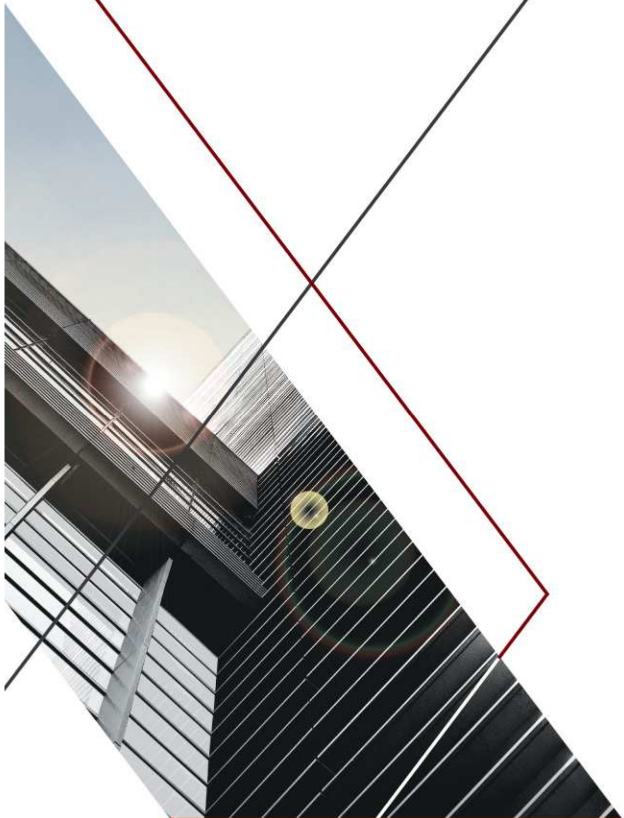


FAST FORWARD

CIMB THAI

Post-COVID CLMV Economy

Amonthep Chawla, Ph.D.

10 July 2020

FORWARD ASEAN

Public

Agendas

I. East-West Economic Corridors from Thailand to Savannakhet and Central Vietnam
II. Thai exports to the neighboring countries
III. Thai investment to the neighboring countries
IV. Look beyond Covid-19: Trade Opportunities, Aging Population and disruption

I. East-West Economic Corridors from Thailand to Savannakhet and Central Vietnam

Overview Economic indicators of Cambodia, Laos, Myanmar, Vietnam, Indonesia and Thailand as of 2020

	Cambodia	Laos	Myanmar	Vietnam	Indonesia	Thailand	Most vulnerable
I Population and Growth							
Population (million) as of 2019	**16.5**	**7.2**	**53.0**	**95.5**	**267**	**67.9**	**N.A.**
GDP (USD bn) current price as of 2019	**26.0**	**18.1**	**71.3**	**260**	**1,120**	**545**	**N.A.**
GDP per capita (USD) as of 2019	**1,631**	**2,527**	**1,305**	**2,722**	**4,194**	**8,019**	**N.A.**
Real GDP growth (% yoy)	**0.8**	**3.5**	**1.8**	**6.3**	**-1.5**	**-7.7**	**< -3%**
Export Growth (%)	**-10.6**	**0.3**	**2.8**	**-4.2**	**-6.0**	**-13.5**	**< -3%**
II Fiscal Policy Indicators							
Fiscal Balance (% GDP)	**-4.0**	**-6.6**	**-5.9**	**-5.7**	**-5.9**	**-6.5**	**< -3%**
Public Debt (% GDP) as of 2016	**31.6**	**63.6**	**38.9**	**60.1**	**37.2**	**50.5**	**> 60%**
III Domestic Vulnerability Indicators							
Inflation rate (%)	**1.8**	**4.9**	**6.3**	**2.1**	**2.6**	**-1.1**	**> 8%**
Unemployment rate (%)	**0.7**	**N.A.**	**5.4**	**3.3**	**7.0**	**2.5**	**> 8%**
Interest rate Policy (%)	**1.50**	**3.00**	**10.0**	**4.50**	**4.25**	**0.5**	**N.A.**
IV External Vulnerability Indicators							
Current account balance (% GDP)	**-13.6**	**-6.5**	**-4.9**	**1.8**	**-2.1**	**3.8**	**< -3%**
External Debt (% GDP)	**59.2**	**86.5**	**17.1**	**42.3**	**41.3**	**34.9**	**> 45%**
International reserves (months of imports)	**9.0**	**1.9**	**4.2**	**4.3**	**10.7**	**14.0**	**< 3**

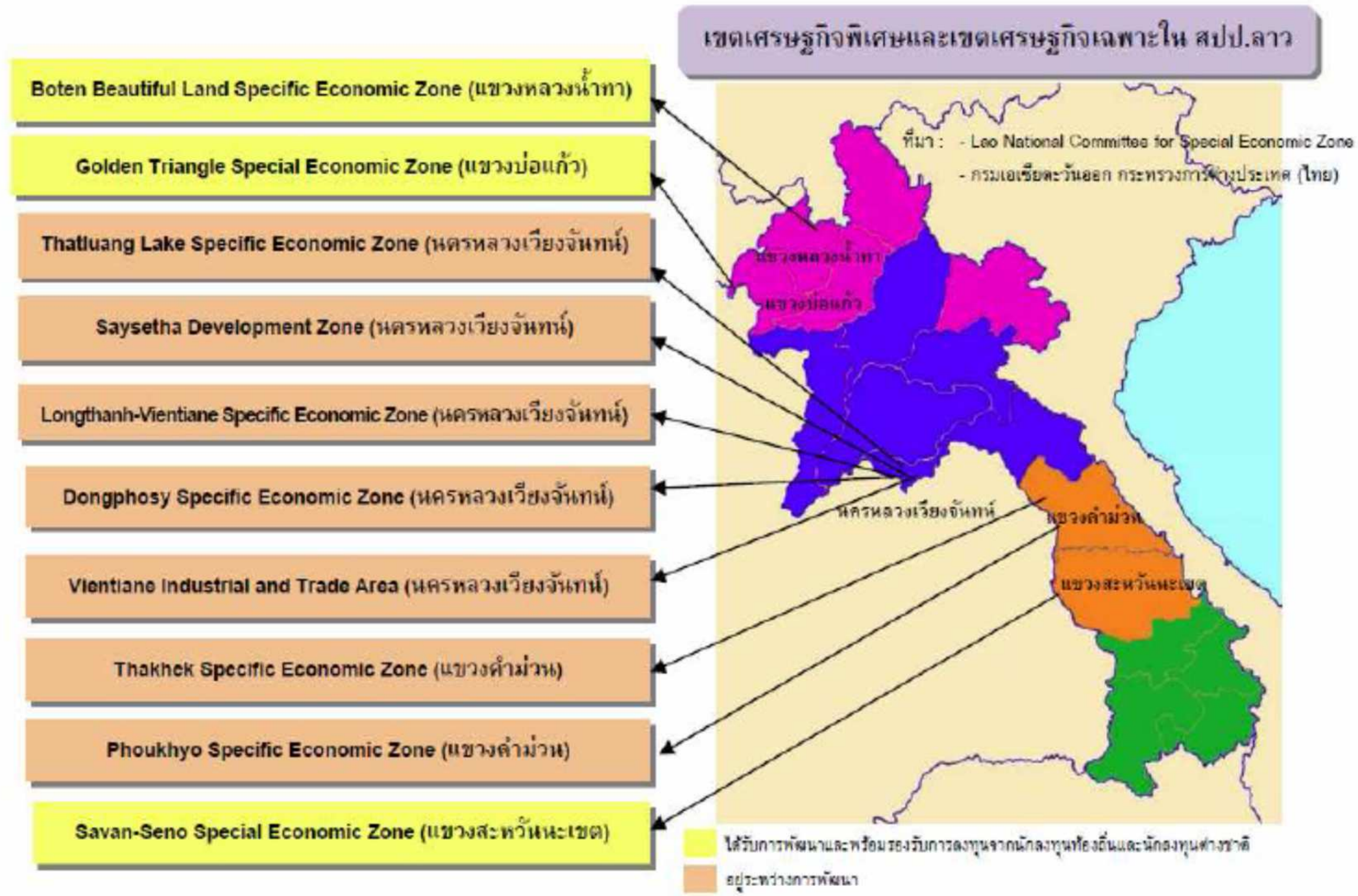
Source : Forecasted by IMF , Focus economics, World Bank
Remark: most vulnerable indicators are threshold indicators set by IMF and World Bank

Connectivity and GMS

Economic Corridors – EWEC

Savan-Seno Special Economic Zone : SASEZ

สปป.ลาวมีเขตเศรษฐกิจพิเศษ (Special Economic Zones: SEZs) 10 แห่ง



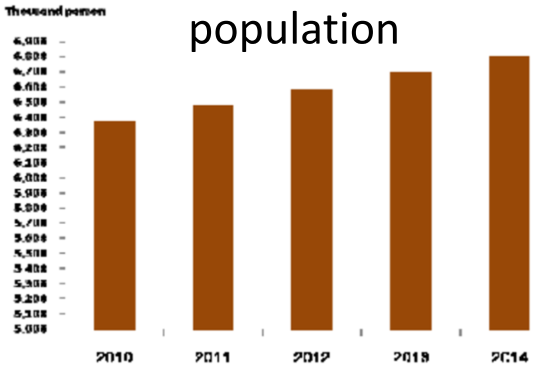
Savan-Seno Special Economic Zone : SASEZ

Business opportunities in LAOS

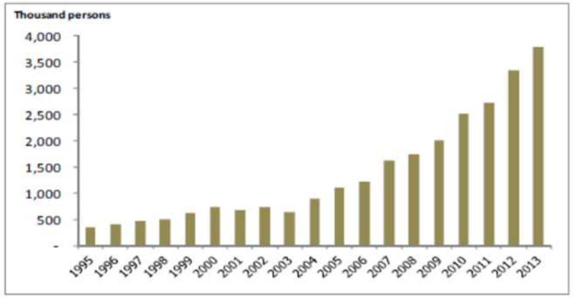
1. Construction

2. Tourism: Food and restaurants

population



# of tourists



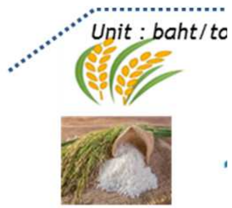
Business opportunities in LAOS

3. Energy

4. Retail

Business opportunities in LAOS

5. Food and agriculture

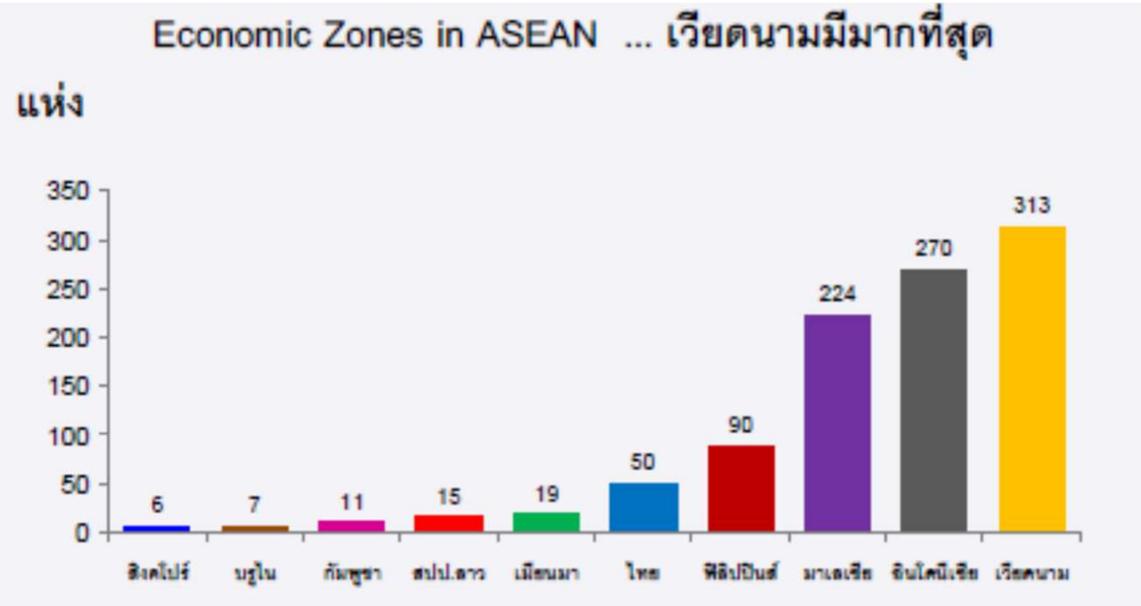


6. Manufacturing for Export

7. Logistics

8. Beauty

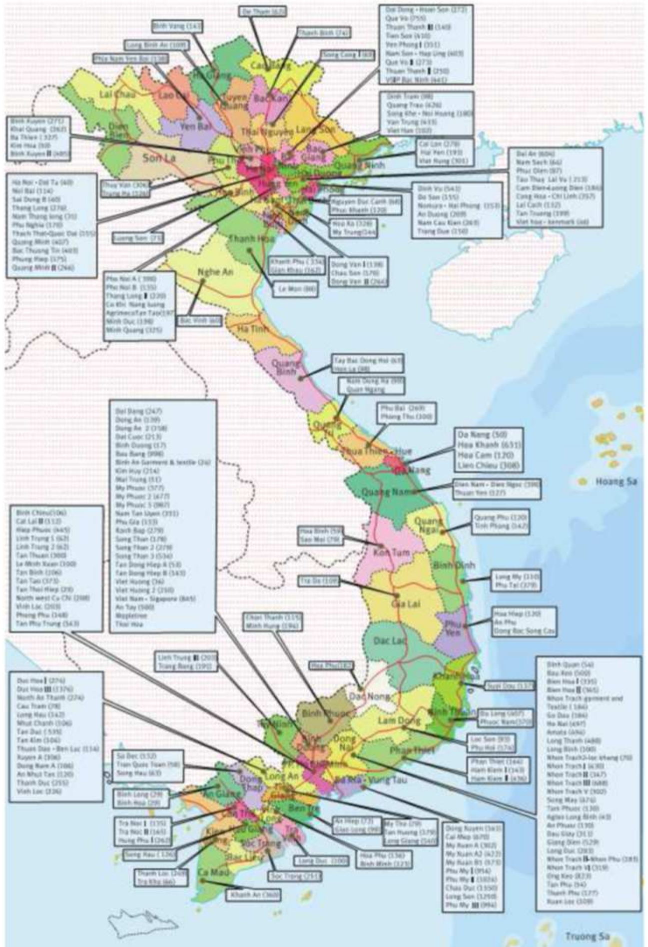
Economic Zones in ASEAN – Vietnam has the highest number of SEZz



ที่มา: United Nations Industrial Development Organization, (as of May 2015) หมายเหตุ: UNIDO จะรวม Industrial Parks, SEZs, Eco-Industrial Parks, Hi-Technology Parks

Vietnam has SEZs all over the country

เวียดนามมีเขตเศรษฐกิจพิเศษ (Special Economic Zone: SEZ) 18 แห่ง แต่ถ้ารวมนิคมอุตสาหกรรม (Industrial Park) ตามนิยามของ UNIDO จะมีประมาณ 313 แห่งทั่วประเทศ



ที่มา : United Nations Industrial Development Organization, (as of May 2015)

