452,871	4,316,089
Current Liabilities					
Portion of Non-current liability	2,069,974	2,069,974	2,069,974	2,069,974	2,069,974
Trade and other payable	3,319,851	4,062,346	4,962,365	6,150,389	7,599,779
Provision for income tax	677,356	812,827	975,392	1,170,470	1,404,565
Total Liabilities	33,772,772	30,840,873	55,703,654	55,647,282	58,180,615
Total Liabilities and Equity	174,341,373	181,144,980	215,386,287	227,184,610	244,464,556

FORECASTED STATEMENT OF FINANCIAL POSITION (COMMON SIZE)

Forecasted Statement of Financial Position	Q4E/2018	2019	2020	2021	2022
Assets					
Non-Current Asset					
Property, plant and equipment	87.08%	87.38%	78.81%	80.20%	79.63%
Investment properties	4.94%	4.83%	4.13%	3.97%	3.75%
Prepayment	0.00%	0.00%	0.00%	0.00%	0.00%
Current Assets					
Trade and other receivable	2.16%	2.48%	2.51%	2.90%	3.29%
Cash and bank balance	5.83%	5.31%	14.56%	12.92%	13.33%
Total Assets	100%	100.00%	100.00%	100.00%	100.00%
Liabilities and Equity					
Equity					
Share capital	81.42%	76.15%	71.68%	66.72%	61.44%
Share premium/other capital	0.11%	0.10%	0.10%	0.09%	0.08%
Legal reserves	0.68%	0.76%	0.86%	0.96%	1.06%
General reserves	0.68%	0.76%	0.86%	0.96%	1.06%
Development fund	10.37%	11.45%	12.71%	13.96%	15.17%
Retained earning	6.74%	10.78%	13.79%	17.30%	21.18%
Total Equity	100.00%	100.00%	100.00%	100.00%	100.00%
Non-Current Liabilities					
Guaranteed dividend payable	1.40%	1.15%	0.48%	0.36%	0.26%
Borrowings	73.55%	73.83%	82.76%	79.12%	75.73%
Provision for retirement benefit	1.85%	2.05%	1.15%	1.16%	1.12%
Deferred tax liabilities, net	5.23%	7.17%	4.96%	6.20%	7.42%
Current Liabilities					
Portion of Non-current liability	6.13%	6.71%	3.72%	3.72%	3.56%
Trade and other payable	9.83%	13.17%	8.91%	11.05%	13.06%
Provision for income tax	2.01%	2.64%	1.75%	2.10%	2.41%
Total Liabilities	100.00%	100.00%	100.00%	100.00%	100.00%

FORECASTED STATEMENT OF CASH FLOW

Forecasted Cashflow Statement	Q4E/2018	2019	2020	2021	2022
Operating Activities					
Net profit for the year	5,707,442	6,299,747	7,768,539	9,702,782	12,059,407
Adjustments for:					
Income tax expense	634,160	1,574,937	1,942,135	2,425,696	3,014,852
Depreciation of PPE and investment property	2,473,866	2,968,639	3,562,367	4,346,088	5,302,228
Property, plant and equipment written off	-	-	-	-	-
Foreign exchange difference	-	-	-	-	-
Provision for retirement benefits	6,193	6,255	6,317	6,380	6,444
Finance costs	1,237,200	1,219,879	1,202,801	1,185,962	1,169,358
Changes in:					
Trade and other receivables	(748,291)	(742,495)	(900,019)	(1,188,024)	(1,449,390)
Trade and other payables	808,966	742,495	900,019	1,188,024	1,449,390
Interest paid	(1,113,480)	(975,904)	(1,005,181)	(1,035,336)	(1,071,573)
Income tax paid	(757,880)	(1,818,913)	(2,182,695)	(2,662,888)	(3,248,723)
Withholding tax credit	(22,727.50)	(27,273.00)	(32,727.60)	(39,927.67)	(48,711.76)
Employee benefit paid	(30,731)	(28,648)	(26,706)	(24,896)	(23,208)
Net cash generated from operating activities	8,194,717	9,218,720	11,234,850	13,903,860	17,160,072
Investing Activities					
Purchase of property, plant and equipment	(6,464,000)	(6,464,000)	(11,464,000)	(12,464,000)	(12,464,000)
Purchase of investment property	(135,579)	(137,749)	(139,952)	(142,192)	(144,467)
Net cash used in investing activities	(6,599,579)	(6,601,749)	(11,603,952)	(12,606,192)	(12,608,467)
Financing Activities					
Dividend paid	(1,087,634)	(1,087,634)	(1,223,588)	(1,223,588)	(1,359,542)
Principal repayment	(2,069,974)	(2,069,974)	(2,069,974)	(2,069,974)	(2,069,974)
Proceed from Loan	-	-	25,400,000	-	2,100,000
Net cash used in financing activities	(3,157,608)	(3,157,608)	22,106,438	(3,293,562)	(1,329,516)
Net increase/(decrease) in cash and cash equivalents	(1,562,469)	(540,637)	21,737,336	(1,995,893)	3,222,089
Opening Cash and cash equivalents	11,717,944	10,155,475	9,614,838	31,352,174	29,356,281
Currency translation difference	-	-	-	-	-
Closing Cash and cash equivalents	10,155,475	9,614,838	31,352,174	29,356,281	32,578,370

