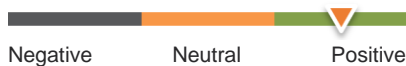


LOCTROI GROUP (LTG) – EARNINGS UPDATE

Market Price VND47,000	Target Price VND66,270	Dividend Yield 4.2%	Rating ADD	Sector AGRICULTURE
----------------------------------	----------------------------------	-------------------------------	----------------------	------------------------------

Outlook – Short term



Outlook – Long term



Valuation



6 November 2017

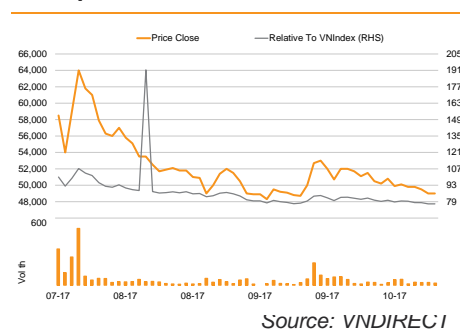
Tuan Nguyen Thanh

tuan.nguyenthanh@vndirect.com.vn

Key changes in the report

- Lower EPS forecast and target price by 8.7%

Price performance



Key statistics

52w high (VND)	64,000
52w low (VND)	45,000
3m Avg daily volume (shares)	38,400
3m Avg daily value (VNDmn)	3,321
Market cap (VNDbn)	3,192
Outstanding shares (m)	67.6
Free float (%)	10

Ownership

Standard Chartered Private Equity	33.4%
An Giang People's Committee	24.2%
Employees	18.2%
Others	24.20%

Source: VNDIRECT

Our prediction for a recovery in LTG's earnings remains unchanged despite the current slowdown in 3Q net profit growth, which was mainly caused by abnormal weather conditions. However, we lower our target price by 8.7% to VND66,270 to reflect a corresponding fall in our 2017 earnings forecast (unchanged target TTM P/E of 12x), but maintain our ADD recommendation with a view that the recent sharp share price correction has created an attractive entry point.

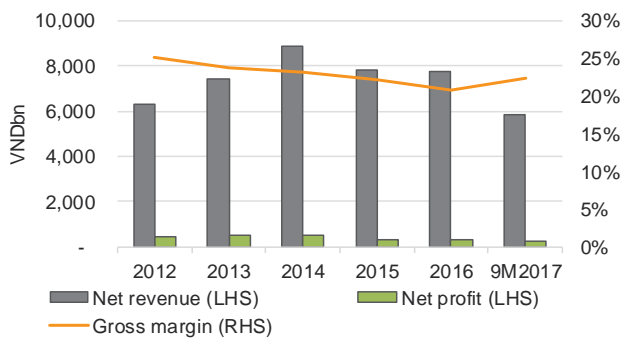
- LTG is the dominant agribusiness player in both the Crop protection chemical (CPC) and Seed segments in Vietnam with a vertically-integrated value chain.
- After 2 years (2015-2016) of difficulty in the Seed and Agri segment caused by bad weather conditions, LTG has started to show early indications of recovery this year with double-digit revenue growth and a recovery in gross margins. We believe this trend will be maintained into 2018.
- We believe that the heavy rainfall and unseasonal flooding in 3Q2017, which caused a 22% YoY drop in sales of the CPC segment is a one-off and will have less impact on the following quarters. We assume that 4Q17 results will get LTG back on the recovery track.
- We forecast FY17 net sales of VND8,198bn (+5.3% YoY) and net profit of VND436bn (+25.8% YoY). LTG's FY17 earnings may not meet either its 2017 goal or our latest forecasts. For 2018, we expect a 7.1% increase in top line and an 18.4% growth in the bottom line.

