

Lao Securities Market

The opportunities & the major risks of the listed securities investment



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LANEXANG SECURITIES PUBLIC COMPANY (LXS)



LANEXANG SECURITIES PUBLIC COMPANY

LXS INTRODUCTION



⊙ **Lanexang Securities Public Company (LXS)** is a joint stock company between the Sacombank Securities Joint Stock Company (Sacombank-SBS) 51% and Lao Development Bank (LDB) 49%.

⊙ **Chartered Capital:** 100 Million kip (~12.5 million USD)



- ⊙ **Business function:**
- + Brokerage
 - + Research & Analysis
 - + Corporate Finance Advisory
 - + Underwriting



LANEXANG SECURITIES PUBLIC COMPANY

Opportunities of Investment in Lao Securities Market



- + BCEL Shares*
- + EDL-Gen Shares*
- + Potential Upcoming IPOs*



BCEL Shares

Par value (Lak/share)	5,000
Current price (Lak/share)	8,500 (October 18 th 2013)
52 weeks high (Lak)	9,400
52 weeks low (Lak)	6,800
Outstanding shares (Share)	136,577,600
Average volume in 3 months (Share)	98,080
% of foreign ownership	20%
Market capitalization (million Lak)	1,160,910 (October 18 th 2013)

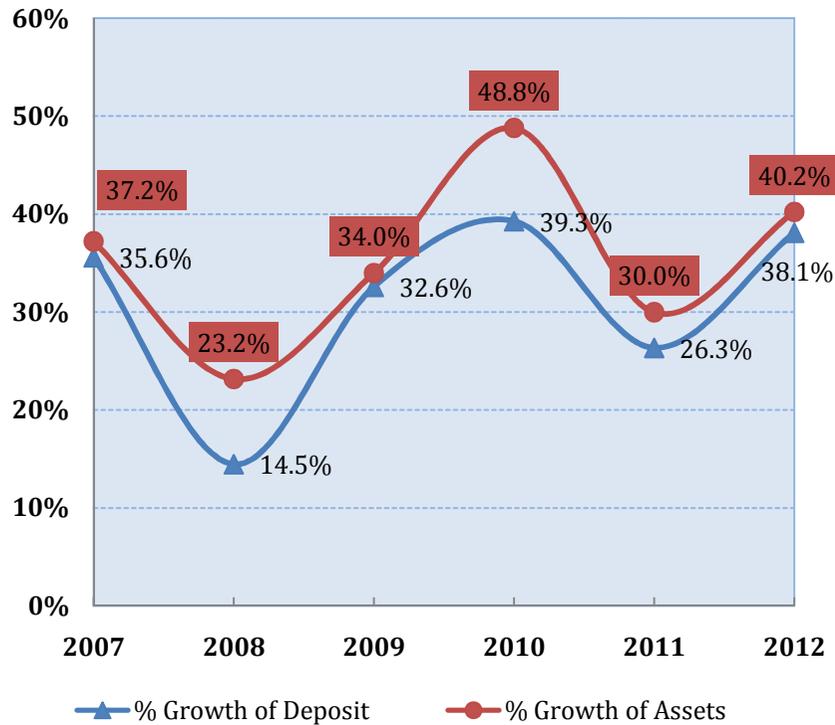


BCEL share

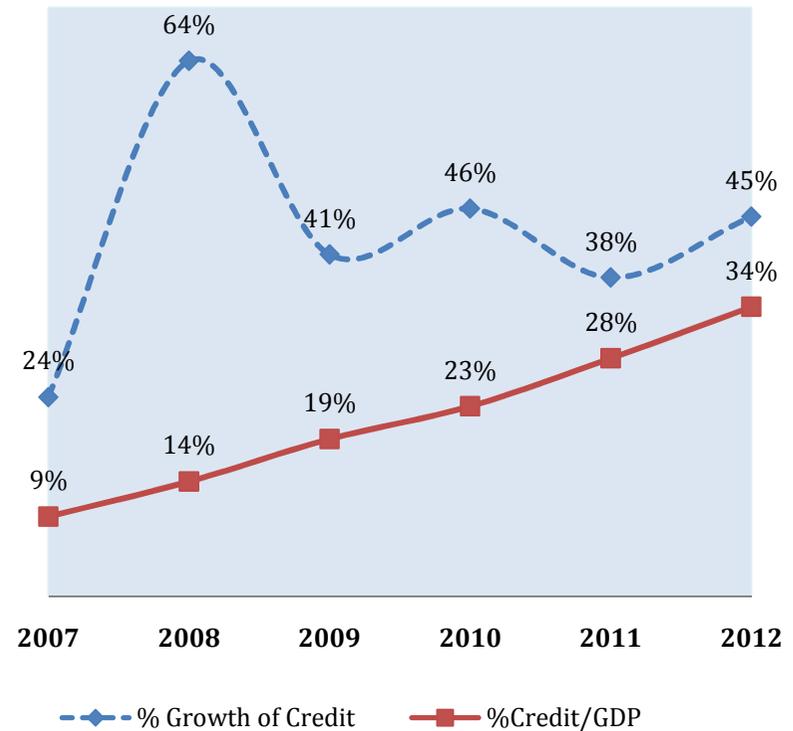


The potential of Lao banking sector

Asset & Deposit Growth



Credit Growth

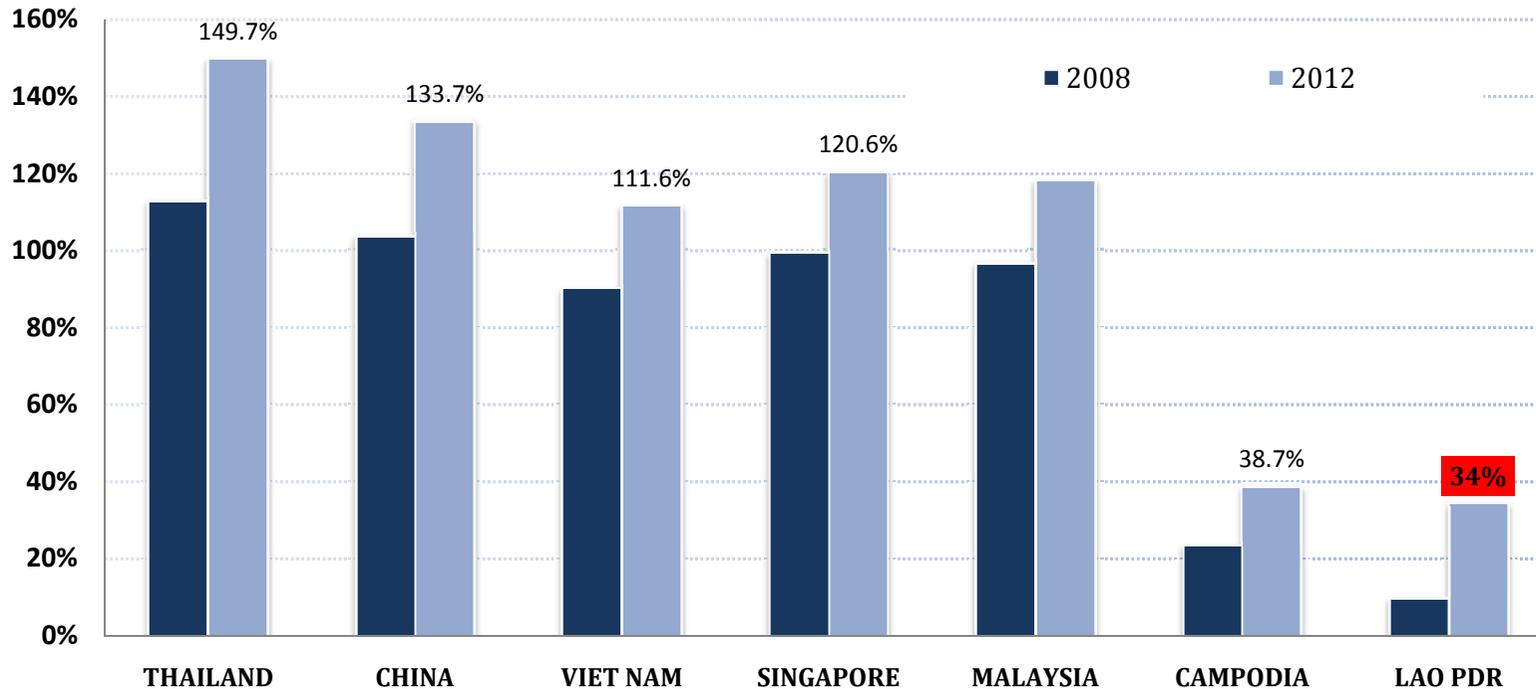


Source: Bank of Laos



The potential of Lao banking sector

CREDIT TO ECONOMY (% GDP)



