



WEALTH SECURITIES

Backed by a research group of analysts with over 25 years of experience in equity securities

Consistently ranked among the top 20 brokerages in the Philippines since opening in 1986

Recipient of the Euro Money Award for Excellence as the "Best Domestic Securities House in the Philippines"



THE WEALTH VAULT

A Product of Wealth Securities, Inc.

WEDNESDAY, 28 March 2012

Index	Value	Change	% Chg	
PSEI	5,078.10	48.47	0.9637	↑
All Shares	3,435.71	34.00	0.9995	↑
Financials	1,255.38	8.70	0.6979	↑
Industrial	7,712.18	28.58	0.372	↑
Holding Firms	4,227.46	85.80	2.0716	↑
Property	1,895.35	9.10	0.4824	↑
Services	1,728.43	6.22	0.3612	↑
Mining & Oil	25,970.00	605.94	2.389	↑

MARCH

28

2012

WORLD INDICES

Dow Jones	13,197.70	-0.33%
FTSE 100	5,869.55	-0.56%
NIKKEI 225	10,255.20	+2.36%

TRADING SNAPSHOT

Index Movers	Points
SM Investments Corp.	12.35
Aboitiz Equity Ventures	11.05
JG Summit Holdings	6.31
Metrobank	5.47
ICTSI	3.33

Index Out-performers	Up
JG Summit Holdings	4.66%
Aboitiz Equity Ventures	3.81%
SM Investments Corp.	3.04%
Metrobank	2.33%
Philex Mining	2.21%

Index Under-performers	Down
Cebu Air Inc.	1.10%
Bank of the Philippine Islands	0.68%
Ayala Corp.	0.68%
DMCI Holdings	0.09%
Jollibee Foods Corp.	0.09%

CALENDAR

Mar 20	TA ASM
Mar 22	TEL, EG SSM
Mar 23	Q4' 11 Balance of Payments
Mar 29	Monetary Policy Issues Highlights report (BSP)



PSEi Index

27 Mar 2012:	5,078.10	+ 48.47
Value T/O, net	Php 4,213 million	
52-week High	5,145.89	
Low	3,715.01	
Foreign Buying:	Php 3,666 million	
Foreign Selling:	Php 2,792 million	



HEADLINES

US stocks retreat to take a breather from rally

➤ US stocks declined slightly yesterday (Mar 27) as the market takes a breather from Tuesday big rally. All three major indices ended red with the Dow declining 0.33%; the S&P, 0.28%; and the Nasdaq, 0.07%. Despite the drop in the major indices, 175 stocks in the NYSE hit new highs as portfolio managers bought winning stocks to dress up their portfolios. The current quarter is set to end this Friday. Apple reached an all-time high of US\$616.28 yesterday before closing at US\$614.48 – still up 1.2%. Among notable companies that reached 52 week highs, Walt Disney Co., Home Depot, and Nordstrom reached US\$44.50, US\$50.34; and US\$55.67 respectively. Among sectors, S&P's technology and financial sector indices led quarterly gains. Both sectors are up 22% so far. Among companies, Bank of America, and Netflix are up 75% and 74.6% as of yesterday.

Allied Bank, PNB merger makes progress

➤ In a disclosure to the PSE, Allied bank said that "on March 27, the trustee of the shareholders of Oceanic Holding (BVI) Ltd. has entered into a definite agreement with FNB Bancorp, parent company of First National Bank of Northern California. Whereby [Allied Bank] agrees to sell to FNB Bancorp all of the outstanding stocks of Oceanic Holding, the parent company of Oceanic Bank." In a separate disclosure, PNB said that it had already submitted its application to merge with Allied bank to the BSP and the PDIC on March 26.

Puregold Board approves acquisition of Kareila Management Corp.

➤ Puregold announced that its Board approved the acquisition of Kareila Management Corp. Puregold shall issue 766,406,250 common shares from the company's unissued capital stock at a price of P21.50 each for an implied equity value of P16.5B in exchange for 100% of Kareila's outstanding capital stock. Following the announcement a one hour trading halt on the trading of Puregold shares will be implemented today.

