



# THE WEALTH VAULT

A Product of Wealth Securities, Inc.

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## MORNING NOTES

### PSEi performance

PSEi Index 28 Feb 2011:	3,766.73	+ 29.69
Value T/O, net	Php 6,084 million	
52-week High	4,413.42	
Low	3,014.22	
Foreign Buying:	Php 6,038 million	
Foreign Selling:	Php 4,598 million	

### Regional performance

Dow Jones	: 12,226.34	+ 95.89
FTSE 100	: 5,994.01	- 7.19
Nikkei 225	: 10,624.09	+ 97.33

### Trading snapshot

Index Movers	Points
Aboitiz Equity Ventures	+46.22
PLDT	-16.15
Bank of the Philippine Islands	+12.34
ICTSI	-8.11
Philex Mining	-6.52

Index Out-performers	Up
Aboitiz Equity Ventures	17.50%
Globe Telecom	7.58%
Bank of the Philippine Islands	5.00%
Aboitiz Power	3.23%
DMCI Holdings Inc.	2.73%

Index Under-performers	Down
Philex Mining	9.84%
ICTSI	8.08%
Manila Water Company	5.63%
Jollibee Foods Corp.	5.49%
First Philippine Holdings	3.04%

### Calendar

Mar 01	PLDT 2010 Results Briefing
Mar 03	MPI 2010 Results Briefing
Mar 04	Feb `11 Inflation Rate
Mar 04	AEV/ AP 2010 Results Briefing

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

### Wall Street closes higher on Buffet comments

- U.S. stocks closed the month on a high note on Monday (Feb 28) after Berkshire Hathaway chairman Warren Buffett signaled that equities may be cheap, speaking of the need for "major acquisitions". Still, investors remained concerned that the global economic recovery may be threatened by high oil prices. New York and St. Louis Federal Reserve officials hinting that they were ready to support the economy if necessary helped ease concern over the scheduled end of the Fed's \$600B bond-buying program later this year. Economic data showed better-than-expected Midwest business activity in February, while January U.S. incomes posted the largest increase since May 2009, partly reflecting a payroll tax cut in 2010. Amazon.com Inc (-2.2%) limited the Nasdaq's gains after a downgrade from UBS, which cited increased costs.

### Meralco posts P12.2B core net income in 2010 (MER; P231.00)

- Manila Electric Company (Meralco) announced an audited consolidated Core Net Income of P12.2B (+73.6% YoY) as a result of lower system loss coupled with increased volume of energy sold (+10% YoY) due to unusually high temperatures, election spending in 1H 2010 and business expansions within the franchise area. In addition, the combined effect of the 3% increase in the number of billed customers to 4.8M, the recent implementation of the distribution rate adjustment for the 3rd Regulatory Year (Jul 1, 2009 to Jun 30, 2010) of the 2nd Regulatory Period, and the notably lower interest charge as a result of the refinancing concluded in 2009 resulted in a record performance for the year. Reported Net Income is at P9.7B (+61.3% YoY). Core EPS for 2010 reached P10.78 while Reported EPS amounted to P8.59. Consolidated EBITDA was also higher at P18.2B, for an EBITDA margin of 7%. Meralco also declared a cash dividend of P2.65 per share, payable on April 20.
- Meralco President and Chief Executive Officer Manuel V. Pangilinan said that while expectations for 2011 are tempered, the company remains bullish about promising opportunities, including its re-entry into power generation, and into expanded distribution service in new areas, venturing into allied businesses, specifically 6 specialty engineering and railway construction through MIESCOR as well as growing the fulfillment business through CIS Bayad Center.

### Lopez Holdings cuts debt to US\$65M (LPZ; P4.79)

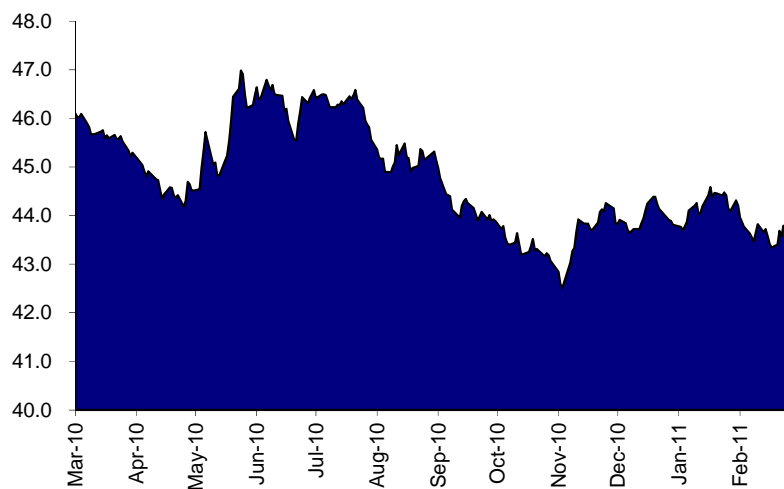
- Lopez Holdings Corp. has substantially reduced its debt to US\$65M from US\$560M, achieving a healthier financial condition after eight years of debt restructuring. The company has yet to release financial statements from operations in 2010, but Lopez Holdings President and Chief Operating Officer Salvador G. Tirona said the company's retained losses was at P100M as of end-December. In Nov 2010, the company was allowed by corporate regulators to reduce retained losses through a quasi-reorganization, wherein its additional paid-up capital of P6.77B as of Dec. 31, 2009 was applied against accumulated losses.

## Please Read!

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**BDO posts audited 2010 net income of P8.8 billion (BDO; P46.90)**

- Banco De Oro Unibank, Inc. (BDO) ended 2010 with an audited net income of P8.8B (+46% YoY), exceeding its initial earnings guidance of P8.1B. BDO's strong performance was a result of a more diversified and sustainable earnings stream from its core lending (gross loans, +15% YoY to P541.5B), deposit-taking (total deposits, +13% YoY to P782.6B) and service businesses. A larger earning asset base coupled with lower funding costs resulted in the 12% YoY increase in net interest income to P34.2B. BDO continued efforts to prudently manage its balance sheet to protect it through economic cycles. It boosted provisions to P6.7B and raised nonperforming loan (NPL) coverage to 92% from 80% a year ago, despite the decline in the gross NPL ratio to 4.7% from the previous year's level of 5%. Capital Adequacy Ratio (CAR) remained sound at 14%, well above the current regulatory minimum of 10%. Return on average Common Equity improved to 11.7% in 2010 from 10.4% in 2009. Earlier, BDO reported that its consolidated resources hit the P1-trillion mark at the end of 2010, the first Philippine bank to achieve that milestone.

**Php versus US\$ : 1-Year Price Chart**

Source: Philippine Dealing and Exchange Corp.