Vietnam

Economics Update

Inflation should stay under control in 2019

- Oil prices made a sharp reversal from four-year highs amid concerns about rising supplies and fears of slowing demand growth into next year.
- Assuming Brent crude oil price averaging at US$75/bbl next year (Bloomberg consensus), we think Vietnam's inflation rate in 2019 will stay under control.
- We expect the oil trade deficit to widen but the budget deficit to be narrower than the government's plan due to rising oil prices.
- Consumption could get a short-term boost from the recent pull-back in oil.

Oil prices have tumbled c.27-29% from recent highs

Spurred by sanctions on Iran and a collapsing economy in Venezuela, oil prices reached four-year highs in early-Oct 2018. However, as the US government granted waivers to major consumers of Iranian oil, oil sentiment soured on the return of oversupply concerns amid rising supply and slowing demand. In 2019, we expect oil prices to continue to be volatile due to swings in oil supply but oil prices should remain well supported at US$75/bbl in 2019 (Bloomberg consensus), not much higher than the average oil price in 2018.

Our base case estimates suggest inflation will be contained in 2019

For 2019, given higher environment tax on fuels and thinner petrol price stabilisation fund drawdowns, we expect domestic fuel prices to rise ~10%. This increase could add around 0.45-1.0% pt to the inflation rate for next year. Although inflation will accelerate, we think it will remain under control at 4.1% next year.

Oil trade deficit to expand next year

The oil trade deficit expanded from US$4.8bn in 2017 to US$6.0bn in the first nine months of 2018 (Vietnam turned into a net importer of crude oil in 2018). As we expect Brent crude prices to average US$75/bbl in 2019 and Vietnam's oil production to decline further, we think the oil trade deficit will continue to expand and weigh on the overall trade balance. We project a trade surplus of US$7.1bn in 2018 but only US$3.4bn in 2019.

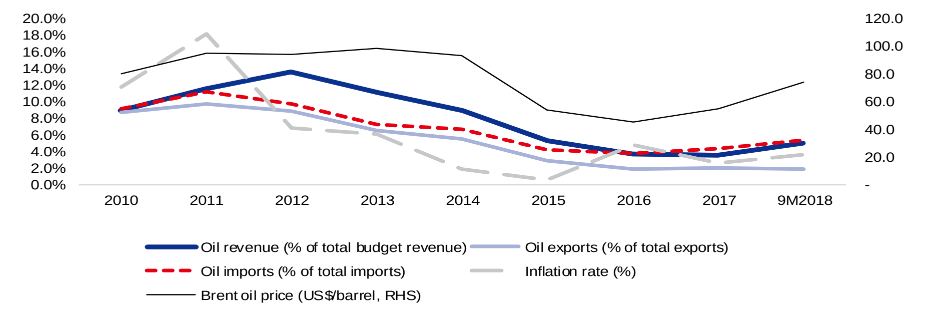
Only minimal support for State Budget at current oil price levels

Rising oil prices have become less supportive of Vietnam's budget than before because 1) the State budget is less reliant on oil revenue (3.5% of budget revenue in 2017 vs.13.5% in 2012); and 2) depleting mature fields and lack of new exploration and investment have triggered a decline in oil production. We estimate that oil revenue could reach VND51,500bn in 2019, assuming Brent crude averages US$75/bbl. As a result, higher oil revenue could help the budget deficit to stay under the government target of 3.6% of GDP.

Consumption could get a short-term boost from oil plunge

According to market research firm Nielsen, Vietnam's consumer confidence remained stable at a high level of 120 points, implying that rising oil prices in 2018 have yet to

Figure 1: Oil prices vs. Vietnam's key macro indicators



SOURCES: VND RESEARCH, GSO, BLOOMBERG, CUSTOMS, MOF

Economist(s)

