

FPT RETAIL (FRT) – LISTING NOTE

Tuan Nguyen Thanh – tuan.nguyenthanh@vndirect.com.vn

Listing information

Expected date of listing	End of April
OTC price (VND/share)	140,000
Outstanding shares	40mn
Total Asset (VNDbn)	3,871
Total Equity (VNDbn)	756
Chartered Capital (VNDbn)	400

Key statistics

Market cap @ OTC price(VNDbn)	5,600
EPS (VND)	7,030
ROE	44.2%
P/E (*)	19.9x
P/B (*)	7.4x

(*) Calculated based on OTC price

Ownership

FPT	47.0%
Dragon Capital	20.0%
VinaCapital	15.0%
Others	17.0%

FPT Retail (FRT) will list 40mn shares on the HOSE by the end of April. We think FRT is not very attractively valued based on its current price in the OTC market, given its limited medium-term growth potential against the backdrop of fast maturing urban demand for smartphones. However, the foreign ownership room of around 15% might support FRT's share price, as FRT seems to be the only accessible pure-play retail name in Vietnam since PNJ and MWG are both at their foreign ownership limits.

FPT Retail (FRT) is a consumer electronics retailer, ranking second in mobile retailing after MWG, with an 18.5% market share. The company has the lead in laptop retailing, with an 18.2% market share, and is also the most efficient retailer in terms of utilizing its selling space, with sales per sqm of VND385mn per sqm (21.1% higher than that for MWG's handset retailing chain, Thegioididong).

FRT is broadening its target customer base through the F.Studio chain and F.Friends/F.Friends payment plans. F.Friends Credit will boost sales by offering cheap installment plans given that penetration of consumer electronic products is still relatively low in the low-income segment. FRT also expects to open an additional 100 F.Studio outlets by 2020 to penetrate the high-end segment of the smartphone market, aimed at Apple users. However, this segment is relatively small (around 7.3% of total smartphone users, according to Euromonitor), so we do not believe that F.Studio can become a major growth engine.

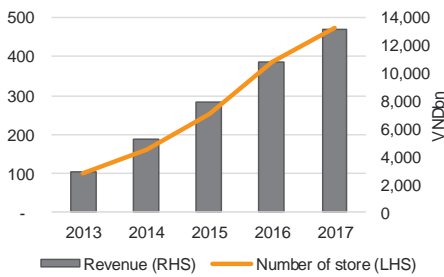
FRT seems to have limited near-term future growth potential given the approaching maturity of the mobile phone and laptop industries in the coming years in urban and semi-urban areas, which contribute the most to its revenue. Euromonitor projects 2017-2022 sales CAGR for mobile phones and laptops of -5.5% and -2.3%, respectively, as smartphone penetration plateaus (currently 45.0%), devices become cheaper spurred by Chinese competition and demand for laptops continues to decline as feature-rich smartphones increasingly replicate the functionality of laptops. Long-term growth will track urbanization.

Debt-fueled growth of the past not sustainable. FRT borrowed heavily in the past to fuel growth and has continuously de-leveraged since. We believe management will prioritize prudent balance sheet management going forward over another bout of debt-fuelled network expansion. This caps near-term growth potential.

FRT's shares are trading at a TTM P/E of 19.9x on the OTC market, a 25.2% premium compared to peers, which is relatively expensive. Given the uncertainty around FRT's future growth drivers and its need to continue to deleverage, we do not think it deserves to trade at a premium to MWG which has the leading mobile phone retail franchise in the market and is 3x the size of FRT.

Financial summary (VND)	12-14A	12-15A	12-16A	12-17A
Net revenue (bn)	5,283	7,950	10,853	13,147
Revenue growth	77.9%	50.5%	36.5%	21.1%
Gross margin	14.1%	14.2%	13.0%	13.8%
EBITDA margin	1.8%	3.1%	3.4%	3.5%
Net profit (bn)	41	146	208	290
Net profit growth		255.4%	42.4%	39.7%
Recurring profit growth		325.5%	39.1%	45.0%
FD EPS	2,247	4,900	5,032	7,030
BVPS	6,937	15,596	25,762	19,911
ROAE	99.4%	78.1%	50.2%	44.2%

Figure 1: FRT's revenue and stores count



Source: VNDIRECT, Euromonitor

The leading laptop retailer and 2nd largest mobile phone retailer.

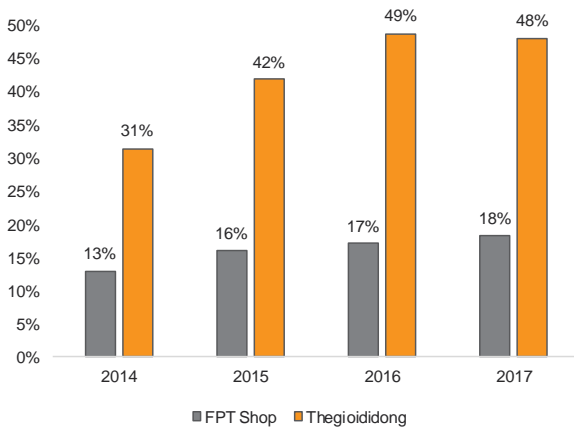
FPT Retail (FRT) was established in 2011 as a subsidiary of FPT Corporation (FPT). In 2017, FPT decided to reduce its stake in FRT from 75.0% to 47.0% by selling a stake to Dragon Capital (20.0%) and Vina Capital (15.0%) and other investors.

FRT recorded a staggering revenue CAGR of 45.1% during 2013-2017 thanks to its aggressive network expansion from 100 to 460 stores. It was able to do this despite joining the electronic retailing market much later than its peers. Currently, FRT operates under 2 brand names including FPT Shop (491 stores), selling mobile phones, tablets and laptops, and F.Studio (12 stores) which is the only chain of Apple Premium Resellers in Vietnam, and sells Apple products exclusively.

FRT is the most efficient electronic retailer in terms of sales per sqm, despite being far behind Thegioididong in term of mobile phone market share (18.2% compared with 48.1%). FRT's average store size of 80sqm is smaller than a Thegioididong store (138sqm), and it realized an average of VND385mn of revenue per sqm compared with VND318mn per sqm for Thegioididong in 2016.

