

PHU NHUAN JEWELRY JSC (PNJ) - UPDATE

Market Price	Target Price	Dividend Yield	Rating	Sector
VND96,000	VND120,700	1.9%	ADD	RETAIL

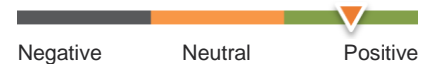
Outlook – Short term



Outlook – Long term



Valuation



10 August 2018

Nguyen Nhu Binh Minh

minh.nguyennhu@vndirect.com.vn

PNJ announced strong 2Q2018 business results in line with our expectations. Our positive view on PNJ is strengthened by the company's growing store coverage, robust Same-Store Sales Growth (SSSG) and successful expansion into fashion accessories such as watches. We upgrade PNJ to an ADD rating based on a new target price of VND120,700/share.

PNJ's 2Q net profit surged 39.9% yoy to VND180.4bn on the back of a 37.2% yoy increase in net revenue to VND3,217.4bn. Cumulative 6M2018 results were also strong with increases of 34.3% yoy in the top line and 36.8% yoy in the bottom line. With these half year results, the company has also achieved 53.6% of its revenue target and 58.6% of its net profit goal for FY2018.

1H18 gross margin improved 100 bp to 18.4% due to the continued improvement in the product mix and the slight expansion in GPM of gold retail segment. Comparing to the same period last year, jewelry retailing increased its contribution to total revenue from 50.1% to 53.5% while the contributions from jewelry wholesaling and gold bar trading reduced to 25.2% and 20.0% from 26.7% and 21.5%, respectively.

Extensive store network continued to serve as a major driver for PNJ's growth. Retail revenue in 1H2018 surged 44.0% yoy contributed by (1) SSSG of 23.0%, (2) full 6-month revenue contribution in 1H2018 of 22 stores opened in 1H2017 and (3) revenue contribution from 56 stores opened from 3Q17 to 2Q18. In 6M2018, PNJ opened 30 new PNJ stores (vs. 40 stores in 2018 management's guidance), bringing the total store count to 298 stores.

We expect PNJ to continue to see high growth in 2H2018. FY2018 revenue is estimated to reach VND14,271bn (+30.0% yoy) and net profit to soar 39.3% yoy to VND1,010bn. PNJ Watch, which offers mid-range branded watches and the on-going improvement in its omni-channel platform system could become new growth engines for the company.

Recent share price weakness has created an attractive entry point. The on-going news flow about PNJ's former BoD member's involvement in the DongA Bank case might continue to stir up bearish sentiment but we believe this incident will not have a material impact on PNJ's fundamentals and longer-term share price outlook. PNJ is currently trading at a TTM P/E of 18.0x, a 9.1% discount to the average TTM P/E of global peers (19.8x). Given PNJ's leading position and sizeable room for growth, we reiterate our ADD rating and target price of VND120,700/share which translates into a FY18 P/E of 19.4x.

Price performance



Source: VNDIRECT

Key statistics

52w high (VND)	123,965
52w low (VND)	76,000
3m Avg daily volume (shares)	422,058
3m Avg daily value (VNDmn)	53,135
Market cap (VNDbn)	15,565
Outstanding shares (m)	162
Free float (%)	64
TTM P/E (x)	18.0
Current P/B (x)	3.2

Ownership

Cao Thi Ngoc Dung	9.2%
LGM Investments Ltd	4.5%
Route One Investment Company	4.1%
Others	82.2%

Source: VNDIRECT

Financial summary (VND)	12-16A	12-17A	12-18E	12-19E
Net revenue (bn)	8,565	10,977	14,271	17,432
Revenue growth	11.1%	28.2%	30.0%	22.1%
Gross margin	16.5%	17.4%	17.9%	18.2%
EBITDA margin	7.4%	8.4%	8.7%	8.3%
Net profit (bn)	451	725	1,010	1,169
Net profit growth	517.8%	60.8%	39.3%	15.7%
Recurring profit growth	385.7%	76.2%	40.2%	15.8%
Adjusted EPS	2,483	3,848	5,513	6,426
Diluted EPS	3,068	4,471	6,229	7,209
BVPS	10,211	18,193	22,621	27,826
ROAE	32.0%	32.6%	30.5%	28.6%

1H2018 recap: Accelerated store network expansion and higher SSSG drove a surge in revenues

PNJ is widening its store coverage lead over its competitors. By opening 30 new stores and reaching a total of 298 jewelry stores, PNJ has gone far ahead of Doji, SJC and PRECITA at the end of 1H2018 (~100 competitor stores in total).

