

Company Note

**Vietnam**

**ADD** (no change)

Consensus ratings\*: Buy 5 Hold 0 Sell 0

Current price: VND25,350  
 Target price:  VND29,778  
 Previous target: VND27,783  
 Up/downside: 17.5%  
 CIMB / Consensus: 10.4%

Reuters: REE.HM  
 Bloomberg: REE VN  
 Market cap: US\$348.3m  
 VND7,859,791m  
 Average daily turnover: US\$0.76m  
 VND17,123m  
 Current shares o/s: 310.1m  
 Free float: 56.1%  
 \*Source: Bloomberg

**Key changes in this note**

- FY17F EPS increased by 20.8%.
- FY18F EPS increased by 19.3%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	5.6	22.8	23
Relative (%)	1.5	20.8	-9.4

Major shareholders	% held
Platinum Victory	22.8
Nguyen Thi Mai Thanh	14.0
HIFC	7.2

**Analyst(s)**



**NGUYEN Xuan Huy**  
 T (84) 90 912 3880  
 E nguyenv.xuanhuy@cimb.com

**REE Corp**

**The worst is over for REE**

- REE's investment portfolio currently accounts for ~70% of its value, but its investments in PPC and hydropower companies have depressed earnings in FY16F.
- In 2016, REE acquired stakes in three new hydropower companies: VSH, SHP and CHP.
- We raise our target price by 7% and FY17-18F EPS by 19-21% to reflect the company's new hydropower investments and improvement in PPC's situation.

**2016F was a difficult year for REE's IPP investee companies**

In FY16F, REE's investments in independent power producers (IPP) dragged down earnings due to company-specific issues at PPC (a thermal power generator in which REE has a 23% stake) and sector-specific problems at hydropower IPPs. In FY16F, PPC suffered from the appreciation of the JPY against the VND (it has JPY-denominated debt) and operated without a formal PPA for half of the year. Meanwhile the production of its hydro-based IPP investments was negatively affected by severe drought in 2016.

**The worst is over for REE**

PPC recently signed a new PPA, leading us to project FY17F EPS growth of 97%. In addition, the severe drought that negatively affected hydropower operators last year has ended, as evidenced by the positive 4Q16 results reported by several hydropower IPPs.

**REE invested in three new hydropower companies**

REE recently acquired a 21% stake in VSH and stakes in SHP and CHP which are both below 20%. With these new acquisitions, the number of hydropower companies that REE is invested in increases to seven and the total number of companies in its investment portfolio rises to 30. We expect REE to subsequently raise its stake in SHP and CHP above 20%, at which point these investments will contribute to REE's earnings via equity method accounting.

**Hydropower companies the main beneficiaries of deregulation**

REE invested in IPPs to benefit from the ongoing liberalisation of the electricity market in Vietnam. Although the deregulation process has been slow, we believe that the hydropower operators will be the primary beneficiaries of electricity price regulation in Vietnam because their low production costs give them a competitive edge in selling electricity on the nascent competitive generation market (CGM).

**Stable core businesses**

We expect REE's legacy core businesses to continue generating stable earnings in FY17-18F. The M&C business (installing air conditioning and electrical systems in new buildings) is already operating close to full capacity and the six Grade B office buildings that REE owns and operates are fully occupied. REE is constructing a new Grade B office building due for completion in 2018, which would expand its total leasable floor space by about 30%, and it has another slated for completion in 2019.

**Raising our target price and EPS estimates**

REE's new hydropower investments lead us to increase our SOTP-based target price (figure 2) by 7%, so the stock now trades at a 30% discount-to-NAV. We maintain our Add rating and lift our FY17-18 EPS estimates by 19-21% to factor in earnings contribution from its new investments and PPC's new PPA. Upside risks and downside risks include the possibility of a strengthening (weakening) of the JPY against the VND (given PPC's JPY-denominated debt).