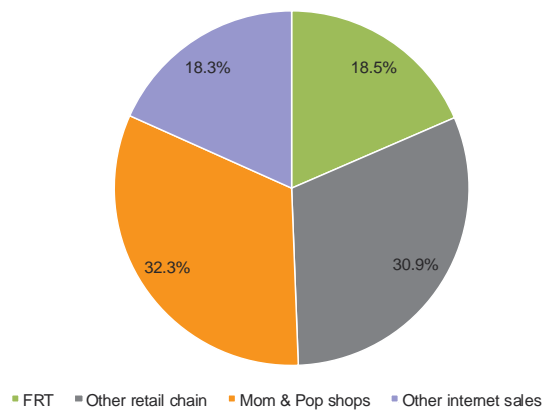
FRT currently holds the leading market share of 18.5% in the small and fragmented laptop market. FRT and other retail chains hold 36.8% of the laptop market in terms of sales, jostling for space with mom & pop shops (32.2%) and online retailers (30.9%). According to Euromonitor, the laptop market in Vietnam is estimated at VND9,144bn, equivalent to just 11.6% the size of the mobile phone market.

Figure 2: Mobile phone retail market share of the top 2 brands



Source: VNDIRECT, Euromonitor

Figure 3: 2017 Laptop Market share by key players



Source: VNDIRECT, FRT

FRT is targeting both the low and premium ends of the market using F.Studio and F.Friend Credit to combat growing saturation.

F.Studio is aiming at the high end segment, since 50% of Apple products in Vietnam are informally "hand-carried" from foreign countries. According to FRT's management, it will be able to compete with Apple products imported through informal channels even though FRT's products might be around 6-7% more expensive due to import duties on logistics costs; but this might be justifiable to buyers since FRT provides after sales service including a "within 30 days return" policy which is not available to buyers of phones that are directly purchased overseas. Furthermore, customers will receive an incomparable experience in F.Studio, Apple Premium Reseller (APR), which seeks to replicate the experience in Apple concept stores,

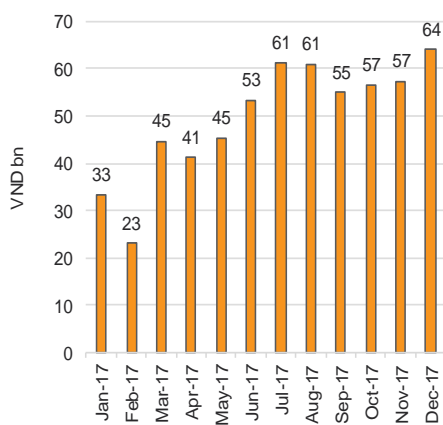
internationally. FRT will conduct seminars and workshops to educate customers about the latest technology trends in the market. This will form a community of Apple users and boost the loyalty of existing customers.

Figure 4: An F.Studio outlet



Source: FRT

Figure 5: F.Friends loans issued in 2017



Source: VNDIRECT, FRT

However, F.Studio will not make a significant contribution to FRT's revenue in the medium-term as it is targeting a niche. We estimate that the value of "hand-carried" Apple products each year is around VND5,700bn and we assume that FRT can claim up to 40% of the demand in this informal segment (since FRT currently owns 40% of authorized Apple products sales in Vietnam). In the best case, F.Studio can reach up to VND2,280bn of revenue in the next 2 years, contributing only 14.2% and 11.3% of 2018 and 2019 FRT's planned revenue, respectively, which is meaningful but not enough to combat the headwinds created by rapid market maturation.

F.Friends and F.Friends Credit will improve affordability of consumer electronic devices, boosting uptake in the mass market segment. According to FRT's figures, 30% of its annual sales are financed by third party consumer finance companies. FRT has now introduced its owned financing solutions, F.Friends and F.Friends Credit. These packages are rather attractive alternatives to normal consumer financing solutions, considering that banks and financial companies can charge up to 30% interest annually on such loans.

Figure 6: FRT's financing solutions

	F.Friends	F.Friends Credit
Conditions	Must be an employee of FPT or FPT's partners	Any customers who have credit card of banks that co-operate with FRT
Benefits	0% interest rate installment payment plan in the first 6 months	
	3% discount on upfront payment	2% discount on upfront payment

Source: VNDIRECT, FRT

In 2017, sales through the F.Friends program reached VND596.3bn, corresponding to 4.5% of FRT's revenue. By the end of 2017, F.Friends had built a membership base of 650,000 customers and over 2,000 corporate clients and is expected to expand its database to 2 million members by 2020. These 2 programs are promotion strategies to attract customers, however considering the fact that other retailers also provide instalment payment plans, we think that this plan might not give FRT an actual edge over its peers and could also be balance-sheet intensive to scale-up.

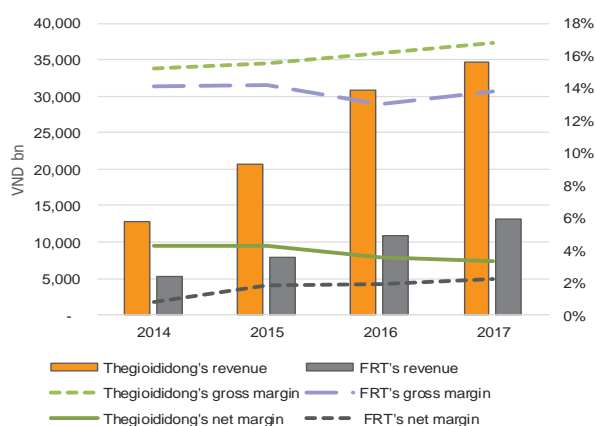
Balance sheet has improved recently but operating efficiency has deteriorated.

Net margin improved, yet still below that of the market leader MWG. FRT's net profit margin expanded from -1.1% in 2013 to 2.2% in 2017, while gross margin, even though more volatile, saw an improvement from 11.1% to 13.8% in 2013/ 2017 period, due to growing economies of scale and rising sales volumes which have improved bargaining power with OEMs.

FRT still, however, lags industry leader MWG in terms of profitability even though these two retailers have very similar business models. The main difference is that MWG has greater scale and can negotiate larger discounts from manufacturers; Thegioididong's revenue of VND35trl in 2017 was nearly three times that of FRT, implying that the latter's scale disadvantage is not trivial.

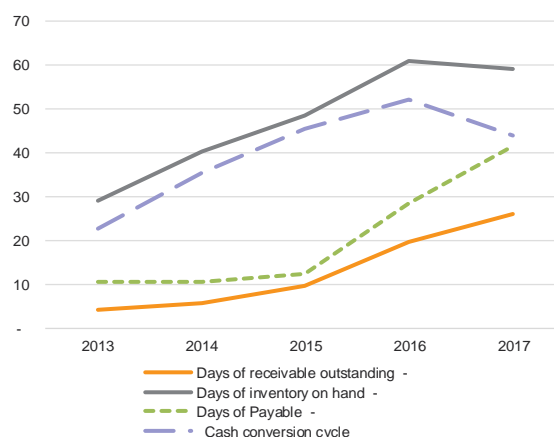
Operating efficiency has deteriorated as the cash conversion cycle in 2017 was 20 days longer than it was four years ago. Inventory days increased until 2016 and only saw a slight decline in 2017. In addition, higher accounts receivables days boosted working capital, depressing cash flow from operations. The only positive signal is the rise in payable days, stemming from better credit terms with manufacturers as a result of growing scale.