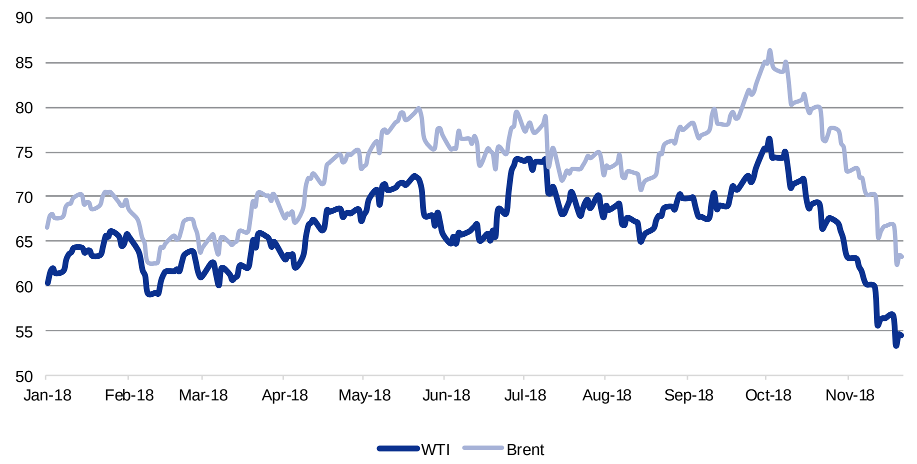
My TRAN Ha
T (84) 96 681 1636
E my.tranha@vndirect.com.vn

2019 inflation to stay under control

Oil prices made a sharp reversal from four-year highs

Both Brent and WTI crude oil prices reached four-year highs in early-Oct 2018 in anticipation of potential declines in Iranian oil production and exports as a result of US sanctions imposed on 4 Nov 2018. According to the US Energy Information Administration (EIA), Iranian oil production fell by more than 0.4 million bbls per day (b/d) since May 2018 to an average of 3.4 million b/d in Sep 2018. In Oct 2018, the removal of Iranian oil from the market and supply disruptions in places such as Venezuela spurred expectations of large supply shortages in the oil market and fueled bullish market sentiment. However, oil prices went into free-fall subsequently as fears of a supply glut mounted. The Trump administration granted waivers allowing China, India and another six nations to keep buying oil from Iran. Meanwhile, Saudi Arabia, Russia and US ramped up output in recent months to offset the anticipated decline in Iranian output. Simultaneously, concerns about slowing global economic growth have cast a shadow on the oil demand outlook. The price of Brent plunged to US$63.3/bbl, down 26.6% from its four-year record in early-Oct 2018.

Figure 2: Oil price movements in 2018 (US$/bbl)



SOURCES: VND RESEARCH, BLOOMBERG

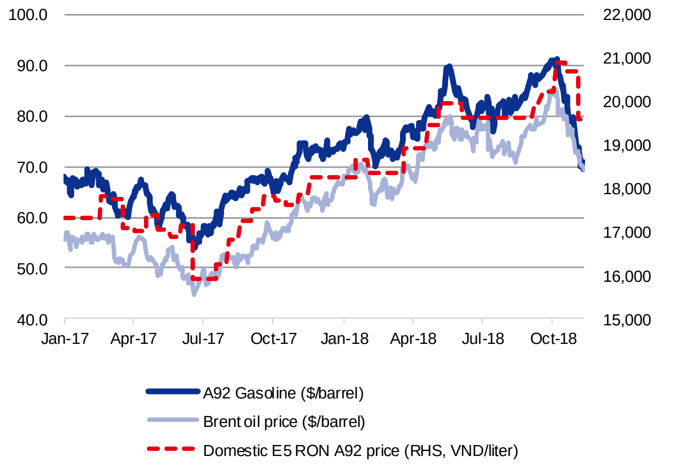
Oil market might see a demand surplus in 2019; uncertainties remain

According to the World Bank, global oil demand in 2019 is expected to rise at a similar pace to that seen in 2018. Meanwhile, the International Energy Agency (IEA) and Organization of Petroleum Exporting Countries (OPEC) revised down their expectations for oil consumption in 2019 in their latest reports, citing weaker global growth and the fact that higher oil prices, on average, may weigh on demand. On the supply side, IEA expects significant surpluses to build in 2019 as output from the Middle East, Russia and the US more than offsets declines from Iran, Venezuela and elsewhere. In combination with Iranian sanctions waivers by the US and steady demand growth, the oil market might see a supply surplus in 2019. However, there is considerable uncertainty about the total loss of Iranian production and the recent talk by OPEC producers of curtailing supply to counter Iranian sanction waivers. Due to recent oil plunge, it is likely that Saudi Arabia and OPEC members could cut production in their next meeting in Dec 2018. On balance, we are inclined to believe that oil prices will remain well supported at US$75/bbl in 2019, which is not much higher than the average oil price in 2018.