Financial Summary	Dec-14A	Dec-15A	Dec-16A	Dec-17F	Dec-18F
Revenue (VNDb)	2,629	2,643	3,659	2,866	3,157
Operating EBITDA (VNDb)	683	788	1,009	878	1,012
Net Profit (VNDb)	1,062	853	1,109	981	1,126
Core EPS (VND)	3,432	2,751	3,577	3,165	3,632
Core EPS Growth	6.7%	(19.8%)	30.0%	(11.5%)	14.8%
FD Core P/E (x)	7.46	9.39	7.23	8.17	7.12
DPS (VND)	1,357	1,644	1,281	1,200	1,200
Dividend Yield	5.35%	6.49%	5.05%	4.73%	4.73%
EV/EBITDA (x)	6.86	5.55	4.14	5.24	3.87
P/FCFE (x)	8.9	9.0	121.3	NA	9.5
Net Gearing	(5.14%)	(6.41%)	(2.79%)	4.65%	(1.15%)
P/BV (x)	1.33	1.24	1.10	1.01	0.92
ROE	19.1%	13.9%	16.4%	13.1%	13.8%
% Change In Core EPS Estimates				20.8%	19.3%
CIMB/consensus EPS (x)				1.04	1.21

SOURCE: COMPANY DATA, CIMB FORECASTS

# The worst is over for REE

## Revising forecasts ▶

**Figure 1: Earnings revision**

	2017F			2018F		
	Old	New	% change	Old	New	% change
Revenue	2,866	2,866	0%	3,157	3,157	0%
Operating EBIT	774	774	0%	907	907	0%
Profit from associates & investment	235	440	87%	263	480	82%
Net profit	812	981	21%	944	1,126	19%
EPS	2,619	3,165	21%	3,044	3,632	19%

SOURCES: CIMB, COMPANY REPORTS

For FY17-18F, we maintain our revenue and operating EBIT forecast as we maintain our forecast for REE’s core businesses. We increase our net profit from associates & investment by 82-87% for period FY17-FY18F to reflect the company’s sharing profit from their new investment in VSH, CHP, and SHP. The increase in net profit from associates & investment prompts us to increase our FY17-FY18 net profit forecast by 19%-21%.

**Figure 2: Valuation summary**

Item	Method	VNDbn
M&E value	P/E (target P/E of 10x)	1,780
Reetech	P/E (target P/E of 6x)	257
Real estate investment	DCF (17% COE, 16% WACC)*	1,841
Portfolio investment	Market value & book value	6,552
Total SOTP		10,431
Debt		(1,142)
Minority interest		(345)
Cash		289
Equity value		9,233
Share outstanding		310,050,926
<b>SOTP valuation</b>		<b>29,778</b>