Figure 7: Profitability of FRT versus MWG



Source: VNDIRECT, FRT, MWG

Figure 8: FRT's cash conversion cycle in 2013/2017 period



Source: VNDIRECT

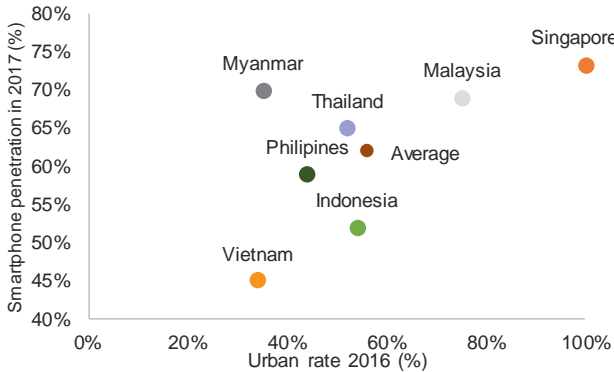
FRT's future seems uncertain in light of the maturity of the mainstream mobile phone market in urban areas and its small scale relative to MWG.

The biggest challenge facing FRT is the maturity of the mobile phone market. This segment has grown strongly with a sales CAGR of 19.5% during 2012-2017, including 36.2% for smartphones and -19.2% for feature phones. Hence, smartphone penetration rate has increased to 45.0% of the total population in 2017, albeit still lower than the regional average of 61.9%. However, considering that Vietnam's urbanization rate (34%) and share of middle class proportion (23%) are much lower than the regional average, we think that current smartphone penetration rate in Vietnam is already high and future demand will rely on a) "premiumization" at the higher end of the market as higher-income consumers trade-up to high-end brands like Apple; and b) growing penetration in the low-income, rural population which will trade up from feature phones to smart phones. However, neither of these long-term trends are likely to compensate for the smartphone saturation in the middle class urban segment of the

market which has seen explosive growth in the past decade and lifted all smartphone retailers.

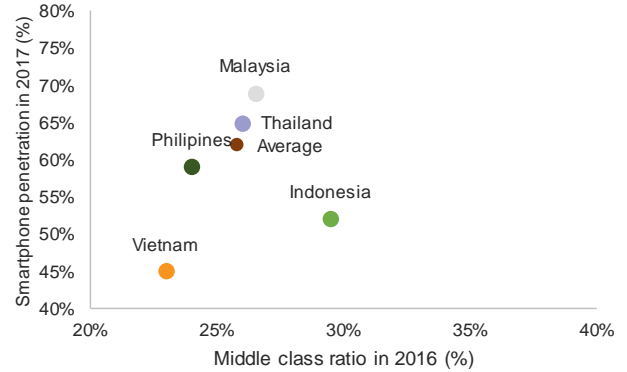
In fact, Euromonitor expects smartphone sales volume in Vietnam to decline at a CAGR of -4.6% over 2017-2022.

Figure 9: Smartphone penetration (2017) versus urbanization rate (2016) of Vietnam and neighbors (% of total population)



Source: GSMA, Worldbank

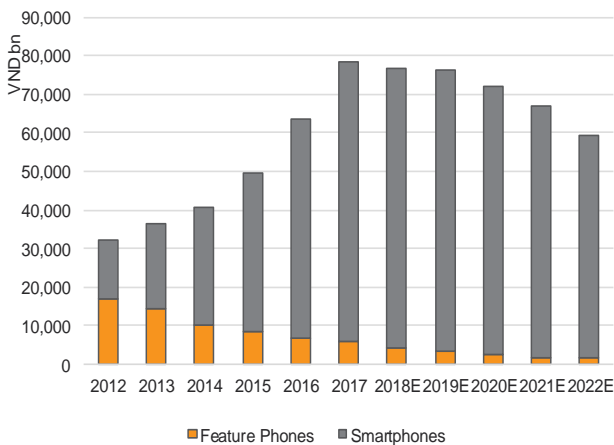
Figure 10: Smartphone penetration (2017) versus middle class ratio (2016) of Vietnam and neighbors (% of total population)



Source: GSMA, Euromonitor

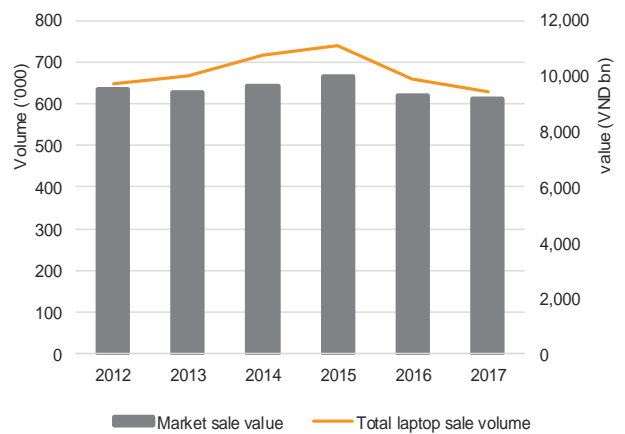
Laptop segment peaked as it saw a 5.0% decline in sales volume during 2017 and a 2012-2017 CAGR of -0.9%, due to the fact that new generations of smartphones are essentially providing all the functionality of laptops, and the fact that the replacement cycle of laptops is much longer. According to Euromonitor, the laptop penetration rate has reached 29% of households in 2017.

Figure 11: Mobile phone sales value in Vietnam – historical and forecasted



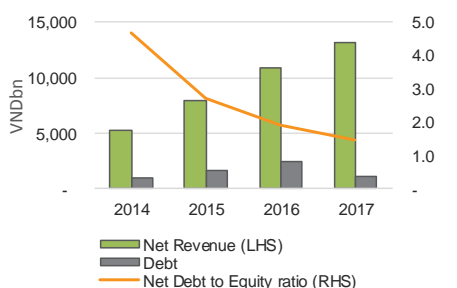
Source: VNDIRECT

Figure 12: Laptop market sales volume and value (2012-2017)



