

IR Preparation for Roadshows

What fund managers expect from listed companies

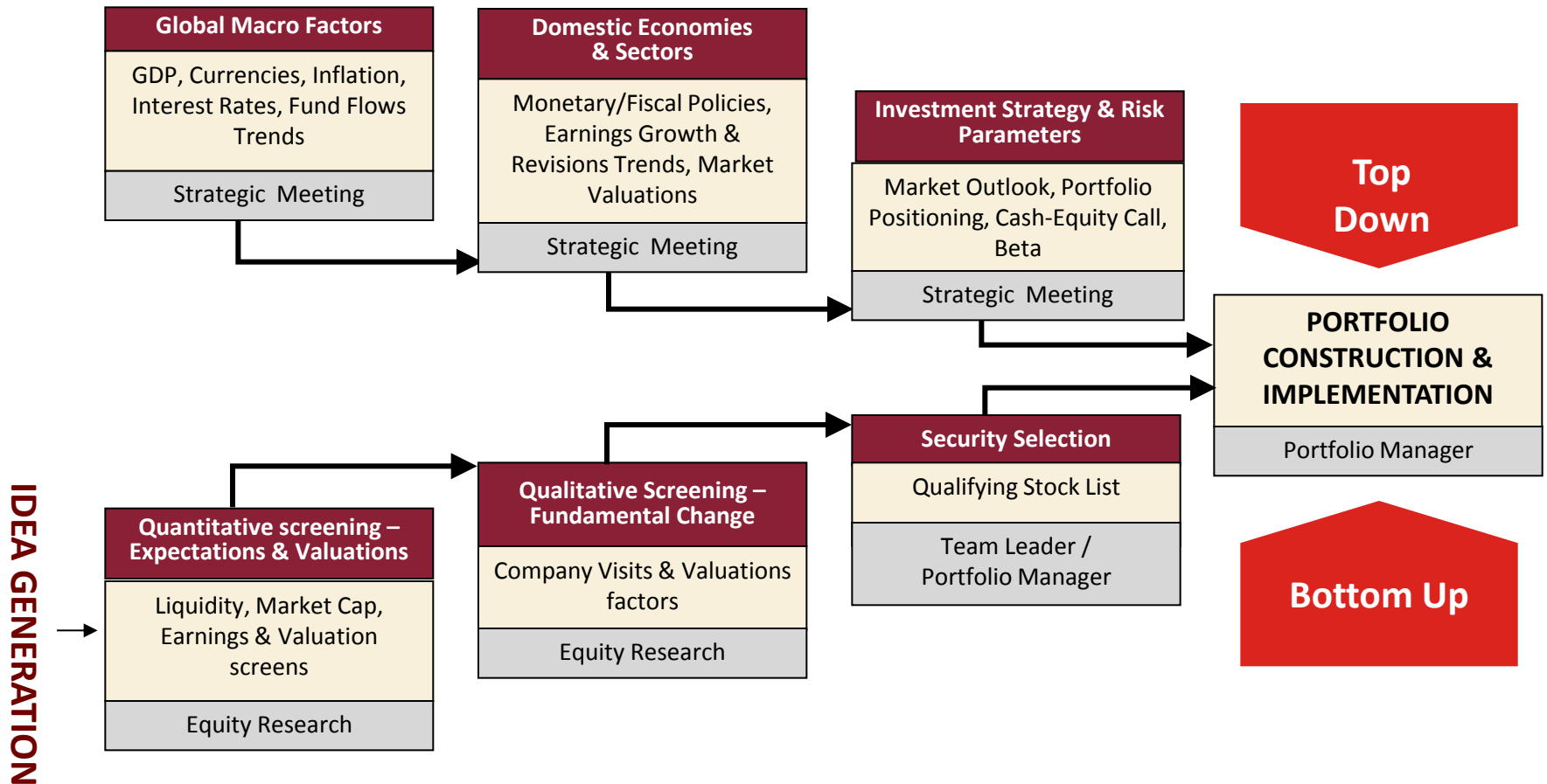
Win Phromphaet, CFA
Chief Investment Office