II. Thai exports to the neighboring countries

Share of exports and imports from Thailand to 15 major trading countries (Cambodia, Laos, Myanmar, Vietnam, Malaysia, Indonesia, Philippines, Singapore, Brunei, Taiwan, Japan, South Korea, China, Hong Kong, India and World)

Export by Country in May 2020 (ASEAN + USA, China, Japan,S.Korea, India,HK, and Chinese Taipei)
(percentage change, year-on-year)

countries	Share (%)	Export growth (%,yoy)	
		May (%)	Jan-May (%)
- U.S.A	13.89	-17.30	0.34
- CHINA	12.48	15.27	4.70
- JAPAN	9.74	-24.23	-6.83
- HONG KONG	5.10	-19.31	10.39
- SINGAPORE	4.72	-8.75	41.11
- INDONESIA	4.57	1.53	21.95
- VIETNAM	4.54	-22.55	-14.21
- MALAYSIA	3.22	-40.70	-29.42
- CAMBODIA	2.88	-33.68	-2.89
- INDIA	2.26	-75.96	-35.14
- PHILIPPINES	2.09	-60.26	-28.08
- S. KOREA	1.81	-32.93	-14.43
- MYANMAR	1.70	-34.11	-11.52
- CHINESE TAIPEI	1.61	-24.08	2.14
- LAOS	1.45	-26.99	-10.71

Source: MOC

Import by country in May 2020 (ASEAN + USA, China, Japan,S.Korea, India,HK, and Chinese Taipei)
(percentage change, year-on-year)

countries	Share (%)	Import growth (%,yoy)	
		May (%)	Jan-May (%)
- U.S.A	9.34	-21.00	-1.00
- CHINA	22.35	-7.88	-0.68
- JAPAN	13.48	-31.22	-13.75
- HONG KONG	0.80	-62.60	-39.79
- SINGAPORE	3.71	-23.45	10.94
- INDONESIA	2.85	-53.34	-20.93
- VIETNAM	2.48	-42.78	-5.39
- MALAYSIA	4.63	-44.66	-29.15
- CAMBODIA	0.82	-23.78	89.17
- INDIA	1.84	-65.27	-21.53
- PHILIPPINES	1.33	-39.39	-13.15
- S. KOREA	3.64	-37.82	-13.59
- MYANMAR	1.43	-15.42	-2.09
- CHINESE TAIPEI	3.80	-14.79	-3.15
- LAOS	1.22	-16.10	4.54

Source: MOC

TOP 10 Export Products in May 2020

(percentage change, year-on-year)

Product	Share (%)	Export growth (%,yoy)	
		May (%)	Jan-May (%)
- Precious stones and jewellery	9.79	76.02	107.98
- Motor cars, parts and accessories	8.12	-62.58	-30.33
- Automatic data processing machines and parts thereof	7.34	-21.31	-0.04
- Rubber products	4.59	-22.17	-2.42
- Polymers of ethylene, propylene, etc in primary forms	3.24	-26.71	-19.36
- Electronic integrated circuits	2.93	-9.45	-5.37
- Chemical products	2.78	-30.04	-20.23
- Machinery and parts thereof	2.72	-36.96	-11.38
- Refine fuels	2.56	-42.37	-20.91
- Air conditioning machine and parts thereof	2.49	-39.54	-6.20

Source: MOC

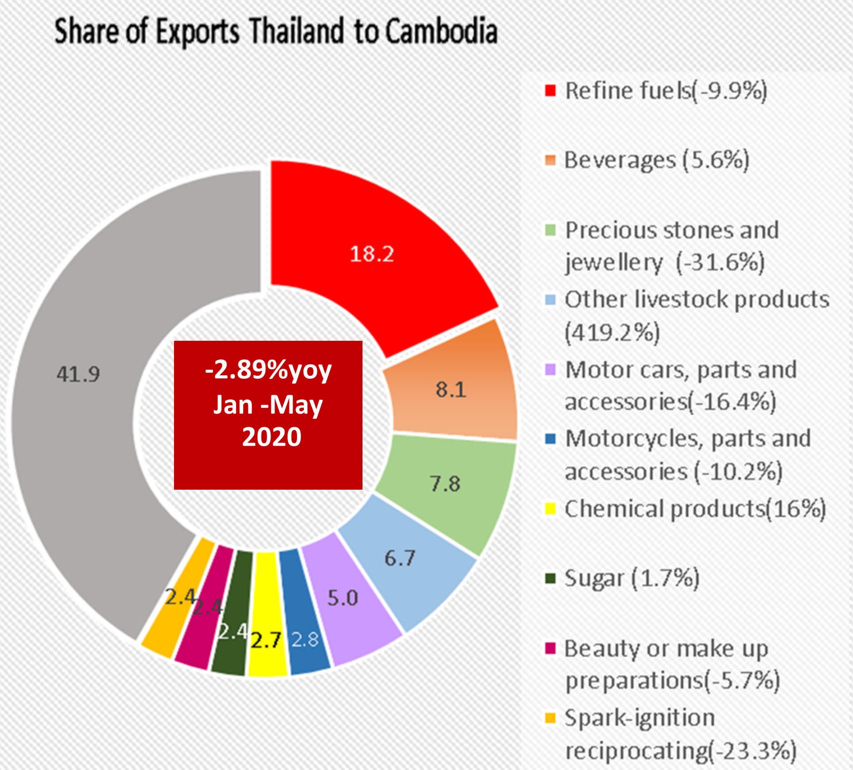
TOP 10 Import Products in May 2020

(percentage change, year-on-year)

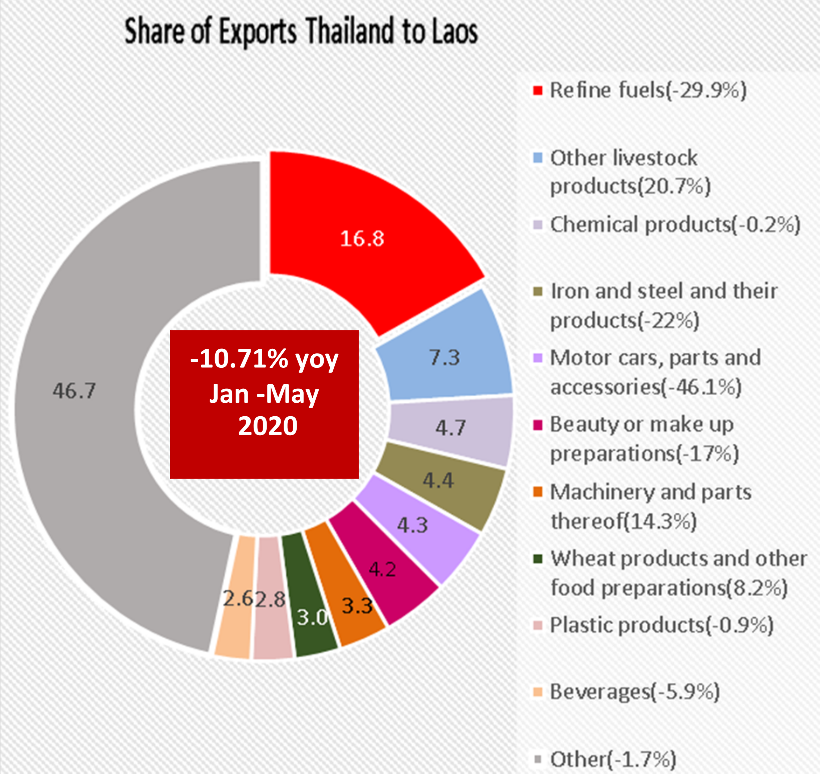
Product	Share (%)	Export growth (%,yoy)	
		May (%)	Jan-May (%)
- Crude oil	9.41	-84.49	-19.65
- Machinery and parts	8.65	-36.61	-14.00
- Electrical machinery and parts	7.65	-16.78	-7.37
- Chemicals	7.24	-17.43	-4.62
- Electronic integrated circuits	5.54	-1.16	2.52
- Iron, steel and products	5.10	-40.41	-17.95
- Parts and accessories of vehicles	4.43	-39.20	-19.66
- Other metal ores, metal waste scrap, and products	3.98	-27.16	-10.15
- Computers, parts and accessories	3.57	1.98	-10.76
- Vegetables and vegetable products	3.49	-6.96	2.26

Source: MOC

Thai exports to CLMV

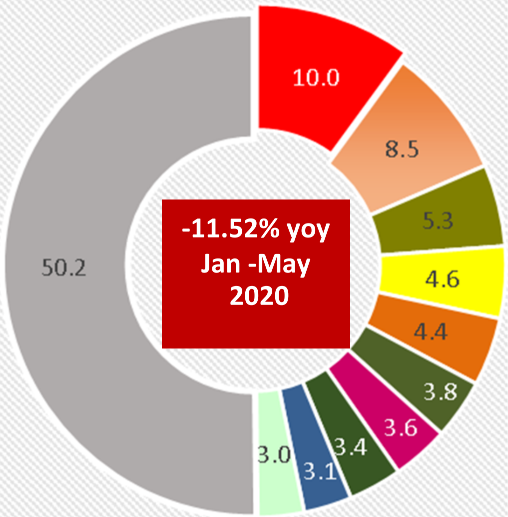


Source: MOC
Remark: ( ) % Growth (yoy)

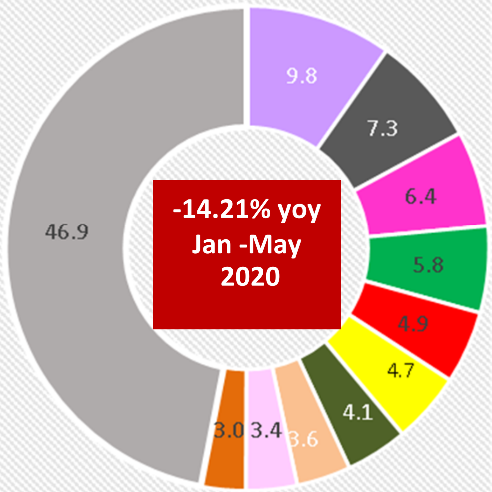


Source: MOC
Remark: ( ) % Growth (yoy)

Thai exports to CLMV (cont.)



Source: MOC
Remark: ( ) % Growth (yoy)



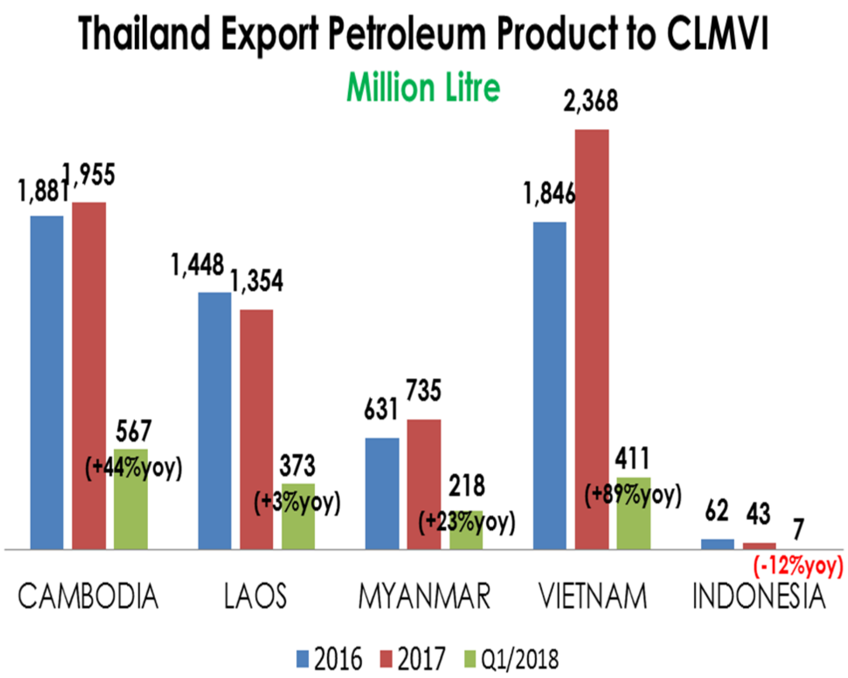
Source: MOC
Remark: ( ) % Growth (yoy)

Thailand has an advantage to export petroleum products to CLMV, while Myanmar and Indonesia advantages in natural gas

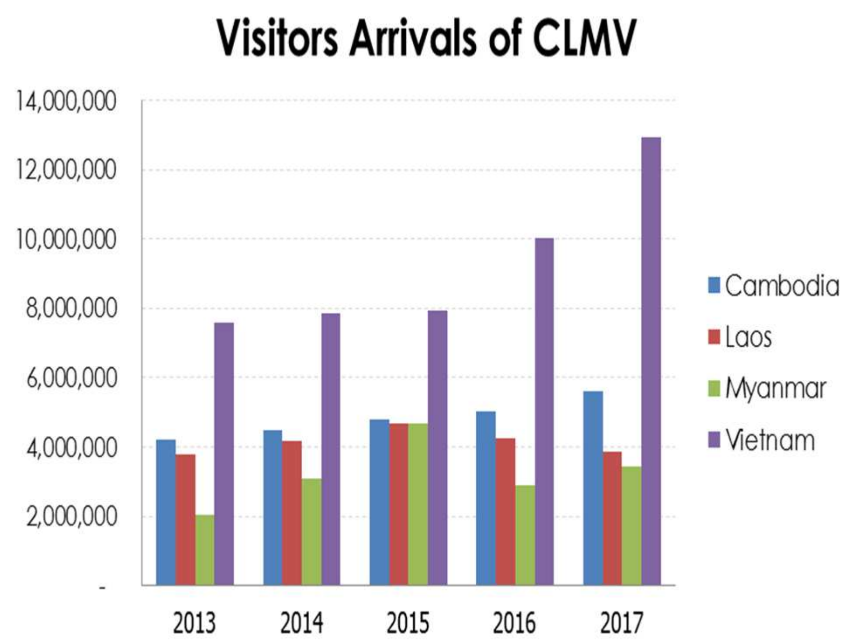
		Cambodia	Laos	Myanmar	Vietnam	Indonesia	Thailand
	Unit/ data as of	2015	2015	2014, 2015	2014, 2015	2014, 2015	2017
Crude Oil							
- Production	bbl/day	-	-	15,000	301,800	831,100	239,820
- Export	bbl/day	-	-	2,814	183,600	289,300	32,684
- Import	bbl/day	-	-	28.5	-	507,900	982,635
Refined Petroleum Products							
- Production	bbl/day	-	-	15,870	156,900	990,700	1,516,484
- Consumption	bbl/day	39,000	3,500	91,000	422,000	1,708,000	1,117,808
- Export	bbl/day	-	-	-	28,860	98,780	260,682
- Import	bbl/day	37,930	3,480	73,260	256,600	668,500	184,952
Natural Gas							
- Production	billion cu m	-	-	17.5	9.1	72.8	36.9
- Consumption	billion cu m	-	-	4.8	15.5	53.2	47.7
- Export	billion cu m	-	-	13.9	-	30.3	-
- Import	billion cu m	-	-	-	-	1.8	13.8

Source: The World Factbook and EPPO

Thailand : Opportunities on petroleum product export to CLMV from increasing foreign tourists and economic expansion



