

Vietnam

Petrovietnam seeks buyer for PetroVietnam Finance

PetroVietnam has announced that it would seek to reduce its holding in its financial business PetroVietnam Finance from 70% currently to 20% by 2015, and eventually completely divest of the operation. PetroVietnam plans to approach existing banks regarding a potential merger with Petrovietnam Finance.

View: Refocussing on core business PetroVietnam has been encouraged by the government to divest of non-core assets. It currently has 29 subsidiaries and 206 affiliates, which it plans to reduce to 24 and 126, respectively. PetroVietnam reported 13% yoy revenue growth, and 8% pretax profit growth for 9M/12.

Cambodia

Nagaworld posts strong 9M/12 Nagaworld, Phnom Penh's only casino resort (HK-listed), reported 21% yoy revenue growth and rising occupancy to 84% from 75% in a 9M/12 trading update.

View: Nagaworld results reflect strong tourism growth

Nagaworld's strong 9M/12 results reflect continued strong growth in tourist arrivals; revenue for the casino is mainly from foreigners as Cambodians are not permitted by law to gamble. However, with a monopoly on the gaming industry within 200km of Phnom Penh, Nagaworld is not necessarily a read across for the rest of the gaming industry in Cambodia; some border casinos have faced difficulty in the past two years.

Laos

Xayaboury redesign completion expected soon Laos expects to complete a redesign of its 1,285MW Mekong dam in the next few months, allowing for water and sediment to pass through.

View: Redesign key for agreement of nations downstream

Laos began its redesign of Xayaboury earlier this year when nations downstream on the Mekong raised its potentially severe environmental effects, especially related to the key river fishing trade. The redesign will allow water and sediment to pass through the dam, permitting Laos to expand its power industry while not putting undue strain on political relations with its neighbors.

Myanmar

Burmese telecoms open to foreign bids Myanmar will allow bidding for four mobile telecom licenses, 2 each for domestic and foreign firms. Malaysia's Axiata, Norway's Telenor, Caribbean-based Digicel, Vietnam's VNPT-Fujitsu, Russia's Vimpelcom, and Sweden's TeliaSonera have all expressed interest in the foreign licenses.

View: Room for major growth given low penetration

Myanmar's mobile market is very underdeveloped, even in a frontier Indochina context, with a 6% penetration rate, versus 57% in Cambodia and 64% in Laos. The absolute size of the market, with a population of 59mn, is also very attractive compared to just 14mn in Cambodia and 6mn in Laos.

Index	Value	% chg
Thailand	1,292.5	-0.94
Vietnam	393.7	0.06
Laos	1,047.9	0.00
Cambodia	677.4	0.00

Source: Bloomberg

Valuation	P/E	P/B
Thailand	14.0	2.2
Vietnam	10.1	1.4
Laos	5.5	0.8
Cambodia	18.6	n/a

Source: Bloomberg, KT Zmico estimates

Currency	USD:x	% chg
Baht (THB)	30.7	-0.07
Dong (VND)	20,870	-0.09
Kip (LAK)	7,997	0.08
Riel (KHR)	4,024	-0.01
Kyat (MMK)	855	0.00

Source: Bloomberg

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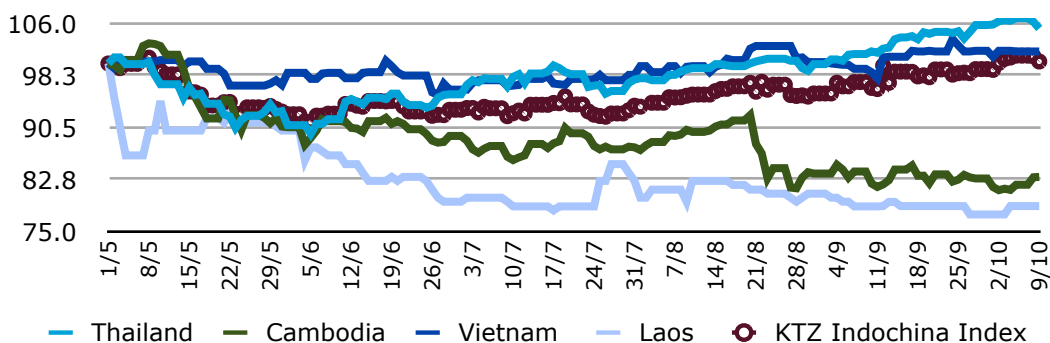
Indochina Markets

Vietnam ekes out gain on 3Q results echo: Vietnam's upward momentum from a series of reasonably strong 3Q/12 results late last week begin to slow yesterday with the market managing just a 0.06% gain, rising to 393.7.

Laos closed: The LSX was flat at 1,047.9 coming off a holiday in the previous session, with BCEL holding at LAK7,400 and EDL remaining at LAK4,900.

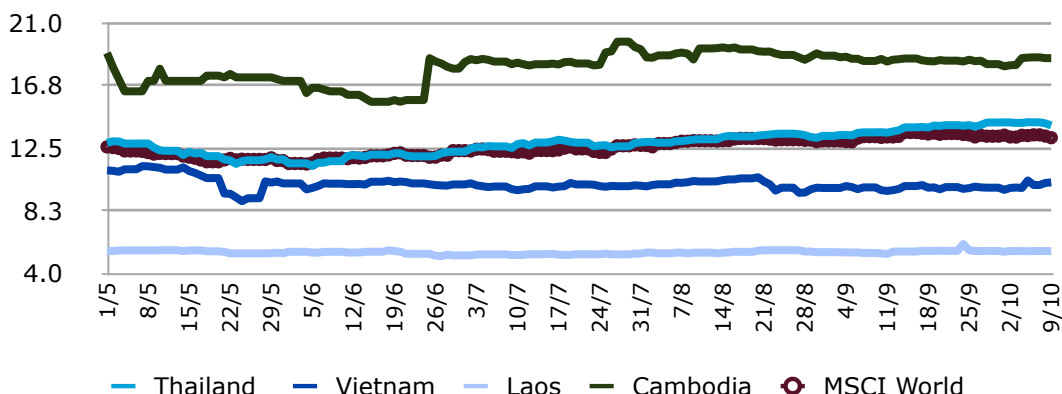
Cambodia flat for fifth session: The CSX was flat at 677.4 on low volumes of 2,973 shares, with PPWSA trading at KHR6,300 for the fifth consecutive session.

Figure 2: Indochina markets relative index performance



Source: Bloomberg

Figure 3: Indochina markets price to earnings ratio



Source: Bloomberg

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