Wasin Parithan, CFA
Equity Fund Manager

May 2017

Investment Methodology

Bottom Up Security Selection with Top-Down Macro Overlay



Investment Methodology – Bottom Up

Stock Selection Framework

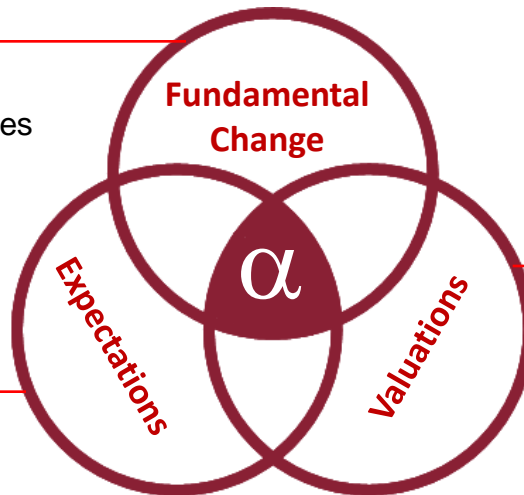
- We believe **three key attributes** distinguish superior stocks
 - Sustainable Fundamental Change
 - Rising Investor Expectations
 - Attractive Valuations

EARNINGS TRENDS

- Operating Performance
- Industry Trends
- Competitive Position
- Event Opportunities

SURPRISE POTENTIAL

- Estimate Revisions
- Consensus Call Upgrade
- Price, Volume Trends



ATTRACTIVE VALUATIONS

- Multiple Expansion
- Relative Valuations
- Discounted Cash Flows

Our Competitive Advantage

Investment Style: High Alpha; Benchmark Agnostic with Absolute Return Focus

➤ Thorough Analysis

- Early identification of any fundamental change
- Emphasis on **Primary Research** through company visits and interaction with management
- Conduct regular follow-up calls with the company's management

➤ Local Knowledge

- **On-the-ground presence** and proximity to the Asian markets

➤ Integrated Investment Team

- **Close interaction** between team members
- Investment Strategy meeting convenes monthly to provide a combined view for all major asset classes

20160530 (T:BDMS@TB) Meeting Note

Wasin Parithan

Sent: Thu 02/06/2016 4:22 PM

To: **CIMB-P Investment Team (Equity/Research/FI/Credit/Stds/Quant/Dealing)**

Cc: res-pub@bloomberg.net

Met Ajaya AVP IR, Chama IR with Durraini and Cit's Krit

20160902 - **Hankook Tire** - Consider to enter at lower price

Teoh Kek Yee

Sent: Fri 02/09/2016 3:00 PM

To: **CIMB-P Investment Team (Equity/Research/FI/Credit/Stds/Quant/Dealing)**

Cc: res-pub@bloomberg.net

Met Ms Hyowon Lee, IR of Hankook Tire (T: 161390@KS) on September 2nd, 2016.

20160913 **Vinamilk** (T:VNM@VN) Visit Note

Wasin Parithan

Sent: Tue 20/09/2016 6:58 PM

To: **CIMB-P Investment Team (Equity/Research/FI/Credit/Stds/Quant/Dealing)**

Cc: res-pub@bloomberg.net

Met Tran Chi Son, IR on 13 Sep 2016 (1:106102)

Available FOL: 42.9%

My view Reaffirm a positive view on Vinamilk. The dominant in Vietnam's fast-growing daily market has been managed by proven management. The only key concern is that 2016 margin might be a peak as global raw milk prices are rebounding from record low in 2015. 2017 gross margin will be determined by new contract price to be dealt during October to November and hence. However, streets and also our projections have already projected lower GPM in 2017 but never know if it would be low enough. No change to recommendations. BUY on weakness as approaching year end. There is FOL room now.

Meeting notes

Volume growth

According to Euromonitor, the market size is expected to grow 7-9% p.a. in the next few years. VN milk grew 10% p.a. in volume in past 2 years and grew 18% in 1H16 as a result of strong demand and economy recovery. 2003-2012 volume grew 20% p.a. Still focus in daily business as VN still have a very low capita consumption around 15-18 l/year compared too 100 l/year in Japan and Korea and 200 l/year in wester countries.