SSSG for gold jewelry retail stores touched 23.0% in 1H18 (vs. 22.4% in 2017), supported by an expanded customer base (+25.0% yoy), a larger average ticket size (+13.0% yoy) and the shortened return visit period (-5.0% yoy). Accordingly, gold stores brought in VND3,800bn (+44.0% yoy), accounting for 51.6% of 1H18 total revenue. SSSG for silver stores was 1.0% and translated to VND125bn (+27.0% yoy) in silver jewelry retail sales. PNJ Silver has not been able to realize the potential of the high-end silver jewelry segment (GPM at 60-70% level) and plans to shift its strategy to focus on a slightly older customer demographic (25-30 years old) instead of teenagers and those in their early twenties.

Figure 1: Comparison of Financial Results

FYE (VNDbn)	2QFY18	yoy	1HFY18	yoy	vs. old forecast	vs. revised forecast	Comments
		chg		chg			
Net revenue	3,217.5	37.2%	7,356.8	34.3%	56.0%	51.6%	
<i>Jewelry revenue</i>	3,201.8	37.3%	7,324.1	34.5%	56.0%	51.6%	Higher than our expectations, supported by rapid store network expansion and higher SSSG.
<i>Accessories</i>	4.8	8.9%	12.0	9.4%	39.4%	30.0%	
<i>Services</i>	10.9	43.4%	20.7	43.0%	77.9%	76.7%	
Gross profit	582.9	45.7%	1,352.9	42.3%	53.7%	53.1%	
<i>Gross profit margin</i>	18.1%	+1.0% pts	18.4%	+1.0% pts	-0.8% pts	+0.5% pts	GPM improved as PNJ continued to improve its product mix
<i>Selling expenses</i>	268.9	44.5%	550.5	49.1%	59.4%	54.0%	Higher than our forecasts due to ramped-up marketing activities, more expenses incurred for digital transformation project and the expansion of store network
<i>G&A expenses</i>	73.7	73.0%	134.3	63.9%	60.0%	57.6%	
Operating profit	226.8	45.3%	646.6	38.4%	47.2%	49.9%	
<i>Pre-tax profit</i>	227.5	40.8%	648.3	37.1%	46.0%	51.4%	
Net profit	180.4	39.9%	516.7	36.8%	45.9%	51.2%	
EPS (sem)(VND/share)	1,112.5		3,186.5		45.9%	51.2%	

Source: PNJ, VNDIRECT

We have revised up our forecasted FY18 revenue by 8.7% and reduced our projected net profit by 10.3%. Top line growth was driven by the assumption of average revenue growth per gold store of 5.0%, average revenue per silver store of 2.0% and 45 gold stores launched within 2018. However, we lower our bottom line projection as we increase the projected full-year contribution of low-margin segments (gold bar and wholesale) and reduce the forecasted GPM on retail gold sales. The decline in revenue contribution of low margin segments has underwhelmed our expectations largely due to sustained demand for gold bar trading on the back of high gold price volatility in 1H2018 and a renewed push into the jewelry wholesale business.

Figure 2: Earnings revision

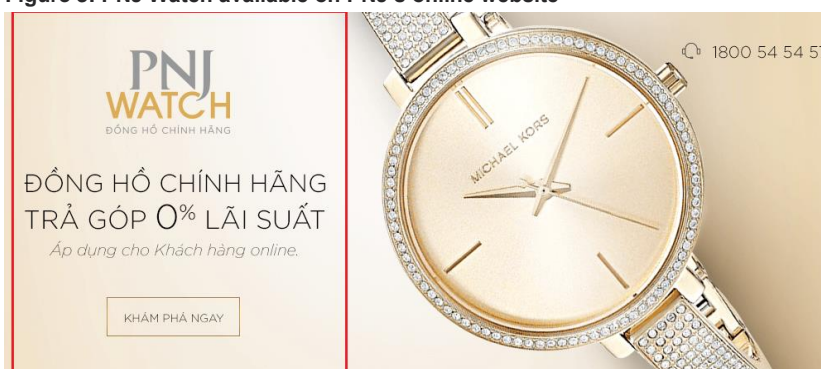
FYE (VNDbn)	2017A	2018F		Comments
		Old	New	
Net revenue	10,977	13,127	14,271	8.7% Higher revenue forecast of gold bar sales and wholesales
<i>Net revenue growth</i>	<i>28.2%</i>	<i>19.6%</i>	<i>30.0%</i>	
Gross profit	1,912	2,521	2,549	1.1%
<i>Gross profit margin</i>	<i>17.4%</i>	<i>19.2%</i>	<i>17.9%</i>	<i>-1.3% pts</i> Higher contribution of low-margin segments, lower GPM assumption for retail gold sales than previous forecast
EBIT	949	1,369	1,296	-5.3%
EBT	909	1,408	1,262	-10.4%
Net profit	726	1,126	1,010	-10.3% Driven by the lower GPM
EPS (VND)	7,032	6,946	6,229	-10.3%