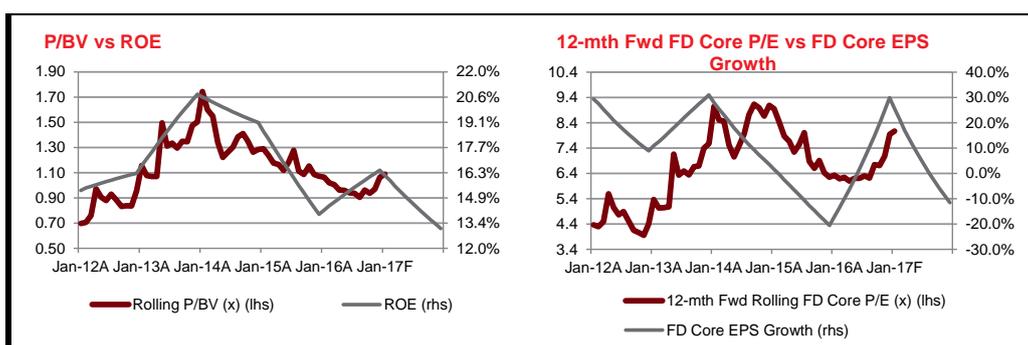
SOURCES: CIMB, COMPANY REPORTS

**Figure 3: Real estate DCF calculation**

	FY16F	FY17F	FY18F	FY19F	FY20F
EBIT	325	335	435	435	435
Tax	72	67	87	87	87
Depreciation	50	50	50	50	50
Capex	804	805	55	10	10
Change in working capital	0	0	0	0	0
Free cash	-500	-487	344	388	388
Terminal value	3,440				
Present value of terminal value	2,017				
Total present value of free cash	1,841				
<b>Assumption</b>					
Risk premium	8%				
Risk free	7%				
Tax rate	20%				
Beta	1.2				
Cost of equity	15%				
Cost of debt	10%				
WACC	15%				
Terminal growth rate	3%				

SOURCES: CIMB, COMPANY REPORTS

## BY THE NUMBERS



### Profit & Loss

(VNDb)	Dec-14A	Dec-15A	Dec-16A	Dec-17F	Dec-18F
<b>Total Net Revenues</b>	<b>2,629</b>	<b>2,643</b>	<b>3,659</b>	<b>2,866</b>	<b>3,157</b>
<b>Gross Profit</b>	<b>860</b>	<b>1,024</b>	<b>1,312</b>	<b>1,142</b>	<b>1,302</b>
<b>Operating EBITDA</b>	<b>683</b>	<b>788</b>	<b>1,009</b>	<b>878</b>	<b>1,012</b>
Depreciation And Amortisation	(57)	(133)	(136)	(104)	(105)
<b>Operating EBIT</b>	<b>626</b>	<b>655</b>	<b>872</b>	<b>774</b>	<b>907</b>
Financial Income/(Expense)	6	(5)	33	(12)	(6)
Pretax Income/(Loss) from Assoc.	166	37	(105)	220	240
Non-Operating Income/(Expense)	464	359	591	220	240
<b>Profit Before Tax (pre-EI)</b>	<b>1,262</b>	<b>1,046</b>	<b>1,392</b>	<b>1,203</b>	<b>1,380</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>1,262</b>	<b>1,046</b>	<b>1,392</b>	<b>1,203</b>	<b>1,380</b>
Taxation	(164)	(158)	(202)	(181)	(208)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>1,099</b>	<b>888</b>	<b>1,190</b>	<b>1,022</b>	<b>1,172</b>
Minority Interests	(37)	(35)	(80)	(40)	(46)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>1,062</b>	<b>853</b>	<b>1,109</b>	<b>981</b>	<b>1,126</b>
Recurring Net Profit	1,062	853	1,109	981	1,126
<b>Fully Diluted Recurring Net Profit</b>	<b>1,062</b>	<b>853</b>	<b>1,109</b>	<b>981</b>	<b>1,126</b>

### Cash Flow

(VNDb)	Dec-14A	Dec-15A	Dec-16A	Dec-17F	Dec-18F
<b>EBITDA</b>	<b>683.0</b>	<b>787.7</b>	<b>1,008.6</b>	<b>878.4</b>	<b>1,011.7</b>
Cash Flow from Inv. & Assoc.					
Change In Working Capital	147.0	268.2	(369.1)	313.0	(115.0)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	53.6	(61.1)	483.6	750.0	0.0
Net Interest (Paid)/Received	7.4	2.0	486.7	(11.8)	(6.4)
Tax Paid	(154.7)	(153.9)	(173.8)	(181.3)	(208.0)
<b>Cashflow From Operations</b>	<b>736.3</b>	<b>842.9</b>	<b>1,436.0</b>	<b>1,748.3</b>	<b>682.2</b>
Capex	(43.7)	(326.5)	(304.3)	(1,451.7)	(54.5)
Disposals Of FAs/subsidiaries	0.2	3.7			
Acq. Of Subsidiaries/investments	(383.5)		(1,569.4)		
Other Investing Cashflow	317.0	81.3		220.2	239.9
<b>Cash Flow From Investing</b>	<b>(110.0)</b>	<b>(241.4)</b>	<b>(1,873.7)</b>	<b>(1,231.5)</b>	<b>185.3</b>
Debt Raised/(repaid)	263.1	288.4	503.7	(542.7)	(20.0)
Proceeds From Issue Of Shares	32.7				
Shares Repurchased			(11.7)		
Dividends Paid	(419.8)	(509.8)	(293.2)	(372.1)	(372.1)
Preferred Dividends					
Other Financing Cashflow		1.0			
<b>Cash Flow From Financing</b>	<b>(124.0)</b>	<b>(220.4)</b>	<b>198.8</b>	<b>(914.7)</b>	<b>(392.1)</b>
Total Cash Generated	502.3	381.1	(238.8)	(397.9)	475.5
<b>Free Cashflow To Equity</b>	<b>889.5</b>	<b>889.9</b>	<b>66.1</b>	<b>(25.8)</b>	<b>847.6</b>
<b>Free Cashflow To Firm</b>	<b>662.9</b>	<b>668.0</b>	<b>(376.1)</b>	<b>592.9</b>	<b>942.1</b>

