

## MARKET ROUTH CREATES GOOD ENTRY OPPORTUNITY: BUT BE PICKY

We think the sharp ongoing correction is not entirely unexpected but is a knee-jerk reaction to global risk-off sentiment rather than a function of local developments. Investors should selectively snap-up solid, undervalued names with a view on potential for longer-term gains.

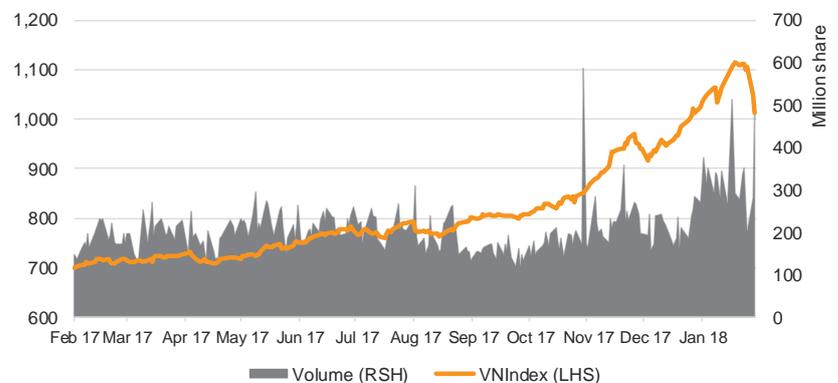
6 February 2018

Anirban Lahiri – Head of Research

[anirban.lahiri@vndirect.com.vn](mailto:anirban.lahiri@vndirect.com.vn)

The long anticipated correction is finally underway... We said starting out this year that we expected the momentum from 2017 to hoist the VNINDEX above the 1,100 point level in early 2018 but clearly caveated that the picture “gets murky” beyond that level; we felt like the “doom merchants” at a time when most on the street were predicting secular market gains to breach the 1,500 point level before the summer solstice. We feel partly vindicated. Some pre-Lunar New Year profit booking was always to be expected but even we did not see such a bloodbath in the offing, so early.

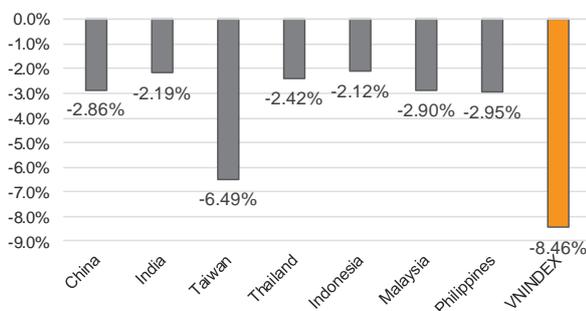
Figure 1: VNINDEX 1 year performance



Source: VNDIRECT

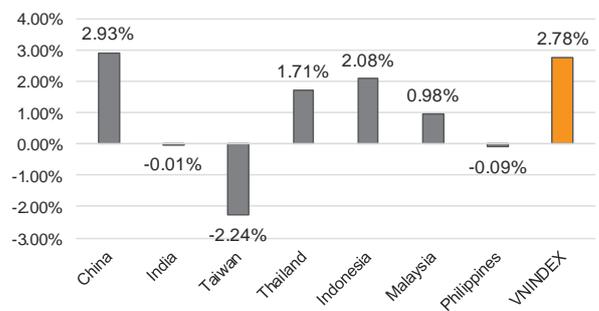
...but this is more a function of global rather than local dynamics. The trigger for this correction has been entirely global in nature. A sharp correction in the US markets on fears that accelerating inflation could trigger rising bond yields did equities in. Asian equities have corrected sharply across the board which hardly makes Vietnam and exception. While global growth remains strong, equity valuations have been looking topy for a while. The specter of accelerating global inflation is just the “straw that broke the camel’s back”. Vietnam’s stock market might have corrected the most dramatically among regional peers but it is also perhaps the only one that still is up on a YTD basis.

Figure 2: VNINDEX 2-day change versus regional peers (%)



Source: Bloomberg

Figure 3: VNINDEX year-to-date change versus peers (%)



Source: VNDIRECT

**This is the time for investors to start picking value stocks.** We reaffirm our position stated in our December strategy report that valuation multiples are unlikely to keep expanding. In fact, we predicted large cap multiple contraction. Thus, it is time to now focus on earnings-driven stories and look for deep value instead of just trying to ride sentiment.