Source: VNDIRECT

Long-term outlook: PNJ Watch and the on-going improvement in the omni-channel system could further bolster profit growth

PNJ is diversifying its jewelry-focused product mix by introducing fashion accessories such as mid-range branded watches since 2012. The revenue from this experimental segment stayed at a modest level of VND10bn-20bn per year before rising to VND24bn in sales in 2017. Although its contribution to total revenue is not yet significant, GPM of the segment is high at 60-70% level (vs. jewelry segment GPM of ~19.3%). Thus, PNJ aims for a breakthrough with plans to launch signature PNJ Watch stores in 2018, while also selling the products online and cross selling them through its existing jewelry stores. PNJ holds high hopes for this new business as 1) the domestic watch retail market is fragmented without any big player; 2) PNJ Watch products come with a warranty, giving the buyers more quality assurance than branded watches bought overseas and resold in Vietnam by informal middlemen; the latter do not come with a warranty; and 3) it can cross-sell its products to its existing jewelry customer base as high-end watches are increasingly seen as fashion accessories and lasting stores of value, much like jewelry.

Figure 3: PNJ Watch available on PNJ's online website



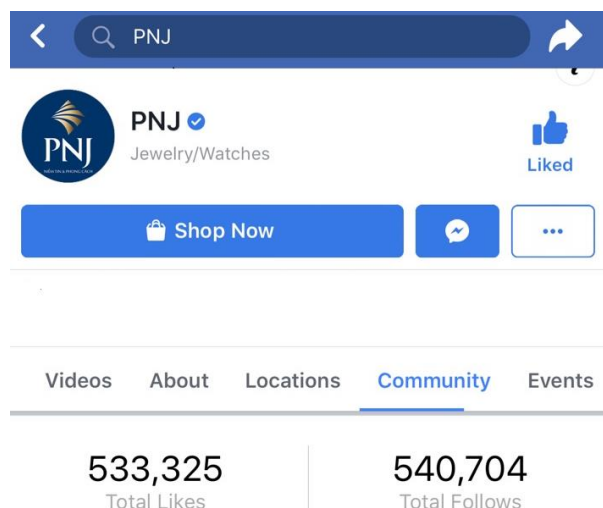
Source: PNJ

**Translation: PNJ Watch – Authentic watches now available with 0% interest installment plan. (Applicable to online customers)*

Growing benefits from expanding store network and developing omni-channel platform. PNJ has been able to create multiple engagement points with its customers via physical stores and e-commerce, supported by the growing store network and a strengthened social networking presence. Notably, the company has made good use of its social network presence to stay in touch with younger and trendy customers, illustrated by its 500,000-strong

following on Facebook and more than 1 million views on Youtube. The e-commerce channel posted around VND56bn in revenue for the first five months of 2018 (doubling the full-year result in 2017). PNJ's management also believes that growth will accelerate in 2019 when their Online-to-Offline (O2O) system comes into operation. This system is expected to integrate online shopping with the physical shopping experience and support the development of the omni-channel platform. PNJ is also investing in an ERP system and digital transformation projects to build a firm infrastructure foundation for its multi-channel retailing.

Figure 3: PNJ's Facebook homepage



Source: PNJ Facebook

Figure 4: PNJ's video clip "Seeing the quality in you"



Source: PNJ Youtube

Valuation attractive, reinforced by strong cash flow

Good prospects reflected in the strong cash flow. We have run a 10-year forecast of PNJ's free cash flows with a FY18-28 CAGR of 8.8% in net revenue and 17.1% in EBIT.