Pricing strategy

Offer as low as possible and stable prices
Kept prices unchanged for 2 years
Price leader strategy to defend/gain market share -> economy of scale

Costs

Full year margin will maintain 40-42%
Next year COGS will be determined around October to November with no longer 1-year forward price fixing, they do take view with different tenor to lock-up cost
40-42% GPM high range in 10y history
36-40% GPM range still OK
To increase domestic 15k cows to target 40k cow witin 5 years -> lower fx risk, secure volume, and quality control
Depreciation less than 5% expected

Market share

Condense milk 80%
Yogurt 85% -> stable
Liquid 95% -> trying to gain more

and pricing. The risk of revenue vs. BH 20%). Hedged while BH is entering sum over BH. BDMS has the chain hospitals. The only 13%, lower than BH stable EBITDA margin and local peers -1, IHH term view on BCH term exposure to aging-

oving
BMW
side
increase
Street
nable
at FY

	Actual	Forecast	Forecast
	31-Dec-15	31-Dec-16	31-Dec-17
3	63,655	69,427	76,279
3	-41,130	-44,780	-49,124
0	22,526	24,647	27,155
7	-12,827	-13,990	-15,371
3	9,698	10,656	11,784
5	4,387	4,652	5,111
8	14,085	15,308	16,895
4	7,917	8,921	9,907
8	0.51	0.58	0.64
1	15,491	15,491	15,491
		n.a.	101%
			95%
		8.874	10.463
4	25,566	27,030	28,814
%	6.3%	5.7%	6.6%
0	3,719	4,091	4,500
%	18.1%	10.0%	10.0%
4	21,847	22,939	24,316
%	4.6%	5.0%	6.0%
4	3,763	3,957	4,194
%	7.7%	5.2%	6.0%
8	568	602	638
%	8.0%	6.0%	6.0%
8	3,195	3,355	3,556
%	7.6%	5.0%	6.0%

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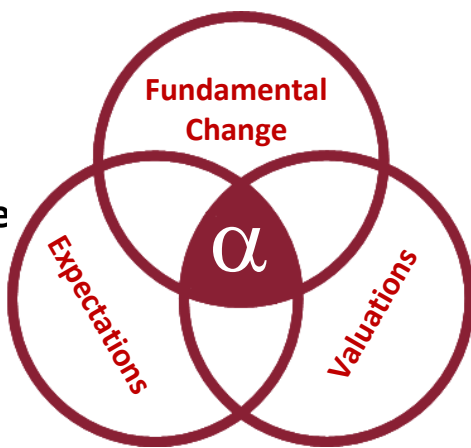
Investment Methodology – Bottom Up

Throughout Communication

Focused Expertise

Communication

Bottom Up Themes
 ↔
 Company Due Diligence
 ↔
 Industry Perspectives



Communicate through local & regional office via e-mail and Bloomberg terminal across all regional offices

- **IRH** – Internal Research Homepage
 - Share visit notes and researches
- **TMSG** – Trade Ideas
 - Systematic way to keep trade ideas
 - Input by all analysts and fund managers
 - Performance measurement

Sender	Ideas	No. Wins (Abs Rtn)	% Wins (Abs Rtn)	Mean Abs Rtn
T. Jadajungrapa	27	17	77	17.60

Date	Headline	Ticker	Analyst
02/03	RE: 20150303 BA's 4Q14 result (T:BA@TB)		
02/23	20150223 KTC (T:KTC@TB) company visit note		
02/09	20150209 AP (T:AP@TB) company visit note: maintain BUY		
02/06	20150206 LH (T:LH@TB) company visit note: maintain BUY		
01/29	20150129 Thai Airways (T:THAI@TB) Conference call with THAI mana...		
01/28	20150128 QH analyst meeting with the advent of new GDP		
01/28	20150128 KCE Electronics (T:KCE@TB) On the clear growth stage; BU...		
01/21	20150121 BA (T:BA@TB) Conservative guidance on its airline busine...		
01/20	20150120 TPIPL (T:TPIPL@TB) talk with analyst: Too good to be true		
01/20	20150120 UNIS company visit note		
01/13	20150113 RML visit note		
01/12	20140112 BECL visit note		
01/09	20140109 Downgrade BCCN (T:BCCN@TB) company visit note		
12/11	20141211 upgrade ANAN TB: HOLD maintained		