All segments apart from CPC grew in 3Q. The Agrifood segments saw a standout performance in 3Q, after completing clearance of old rice stockpiles in 2Q17 at fire-sale prices. The segment's net sales touched VND541bn (+17% YoY) while gross margin expanded to 10.5% from 1.2% in 1H17. The Seed segment's performance was in line with our forecast with net sales growing 20.5% YoY and gross margin staying at 1H level of 22.4%. Overall, 3Q net profit growth dropped from 23% YoY in 2Q to 5% YoY but still helped clock 17.3% YoY in 9M YTD.

CPC segment's 22% YoY drop in sales 3Q was an aberration. Heavy rainfall and early season flooding over the period reduced total rice paddy acreage in the Mekong Delta (major CPC market for LTG), by 3% from 3Q2016 levels. In addition, farmers started the Summer-Fall crop earlier this year (a large part of the area saw planting starting in 2Q instead of 3Q) which also caused a 16% decrease in the average area with mature crop during 3Q. 4Q prospects for CPC sales are positive in 4Q as the Winter-Spring crop will start growing and the weather is expected to be better.

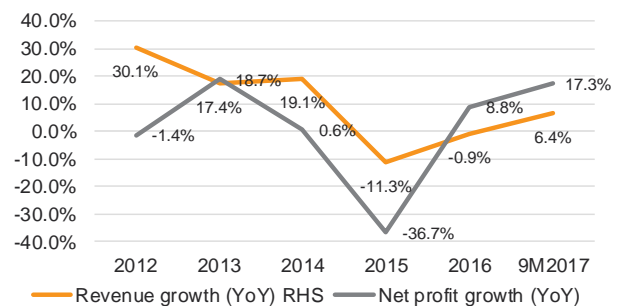
Booming rice exports to China and Philippines should boost Agrifood sales. The Agrifood Segment enjoyed favourable industry conditions as Vietnam's 3Q rice export volume grew by 52% YoY, with China and Philippines being the highest-growth export markets. (Source: Ministry of Agriculture and Rural Development – MARD). Details of LTG's rice volume and average sale price were not disclosed, but 60% of LTG's Agrifood sale comes from exporting with the main markets being China, Taiwan and the Philippines. China is now the largest destination for Vietnamese rice exports with over 39.3% share, followed by Philippines with 9.6% market share.

Figure 1: LTG' net revenue, net profit and gross margin (2012-9M2017)



Source: LTG

Figure 2: Net revenue and net profit growth (2012-9M2017)



Source: LTG

Figure 3: 9M17 consolidate business results

VNDbn	3Q16	3Q17	+/- yoy	9M2016	9M2017	+/- yoy
Net revenue	1,983	1,800	-9.2%	5,524	5,875	6.4%
COGS	1,434	1,349	-5.9%	4,281	4,559	6.5%
Gross profit	549	452	-17.8%	1,244	1,316	5.8%
Gross margin	27.7%	25.1%		22.5%	22.4%	
Financial income	4	3	-15.0%	19	13	-33.9%
Financial expenses	34	32	-7.5%	101	100	-1.1%
Interest expenses	31	29	-6.4%	92	86	-6.5%
Selling expenses	297	241	-18.8%	535	626	17.1%
General Administration expenses	135	76	-43.5%	335	252	-25.0%
EBT	106	105	-0.3%	312	360	15.3%
Net profit	79	83	5.0%	238	279	17.3%

Source: VNDIRECT, LTG

2017 – We raise our net sales forecast by 7.6% but lower our net profit forecast by 8.7% as a result of a 0.8bps decrease in our forecasted gross margin. Thus, we lower our forecast for FY17 EPS to VND5,523.

- We increase our net revenue forecast by 7.6% (versus the forecast in our last update) with a 2.4% raise in projected CPC sales and a 10.9% raise in projected Agrifood sales.
- We reduce our forecast for GM by 0.8bps, mainly stemming from a 0.9bps lowering of the CPC segment GM. Note that, LTG's CPC segment typically sees a high GM in 1Q and 3Q annually (34-36%) while GM drops to 28% level in 2Q and 4Q because LTG usually boosts discounts and commissions for agents in these 2 quarters. Thus, 3Q's low CPC sales due to bad weather have dragged down the full year gross margin forecast.

