

Vietnam

Electronics sales down 7.5% for 8M/12 Retail sales of electronics, household appliances, telecom and IT products fell 7.5% yoy to US\$2.5bn over 8M/12. The two outperformers in the sector were key staple products; rice cookers and air conditioners, for which sales in value terms rose 4.5% yoy.

View: More signs of consumer slowdown Although overall retail sales growth in Vietnam appears to be holding up reasonably well in 2012 with 17% yoy growth YTD, some key consumer sectors are recently starting to report yoy declines. We expect that growing bad debt problems in the banking sector will continue to curb credit which could lead to slowing retail sales growth.

Cambodia

ACLEDA and CAMPU report Q3/12 loans Cambodia's first, and third, largest banks, ACLEDA and Cambodia Public Bank (CAMPU) released detail their on Q3/12 loans. Neither is listed in Cambodia, although ACLEDA has said it eventually intends to list.

View: ACLEDA growth strong, CAMPU's well below market ACLEDA continued to show strong loan growth of 31% yoy; this was slightly below the yoy 34% growth in total credit most recently reported by the National Bank of Cambodia in July 2011 (the lower rate could be due to the period mismatch). Campu, in contrast, grew its loans just 7% yoy, well below market rates, after a more cautious strategy was implemented after 2008.

Laos

Laos coffee association (LCA) targets US\$80mn in exports The LCA expects that coffee exports will reach US\$80mn this year, 50% growth from US\$53mn last year, on 20k tonnes of volume.

View: Discrepancy in coffee export figures Estimates for Laos coffee exports vary depending on source. The Bank of Laos official figures show just US\$17mn in coffee exports for 2011, well below the LCA estimates above. Nonetheless, whatever the initial base level, given the rising world price, and a shift in Laos's export mix to higher priced varieties of coffee, Laos coffee exports are very likely seeing at least double digit growth in value terms this year.

Myanmar

Yangon sees 357k tourist arrivals for 9M/12 Yangon (which accounts for 47% of foreign visitors) saw 357k arrivals over 9M/12, already nearing the full year 2011 level of 364k arrivals.

View: Expecting strong rate for 2013 Myanmar tourist arrivals(819k in 2011) are well below other frontier Indochina markets; both Laos and Cambodia should see over 3mn arrivals this year. We believe that a combination of; 1) increased direct flights to the country, 2) a new government plan to promote tourism, and 3) the recent introduction of debit (and soon credit) cards, could drive significant growth in arrivals. For comparison, Cambodia's long-term arrivals have grown at 19%/annum since the mid-1990s.

Index	Value	% chg
Thailand	1,311.2	0.76
Vietnam	398.5	0.38
Laos	1,049.0	0.00
Cambodia	682.8	0.79

Source: Bloomberg

Valuation	P/E	P/B
Thailand	14.3	2.2
Vietnam	10.1	1.4
Laos	5.5	0.8
Cambodia	18.7	0.0

Source: Bloomberg, KT Zmico estimates

Currency	USD:x	% chg
Baht (THB)	30.6	0.03
Dong (VND)	20,845	-0.02
Kip (LAK)	8,011	0.72
Riel (KHR)	4,030	0.65
Kyat (MMK)	852	0.52

Source: Bloomberg

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

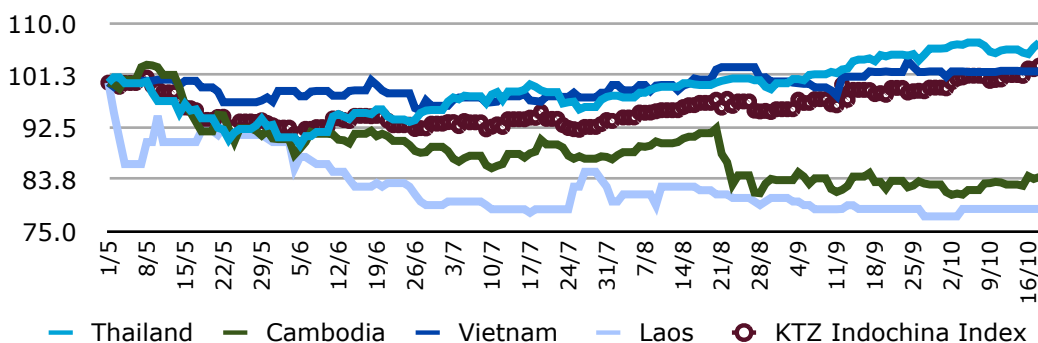
Indochina Markets

Vietnam up 0.4%: The HCM index rose 0.4% yesterday to 398.5, with several major blue chips seeing gains and the market seeing some upbeat Q3/12 results as the third quarter earnings season continues.

Laos flat: The LSX held flat at 1,049.0 with BCEL at LAK7,450 and EDL-Gen remaining at LAK4,900.

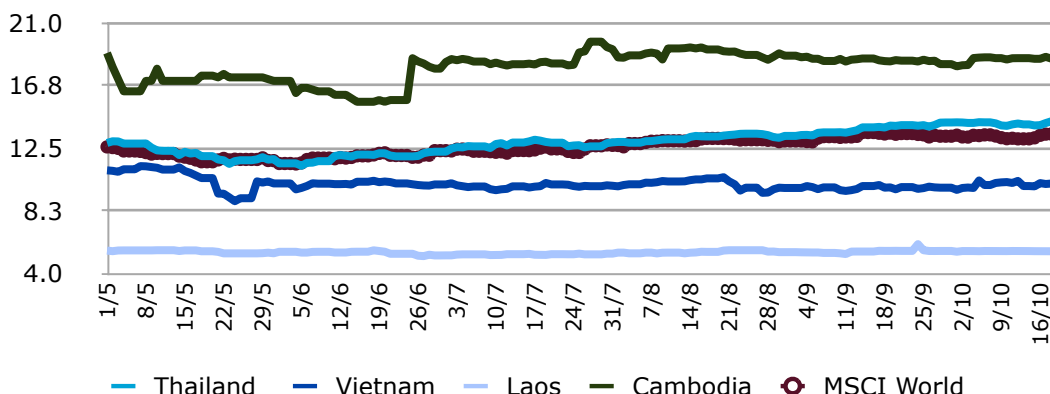
CSX up 0.8%: The CSX opened up 0.8%, rising to 682.8 after being closed from Monday to Wednesday for holidays, with the single listed stock PPWSA, rising to KHR6,350.

Figure 2: Indochina markets relative index performance



Source: Bloomberg

Figure 3: Indochina markets price to earnings ratio



Source: Bloomberg

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.