COMPANY RATIO

	2013	2014	2015	2016	2017
PROBABILITY RATIO					
EBITDA margin	41.61%	47.95%	51.75%	69.06%	71.15%
Gross margin	59.88%	60.04%	64.40%	65.52%	65.74%
Net margin	6.77%	16.14%	21.03%	25.08%	28.44%
ROCE	1.95%	2.73%	3.52%	3.75%	4.55%
ROE	0.66%	1.80%	2.52%	3.17%	4.01%
ROA	0.51%	1.41%	1.99%	2.50%	3.18%
ROIC	0.70%	1.91%	2.81%	3.47%	4.48%
VALUATION RATIO					
P/E	35.2	12.22	7.99	6.17	4.90
Dividend yields	-	-	0.0051	0.0492	
Dividend payout	64.49%	23.08%	17.43%	6.92%	
DPS (KHR)	114.50	118.05	134.22	55.42	
EFFICIENCY RATIO					
Asset turnover	0.07	0.09	0.09	0.10	0.11
Receivable turnover (days)	73	38	70	66	58
Payable turnover (days)	157	112	129	150	142
FINANCIAL STRENGTH					
Debt-to-equity	25.71%	25.44%	24.19%	24.39%	22.10%
EPS (KHR)	177.55	511.5	770.07	800.9	1050
Current ratio	0.45	1.64	4.59	3.47	2.86
Interest Coverage	2.14	3.18	4.77	4.74	5.93

DISCOUNTED FREE CASH FLOW TO EQUITY

FREE CASH FLOW TO EQUITY	Q4E/2018	2019	2020	2021	2022	2023 Terminal Year
EBIT	7,578,802	9,094,563	10,913,475	13,314,440	16,243,617	
TAX	(757,880)	(1,818,913)	(2,182,695)	(2,662,888)	(3,248,723)	
Interest (1-tax)	(1,113,480)	(975,904)	(1,005,181)	(1,035,336)	(1,071,573)	
Loan repayment	(2,069,974)	(2,069,974)	(2,069,974)	(2,069,974)	(2,069,974)	
New loan obtained			25,400,000		2,100,000	
DEPRECIATION	2,473,866	2,968,639	3,562,367	4,346,088	5,302,228	
CAPEX	(6,464,000)	(6,464,000)	(11,464,000)	(12,464,000)	(12,464,000)	
Working Capital	-437,748	-437,748	-437,748	-437,748	-437,748	
FCFE	(790,414)	296,664	22,716,245	(1,009,418)	4,353,826	45,715,173
Dscount rate 15%	0.870	0.756	0.658	0.572	0.497	
Present value of FCFE	(687,316)	224,321	14,936,300	(577,138)	2,164,621	
Total PV of FCFE	16,060,787					
PV of Terminal Year FCFE	22,728,521					
Total Equity Value	38,789,308					
No of Shares outstanding	20,684,365.00					
Target Price	1.88					