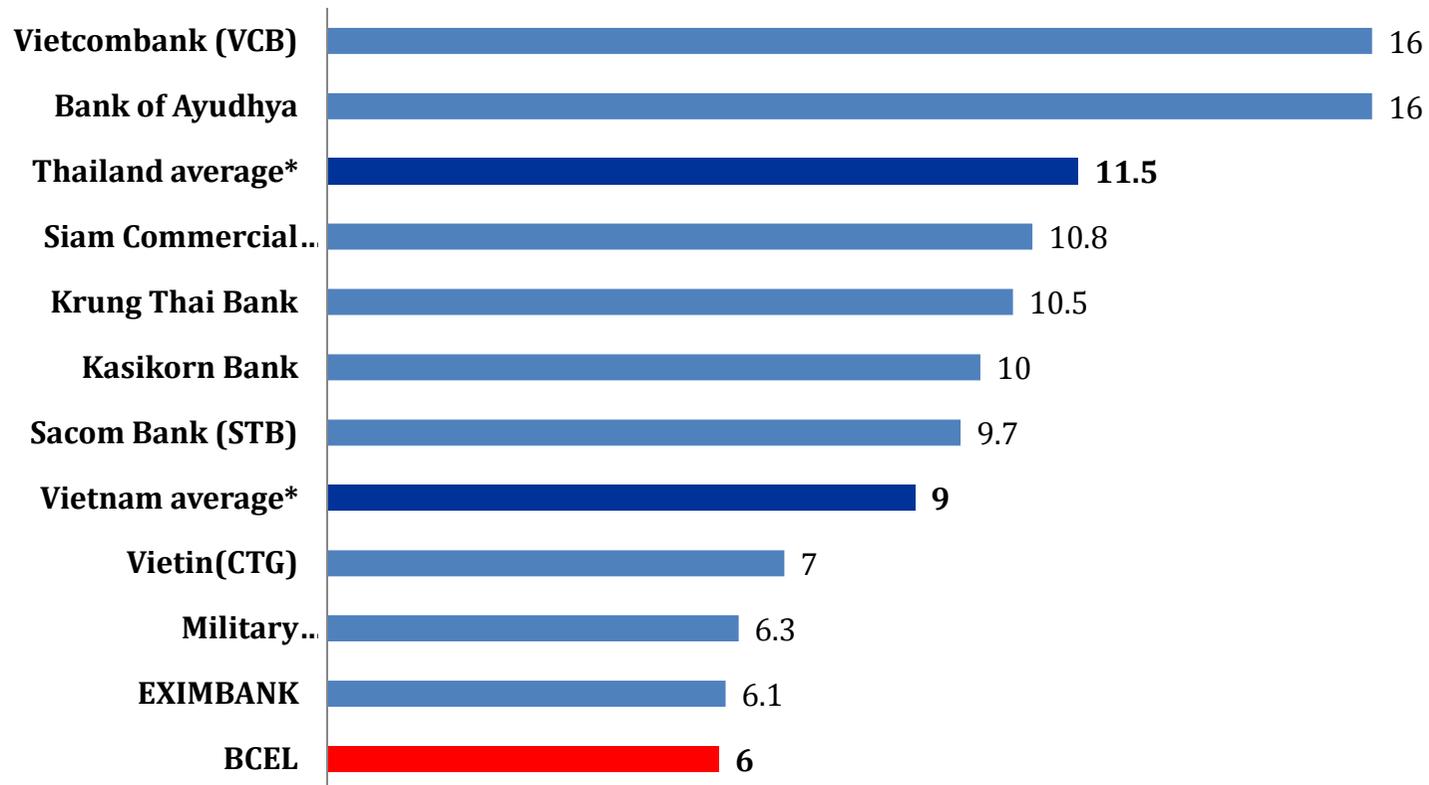
Source: World Bank country data



BCEL Shares

Comparison with other banks (Thailand and Vietnam)

PRICE PER EARNING (P/E) 2013E

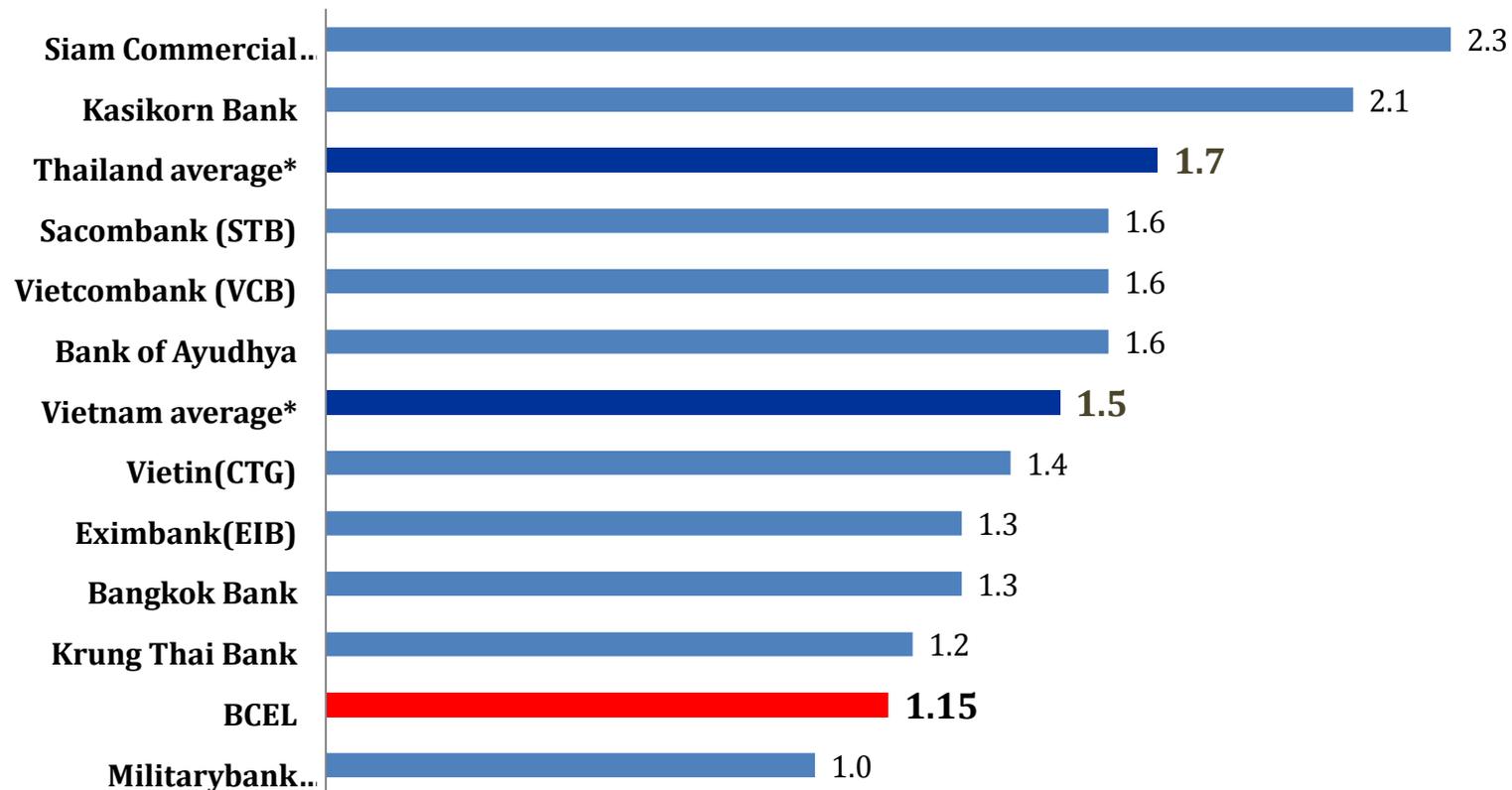


Source: Bloomberg, LXS estimation



Comparison with other banks (Thailand and Vietnam)