Source: MOC

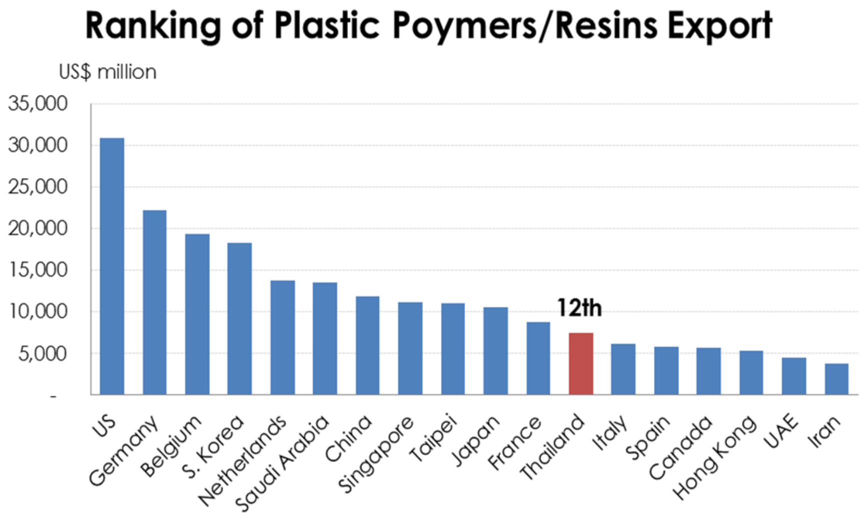


Source: CEIC

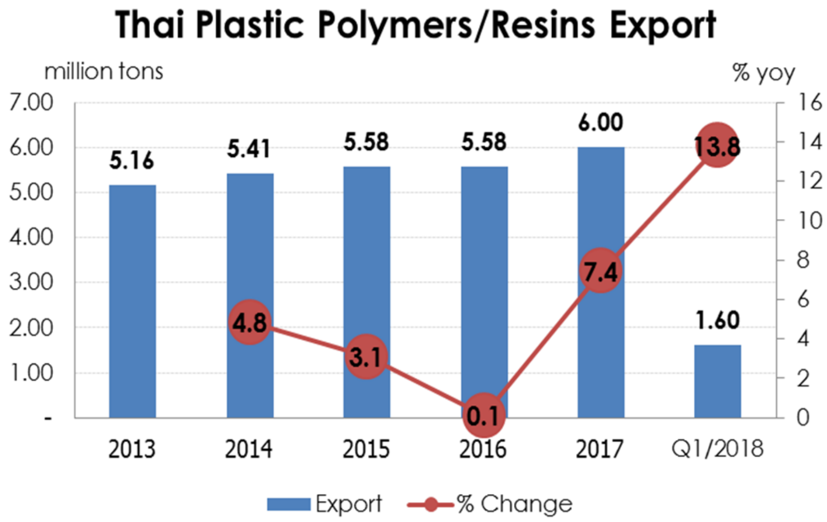
FAST FORWARD

CIMB THAI
ธนาคาร ซีไอเอ็มบี ไทย

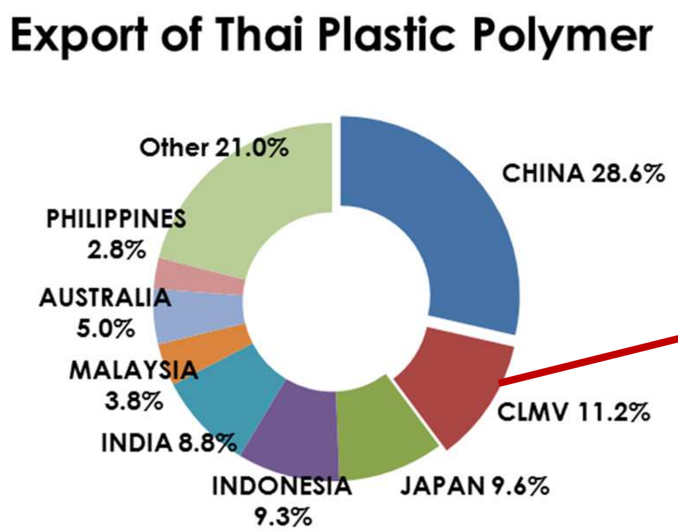
Plastic Polymer/Resin Trade in CLMVI Likely to High Growth

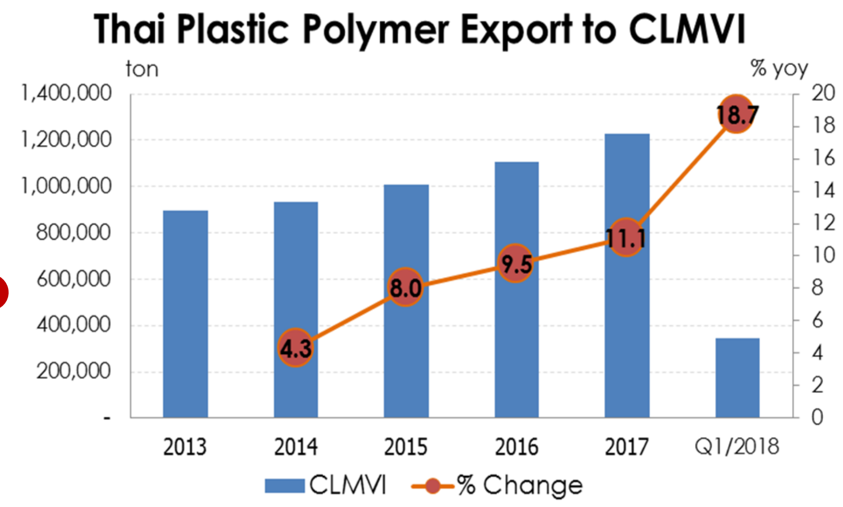


Source: Trademap



Source: MOC





Source: MOC

FAST FORWARD

CIMB THAI
ธนาคาร ซีไอเอ็มบี ไทย

Outlook for Thailand's Exports to CLMV markets

Cambodia

- 58 percent of Thailand's exports to Cambodia occurred through border trade, with Aranyaprathet border area making up about 60 percent of total Thai exports to Cambodia. Exports through border areas increased in line with the expansion of land transport , strong economic growth and rising in foreign investment.
- Main exports products are refined fuels, beverages, sugar, precious stones and jewelry, and motorcycle & parts. Since 2010 Thailand's products exports to Cambodia continued to grow; however, the exports decreased in H1, 2016 YOY especially refined fuels from oil prices decline and precious stones and jewelry

Medium-High Exports Potential	Low-Medium Exports Potential
- Beauty or Make up preparation - Refined fuels - Motorcycles, parts and accessories - Cement - Beverage - Paper (Packaging)	- Sugar - Chemical products (Fertilizers) - Agricultural machinery - Woven Fabric

Laos

- 96 percent of Thai exports to Laos occurred through border trade with Nong Khai border area making up 41 per cent of total border exports to Lao. However, the share of exports through Nong Khai border area is expected to decrease because other borders have become more popular.
- Since 2010 Thailand's products exports to Laos continued to grow. However, export values during the years of 2013-2015 was increased less than 10% and main products are refined fuels, automobile and parts, steel products and chemical products etc.
- Thai exports to Laos is expected to increase due to Laos economic growth, increasing of foreign tourists, higher purchasing power of population, the expansion of the construction of large infrastructure projects and high Thai product standards and recognition in the market.

Medium-High Exports Potential	Low-Medium Exports Potential
- Refined fuels - Automobile and parts - Structural steel - Beauty Products - Plastic products - Beverage - Consumer products	- Chemical products(Fertilizers) - Agricultural machinery - Industrial machinery and Parts

Outlook for Thailand's Exports to CLMV markets (cont.)

Myanmar

- 74 % of Thailand exports to Myanmar is exported through border trade. Most of the exports occurred through Mae Sot border,Tak, makes up about 70 per cent of total border exports from Thailand-Myanmar , followed by the exports through Ranong border. Exports through Mae Sot border area in the future would be supported by Mae Sot - Myawaddy – Kawkareik-Mottamaม creating better connectivity.
- Exports to Myanmar is likely to increase because the economy is expected to grow, higher domestic demand and strong investment

Medium-High Exports Potential		Low-Medium Exports Potential
- Automobile and parts	- Sugar	- Chemical products(Fertilizers)
- Beauty Products	- Rubber products	- Agricultural machinery
- Plastic products	- Paper products	- Machinery and Parts
- Refine fuels	- Cement	- Steel
- Beverage		
- Processing foods		
- Woven Fabric		
- Resin		
- Motorcycle and parts		

Vietnam

- Vietnam’s FDI in 2015 was $22.8 billion with strong inflows going to the manufacturing sector, a key driver for the country's economic growth
- Thailand's exports to Vietnam have increased since 2013. Main products are motor cars and parts, Air conditioning machine and parts, beverages, refined fuels and plastic resin, etc.

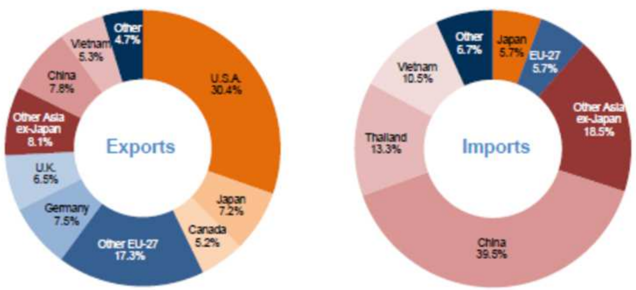
Medium-High Exports Potential	Low-Medium Exports Potential
- Refined fuels	- Iron and steel and their product
- Motor cars, parts and accessories	- Fabrics
- Plastic resin and plastic packaging	- Sugar
- Chemical products (excluding fertilizer)	
- Spare part of electric appliances and electronics	
- Beverages	
- Air conditioning machine and parts	
- Refrigerator and parts	

Cambodia's economy is currently deteriorating due to the Covid-19 fallout and restrictions to curtail its spread. The all-important apparel industry is reeling from falling demand from key western markets and a lack of imports of raw materials from China amid supply-side disruptions. In addition, the general collapse in international travel is hammering the crucial tourism industry; air passengers were down by more than 90% in April, according to official estimates.

Cambodia GDP 2015-2021

Annual Data	2015	2016	2017	2018	2019	2020	2021
Real Sector							
Population (million)	15.5	15.8	16.0	16.3	16.5	16.7	17.0
GDP per capita (USD)	1,160	1,278	1,385	1,510	1,631	1,638	1,739
GDP (USD bn)	18.0	20.2	22.2	24.5	26.9	27.4	29.6
GDP (KHR bn)	73,423	81,242	89,831	99,544	108,393	111,365	120,206
Economic Growth (Nominal GDP, ann. var. %)	8.9	10.6	10.6	10.8	8.9	2.7	7.9
Economic Growth (GDP, ann. var. %)	7.0	7.0	7.0	7.5	7.1	0.9	6.2
Private Consumption (ann. var. %)	5.9	6.9	3.7	3.0	7.0	1.9	5.1
Government Consumption (ann. var. %)	4.4	5.7	23.5	5.1	-9.1	8.3	9.7
Fixed Investment (ann. var. %)	10.6	10.1	6.1	6.1	10.7	0.2	6.8
Exports (G&S, ann. var. %)	7.2	8.6	5.3	5.3	7.8	-2.3	6.9
Imports (G&S, ann. var. %)	6.5	8.6	4.1	4.1	6.0	-2.2	7.8
Industrial Production (ann. var. %)	11.7	10.9	9.7	11.6	11.3	6.3	9.2
Unemployment (% of active population, aop)	0.4	0.7	0.7	0.7	0.7	-	-
Fiscal Balance (% of GDP)	-0.6	-0.3	-0.8	0.7	-0.3	-3.5	-2.6
Public Debt (% of GDP)	31.2	29.1	30.0	28.6	29.9	32.5	33.4

Primary markets | share in %



Source: Focus Economics, June 2020

Cambodia in the outlook

- Growth will decelerate markedly this year as the pandemic takes its toll. Exports are set to weaken amid falling tourist arrivals, lower demand from the U.S. and the EU, and reduced access to the EU market due to the partial withdrawal of trade preferences. A second wave of infections poses downside risks to the outlook. The panel projects the economy to grow 0.9% in 2020, which is down 0.3 percentage points from last month's estimate, and 6.2% in 2021

Strengths

- Growing textiles industry
- ASEAN member
- Strong FDI and remittance inflows

Weaknesses

- Small domestic market
- High levels of poverty
- Pervasive corruption
- Underdeveloped infrastructure

Overview: Cambodia's economy mostly depends on services, industry and agriculture. Cambodia is taking advantage of fast developing tourism sector. The importance of manufacturing has been growing due to establishment of export oriented textile and shoes factories. Cambodia's economic growth remains favorable at around 6.8% in 2019

http://emerging-markets-research.hktdc.com/business-news/article/Asia/Cambodia-Market-Profile/mp/en/1/1X000000/1X09SQS2.htm

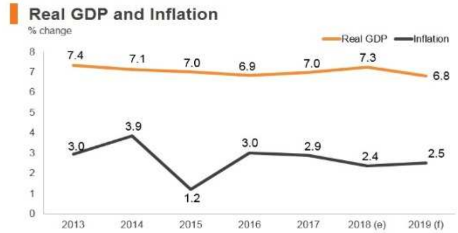
Opportunity in Cambodia

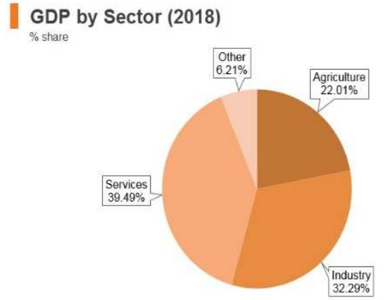
1.	Stability Economic Growth
2.	Pro-Business Government
3.	Strong international interest
4.	Young & inexpensive workforce

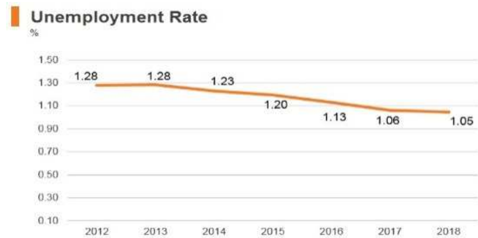
Risk in Cambodia

1.	China Slowdown
2.	Trade war US-China
3.	Twin deficit
4.	Risk of losing the EU's Everything But Arms (GSP)

Source : Compiled by Research, CIMB Thai







e = estimate, f = forecast Sources: IMF, World Bank

Date last reviewed: July 30, 2019

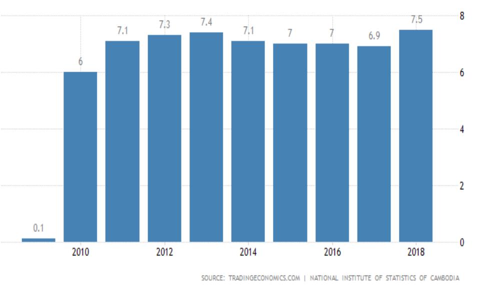
Opportunities of Business/Industries in Cambodia

Country overview

Economic

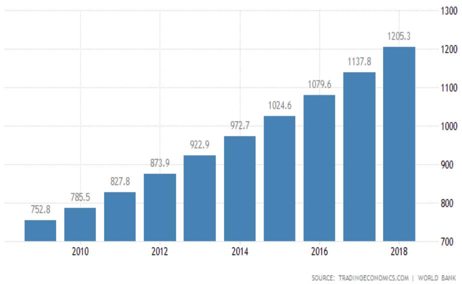
- Though GDP growth expanded at a slower pace, it remained at a high level. FDI Inflow has been increasing in line with economic growth.
- Exports are dominated by textile goods mainly to US and EU.

