

# DAUN PENH AGRICO CO., Ltd.

Credit Rating		Bond Information	
Issuer Credit Rating	<b>KhA</b>	Size	Up to USD 50 million
Outlook	<b>Stable</b>	Settlement	Quarterly interest & principal
Bond Credit Rating	<b>khAAA</b>	Maturity	8 Years (2-Year grace period)
		Type	Guaranteed Bond
		Coupon Rate	1) 5.25% p.a. 2) 90-Day Average SOFR + 1.60%, floored and capped at 4.00% and 6.00%, respectively 3) 90-Day Average SOFR + 1.7%

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## Key Rating Rationale

We initiate the credit coverage of Daun Penh Agrico Co., Ltd. (henceforth “DPA” or “the Company”) with an Issuer Credit Rating (ICR) of “khA” (National Scale) which indicates in the Cambodian context a “Strong capacity to meet financial commitments but somewhat susceptible to adverse changes in circumstances and economic environment”.

The Issuer Credit Rating itself has two components: a Stand-Alone Credit Profile (SACP) and an External Support Factor (ESF). The SACP analyses the credit profile of DPA from the perspective of its business risks and financial risk. In its own right, DPA’s SACP rating of “khBBB” indicates a “Low Risk” profile.

The External Support Factor is generated either by a related party such as a parent company or a holding company (Group Support), or by government-related entities (Country Support). In the case of DPA, the External Support Factor is “Strong” thanks to the Group Support from THACO Group. Hence the ICR is upgraded to “khA”.

All three bonds are guaranteed by GuarantCo, an entity rated “A1” by Moody’s and “AA-” by Fitch Ratings. In our view, the Guarantee Agreement justifies a credit substitution from the ICR of DPA to the ICR of GuarantCo. In case of default, bondholders are protected by an irrevocable and unconditional guarantee of timely payment in full (interest and principal) by GuarantCo. Hence the Bond Credit Rating is “khAAA” (National Scale).

The proceeds of the bonds issuance will be used to fund agricultural facilities as DPA is restructuring its plantations and crops.

## Outlook

The outlook for the credit rating of DPA is “**Stable**”. The Company’s development program will improve its competitive position and allow it to take advantage of the robust demand for bananas in China. Low leverage, adequate debt service coverage and improving profitability underpin a strong financial risk profile.

## Rating Sensitivity

On the upside, the improvement in DPA’s earnings and cash flow generation will be an important factor. On the downside, a deterioration in the economic environment, especially in Chinese consumption or a delay in DPA’s development plan might trigger a rating review.

Finally, the BCR is determined by GuarantCo’s global credit rating (A1 by Moody’s and AA- by Fitch Ratings) to which we assign a “khAAA” credit rating on our national scale so any negative development may lead us to reassess the BCR.



## Issues to Monitor

The successful completion restructuring and reinvestment program is a key factor in the development of the Company and its ability to meet its debt obligations. The evolution of the 90-Day Average SOFR that determines a large portion of the interest expense increases the Company's exposure to macroeconomic factors.

## DAUN PENH AGRICO CO., LTD.'s Summary

### Overview

DPA produces fruits (bananas, pineapples, mangoes) on a 7,376 ha Economic Land Concession (ELC) granted by the Royal Government of Cambodia (RGC) for a duration of 50 years with an optional extension for 20 years in Ratanakiri Province. DPA's main source of revenue is the export of bananas to China. Pineapple production is planned to start in 2027. The Company is closely integrated into the Vietnam-based THACO Group, its ultimate owner, and with other group companies through an off-take contract and other supply, support and logistics arrangements.

As at March 2025, DPA operated only 16% of its concession. Initially set up in 2011 to cultivate rubber, DPA switched to fruits in 2017 as the soil of its land was better suited for that type of crops. In 2024-2025 a drastic restructuring and reinvestment program is under way with the replacement of low-yielding trees with new high-quality banana varieties that better suit the standards of export markets. Further expansion in acreage of land cultivated is planned for full completion and land utilisation by 2028.

The total bond issuance is up to USD50mn consisting of three guaranteed bonds with a combination of fixed and floating interest rates. The proceeds will be used to fund selected agricultural facilities.

### Performance

Given the short track record for the cultivation of fruits and the on-going restructuring, the trend in operational and financial performances is not very meaningful. However, if the execution of the development plan is successful, DPA's production should exceed 290,000 tons, generating revenues around USD190mn with operating profit margins of 20%-25%.

**Note:** This is a provisional credit rating. Confirmation is subject to the Rating Committee vote and on the final documents not being materially different from those supplied to us in writing this report.

