

# Bangkok Expressway and Metro

Strong growth potential with solid financial position

THAILAND | SET | TRANS | NEW LISTING

BLOOMBERG BEM TB | REUTERS BEM.BK

05 January 2016

## Strong growth potential after merger

An amalgamation of BECL and BMCL with a new ticker BEM will strengthen growth potential over the long term. After which, paid-up capital will be Bt15,285mn at a par value of Bt1 each. For conversion ratio, one BECL share will receive 8.65537841 of BEM shares and one BMCL share to obtain 0.42050530 shares.

## Operations of two new projects to be catalyst to FY16 earnings growth

BEM will begin operations of its two projects: Si Rat – Outer Ring Road Expressway and Purple Line (Bang Yai – Bangsue). The mass rapid transit Purple Line is under M&E and O&M contracts, meaning BEM will receive consistent management fees, no risk on a number of passenger traffic. An operation of the Purple Line will benefit its currently operating Blue Line (Bangsue – Tha Pra and Hua Lampong – Bangkai), in terms of rising passenger volume which should drive fare revenue higher. An extension phase of the Blue Line is expected to see further development.

## Merger likely widens investment opportunities

In addition to strong financial health, BEM will have expertise of both expressway and mass rapid transit, which should widen its investment opportunities for future projects that would allow joint investment from private party, e.g. tollways, motorways, metro lines, railroads.

## FY15 earnings seen down on higher cost and SG&A expense amid falling other revenue and profit contribution

Based on pro forma consolidated financial statements, which combined both BECL and BMCL, BEM's 9MFY15 net profit fell by 8.3% y-y to Bt1,660mn due to higher cost and SG&A expense amid lower other revenue and profit contribution from associates reported. In 4QFY15, BEM is expected to shoulder heavier burden on amalgamation and debenture redemption expenses. This would drag net profit down by 32% y-y to Bt1,868mn while core profit would fall 15.4%. With retained earnings, we expect BEM to profit 2HFY15 dividend of Bt0.04/share (annual dividend of Bt0.09).

## FY16 net profit seen up 40.2% on the back of two new projects and profits of Blue Line

BEM will begin operations of two new projects in 3QFY16, which should generate higher revenue, while its operating Blue Line will likely make profit in the period. We forecast revenue of Bt13,759mn, which would drive net profit up 40.2% to Bt2,617mn this year. BEM is expected to provide an annual dividend of Bt0.12, translating to 70% payout.

## 'ACCUMULATE' rating with FY16 target price of Bt5.55

Our SOTP-based target price is Bt5.55/share, using DCF for tollway and mass rapid transit businesses plus investments in TTW, CKP, and XPCL. Based on the closing prices for BECL and BMCL as of December 18, BEM share price was Bt5.256. We have an 'ACCUMULATE' rating on BEM.

Note: BEM begins trading on January 5, 2016. Investors should tread carefully in a lack of history price.

### Accumulate

Closing Price(Bt)	5.26
Target Price(Bt)	5.55 (+5.59%)

### COMPANY DATA

O/S Shares (mn):	15,285
Market Cap. (Btmn):	80,338
Market Cap. (USDmn):	2,225
Par Value (Bt):	1.00

### MAJOR SHAREHOLDERS (%)

	30 Dec 2015
1. CK	27.5
2. MRT	8.2
3. KTB	6.9

### KEY FINANCIALS

FYE Dec	FY13	FY14	FY15E	FY16E
Sales(Btmn)	10,597	11,234	11,691	13,759
Net Profit(Btmn)	4,399	2,745	1,868	2,617
EPS (Bt)	0.29	0.18	0.12	0.17
P/E (X)	18.1	29.2	43.8	30.9
BVPS (Bt)	1.83	1.93	1.86	1.98
P/B (X)	2.9	2.7	2.8	2.7
DPS (Bt)	0.09	0.13	0.09	0.12
Dividend Yield (%)	1.7	2.5	1.7	2.3
ROE (%)	17.58	9.54	7.49	13.65

Source: Company, PSR Est.

\*\*Multiples and yields are based on latest closing price

### VALUATION METHOD

SOTP

Siam Tiyanont

Securities Investment Analyst #17970

Tel: 66 2 635 1700 #483

Ref. No.: CO2015\_0002

## Investment Thesis

We initiate an 'ACCUMULATE' rating on BEM with FY16 target price of Bt5.55/share. Our valuation model is premised on:

- Strong financial position with effective financial cost management that will allow BEM to enter in multiple auctions and new investment horizon in the foreseeable future.
- Operations of two new projects in 3QFY16
- Investment potential in ground transport system, including railroad, tollway, and motorway
- Higher company's value and market capitalization that should attract more investors.