GDP growth

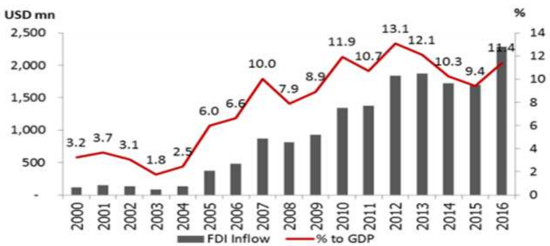


Source: World Bank, Cambodia authorities

Cambodia GDP per capita US dollars



FDI inflow



Source: CEIC, World Bank, CIMB Research

Source: Trademap

Key success factors for foreign investors

- Partnering with local businesses
- Comprehending Cambodia business law and regulations
- Understanding consumer behavior in Cambodia
- Specializing in logistics

FAST FORWARD

Attractive Businesses

Industry

- Garment and footwear
- Construction (have a relationship with the project owner, especially non-Chinese)

Service

- Interior design
- Modern Logistic
- Power plant (Coal and Solar Farm) and / or transmission line system

Trading and others

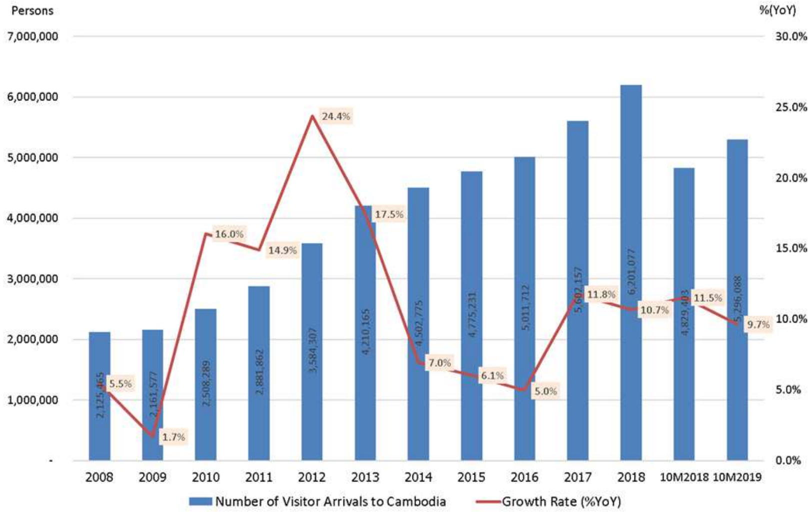
- Import Thai consumer goods and/or distributors
- Import Thai home appliances and/or distributors
- Car dealer

Foreign Direct Investment Policy : Cambodia's Law on Investment (1994) established an open and liberal foreign investment regime. All sectors of the economy are open to foreign investment and 100% foreign ownership is permitted in most sectors. Cambodia gives a corporate tax holiday of up to eight years, a 20% corporate tax rate after the incentive period ends, duty-free imports of capital goods and no restrictions on capital repatriation.

- **SEZs with investment benefits**
- **Political stability**
- **Fully foreign-owned business are accepted**
- **Freehold ownership of property for foreigners**
- **Affordable labor**
- **others**

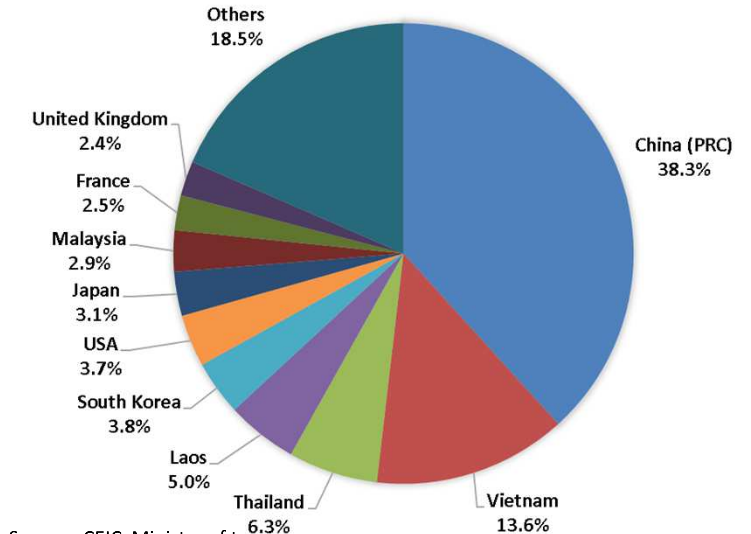
Cambodia's tourism industry has been facing fierce competition because sharply increased of hotel room numbers especially from foreign investment while low hotel occupancy rate, which pressure to hotel room rate continuously. Moreover the tourism still face the problem of Chinese investors in tourism business.

Number of International Arrivals to Cambodia



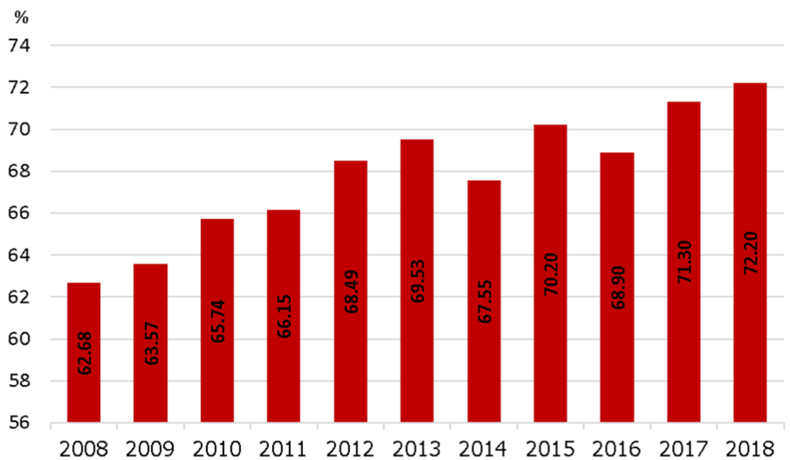
Source : CEIC, Ministry of tourism

Top 10 of Number of International Arrivals to Cambodia (10M2019)



Source : CEIC, Ministry of tourism

Hotel Occupancy Rate in Cambodia

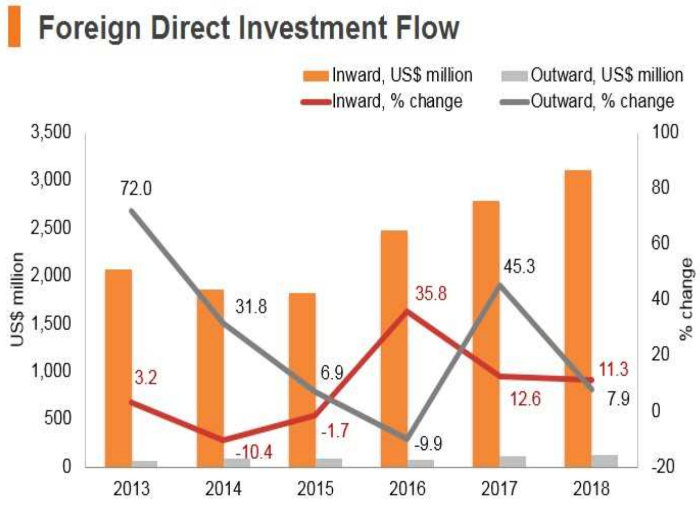


Source : CEIC, Ministry of tourism

Tourism Receipts of International Arrivals to Cambodia

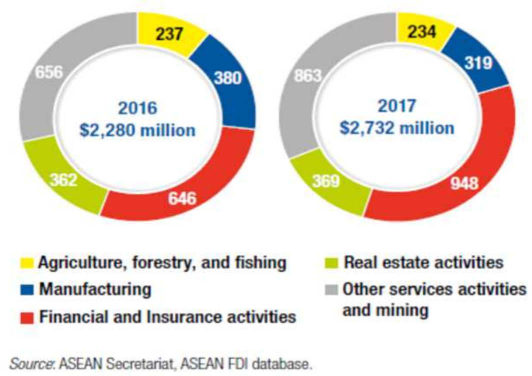
Source : CEIC, Ministry of tourism

Foreign Direct Investment (FDI) in Cambodia grew in finance and insurance following by real estate and manufacturing

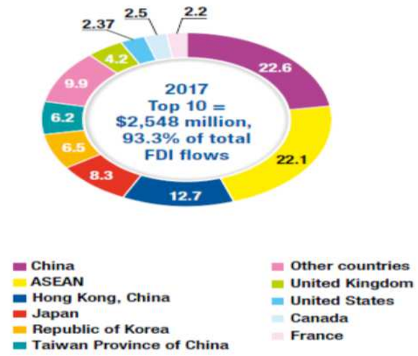


http://emerging-markets-research.hktdc.com/business-news/article/Asia/Cambodia-Market-Profile/mp/en/1/1X000000/1X09SQS2.htm

FDI in Cambodia by industry , millions of Dollars



The ten largest investors 2017 (%)



Source: FDI in ASEAN 2018 by UNCTAD

The cumulative value of FDI classified by top ten countries since 1994 – Q1 2019

1.China	13,205.25 million USD
2.South Korea	4,499.65 million USD
3.United Kingdom	3,916.90 million USD
………	……………………
9.Thailand	1,040.00 million USD

Source: Cambodian Embassy, Council for the Development of Cambodia (CDC)

Foreign Direct Investment classified by top ten countries in 2018

	Number of Projects	Value amount (Million US dollar)
1.China	**37**	**53.4**
2.Hong Kong	**4**	**17.0**
3.Taiwan	**7**	**16.0**
4.United Kingdom	**4**	**9.0**
5.South Korea	**1**	**2.0**
6.Singapore	**1**	**2.0**
7.Thailand	**1**	**2.0**
8.Canada	**N.A.**	**N.A.**
9.France	**N.A.**	**N.A.**
10.Malaysia	**N.A.**	**N.A.**

Myanmar's economy is currently reeling from the Covid-19 fallout. Manufacturing activity deteriorated at the fastest pace on record in April, as output, new orders and employment all sank at record rates, amid suspended business operations as a result of the pandemic. On the external front, agriculture exports are suffering from plummeting foreign demand, while the tourism sector is being rocked by the collapse in air travel. In response, on 27 April, the government launched an economic relief plan, which envisages a credit guarantee scheme, tax deferrals and incentives for foreign investors. Meanwhile, the World Bank announced a three-year partnership with Myanmar on 13 May, on the heels of an emergency USD 50 million loan delivered by the Bank in April to support the healthcare system.

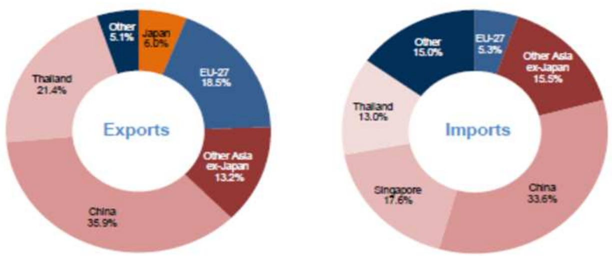
Myanmar GDP 2015-2021

Annual Data	2015	2016	2017	2018	2019	2020	2021
Real Sector							
Population (million)	51.8	52.3	52.6	52.8	53.0	53.4	53.7
GDP per capita (USD)	1,219	1,157	1,166	1,217	1,305	1,458	1,617
GDP (USD bn)	63.2	60.5	61.4	64.3	69.2	77.8	86.9
GDP (MMK bn)	72,714	74,216	82,700	92,789	105,259	115,078	129,309
Economic Growth (Nominal GDP, ann. var. %)	11.4	9.7	11.4	12.2	13.4	9.3	12.4
Economic Growth (GDP, ann. var. %)	7.0	5.9	5.8	6.4	6.8	2.8	6.0
Unemployment (% of active population, aop)	4.0	4.0	4.0	4.0	4.0	5.4	4.6
Fiscal Balance (% of GDP)	-2.8	-3.9	-2.7	-3.0	-3.5	-5.4	-5.1
Public Debt (% of GDP)	35.8	37.8	38.3	36.3	38.2	38.6	41.2

<u>Myanmar in the outlook</u>

- Growth is set to slow markedly this year as weaker external demand hurts the agriculture and manufacturing sectors. Moreover, foreign investment inflows will likely dwindle owing to the global nature of the health crisis. This could end up delaying investment projects and harming the government's ability to act as it has limited fiscal space.

Primary markets | share in %



Strengths	Weaknesses
• Abundance of raw materials	• High risk of ethnic tensions
• Considerable hydroelectric potential	• Poorly diversified economy
• Proximity to dynamic economies (China, India)	• Underdeveloped financial sector

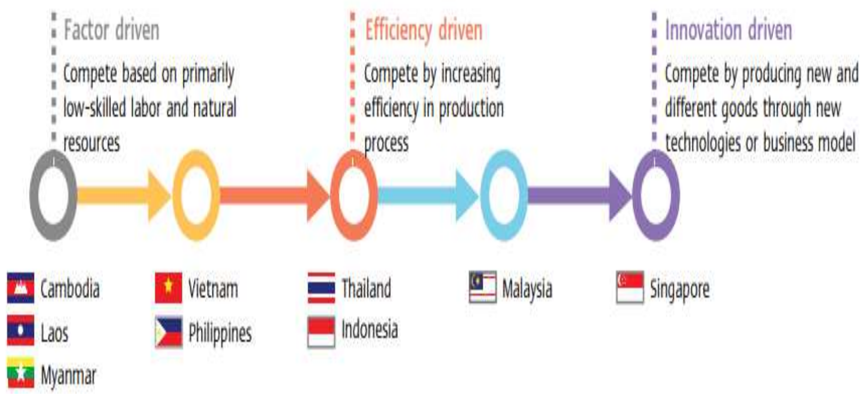
Source: Focus Economics, June 2020

III. Thai investment to the neighboring countries

Key factors influencing the outward FDI and pattern of Thai productions

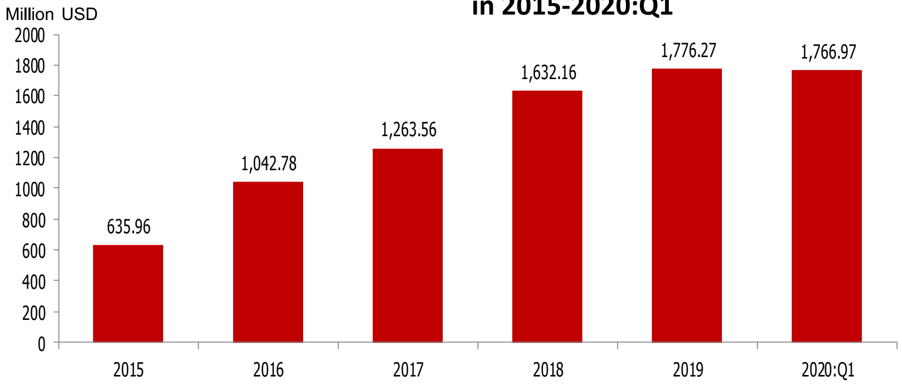
- Labor scarcity and the minimum wage measure
- Some products have reached their mature stage of product cycle
- Expiration of GSP
- More business opportunities in neighbor countries
- Deficient labor supply and aging population
- Maturing stage of labor intensive products
- The minimum wage measure
- Liberalization of foreign investment regulation of CLMV
- ASEAN connectivity
- A change in development course of CLMV

