



# THE WEALTH VAULT

A Product of Wealth Securities, Inc.

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## MORNING NOTES

### PSEi performance

PSEi Index 18 Feb 2010:	2,999.94	- 18.73
Value T/O, net	Php 1,506 million	
52-week High	3,133.53	
Low	1,745.39	
Foreign Buying:	Php 918 million	
Foreign Selling:	Php 641 million	

### Regional performance

Dow Jones	: 10,392.90	+ 83.66
FTSE 100	: 5,325.09	+ 48.45
Nikkei 225	: 10,335.69	+ 28.86

### Trading snapshot

Index Movers	Points
PLDT	-5.45
SM Investments	-5.23
Ayala Land	+4.44
Ayala Corp.	+4.21
Philex Mining	-3.79

Index Out-performers	Up
Ayala Corp.	2.61%
ICTSI	2.41%
Ayala Land	2.33%
Alliance Global	2.08%
DMCI Holdings	1.06%

Index Under-performers	Down
Megaworld Corp.	4.76%
Universal Robina	3.53%
Philex Mining	3.39%
SM Investments	3.38%
Jollibee Foods Corp.	2.75%

### Calendar

Feb 25	Dec '09 External Trade Performance
Feb 25	Dec '09 MISSI
Feb 25	1Q'10 Business Expect'ns Survey
Feb 25	Highlights Monetary Policy Issues

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## HEADLINES

### Wall Street continues advance as recovery hopes gain

- U.S. stocks rose further on Thursday (Feb 18) as positive company results and outlook, broker upgrades, manufacturing data and a rise in leading economic indicators outweighed higher-than-expected weekly applications for jobless insurance and higher producer prices in Jan. Natural resources companies and major manufacturers were among the biggest gainers. But Wal-Mart (-1.1%) capped gains after giving forecast results for the current quarter that could miss estimates.

### 2009 budget deficit at 3.9% of GDP

- The budget shortfall for 2009 hit P298.5B (3.9% of GDP), P48.5B more than the 2009 program of only P250B as the budget shortfall totaled P26B in Dec alone due to increased state spending on infrastructure. Overall, the record shortfall was the result of a sharper-than-expected drop in imports, lower asset sales and policies that eroded tax revenues. Officials estimated about P49B in foregone revenues last year from policies such as more tax exemptions for individual taxpayers.
- Finance Secretary Margarito Teves said the government would wait for more data before it finalizes its 2010 deficit target. Manila has set domestic borrowing this year at P475.8B and foreign debt at US\$4.953B, including US\$2.5B in debt issues. The government would proceed with an auction for the lease of state-owned property in Tokyo and the sale of Food Terminal Inc. in 1Q2010. PNOC-EC (Philippine National Oil Co.-Exploration Corp.) is planned to be sold in March or April.

### SM Prime reports 10% hike in 2009 profit despite calamities (SMPH; P9.50)

- SM Prime Holdings, Inc. reported a 2009 net income of P7B (+10% yoy) on continued expansion and higher sales in existing malls. Revenues grew by 15% to P20.5B, while EBITDA grew by 14% to P14B. Rental fees, which accounted for 86% of total revenues, increased by 15% to P17.7B. New malls and expansion projects added 226,000 sqm (+5%) to the company's total gross floor area, bringing it to 4.5M sqm. In 2010, SM Prime has allotted P12B for capital expenditures, and is looking to put up real estate investment trusts and secure about US\$300M to help finance the expansion.

### Ayala Land 2009 net income at P4.681B (ALI; P11.00)

- Ayala Land's net income dropped 10% to P4.681B in 2009 from P5.382B in 2008, on lower revenues, down 10% yoy to P30.46B from P33.75B in 2008. The decline was mainly due to an 8% drop in real estate and hotel operations, and the absence of capital gains from a large transaction, e.g., the sale of Valero lots in March 2008. But shopping centers and corporate business margins stabilized as leased-out rates in new malls and business process outsourcing office buildings steadily moved up. Total revenues for Shopping Centers rose by 4% to P4.44B in 2009 as its gross leasable area portfolio increased with the opening of MarQuee Mall in Angeles, Pampanga last September 2009. Meanwhile, consolidated core net income declined by 2.17% to P4.04B from P4.13B in 2008. Fourth-quarter financial performance showed improvement with a P1.12B net income, up by 7% qoq and 16% yoy.

## Please Read!

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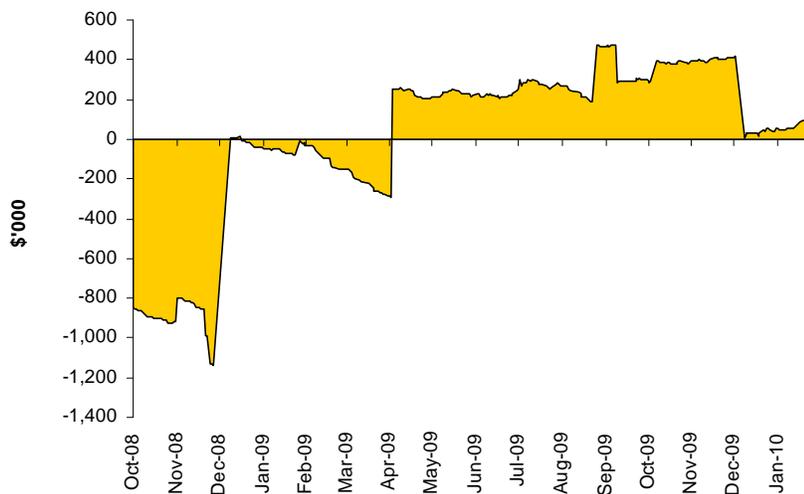
**Metro Pacific Tollways 2009 core net income at P1.22B (TOL; P9.00)**

- Metro Pacific Tollways Corporation (MPTC) reported a Core Net Income of P1.22B for the year ended 2009 (+24% yoy), attributable mainly to the higher-than-expected traffic in the North Luzon Expressway (NLEX). Reported Net Income, which included exceptional, non-cash provisions for a possible imposition of VAT on toll rates, stood at P581.7M compared with P783.9M in 2008. MPTC also declared cash dividends of P0.15/share to stockholders of record as of Mar 5, and payable on Mar 22. MPTC President and CEO Ramoncito S. Fernandez said that the company is confident that traffic volume for 2010 will reach new highs with the scheduled completion and opening of Segment 8.1 by May 2010, as well as increased mobility related to the May election.

**Jollibee reports 2009 income at P2.7B (JFC; P53.00)**

- Jollibee Foods Corp (JFC) reported a net income of P813M in 4Q09 (+23.1% yoy) on higher profit margin due to lower raw material prices, more efficient marketing spend and lower income taxes. For the whole of 2009, net income reached P2.657B (+14.6% yoy) while revenues grew by 9.5% to P48.056B. JFC Chairman Tony Tan Caktiong said that 4Q09 sales growth was healthy for most brands in the Philippines, China, Vietnam and the Middle East, but the United States business was adversely affected by weak consumer spending. JFC Chief Finance Officer Ysmael Baysa added that fewer stores were opened in 2009 versus 2008 and budgeted in the face of slower economic growth. This moderated sales growth, but brought strong profit and cash flow results.

**Foreign Buying-Selling : 12-month period**



Source: Bloomberg