**But be prepared to ride out high volatility and stay focused on longer term gains.** For all our talk about getting into value stocks, it will not be a smooth ride over the next few weeks. While some bottom-fishing appears to have kicked-in already and might swing the VNINDEX back into the green, don't expect it to be a secular recovery. Especially, leading into the Lunar New Year Holiday, we are unlikely to see deep value-hunting activity pick up substantially while, at the same time, scalpers will ensure a choppy ride leading into the holiday. So we advocate selective picks and long-term investment horizons rather than speculative bottom-fishing. This market rout has created a good entry point into solid names that were looking fairly valued just a few days ago. Investors should capitalize on the opportunity. We list out our ADD recommendations below, including a few names we do not currently cover but that feature on our watch-list.

## VNDIRECT TOP STOCK PICKS

*Note: tickers marked with \* are subject to an upcoming upward TP revision*

Ticker	Adjusted price	Adjusted target price	Upside	Rating	TTM EPS growth (%)	TTM P/E	P/B	Investment thesis summary/Update	Latest report
PC1	36,000	42,100	16.9%	ADD	(32.8)	15.3	1.7	Positive outlook for 2018 with surge in revenue thanks to: (1) New contribution from My Dinh Plaza II and (2) commissioning of two new hydropower plants in Q4, 2017.	
LPB	14,500	17,700	22.1%	ADD	28.8	7.2	1.1	<p>1. Unique distribution advantage with more than 1000 PTOs across country. Will be able to maintain strong credit growth thanks to good capital buffer (CAR ~13%) and strong liquidity (LDR ~80%).</p> <p>2. FY17 YE P/B of 1.1x, cheap relative to peers.</p>	<a href="#">Link</a>
DCM	12,250	16,200	32.2%	ADD	6.7	10.8	1.0	<p>1. Recovery in ASP (+6% in 2017 from low level in '16) and volume (+9% in 2017, supported by exporting activities), driven by recovery in agriculture sector and global urea price cycle.</p> <p>2. Gas price subsidy from PVN until the end of 2018 (guaranteeing ROE at minimum 12%), preferential income tax rate of 5%</p> <p>3. Possible change in VAT policy could reduce COGS and improve margins by 2-3% pts.</p> <p>4. PVN plans to divest 24.6% stake by 2018 which will add to free-float.</p>	
BFC	31,900	43,338	35.9%	ADD	0.2	6.7	1.7	<p>1. Leading NPK producer in terms of capacity (current 925k tons, could add 200k tons more in the North) and market share (15-16%)</p> <p>2. Long-term growth from expansion strategy to Northern Vietnam (+20%/year in volumes) and overseas market (Cambodia)</p>	

Ticker	Adjusted price	Adjusted target price	Upside	Rating	TTM EPS growth (%)	TTM P/E	P/B	Investment thesis summary/Update	Latest report
<b>QNS</b>	49,700	76,000	52.9%	ADD	(13.4)	7.0	2.5	<p>1. QNS is a dominant producer of soy milk with 85% market share in the packaged segment.</p> <p>2. One of the most profitable F&amp;B companies in terms of ROE (FY16 ~43.3%) and ROA (FY16 ~25%).</p> <p>3. Manufacturing capacity addition is the next engine for growth: an increase by 30% of soymilk capacity and 50% of sugar refine capacity</p> <p>5. The recent share price fall means valuation is still attractive especially compared with consumer peers.</p>	<a href="#">Link</a>
<b>SBV</b>	33,000	44,100	33.6%	ADD	(10.8)	8.0	2.1	<p>1. SBV is the leading company in the marine rope and cordages niche market and has a great brand which gives it pricing power.</p> <p>2. Fishermen are shifting to offshore fishing, thereby boosting demand for higher quality rope products which SBV specializes in.</p> <p>3. The new factory launch will be behind schedule but will nonetheless, be earnings accretive in 2018.</p>	<a href="#">Link</a>
<b>DPR</b>	38,700	51,900	34.1%	ADD	47.5	5.8	0.8	<p>1. ASP will stay at high levels in 4Q 2017 and FY2018.</p> <p>2. Surge in 2018 disposal earnings given spike in 9M 2017 rubber wood price.</p> <p>3. Tapping volume rise and disposals to drive FY2018 EAT growth</p>	<a href="#">Link</a>
<b>LTG</b>	40,200	66,270	64.9%	ADD	24.0	8.7	1.2	<p>1. All segments apart from CPC grew in 3Q</p> <p>2. CPC segment's 22% YoY drop in sales 3Q was an aberration.</p> <p>3. Booming rice exports to China and Philippines should boost Agrifood sales.</p> <p>4. 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; stock looks cheap in light of forward earnings.</p>	<a href="#">Link</a>
<b>MBB</b>	29,000	27,700	-4.5%	HOLD*	19.6	19.6	1.8	<p>1. Continued push into retail lending paid off with a large expansion in net interest margin (NIM).</p> <p>2. Sound performance in 2017 accelerated bad debt provisioning.</p> <p>3. High profit growth forecasted for 2018 and 2019 as MBB reaches the end of the current provisioning cycle.</p> <p>4. Healthy capital and loan-to-deposit position ensure high loan growth in the coming years; we expect to revise our TP upwards.</p>	<a href="#">Link</a>
<b>VSC</b>	37,000	62,300	68.4%	ADD	4.9	7.3	1.2	<p>1. VSC will boost VGP capacity by a third to 800,000 TEU by 2019 through the additional of a new quay crane and a back-end logistics center which is 75% complete at the moment.</p> <p>2. 2018 net profit expected to soar to VND360bn (+34.8% YoY).</p> <p>3. Valuation is attractive due to the foreign investors' sell off over the last few weeks. VSC is currently trading at 12M EV/EBITDA 4.0x, well below the peer average of 6.7x.</p>	<a href="#">Link</a>