COST OF EQUITY

Rating based Default Spread	638%
Country Risk Premium (Rating)	7.70%
Equity Risk Premium (Rating)	132%
Rf (Based on 10Y Vietnam Gov Bond)	5.04%
Beta	0.384
Total Risk Premium	20.9%
CAPM	13.1%
Demand CAPM	14.5%
Assumed Ke	15%

JUSTIFIED PRICE-TO-EARNINGS RATIO

PER		2018
Dividend		2,091,603
Earnings		5,707,442
Ke		15 %
Growth		6 %
Target Price		4.07

SHARE PRICE SENSITIVITY ANALYSIS

		Cost of Equity									
		11%	12%	13%	14%	15%	16%	17%	18%	19%	20%
Terminal Growth rate	0%	\$2.42	\$2.29	\$2.18	\$2.08	\$1.99	\$1.92	\$1.85	\$1.79	\$1.74	\$1.69
	1%	\$2.52	\$2.37	\$2.24	\$2.13	\$2.04	\$1.96	\$1.89	\$1.82	\$1.77	\$1.71
	2%	\$2.65	\$2.47	\$2.32	\$2.20	\$2.09	\$2.00	\$1.92	\$1.85	\$1.79	\$1.74
	3%	\$2.80	\$2.59	\$2.41	\$2.27	\$2.15	\$2.05	\$1.97	\$1.89	\$1.82	\$1.76
	4%	\$3.00	\$2.73	\$2.53	\$2.36	\$2.23	\$2.11	\$2.02	\$1.93	\$1.86	\$1.79
	5%	\$3.26	\$2.93	\$2.67	\$2.47	\$2.32	\$2.18	\$2.07	\$1.98	\$1.90	\$1.83
	6%	\$3.63	\$3.18	\$2.86	\$2.61	\$2.42	\$2.27	\$2.14	\$2.04	\$1.94	\$1.87
	7%	\$4.19	\$3.54	\$3.10	\$2.79	\$2.56	\$2.37	\$2.22	\$2.10	\$2.00	\$1.91
	8%	\$5.11	\$4.07	\$3.45	\$3.03	\$2.73	\$2.50	\$2.32	\$2.18	\$2.06	\$1.96
	9%	\$6.96	\$4.96	\$3.96	\$3.36	\$2.96	\$2.67	\$2.45	\$2.28	\$2.14	\$2.02

SWOT ANALYSIS

STRENGTH

- Shareholders (government) keep part of their dividend to fund future development
- Modern port facilities
- Maintenance of low operating cost
- Low cost port service provider
- Strong earning power and stable revenue growth

WEAKNESS

- River ports are unable to accommodate large vessels
- Lack of skillful workforce