PRICE PER BOOK VALUE (PB) 2013E



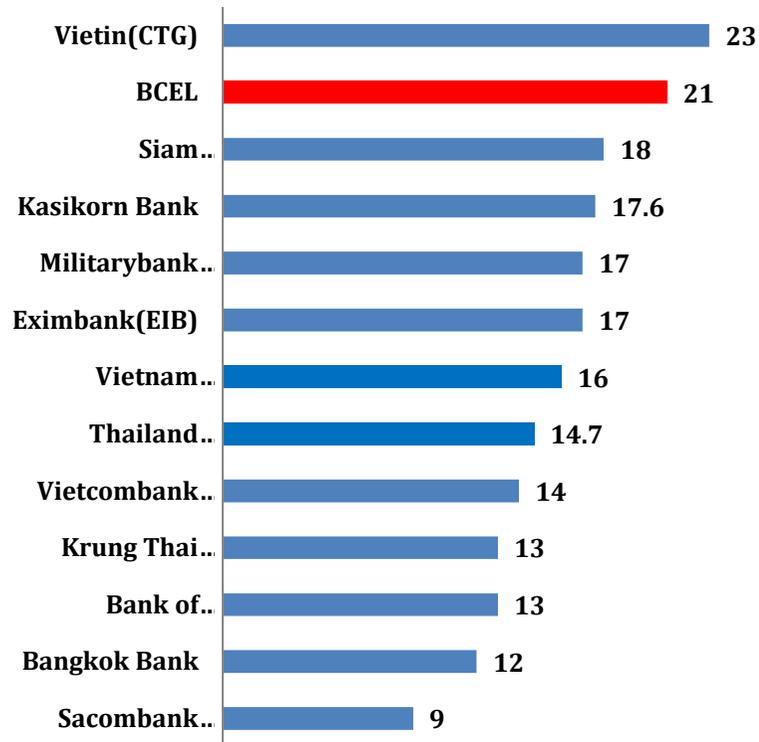
Source: Bloomberg, LXS estimation



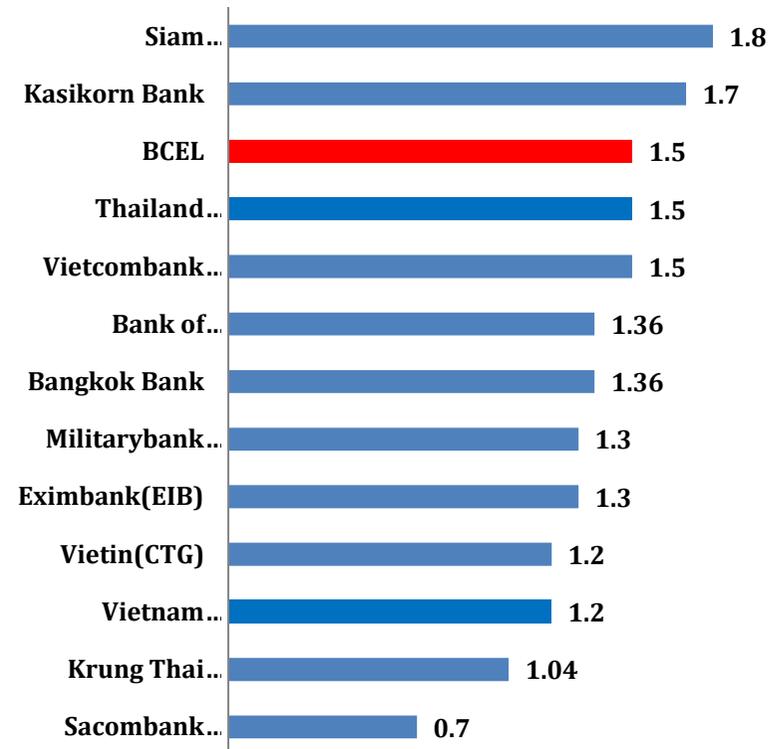
BCEL Shares

Comparison with other banks (Thailand and Vietnam)