SOURCE: CIMB RESEARCH, COMPANY DATA

## BY THE NUMBERS... cont'd

### Balance Sheet

(VNDb)	Dec-14A	Dec-15A	Dec-16A	Dec-17F	Dec-18F
Total Cash And Equivalents	1,037	1,420	1,709	561	1,037
Total Debtors	663	752	620	486	535
Inventories	598	547	1,230	964	1,062
Total Other Current Assets	669	1,029	544	544	544
<b>Total Current Assets</b>	<b>2,967</b>	<b>3,747</b>	<b>4,104</b>	<b>2,555</b>	<b>3,178</b>
Fixed Assets	564	800	529	1,965	1,965
Total Investments	4,752	4,954	6,067	6,198	6,388
Intangible Assets	0	0	0	0	0
Total Other Non-Current Assets	120	108	715	715	715
<b>Total Non-current Assets</b>	<b>5,437</b>	<b>5,862</b>	<b>7,311</b>	<b>8,878</b>	<b>9,068</b>
Short-term Debt	301	430	594	410	400
Current Portion of Long-Term Debt					
Total Creditors	196	225	407	319	351
Other Current Liabilities	1,054	1,571	1,602	1,602	1,602
<b>Total Current Liabilities</b>	<b>1,551</b>	<b>2,226</b>	<b>2,603</b>	<b>2,330</b>	<b>2,353</b>
Total Long-term Debt	410	561	899	541	531
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	104	139	175	175	175
<b>Total Non-current Liabilities</b>	<b>513</b>	<b>700</b>	<b>1,074</b>	<b>716</b>	<b>706</b>
Total Provisions	0	0	0	0	0
<b>Total Liabilities</b>	<b>2,065</b>	<b>2,926</b>	<b>3,678</b>	<b>3,047</b>	<b>3,059</b>
Shareholders' Equity	5,910	6,334	7,172	7,782	8,536
Minority Interests	428	349	565	605	652
<b>Total Equity</b>	<b>6,338</b>	<b>6,683</b>	<b>7,737</b>	<b>8,387</b>	<b>9,187</b>

### Key Ratios

	Dec-14A	Dec-15A	Dec-16A	Dec-17F	Dec-18F
Revenue Growth	8.9%	0.5%	38.4%	(21.7%)	10.2%
Operating EBITDA Growth	52.3%	15.3%	28.1%	(12.9%)	15.2%
Operating EBITDA Margin	26.0%	29.8%	27.6%	30.6%	32.0%
Net Cash Per Share (VND)	1,053	1,383	695	(1,257)	341
BVPS (VND)	19,100	20,429	23,132	25,097	27,529
Gross Interest Cover	16.73	8.86	14.50	10.18	12.18
Effective Tax Rate	13.0%	15.1%	14.5%	15.1%	15.1%
Net Dividend Payout Ratio	39.5%	59.8%	35.8%	37.9%	33.0%
Accounts Receivables Days	93.56	97.66	68.62	70.43	59.01
Inventory Days	117.8	129.1	138.6	232.3	199.2
Accounts Payables Days	37.61	47.40	49.24	76.85	65.92
ROIC (%)	114%	48%	61%	48%	33%
ROCE (%)	15.6%	14.4%	16.2%	11.4%	12.5%
Return On Average Assets	14.2%	9.9%	11.0%	9.0%	10.0%