Source: VNDIRECT

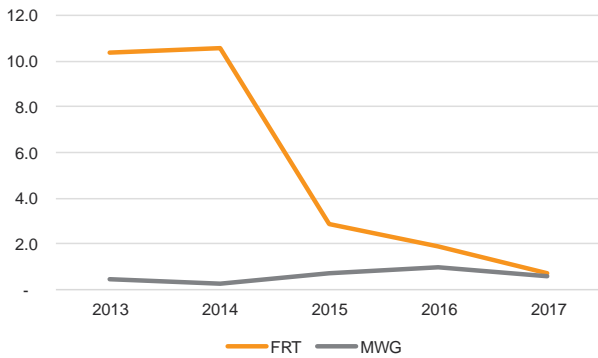
Figure 13: FRT's leverage over years



Source: FRT, VNDIRECT

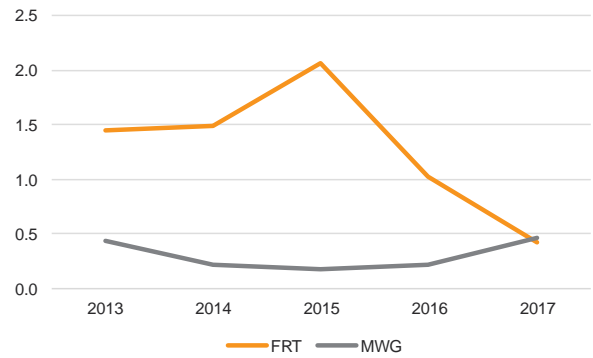
Revenue growth used to be over-reliant on borrowings but management seems to have prioritized prudent balance sheet management. FRT borrowed aggressively over the period 2013-2015 to fund its store expansion. This strategy is not sustainable in the long term, as leverage is already quite high. In 2017, FRT reduced debt by 51.8% YoY through accelerated repayments of existing debt and a slower pace of new borrowing. This suggests to us that, going forward, management does not want to pursue a debt-fuelled growth strategy that might stretch the balance sheet.

Figure 14: Net D/E of FRT versus MWG



Source: FRT, MWG, VNDIRECT

Figure 15: Quick ratio of FRT versus MWG

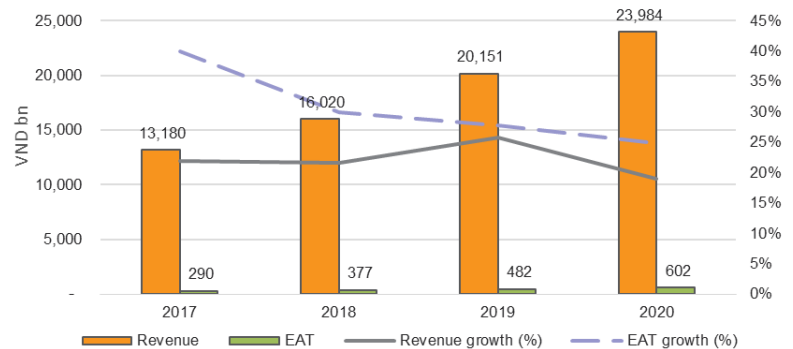


FRT, MWG, VNDIRECT

The business is no longer in the hyper growth stage. Capex fell by 45.8% YoY in 2017 and serves as a lead indicator of slowing growth. This appears to be consistent with the general slowdown in the growth of the market.

In our view, it will be difficult for FRT to meet its 2018 business plan, which is to achieve revenue of VND16,020bn (+21.9% YoY) and EAT of VND377bn (+30.0% YoY). Average annual revenue per store is expected to decrease to VND30bn, while the number of stores will increase by 21.1% to 573 in 2018, resulting in net revenue of VND15,690bn (+19.3% YoY). Gross margin could expand by around 18 bps to around 14.0% as higher sales volume will allow FRT to secure better bulk discounts from its suppliers. Overall, we expect 2018 EAT to touch VND371bn (+27.9% YoY).

Figure 16: FRT's business plan in the next 3 years



Source: VNDIRECT, Euromonitor

Continuing network expansion through 100 more F.Studio outlets by 2020 might eventually lead to cannibalization as the current 500 FPT Shop outlets have covered most cities and many suburban areas. The expansion plan of FRT is to open more F.Studio stores, which is perceived as a premium mobile phone retailing shop, targeting middle to high class customers in big cities. F.Studio will help drive "premiumization" at the higher end of the market but, by virtue of the superior in-store experience it provides versus regular FPT Shop formats, it will also attract customers (especially Apple users) from existing FPT Shops in nearby areas (33.6% of its stores are located in tier 1 cities), potentially cannibalizing its existing Apple product sales. The option of opening F.Studio stores in semi-urban areas and smaller

towns is not feasible as income levels in these areas are still too low to support meaningful demand for premium brands like Apple.

Based on the OTC price, FRT is trading at a 25.2% premium to the market leader MWG, which is difficult to justify.

Based on its current price on the OTC market of around VND140,000/share, FRT's trailing P/E ratio works out to 19.9x, which is a 25.2% premium to its direct competitor MWG. We think this is quite expensive as (1) FRT's leverage-driven revenue growth of the past cannot be sustained; (2) The mobile phone segment is approaching maturity; (3) potential growth from F.Studio is limited by its niche nature, and (4) MWG's consumer appliances retailer Dien May Xanh is likely to continue to consolidate its market position.

Figure 17: Peers comparison

Company	Country	Market cap (mn US\$)	TTM NPAT growth (%)	TTM EPS growth (%)	ROA (%)	ROE (%)	D/E (x)	TTM P/E (x)	P/B (x)
MWG	Vietnam	1,609	39.8%	36.5%	11.7%	45.2%	1.2x	15.9x	6.1x
PNJ	Vietnam	943	60.9%	46.8%	17.9%	32.6%	0.3x	28.1x	7.3x
TAG	Vietnam	38	N/A	N/A	-7.5%	-39.3%	0.5x	N/A	4.0x
Average		863	50.4%	41.6%	7.4%	12.8%	0.7x	22.0x	5.8x
Median		943	50.4%	41.6%	11.7%	32.6%	0.5x	22.0x	6.1x
FRT (*)	Vietnam	247	39.7%	39.7%	6.8%	44.2%	1.4x	19.9x	7.4x

Source: VNDIRECT, FiinPro

Financial summary

Income statement

(VNDbn)	12-15A	12-16A	12-17A
Net revenue	7,950	10,853	13,147
Cost of sales	(6,819)	(9,443)	(11,330)
Gen & admin expenses	(225)	(243)	(300)
Selling expenses	(695)	(937)	(1,154)
Operating profit	211	230	362
Operating EBITDA	231	268	383
Depreciation and amortisation	(20)	(38)	(21)
Operating EBIT	211	230	362
Interest income	52	75	54
Financial expense	(102)	(75)	(82)
Net other income	18	30	29
Income from associates & JVs	0	0	0
Pre-tax profit	180	259	363
Taxation	(34)	(52)	(73)
Minority interests	0	0	0
Net profit	146	208	290
Adj. net profit to ordinary	146	208	290

