

Philequity Corner (January 3, 2011)

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And the Winner is...

New Year has always been the time to review the past year. It is also the time to award the best performers.

In the recent Metro Manila Film Festival, the winner for Best Picture was “Ang Tanging Ina Mo, Last Na 'To” and the winner for the Best Actress was Ai-Ai delas Alas. In boxing, pound-for-pound king Manny Pacquiao was voted “Fighter of the Year” by the prestigious newspaper USA Today. And in the presidential elections, the winner, of course, was Noynoy Aquino.

In this article, we review some of the bests in the Philippine stock market for the year 2010. And the winners are...

Top Gainer & Loser

In terms of percentage gain of PSEi member stocks, the winner for the top gainer of 2010 is Aboitiz Equity Ventures making it also the top gainer among conglomerates. Through 2010, AEV made a return of 312%. Its strength was mainly dependent on its power generation subsidiary, Aboitiz Power, which registered a hefty 261% return for the year.

On the other hand, Globe Telecom was the biggest loser for the year. It shed 13% of its value. The surge in market share of its rival, Sun Cellular, has taken a toll on the company. Nevertheless, conservative investors are taking comfort in Globe's high dividend yield which presently stands at 8.5%.

The benchmark PSEi posted a gain of 37.62% for 2010.

Biggest Market Cap Gainer

In terms of gains in market capitalization, the award goes to San Miguel Brewery. For more than two years, SMB's price chart was a virtual flat line. But since mid-November, SMB's price has zoomed to a high of P31.95. At its peak, its market cap at P462 billion was even larger than PLDT's. Now at P30, SMB's market cap increase amounts to P314 billion, the biggest jump among all issues. With the huge gains it achieved, it is also the top consumer company for the year, beating URC, Jollibee and SM Prime.

SMB's parent, San Miguel Corporation (SMC), placed second with a total market cap gain of P221 billion. Petron Corp, another San Miguel company, placed fifth among the best gainers. The San Miguel group has indeed been gifted with share price gains this holiday season.

Top 5 Market Cap Gainers for 2010

Company	Code	Market Capitalization, P' million		Increase
		End-09	End-10	
San Miguel Brewery	SMB	147,940	462,312	314,372
San Miguel Corp.	SMC	156,944	378,050	221,106
Aboitiz Power	AP	63,287	228,865	165,578
Aboitiz Equity	AEV	49,698	204,866	155,168
Petron Corp.	PCOR	48,750	176,438	127,688

Note: Market capitalization is defined as the total market value of the company. It is computed by multiplying the share price of the listed company by its total outstanding shares.

Top Gainer (Property): Fil-Estate Land

The winner for the 2010 top property developer is Fil-Estate Land with a return of 387%. Most of the gains, however, were achieved only this December following the announcement of a controlling stake acquisition by Alliance Global at P1.00 per share. Prior to this, the stock was quite depressed and dormant for the most part of the year.

If not for the late rally of Fil-Estate, SM Development (SMDC) would have been the top property developer for 2010, gaining 151% in value. Its profits likewise grew several folds given the strong take-up of its condominium brands SM Residences and MPlace. Also, because of the strong stock market, SMDC raised equity capital via Stock Rights Offering twice, generating some P16 billion in funds to bankroll landbanking initiatives and develop its condominium projects.

Top Gainer (Banking): PNB

PNB was the top bank stock for 2010. From P23.75, its share price went to as high as P74.50 before ending the year at P63.50. This represents a total gain of 167%. The catalyst for its surge, however, was also the reason for its recent decline. PNB's long-awaited merger with Allied Bank will likely take a back seat again as the sale of PNB's stake in Oceanic Bank will not push through. Meantime, management is seeking a new buyer for its US-based bank. The sale, subject to regulator's approval, will pave the way for the PNB-Allied Bank merger.

Top Gainer (Utility): Aboitiz Power

Aboitiz Power (AP) was the top utility counter of the year. During this time last year, AP was trading below P9.00. As one of the key beneficiaries of the asset disposal efforts of the government, AP won several key power plant auctions in 2009. As a result, its generating capacity increased to 2,895MW and AP's earnings likely grew more than 400% for the entire year.

Turnaround Story of the Year

Atlas Mining was one company beset with high cost of debt, serious operational problems, no top line, and massive losses. But those issues are things of the past now. After years of rehabilitating its mine site, Atlas Mining is finally back on its feet and is in full production. Fred Ramos's unwavering persistence to put Atlas Mining back to production had paid off in a big way. By next year, Atlas is projected to be one of the top copper concentrate producers in Asia.

Surprise Deal of the Year

Perhaps the most surprising deal of the year was the option agreement hatched by Lepanto Consolidated Mining and South Africa-based Gold Fields with respect to the Far Southeast Gold project. After the Zijin deal faltered, all hopes were down for Lepanto. But just when you thought all the chips were down, Felipe Yap sprung a surprise. With this deal at hand, he is no longer the boy who cried wolf.

Backdoor Listing of the Year

No other backdoor listing comes close to Henry Sy, Jr.'s buy-in of UEM Development Phils (PSE Code: MK), which has now changed its corporate name to Synergy Grid & Development Phils. In terms of price performance, it gained a staggering 5,697% in 2010. Though currently at a trading halt, Synergy Grid will serve as the vehicle for Bigboy's stake in the National Grid Corporation of the Philippines (NGCP). It operates the 19,425 circuit-kilometers of transmission and sub-transmission lines in the country. Given the magnitude of investments needed, this stock may someday be one of the largest market cap stock listed in the PSE.

Top Head Honchos of the Year

Given the very distinct management styles but equally profit-driven approaches, we split the CEO of the Year between Manny "MVP" Pangilinan of the PLDT group and Ramon "RSA" Ang of the San Miguel conglomerate.

MVP is the epitome of the professional CEO. He adheres to good corporate governance practices and places great emphasis on shareholder value creation. RSA, meanwhile, is the ultimate street smart CEO. He makes bold and unorthodox moves in the execution of his strategies.

Animal of the Year: Bull

Though 2010 is the Year of the Tiger, it was definitely a "bull" the past 12 months. In fact, the stock market had been a bull the past two years, gaining 124.3% in value.

Our own Philequity Fund was up 63.6% in 2009 and 55.5% in 2010 for a combined twin bull year return of 154.4%. We greet our investors and readers a prosperous and bullish New Year.

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