### Business background

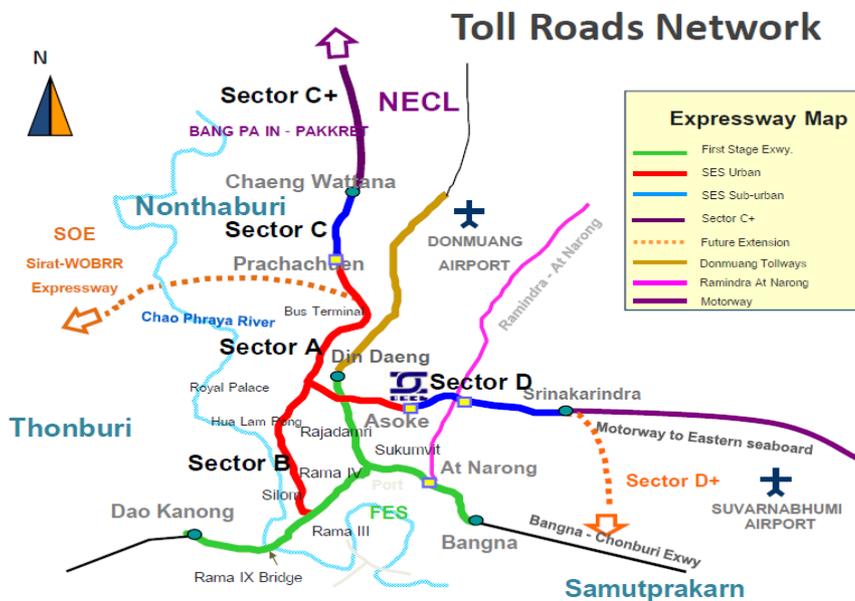
BEM is an amalgamation of BECL and BMCL at conversion ratios of one share of BECL to 8.65537841 BEM shares and one BMCL share to 0.42050530 shares. The concession contracts held by BECL and BMCL will transfer to BEM under the same conditions.

Concession contracts comprise of:

1. Tollway under Build-Transfer-Operate concession agreements:
  - 1.1. Second stage tollway system for A-B-C-D sector under two concession agreements that will end on February 29, 2020 and April 16, 2027 (Rama IX – Sri Nakarind).
  - 1.2. Udonrattaya or northern stage tollway (Bang Pa In-Pak Kret sector), operated by its subsidiary Northern Bangkok Expressway, concession that will end on September 26, 2026.
  - 1.3. Si Rat – Outer Ring Road Expressway is under construction and expected to begin operation in 3QFY16. Concession will end on December 14, 2042.

The first two concession agreements allow two renewals for every 10 year each but the company is needed to negotiate benefit conditions with Expressway Authority of Thailand.

Figure 1 :Thailand tollway network

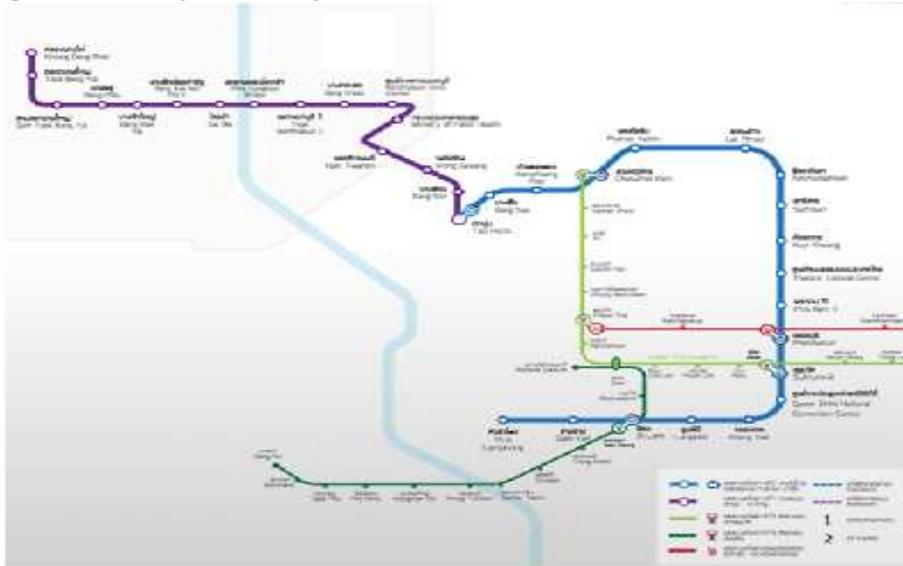


Source: BECL

2. Metro line concession agreements:
  - 2.1. Blue Line is under PPP Net Cost (Acquired-Operate-Transfer) agreements that will end on September 2, 2029.
  - 2.2. Purple Line is under PPP Gross Cost (AOT) contract that will end on September 3, 2043.

The company has been awarded an one-kilometer extension phase of the Purple Line from Taopoon to Bangsue stations, which will begin operation at the same period to the Purple Line.