Stages of Economic Development



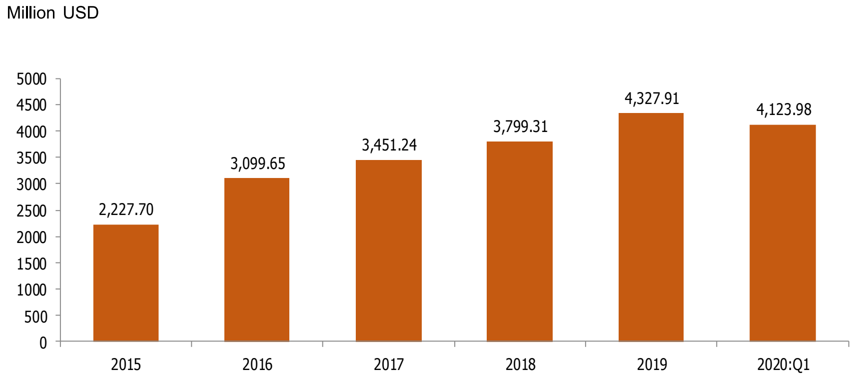
Thailand Outward FDI amounted 18.7 billion USD in Q1/2020. Investment destinations included Cambodia especially in food industry and finance & insurance; Laos in construction and electricity industry: Myanmar in mining and Vietnam in food industry, computers, electronics and equipment

Thai Direct investment Position Abroad in Cambodia in 2015-2020:Q1



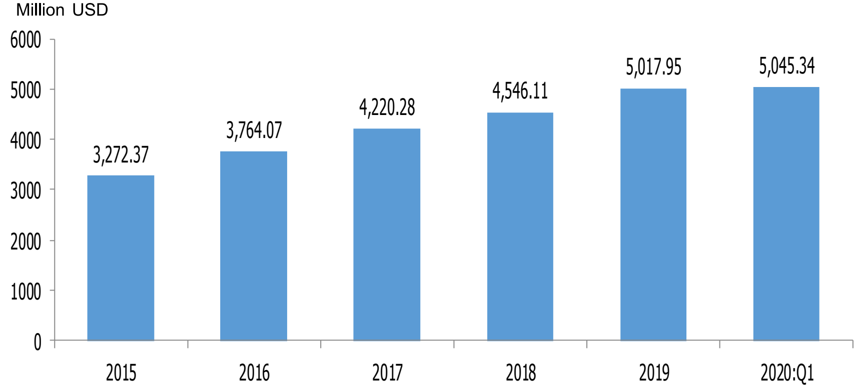
Source : BOT as of June 2020

Thai Direct investment Position Abroad in Laos in 2015-2020:Q1



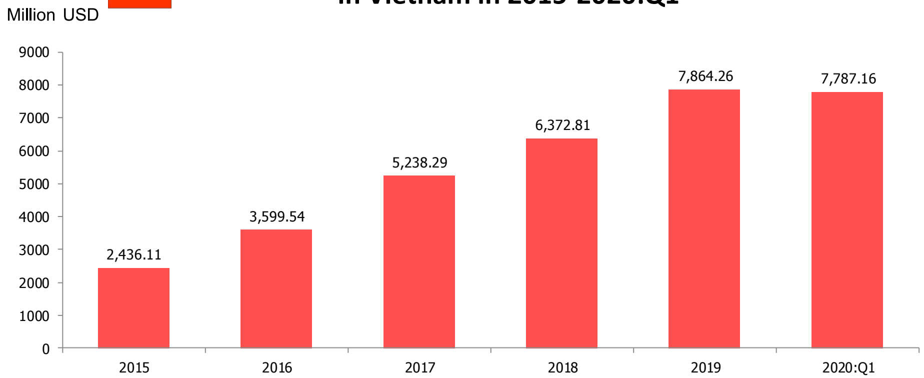
Source : BOT as of June 2020

Thai Direct investment Position Abroad in Myanmar in 2015-2020:Q1



Source : BOT as of June 2020

Thai Direct investment Position Abroad in Vietnam in 2015-2020:Q1



Source : BOT as of June 2020

FAST FORWARD

CIMB THAI
ธนาคาร ซีไอเอ็มบี ไทย

Research Office views that there are substantial opportunities for investors to invest in Cambodia, Laos, Myanmar, and Vietnam (CLMV)

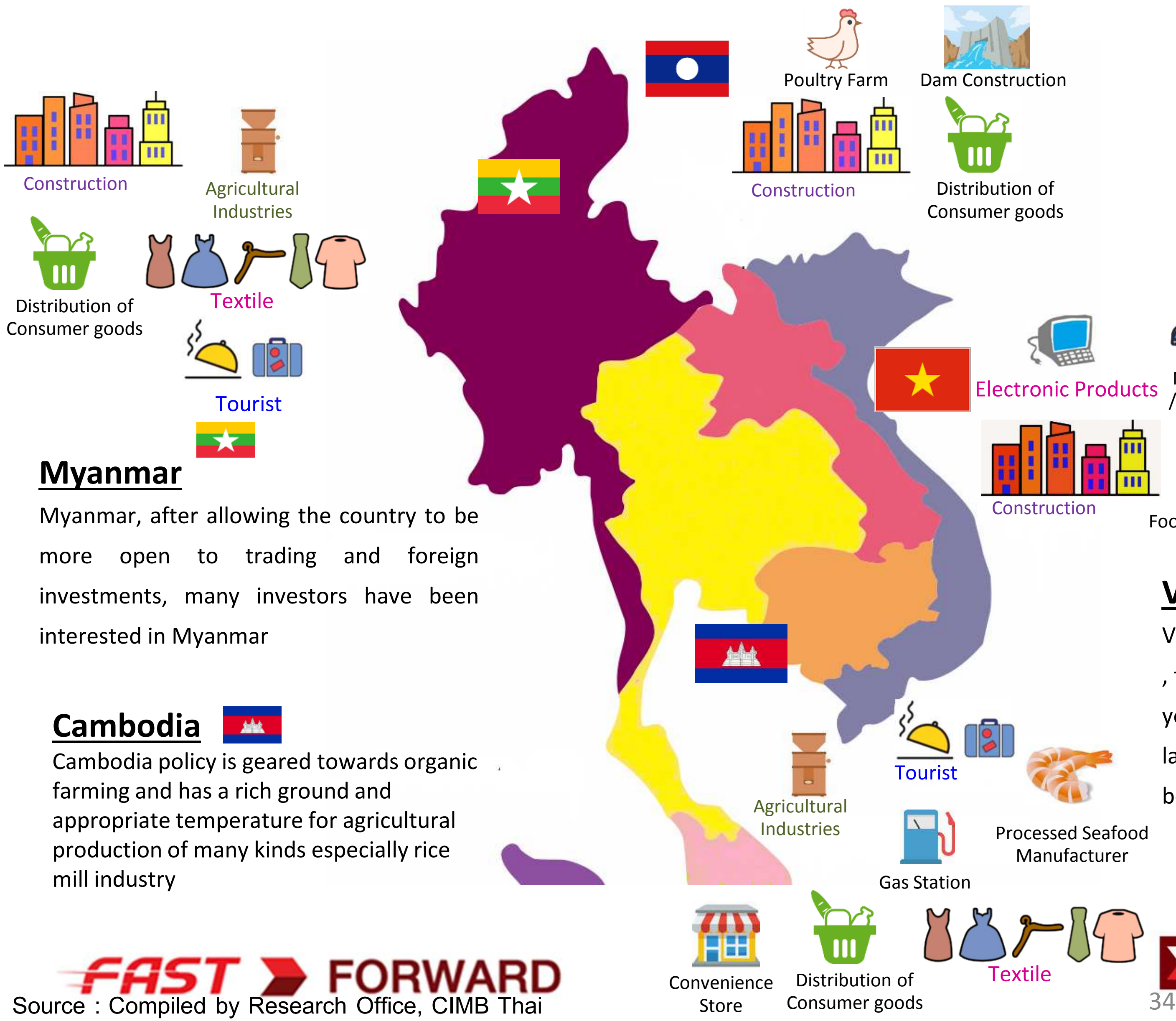
Country	Investment Opportunities	The reason for the overall
Cambodia	business organics; agricultural processing; rice mill; energy industry; garment; vehicle and parts; beauty; tourism and other services such as hotel and restaurant	Cambodia policy is geared towards organic farming and has a rich ground and appropriate temperature for agricultural production of many kinds especially rice mill industry in Cambodia has been increasingly but Cambodia is lacked of fund and technology. For food processing due to more investors and tourists while Cambodian has more purchasing power
Laos	construction business, tourism and other services such as hotel and restaurant, spa, oil station; energy industry; retail business; agricultural processing	Laos has permitted to launch its "Vientiane New World" program which is to build a new area in Vientiane city with services that would bring out advancement and supportive to high-profile residential.
Myanmar	agricultural processing; energy industry such as oil, natural gas, basic infrastructure; beauty; consumer goods; tourism agency	Myanmar, after allowing the country to be more open to trading and foreign investments, many investors have been interested in Myanmar especially tourism and manufacturing industry.
Vietnam	vehicle and parts; agricultural processing, garment; tourism and other services such as hotel and restaurant; construction business; transportation and logistics	Vietnam, with rapid growth , the advantage of a young workforce and low labor cost, is believed to become "new tiger" of ASEAN.

Source : Compiled by Research Office, CIMB Thai

Opportunities on major sectors for investors to invest in ASEAN especially Cambodia, Laos, Myanmar, and Vietnam (CLMV)

Lao PDR

Laos has permitted to launch its "Vientiane New World" program which is to build a new area in Vientiane city with services that would bring out advancement and supportive to high-profile residential.



Myanmar

Myanmar, after allowing the country to be more open to trading and foreign investments, many investors have been interested in Myanmar

Cambodia

Cambodia policy is geared towards organic farming and has a rich ground and appropriate temperature for agricultural production of many kinds especially rice mill industry

Vietnam

Vietnam, with rapid growth , the advantage of a young workforce and low labor cost, is believed to become "new tiger" of ASEAN

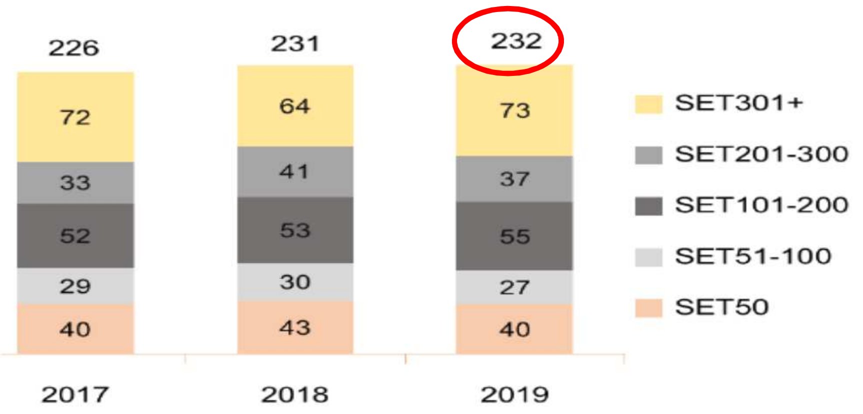
FAST FORWARD

Source : Compiled by Research Office, CIMB Thai

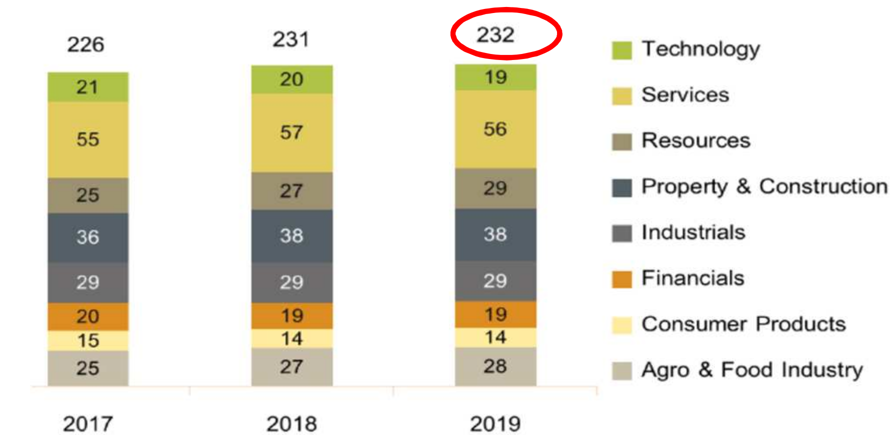
CIMB THAI
ธนาคาร ซีไอเอ็มบี ไทย

The number of Thai listed firms undertaking outward foreign direct investment (OFDI) has increased steadily. By the end of 2019, 232 firms were undertaking OFDI, increased from 231 firms in 2018. ASEAN is the major investment destination with 191 firms investing in this region or equivalent to 82% of the total. Breaking into sub-regions, CLMV attracted 147 firms or equivalent to 63% of all firms

Number of Thai listed firms under outward FDI classified by firm size



Number of Thai listed firms under outward FDI classified by industries

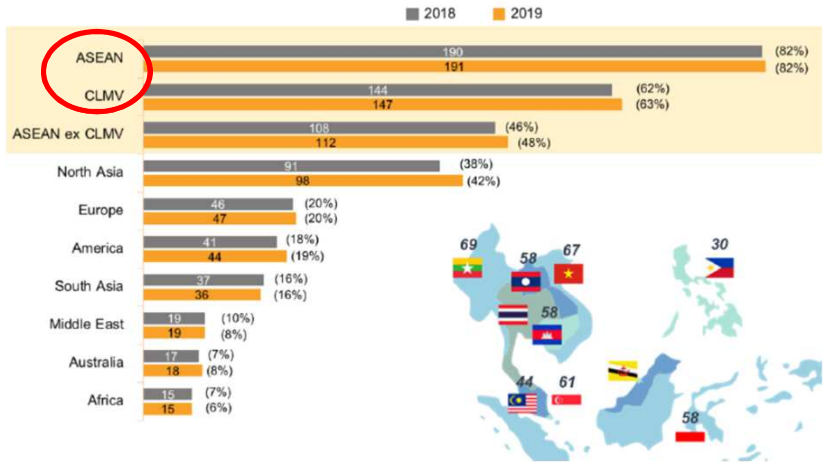


FAST FORWARD

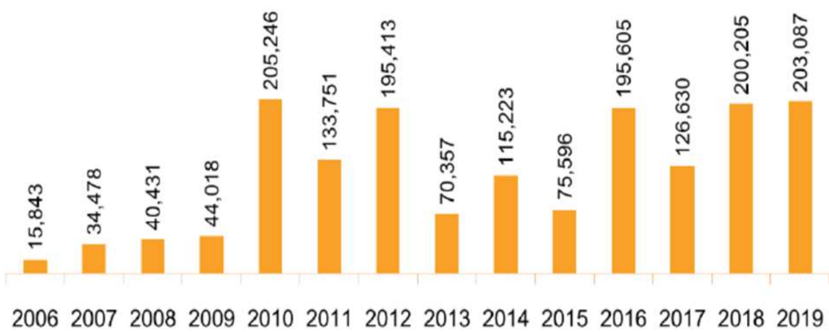
https://www.set.or.th/th/setresearch/research/research_paper.html

Remark: Please read more in Research Talk: Outward FDI of Thai Listed firms on May 2020

