



# THE WEALTH VAULT

A Product of Wealth Securities, Inc.

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## MORNING NOTES

### PSEi performance

PSEi Index 01 Mar 2011:	3,784.23	+ 17.50
Value T/O, net	Php 2,764 million	
52-week High	4,413.42	
Low	3,034.13	
Foreign Buying:	Php 1,821 million	
Foreign Selling:	Php 2,188 million	

### Regional performance

Dow Jones	: 12,058.02	- 168.32
FTSE 100	: 5,935.76	- 58.25
Nikkei 225	: 10,754.03	+ 129.94

### Trading snapshot

Index Movers	Points
Aboitiz Equity Ventures	-23.11
ICTSI	+6.21
Metrobank	+5.94
PLDT	-5.21
Jollibee	+4.20

Index Out-performers	Up
ICTSI	6.73%
Jollibee	5.51%
Robinsons Land Corp.	5.32%
Philex Mining	4.08%
Manila Water	3.98%

Index Under-performers	Down
Aboitiz Equity Ventures	7.45%
Globe Telecom	1.83%
PLDT	0.93%
Bank of the Philippine Islands	0.63%
Ayala Corp.	0.30%

### Calendar

Mar 03	MPI 2010 Results Briefing
Mar 04	Feb `11 Inflation Rate
Mar 04	AEV/ AP 2010 Results Briefing
Mar 07	Feb `11 Gross Int'l Reserves

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## HEADLINES

### Wall Street retreats as oil prices rise anew on Middle East tensions

Investors sold down equities on Tuesday (Mar 1) over worries that turmoil in the Middle East could hit Saudi Arabia, the world's largest oil exporter, and consequently hurt economic recovery. The CBOE Volatility Index jumped 13.1% to 20.75. Brent crude rose above \$115 a barrel. Comments by Federal Reserve Chairman Ben Bernanke that the recent oil price surge was unlikely to derail the economy, failed to reassure the market. The Dow Jones Transports index (-2.5%), S&P's materials index (-2.3%) and industrials (-2.2%) declined. Defensive sectors such as utilities, healthcare and consumer staples limited losses. The KBW bank index fell 2.3% after JPMorgan (-2.3%) said it could face significant fines and legal costs from a wide-ranging probe into the industry's foreclosure practices.

### Philippine Long Distance Telephone Company (TEL; P2,140.00)

Philippine Long Distance Telephone Company (PLDT) announced its audited financial and operating results for 2010 with consolidated Reported Net Income increasing by 1% to P40.2B, from the P39.8B recorded last year. Core Net Income for 2010, net of exceptional items, rose 2% to P42.0B, from P41.1B in 2009. Consolidated EBITDA was lower at P83.7B while EBITDA margin was at 59%, the same level as 2009. Overall consolidated service revenues decreased by 2% to P142.2B, reflecting the combined effect of higher revenues from combined fixed and wireless broadband and Internet (+16%), cellular voice (+9%), and fixed data and other network services to third parties (+16%) offset by declines in revenues from cellular text (-12%) National Long Distance (-25%), and Fixed Line International Long Distance (-17%) services. The strengthening of the peso during the year as well as the sale of Mabuhay's satellite business also negatively impacted revenues. PLDT also declared regular (P78/share), and a special (P66/share) dividends payable on Apr 19, 2011 (Mar 16 record date).

PLDT Chairman Manuel V. Pangilinan reiterated an earlier statement that 2010-2012 would be a critical period in the PLDT Group's transformation. PLDT will continue the modernization/upgrade of its wireless networks to improve quality of service as well as adapt them to a more voice- and data-centric environment. PLDT will also undertake projects focusing on resiliency, and pursue further investments in additional international cable systems. These initiatives should enable PLDT to roll out an expanded suite of services in new areas as well as achieve operating and cost efficiencies. As a result, capital expenditures for the period 2011-2012 is planned to reach P67B, with incremental investments to be funded by debt. Consequently, management expects Core Net Income to be around P40.5B (-4% from 2010) each of the years 2011 and 2012 due to incremental depreciation and interest expense. PLDT projects to return to its growth path in profitability, starting 2013 onwards. Despite the anticipated decline in profits, the company will maintain its dividend policy at 70% payout of Core EPS plus a "look back approach".

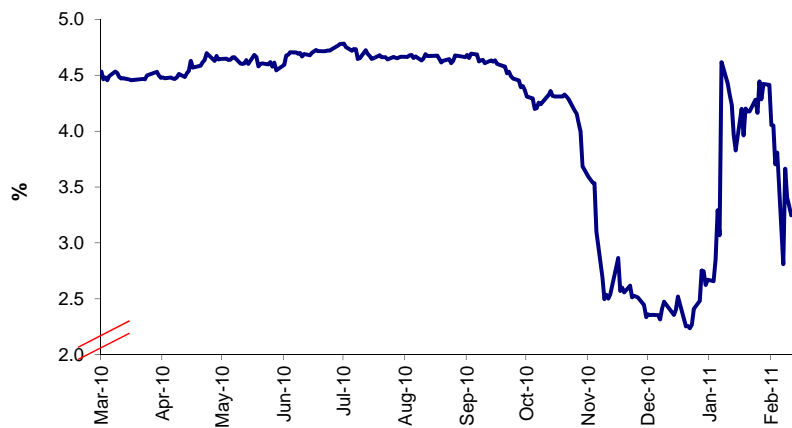
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**Cebu Air board approves share buyback program (CEB; P90.20)**

- The Board of Directors of Cebu Air, Inc. (CEB) approved a share buyback program involving up to P2B worth of the company's common shares, representing approximately 3.98% of the CEB market capitalization based on its Mar 1 closing price. The program shall commence upon approval by the Board of Directors of Cebu Air and shall end upon utilization of the appropriated amount, or as may otherwise be determined by the Board of Directors. The share buyback program will not involve any active and widespread solicitation from the stockholders and will be implemented in the open market through the trading facilities of the Philippine Stock Exchange.

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



Source: Philippine Dealing and Exchange Corp.