Vietnam's inflation will tick up but should still be manageable in 2019

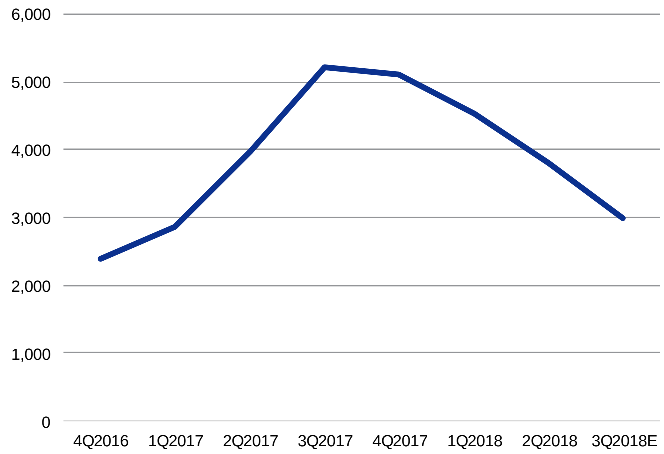
Currently, the government is pursuing a number of policy measures to contain the inflation rate to under 4.0%; these include reducing healthcare service fees and delaying the power price and environmental tax hikes. In addition, the government also uses the petrol price stabilisation fund to curb domestic retail petrol prices to cushion the impact of rising oil prices. On average, domestic retail gasoline prices rose by 12.8% yoy while international gasoline prices increased by 24.6% yoy, even as oil prices surged by around 38.4% yoy in the first 10 months of 2018. Thanks to the recent oil price correction on demand side weakness and Saudi Arabia's commitment to replace the lost Iranian oil production, we think inflation pressures could ease in the remaining months of the year. Therefore, we think a 2018 inflation target of below 4.0% is attainable.

Figure 3: International vs. domestic petrol prices (2017-Nov 2018)



SOURCES: VND RESEARCH, BLOOMBERG, MOIT

Figure 4: Petrol price stabilisation fund balance (VND bn, 2016-3Q2018)

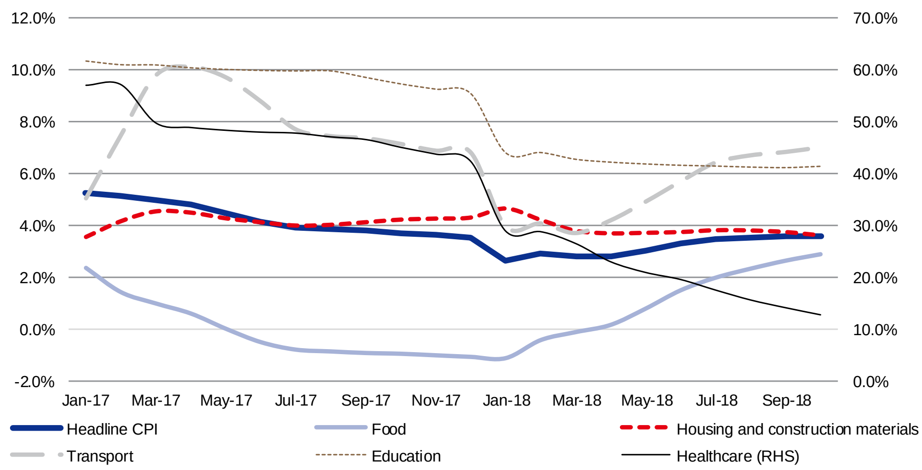


SOURCES: VND RESEARCH, MOF

For 2019, we see that inflation risks are tilted to the upside based on the following reasons: 1) healthcare prices should continue to rise in light of the government's subsidy reform though there was a delay in price hikes in 2018; 2) electricity price hike is expected next year due to rising input costs, according to Vietnam Electricity Corporation (EVN); 3) higher environmental tax on fuels will take effect on 1 Jan 2019 which will raise fuel prices by around 4.4-4.7%; and 4) the petrol price stabilisation fund pool has shrunk significantly due to recent draw-downs to cushion against oil price rises, thereby limiting the ability of the government to continue to delay fuel price increases.