**Figure 2 :Mass rapid transit system**



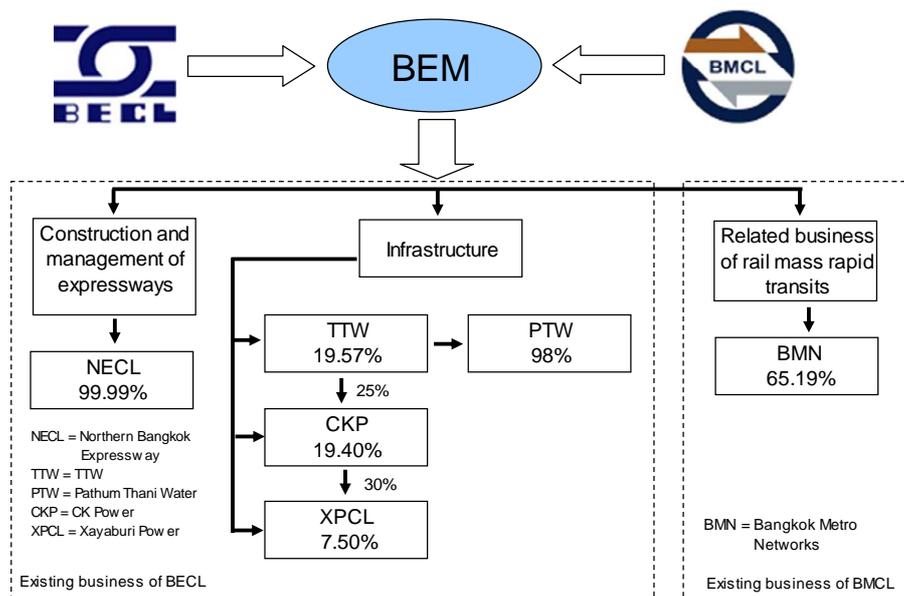
Source: BMCL

BECL has strong financial position but its growth potential looks lackluster due to less investment opportunity. There was only one tollway project (Si Rat – Outer Ring Road Expressway project) over the past 20 years. BMCL has poor financial health due to high financial cost that caused BMCL to operate at loss, but there is abundant opportunity for railroad investments. The amalgamation will bring together the strength and outcast the weaknesses of the two companies. The strong financial position, coupled with its expertise in both railroads and tollways, will allow BEM to enter into upcoming bidding for lining-up projects, such as motorways and other railroad system.

Non-core business also looks bright. The BMCL's subsidiary Bangkok Metro Network (BMN) in which BEM will hold 65.19% stake, operates media and retail space businesses in the metro system and parking management at Ladprao station. The company plans to bid for media and retail space management at the metro lines BEM manages or wins concession. BEM has a plan to list BMN on the SET within the year of 2017 and to expand business into real estate business.

BEM also invests in several businesses. It holds 19.57% stake in TTW, 19.4% shares in CKP, and 7.5% interest in Xayaburi. All of which are invested by BECL.

Figure 3: Business structure



Source: BECL

Note: Data as of December 30, 2015

Figure 4: Revenue structure (pro forma)

Revenue Structure	Pro Forma Consolidated Financial Information					
	2013		2014		9M15	
	Btmn	%	Btmn	%	Btmn	%
Toll	8,040	57.9	8,485	71.4	6,550	74.4
Fare box	2,106	15.2	2,248	18.9	1,774	20.1
Commercial development	451	3.3	501	4.2	410	4.7
Gain on Investments <sup>1/</sup>	334	2.4	537	4.5	51	0.6
Other Income <sup>2/</sup>	2,945 <sup>3/</sup>	21.2	113	0.9	19	0.2
<b>Total Revenues</b>	<b>13,875</b>	<b>100.0</b>	<b>11,883</b>	<b>100.0</b>	<b>8,804</b>	<b>100.0</b>

Notes: 1/ Gain on investments includes gain on sale of investments in TTW and/or CKP, amounts to Bt274mn, Bt506mn, and Bt11mn in 2013, 2014 and 9MFY15, respectively.

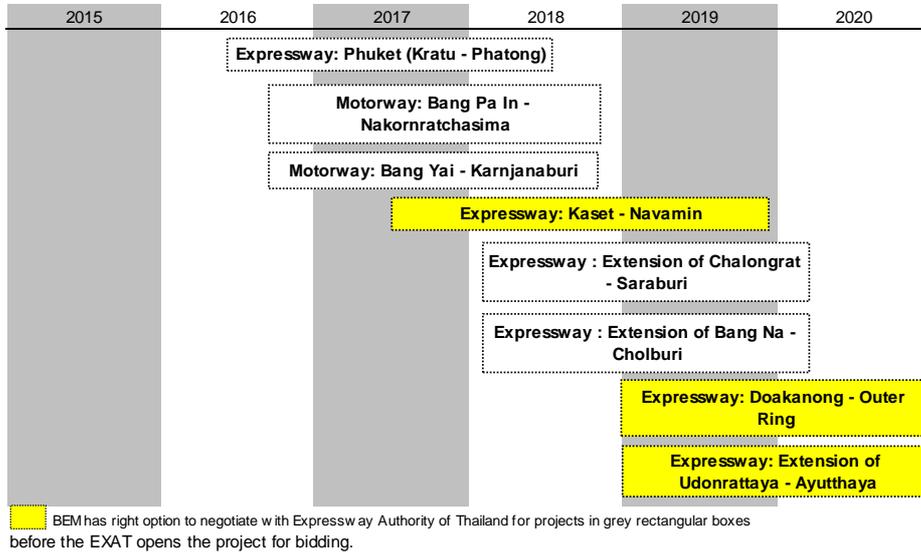
2/ Other revenue consists of interest income, gain on fair value adjustment of investment from changing status of investment, and compensation for flood damages.

3/ Inclusion of gain on fair value adjustment of investment from changing status of investment of Bt2,808mn.