Number of Thai listed firms under outward FDI classified by regions



Net outward FDI value (THB million)



CIMB THAI
ธนาคาร ซีไอเอ็มบี ไทย

Thai Listed firm in CLMV (147 firms)

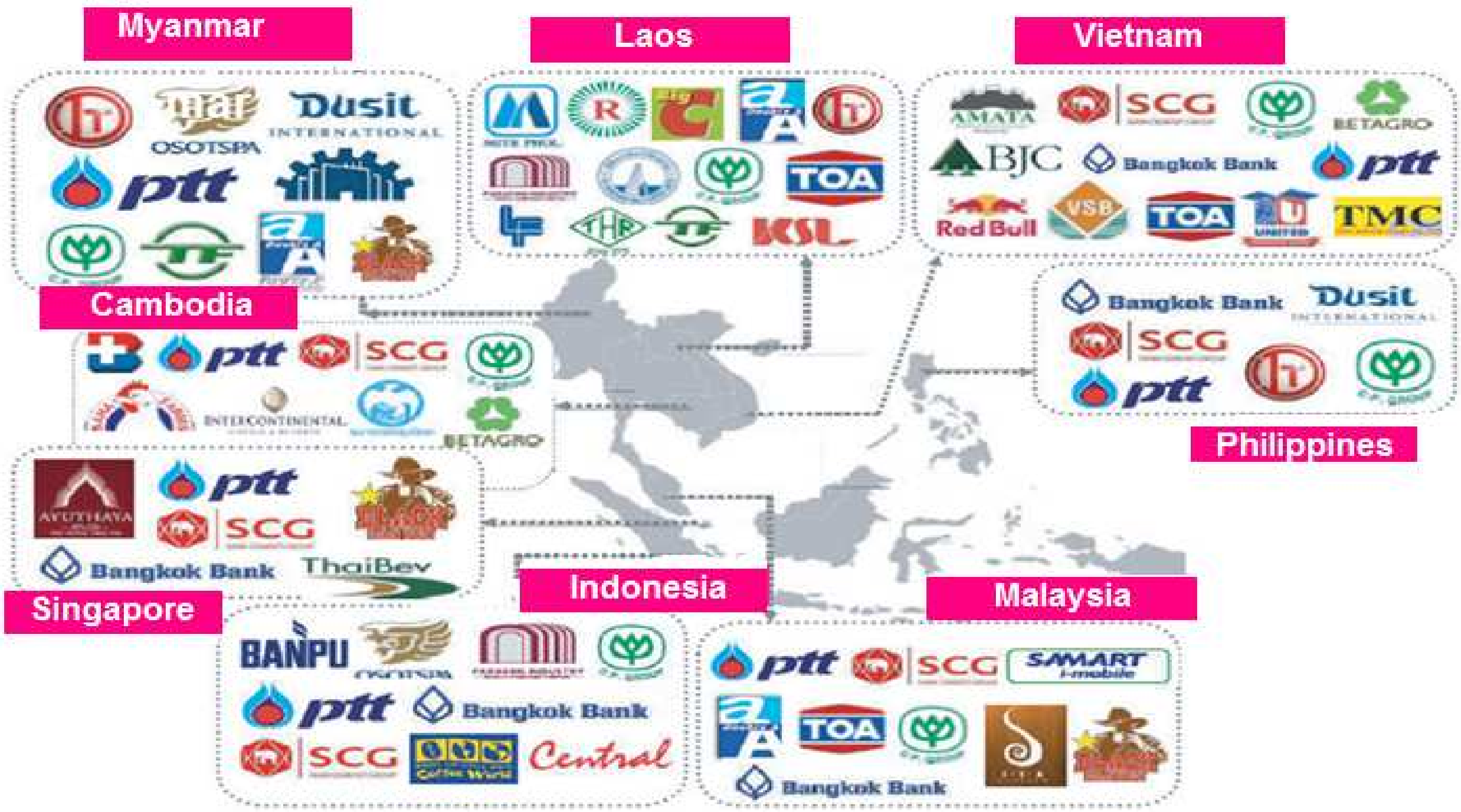
Agro & Food Industry	Consumer Products	Financials	Industrials	Property & Construction	Resources	Services		Technology
-- Agribusiness	-- Fashion	-- Banking	-- Automotive	-- Construction Materials	-- Energy & Utilities	-- Commerce	-- Tourism & Leisure	-- Electronic Components
LEE	ICC	BAY	CWT	GEL	AKR	BEAUTY	CENTEL	DELTA
STA	PDJ	BBL	EASON	SCC	BANPU	BJC	DTC	HANA
TRUBB	TR	CIMBT	IHL	SCCC	BCP	COL	SHANG	SVI
TWPC	WACOAL	KBANK	IRC	TASCO	BCPG	CSS	-- Transportation & Logistics	-- ICT
-- Food & Beverage	-- Home & Office Products	KTB	SPG	TOA	BGRIM	GLOBAL		ALT
		SCB	STANLY	-- Construction Services	CKP	KAMART	AAV	FORTH
CPF	L&E	TMB	-- Industrial Materials & Machinery		DEMCO	LOXLEY	BA	ILINK
KSL	TSR	-- Finance & Securities		BKD	EGCO	MAKRO	III	INTUCH
M	-- Personal Products & Pharmaceuticals			CK	GPSC	MC	JWD	PT
MALEE		AEONTS	HTECH	CNT	GULF	MEGA	NOK	SAMART
MINT	TOG	FNS	PK	ITD	GUNKUL	MIDA	RCL	THCOM
OISHI		FSS	-- Packaging	NWR	MDX	ROBINS	THAI	
OSP		GL	SITHAI	SEAFCO	PRIME	RSP	TTA	
RBF		JMT	SLP	SQ	PTT	SPC		
SNP		SAWAD	TOPP	TTCL	PTTEP	SPI		
TFG		TK	TPBI	-- Property Development	RATCH	-- Health Care Services		
TFMAMA		-- Insurance	-- Petrochemicals & Chemicals		SCI			
TKN		BKI		AMATA	SGP	BCH		
TU		NKI	BCT	AMATAV	SSP	BDMS		
		THREL	CMAN	PSH	SUPER	BH		
		TIP	IVL		SUSCO	SVH		
		TVI	PMTA		TOP	THG		
			PTTGC		TPIPP	-- Media & Publishing		
			TCCC		WHAUP			
			VNT			BEC		
			WG			EPCO		
			-- Steel			FE		
			CEN			GPI		
			MILL			MACO		
			SAM			MAJOR		
			SSSC			MONO		
						MPIC		
						PLANB		
						PRAKIT		
						TBSP		
						TKS		
						WAVE		

Remarks: One firm could invest in more than one country

https://www.set.or.th/th/setresearch/research/research_paper.html

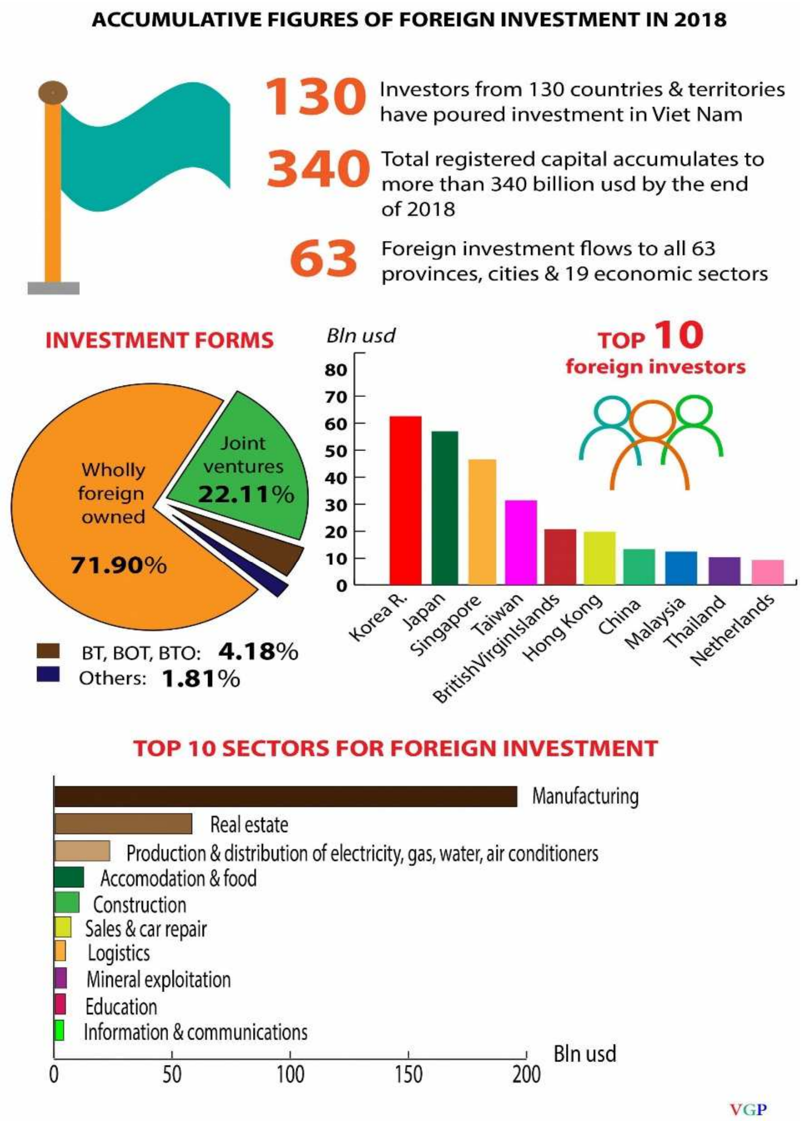
Who have been investing in ASEAN?

Thailand's Brand Investment to ASEAN



Source: Department of International Trade Promotion, 2013-2016

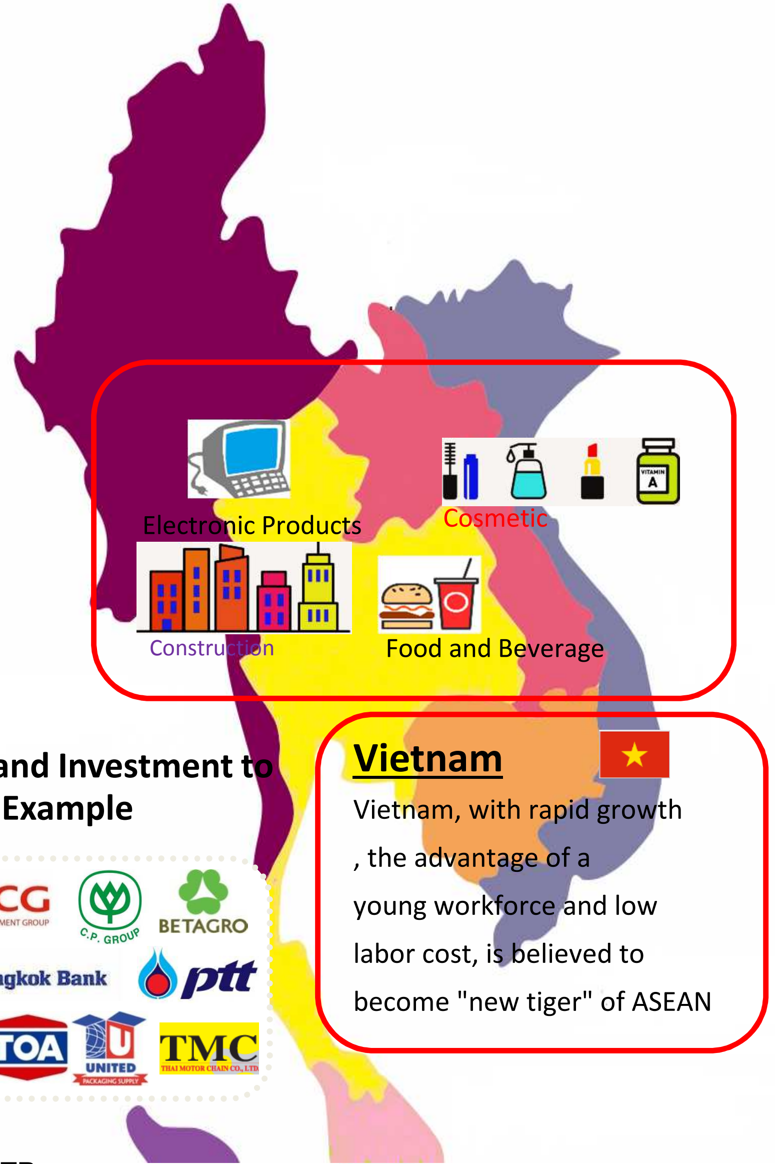
Opportunities on major sectors for investors in ASEAN, especially Vietnam



Source : The Planning and Investment Industry of Vietnam

Thailand's Brand Investment to Vietnam; For Example

Source : DITP



Vietnam

Vietnam, with rapid growth , the advantage of a young workforce and low labor cost, is believed to become "new tiger" of ASEAN

Opportunities of Business/Industries in Vietnam

Major drivers will enhance opportunities for Thai investors in Vietnam

- *Nearly 100 million people, over 65% of them are of working age*
- *Infrastructure development*
- *New free trade agreements with many countries and receive preferential tariff treatment under GSP such as EU*
- *Fast growing economy*
- *Low labor costs and many labor force*
- *Politically stable*
- *Vietnam able quickly to solve COVID-19 pandemic*

Key success factors for foreign investors

- Partnering with local businesses
- Comprehending Vietnam business law and regulations
- Understanding consumer behavior
- Invest in relationship such as CSR activities
- Connecting with large companies in Thailand

Attractive Businesses

Industry
- Frozen Food and Instant Food (medium-large operators)
- Paper packaging (large operators and high technology)
- Plastic products (large operators)
- Petrochemical / Chemical Products

Service
- Logistics (large operators)
- Industrial Estate (large operators)
- Renewable Energy

Trading and others
- Import Thai consumer goods and/or distributors
- Import Thai plastic products and resin
- Import Thai auto parts or distributors and automotive accessories
- Department store (large operators)

Cambodia…full of opportunities

Cambodia…full of opportunities

IV. Look beyond Covid-19: Trade Opportunities , Aging Population and Disruption

Look beyond Covid-19 : Trade Opportunities and Aging Population

- **Share of exports to ASEAN has not changed much in the past but there is a divergent trend of falling share of exports to ASEAN-5 and rising share of exports to CLMV; excluding oil, exports to CLMV remained positive growth**
- **Majority of trading activities within the CLMV comes in a form of border trade and this is expected to grow in line with the rolling out of the One Belt One Road initiative**
- **Stronger globalization leading more trade liberalization of goods and services, as well as culture exchange leading to eroding trade and investment obstructions**
- **More ASEAN and East Asia connectivity through infrastructure development enhancing trade and investment in ASEAN**
- **CLMV reduced tariff of most of their imports to zero and they are likely to liberalize trade and investment further, thus in turn attracting more investment into the countries**
- **Due to a relatively early stage of development, economies of CLMV are likely to perform much better than their peers in the region**
- **For ASEAN aging population: Singapore, Thailand and Vietnam are now defined as having an aging population where 10% of total population is now over 60 years old due to structural changes in age. Within the ASEAN region (632.3 million persons), We found that Singapore, Thailand and Vietnam were now defined as having an aging population where 10% of the total population is now over 60 years old according to the UN definition.**
- **The statistic below shows the estimated median age of the population in selected countries in 2015 and 2050. Median Age has been increasing and all in 2050 would be greater than 30 years.**
- **Amidst challenging, we look for business opportunities benefiting from an aging society**

Within the ASEAN region (632.3 million persons), We found that Singapore, Thailand and Vietnam were now defined as having an aging population where 10% of the total population is now over 60 years old according to the UN definition.