Balance sheet

(VNDbn)	12-15A	12-16A	12-17A
Cash and equivalents	789	1,458	638
Short term investments	50	0	0
Accounts receivables	308	865	1,016
Inventories	1,206	1,948	1,723
Other current assets	76	138	131
Total current assets	2,430	4,409	3,509
Fixed assets	5	2	52
Total investments	0	0	0
Other long-term assets	189	299	310
Total assets	2,623	4,710	3,871
Short-term debt	1,681	2,435	1,173
Accounts payable	2,311	4,195	3,075
Other current liabilities	(1,681)	(2,435)	(1,173)
Total current liabilities	2,311	4,195	3,075
Total long-term debt	0	0	0
Other liabilities	0	0	0
Share capital	200	200	400
Retained earnings reserve	114	315	396
Shareholders' equity	312	515	796
Minority interests	0	0	0
Total liabilities & equity	2,623	4,710	3,871

Cash flow statement

(VNDbn)	12-15A	12-16A	12-17A
Pretax profit	180	259	363
Depreciation & amortisation	2	2	1
Tax paid	(19)	(47)	(68)
Other adjustments	17	36	133
Change in working capital	(788)	(9)	(251)
Cash flow from operations	(607)	241	179
Capex	(32)	(96)	(52)
Proceeds from assets sales	0	0	0
Others	282	(232)	315
Other non-current assets changes	0	0	0
Cash flow from investing activities	250	(327)	263
New share issuance	114	2	0
Shares buyback	(2)	0	(0)
Net borrowings	733	753	(1,262)
Other financing cash flow	0	0	0
Dividends paid	0	0	0
Cash flow from financing activities	845	755	(1,262)
Cash and equivalents at beginning of period	300	789	1,458
Total cash generated	488	669	(819)
Cash and equivalents at the end of period	789	1,458	638

Key ratios

	12-15A	12-16A	12-17A
Dupont			
Net profit margin	1.8%	1.9%	2.2%
Asset turnover	3.79	2.96	3.06
ROAA	6.9%	5.7%	6.8%
Avg assets/avg equity	11.2	8.9	6.5
ROAE	78.1%	50.2%	44.2%
Efficiency			
Days account receivable	1.87	4.02	8.49
Days inventory	64.6	75.5	55.5
Days creditor	124	163	99
Fixed asset turnover	1,233	2,956	486
ROIC	7.3%	7.0%	14.7%
Liquidity			
Current ratio	1.05	1.05	1.14
Quick ratio	0.53	0.59	0.58
Cash ratio	0.36	0.35	0.21
Cash cycle	(57.3)	(83.1)	(35.0)
Growth rate (yoy)			
Revenue growth	50.5%	36.5%	21.1%
Operating profit growth	416.6%	8.8%	57.4%
Net profit growth	255.4%	42.4%	39.7%
EPS growth	118.1%	2.7%	39.7%
Share value			
FD EPS (VND)	4,900	5,032	7,030
BVPS (VND)	15,596	25,762	19,911

Source: VNDIRECT

DISCLAIMER

The content of this report (including the views and opinions expressed therein, and the information comprised therein) has been prepared by and belongs to VNDIRECT Securities Corporation, and is distributed by CGS-CIMB or CIMB Investment Bank Berhad ("CIMB"), as the case may be, pursuant to an arrangement between VNDIRECT Securities Corporation and CGS-CIMB. VNDIRECT Securities Corporation is not an affiliate of CGS-CIMB or CIMB.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.

By accepting this report, the recipient hereof represents and warrants that he is entitled to receive such report in accordance with the restrictions set forth below and agrees to be bound by the limitations contained herein (including the "Restrictions on Distributions" set out below). Any failure to comply with these limitations may constitute a violation of law. This publication is being supplied to you strictly on the basis that it will remain confidential. No part of this report may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of CGS-CIMB or CIMB, as the case may be.

The information contained in this research report is prepared from data believed to be correct and reliable at the time of issue of this report. VNDIRECT Securities Corporation may or may not issue regular reports on the subject matter of this report at any frequency and may cease to do so or change the periodicity of reports at any time. None of VNDIRECT Securities Corporation, CGS-CIMB or CIMB is under any obligation to update this report in the event of a material change to the information contained in this report. None of VNDIRECT Securities Corporation, CGS-CIMB or CIMB has any and will accept any, obligation to (i) check or ensure that the contents of this report remain current, reliable or relevant, (ii) ensure that the content of this report constitutes all the information a prospective investor may require, (iii) ensure the adequacy, accuracy, completeness, reliability or fairness of any views, opinions and information, and accordingly, VNDIRECT Securities Corporation, CGS-CIMB and CIMB and their respective affiliates and related persons including China Galaxy International Financial Holdings Limited ("CGIFHL") and CIMB Group Sdn. Bhd. ("CIMBG") and their respective related corporations (and their respective directors, associates, connected persons and/or employees) shall not be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof. In particular, VNDIRECT Securities Corporation, CGS-CIMB and CIMB disclaim all responsibility and liability for the views and opinions set out in this report.

Unless otherwise specified, this report is based upon reasonable sources. Such sources will, unless otherwise specified, for market data, be market data and prices available from the main stock exchange or market where the relevant security is listed, or, where appropriate, any other market. Information on the accounts and business of company(ies) will generally be based on published statements of the company(ies), information disseminated by regulatory information services, other publicly available information and information resulting from our research. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Past performance is not a reliable indicator of future performance. The value of investments may go down as well as up and those investing may, depending on the investments in question, lose more than the initial investment. No report shall constitute an offer or an invitation by or on behalf of CGS-CIMB, CIMB, or VNDIRECT Securities Corporation, or their respective affiliates (including CGIFHL, CIMBG and their respective related corporations) to any person to buy or sell any investments.

CGS-CIMB, CIMB and/or VNDIRECT Securities Corporation and/or their respective affiliates and related corporations (including CGIFHL, CIMBG and their respective related corporations), their respective directors, associates, connected parties and/or employees may own or have positions in securities of the company(ies) covered in this research report or any securities related thereto and may from time to time add to or dispose of, or may be materially interested in, any such securities. Further, CGS-CIMB, CIMB and/or VNDIRECT Securities Corporation, and/or their respective affiliates and their respective related corporations (including CGIFHL, CIMBG and their respective related corporations) do and seek to do business with the company(ies) covered in this research report and may from time to time act as market maker or have assumed an underwriting commitment in securities of such company(ies), may sell them to or buy them from customers on a principal basis and may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) as well as solicit such investment, advisory or other services from any entity mentioned in this report.

CGS-CIMB, CIMB and/or VNDIRECT Securities Corporation and/or their respective affiliates (including CGIFHL, CIMBG and their respective related corporations) may enter into an agreement with the company(ies) covered in this report relating to the production of research reports. CGS-CIMB, CIMB and/or VNDIRECT Securities Corporation may disclose the contents of this report to the company(ies) covered by it and may have amended the contents of this report following such disclosure.