ROE(%) 2012



ROA(%) 2012

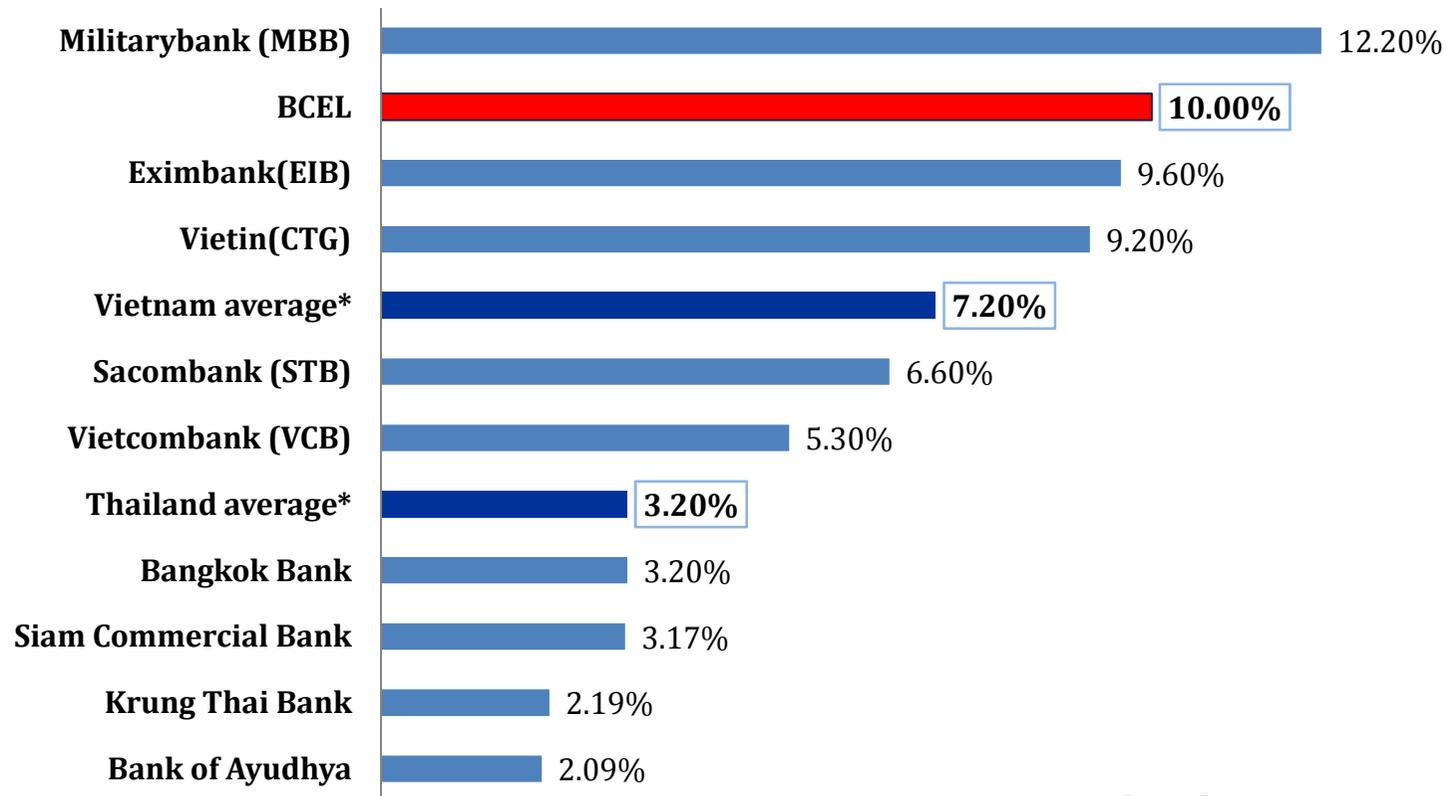


Source: Bloomberg, LXS estimation



Comparison with other banks (Thailand and Vietnam)

DIVIDEND YIELD 2012



Source: Bloomberg, LXS estimation

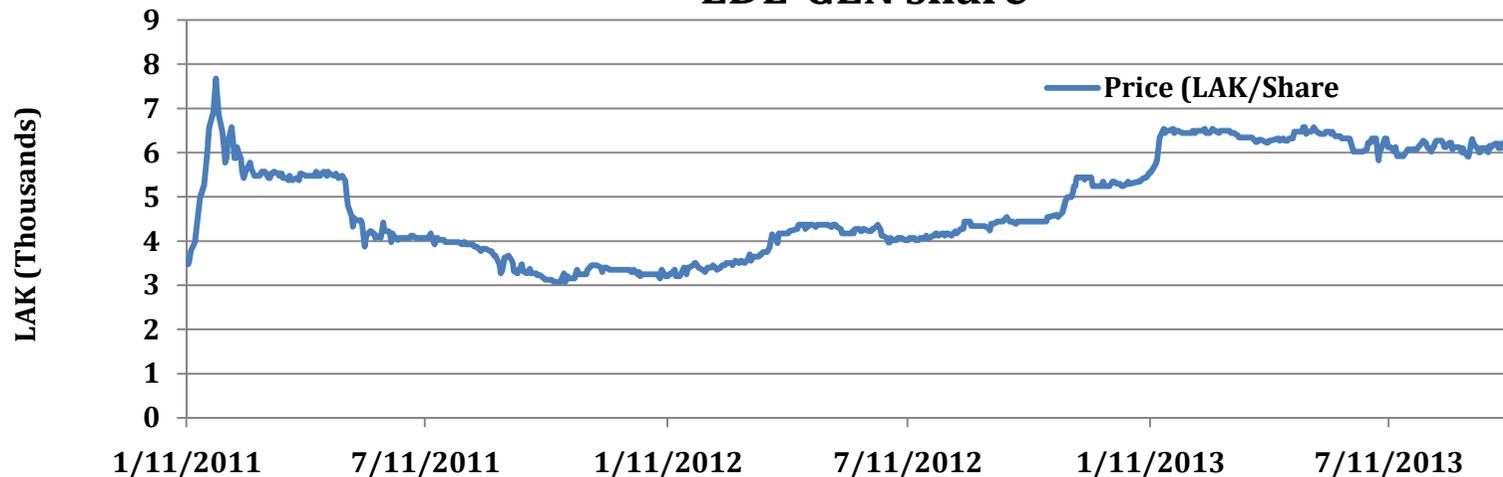


EDL-Gen Shares

Par value (Lak/share)	4,000
Current Price (Lak/share)	6,150 (October 18 th 2013)
52 weeks high (Lak)	7,050
52 weeks low (Lak)	4,900
Outstanding shares (Share)	1,226,216,765
Average volume in 3 months (Share)	43,669
% of foreign ownership	20%
Market capitalization (million Lak)	7,602,544 (October 18 th 2013)