Investment opportunities

1. Tollways: expressways and motorways

Figure 5: Potential investment timeframe for expressways and motorways

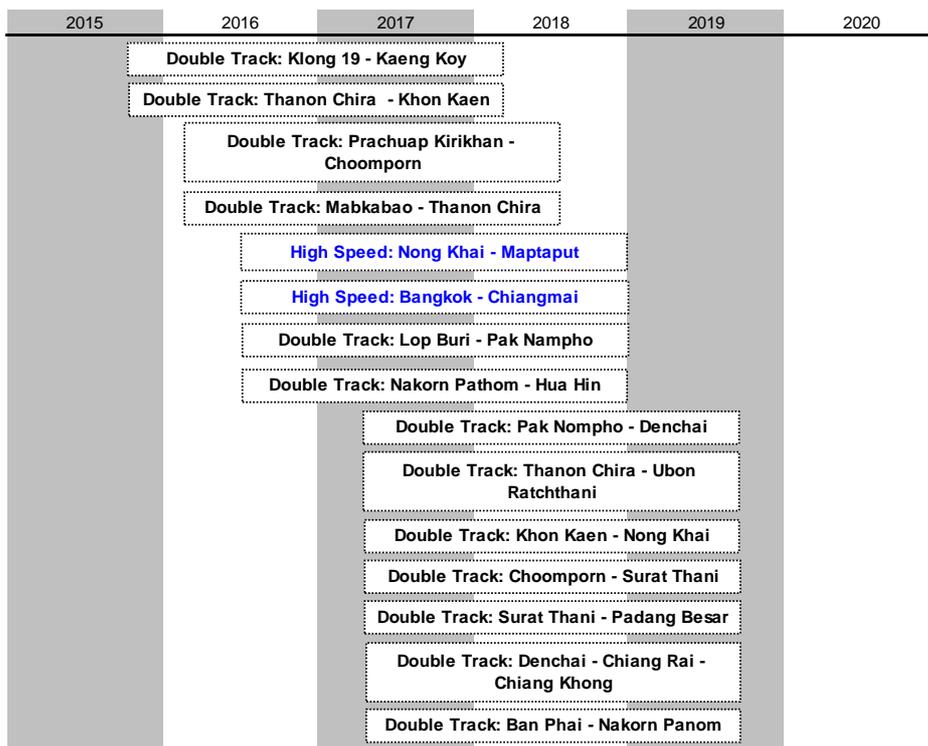


Source: BECL

Note: BEM has right option to negotiate with Expressway Authority of Thailand for projects in grey rectangular boxes before the EXAT opens the project for bidding.

2. Railroads: BEM intends to bid for M&E (maintenance and electrical engineering) for double-track rails and metro lines.

Figure 6: Future investment timeframe for double-track rails and mass rapid transit lines



Source: Company Presentation

**Figure 7: Mass rapid transit lines (under construction and potential projects)**



Source: Company Presentation

**Figure 8: Thailand’s future mass rapid transit network**



Source: BMCL

### **9MFY15 net profit down on higher expenses amid lower other revenue and profit contribution, 4QFY15 net profit seen down y-y**

Based on pro forma consolidated financial statement, 9MFY15 core revenue grew 5.2% y-y to Bt8,733mn in the first nine months of 2015 on the back of: 1) a 4.7% rise in tollway revenue to Bt6,550mn, 2) a 5.9% increase in farebox revenue to Bt1,774mn, and 3) an 11.9% rise in commercial development revenue to Bt410mn. However, the revenue growth was outweighed by the increases in operating cost (+9.4%) due to an annual remuneration paid to MRT from 3QFY14 and in SG&A expense (+7%) outweighed higher revenue, which dragged core profit down by 1.2% y-y. Furthermore, the decreases in other revenue (-53.6%) and profit contribution (-12.5%) pushed net profit lower by 8.3% to Bt1,660mn.

In 4QFY15, we expect net profit to soften y-y to Bt207mn, which seems justified given its regularly annual bonus to be paid to employees and expenses from amalgamation between BECL and BMCL, including expenses for BECL's debenture redemption approx Bt11,400mn.

As such, FY15 net profit is expected to fall 15.4%, assuming revenue of Bt11,691mn. Nevertheless, BEM is likely to carry retained earnings of Bt7,437mn and thus would provide an interim dividend of Bt0.05/share for 2HFY15 (annual dividend of Bt0.09), translating to 70% payout.

### **FY16 earnings look bright on openings of Purple Line and Si Rat – Outer Ring Road Expressway in 3QFY16**

BEM will begin operations of two new projects in 3QFY15. The Purple Line is under PPP gross cost agreement, meaning BEM got award of M&E and O&M operations, which will begin five months ahead of previously scheduled. Si Rat – Outer Ring Road Expressway will also open six month ahead of previously anticipated. The two projects will be a key catalyst to boost earnings growth this year. In addition to earnings growth driver, the operation of the Purple Line, which connects to its operating Blue Line, should help increase traffic in the Blue Line, which we think would make profits this year.

For extension phases of Blue Line, from Bangsue – Ta Pra and Hua Lampong – Bangkai, are expected to see further development regarding concession contract type and project bidding winner. We think the concession agreement would be under PPP net cost (based on farebox revenue), similarly to the existing Blue Line, as the route lies along the communities and this type of concession should help reduce investment burden so that the government would be able to invest in other projects. Note that PPP gross cost would be suitable for suburban route.

### **Earnings momentum appears strong into 2017**

With the openings of two projects, we project FY16 revenue and net profit at Bt13,759mn and Bt2,617mn. Financial cost is expected to climb on the recent loan of Bt19,000mn for developing new tollway. BEM is expected to provide an annual dividend of Bt10.12/share. For 2017, we expect earnings to continue to grow at a robust pace given a full-year revenue from those two projects and potential profit in Blue Line.