The analyst responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously. No part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations(s) or view(s) in this report. The analyst(s) who prepared this research report is prohibited from receiving any compensation, incentive or bonus based on specific investment banking transactions or for providing a specific recommendation for, or view of, a particular company. Information barriers and other arrangements may be established where necessary to prevent conflicts of interests arising. However, the analyst(s) may receive compensation that is based on his/their coverage of company(ies) in the performance of his/their duties or the performance of his/their recommendations and the research personnel involved in the preparation of this report may also participate in the solicitation of the businesses as described above. In reviewing this research report, an investor should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additional information is, subject to the duties of confidentiality,

available on request.

The term “VNDIRECT Securities Corporation” shall, unless the context otherwise requires, mean VNDIRECT Securities Corporation and its affiliates, subsidiaries and related companies. The term “CGS-CIMB” shall denote, where appropriate, the relevant entity distributing or disseminating the report in the particular jurisdiction referenced below, or, in every other case except as otherwise stated herein, CIMB Securities International Pte. Ltd. and its affiliates, subsidiaries and related corporations.

CGS-CIMB

Country	CGS-CIMB Entity	Regulated by
Hong Kong	CGS-CIMB Securities Limited	Securities and Futures Commission Hong Kong
India	CGS-CIMB Securities (India) Private Limited	Securities and Exchange Board of India (SEBI)
Indonesia	PT CGS-CIMB Sekuritas Indonesia	Financial Services Authority of Indonesia
Singapore	CGS-CIMB Research Pte. Ltd.	Monetary Authority of Singapore
South Korea	CGS-CIMB Securities Limited, Korea Branch	Financial Services Commission and Financial Supervisory Service
Thailand	CGS-CIMB Securities (Thailand) Co. Ltd.	Securities and Exchange Commission Thailand

CIMB

Country	CIMB Entity	Regulated by
Malaysia	CIMB Investment Bank Berhad	Securities Commission Malaysia

(i) As of 05 April 2018 VNDIRECT Securities Corporation has a proprietary position in the securities (which may include but not limited to shares, warrants, call warrants and/or any other derivatives) in the following company or companies covered or recommended in this report:

(a) -

(ii) As of 05 April 2018, the analyst(s) who prepared this report, and the associate(s), has / have an interest in the securities (which may include but not limited to shares, warrants, call warrants and/or any other derivatives) in the following company or companies covered or recommended in this report:

(a) -

This report does not purport to contain all the information that a prospective investor may require. CGS-CIMB, and VNDIRECT Securities Corporation and their respective affiliates (including CGIFHL, CIMBG and their related corporations) do not make any guarantee, representation or warranty, express or implied, as to the adequacy, accuracy, completeness, reliability or fairness of any such information and opinion contained in this report. None of CGS-CIMB, CIMB and VNDIRECT Securities Corporation and their respective affiliates nor their related persons (including CGIFHL, CIMBG and their related corporations) shall be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof. This report is general in nature and has been prepared for information purposes only. It is intended for circulation amongst CGS-CIMB's, CIMB's and their respective affiliates' (including CGIFHL's, CIMBG's and their respective related corporations') clients generally and does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. The information and opinions in this report are not and should not be construed or considered as an offer, recommendation or solicitation to buy or sell the subject securities, related investments or other financial instruments or any derivative instrument, or any rights pertaining thereto.

Investors are advised to make their own independent evaluation of the information contained in this research report, consider their own individual investment objectives, financial situation and particular needs and consult their own professional and financial advisers as to the legal, business, financial, tax and other aspects before participating in any transaction in respect of the securities of company(ies) covered in this research report. The securities of such company(ies) may not be eligible for sale in all jurisdictions or to all categories of investors.

Australia: Despite anything in this report to the contrary, this research is provided in Australia by CIMB Securities (Singapore) Pte. Ltd. and CIMB Securities Limited. This research is only available in Australia to persons who are “wholesale clients” (within the meaning of the Corporations Act 2001 (Cth) and is supplied solely for the use of such wholesale clients and shall not be distributed or passed on to any other person. You represent and warrant that if you are in Australia, you are a “wholesale client”. This research is of a general nature only and has been prepared without taking into account the objectives, financial situation or needs of the individual recipient. CIMB Securities (Singapore) Pte. Ltd. and CIMB Securities Limited do not hold, and are not required to hold an Australian financial services license. CIMB Securities (Singapore) Pte. Ltd. and CIMB Securities Limited rely on “passporting” exemptions for entities appropriately licensed by the Monetary Authority of Singapore (under ASIC Class Order 03/1102) and the Securities and Futures Commission in Hong Kong (under ASIC Class Order 03/1103).

Canada: This research report has not been prepared in accordance with the disclosure requirements of Dealer Member Rule 3400 – Research Restrictions and Disclosure Requirements of the Investment Industry Regulatory Organization of Canada. For any research report distributed by CIBC, further disclosures related to CIBC conflicts of interest can be found at <https://researchcentral.cibcwm.com>.

China: For the purpose of this report, the People's Republic of China (“PRC”) does not include the Hong Kong Special Administrative Region, the Macau Special Administrative Region or Taiwan. The distributor of this report has not been approved or licensed by the China Securities Regulatory Commission or any other relevant regulatory authority or governmental agency in the PRC. This report contains only marketing

information. The distribution of this report is not an offer to buy or sell to any person within or outside PRC or a solicitation to any person within or outside of PRC to buy or sell any instruments described herein. This report is being issued outside the PRC to a limited number of institutional investors and may not be provided to any person other than the original recipient and may not be reproduced or used for any other purpose.

France: Only qualified investors within the meaning of French law shall have access to this report. This report shall not be considered as an offer to subscribe to, or used in connection with, any offer for subscription or sale or marketing or direct or indirect distribution of financial instruments and it is not intended as a solicitation for the purchase of any financial instrument.

Germany: This report is only directed at persons who are professional investors as defined in sec 31a(2) of the German Securities Trading Act (WpHG). This publication constitutes research of a non-binding nature on the market situation and the investment instruments cited here at the time of the publication of the information.

The current prices/yields in this issue are based upon closing prices from Bloomberg as of the day preceding publication. Please note that neither the German Federal Financial Supervisory Agency (BaFin), nor any other supervisory authority exercises any control over the content of this report.

Hong Kong: This report is issued and distributed in Hong Kong by CIMB Securities Limited ("CHK") which is licensed in Hong Kong by the Securities and Futures Commission for Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) activities. Any investors wishing to purchase or otherwise deal in the securities covered in this report should contact the Head of Sales at CIMB Securities Limited. The views and opinions in this research report are of VNDIRECT Securities Corporation as of the date hereof and are subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Conduct Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. CHK has no obligation to update its opinion or the information in this research report.