Rockwell to list by way of introduction on May 14

- Rockwell Land Corporation, is seeking to list its shares by way of introduction at the Philippine Stock Exchange by May 14, 2012. The company is planning to list 6.22 Bil shares at Php1.46 per share for a total market capitalization of Php9.09 Bil. The listing will follow the distribution of 3.18B Rockwell shares as property dividends to the stockholders of Meralco which owns 51% of Rockwell.

Moody's, S&P hints upgrade for the Philippines

- Moody's Investor Service and Standard and Poor's recently cited improvements in the Philippine economy and hinted at a possible rating upgrade for the country in the short term. This bolsters the belief of monetary authorities that an investment-grade rating for the Philippines may be achievable as early as the middle of this year if not the yearend. Moody's Investor Service and S&P currently rate the country "BB" and "Ba2," respectively, both two notches below investment grade. Fitch Ratings on the other hand rates the country with "BB+," which is just a notch away from investment grade

ALI to invest P5B in CDO project

- Ayala Land Inc. is spending P5-billion in a mixed-use property project envisioned to be like a "mini-Glorietta" it Cagayan de Oro's city center. The "Centrio" mall , a joint-venture project with the Floirendo family's Anflgroup, will have 400 tenants and about 44,000 square meters of leasable space and will open by the fourth quarter of this year. The Visayas-Mindanao region currently accounts for only 7-10 percent of ALI's business, according to ALI senior vice president Emilio Tumbocon. In the next 10 to 15 years however, Aquino said this share should surge to 25-30 percent and mirror the contribution of this region to the domestic economy.

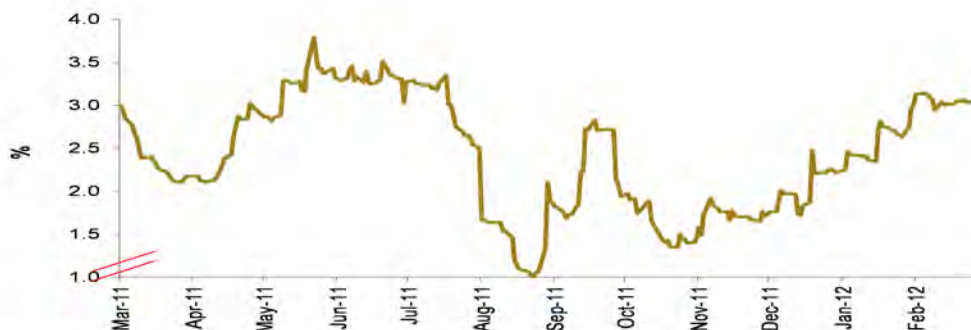
MPI sees higher profits in the first quarter

- Metro Pacific Investments Chairman Manuel V. Pangilinan told reporters that he expects the company to book higher profits in the first quarter. MVP said that the investing companies under MPI – Maynilad Water Services, Metro Pacific Tollways Corp., Meralco and MPIC's hospital group, are performing "reasonable well" so far.

RCBC declares cash dividends

- RCBC announced that its Board approved the declaration of P0.90 cash dividends per share. The record date and payment date for the said dividends are yet to be disclosed.

PDS 1-Year Tenor Yield: 12-month period



Source: Philippine Dealing and Exchange Corp.

CURRENCIES

US, Dollar	42.9760
Japan, Yen	0.5190
UK, Pound	68.6241
Hong Kong, Dollar	5.5327
EU, Euro	57.4073
Bahrain, Dinar	114.0010
Saudi Arabia, Rial	11.4596
China, Yuan	6.8065

As of 3/27/2012

COMMODITIES

NYMEX		
Crude	107.03	+0.53%
Futures		
NY Gold	1,685.60	+1.29%
Spot (\$/t oz.)		
Silver Comex	32.76	+1.87%
(\$/t oz.)		
London	8,573.50	+1.97%
Copper Spot		

As of 3/26/2012





Nickel Asia Corporation (NIKL)

