



# THE WEALTH VAULT

A Product of Wealth Securities, Inc.

10 Nov 2010

## MORNING NOTES

### PSEi performance

PSEi Index 09 Nov 2010:	4,266.45	- 29.17
Value T/O, net	Php 3,466 million	
52-week High	4,413.42	
Low	2,787.66	
Foreign Buying:	Php 1,963 million	
Foreign Selling:	Php 2,476 million	

### Regional performance

Dow Jones	: 11,346.75	- 60.09
FTSE 100	: 5,875.19	+ 25.23
Nikkei 225	: 9,694.49	- 38.43

### Trading snapshot

Index Movers	Points
Alliance Global	-8.52
Ayala Corp.	-5.65
Energy Dev't Corp.	-5.19
BPI	-4.48
Aboitiz Equity	-4.11

Index Out-performers	Up
Jollibee Foods Corp.	2.64%
Globe Telecom	1.43%
ABS-CBN	1.08%
Metrobank	1.08%
JG Summit	0.97%

Index Under-performers	Down
Alliance Global	6.24%
Energy Dev't Corp.	2.69%
Ayala Corp.	2.66%
Lepanto Consolidated B	2.44%
Megaworld Corp.	2.17%

### Calendar

Nov 10	Aug 10 NG Outstanding Public Debt
Nov 10	Sep '10 Merchandise Export Perf.
Nov 10	VLL, MPI 3Q Results Briefings
Nov 10	Aug '10 Foreign Direct Investments

Anita L. Panaligan  
**Wealth Securities, Inc.**  
2103 East Tower, PSE Center, Exchange Road,  
Ortigas Center, Pasig City 1600  
Telephone: 02.634.5038  
Facsimile: 02.634.5043

## HEADLINES

### Financial and commodity-related issues weigh on Wall Street

- Wall Street retreated further on Tuesday (Nov 9) as financials (-2.2%) were hit by a sudden decline in the euro and a late-day slump in the Treasury market while commodity-related stocks dragged after the price of several commodities suddenly fell from intraday highs on profit-taking. The dollar index also rose about 1% against a basket of major currencies in late afternoon trade. Earlier, CME Group said it was increasing the margin requirements for silver futures contracts to \$6,500 from \$5,000. In deal news, Atlas Energy (+34%) surged on news that Chevron Corp (-1.5%) will buy the U.S. natural gas producer while Yahoo Inc (+3.2%) rose on speculation that it may be a takeover target.

### Ayala Land net income rises 35% YoY to P3.94 billion (ALI; P17.18)

- Ayala Land, Inc. (ALI) reported a 35% YoY increase in net income to P3.94B in the nine months ending Sep 2010. Consolidated revenues reached P27.87B (+24% YoY) while net operating income grew by 26% to P7.96B, attributed to significant improvements in the company's residential and corporate business margins being offset by a drop in shopping center margins due to the ongoing redevelopment of Ayala Center in Makati. Residential segment revenues grew by 18% to P12.47B amid a growth in bookings for all residential brands. Revenues from shopping centers rose by 6% to P3.52B as gross leasable area grew with the opening of MarQueen Mall in Pampanga and the improved occupancy rate at Greenbelt 5 in Makati. In the office space business, revenues increased to P1.49B from P1.33B in the same period last year as occupancy by business process outsourcing firms jumped to 71% from 53% last year.

### Manila Water 9-month income at P2.97 billion (MWC; P18.84)

- Manila Water Co. Inc. (MWC) disclosed that net income for the period Jan-Sep 2010 hit P2.97B (+30.9% YoY), on consolidated revenues of P8.34B (+18.5% YoY). Water sales grew 4.4% YoY to 307.25 million cubic meters (mcm), while non-revenue water or wastage decreased to 12.2% from 15.4% last year. The company also served more homes, reaching 1.17 million households from 1.07 million in the comparable period last year. The company recently signed a \$150M 10-year loan facility with NG Bank N.V. Tokyo branch, Bank of Tokyo Mitsubishi UFJ, Mizuho Corporate Bank and Sumitomo Mitsui Banking Corp.