This publication is strictly confidential and is for private circulation only to clients of CHK.

CHK does not make a market on other securities mentioned in the report.

India: This report is issued and distributed in India by CIMB Securities (India) Private Limited ("CIMB India") which is registered with the National Stock Exchange of India Limited and BSE Limited as a trading and clearing member under the Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992. In accordance with the provisions of Regulation 4(g) of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013, CIMB India is not required to seek registration with the Securities and Exchange Board of India ("SEBI") as an Investment Adviser. CIMB India is registered with SEBI as a Research Analyst pursuant to the SEBI (Research Analysts) Regulations, 2014 ("Regulations").

This report does not take into account the particular investment objectives, financial situations, or needs of the recipients. It is not intended for and does not deal with prohibitions on investment due to law/jurisdiction issues etc. which may exist for certain persons/entities. Recipients should rely on their own investigations and take their own professional advice before investment.

The report is not a "prospectus" as defined under Indian Law, including the Companies Act, 2013, and is not, and shall not be, approved by, or filed or registered with, any Indian regulator, including any Registrar of Companies in India, SEBI, any Indian stock exchange, or the Reserve Bank of India. No offer, or invitation to offer, or solicitation of subscription with respect to any such securities listed or proposed to be listed in India is being made, or intended to be made, to the public, or to any member or section of the public in India, through or pursuant to this report.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of CIMB India and they have received compensation based upon various factors, including quality, accuracy and value of research, firm profitability or revenues, client feedback and competitive factors. Research analysts', strategists' or economists' compensation is not linked to investment banking or capital markets transactions performed or proposed to be performed by CIMB India or its affiliates.

CIMB India has not received any investment banking related compensation from the companies mentioned in the report in the past 12 months.

CIMB India has not received any compensation from the companies mentioned in the report in the past 12 months.

Indonesia: This report is issued and distributed by PT CIMB Sekuritas Indonesia ("CIMBI"). The views and opinions in this research report are our own as of the date hereof and are subject to change. CIMBI has no obligation to update its opinion or the information in this research report. Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens wherever they are domiciled or to Indonesian residents except in compliance with applicable Indonesian capital market laws and regulations.

This research report is not an offer of securities in Indonesia. The securities referred to in this research report have not been registered with the Financial Services Authority (Otoritas Jasa Keuangan) pursuant to relevant capital market laws and regulations, and may not be offered or sold within the territory of the Republic of Indonesia or to Indonesian citizens through a public offering or in circumstances which constitute an offer within the meaning of the Indonesian capital market law and regulations.

Ireland: CGS-CIMB is not an investment firm authorised in the Republic of Ireland and no part of this document should be construed as CGS-CIMB acting as, or otherwise claiming or representing to be, an investment firm authorised in the Republic of Ireland.

Malaysia: This report is distributed by CIMB solely for the benefit of and for the exclusive use of our clients. CIMB has no obligation to update, revise or reaffirm its opinion or the information in this research reports after the date of this report.

New Zealand: In New Zealand, this report is for distribution only to persons who are wholesale clients pursuant to section 5C of the Financial Advisers Act 2008.

Singapore: This report is issued and distributed by CIMB Research Pte Ltd ("CIMBR"). CIMBR is a financial adviser licensed under the Financial Advisers Act, Cap 110 ("FAA") for advising on investment products, by issuing or promulgating research analyses or research reports, whether in electronic, print or other form. Accordingly CIMBR is a subject to the applicable rules under the FAA unless it is able to avail itself to any prescribed exemptions.

Recipients of this report are to contact CIMB Research Pte Ltd, 50 Raffles Place, #16-02 Singapore Land Tower, Singapore in respect of any

matters arising from, or in connection with this report. CIMBR has no obligation to update its opinion or the information in this research report. This publication is strictly confidential and is for private circulation only. If you have not been sent this report by CIMBR directly, you may not rely, use or disclose to anyone else this report or its contents.

If the recipient of this research report is not an accredited investor, expert investor or institutional investor, CIMBR accepts legal responsibility for the contents of the report without any disclaimer limiting or otherwise curtailing such legal responsibility. If the recipient is an accredited investor, expert investor or institutional investor, the recipient is deemed to acknowledge that CIMBR is exempt from certain requirements under the FAA and its attendant regulations, and as such, is exempt from complying with the following :

- (a) Section 25 of the FAA (obligation to disclose product information);
- (b) Section 27 (duty not to make recommendation with respect to any investment product without having a reasonable basis where you may be reasonably expected to rely on the recommendation) of the FAA;
- (c) MAS Notice on Information to Clients and Product Information Disclosure [Notice No. FAA-N03];
- (d) MAS Notice on Recommendation on Investment Products [Notice No. FAA-N16];
- (e) Section 36 (obligation on disclosure of interest in securities), and
- (f) any other laws, regulations, notices, directive, guidelines, circulars and practice notes which are relates to the above, to the extent permitted by applicable laws, as may be amended from time to time, and any other laws, regulations, notices, directive, guidelines, circulars, and practice notes as we may notify you from time to time. In addition, the recipient who is an accredited investor, expert investor or institutional investor acknowledges that a CIMBR is exempt from Section 27 of the FAA, the recipient will also not be able to file a civil claim against CIMBR for any loss or damage arising from the recipient's reliance on any recommendation made by CIMBR which would otherwise be a right that is available to the recipient under Section 27 of the FAA, the recipient will also not be able to file a civil claim against CIMBR for any loss or damage arising from the recipient's reliance on any recommendation made by CIMBR which would otherwise be a right that is available to the recipient under Section 27 of the FAA.

CIMBR, its affiliates and related corporations, their directors, associates, connected parties and/or employees may own or have positions in securities of the company(ies) covered in this research report or any securities related thereto and may from time to time add to or dispose of, or may be materially interested in, any such securities. Further, CIMBR, its affiliates and its related corporations do and seek to do business with the company(ies) covered in this research report and may from time to time act as market maker or have assumed an underwriting commitment in securities of such company(ies), may sell them to or buy them from customers on a principal basis and may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) as well as solicit such investment, advisory or other services from any entity mentioned in this report.

As of 05 April 2018,, CIMBR does not have a proprietary position in the recommended securities in this report.

CIMBR does not make a market on the securities mentioned in the report.

South Korea: This report is issued and distributed in South Korea by CIMB Securities Limited, Korea Branch ("CIMB Korea") which is licensed as a cash equity broker, and regulated by the Financial Services Commission and Financial Supervisory Service of Korea. In South Korea, this report is for distribution only to professional investors under Article 9(5) of the Financial Investment Services and Capital Market Act of Korea ("FSCMA").

Spain: This document is a research report and it is addressed to institutional investors only. The research report is of a general nature and not personalised and does not constitute investment advice so, as the case may be, the recipient must seek proper advice before adopting any investment decision. This document does not constitute a public offering of securities.

