

Vietnam

Credit growth up 10% yoy for January Credit growth in Vietnam for January 2013 rose 10% yoy, but declined 1.0% mom. Deposits fell 0.5% mom as withdrawals increased in advance of the upcoming Tet holiday.

View: 'New normal' credit growth After expanding at an average 37% from 2005-2010, credit growth in the last two years contracted to a third of its previous level, to 11% in 2011 and just 7% in 2012. Given a slow economy and the increasingly cautious lending by a banking system facing high non-performing loans (estimates range from 8%-20%), we believe that lending in low single digits will be the 'new normal' in the medium term.

Cambodia

GMAC members grow 34% yoy The Garment Manufacturers Association of Cambodia (GMAC) membership grew 34% yoy, with 120 new members for a total 470 members currently.

View: Garment sector over concentration a risk Cambodia faces risks to growth through its over concentration of manufacturing in the volatile garment sector. However, this sector continues to grow, as the country's low wages have drawn increased investment from China, Hong Kong, and Taiwan, where wages have been rising. Although there has been some diversification of manufacturing into vehicle assembly and electronics recently, it is still tiny compared to the garment sector.

Laos

Toyota sells 3,590 units in 2012 Lao Toyota sold 3,590 units in 2012, and is currently selling about 200-300 automobiles per day. The company has targeted 3,900 unit sales for 2013, or 8.6% growth yoy. Japanese car firms Toyota and Isuzu lead the auto market in Laos.

View: Import tax plan could boost sales next year The Toyota estimate implies moderate auto sales growth in 2013. However, we could see growth pick up in 2014, as a government plan to allow the auto import tax to be paid by auto buyers over five years (instead of upfront by the dealer) is implemented.

Myanmar

Thailand 7-11 operator CP-All looks to Myanmar The operator of over 6,700 7-11 convenience stores in Thailand, CP-All, is currently looking to open branches in Myanmar.

View: Possible competition with parent Seven & I Holdings Co, the Japanese parent company of 7-11, has already announced a plan to partner with Zaygabar Company to open 7-11 outlets. It is unclear whether this is independent of the CP-All plan. We expect that CP-All in Myanmar would likely to follow the same saturation strategy it uses in Thailand: opening multiple outlets in close proximity, even at the expense of revenue cannibalization, to prevent competitors from opening in the vicinity.

Index	Value	% chg
Thailand	1,490.8	0.73
Vietnam	487.6	2.46
Laos	1,435.5	0.64
Cambodia	666.7	0.00

Source: Bloomberg

Valuation	P/E	P/B
Thailand	13.8	2.3
Vietnam	11.3	1.9
Laos	8.0	1.5
Cambodia	18.4	n/a

Source: Bloomberg, KT Zmico estimates

Currency	USD:x	% chg
Baht (THB)	29.8	-0.34
Dong (VND)	20,843	-0.53
Kip (LAK)	7,955	0.06
Riel (KHR)	3,995	0.00
Kyat (MMK)	857	-0.06

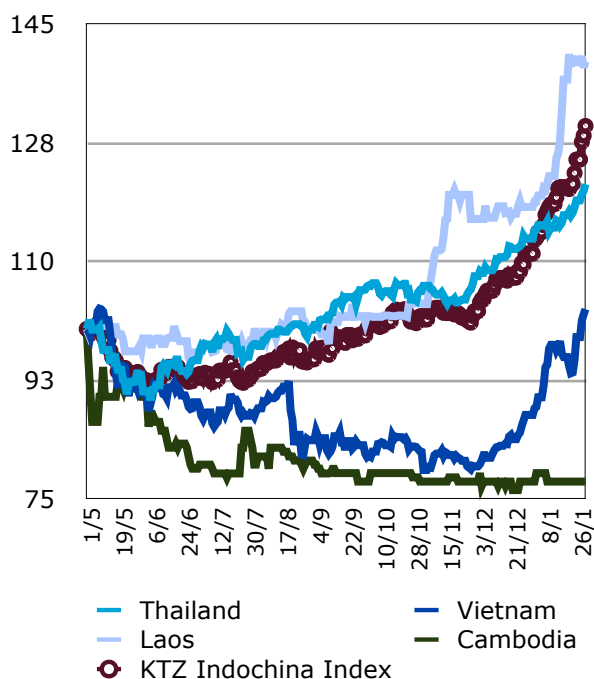
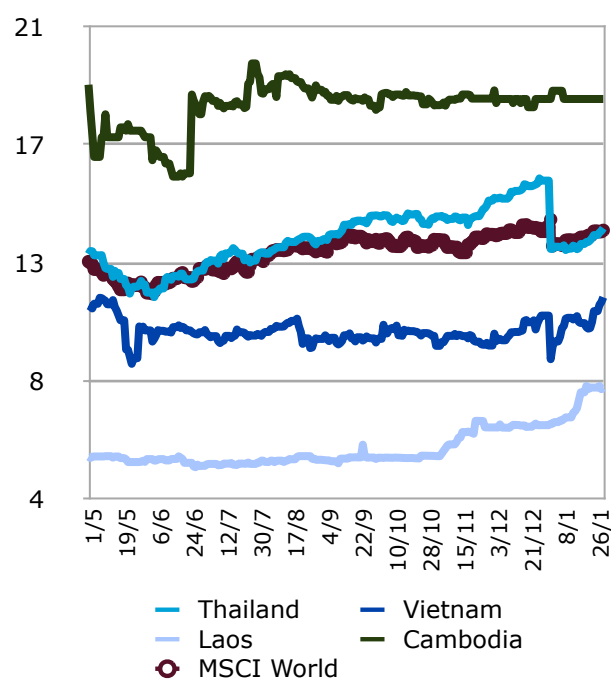
Source: Bloomberg

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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)	488	0.7%	81,447	49,148	58,719	32,833
Vietnam (HNI)	63	0.6%	69,296	47,926	26,816	19,213
Laos (LSX)	1,436	0.6%	24	96	21	65
BCEL*	8,000	0.0%	2	21	2	19
EDL*	6,950	0.7%	22	75	19	46
Cambodia (CSX)	667	0.0%	11	39	16	75
PPWSA*	6,200	0.0%	11	39	16	75

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

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