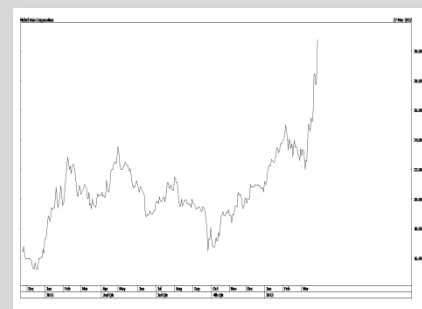
Hold

Company Snapshot

Price (P)	30.80
Price Target (P)	30.35
Shares O/S (million)	1,340
Market Cap (P million)	37,537
52-week High (P)	31.85
Low (P)	15.04
12-mo Avg. Value T/O (P'm)	54.4
Shareholders	
Sumitomo Metal Mining	25%
Free float	21%

Price Performance

	1m	6m	12m
NIKL	+34.2%	+86.7%	+54.0%
PSEi	+5.8%	+36.5%	+31.0%



Indonesia export ban - another long term catalyst

- **Indonesia raw nickel ore export ban a gamechanger.** By May of this year, Indonesia will implement an export ban on raw nickel ore, 2 years ahead of the expected 2014 implementation. While refined ore and raw ore covered by existing contracts may still be exported, China's nickel supply will still be severely curtailed since it imports 53% of its nickel from Indonesia. In addition, we expect China's purchase price for nickel to remain significantly higher than the LME nickel price.
- **China and Japan willing to pay more for nickel.** 2 months ago, NIKL disclosed that its key Japanese customers, PAMCO and Sumitomo Metal Mining, would increase the percentage of payable nickel by an average of 20% for 2% nickel grade ore and 40% for 1.8% nickel grade ore. This upward adjustment, which is retroactive to September 2011, was largely a result of strong competition from the Chinese market. With the export ban coming into effect earlier than expected, China may have to pay more in order to secure the nickel inventory it needs.

Earnings and Valuation Highlights

in P'million	2009A	2010A	2011E	2012E	2013E
Revenues	4,687	8,336	13,082	12,445	13,844
EBITDA	1,103	3,873	7,809	7,076	8,423
Core net profit	303	1,479	3,663	3,389	4,267
EPS (P)	n/a	1.43	2.73	2.53	3.18
Earnings growth	n/a	388%	148%	-8%	26%
EBITDA margin	24%	46%	60%	57%	61%
P/E (x)	n/a	15.6	11.1	12.0	9.5
P/B (x)	n/a	2.0	2.2	1.9	1.6
EV/EBITDA (x)	n/a	8.0	4.2	4.6	3.9
Dividend yield	n/a	n/a	2%	2%	2%

Source: Wealth Securities estimate, company data

A = Actual calendar/fiscal year results; C = Bloomberg consensus; I = Annualized interim results; E = Wealth Securities estimates

Miguel A. Agarao

T: 634.5038 local 8164

E: miguel.agarao@wealthsec.com



- **Nickel prices to drive 2012 and 2013 numbers.** For 2012 and 2013, without any increase in sales volume, there is no other significant catalyst to boost NIKL's income. That said, it is really just nickel price which will drive its revenues. While we expect net income to drop in 2012 due to lower nickel prices compared to 2011, the contract renegotiations can partially offset this.
- **Nickel prices to bottom at \$8/lb.** Since lower nickel prices are somewhat of a concern, we believe that they will not go significantly lower than \$8/lb. This level is the breakeven point for Chinese NPI producers, hence they would be losing money below this level. This would lead to a shutdown in plants, effectively lowering supply and providing a support level to prices.
- **Taganito HPAL – the long term jackpot.** Although 2014 is quite far away, we think that the Taganito HPAL will be another game changer for NIKL. With a 22.5% interest in the company that operates this, NIKL will have significantly more refining capacity. This will increase the company's margins significantly. At \$8/lb., which is below our \$9/lb. forecast, this project will add \$33.5M to NIKL's bottomline, additional EPS of PhP 1.05. Although the project was delayed by an NPA attack last year, Sumitomo is doing its best to finish it as early as possible. It is expected to come online by December 2013. However, as a result of the export ban, Sumitomo will try to complete it by 3Q2013 instead. An earlier completion of the Taganito HPAL is not yet imputed in our forecast.
- **A strong, long term HOLD.** Although NIKL has already reached our target price of PhP 30.35, its future is too bright to ignore. Hence, we advise investors who still have NIKL to just keep it in their portfolio. At 12x 2012 P/E and 9.5x 2013 P/E, this stock is still cheap. While Indonesian miners are trading at 10-11x 2012 P/E, they would not benefit from the export ban. In the local setting, NIKL is the only sizeable bet for foreign funds which want to take advantage of the export ban, hence it deserves a premium not only over Indonesian miners but also over smaller nickel miners. The market cap of the other listed nickel miners are simply off their radar screens. For those who have yet to take a position, we suggest that one buy on pullbacks.