Figure 4: Changes in Net sale forecast by segment FY17

VNDbn	New forecast	Old forecast	% change
Total	8,375	7,783	7.6%
CPC	4,842	4,728	2.4%
Agrifood	2,486	2,241	10.9%
Seed	765	568	34.7%
Packaging	180	164	10.0%
Others	103	82	25.4%

Source: VNDIRECT calculation

Figure 5: Changes in assumption for FY17 Gross margin by segments

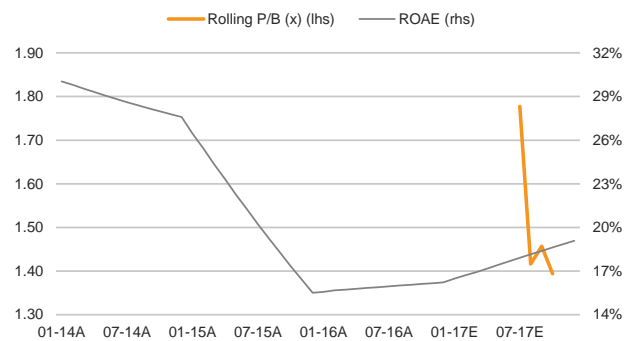
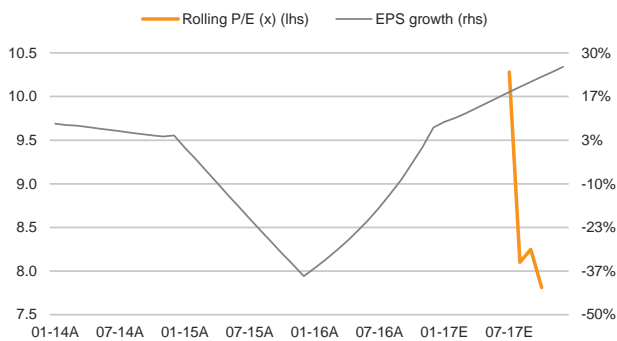
	New assumptions	Old assumptions	Notes:
Gross margin	22.4%	23.2%	
CPC segment	31.9%	31.0%	Recalculated base on 4Q forecast
Agrifood Segment	4.7%	3.1%	Recalculated base on 4Q forecast
Seed Segment	22.0%	22.0%	Unchanged
Packaging	18.0%	18.0%	Unchanged

Source: VNDIRECT calculation

For 2018, we expect a 7.1% growth in top line to touch VND8,781bn and a 18.4% growth in bottom line to touch VND517bn thanks to CPC sales recovering from recent adverse weather conditions and the Agrifood segment normalizing after difficult conditions seen in 2015-2016, when LTG has successfully cleared old rice inventory, 2018 full year ASP should be higher.

Financial summary (VND)	12-15A	12-16A	12-17E	12-18E
Net revenue (bn)	7,856	7,783	8,198	8,781
Revenue growth	(11.3%)	(0.9%)	5.3%	7.1%
Gross margin	22.1%	20.8%	22.4%	23.0%
EBITDA margin	11.0%	10.9%	12.1%	12.8%
Net profit (bn)	319	347	436	517
Net profit growth	(36.7%)	8.8%	25.8%	18.4%
Recurring profit growth	(36.7%)	8.8%	25.8%	18.4%
Basic EPS	4,820	5,167	6,498	7,693
Adjusted EPS	4,097	4,392	5,523	6,539
BVPS	31,335	32,400	35,703	40,165
ROAE	15.5%	16.2%	19.1%	20.3%