Although petrol products make up only 4.0% of the basket of goods for CPI calculation, the petrol hikes will also have an indirect impact on inflation. In our base case, assuming average Brent oil price at US$75/bbl in 2019, we estimate the impact on inflation rate to be 0.45-1.0%, including the impact of higher environmental tax on fuels and a decline in the petrol price stabilisation fund. The adjustments in prices of public services (healthcare and education) could contribute 0.48% points to CPI increase. Electricity makes up 3.0% of the basket of goods for CPI calculation and so if electricity price rises by 5.0%, we estimate the impact on inflation rate to be 0.08-0.2%. Overall, we forecast inflation to average 4.1% in 2019, higher than the 4.0% that we forecast for this year. In the Nov meeting, the National Assembly set a target to hold inflation at 4.0% in 2019.

Figure 5: Annualised inflation rate of key items in CPI basket



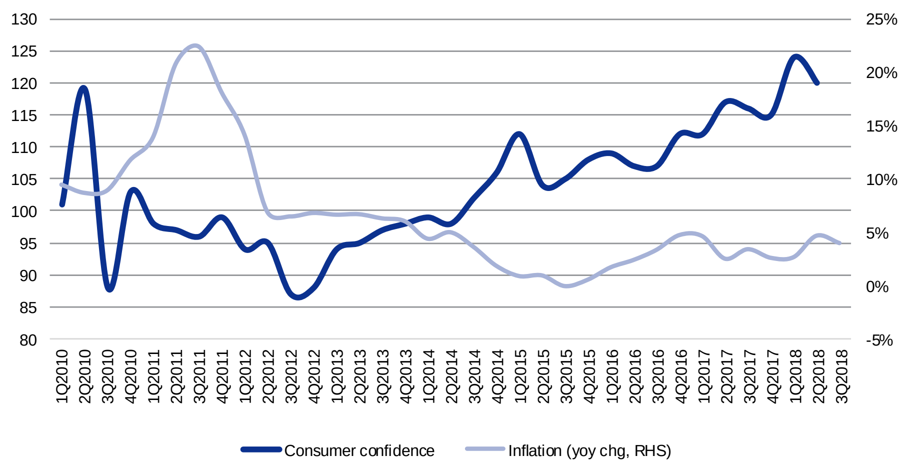
SOURCES: VND RESEARCH, GSO

Consumer demand still not impacted by oil price rise in 2018

According to Nielsen, Vietnam's consumer confidence remained stable in 2Q2018 with an index score of 120 points, implying that higher oil prices in 2018 are yet to dampen demand. In addition, the recent oil plunge could boost consumer confidence and retail sales in the upcoming holiday shopping season, supporting consumption growth in the final quarter of 2018. If oil prices recover substantially in 2019, there will be a tangible softening of demand, in our view.

In the worst-case scenario, if oil prices rebound back to US$80/bbl and maintain at this level for a significant length of time, we think the risk of Vietnam's inflation rate surpassing the 5.0% level will rise. This means the possibility of policy rate hikes will be higher in 2019 and the SBV could raise policy rates, consequently dampening demand.

Figure 6: Vietnam's consumer confidence index vs. Inflation (2010-3Q18)