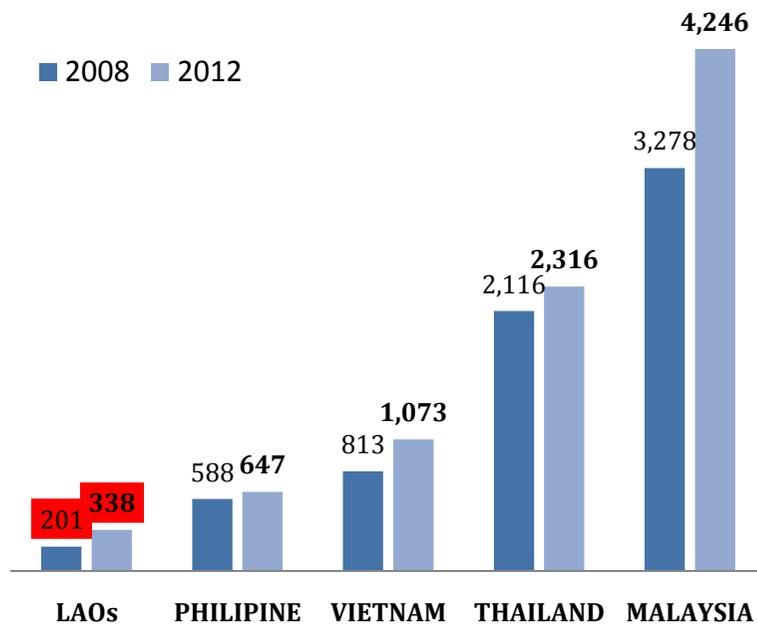


EDL-GEN share



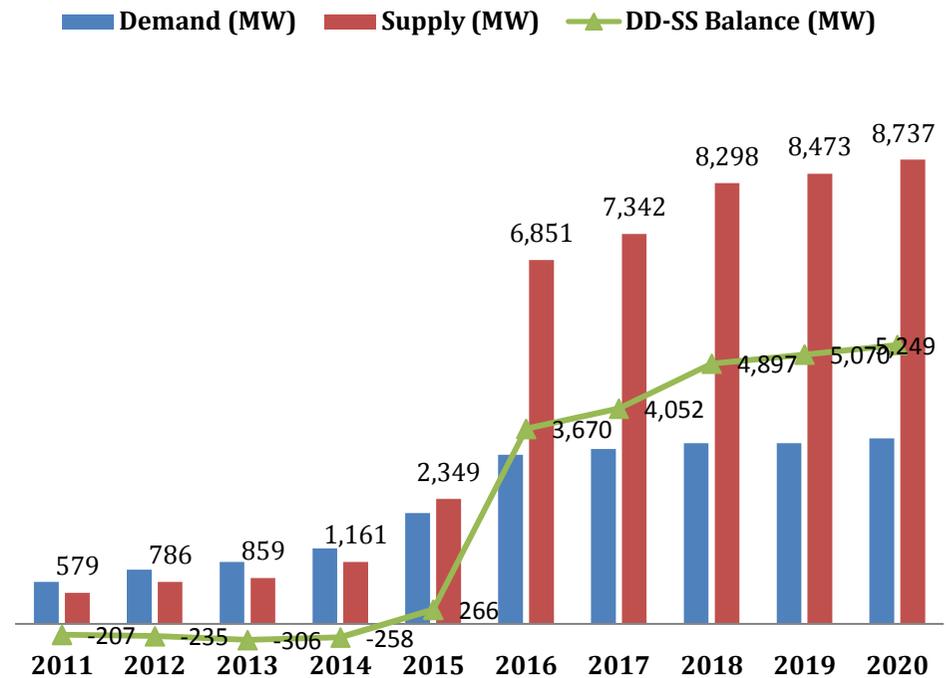
Laos' electricity industry

ELECTRIC POWER CONSUMPTION (KWH per capita)



