

Vietnam

PTT to open major refinery Thailand's state oil and gas producer PTT plans to start construction on a US\$28.7bn refinery in Binh Dinh with a 660k barrel/day capacity by 2016. This would be a sea change for the refining industry in Vietnam given that its single refinery, Dung Quat, produces just 130k barrels/day.

View: Well positioned regionally in oil industry Vietnam has 4.4bn barrels in proven oil reserves, versus 0.4bn in Thailand and 0.14bn in Myanmar, while Laos has no oil and Cambodia may have oil, but no reserves are proven yet. If we include China, demand from just the immediate region alone may be enough to absorb any new refined supply from Vietnam above domestic demand.

Cambodia

US\$20mn-50mn loan targeted for rice purchase Cambodia's Rural Development Bank (RDB) is attempting to secure a US \$20mn-50mn loan for the purchase of rice paddy from China's EXIM Bank, down from previous negotiations for US\$200mn.

View: Capital for agriculture sector still limited We expect that capital for agricultural sector in Cambodia will remain below requirements for the next few years, although investment in the sector is growing. RDB is mandated to direct lending from foreign lenders into appropriate projects in rural areas, and the loan is needed by rice millers to purchase paddy rice, as the government does not currently have sufficient funds to make the loans.

Laos

Nouansavanh's new US\$75mn urban projects Nouansavanh, once of Laos' largest construction firms, has signed deals for two development projects worth a total US\$75mn, that will comprise retail, education, entertainment, housing, and medical facilities.

View: New demand from emerging higher income consumer We expect that continued rapid economic growth in Laos (with GDP/capita levels expected to match Vietnam within a few years), will drive rising demand for modern retail and residential products and services from an emerging middle to higher income consumer segment, especially concentrated in the capital city Vientiane.

Myanmar

Singapore-led wireless service JV planned Singaporean telecom MDR, will hold 51% in a joint venture with Singapore's Avitar Entreprises (holding 9%) and Be-Well Corporation, and Be-Well's domestic subsidiary Be-Well (Myanmar), with a 20% share each. The company will provide mobile handset consultancy and retail procurement services to Golden Myanmar Sea, part of conglomerate Myanmar Gold Star Group.

View: Wireless market in early growth stages Myanmar is the last unsaturated wireless market in Southeast Asia with mobile phone penetration reported at just 2% as of end 2011, versus 143% in Vietnam, 66% in Cambodia and 133% in Laos.

Index	Value	% chg
Thailand	1,297.0	0.48
Vietnam	376.9	-0.27
Laos	1,233.1	0.00
Cambodia	666.7	0.00

Source: Bloomberg

Valuation	P/E	P/B
Thailand	14.4	2.2
Vietnam	9.6	1.6
Laos	6.8	0.8
Cambodia	18.4	0.0

Source: Bloomberg, KT Zmico estimates

Currency	USD:x	% chg
Baht (THB)	30.7	0.00
Dong (VND)	20,858	-0.03
Kip (LAK)	7,974	-0.02
Riel (KHR)	3,992	0.00
Kyat (MMK)	850	0.27

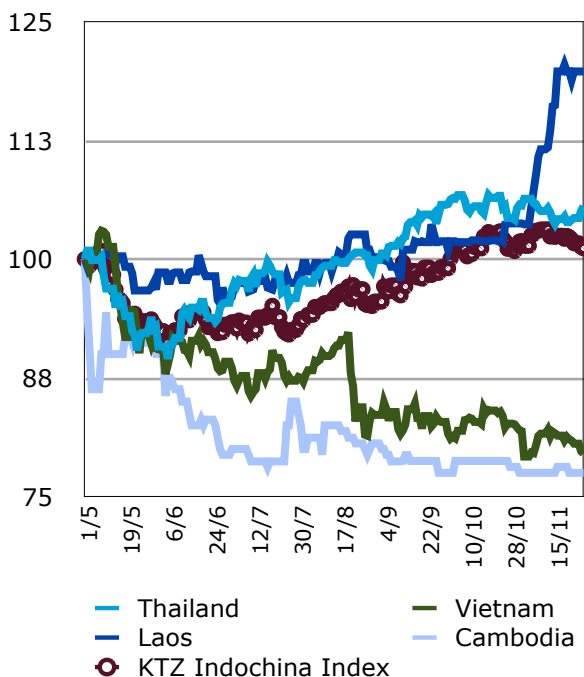
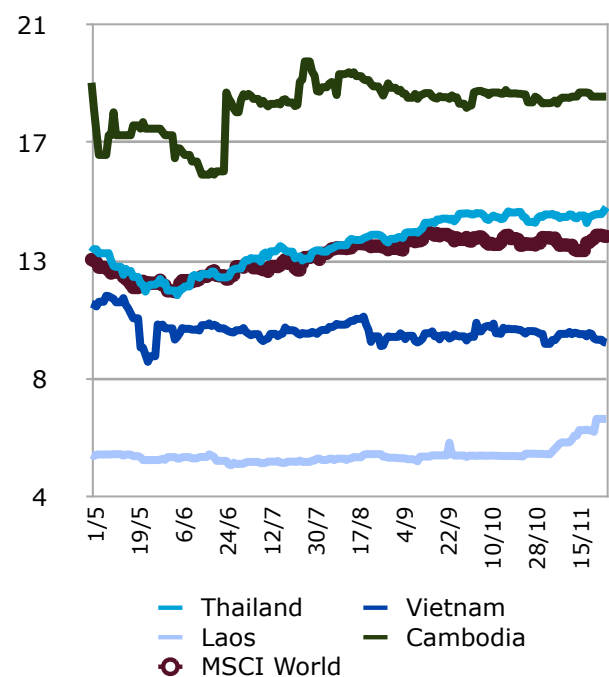
Source: Bloomberg

Graeme Cunningham, CFA
 KT ZMICO Indochina Research
 Head of Indochina Research
graemec@ktzmico.com
 66 (0) 2695 - 5942

Figure 1: Indochina Markets

	Index/ Price*	% chg	Volume('000)	YTD avg daily volume ('000)	Value (US\$ '000)	YTD avg daily value (US\$ '000)
Vietnam (HCI)	377	-0.3%	13,866	47,810	7,740	32,522
Vietnam (HNI)	51	0.0%	12,127	45,253	3,318	19,035
Laos (LSX)	1,233	0.0%	84	105	68	70
BCEL*	7,500	0.0%	28	24	26	21
EDL*	5,900	0.0%	56	81	42	49
Cambodia (CSX)	667	0.0%	8	47	12	89
PPWSA*	6,200	0.0%	8	47	12	89

Source: Bloomberg *Laos- LAK, Cambodia - KHR

Figure 2: Relative performance*

Figure 3: Market price to earnings ratio


Source: Bloomberg, KT Zmico estimates, * from May 1, 2012

This document is produced using open sources believed to be reliable. However, their accuracy and completeness cannot be guaranteed. The statements and opinions herein were formed after due and careful consideration for use as information for the purposes of investment. The opinions contained herein are subject to change without notice. This document is not, and should not be construed as, an offer or the solicitation of an offer to buy or sell any securities. The use of any information contained in this document shall be at the sole discretion and risk of the user.