Share of Population Groups in the ASEAN Region in 2015

	Population (millions)	Age 0-14 (%)	Age 15-59 (%)	Age 60+ (%)
Brunei	0.42	23.1	69.3	7.6
Cambodia	15.58	31.6	61.6	6.8
Indonesia	257.56	27.6	64.1	8.2
Laos	6.8	34.8	59.2	6.0
Malaysia	30.33	24.5	66.3	9.2
Myanmar	53.9	27.6	63.6	8.9
Philippines	100.7	31.9	60.8	7.3
Singapore	5.6	15.5	66.6	17.9
Thailand	67.96	17.7	66.5	15.8
Vietnam	93.45	23.1	66.6	10.3

Source : United Nations : World Population Prospects 2015

Percentage distribution of the population in Aged group by country in 2050

Share of Population Groups in the ASEAN Region in 2050

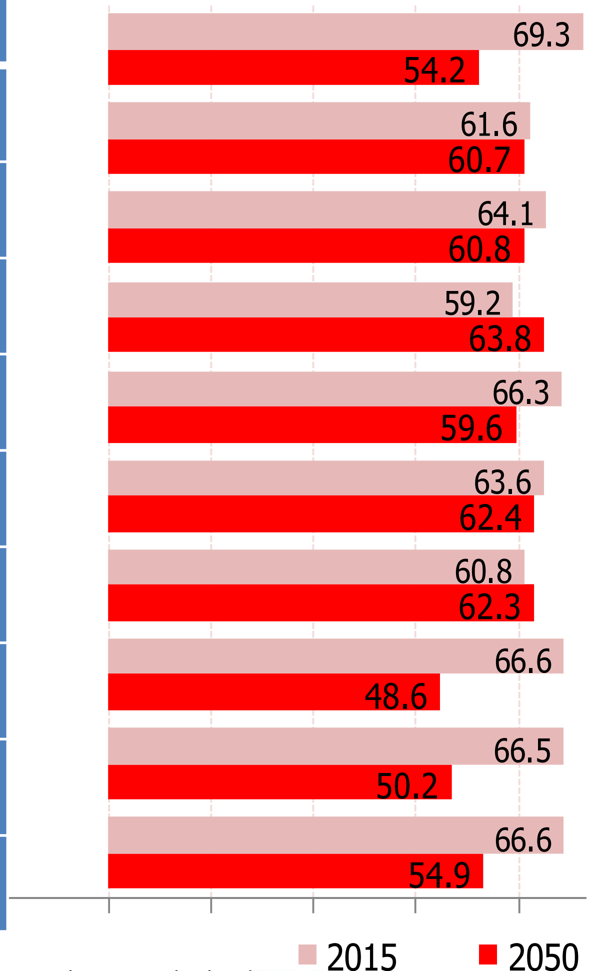
	Population (millions)	Age 0-14 (%)	Age 15-59 (%)	Age 60+ (%)
Brunei	0.55	14.9	54.2	30.9
Cambodia	22.54	21.7	60.7	17.6
Indonesia	322.24	20.0	60.8	19.2
Laos	10.17	21.6	63.8	14.6
Malaysia	40.73	16.9	59.6	23.5
Myanmar	63.58	18.8	62.4	18.8
Philippines	148.26	23.7	62.3	14.0
Singapore	6.68	11.0	48.6	40.4
Thailand	72.45	12.7	50.2	37.1
Vietnam	112.78	17.2	54.9	27.9

Source : United Nations : World Population Prospects 2015

The statistic below shows the estimated median age of the population in selected countries in 2015 and 2050. Median Age has been increasing and all in 2050 would be greater than 30 years.

Country	Median age (years) 2015	Median age (years) 2050	Life Expectancy at birth (years)
Brunei	30.6	45.4	79.5
Cambodia	23.9	34.5	69.9
Indonesia	28.4	36.5	69.5
Laos	21.9	33.7	67.6
Malaysia	28.5	40.5	75.3
Myanmar	27.9	38.0	66.5
Philippines	24.2	32.0	68.7
Singapore	40.0	53.0	83.7
Thailand	38.0	50.6	75.1
Vietnam	30.4	41.9	76.3

Percentage of working population (15-59 years) in 2050



Source: World Population Prospects, United Nations 2015

Remark : The median age is the age that divides a population into two numerically equal groups; that is, half the people are younger than the threshold and half are older. The median age of the population in Thailand in 2015 is estimated to be 38 years.

Amidst challenging, we look for business opportunities benefiting from an aging society

Goods and Services

Health care goods and services

- Health foods such as organic foods and grains
- Organic cosmetics
- Medical equipment
- Elderly and senior care products
- Communication equipment for the elderly
- Food and grocery delivery
- Hospital
- Nursery
- Health care services for senior citizens (health clubs)

Real estate

- New financial products such as reverse mortgage
- The need for convenience such as housing design customization and technological innovations for the elderly

Financial services

- Elders' savings such as life insurance and funds



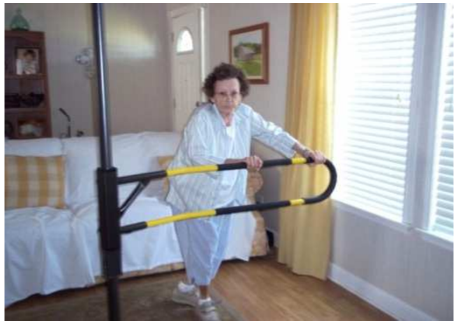

FAST FORWARD

CIMB THAI
ธนาคาร ซีไอเอ็มบี ไทย

Medical equipment for the home is the primary opportunity within the senior care industry especially when everyday tasks like bathing and eating turn into challenges.

Oxygen Machine

Self Assist Walk-Around

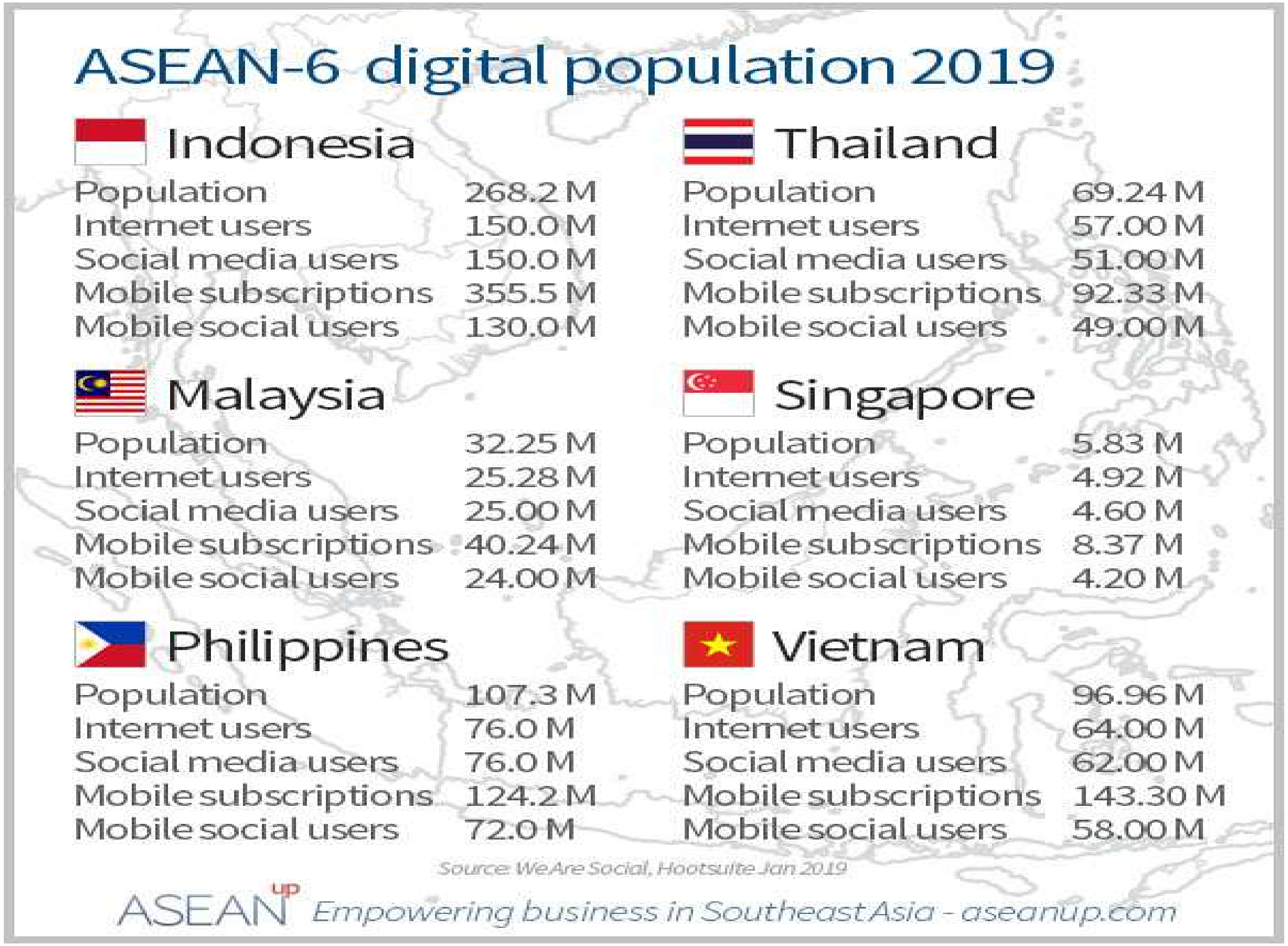


Hand Exercise

Grand Care Systems

Chairmaster

Southeast Asia is experiencing rapid growth of the Internet, digital, social media and mobile activities. With more than 400 million Internet users in and double-digit growth in most segments and most countries of the region, the digital sector is booming and attracting a lot of interests.



ASEAN-6 digital population 2019

Indonesia	
Population	268.2 M
Internet users	150.0 M
Social media users	150.0 M
Mobile subscriptions	355.5 M
Mobile social users	130.0 M

Thailand	
Population	69.24 M
Internet users	57.00 M
Social media users	51.00 M
Mobile subscriptions	92.33 M
Mobile social users	49.00 M

Malaysia	
Population	32.25 M
Internet users	25.28 M
Social media users	25.00 M
Mobile subscriptions	40.24 M
Mobile social users	24.00 M

Singapore	
Population	5.83 M
Internet users	4.92 M
Social media users	4.60 M
Mobile subscriptions	8.37 M
Mobile social users	4.20 M

Philippines	
Population	107.3 M
Internet users	76.0 M
Social media users	76.0 M
Mobile subscriptions	124.2 M
Mobile social users	72.0 M

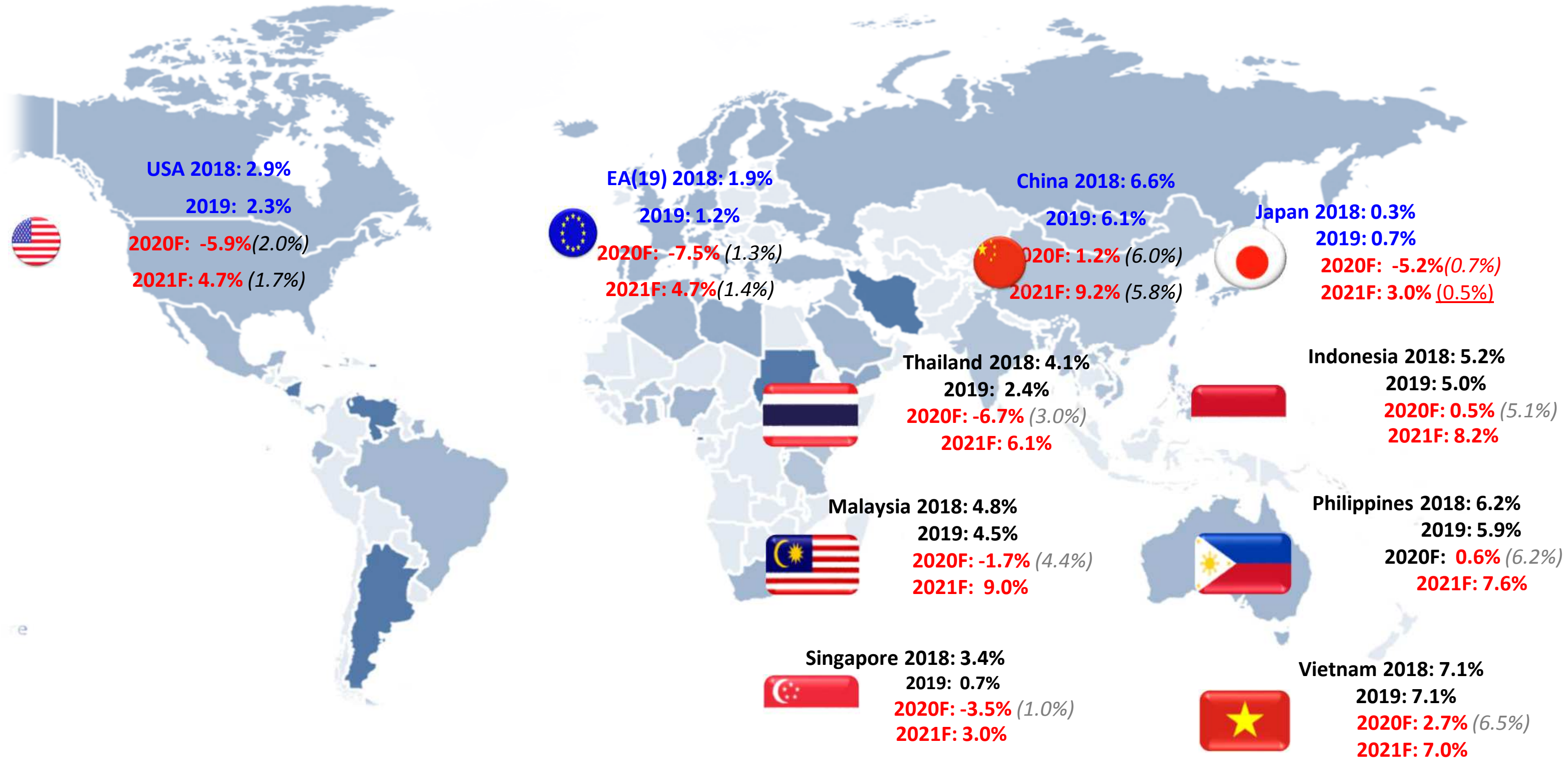
Vietnam	
Population	96.96 M
Internet users	64.00 M
Social media users	62.00 M
Mobile subscriptions	143.30 M
Mobile social users	58.00 M