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## CONDENSED FINANCIAL STATEMENTS

	31 Dec 2021	31 Dec 2022	31 Dec 2023	31 Dec 2024
<i>All amounts in USD, unless otherwise stated</i>	Unaudited	Unaudited	Audited	Audited
<b>Statement of Profit or Loss</b>				
Revenue	30,545,214	25,749,230	29,459,955	6,024,392
Cost of sales	(22,808,619)	(24,369,832)	(27,531,332)	(2,839,096)
<b>Gross profit / (loss)</b>	<b>7,736,594</b>	<b>1,379,398</b>	<b>1,928,623</b>	<b>3,185,296</b>
Other incomes	(2,579)	117,660	717,994	1,768,825
General administrative expenses	(1,800,596)	(1,881,622)	(1,202,851)	(531,278)
<b>Operating profit / (loss)</b>	<b>5,933,419</b>	<b>(384,564)</b>	<b>1,443,766</b>	<b>4,422,843</b>
Finance expenses	(32,738)	(38,168)	(401,630)	(365,094)
<b>Profit / (loss) before tax</b>	<b>5,900,682</b>	<b>(422,732)</b>	<b>1,042,136</b>	<b>4,057,749</b>
Income tax expense	-	-	-	(843,662)
<b>Net profit / (loss) for the year</b>	<b>5,900,682</b>	<b>(422,732)</b>	<b>1,042,136</b>	<b>3,214,087</b>
<b>Statement of Financial Position</b>				
<b>Assets</b>				
Cash and cash equivalents	54,025	1,910,746	99,224	121,235
Trade and other receivables	6,217,187	60,935,677	69,616,052	81,130,147
Inventories	14,827,121	5,779,509	5,657,567	6,092,360
Other assets	104,587	1,226,897	1,256,754	1,882,512
<b>Total current assets</b>	<b>21,202,920</b>	<b>69,852,829</b>	<b>76,629,597</b>	<b>89,226,254</b>
Loan	-	-	25,754,552	42,826,036
Property and equipment	69,803,649	104,267,092	121,416,567	161,223,091
Computer software	9,163	8,484	7,806	7,127
Long-term prepaid expenses	950,792	-	-	-
<b>Total non-current assets</b>	<b>70,763,605</b>	<b>104,275,576</b>	<b>147,178,925</b>	<b>204,056,254</b>
<b>Total assets</b>	<b>91,966,524</b>	<b>174,128,405</b>	<b>223,808,522</b>	<b>293,282,508</b>
<b>Liabilities</b>				
Trade and other payables	104,242,247	104,302,597	111,319,620	173,049,681
Other tax payables	-	-	-	259,055
Borrowing	-	-	14,577,665	18,848,448
Statutory obligations	3,870	-	-	-
<b>Total current liabilities</b>	<b>104,246,117</b>	<b>104,302,597</b>	<b>125,897,285</b>	<b>192,157,184</b>
<b>Equities</b>				
Share capital	14,751,752	97,279,883	124,323,176	124,323,176
Accumulated losses	(27,031,344)	(27,454,075)	(26,411,939)	(23,197,852)
<b>Total equity</b>	<b>(12,279,592)</b>	<b>69,825,808</b>	<b>97,911,237</b>	<b>101,125,324</b>
<b>Total liabilities and equity</b>	<b>91,966,524</b>	<b>174,128,405</b>	<b>223,808,522</b>	<b>293,282,508</b>

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## CONDENSED FINANCIAL STATEMENTS (Cont.)

	31 Dec 2021	31 Dec 2022	31 Dec 2023	31 Dec 2024
<i>All amounts in USD, unless otherwise stated</i>	Unaudited	Unaudited	Audited	Audited
<b>Statement of Cash Flow</b>				
Net cash (used in)/generated by operating activities	(96,477)	(51,546,810)	6,265,674	59,472,157
Net cash (used in)/generated by investing activities	(106,839)	(29,124,600)	(23,943,602)	(46,649,445)
Net cash (used in)/generated by financing activities	82,528,131	15,866,406	(12,800,701)	-
<b>Net change in cash and cash equivalents</b>	<b>(203,316)</b>	<b>1,856,721</b>	<b>(1,811,522)</b>	<b>22,011</b>

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## Rating Definition

Issuer Credit Rating – National Scale			
National Rating	Definition		
khAAA	Extremely Strong Capacity to meet financial commitments	1	Very low risk
khAA	Very strong capacity to meet financial commitments	2	
khA	Strong capacity to meet financial commitments but somewhat susceptible to adverse changes in circumstances and economic environment	3	Low risk
khBBB	Adequate capacity to meet financial commitments but more susceptible to adverse changes in circumstances and economic environment	4	
khBB	Adequate capacity to meet financial commitment but more vulnerable to adverse changes in circumstances and economic environment	5	Moderate risk
khB	Adequate capacity to meet financial commitments but more likely to be affected by adverse changes in circumstances and economic environment	6	
khCCC	Capacity to meet financial commitments dependent on favorable business, financial and economic conditions	7	High risk
khCC	Weak capacity to meet financial commitments	8	
khC	Unlikely to be able to meet financial commitments	9	Very high risk
khD	In default partially or for all financial commitments	10	

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