Ticker	Adjusted price	Adjusted target price	Upside	Rating	TTM EPS growth (%)	TTM P/E	P/B	Investment thesis summary/Update	Latest report
VPB	51,500	53,400	3.7%	HOLD*	1.7	10.7	2.4	<p>1. A top retail lender with exceptional growth and returns on capital. VPB delivered ROA of 2.5% and ROE of 23.6% in FY17, the highest returns-on-capital among local peers and impressive even in a regional context.</p> <p>2. FY17 NIM of 8.0% was driven by a shift in loan mix towards higher yielding segments, such as consumer finance, retail, household and micro-SME loans.</p> <p>3. Strong topline growth in FY14-17, complemented by an improvement in operational efficiency on continued investments into technology.</p> <p>4. We expect strong earnings growth in FY18-20F with forecasted net profit CAGR of 25.6% and sustained high average ROE of 22.7%.</p>	<a href="#">Link</a>
TCM	24,500	29,300	19.6%	ADD	123.7	7.2	1.2	<p>1. FY17 earnings to surge by 87% on core business recovery, declining revenue contribution from low margin yarn segment and land sales.</p> <p>2. We expect healthy sales growth to be sustained into 2018 on continued strength in garment sales and fabric capacity expansion</p> <p>3. Reported earnings to fall, however, due to lack of one-time gains; but valuation looks cheap and resurrection of TPP could best sentiment on the textile sector.</p>	<a href="#">Link</a>
GEX	28,350	N/A	N/A	NON-RATED	38.2	11.5	2.0	<p>1. GEX is building a synergistic portfolio of electrical equipment manufacturing assets with pockets of market leadership; this industry should see strong growth due to huge planned power infrastructure investments.</p> <p>2. The company also has attractive real estate assets that could generate sizeable income.</p> <p>3. A growing presence in the high-growth logistics and renewable energy "sunrise" industries carries further long-term upside.</p> <p>4. Recent migration from UPCOM to main HOSE bourse should help bring story to mainstream market participants over time.</p>	
VND	26,400	N/A	N/A	NON-RATED	216	7.5	1.6	<p>1. Top 4 largest Brokerage firm in Vietnam.</p> <p>2. Stock market surges in both market capitalization and liquidity terms will benefit brokers; VND stands to benefit from recent volatility due to heavy exposure to retail investors</p> <p>3. 2017 earnings doubled but company is trading at a substantial discount to peers.</p> <p>4. Leading online brokerage platform is allowing VND to pioneer direct access to Vietnamese equities for foreign retail investors; this should boost earnings over the medium-term.</p>	

Source: Bloomberg. VNDirect Research

## 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 6 February 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 6 February 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 6 February 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.

<b>Score Range:</b>	90 - 100	80 – 89	70 - 79	Below 70 or	No Survey Result
<b>Description:</b>	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](mailto:anirban.lahiri@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](mailto:research@vndirect.com.vn)

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