SOURCES: VND RESEARCH, GSO, Nielsen

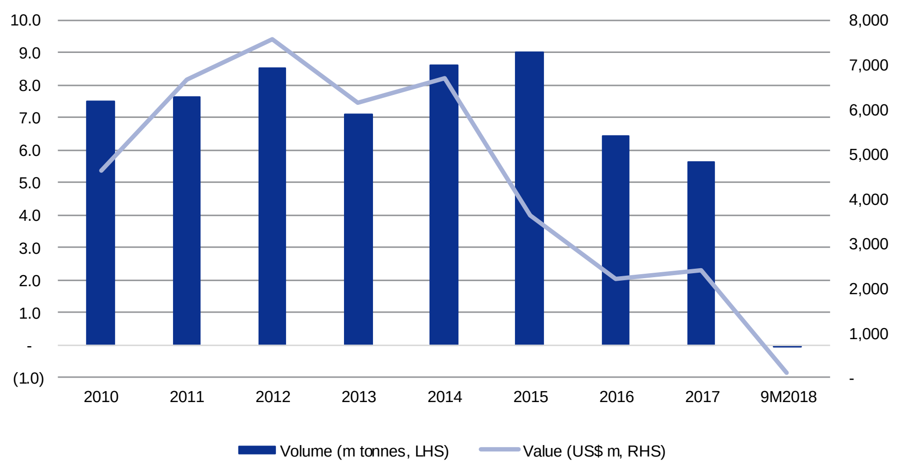
Trade surplus could narrow in 2019

Crude oil exports were historically one of the biggest contributors to total exports from Vietnam but the contribution of oil export turnover to total exports has declined sharply since 2011. This is not only because of the downward trend of oil prices and falling domestic oil production but also because of the structural changes in Vietnam's exports, with strong increases in textile and electronic /

electrical product exports. In the first 9 months of 2018, crude oil and petroleum products exports brought US$3.2bn in turnover, contributing only 1.8% of total exports.

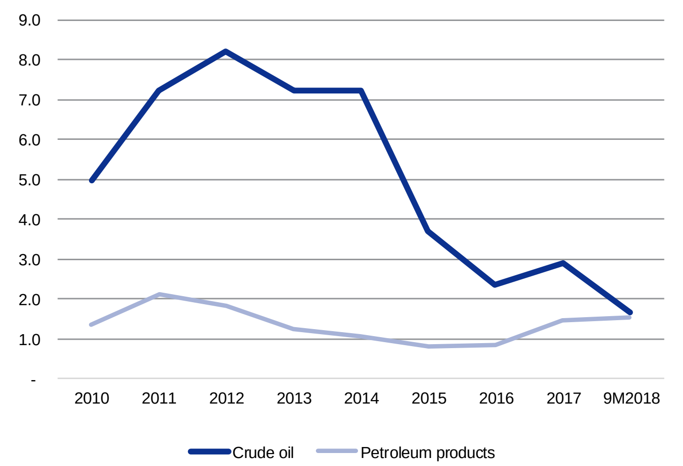
In 2018, Vietnam has turned into a net importer of crude oil due to rising refining capacity with the second refinery (Nghi Son) having come into operation in May 2018 and a continued slide in domestic crude output. In the first 9 months of this year, Vietnam's crude oil imports soared to record highs (+186.2% yoy in volume and +282.1% yoy in value). Despite rising refining capacity, Vietnam still needs to import refined products; imports of petroleum products totaled 9.3 million tonnes worth US$6.3bn in the nine-month period, down 2.1% in volume but up 22.4% in value from the same period last year.

Figure 7: Net crude oil trade balance (2010-9M2018)



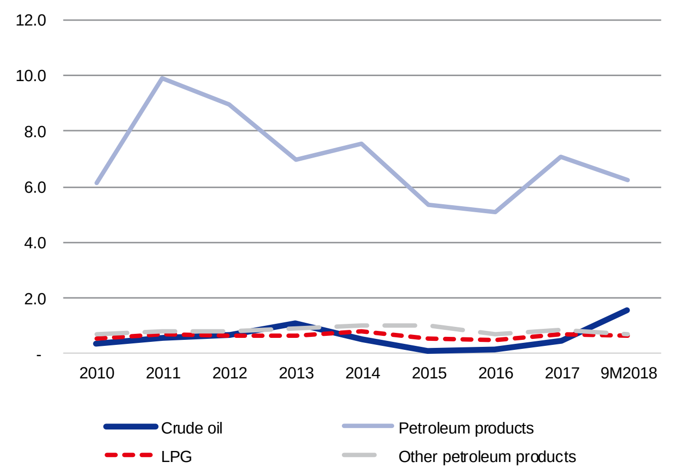
SOURCES: VND RESEARCH, CUSTOMS

Figure 8: Export value of crude oil and petroleum products (US$ bn, 2010-9M2018)