### **'ACCUMULATE' rating with FY16 target price of Bt5.55**

Our SOTP-based target price is Bt5.55/share, using DCF for tollway and mass rapid transit businesses plus investments in TTW, CKP, and XPCL. Based on the closing prices for BECL and BMCL as of December 18, BEM share price was Bt5.256. We have an 'ACCUMULATE' rating on BEM.

**Risk factors****1. General Business Risk (Systematic Risk)**

- Risk relating to business operating under agreements with government agencies and government's policies, which can potentially lead to legal disputes
- Risk from fluctuation of income, which may be affected by external factors that are beyond the control of BEM
- Risk from fluctuation of interest rates and foreign exchange rates given its long-term loans for developing projects
- Risk from serious accident, political unrest and natural disasters
- Risk from shortage of qualified personnel
- Risk from construction and project execution that potentially fall off track

**2. Corporate specific risk**

- Legal dispute risk: BEM and NECL have 11 disputes with EXAT, which occur from different interpretations of agreements in various matters
- Risk of return on investments in other companies which is not in accordance with the projections
- Risk relating to the fluctuation of costs of farebox and operating expenses
- Risk from the operation in construction business and expressway management
- Risk from hiring Siemens to be the main contractor to procure and maintain the system equipment of BEM.

## Corporate Governance -2015



ADVANC	BAFS	BCP	BIGC	BTS	CK	CPN	DRT	DTAC	DTC
EASTW	EGCO	GRAMMY	HANA	HMPRO	INTUCH	IRPC	IVL	KBANK	KCE
KKP	KTB	LHBANK	LPN	MCOT	MINT	MONO	NKI	PHOL	PPS
PS	PSL	PTT	PTTTP	PTTGC	QTC	RATCH	ROBINS	SAMART	SAMTEL
SAT	SC	SCB	SCC	SE-ED	SIM	SNC	SPALI	THCOM	TISCO
TKT	TMB	TOP	VGI	WACOAL					



AAV	ACAP	AGE	AHC	AKP	AMATA	ANAN	AOT	APCS	ARIP
ASIMAR	ASK	ASP	BANPU	BAY	BBL	BDMS	BECL	BKI	BLA
BMCL	BOL	BROOK	BWG	CENDEL	CFRESH	CHO	CIMBT	CM	CNT
COL	CPF	CPI	CSL	DCC	DELTA	DEMCO	ECF	EE	ERW
GBX	GC	GFPT	GLOBAL	GUNKUL	HEMRAJ	HOTPOT	HYDRO	ICC	ICHI
INET	IRC	KSL	KTC	LANNA	LH	LOXLEY	LRH	MACO	MBK
MC	MEGA	MFEC	NBC	NCH	NINE	NSI	NTV	OCC	OGC
OISHI	OTO	PAP	PDI	PE	PG	PJW	PM	PPP	PR
PRANDA	PREB	PT	PTG	Q-CON	QH	RS	S & J	SABINA	SAMCO
SCG	SEAFCO	SFP	SIAM	SINGER	SIS	SITHAI	SMK	SMPC	SMT
SNP	SPI	SSF	SSI	SSSC	SST	STA	STEC	SVI	SWC
SYMC	SYNTEC	TASCO	TBSP	TCAP	TF	TGCI	THAI	THANA	THANI
THIP	THRE	THREL	TICON	TIP	TIPCO	TK	TKS	TMI	TMILL
TMT	TNDT	TNITY	TNL	TOG	TPC	TPCORP	TRC	TRU	TRUE
TSC	TSTE	TSTH	TTA	TTCL	TTW	TU	TVD	TVO	TWFP
TWS	UAC	UT	UV	VNT	WAVE	WINNER	YUASA	ZMICO	



2S	AEC	AEONTS	AF	AH	AIRA	AIT	AJ	AKR	AMANAH
AMARIN	AP	APCO	AQUA	AS	ASIA	AUCT	AYUD	BA	BEAUTY
BEC	BFIT	BH	BIG	BJC	BJCHI	BKD	BTNC	CBG	CGD
CHG	CHOW	CI	CITY	CKP	CNS	CPALL	CPL	CSC	CSP
CSS	CTW	DNA	EARTH	EASON	ECL	EFORL	ESSO	FE	FIRE
FOCUS	FORTH	FPI	FSMART	FSS	FVC	GCAP	GENCO	GL	GLAND
GLOW	GOLD	GYT	HTC	HTECH	IEC	IFEC	IFS	IHL	IRCP
ITD	JSP	JTS	JUBILE	KASET	KBS	KCAR	KGI	KKC	KTIS
KWC	KYE	L&E	LALIN	LHK	LIT	LIVE	LST	M	MAJOR
MAKRO	MATCH	MATI	MBKET	M-CHAI	MFC	MILL	MJD	MK	MODERN
MOONG	MPG	MSC	MTI	MTLS	NC	NOK	NUSA	NWR	NYT
OCEAN	PACE	PATO	PB	PCA	PCSGH	PDG	PF	PICO	PL
PLANB	PLAT	PPM	PRG	PRIN	PSTC	PTL	PYLON	QLT	RCI
RCL	RICHY	RML	RPC	S	SALEE	SAPPE	SAWAD	SCCC	SCN
SCP	SEAOL	SIRI	SKR	SMG	SOLAR	SORKON	SPA	SPC	SPCG
SPPT	SPVI	SRICHA	SSC	STANLY	STPI	SUC	SUSCO	SUTHA	SYNEX
TAE	TAKUNI	TCC	TCCC	TCJ	TEAM	TFD	TFI	TIC	TIW
TLUXE	TMC	TMD	TOPP	TPCH	TPPL	TRT	TSE	TSR	UMI
UP	UPF	UPOIC	UREKA	UWC	VIBHA	VIH	VPO	WHA	WIN
XO									

