

Vietnam

Hanoi mid-high range apartment market slow Real estate firm Cushman and Wakefield have reported that the mid-high end apartment market in Hanoi remains slow. The current oversupply of 11,500 apartments for sale (4,000 high-end and 6,500 mid-range) is expected to worsen with 4,400+ additional units under construction. Demand in the low end of the market, in contrast, has been strong, accounting for 80% of units sold in Q4/12.

View: Real estate a drag on financial sector We expect that the slowdown in the Hanoi property market will continue through 2013, and this could perpetuate currently high NPL levels for many financial firms lending to this segment.

Cambodia

Major garment labour strikes Cambodia is seeing the largest garment labour strikes since 2010, with 10,000 workers in at least seven garment factories striking for higher pay and improved working conditions.

View: Hit to key sector already facing slow growth Disruption in garment production in Cambodia is a major risk to growth, as it represents the largest component of industrial GDP and over 80% of the country's exports. The strikes will not help the already flagging growth rate in garment exports, which dropped to just 10% yoy in 2012, from 30%+ growth rates in 2010-2011, on declining demand from key customers, the EU and US.

Laos

Laos targets US\$500mn in garment exports The Laos Garment Association targets reaching US\$500mn in garment exports in the next few years, up from US\$219mn in 2011.

View: Garment sector relatively small The garment sector represents a relatively small proportion of total exports in Laos, at just 10% (especially in contrast to Cambodia - see above). Assuming that the larger components of exports, mining (56%) and electricity (16%) continue their rapid growth, we believe that this garment export target would see the sector remain roughly proportional as a percentage of total exports over time.

Myanmar

Gas pipeline to China open by May The Chinese National Petroleum Corporation (CNPC) expects completion of the Chinese portion of 1,100 km Myanmar-China Shwe natural gas pipeline by May 30, 2013. The project has largely been completed on the Myanmar side, with pressure tests to be run in February.

View: Gas exports currently mainly to Thailand Currently nearly 100% of Myanmar's natural gas exports go to Thailand, with natural gas representing only about 5% China's total imports from Myanmar. However, with the new pipeline, we are likely to see natural gas exports to China rise considerably as a proportion of Myanmar's total exports.

Index	Value	% chg
Thailand	1,440.5	0.42
Vietnam	447.8	-1.40
Laos	1,446.7	2.75
Cambodia	666.7	0.00

Source: Bloomberg

Valuation	P/E	P/B
Thailand	13.3	2.2
Vietnam	10.2	1.8
Laos	8.1	1.5
Cambodia	18.4	n/a

Source: Bloomberg, KT Zmico estimates

Currency	USD:x	% chg
Baht (THB)	29.7	-0.07
Dong (VND)	20,850	0.02
Kip (LAK)	7,992	0.37
Riel (KHR)	3,995	0.00
Kyat (MMK)	860	0.36

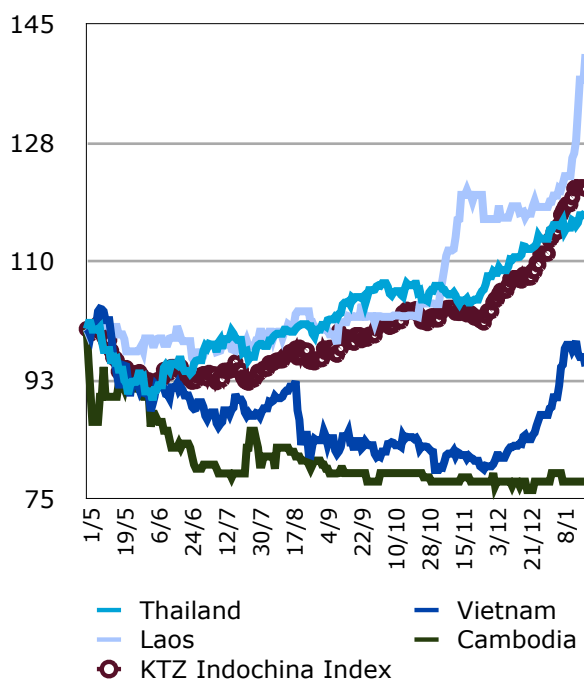
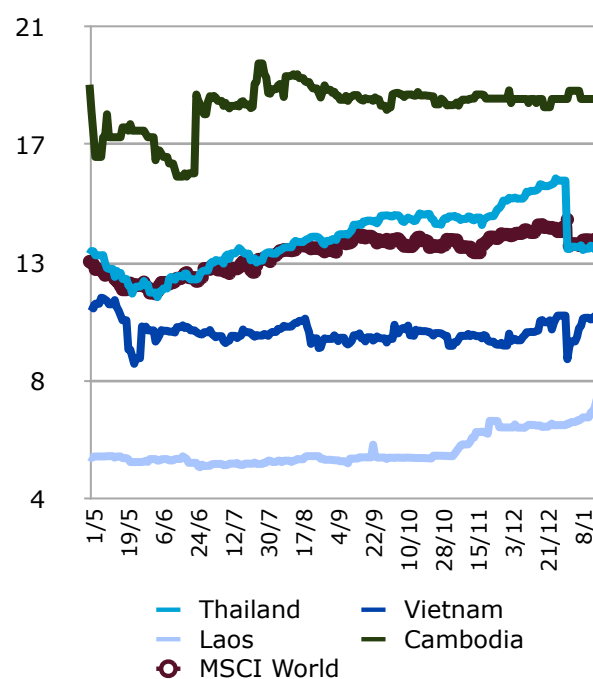
Source: Bloomberg

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)	448	-1.4%	52,074	48,573	30,721	32,444
Vietnam (HNI)	61	-1.4%	57,466	47,371	18,746	19,063
Laos (LSX)	1,447	2.7%	217	96	199	65
BCEL*	8,100	1.3%	69	21	70	19
EDL*	7,000	2.9%	147	75	129	46
Cambodia (CSX)	667	0.0%	3	41	5	77
PPWSA*	6,200	0.0%	3	41	5	77

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.