

# Bloomberg

## Phnom Penh Water Surges on Cambodian Debut: Phnom Penh Mover

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Phnom Penh Water Supply Authority surged 48 percent on its first day of trading on the Cambodian exchange, which opened today as the government seeks to lure foreign capital by selling shares in state-run companies.

The bourse's only stock rose to 9,300 riel (\$2.33) with volume of 879,426 shares, according to data on the exchange's website. The utility sold shares at 6,300 riel in an initial public offering, according to the exchange.

The Cambodian government has said it wants to spur economic development by privatizing state enterprises and encouraging private companies to expand with new funding, echoing the strategy of its smaller neighbor Laos, which opened its stock exchange in January 2011. The two-stock Laos Composite Index soared 86 percent in its first three weeks of trading and has fallen more than 40 percent since then.

Phnom Penh Water "is a well-managed company with a very solid market position," Douglas Clayton, founder of Phnom Penh-based Leopard Capital, whose \$34 million Leopard Cambodia Fund invests in closely held companies, said today by e-mail. "However at these valuations its fundamentals are quite over-stretched and it is likely to undergo a price correction after the initial euphoria subsides." His fund owns shares in Phnom Penh Water.

Economic growth in Cambodia, with a population of 14.3 million, may reach 6.5 percent this year, the Asian Development Bank estimates. While that's less than the average of 8 percent between 2001 to 2010, it's more than the ADB's prediction of 6.4 percent growth for Indonesia, Southeast Asia's largest economy, and 5.5 percent for Thailand, the second biggest.

Telecoms, Ports

Cambodia's stock market opened at 9:09 a.m. with Deputy Prime Minister Keat Chhon presiding over the start, the Cambodia Securities Exchange said on its website. From tomorrow, stocks will trade between 8 a.m. and 11:30 a.m. in Phnom Penh with prices being quoted twice a day, according to the bourse.

The exchange may be able to lure five-to-10 IPOs a year, said Kim Bong Soo, chairman of Korea Exchange Inc., the Cambodian government's partner in the bourse. Telecom Cambodia and Sihanoukville Autonomous Port are preparing to sell shares, he said in an April 9 interview. There are no restrictions on foreign investors, according to the Securities & Exchange Commission of Cambodia website.

Phnom Penh Water raised about \$21 million after pricing the shares near the high end of a marketed range, Han Kyung Tae, managing director of sale arranger Tong Yang Securities (Cambodia), said on April 9.

“The price increase generally reflects the optimistic view of local investors about the company and especially the Cambodian economy,” Thomas Hugger, managing partner at Leopard Capital, said today by e-mail. “The issue was more than 17 times oversubscribed and that might also explain why Phnom Penh Water jumped today.”