### Results Presentation

#### Score Range

- < 50%
- 50-59%
- 60-69%
- 70-79%
- 80-89%
- 90-100%

#### Number of Logo

No logo given



The disclosure of the survey result of the Thai Institute of Directors Association (IOD) regarding corporate governance is made pursuant to the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative disclosure to the public and able to be accessed by a general public investor. The results, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that data. Phillip Securities (Thailand) of securities company does not confirm nor certify the accuracy of such survey result.

## Industry Group

Name	Sector Name	Sector Index
Agro & Food Industry[AGRO]	Agribusiness	AGRI
	Food & Beverage	FOOD
Consumer Products[CONSUMP]	Fashion	FASHION
	Home & Office Products	HOME
	Personal Products & Pharmaceuticals	PERSON
Financials [FINCIAL]	Banking	BANK
	Finance & Securities	FIN
	Insurance	INSUR
Industrials [INDUS]	Automotive	AUTO
	Industrial Materials & Machinery	IMM
	Packaging	PKG
	Paper & Printing Materials	PAPER
	Petrochemicals & Chemicals	PETRO
	Steel	STEEL
Property & Construction[PROPCON]	Construction Materials	CONMAT
	Construction Services	CONS
	Property Development	PROP
	Property Fund & REITs	PF&REIT
Resources [RESOURC]	Energy & Utilities	ENERG
	Mining	MINE
Services [SERVICE]	Commerce	COMM
	Media & Publishing	MEDIA
	Health Care Services	HEALTH
	Tourism & Leisure	TOURISM
	Professional Services	PROF
Technology [TECH]	Transportation & Logistics	TRANS
	Electronic Components	ETRON
	Information & Communication Technology	ICT

## PSR Rating System

Capital Gain	Recommendation
> 15%	BUY
> 5% - 15%	ACCUMULATE / TRADING BUY
> 0% - 5%	NEUTRAL
0 <=	SELL

### Remarks

We do not base our recommendations entirely on the above quantitative return bands. We consider qualitative factors like (but not limited to) a stock's risk reward profile, market sentiment, recent rate of share price appreciation, presence or absence of stock price catalysts, and speculative undertones surrounding the stock, before making our final recommendation

## Research Team

<b>Fundamental</b>	<b>Analyst Reg No.</b>	<b>Tel</b>	<b>Sector</b>
Sasikorn Charoensuwan, CFA, CAIA	Capital Market Investment Analyst #9744	662 635 1700 Ext 480	Consumer, Commerce
Rutsada Tweesaengsakulthai Danai Tunyaphisitchai, CFA	Securities Investment Analyst #17972 Capital Market Investment Analyst #2375	662 635 1700 Ext 482 662 635 1700 Ext 481	ICT, Energy, Health Care Construction Materials, Property Development
Naree Apisawaittakan Siam Tiyanont	Securities Investment Analyst #17971 Securities Investment Analyst #17970	662 635 1700 Ext 484 662 635 1700 Ext 483	Agro & Food, Electronics Transportation, Media & Publishing
Ornmongkol Tantitanatorn	Capital Market Investment Analyst #34100	662 635 1700 Ext 491	Automotive, Energy, Packaging
Adisorn Muangparnchon	Securities Investment Analyst #18577	662 635 1700 Ext 497	Banking, Securities & Finance, Insurance
Vichuda Siriployprakray	Securities Investment Analyst #55956	662 635 1700 Ext 525	Commerce, Food & Beverages, Tourism
Hathaichanoke Moonwong Kunanon Juntarapartsavorn Thanatphat Suksrichavali	Assistant Analyst Assistant Analyst Assistant Analyst		

## Strategy

Teerada Charnyingyong	Securities Investment Analyst #9501	662 635 1700 Ext 487
Chutikarn Santimetvirul	Derivatives Investment Analyst #37928	662 635 1700 Ext 494
Werajak Jungkiatkajorn	Capital Market Investment Analyst #28087	662 635 1700 Ext 495
Rittiporn Songsermsawad	Securities Investment Analyst #39756	662 635 1700 Ext 527
Phoobate Wiriyayuttama	Securities Investment Analyst #63404	662 635 1700 Ext 498

## Technical

Sasima Hattakitnikorn	Securities Investment Analyst #8328	662 635 1700 Ext 490
Kanoksak Vutipan	Capital Market Investment Analyst #32423	662 635 1700 Ext 485