### Key Drivers

	Dec-14A	Dec-15A	Dec-16A	Dec-17F	Dec-18F
Rev. growth (% , main biz.)	3.3%	0.5%	38.4%	-21.7%	10.2%
EBITDA mgns (% , main biz.)	26.0%	29.8%	27.6%	30.6%	32.0%
Rev. as % of total (main biz.)	N/A	N/A	N/A	N/A	N/A
EBITDA as % of total (main biz.)	N/A	N/A	N/A	N/A	N/A
Rev. growth (% , 2ndary biz.)	N/A	N/A	N/A	N/A	N/A
EBITDA mgns (% , 2ndary biz.)	N/A	N/A	N/A	N/A	N/A
Rev. as % of total (2ndary biz.)	N/A	N/A	N/A	N/A	N/A
EBITDA as % of total (2ndary biz.)	N/A	N/A	N/A	N/A	N/A
Rev. growth (% , tertiary biz.)	N/A	N/A	N/A	N/A	N/A
EBITDA mgns (% , tertiary biz.)	N/A	N/A	N/A	N/A	N/A
Rev.as % of total (tertiary biz.)	N/A	N/A	N/A	N/A	N/A
EBITDA as % of total (tertiary biz.)	N/A	N/A	N/A	N/A	N/A

SOURCE: CIMB RESEARCH, COMPANY DATA

**DISCLAIMER**

#01

The content of this report (including the views and opinions expressed therein, and the information comprised therein) has been prepared by and belongs to CIMB and is distributed by CIMB.

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

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

The information contained in this research report is prepared from data believed to be correct and reliable at the time of issue of this report. CIMB 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. CIMB is under no obligation to update this report in the event of a material change to the information contained in this report. CIMB has no, and will not accept any, obligation to (i) check or ensure that the contents of this report remain current, reliable or relevant, (ii) ensure that the content of this report constitutes all the information a prospective investor may require, (iii) ensure the adequacy, accuracy, completeness, reliability or fairness of any views, opinions and information, and accordingly, CIMB, or any of their respective affiliates, or its related persons (and their respective directors, associates, connected persons and/or employees) shall not be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof. In particular, CIMB disclaims all responsibility and liability for the views and opinions set out in this report.

Unless otherwise specified, this report is based upon sources which CIMB considers to be reasonable. Such sources will, unless otherwise specified, for market data, be market data and prices available from the main stock exchange or market where the relevant security is listed, or, where appropriate, any other market. Information on the accounts and business of company(ies) will generally be based on published statements of the company(ies), information disseminated by regulatory information services, other publicly available information and information resulting from our research.

Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Past performance is not a reliable indicator of future performance. The value of investments may go down as well as up and those investing may, depending on the investments in question, lose more than the initial investment. No report shall constitute an offer or an invitation by or on behalf of CIMB or its affiliates to any person to buy or sell any investments.

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

CIMB or its affiliates may enter into an agreement with the company(ies) covered in this report relating to the production of research reports. CIMB 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. CIMB prohibits the analyst(s) who prepared this research report 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.

Reports relating to a specific geographical area are produced by the corresponding CIMB entity as listed in the table below. The term "CIMB" shall denote, where appropriate, the relevant entity distributing or disseminating the report in the particular jurisdiction referenced below, or, in every other case, CIMB Group Holdings Berhad ("**CIMBGH**") and its affiliates, subsidiaries and related companies.