SOURCES: VND RESEARCH, VIETNAM CUSTOMS

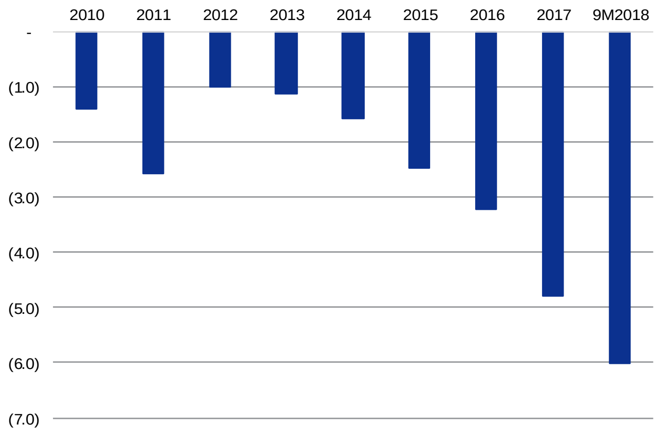
Figure 9: Import value of crude oil and other petroleum products (US$ bn, 2010-9M2018)



SOURCES: VND RESEARCH, VIETNAM CUSTOMS

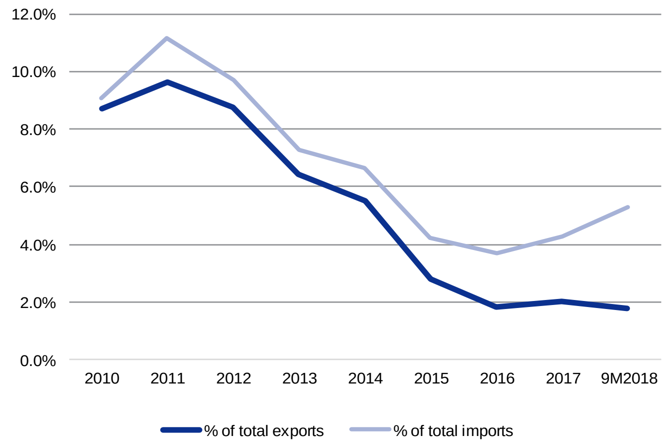
Because of rising oil prices, falling export volume but rising import volume, the oil trade deficit expanded from US$4.8bn in 2017 to US$6.0bn in the nine-months of 2018. As we expect Brent oil prices to average US$75/bbl in 2019 and Vietnam's oil production to decline further, we think the oil trade deficit will continue to widen and erode the overall trade balance. We project a trade surplus of US$7.1bn in 2018 but only US$3.4bn in 2019. As a result, the current account surplus is likely to shrink next year. Therefore, the SBV will have less room to mitigate external risks and to protect the dong's stability in 2019, in our view.

Figure 10: Crude oil and refined products trade balance (US$ bn, 2010-9M2018)



SOURCES: VND RESEARCH, VIETNAM CUSTOMS

Figure 11: Share of crude oil and petroleum products in trade value (2010-9M2018)



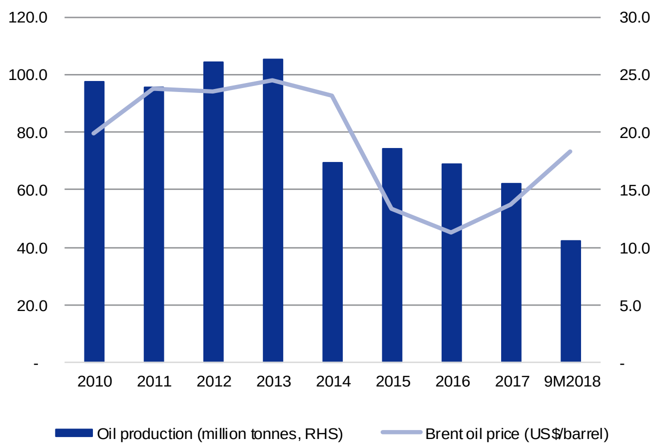
SOURCES: VND RESEARCH, VIETNAM CUSTOMS

The State Budget will only be supported marginally

We see that the State budget is less reliant on oil revenue (3.5% of total budget revenue in 2017 vs. 13.5% in 2012). In addition, depleting mature fields and lack of new exploration and production investment in recent years will result in Vietnam's crude oil production declining by 10% every year until 2025, according to PetroVietnam (PVN).