Valuation



Income Statement

(VNDbn)	12-15A	12-16A	12-17E
Net revenue	7,856	7,783	8,198
Cost of sales	(6,119)	(6,167)	(6,363)
Gen & admin expenses	(441)	(427)	(350)
Selling expenses	(690)	(628)	(842)
Operating profit	606	561	643
Operating EBITDA	927	828	961
Depreciation and amortisation	(321)	(267)	(317)
Operating EBIT	606	561	643
Interest income	24	25	18
Financial expense	(205)	(150)	(130)
Net other income	0	27	29
Income from associates & JVs	0	0	0
Pre-tax profit	425	464	560
Taxation	(105)	(115)	(121)
Minority interests	(0)	(2)	(2)
Net profit	319	347	436
Adj. net profit to ordinary	319	347	436
Ordinary dividends	(196)	(91)	(201)
Retained earnings	123	256	235

Balance Sheet

(VNDbn)	12-15A	12-16A	12-17E
Cash and equivalents	190	279	652
Short term investments	0	25	0
Accounts receivables	1,526	1,733	1,654
Inventories	2,684	2,170	2,292
Other current assets	145	63	85
Total current assets	4,545	4,270	4,683
Fixed assets	1,558	1,563	1,543
Total investments	9	0	0
Other long-term assets	294	326	352
Total assets	6,406	6,159	6,577
Short-term debt	2,325	1,905	1,697
Accounts payable	1,270	1,545	1,774
Other current liabilities	271	407	457
Total current liabilities	3,866	3,857	3,928
Total long-term debt	372	74	220
Other liabilities	64	52	32
Share capital	672	672	672
Retained earnings reserve	282	335	311
Shareholders' equity	2,104	2,176	2,398
Minority interests	0	0	0
Total liabilities & equity	6,406	6,159	6,577

Cash Flow Statement

(VNDbn)	12-15A	12-16A	12-17E
Pretax profit	425	464	560
Depreciation & amortisation	105	122	196
Tax paid	(109)	(9)	(121)
Other adjustments	135	31	150
Change in working capital	(875)	452	123
Cash flow from operations	(320)	1,060	908
Capex	(384)	(163)	(176)
Proceeds from assets sales	7	18	11
Others	4	(12)	(33)
Other non-current assets changes	(0)	(0)	0
Cash flow from investing activities	(373)	(157)	(197)
New share issuance	91	3	0
Shares buyback	0	0	0
Net borrowings	812	(727)	(136)
Other financing cash flow	0	0	0
Dividends paid	(196)	(91)	(201)
Cash flow from financing activities	707	(815)	(337)
Cash and equivalents at beginning of period	176	190	279
Total cash generated	14	88	373
Cash and equivalents at the end of period	190	279	652

Key Ratios

	12-15A	12-16A	12-17E
Dupont			
Net profit margin	4.1%	4.5%	5.3%
Asset turnover	1.30	1.24	1.29
ROAA	5.3%	5.5%	6.9%
Avg assets/avg equity	2.94	2.94	2.78
ROAE	15.5%	16.2%	19.1%
Efficiency			
Days account receivable	67.0	79.6	70.7
Days inventory	160	129	131
Days creditor	76	92	102
Fixed asset turnover	5.47	4.99	5.28
ROIC	6.6%	8.4%	10.1%
Liquidity			
Current ratio	1.18	1.11	1.19
Quick ratio	0.48	0.54	0.61
Cash ratio	0.05	0.08	0.17
Cash cycle	151	117	100
Growth rate (yoy)			
Revenue growth	(11.3%)	(0.9%)	5.3%
Operating profit growth	(18.0%)	(7.4%)	14.7%
Net profit growth	(36.7%)	8.8%	25.8%
EPS growth	(38.2%)	7.2%	25.8%
Share value			
Basic EPS (VND)	4,820	5,167	6,498
BVPS (VND)	31,335	32,400	35,703

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 CIMB pursuant to an arrangement between VNDIRECT Securities Corporation and CIMB. VNDIRECT Securities Corporation is not an affiliate of 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 CIMB.

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. VNDIRECT Securities Corporation and CIMB are under no obligation to update this report in the event of a material change to the information contained in this report. VNDIRECT Securities Corporation and CIMB have no, and will not 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 and CIMB, or any of their respective affiliates, or its related persons (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 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 CIMB or VNDIRECT Securities Corporation or their respective affiliates to any person to buy or sell any investments.