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

(i) As of January 24, 2017 CIMB 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 January 25, 2017, the analyst(s) who prepared this report, and the associate(s), has / have an interest in the securities (which may include but not limited to shares, warrants, call warrants and/or any other derivatives) in the following company or companies covered or recommended in this report:

(a) -  
 This report does not purport to contain all the information that a prospective investor may require. CIMB or any of its affiliates does not make any guarantee, representation or warranty, express or implied, as to the adequacy, accuracy, completeness, reliability or fairness of any such information and opinion contained in this report. Neither CIMB nor any of its affiliates nor its related persons shall be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof.

This report is general in nature and has been prepared for information purposes only. It is intended for circulation amongst CIMB and its affiliates' clients generally and does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. The information and opinions in this report are not and should not be construed or considered as an offer, recommendation or solicitation to buy or sell the subject securities, related investments or other financial instruments or any derivative instrument, or any rights pertaining thereto.

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

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

**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 our own as of the date hereof and are subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Conduct Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. CHK has no obligation to update its opinion or the information in this research report.

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

CIMB Securities Limited does not make a market on the securities mentioned in the report.

**India:** This report is issued and distributed in India by CIMB Securities (India) Private Limited ("CIMB India") which is registered with SEBI as a stock-broker under the Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992, the Securities and Exchange Board of India (Research Analyst) Regulations, 2014 (SEBI Registration Number INH000000669) and in accordance with the provisions of Regulation 4 (g) of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013, CIMB India is not required to seek registration with SEBI as an Investment Adviser.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from equity stock broking and merchant banking of CIMB India and they have received compensation based upon various factors, including quality, accuracy

and value of research, firm profitability or revenues, client feedback and competitive factors. Research analysts', strategists' or economists' compensation is not linked to investment banking or capital markets transactions performed or proposed to be performed by CIMB India or its affiliates."

**Indonesia:** This report is issued and distributed by PT CIMB Securities Indonesia ("CIMBI"). The views and opinions in this research report are our own as of the date hereof and are subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Conduct Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. CIMBI has no obligation to update its opinion or the information in this research report. Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens wherever they are domiciled or to Indonesian residents except in compliance with applicable Indonesian capital market laws and regulations.

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

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

**Malaysia:** This report is issued and distributed by CIMB Investment Bank Berhad ("CIMB") solely for the benefit of and for the exclusive use of our clients. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Conduct Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. CIMB has no obligation to update, revise or reaffirm its opinion or the information in this research reports after the date of this report.

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

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

Recipients of this report are to contact CIMB Research Pte Ltd, 50 Raffles Place, #19-00 Singapore Land Tower, Singapore in respect of any matters arising from, or in connection with this report. CIMBR has no obligation to update its opinion or the information in this research report. This publication is strictly confidential and is for private circulation only. If you have not been sent this report by CIMBR directly, you may not rely, use or disclose to anyone else this report or its contents.

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

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

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

As of January 24, 2017, CIMBR does not have a proprietary position in the recommended securities in this report.

CIMB Securities Singapore Pte Ltd and/or CIMB Bank 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.

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

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

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

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

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

If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Conduct Authority apply to a recipient, our obligations owed to such recipient are unaffected.

CIMB Securities (Thailand) Co., Ltd. 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, AOT, AP, BA, BANPU, BBL, BCH, BCP, BDMS, BEAUTY, BEC, BEM, BH, BIG, BLA, BLAND, BTS, CBG, CENTEL, CHG, CK, CKP, COM7, CPALL, CPF, CPN, DELTA, DTAC, EGCO, EPG, GLOBAL, GLOW, GPSC, GUNKUL, HANA, HMPRO, ICHI, IFEC, INTUCH, IRPC, ITD, IVL, KAMART, KBANK, KCE, KKP, KTB, KTC, LH, LHBANK, LPN, MAJOR, MINT, MTLs, PLANB, PSH, PTG, PTT, PTTTP, PTTGC, QH, ROBINS, RS, S, SAMART, SAWAD, SCB, SCC, SCN, SGP, SIRI, SPALI, SPCG, SPRC, STEC, STPI, SUPER, TASCOC, TAP, THAI, THANI, THCOM, TISCO, TKN, TMB, TOP, TPIPL, TRUE, TTA, TTCL, TTW, TU, TVO, UNIQ, VGI, VIBHA, VNG, WHA.

