

Vietnam

Construction starts on largest beverage factory in the North

Construction started yesterday on the largest non-alcoholic beverage plant in North Vietnam, with a total US\$95.2mn invested by Tan Hiep Phat Group, with a target 600 mn litre/year output.

View: Early stage of consumer market development Vietnam remains in the early stages of the development of its consumer market. With the highest population in Indochina (89.6 mn) and young demographic, it has the largest potential in terms of absolute consumer market size in the region over the longer-term. Spending on food and beverages per capita in Vietnam in 2011 was US\$201 (Euromonitor); Thailand was over 3x that level.

Cambodia

Cambodia-produced car planned by 2015-2016 Cambodian firm ACICA Automotive has signed a US\$2bn joint venture with a UK based car firm to produce Cambodia's first car by 2015-2016.

View: Burgeoning automotive industry, but risks remain Cambodia has only materially started to develop any large scale manufacturing, apart from its extensive textiles industry, over the last few years. Two car assembly plants, one from Korea and one from China, have already opened. However, given that it is early days for the car industry in Cambodia, we expect that significant risks remain for this new project, including raising sufficient capital, ensuring sufficient market demand, and quality control.

Laos

Swiss provide development assistance of US\$6.4mn The Swiss Agency of Development and Cooperation (SDC) has provided US\$6.3mn in assistance for the Lao government's Agro Biodiversity Initiative.

View: Development assistance key for remote rural areas

The SDC has focused its assistance on Laos' remote Northern uplands, since the early 1990s. Foreign project financing continues to fund over 100% of the Laos government deficit (US\$176mn of a 2011 US\$140mn deficit, with domestic financing negative) and is especially key in getting capital to more remote areas of Laos.

Myanmar

Debit cards used for first time this week Myanmar saw its first use of debit cards yesterday, at ATMs in 14 popular locations in Yangon, with a machine limit of Kyat1mn/day (US\$1,152).

View: Credit cards to follow soon This a major step in developing the commercial banking industry, while also encouraging both business and tourist arrivals to the country. Credit cards are expected soon, with MasterCard having partnered with domestic financial institution Co-Operative Bank Limited, with 24 ATMs. Currently no foreign banks are permitted to offer banking services in Myanmar, although several have opened representative offices in anticipation of liberalization of the financial sector.

Index	Value	% chg
Thailand	1,278.5	0.19
Vietnam	401.8	0.72
Laos	1,049	0.88
Cambodia	677.4	0.00

Source: Bloomberg

Valuation	P/E	P/B
Thailand	13.9	2.2
Vietnam	10.0	1.5
Laos	5.5	0.7
Cambodia	18.4	n/a

Source: Bloomberg, KT Zmico estimates

Currency	USD:x	% chg
Baht (THB)	30.8	0.06
Dong (VND)	20,855	-0.05
Kip (LAK)	7,986	0.58
Riel (KHR)	4,052	0.68
Kyat (MMK)	865	0.56

Source: Bloomberg

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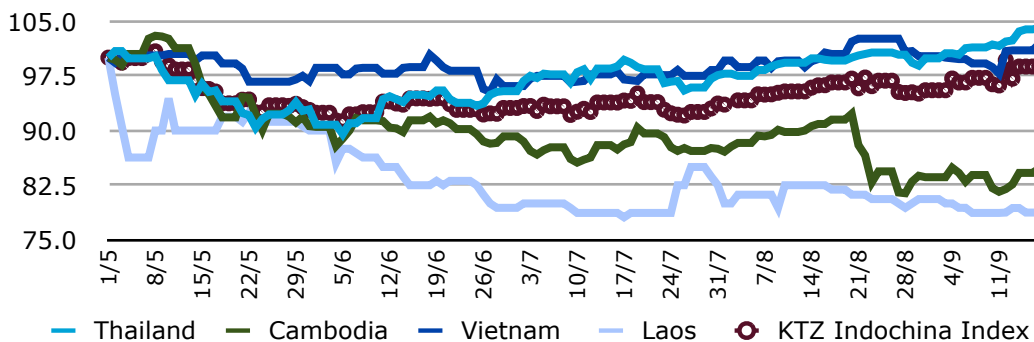
Indochina Markets

Vietnam up as QE3 gives market lift for second session: The HCM index rose 0.72% to 401.75, as most Asian markets rose for a second day, still propelled by the Federal Reserve announcement last week of an open-ended round of QE3.

Laos up nearly 1% The Laos index rose 0.9% to 1048.9, with BCEL trading flat at LAK7,450, and EDL-Gen rising 1% to LAK4,900.

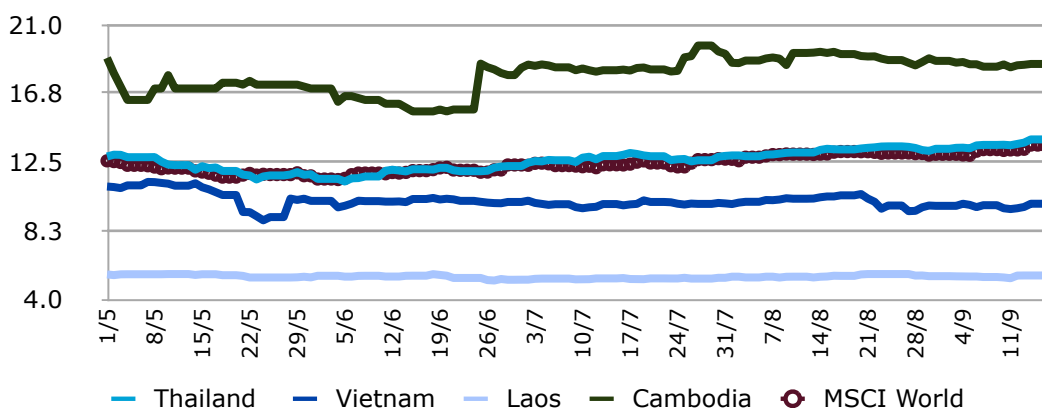
Cambodia flat: The CSX traded flat at 677.42, as the only listed stock, PPWSA, held at its offering price of KHR6,300.

Figure 1: Indochina markets relative index performance



Source: Bloomberg

Figure 2: Indochina markets price to earnings ratio



Source: Bloomberg

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