Figure 5: Discounted Cash Flow (DCF Valuation)

DCF Valuation	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
EBIT	1,296	1,497	1,979	2,472	2,892	4,148	4,348	4,523	4,936	5,112	5,304
Tax	(252)	(292)	(387)	(484)	(567)	(817)	(857)	(892)	(974)	(1,008)	(1,047)
Depreciation	66	66	79	94	113	136	161	189	224	253	285
Capex	(150)	(180)	(216)	(260)	(312)	(340)	(401)	(474)	(419)	(474)	(482)
Change in work cap	(665)	(741)	(753)	(440)	(396)	(194)	(134)	(122)	(121)	(118)	(118)
Free Cash Flows	295	350	702	1,382	1,730	2,933	3,117	3,224	3,646	3,765	3,942
Present Value of FCF	263	277	491	871	969	1,467	1,371	1,257	1,276	1,167	1,104

Source: VNDIRECT

Figure 6: Adjusted Assumptions

Cost of Capital	
Beta	0.93
Market Risk Premium	10.1%
Risk Free Rate	5.0%
Cost of Equity	14.4%
Cost of Debt	5.5%
Debt/Capital	28.7%
Corporate Tax Rate	20.0%
WACC	12.4%

Source: VNDIRECT

Figure 7: Discounted Cash Flow (DCF Valuation)

DCF Method	Amount	Unit
PV of Free Cash Flows	9,409	VNDbn
PV of Terminal Value (2.0% growth)	10,634	VNDbn
Enterprise value	20,043	VNDbn
Cash and cash equivalents	175	VNDbn
Total debts	(1,076)	VNDbn
Equity Value	19,142	VNDbn
Shares	162	million
Price per share	118,000	VND/share

Source: VNDIRECT

Share price retreat has made valuation attractive. PNJ's recent share price plunge can be seen as a knee-jerk reaction to the news about the involvement of former PNJ personnel in the DongA Bank case. However, we believe the case will have no material impact on the core business of the company. PNJ still deserves to at least trade in line with its peers due to 1) its leading position and the ability to further consolidate market share via fast-growing store coverage and 2) PNJ's FY2017 ROE of 32.6% being well above its global peers (average ROE of 14.2%).

Figure 8: Peer Comparison

Company	Country	Market cap (USDmn)	TTM NPAT Growth (%)	TTM EPS growth (% YoY)	ROE(%)	ROA(%)	D/E (x)	TTM P/E (x)	P/B (x)
Tiffany & Co	U.S	17,033	19.6	(16.8)	18.0	10.8	0.3	30.1	5.2
Chow Tai Fook Jewellery Group	Hong Kong	9,325	42.4	33.7	12.3	7.5	0.4	17.9	2.2
LEYSEN Jewelry Inc	China	776	39.9	8.5	14.4	11.6	0.0	17.0	2.3
Asian Star Co Ltd	India	225	70.6	65.0	12.3	4.9	0.9	14.2	1.6
Average			43.1	22.6	14.2	8.7	0.4	19.8	2.8
Median			41.2	21.1	13.4	9.1	0.4	17.5	2.3
PNJ	Vietnam	672	39.9	28.2	32.6	17.9	0.3	18.0	3.2

Source: BLOOMBERG, VNDIRECT

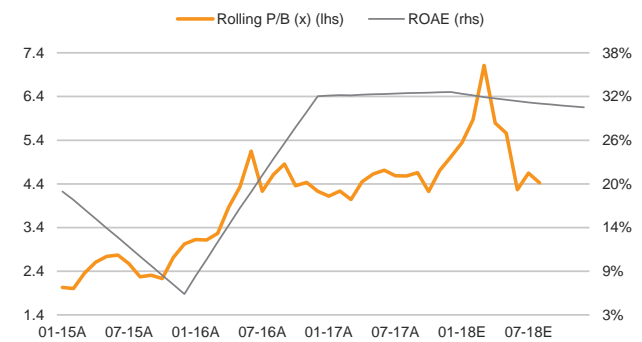
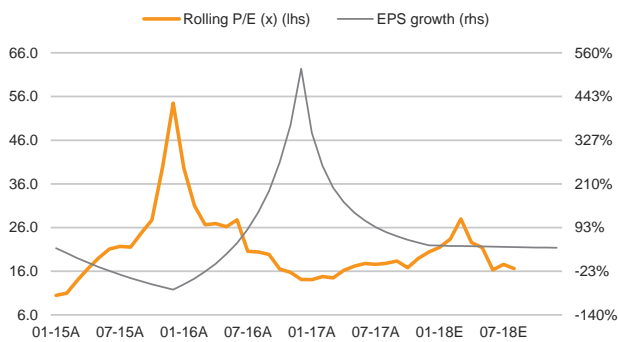
We reiterate our ADD rating and target price of VND120,700/share. We derive our new target price for PNJ by applying both DCF and a target PE multiple methods with equal weighting. For our target multiple, we use the peer average trailing P/E of 19.8x. Our target price translates into an upside of 25.7% and FY2018 forward PE of 19.4x.