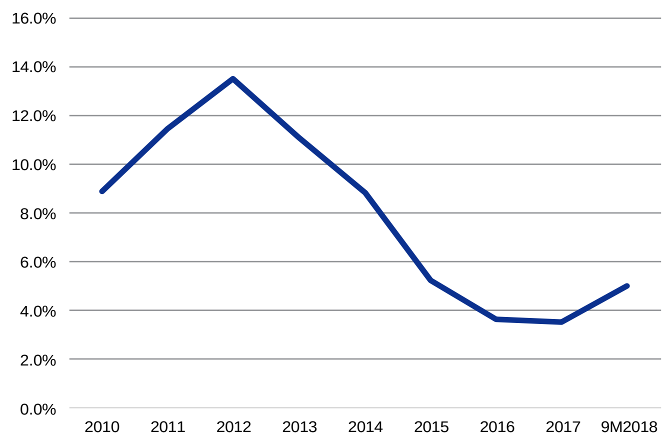
According to PVN, 9M2018 oil production exceeded the plan with an output of 10.5 million tonnes, but decreased by 10.2% yoy. Oil revenue reached VND48,100bn (+42.5%yoy) and surpassed the government's plan by 34.0% due to rising oil prices before the recent sharp correction. In the next fiscal year, the government expects to collect VND44,600bn of oil revenue, assuming oil prices averaging US$65/bbl. In our view, this plan is quite conservative and we estimate that oil revenue could reach VND51,500bn, based on an average Brent crude price of US$75/bbl in 2019. Based on the current budget plan, rising oil revenues could mean that the budget deficit for 2019 comes in at 3.5% of GDP versus the government's target of 3.6% of GDP, all other factors remaining unchanged. Despite the fact that the petrol price stabilisation fund is already significantly drawn down, we do not think the government will resort to funding fuel subsidies from the State Budget as fiscal consolidation is a key priority for the government.

Figure 12: Vietnam crude oil production vs. oil prices (2010-9M2018)



SOURCES: VND RESEARCH, MOIT, BLOOMBERG

Figure 13: Oil revenue (% of total budget revenue, 2010-9M2018)



SOURCES: VND RESEARCH, MOF

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 CGS-CIMB or CIMB Investment Bank Berhad ("CIMB"), as the case may be. Reports relating to a specific geographical area are produced and distributed by the corresponding CGS-CIMB entity as listed in the table below. Reports relating to Malaysia are produced and 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 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. CGS-CIMB or CIMB, as the case may be, 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. Neither CGS-CIMB nor CIMB has an obligation to update this report in the event of a material change to the information contained in this report. Neither CGS-CIMB nor CIMB accepts 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, CGS-CIMB and CIMB, 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, 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 sources which CGS-CIMB or CIMB, as the case may be, 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 CGS-CIMB or CIMB, as the case may be, or any of their respective affiliates (including CGIFHL, CIMBG and their respective related corporations) to any person to buy or sell any investments.

CGS-CIMB, CIMB, their respective affiliates and related corporations (including CGIFHL, CIMBG and their respective related corporations) and/or 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, 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 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 or CIMB, as the case may be, 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.

Reports relating to a specific geographical area are produced by the corresponding CGS-CIMB entity as listed in the table below. 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, CGS-CIMB Securities International Pte. Ltd. and its affiliates, subsidiaries and related corporations.

Country	CGS-CIMB Entity	Regulated by
Hong Kong	CGS-CIMB Securities (Hong Kong) 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 (Hong Kong) Limited, Korea Branch	Financial Services Commission and Financial Supervisory Service
Thailand	CGS-CIMB Securities (Thailand) Co. Ltd.	Securities and Exchange Commission Thailand

Reports relating to Malaysia are produced by CIMB as listed in the table below:

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

This report does not purport to contain all the information that a prospective investor may require. Neither CGS-CIMB or CIMB, as the case may be, nor any of their respective affiliates (including CGIFHL, CIMBG and their related corporations) 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 CGS-CIMB or CIMB, as the case may be, nor any of 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 or CIMB's (as the case may be) 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 CGS-CIMB Securities (Singapore) Pte. Ltd. and CGS-CIMB Securities (Hong Kong) 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. CGS-CIMB Securities (Singapore) Pte. Ltd. and CGS-CIMB Securities (Hong Kong) Limited do not hold, and are not required to hold an Australian financial services license. CGS-CIMB Securities (Singapore) Pte. Ltd. and CGS-CIMB Securities (Hong Kong) 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 CGS-CIMB Securities (Hong Kong) 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 CGS-CIMB Securities (Hong Kong) 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.