Source: We Are Social, Hootsuite Jan 2019

ASEANup Empowering business in Southeast Asia - aseanup.com

https://aseanup.com/southeast-asia-digital-social-mobile/

Covid-19 could cause global economic recession this year

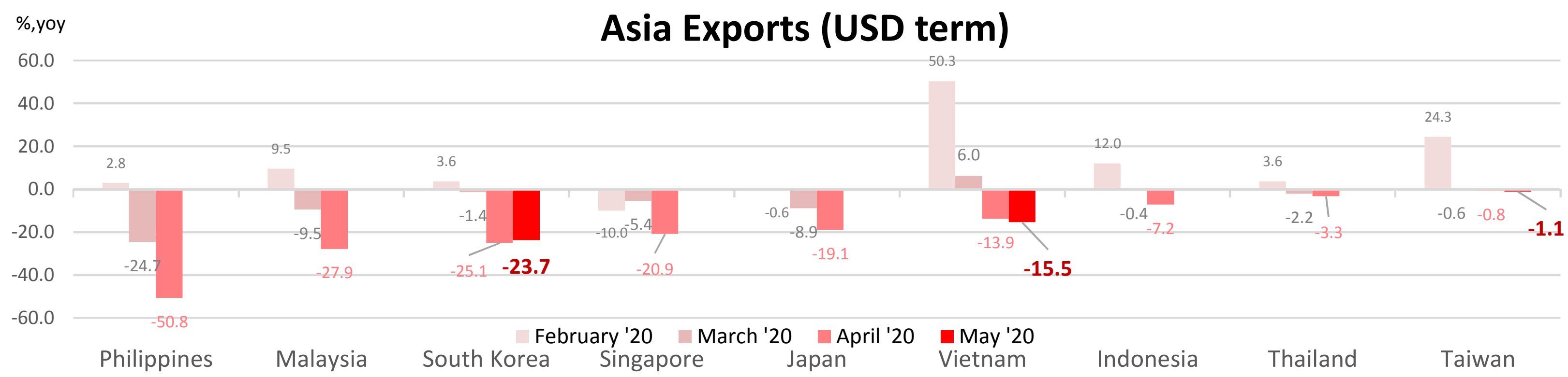


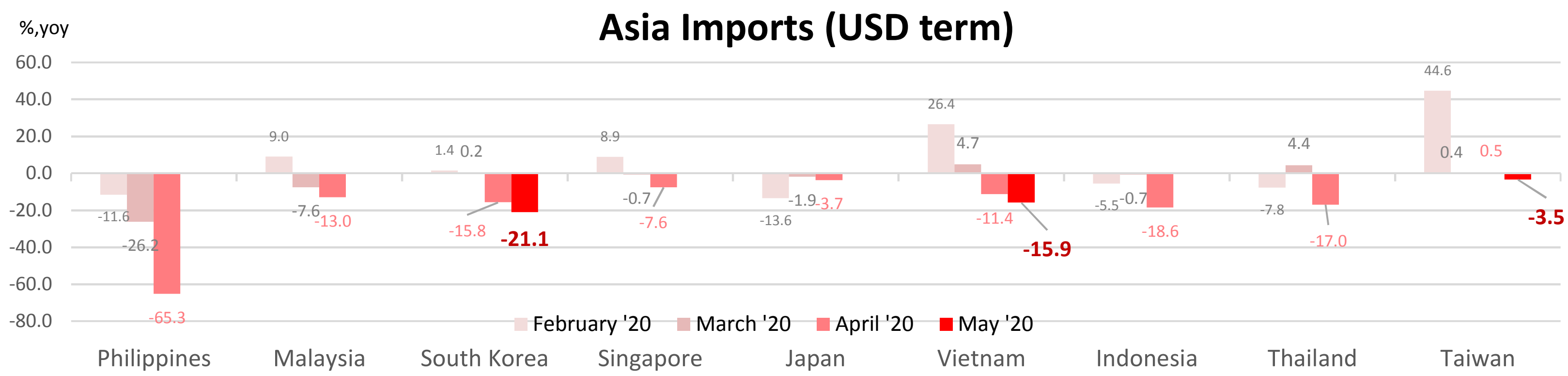
**year-on-year change*

F= forecasted by IMF as of April 2020
Remark: 1. in black blanket (…) forecasted as January 2020
2. in grey blanket (…) forecasted as October 2019

Sources: IMF

Asia Exports showed a negative trend.



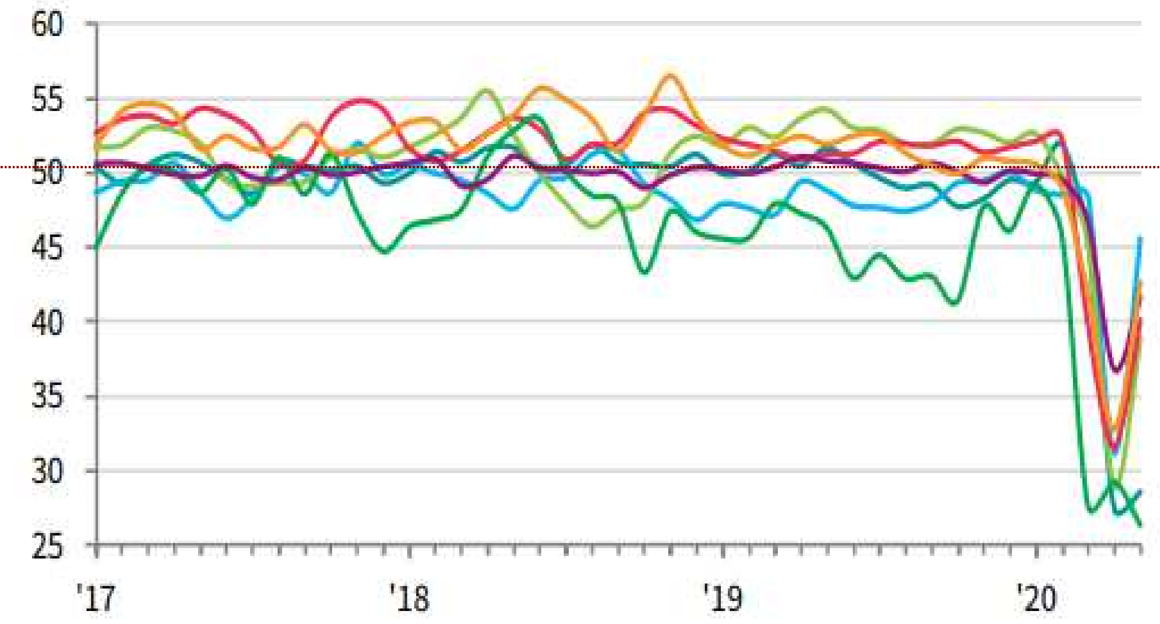


Source: CEIC Data

FAST FORWARD

CIMB THAI
ธนาคาร ซีไอเอ็มบี ไทย

ASEAN Headline PMI rises from record low but remains firmly in contraction territory



Source: IHS Markit.

Country	May '20	Apr '20
Indonesia	28.6 ↑	27.5
Malaysia	45.6 ↑	31.3
Myanmar	38.9 ↑	29.0
Philippines	40.1 ↑	31.6
Singapore	26.4 ↓	29.3
Thailand	41.6 ↑	36.8
Vietnam	42.7 ↑	32.7
ASEAN	35.5 ↑	30.7

How to you view the recovery path?

Covid casts two spells on Thailand's economy

VS.

Reversal J **Avada Kedavra**

*E*conomy vs. *S*tock *M*arket

- GDP contraction…90% Economy in Q2
- De-globalization hurting tourism and exports
- Easing lockdown but fear of the second wave

- Optimistic view from monetary easing and fiscal expansion
- Covid impacts on earnings are short-term
- Attractive pricing helps boost the market sentiment

FAST FORWARD

CIMB THAI
ธนาคาร ซีไอเอ็มบี ไทย

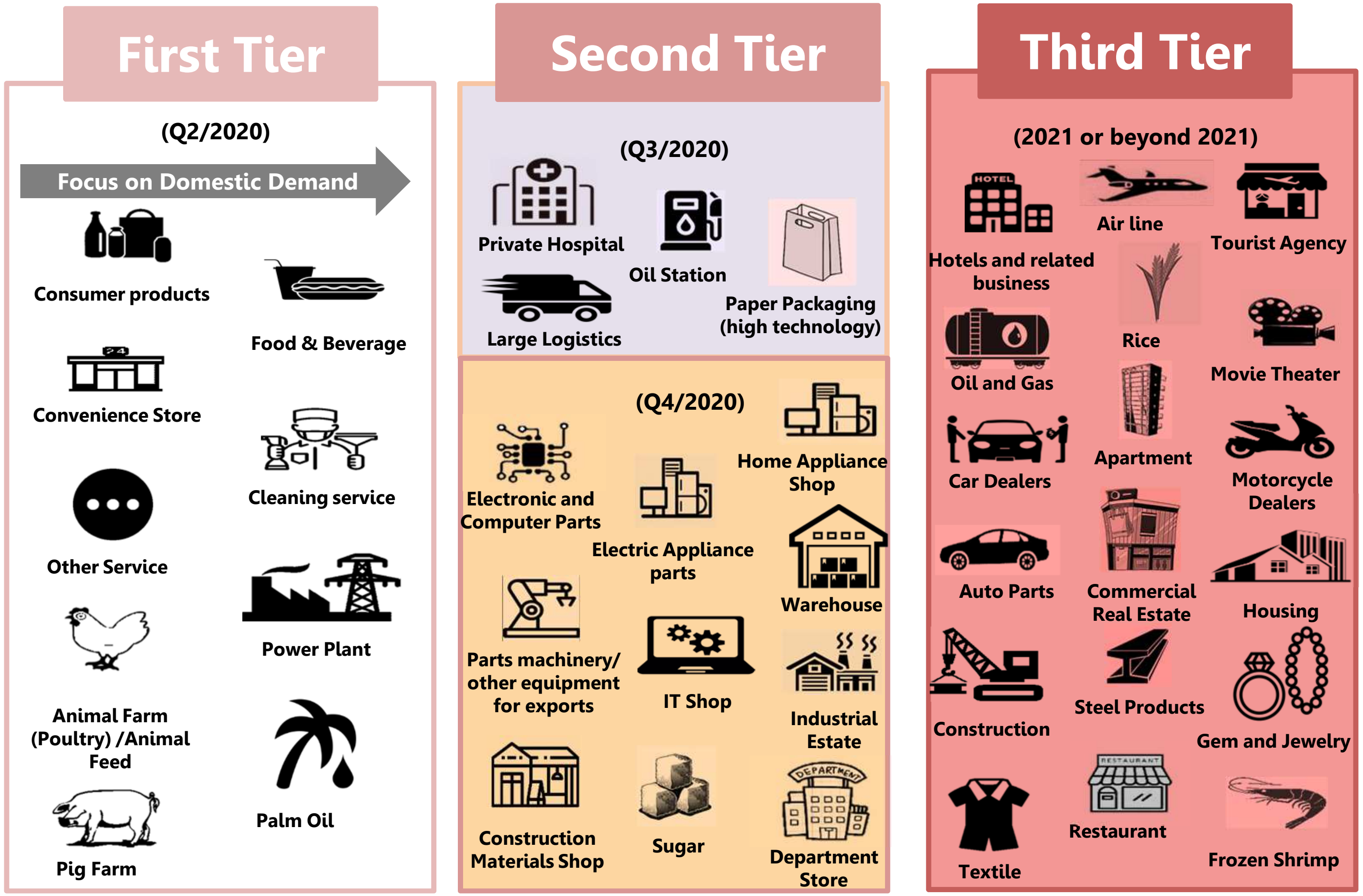
The river of no return! Or at least not this year

Source: www.mots.or.th , CIMB THAI Research

Deepest crisis ever!

Source: NESDC, CIMB THAI Research

The recovery trend of important businesses / industries after relaxing control measures on the COVID-19 outbreak



Economic outlook of Thailand

	2018	2019p	2019F				2020F			
			Q1	Q2	Q3	Q4	Q1	NESDB (18 May)	CIMBThai (Mar)	CIMBThai (May)
Economic growth (% YoY)	4.2	2.4	2.9	2.4	2.6	1.6	-1.8	(-5.0)-(-6.0)	-6.4	-8.9
Public Consumption	2.6	1.4	3.5	1.5	1.7	-0.9	-2.7	3.6	3.3	19.4
Private Consumption	4.6	4.5	4.8	4.7	4.3	4.1	3.0	-1.7	-3.0	-9.0
Public Investment	2.9	0.2	0.0	1.5	3.7	-5.1	-9.3	5.6	9.9	3.2
Private Investment	4.1	2.8	4.3	2.1	2.3	2.6	-5.5	-4.2	-15.6	-17.7
Exports (THB)	3.3	-2.6	-3.5	-4.0	0.6	-3.4	-6.7	-8.0	-9.3	-21.4
Imports (THB)	8.3	-4.4	0.1	-3.4	-5.9	-7.9	-2.5	-13.3	-7.7	-14.8
Exports (USD); fob	7.5	-3.2	-3.8	-4.2	0.0	-4.9	1.5	-17.3	-15.3	-18.3
Imports (USD); fob	13.7	-5.4	-3.0	-4.0	-6.8	-7.6	-0.9	-13.3	-19.8	-20.0
Policy rate (%)	1.75	1.25	1.75	1.75	1.50	1.25	0.75	n.a.	0.50	0.50
Exchange rate: USD/THB (end of period)	32.31	29.97	31.74	30.67	30.59	29.97	32.75	31.8-32.8	33.50	31.50
Headline Inflation*	1.1	0.7	0.7	1.1	0.6	0.4	0.4	-1.0	-3.0	-2.1
No. of Tourists (mil.person); (%change)	38.2 (7.3%)	39.8 (4.2%)	10.8 (2.1%)	9.0 (1.4%)	9.7 (7.2%)	10.3 (6.4%)	6.7 (-38.0%)	n.a.	11.9 (-70.0%)	9.1 (-77.2%)
Current Account Balance (% to GDP)	5.6	7.0	9.3	4.1	7.1	7.2	7.1	4.9	2.9	2.5
Oil prices BRENT spot (USD/barrel)*	71.06	64.36	63.17	68.92	61.93	63.41	50.44	33.0-43.0	30.00	31.29

**average*

Source: Office of the National Economic and Social Development Council (NESDC) , Bank of Thailand (BOT)and CIMB Thai Research

FAST FORWARD

CIMB THAI
ธนาคาร ซีไอเอ็มบี ไทย

Thank
YOU

Important Notice

This presentation has been prepared by CIMB Group exclusively for the benefit and internal use of the recipient in order to indicate, on a preliminary basis, the feasibility of possible transactions. Terms contained in this presentation are intended for discussion purposes only and are subject to a definitive agreement. All information contained in this presentation belongs to CIMB Group and may not be copied, distributed or otherwise disseminated in whole or in part without the written consent of CIMB Group.

This presentation has been prepared on the basis of information that is believed to be correct at the time the presentation was prepared, but that may not have been independently verified. CIMB Group makes no express or implied warranty as to the accuracy or completeness of any such information.

CIMB Group is not acting as an advisor or agent to any person to whom this presentation is directed. Such persons must make their own independent assessment of the contents of this presentation, should not treat such content as advice relating to legal, accounting, taxation or investment matters and should consult their own advisers.

CIMB Group or its affiliates may act as a principal or agent in any transaction contemplated by this presentation, or any other transaction connected with any such transaction, and may as a result earn brokerage, commission or other income. Nothing in this presentation is intended to be, or should be construed as an offer to buy or sell, or invitation to subscribe for, any securities.

Neither CIMB Group nor any of its their directors, employees or representatives are to have any liability (including liability to any person by reason of negligence or negligent misstatement) from any statement, opinion, information or matter (express or implied) arising out of, contained in or derived from or any omission from the presentation, except liability under statute that cannot be excluded.