2015 targets

- 2015F Presales THB25.3bn (+12% growth yoy)
 - High rise THB12bn (47% of total presales)
 - Low rise THB13.3bn (53% of total presales)
- Note that there are two more projects that AP expects to launch but not yet included in the yearly plan. If AP were to launch these two projects, AP's presales might reach THB27bn
- 2015F Revenue THB25.3bn (+10% growth yoy)
 - High rise THB12.6bn (50% of total presales)
 - Low rise THB13.3bn (53% of total presales)

Primary Research

Investment Methodology – Bottom Up

Buy-Sell Discipline

- **Buy decisions are based on:**
 - Improving and sustaining fundamental change
 - Attractive valuations and potential multiple re-ratings
 - Increasing investors' expectations

- **Sell decisions are based on:**
 - Deteriorating company fundamentals
 - Expensive valuations /potential multiple de-ratings
 - Potential earnings growth below our expectation

Asia Pacific ex-Japan Equities Research Coverage

Regional CIO: Ken Goh

CIOs: Patrick Chang (MY), Chris Leow (SG), Win Phromphaet (Thai)



Malaysia :

Patrick Chang/Doreen Choo (Country Strategist)
Chow Quee Iee (Head of Equities-Research) + Malaysia team (Research)



Singapore:

Jeffrey Chong (Country Strategist , Research)
Shawn Ho (Research)



Thailand:

Wipada Jirapanich (Country Strategist , Research)
Wipada + Thailand team (Research)



Indonesia:

Ignatius Philip / Richard Tanim (Research)



Philippines:

Liew Shan Khiun (Country Strategist , Research)



Australia:

Serene Chng (Country Strategist, Research)
Jeffrey Chong (Research)



China:

Roslin Zhu (Country Strategist, Research)
Cheah Yii Toong + Shawn Ho (Research)



Hong Kong:

Roslin Zhu (Country Strategist, Research)
Cheah Yii Toong + Shawn Ho (Research)



Korea:

Teoh Kek Yee (Country Strategist, Research)
Christopher Leow (Research)



Taiwan:

Teoh Kek Yee (Country Strategist, Research)
Christopher Leow (Research)



India:

James Gan (Country Strategist, Research)
Dennis Lee YW (Research)

CLMV* – Wasin Parithan + Thailand team
LATAM – Serene Chng + Teoh Kek Yee

Regional Integrated Team

* Cambodia, Laos, Myanmar, Vietnam

As at September 2016

What fund managers want from IR

Completed, updated and timely information with accessible contact

- Updated IR web pages with essential documents e.g. annual report, financial statement and company presentation
- Insightful quarterly MD&A or presentation
- Full disclosure of the acquisition/disposition of assets or transaction with related parties
- Regular meeting
 - Quarterly - the best practice
 - Yearly - acceptable
- (Occasionally) management access
- IR contact – e-mail, phone call, webinar

What question that fund managers often ask in a meeting with IR

Here are examples of frequently asked questions

- Basic topics
 - Revenue breakdown
 - Cost structure
 - Growth drivers
 - CAPEX plan and funding
 - Industry landscape
 - Competitors
 - Suppliers/clients
 - Risks
 - Management and shareholder
 - Capital structure
 - Expansion plan
- Some open-ended questions
 - What makes the company outstanding from peers?
 - Who are competitors and how are they different?
 - What do you think about this competitor?
 - How do you see the future of the company?
 - What worries you most running the company?
 - Why do you enter into that market/business?
 - How do you incentivize your employees?
 - What if.....?

Q & A