CGS-CIMB is not registered with the Spanish Comision Nacional del Mercado de Valores to provide investment services.

Sweden: This report contains only marketing information and has not been approved by the Swedish Financial Supervisory Authority. The distribution of this report is not an offer to sell to any person in Sweden or a solicitation to any person in Sweden to buy any instruments described herein and may not be forwarded to the public in Sweden.

Switzerland: This report has not been prepared in accordance with the recognized self-regulatory minimal standards for research reports of banks issued by the Swiss Bankers' Association (Directives on the Independence of Financial Research).

Thailand: This report is issued and distributed by CIMB Securities (Thailand) Co. Ltd. ("CIMBT") based upon sources believed to be reliable (but their accuracy, completeness or correctness is not guaranteed). The statements or expressions of opinion herein were arrived at after due and careful consideration for use as information for investment. Such opinions are subject to change without notice and CIMBT has no obligation to update its opinion or the information in this research report.

CIMBT may act or acts as Market Maker, and issuer and offerer of Derivative Warrants and Structured Note which may have the following securities as its underlying securities. Investors should carefully read and study the details of the derivative warrants in the prospectus before making investment decisions.

AAV, ADVANC, AMATA, ANAN, AOT, AP, BA, BANPU, BBL, BCH, BCP, BCPG, BDMS, BEAUTY, BEC, BEM, BJC, BH, BIG, BLA, BLAND, BPP, BTS, CBG, CENTEL, CHG, CK, CKP, COM7, CPALL, CPF, CPN, DELTA, DTAC, EA, EGCO, EPG, GFPT, GLOBAL, GLOW, GPSC, GUNKUL, HMPRO, INTUCH, IRPC, ITD, IVL, KBANK, KCE, KKP, KTB, KTC, LH, LHBANK, LPN, MAJOR, MALEE, MEGA, MINT, MONO, MTLs, PLANB, PSH, PTL, PTG, PTT, PTTEP, PTTGC, QH, RATCH, ROBINS, S, SAWAD, SCB, SCC, SCCC, SIRI, SPALI, SPRC, STEC, STPI, SUPER, TASCO, TCAP, THAI, THANI, THCOM, TISCO, TKN, TMB, TOP, TPIPL, TRUE, TTA, TU, TVO, UNIQ, VGI, WHA, WORK.

Corporate Governance Report:

The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general

public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CIMBT does not confirm nor certify the accuracy of such survey result.

Score Range:	90 - 100	80 – 89	70 - 79	Below 70 or	No Survey Result
Description:	Excellent	Very Good	Good	N/A	

United Arab Emirates: The distributor of this report has not been approved or licensed by the UAE Central Bank or any other relevant licensing authorities or governmental agencies in the United Arab Emirates. This report is strictly private and confidential and has not been reviewed by, deposited or registered with UAE Central Bank or any other licensing authority or governmental agencies in the United Arab Emirates. This report is being issued outside the United Arab Emirates to a limited number of institutional investors and must not be provided to any person other than the original recipient and may not be reproduced or used for any other purpose. Further, the information contained in this report is not intended to lead to the sale of investments under any subscription agreement or the conclusion of any other contract of whatsoever nature within the territory of the United Arab Emirates.

United Kingdom and European Economic Area (EEA): In the United Kingdom and European Economic Area, this material is also being distributed by CIMB Securities (UK) Limited (“CIMB UK”). CIMB UK is authorized and regulated by the Financial Conduct Authority and its registered office is at 27 Knightsbridge, London, SW1X7YB. The material distributed by CIMB UK has been prepared in accordance with CGS-CIMB’s policies for managing conflicts of interest arising as a result of publication and distribution of this material. This material is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are eligible counterparties and professional clients of CIMB UK; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Order”), (c) fall within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc”) of the Order; (d) are outside the United Kingdom subject to relevant regulation in each jurisdiction, material(all such persons together being referred to as “relevant persons”). This material is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this material relates is available only to relevant persons and will be engaged in only with relevant persons.

Where this material is labelled as non-independent, it does not provide an impartial or objective assessment of the subject matter and does not constitute independent “research” (cannot remove research from here under the applicable rules of the Financial Conduct Authority in the UK. Consequently, any such non-independent material will not have been prepared in accordance with legal requirements designed to promote the independence of research (cannot remove research from here) and will not subject to any prohibition on dealing ahead of the dissemination of research. Any such non-independent material must be considered as a marketing communication.

United States: This research report is distributed in the United States of America by CIMB Securities (USA) Inc, a U.S. registered broker-dealer and a related company of CIMB Research Pte Ltd, PT CIMB Sekuritas Indonesia, CIMB Securities (Thailand) Co. Ltd, CIMB Securities Limited, CIMB Securities (India) Private Limited, and is distributed solely to persons who qualify as “U.S. Institutional Investors” as defined in Rule 15a-6 under the Securities and Exchange Act of 1934. This communication is only for Institutional Investors whose ordinary business activities involve investing in shares, bonds, and associated securities and/or derivative securities and who have professional experience in such investments. Any person who is not a U.S. Institutional Investor or Major Institutional Investor must not rely on this communication. The delivery of this research report to any person in the United States of America is not a recommendation to effect any transactions in the securities discussed herein, or an endorsement of any opinion expressed herein. CIMB Securities (USA) Inc, is a FINRA/SIPC member and takes responsibility for the content of this report. For further information or to place an order in any of the above-mentioned securities please contact a registered representative of CIMB Securities (USA) Inc.

CIMB Securities (USA) Inc. does not make a market on other securities mentioned in the report.

CIMB Securities (USA) Inc. has not managed or co-managed a public offering of any of the securities mentioned in the past 12 months.

CIMB Securities (USA) Inc. has not received compensation for investment banking services from any of the company mentioned in the past 12 months.

CIMB Securities (USA) Inc. neither expects to receive nor intends to seek compensation for investment banking services from any of the company mentioned within the next 3 months.

Other jurisdictions: In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is only for distribution to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

RECOMMENDATION FRAMEWORK

Stock Ratings

Definition:

- Add The stock's total return is expected to reach 15% or higher over the next 12 months.
- Hold The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.
- Reduce The stock's total return is expected to fall below negative 10% over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

Anirban Lahiri – Head of Research

Email: anirban.lahiri@vndirect.com.vn

Tuan Nguyen Thanh – Head of Retail Research

Email: tuan.nguyenthanh@vndirect.com.vn

VNDIRECT Securities Corporation

1 Nguyen Thuong Hien Str – Hai Ba Trung Dist – Ha Noi

Tel: +84 2439724568

Email: research@vndirect.com.vn

Website: <https://vndirect.com.vn>