CIMB and/or VNDIRECT Securities Corporation, their respective affiliates and related companies, 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, CIMB and/or VNDIRECT Securities Corporation, their respective affiliates and its related companies 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.

CIMB and/or VNDIRECT Securities Corporation or their respective affiliates may enter into an agreement with the company(ies) covered in this report relating to the production of research reports. 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 "CIMB" shall denote, where appropriate, the relevant entity distributing or disseminating the report in the particular jurisdiction referenced below, or, in every other case, CIMB Group Holdings Berhad ("CIMBGH") and its affiliates, subsidiaries and related companies.

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

(i) As of 7 November 2017 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) – Loc Troi Group (LTG)

(ii) As of 7 November 2017, 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. CIMB and/or VNDIRECT Securities Corporation or any of their respective affiliates does 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. Neither CIMB and/or VNDIRECT Securities Corporation nor any of their respective affiliates nor its related persons 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 CIMB and its affiliates' 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 licence. 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).

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 not our own but 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.

CIMB Securities Limited 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 SEBI as a stock-broker under the Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992, the Securities and Exchange Board of India (Research Analyst) Regulations, 2014 (SEBI Registration Number INH000000669) and 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 SEBI as an Investment Adviser.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from equity stock broking and merchant banking 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.

Indonesia: This report is issued and distributed by PT CIMB Securities Indonesia ("CIMBI"). The views and opinions in this research report are our own 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. 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: CIMB is not an investment firm authorised in the Republic of Ireland and no part of this document should be construed as CIMB acting as, or otherwise claiming or representing to be, an investment firm authorised in the Republic of Ireland.

Malaysia: This report is issued and distributed by CIMB Investment Bank Berhad ("CIMB") solely for the benefit of and for the exclusive use of our clients. 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. 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, #19-00 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.

CIMB Research Pte Ltd ("CIMBR"), its affiliates and related companies, 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 companies 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 6 November 2017, CIMB Research Pte Ltd does not have a proprietary position in the recommended securities in this report.

CIMB Research Pte Ltd, CIMB Securities Singapore Pte Ltd and CIMB Bank Berhad, Singapore branch do 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.

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).

Taiwan: This research report is not an offer or marketing of foreign securities in Taiwan. The securities as referred to in this research report have not been and will not be registered with the Financial Supervisory Commission of the Republic of China pursuant to relevant securities laws and regulations and may not be offered or sold within the Republic of China through a public offering or in circumstances which constitutes an offer or a placement within the meaning of the Securities and Exchange Law of the Republic of China that requires a registration or approval of the Financial Supervisory Commission of the Republic of China.

Thailand: This report is issued and distributed by CIMB Securities (Thailand) Company Limited ("CIMBS") 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 CIMBS has no obligation to update its opinion or the information in this research report.

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 are unaffected.

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: In the United Kingdom and European Economic Area, this report is being disseminated 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. Unless specified to the contrary, this report has been issued and approved for distribution in the U.K. and the EEA by CIMB UK. Investment research issued by CIMB UK has been prepared in accordance with CIMB Group's policies for managing conflicts of interest arising as a result of publication and distribution of investment research. This report 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, or (e) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with any investments to which this report relates may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This report 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 report relates is available only to relevant persons and will be engaged in only with relevant persons.

Where this report is labelled as non-independent, it does not provide an impartial or objective assessment of the subject matter and does not constitute independent "investment research" under the applicable rules of the Financial Conduct Authority in the UK. Consequently, any such non-independent report will not have been prepared in accordance with legal requirements designed to promote the independence of

investment research and will not subject to any prohibition on dealing ahead of the dissemination of investment research. Any such non-independent report must be considered as a marketing communication.

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

Phuong Nguyen Mai, CFA – Director

Email: phuong.nguyenmai@vndirect.com.vn

Tuan Nguyen Thanh – Analyst

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>