#### 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. CIMBS 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:** In the United Kingdom and European Economic Area, this report is being disseminated by CIMB Securities (UK) Limited ("CIMB UK"). CIMB UK is authorized and regulated by the Financial Conduct Authority and its registered office is at 27 Knightsbridge, London, SW1X7YB. Unless specified to the contrary, this report has been issued and approved for distribution in the U.K. and the EEA by CIMB UK. Investment research issued by CIMB UK has been prepared in accordance with CIMB Group's policies for managing conflicts of interest arising as a result of publication and distribution of investment research. This report is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are eligible counterparties and professional clients of CIMB UK; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Order"), (c) fall within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc") of the Order; (d) are outside the United Kingdom subject to relevant regulation in each jurisdiction, or (e) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with any investments to which this report relates may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This report is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons.

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

**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, CIMB Investment Bank Berhad, PT CIMB Securities Indonesia, CIMB Securities (Thailand)

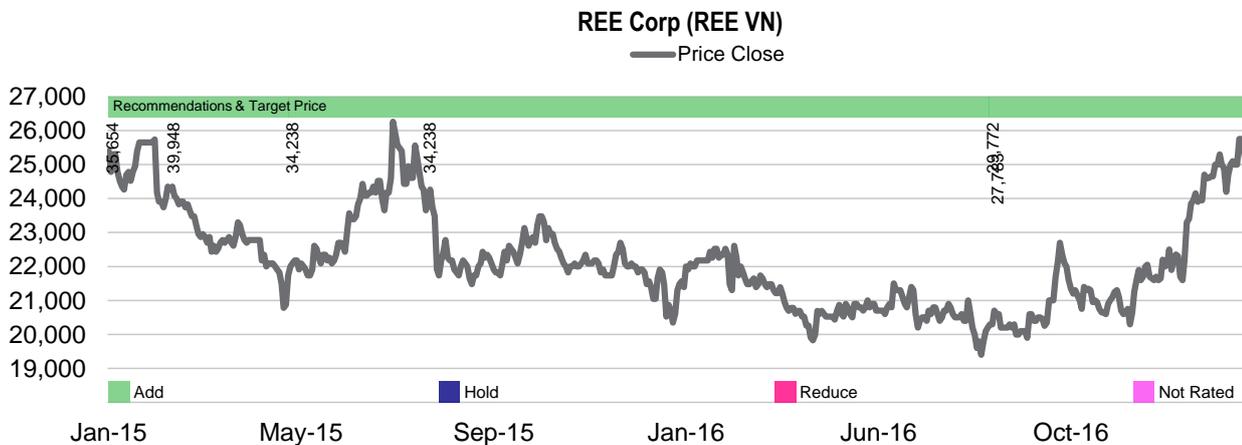
Co. Ltd, CIMB Securities Limited, CIMB Securities (India) Private Limited, and is distributed solely to persons who qualify as “U.S. Institutional Investors” as defined in Rule 15a-6 under the Securities and Exchange Act of 1934. This communication is only for Institutional Investors whose ordinary business 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 the securities mentioned in the report.

**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.

Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2016		
1626 companies under coverage for quarter ended on 31 December 2016		
	Rating Distribution (%)	Investment Banking clients (%)
Add	58.4%	5.4%
Hold	29.6%	1.4%
Reduce	11.6%	0.4%