Figure 9: Valuation summary

Method	Weight (%)	Fair value (VND/share)
DCF (ten years)	50%	118,000
2018 PER (peer's average of 19.8x)	50%	123,334
Target price		120,700

Source: VNDIRECT

Valuation



Income statement

(VNDbn)	12-17A	12-18E	12-19E
Net revenue	10,977	14,271	17,432
Cost of sales	(9,065)	(11,722)	(14,252)
Gen & admin expenses	(188)	(233)	(337)
Selling expenses	(775)	(1,020)	(1,346)
Operating profit	949	1,296	1,497
Operating EBITDA	910	1,230	1,431
Depreciation and amortisation	39	66	66
Operating EBIT	949	1,296	1,497
Interest income	9	7	9
Financial expense	(56)	(43)	(47)
Net other income	6	2	2
Income from associates & JVs	0	0	0
Pre-tax profit	908	1,262	1,461
Tax expense	(183)	(252)	(292)
Minority interest	0	0	0
Net profit	725	1,010	1,169
Adj. net profit to ordinary	725	1,010	1,169
Ordinary dividends	(185)	(292)	(324)
Retained earnings	540	718	845

Balance sheet

(VNDbn)	12-17A	12-18E	12-19E
Cash and equivalents	175	319	571
Short term investments	160	214	261
Accounts receivables	85	92	118
Inventories	3,402	4,142	4,935
Other current assets	74	85	105
Total current assets	3,896	4,852	5,990
Fixed assets	487	558	657
Total investments	0	0	0
Other long-term assets	109	109	118
Total assets	4,492	5,519	6,765
Short-term debt	846	970	1,185
Accounts payable	279	361	436
Other current liabilities	364	409	520
Total current liabilities	1,489	1,740	2,141
Total long-term debt	46	105	105
Other liabilities	7	6	7
Share capital	1,081	1,622	1,622
Retained earnings reserve	772	866	1,663
Shareholders' equity	2,950	3,668	4,512
Minority interest	0	0	0
Total liabilities & equity	4,492	5,519	6,765

Cash flow statement

(VNDbn)	12-17A	12-18E	12-19E
Pretax profit	908	1,262	1,461
Depreciation & amortisation	39	66	66
Tax paid	(154)	(252)	(292)
Other adjustments	(142)	(5)	(4)
Change in working capital	(542)	(628)	(650)
Cash flow from operations	109	443	581
Capex	(115)	(150)	(180)
Proceeds from assets sales	8	14	16
Others	3	(54)	(47)
Other non-current assets changes	(160)	0	(9)
Cash flow from investing activities	(264)	(190)	(220)
New share issuance	975	0	0
Shares buyback	0	0	0
Net borrowings	(615)	183	215
Other financing cash flow	0	0	0
Dividends paid	(185)	(292)	(324)
Cash flow from financing activities	175	(109)	(109)
Cash and equivalents at beginning of period	155	175	319
Total cash generated	20	144	252
Cash and equivalents at the end of period	175	319	571

Key ratios

	12-17A	12-18E	12-19E
Dupont			
Net profit margin	6.6%	7.1%	6.7%
Asset turnover	2.72	2.85	2.84
ROAA	17.9%	20.2%	19.0%
Avg assets/avg equity	1.82	1.51	1.50
ROAE	32.6%	30.5%	28.6%
Efficiency			
Days account receivable	1.30	1.20	1.20
Days inventory	137	129	126
Days creditor	11.2	11.2	11.2
Fixed asset turnover	24.3	27.3	28.7
ROIC	18.9%	21.3%	20.1%
Liquidity			
Current ratio	2.60	2.80	2.80
Quick ratio	0.30	0.40	0.50
Cash ratio	0.20	0.30	0.40
Cash cycle	127	119	116
Growth rate (yoy)			
Revenue growth	28.2%	30.0%	22.1%
Operating profit growth	30.9%	36.6%	15.5%
Net profit growth	60.8%	39.3%	15.7%
EPS growth	45.7%	39.3%	15.7%
Share value			
Basic EPS (VND)	4,471	6,229	7,209
BVPS (VND)	18,193	22,621	27,826

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 10 August 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 10 August 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 10 August 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

Nguyen Nhu Binh Minh – Analyst

Email: minh.nguyennhu@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>