Source: World Bank country data

LAOS ELECTRIC DEMAND AND SUPPLY



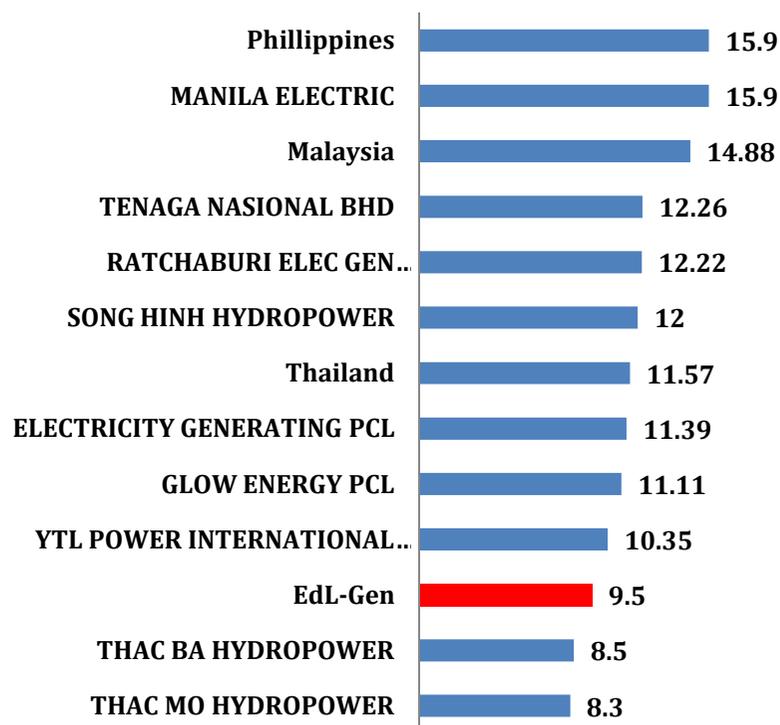
Source: Preliminary PDP 2012-2020



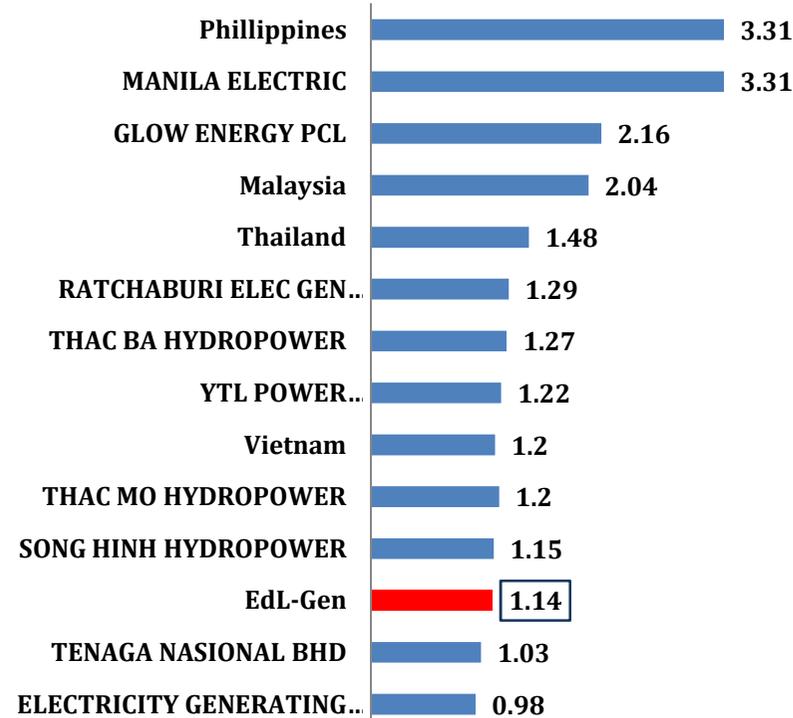
EDL-Gen Shares

Comparison with other electricity producers

PRICE PER EARNING (P/E) 2013



PRICE PER BOOK VALUE (P/B) 2013

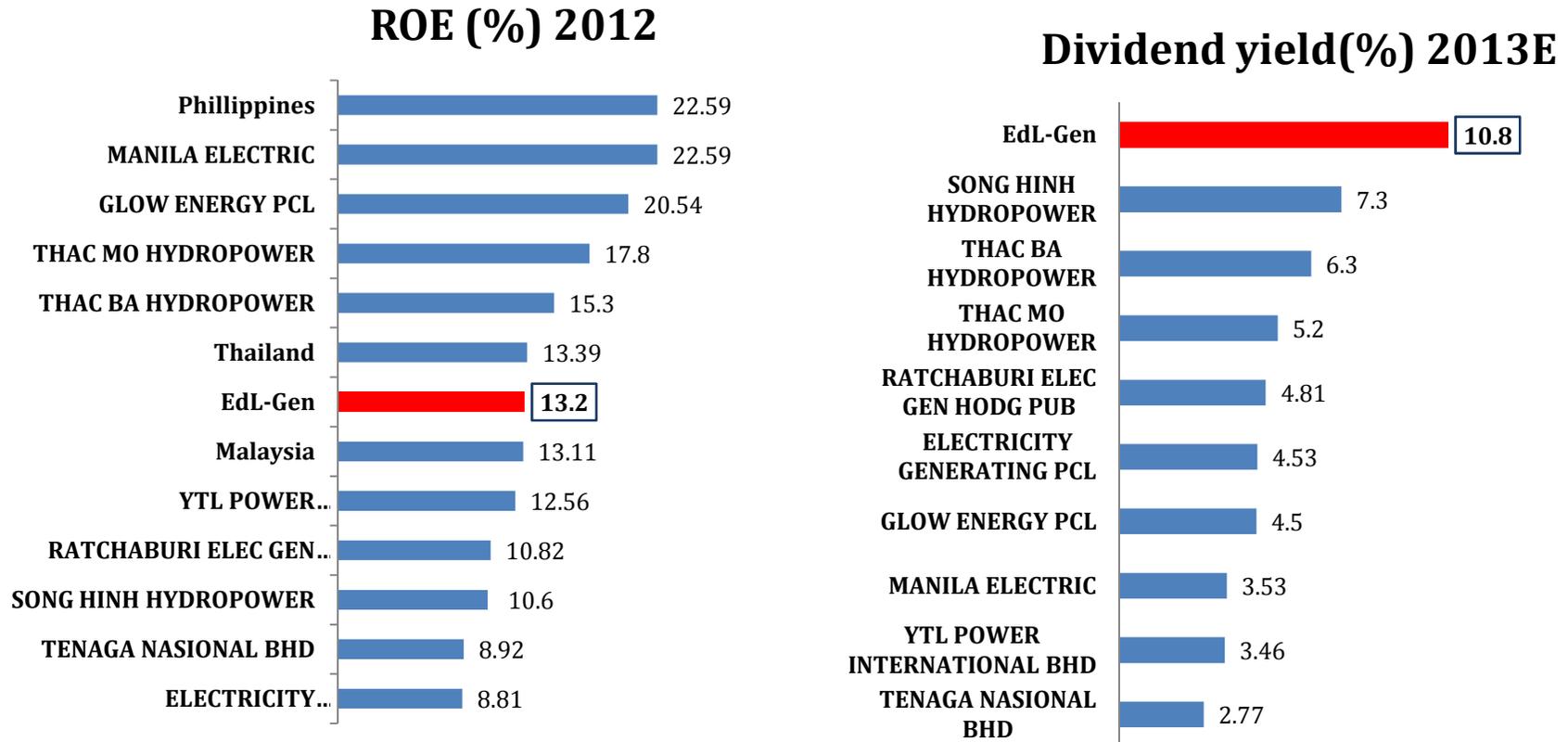


Source: Bloomberg, LXS estimation



EDL-Gen Shares

Comparison with other electricity producers



Source: Bloomberg, LXS estimation



Potential upcoming IPOs

Name of company	Industry
Beer Lao Beverly company	Manufacturing- Beverage
BMC Transportation	Logistics
Enterprise Telecommunications Lao	Telecommunication
Khamphaysana Group	Construction
Lao Air Company	Transportation- Airline
Lao Cement Company	Manufacturing- Cement
Lao Development Bank	Finance- Banking
Lao Indochina Group	Agricultural manufacturing
Lao World Group	Multi sectors
Petroleum Trading	Energy
Others.....	