### SM Prime posts 12% rise in 3Q net income (SMPH; P11.74)

- SM Prime Holdings, Inc. (SMPH) posted a 12% YoY rise in 3Q 2010 profits to P1.9B on consolidated revenues of P5.7B (+14% YoY). EBITDA went up by 10% to P3.8B. For the Jan-Sep 2010 period, SMPH's net income rose 11% YoY to P5.6B. Revenues grew by 17% to P17B as rental revenues, which accounted for 84% of total, grew by 13% to P14.3B. New malls and expansions in 2009 and 2010 added 340,000 square meters to the company's total gross floor area, which now have an average occupancy rate of 97%. Nine-month EBITDA rose by 15% to P11.5B for an EBITDA margin of 68%.

## Please Read!

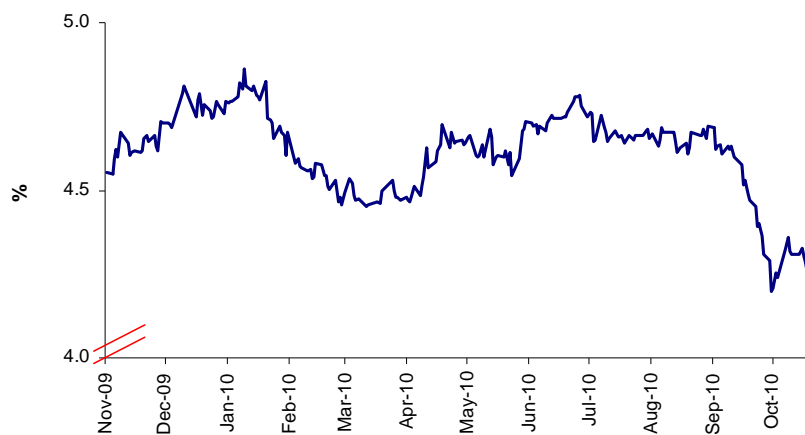
*This document was prepared by Wealth Securities, Inc. (WSI) for information purposes only. It is not to be considered as an offer to sell, or as a solicitation of an offer to buy. Although reasonable care has been taken to ensure that the information contained therein is accurate and complete, WSI makes no representation as to its accuracy or completeness. No liability is accepted for any loss arising from the reliance on this information. This document cannot be reproduced in whole or in part by the recipient or another person, nor should it be redistributed by the person or the company to whom it was first addressed. All recipients are urged to make their own assessment as to the accuracy of the information contained herein. All information/opinion is subject to change without prior notice.*

**BDO's 9M10 net earnings grow 58% to P6.4 billion (BDO; P61.20)**

- Banco De Oro Unibank, Inc. (BDO) continued to post solid results by recording a net income of P6.4B (+58% YoY) in the first nine months of 2010, mainly attributed to sustained growth in business volumes amid a tempered hike in operating expenses. Net interest income rose 14% YoY to P25.4B due to a larger level of earning assets and lower funding costs. Gross customer loans expanded by 18% YoY to P500.7B arising from broad-based demand from various sectors. Total deposits grew 10% YoY to P710.9B, driven by robust growth in low-cost deposits generated from an expanded branch network. Non-interest income increased by 17% YoY to P13.1B on the back of steady growth in fee-based service income and a 39% YoY rise in trading and foreign exchange gains. BDO boosted provisions by 13% YoY to P5.1B, leading to an improved non-performing loan coverage of 90% from 82% in the prior quarter. Return on Equity (ROE) moved up to 11.2% compared to 8.8% the previous year. Capital Adequacy Ratio (CAR) remained robust at 14.2% due to profitable operations and the US\$250M in fresh capital raised in April. Following its solid performance during the interim period, management says that BDO is on track to attain its net income goal of P8.1B for the full year of 2010.

**Vista Land to exceed 2010 net income and sales targets (VLL; P3.39)**

- Vista Land & Lifescapes, Inc., (VLL) reported that it may exceed its core net income and sales targets for fiscal year 2010. For the first nine months of the year, Vista Land's real estate revenues were P8.2B while core net income was P2.16B. The company had stated earlier this year that it was targeting about P2.8B in earnings and approximately P20B pesos in sales for the full year. VLL Senior Vice President for Finance Ricardo B. Tan, Jr. said that sales of real estate projects for 3Q 2010 hit a record level of P5.17B, while sales for the first 9-months hit P15.36B. VLL expects to see continued strong sales performance in 4Q 2010 as more projects were launched over the last few months. Capital expenditures for 2010 are expected to reach P10.2B. The company's consolidated assets as of Sep 2010 totaled P56.3B compared to P54.6B in Sep 2009.

**PDS 1-Year Tenor Yield: 12-month period**

Source: Philippine Dealing and Exchange Corp.