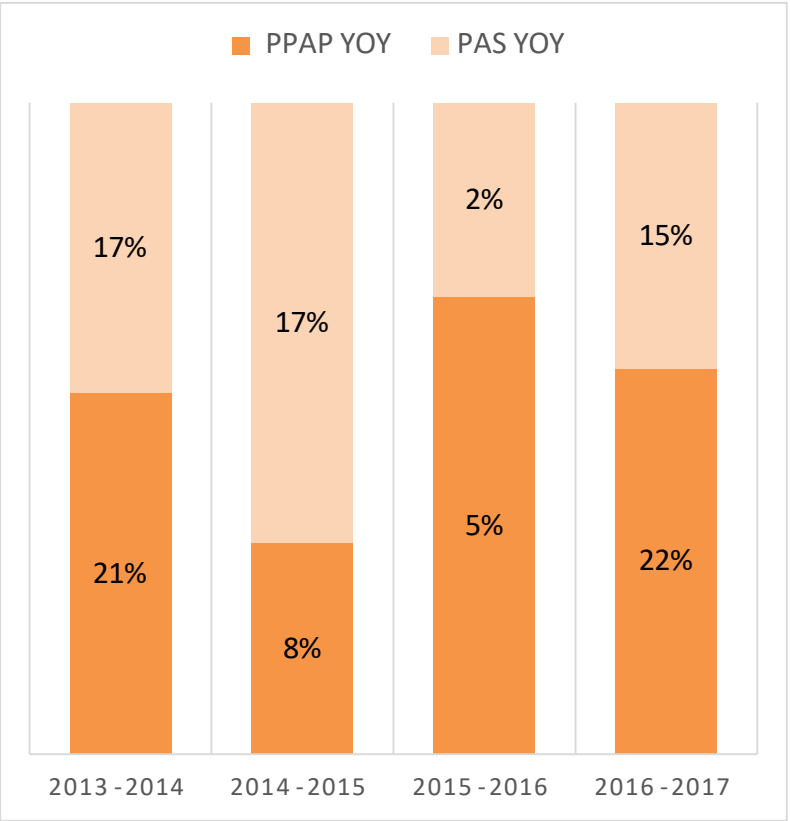
OPPORTUNITY

- Increase in TEU traffic among ASEAN countries
- Highly supported by government
- “One Belt One Road” effect
- Increasing customer base
- Stable economic growth
- Jewel of Mekong River : hinterland port, hub in Phnom Penh, Capital City

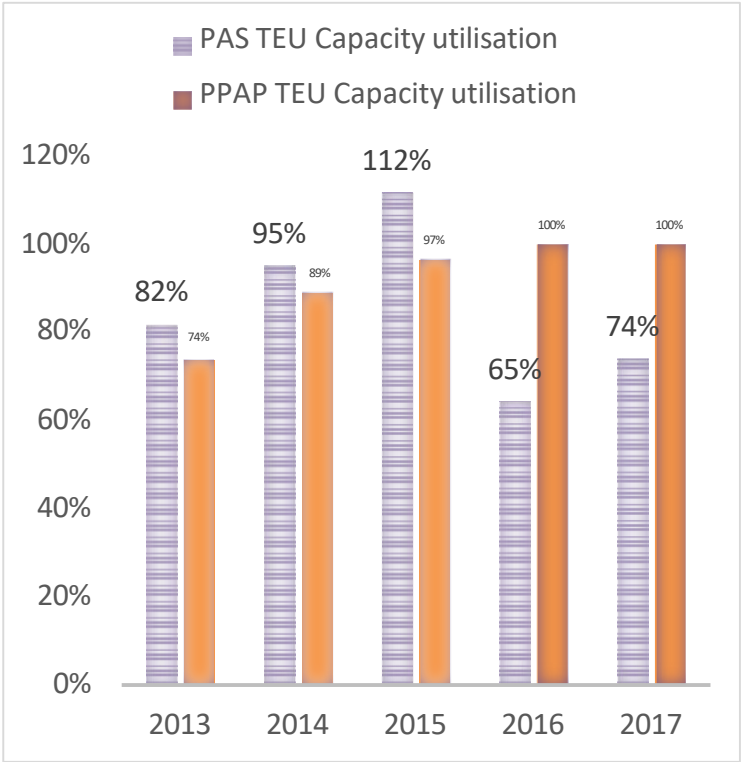
THREAT

- Potential retreat from “Everything But Arms” (EBA) agreement with European Union
- Strategic growth is over dependent on international trade
- Increasing price of energy

TEU YOY GROWTH FOR PPAP & PAS



TEU CAPACITY UTILIZATION



REVENUE BREAKDOWN

APPENDIX 1: REVENUE BREAKDOWN

	2017	2016	2015
	KHR'M	KHR'M	KHR'M
Stevedoring	31,298	27,196	24,487
Lift On Lift Off (LOLO)	26,689	21,699	20,011
Port dues & charges	12,805	11,650	10,129
Gate fee	2,711	2,230	1,987
Storage	1,723	1,939	1,183
Sand dredging management fee	156	1,292	2,917
Survey	773	38	730
Trucking fee	3	7	14
Weighting fee	114	16	-
Repair & Maintenance fee	1	-	-