Please Read!

The information and opinions in this report were prepared by Wealth Securities, Inc. The information herein is believed to be reliable and has been obtained from public sources believed to be reliable. Wealth Securities makes no representation as to the accuracy or completeness of such information.

Wealth Securities may engage in securities transactions, on a proprietary basis or otherwise, in a manner inconsistent with the view taken in this research report. In addition, others within Wealth Securities, including traders and sales staff, may take a view that is inconsistent with that taken in this research report.

Opinions, estimates and projections in this report constitute the current judgment of the author as of the date of this report. They do not necessarily reflect the opinions of Wealth Securities and are subject to change without notice. Wealth Securities has no obligation to update, modify or amend this report or to otherwise notify a recipient thereof in the event that any opinion, forecast or estimate set forth herein, changes or subsequently becomes inaccurate. Prices and availability of financial instruments are subject to change without notice. This report is provided for informational purposes only. It is not an offer or a solicitation of an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Target prices are inherently imprecise and a product of the analyst judgment.

Jerome Gonzalez
Research Head
T: 634.5038 local 8127
jerome@wealthsec.com

Bernard Aviñante
Conglomerates & Power
T: 634.5038 local 8121
bernardavinante@wealthsec.com

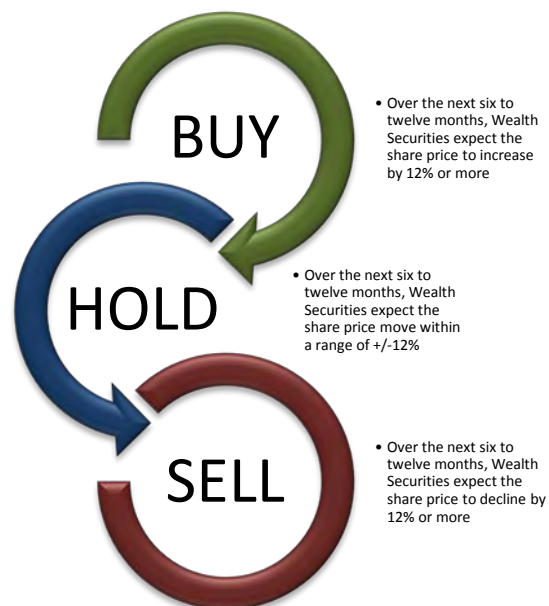
Miguel Agarao
Mining & Property
T: 634.5038 local 8164
miguel.agarao@wealthsec.com

Nikki Yu
Media & Transport
T: 634.5038 local 8150
nikki.yu@wealthsec.com

ND Fernandez
Banking & Telcos
T: 634.5038 local 8152
ndfernandez@wealthsec.com

Kevin Cua
Food & Beverage
T: 634.5038 local 8165
kevin.cua@wealthsec.com

RATINGS DEFINITION



Wealth Securities, Inc.
2103 East Tower, PSE Center,
Exchange Road, Ortigas Center,
Pasig City 1600
Telephone: 02.634.5038
Facsimile: 02 634 5043