Risks related to Investment in Lao Securities Market

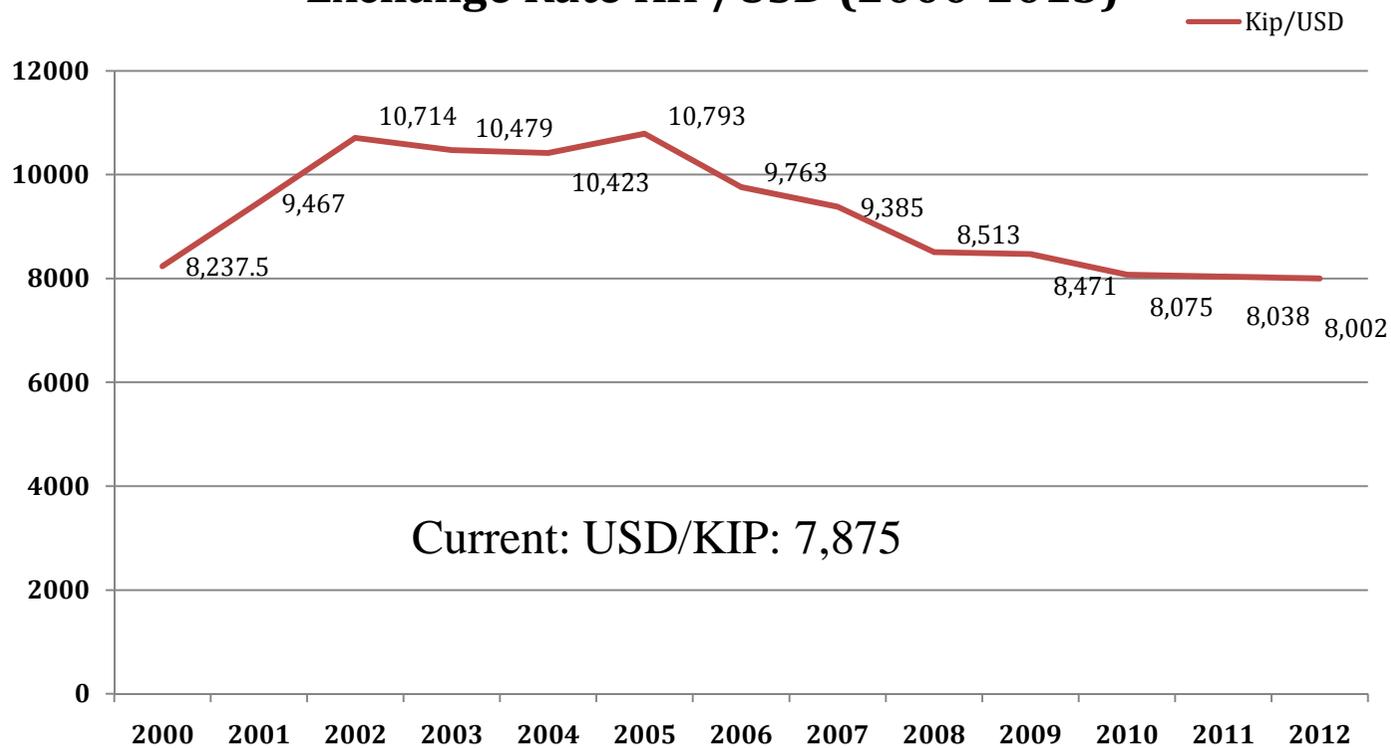


- + Currency Fluctuation*
- + Liquidity*
- + Transparency*
- + Law & Regulations*



Currency Fluctuation

Exchange Rate KIP/USD (2000-2013)



Source: Statistic Year Book 2009 & LDB Exchange Rate



LANEXANG SECURITIES PUBLIC COMPANY

Liquidity

The exchange has 2 stocks



Ticker	Free Float	Liquidity (shares/day)*	Remaining Shares For Foreign Investors
BCEL	27,315,520 (~20%)	42,493	2,813,649 (~2.06%)
EDL-Gen	306,554,190 (~25%)	50,075	73,935,015 (~6.02%)

- ⊙ Daily price fluctuation range limited by 5% of the base price
- ⊙ Foreign investors room limited by 20% for both shares

Source: LSX website, January 2013



Liquidity – Risk Mitigation



The liquidity will (hopefully) improve accordingly as the market develops.

Investors are required to have a long-term investment perspective.



Transparency

⊙ Corporate Governance:

-Controlling power on major shareholder

⊙ Company Disclosure:

- High compliance and implementation of information disclosure, yet still hard to get adequate and extra information

⊙ Still some gaps between Laos Accounting Standards and IFRS

- Solved and advised by worldwide well-known auditors



Law & Regulations - Risk Mitigation



⊙ **The uncertainty and inconsistency of law and regulations**

⊙ **Needs of more regulations to implement the securities law**

Risk Mitigation



To constantly get updated and ask for securities house advice

A long list of regulations on securities market is being drafted by SECO



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THANK YOU



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