**Spitzer Chart for stock being researched ( 2 year data )**



**Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2016, Anti-Corruption 2016.**

**AAV** – Very Good, n/a, **ADVANC** – Very Good, Certified, **AEONTS** – Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Very Good, Declared, **AOT** – Excellent, Declared, **AP** – Very Good, Declared, **ASK** – Very Good, Declared, **ASP** – Very Good, Certified, **BANPU** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – not available, Declared, **BGP** - Excellent, Certified, **BEM** – Very Good, n/a, **BDMS** – Very Good, n/a, **BEAUTY** – Good, Declared, **BEC** - Good, n/a, **BH** - Good, Declared, **BIGC** - Excellent, Declared, **BJC** – Good, n/a, **BLA** – Very Good, Certified, **BPP** – not available, n/a, **BTS** - Excellent, Certified, **CBG** – Good, n/a, **CCET** – not available, n/a, **CENTEL** – Very Good, Certified, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COL** – Very Good, Declared, **CPALL** – not available, Declared, **CPF** – Excellent, Declared, **CPN** - Excellent, Certified, **DELTA** - Excellent, Declared, **DEMCO** – Excellent, Certified, **DTAC** – Excellent, Certified, **EA** – Very Good, Declared, **ECL** – Good, Certified, **EGCO** - Excellent, Certified, **EPG** – Good, n/a, **GFPT** - Excellent, Declared, **GLOBAL** – Very Good, Declared, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Declared, **GRAMMY** - Excellent, n/a, **GUNKUL** – Very Good, Declared, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Declared, **ICHI** – Very Good, Declared, **INTUCH** - Excellent, Certified, **ITD** – Good, n/a, **IVL** – Excellent, Certified, **JAS** – not available, Declared, **JASIF** – not available, n/a, **JUBILE** – Good, Declared, **KAMART** – not available, n/a, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KGI** – Good, Certified, **KKP** – Excellent, Certified, **KSL** – Very Good, Declared, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Very Good, n/a, **LPN** – Excellent, Declared, **M** – Very Good, Declared, **MAJOR** - Good, n/a, **MAKRO** – Good, Declared, **MALEE** – Very Good, Declared, **MBKET** – Very Good, Certified, **MC** – Very Good, Declared, **MCOT** – Excellent, Declared, **MEGA** – Very Good, Declared, **MINT** - Excellent, Certified, **MTLS** – Very Good, Declared, **NYT** – Excellent, n/a, **OISHI** – Very Good, n/a, **PLANB** – Very Good, Declared, **PSH** – not available, n/a, **PSL** - Excellent, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, Certified, **PTTGC** - Excellent, Certified, **QH** – Excellent, Declared, **RATCH** – Excellent, Certified, **ROBINS** – Very Good, Declared, **RS** – Very Good, n/a, **SAMART** - Excellent, n/a, **SAPPE** - Good, n/a, **SAT** – Excellent, Certified, **SAWAD** – Good, n/a, **SC** – Excellent, Declared, **SCB** - Excellent, Certified, **SCBLIF** – not available, n/a, **SCC** – Excellent, Certified, **SCN** – Good, Declared, **SCCC** - Excellent, Declared, **SIM** - Excellent, n/a, **SIRI** - Good, n/a, **SPALI** - Excellent, Declared, **SPRC** – Very Good, Declared, **STA** – Very Good, Declared, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **TASCO** – Very Good, Declared, **TCAP** – Excellent, Certified, **THAI** – Very Good, Declared, **THANI** – Very Good, Certified, **THCOM** – Excellent, Certified, **THRE** – Very Good, Certified, **THREL** – Very Good, Certified, **TICON** – Very Good, Declared, **TISCO** - Excellent, Certified, **TK** – Very Good, n/a, **TKN** – Good, n/a, **TMB** - Excellent, Certified, **TOP** - Excellent, Certified, **TPCH** – Good, n/a, **TIPIP** – not available, n/a, **TRUE** – Very Good, Declared, **TTW** – Very Good, Declared, **TU** – Excellent, Declared, **UNIQ** – not available, Declared, **VGI** – Excellent, Declared, **WHA** – not available, Declared, **WHART** – not available, n/a, **WORK** – not available, n/a.

**Companies participating in Thailand’s Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of October 28, 2016) are categorized into:**

- Companies that have declared their intention to join CAC, and
- Companies certified by CAC

**CIMB Recommendation Framework**

**Stock Ratings**

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more 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.