India: This report is issued and distributed in India by CGS-CIMB Securities (India) Private Limited ("CGS-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, CGS-CIMB India is not required to seek registration with the Securities and Exchange Board of India ("SEBI") as an Investment Adviser. CGS-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 CGS-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 CGS-CIMB India or its affiliates.

Indonesia: This report is issued and distributed by PT CGS-CIMB Sekuritas Indonesia ("CGS-CIMB Indonesia"). The views and opinions in this research report are our own as of the date hereof and are subject to change. CGS-CIMB Indonesia 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 in Malaysia by CIMB solely for the benefit of and for the exclusive use of our clients. Recipients of this report are to contact CIMB, at 17th Floor Menara CIMB No. 1 Jalan Stesen Sentral 2, Kuala Lumpur Sentral 50470 Kuala Lumpur, Malaysia, in respect of any matters arising from or in connection with this report. 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 CGS-CIMB Research Pte Ltd ("CGS-CIMBR"). CGS-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 CGS-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 CGS-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. CGS-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 CGS-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, CGS-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 CGS-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 CGS-CIMBR is exempt from Section 27 of the FAA, the recipient will also not be able to file a civil claim against CGS-CIMBR for any loss or damage arising from the recipient's reliance on any recommendation made by CGS-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 CGS-CIMBR for any loss or damage arising from the recipient's reliance on any recommendation made by CGS-CIMBR which would otherwise be a right that is available to the recipient under Section 27 of the FAA.

CGS-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, CGS-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.

South Korea: This report is issued and distributed in South Korea by CGS-CIMB Securities (Hong Kong) Limited, Korea Branch ("CGS-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 CGS-CIMB Securities (Thailand) Co. Ltd. ("CGS-CIMB Thailand") 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 CGS-CIMB Thailand has no obligation to update its opinion or the information in this research report.

CGS-CIMB Thailand 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, BANPU, BBL, BCH, BCP, BCPG, BDMS, BEAUTY, BEM, BGRIM, BJC, BH, BLA, BLAND, BPP, BTS, CBG, CENTEL, CHG, CK, CKP, COM7, CPALL, CPF, CPN, DELTA, DTAC, EA, EGCO, EPG, ERW, ESSO, GGC, GFPT, GLOBAL, GLOW, GPSC, GUNKUL, HANA, HMPRO, INTUCH, IRPC, ITD, IVL, KBANK, KCE, KKP, KTB, KTC, LH, LPN, MAJOR, MEGA, MINT, MTLS, ORI, PRM, PSH, PSL, PTG, PTT, PTTEP, PTTGC, QH, RATCH, ROBINS, RS, SAWAD, SCB, SCC, SGP, SIRI, SPALI, SPRC, STA, STEC, SUPER, TASCO, TCAP, THAI, THANI, TISCO, TKN, TMB, TOA, TOP, TPIPL, TPIPP, TRUE, TTW, TU, TVO, UV, WHA, WHAUP, 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. CGS-CIMB Thailand 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 CGS-CIMB Securities (UK) Limited ("CGS-CIMB UK"). CGS-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 CGS-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 CGS-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 CGS-CIMB Securities (USA) Inc, a U.S. registered broker-dealer and a related company of CGS-CIMB Research Pte Ltd, PT CGS-CIMB Sekuritas Indonesia, CGS-CIMB Securities (Thailand) Co. Ltd, CGS-CIMB Securities (Hong Kong) Limited, CGS-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. CGS-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 CGS-CIMB Securities (USA) Inc.

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.

CGS-CIMB Research Pte Ltd (Co. Reg. No. 198701620M)

#04