## Database & Production

Manunpat Yuenyongwatanakorn  
Sutiporn Oupkaew  
Kanittha Sriwong

## Translation

Chaiyot Ingkhasorarat  
Naowarat Angurasuchon

## Offices

### Bangkok Offices

Head Office	15th Fl., Vorawat Bldg. Tel : 0 2635 1700 , 0 2268 0999
Srinakarindr	17th Fl., Modernform Tower Tel : 0 2722 8344-53
Viphavadi	15th Fl., Lao Peng Nguan Tower 1 Tel : 0 2618 8400
Yaowarat	19th Fl., Kanchanadhat Bldg. Tel : 0 2622 7833
Bangkapi 1	8th Fl., The Mall Office Tower-Bangkapi Tel : 0 2363 3263
Bangkapi 2	9th Fl., The Mall Office Tower-Bangkapi Tel : 0 2363 3269
Hua Lumphong	4th Fl., Tang Hua Pak Bldg., 320 Rama 4 Rd. Tel : 0 2639 1200
Rangsit	G Fl., Room#PLZ.G.SHP065A Future Park Rangsit Tel : 0 2958 5040
Sindhorn	19th Fl., Sindhorn Tower 3 Building, Tel : 0 2650 9717
Siam Discovery	11st Floor, Unit A2, Siam Tower, Tel : 02 658 0776
CentralWorld Branch	999/9 The Offices at CentralWorld, 17 FL. Unit ML 1707, Rama 1 Rd, Patumwan Bangkok 10330

### Provincial Offices

Chaing Mai	313/15 Moo6 Chaing Mai – Lamphun Nong Hoi, Tel 053-141969
Khon Kaen	4th Fl., Kow Yoo Hah Bldg. Tel : 0 4332 5044-8
Phisanulok	2nd Fl., Thai Sivarat Bldg., Tel : 0 5524 3646
Had Yai	4th Fl., Southland Rubber Bldg., Tel : 0 7423 4095-99110
Had Yai - Petkasem	3rd Fl., Unit 3D, Redar Group Bldg., Tel : 0 7422 3044
Chumporn Investor Center	25/45 Krom Luang Chumporn Rd., Tel : 0 7757 0652-3

### Overseas Offices

SINGAPORE	Phillip Securities Pte Ltd Raffles City Tower Tel : (65) 6533 6001 www.poems.com.sg
HONG KONG	Phillip Securities (HK) Ltd 11/F United Centre 95 Queensway, Tel (852) 22776600 www.phillip.com.hk
MALAYSIA	Phillip Capital Management Sdn Bhd, Block B Level 3 Megan Avenue II Tel (603) 21628841 www.poems.com.my
JAPAN	Phillip Securities Japan, Ltd 4-2 Nihonbashi Kabuto-cho, Chuo-ku, Tokyo Tel (81-3) 36662101
INDONESIA	PT Phillip Securities Indonesia ANZ Tower Level 23B, Tel (62-21) 57900800 www.phillip.co.id
CHINA	Phillip Financial Advisory (Shanghai) Co. Ltd Ocean Tower Unit 2318 Tel (86-21) 51699200 www.phillip.com.cn
FRANCE	King & Shaxson Capital Limited 3rd Flr, 35 Rue de la Bienfaisance Tel (33-1) 45633100 www.kingandshaxson.com
UNITED KINGDOM	King & Shaxson Capital Limited 6th Flr, Candlewick House, Tel (44-20) 7426 5950 www.kingandshaxson.com
UNITED STATES	Phillip Futures Inc The Chicago Board of Trade Building Tel +1.312.356.9000
AUSTRALIA	PhillipCapital Australia Level 37, Collins Street, Melbourne, Tel (613) 96298380 Fwww.phillipcapital.com.au
SRI LANKA	Asha Phillip Securities Ltd Level 4, Millennium House, Tel: (+94) 11 2429 100 apsl@ashaphillip.net
TURKEY	Hak Menkul Kıymetler A.Ş. Dr.Cemil Bengü Cad. Tel: (+90) (212) 296 84 84 (pbx) hakmenkul@hakmenkul.com.tr
INDIA	PhillipCapital (India) Private Limited No. 1, C - Block, 2nd Floor, Modern Center, Jacob Circle, K. K. Marg, Mahalaxmi Mumbai 400011 Tel: (9122) 2300 2999 Website: www.phillipcapital.in
DUBAI	PhillipCapital (India) Pvt Ltd.601, White Crown Building Plot no 58, Sheikh Zayed Road P.O, Box 212291, Dubai UAE. Mahalaxmi Mumbai 400011 Tel: (9122) 2300 2999 Website: www.phillipcapital.in
CAMBODIA	Building No71, St 163, Sangkat Toul Svay Prey I, Khan Chamkarmorn, Phnom Penh, Kingdom of Cambodia Tel: (855) 23 217 942 Website: www.kredit.com.kh

## Disclosures and Disclaimers

This publication is prepared and issued by Phillip Securities (Thailand) PLC., which is regulated by SEC Thailand. References to "PST" in this report shall mean Phillip Securities (Thailand) PLC unless otherwise stated. By receiving or reading this report, you agree to be bound by the terms and limitations set out below.

This publication has been provided to you for personal use only. The copyright belongs exclusively to PST. All rights are reserved. Any unauthorized use or disclosure is prohibited. No reprinting or reproduction, in whole or in part, is permitted without the PST's prior consent, except that a recipient may reprint it for internal circulation only and only if it is reprinted in its entirety. If you have received this documentation by mistake, please delete or destroy it., and notify the sender immediately.

This report is prepared and distributed by PST for information purposes only and neither the information contained herein nor any opinion expressed should be construed or deemed to be construed as solicitation or as offering advice for the purposes of the purchase or sale of any security, investment or derivatives. The information and opinions contained in the Report were considered by PST to be valid when published. The report also contains information provided to PST by third parties. The source of such information will usually be disclosed in the report. Whilst PST has taken all reasonable steps to ensure that this information is correct, PST does not offer any warranty as to the accuracy or completeness of such information. Any person placing reliance on the report to undertake trading does so entirely at his or her own risk and PST does not accept any liability as a result. Securities and Derivatives markets may be subject to rapid and unexpected price movements and past performance is not necessarily an indication to future performance.

This report does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. Investors must undertake independent analysis with their own legal, tax and financial advisors and reach their own decision regarding the appropriateness of investing in any securities or investment strategies discussed or recommended in this report and should understand that statements regarding future prospects may not be realized. In no circumstances it be used or considered as an offer to sell or a solicitation of any offer to buy or sell the Securities mentioned in it. The information contained in the research reports may have been taken from trade and statistical services and other sources, which we believe are reliable. Phillip Securities (Thailand) PCL or any of its group/associate/affiliate companies do not guarantee that such information is accurate or complete and it should not be relied upon as such. Any opinions, forecasts, assumptions, estimates, valuations and prices contained in this material are as of the date indicated and are subject to change at any time without prior notice.

Important: These disclosures and disclaimers must be read in conjunction with the research report of which it forms part. Receipt and use of the research report is subject to all aspects of these disclosures and disclaimers. Additional information about the issuers and securities discussed in this research report is available on request.

Certifications: The research analyst(s) who prepared this research report hereby certifies that the views expressed in this research report accurately reflect the research analyst's personal views about all of the subject issuers and/or securities, that the analyst have no known conflict of interest and no part of the research analyst's compensation was, is or will be, directly or indirectly, related to the specific views or recommendations contained in this research report.

Phillip Securities (Thailand) PCL, or persons associated with or connected to PST, including but not limited to its officers, directors, employees or persons involved in the preparation or issuance of this report, may provide an array of financial services to a large number of corporations in Thailand and worldwide, including but not limited to commercial / investment banking activities (including sponsorship, financial advisory or underwriting activities), brokerage or securities trading activities. PST, or persons associated with or connected to PST, including but not limited to its officers, directors, employees or persons involved in the preparation or issuance of this report, may have participated in or invested in transactions with the issuer(s) of the securities mentioned in this publication, and may have performed services for or solicited business from such issuers. Additionally, PST, or persons associated with or connected to PST, including but not limited to its officers, directors, employees or persons involved in the preparation or issuance of this report, may have provided advice or investment services to such companies and investments or related investments as may be mentioned in this publication.

PST or persons associated with or connected to PST, including but not limited to its officers, directors, employees or persons involved in the preparation or issuance of this report may, from time to time maintain a long or short position in securities referred to herein, or in related futures or options, purchase or sell, make a market in, or engage in any other transaction involving such securities, and earn brokerage or other compensation in respect of the foregoing. Investments will be denominated in various currencies including US dollars and Euro and thus will be subject to any fluctuation in exchange rates between US dollars and Euro or foreign currencies and the currency of your own jurisdiction. Such fluctuations may have an adverse effect on the value, price or income return of the investment.

To the extent permitted by law, PST, or persons associated with or connected to PST, including but not limited to its officers, directors, employees or persons involved in the preparation or issuance of this report, may at any time engage in any of the above activities as set out above or otherwise hold a interest, whether material or not, in respect of companies and investments or related investments which may be mentioned in this publication. Accordingly, information may be available to PST, or persons associated with or connected to PST, including but not limited to its officers, directors, employees or persons involved in the preparation or issuance of this report, which is not reflected in this material, and PST, or persons associated with or connected to PST, including but not limited to its officers, directors, employees or persons involved in the preparation or issuance of this report, may, to the extent permitted by law, have acted upon or used the information prior to or immediately following its publication. PST, or persons associated with or connected to PST, including but not limited its officers, directors, employees or persons involved in the preparation or issuance of this report, may have issued other material that is inconsistent with, or reach different conclusions from, the contents of this material.

**Suitability and Risks:** This research report is for informational purposes only and is not tailored to the specific investment objectives, financial situation or particular requirements of any individual recipient hereof. Certain securities may give rise to substantial risks and may not be suitable for certain investors. Each investor must make its own determination as to the appropriateness of any securities referred to in this research report based upon the legal, tax and accounting considerations applicable to such investor and its own investment objectives or strategy, its financial situation and its investing experience. The value of any security may be positively or adversely affected by changes in foreign exchange or interest rates, as well as by other financial, economic or political factors. Past performance is not necessarily indicative of future performance or results.

**Sources, Completeness and Accuracy:** The material herein is based upon information obtained from sources that PST and the research analyst believe to be reliable, but neither PST nor the research analyst represents or guarantees that the information contained herein is accurate or complete and it should not be relied upon as such. Opinions expressed herein are current opinions as of the date appearing on this material and are subject to change without notice. Furthermore, PST is under no obligation to update or keep the information current.

**Caution:** Risk of loss in trading in can be substantial. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

**For U.S. persons only:** This research report is a product of Phillip Securities (Thailand) PCL which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Phillip Securities (Thailand) PCL only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

**Phillip Securities (Thailand) PCL**

Registered office: 15<sup>F</sup>, Vorawat Building, 849 Silom Road, Bangrak, Bangkok 10500 Thailand