



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.

THURSDAY, 26 April 2012

Index	Value	Change	% Chg	
PSEI	5,204.84	35.24	0.6817	↑
All Shares	3,472.24	31.49	0.9152	↑
Financials	1,292.15	2.75	0.2133	↑
Industrial	7,851.72	14.73	0.1873	↓
Holding Firms	4,452.65	72.22	1.6487	↑
Property	1,945.47	9.07	0.464	↓
Services	1,716.42	12.02	0.7052	↑
Mining & Oil	27,047.53	934.85	3.5801	↑

APRIL

26

2012

WORLD INDICES

Dow Jones	13,090.72	+0.69%
FTSE 100	5,718.89	+0.16%
NIKKEI 225	9,561.01	+0.98%

TRADING SNAPSHOT

Index Movers	Points
DMCI Holdings	+8.07
Metro Pacific Investments Corp.	+8.00
Ayala Land Inc.	-7.93
Philex Mining	+7.72
PLDT	-6.16

Index Out-performers	Up
Philex Mining	8.28%
Metro Pacific Investments Corp.	7.09%
DMCI Holdings	6.96%
Alliance Global Inc.	4.26%
Ayala Corp.	2.20%

Index Under-performers	Down
Ayala Land Inc.	2.27%
Belle Corp.	2.24%
Robinsons Land Corp.	1.25%
Banco De Oro	1.03%
Aboitiz Power	1.01%

CALENDAR

Apr 10	GMA7 Results Briefing
Apr 11	ANS ASM
Apr 12	NI ASM
Apr 16	MWC Results Briefing



PSEi Index

25 Apr 2012:	5,204.84	+ 35.24
Value T/O, net	Php 6,181 million	
52-week High	5,226.54	
Low	3,715.01	
Foreign Buying:	Php 2,394 million	
Foreign Selling:	Php 2,594 million	



HEADLINES

US stocks rise on strong Apple earnings

➤ US Stocks rallied yesterday (Apr 26) as strong earnings from Apple spurred confidence on the economy. All three major indices ended green with the Dow rising 0.69%; the S&P, 1.36%; and the Nasdaq, 2.30%. Apple shares pulled a reversal in extended trading last Tuesday after announcing earnings that beat Wall Street expectations. Apple shared closed at US\$610 yesterday, boosting the Nasdaq. The strong performance from Apple also pushed other tech stocks higher with the S&P tech sector index rising 3.2%. Comments from Fed Chief Ben Bernanke spurred further gains after he reassured the market that the central bank would do more if necessary to lift the economy. In other notable earnings announcements, Boeing shares jumped 5.3% after posting higher quarterly profit. Caterpillar shares dropped 4.6% despite announcing a 29% hike in profits.

Belle Corp. announces 5% hike in 1Q income

➤ Belle Corp. said that its 1Q net income rose 5% to P52.47M while its revenues dropped by 51.5% to P96.94M. Belle Corp. said that the gain in net income was mainly due to higher interest income, forex gains and equity in net earnings of associates. The revenue drop however came as a result of lower sales of real estate and club shares. At present, the company said that it is devoting significant amounts of resources for the completion of its planned Belle Grande Manila Bay hotel and gaming complex.

Metrobank announces change in leadership

➤ Metrobank announced that Fabian S. Dee will act as the bank's new president, replacing Arthur V. Ty who has now been named chairman. Antonio S. Abacaon Jr., who Ty replaces, will not serve as chairman of the bank's board of advisers. Abacan will also remain as vice Chairman of the Metrobank Group as well as chairman of Toyota Financial Services Inc., Sumisho Motor Finance Corp. and Manila Medical Services, Inc.

SMDC posts 33% hike in consolidated net income

- SMDC reported that the value of pre-sold units in 1Q12 rose by 59% to PhP 8.97B, double the company's sales target for the quarter. In terms of volume, 3,684 units were pre-sold. Real estate revenues were up 72% YoY in 1Q12 to PhP 5.61B while net profit from real estate operations grew by 22% to PhP 1.14B.
- *We would like to note that although demand for SMDC's condominiums seems to remain strong, it comes at a cost. EBITDA margin dropped from 31% to 27%. Although 2013 margins are expected to improve, the push for significant sales growth requires the company to enter lower income segments, which it did. It is hard to say if this will be sustainable in the long term, but a combination of low interest rates and minimal downpayment schemes have made it easier to draw demand from those who previously would find such vertical residences unaffordable. That said, although SMDC's management did mention that they are guardedly optimistic for 2012, expansion will still be in full throttle. From PhP 13B capex in 2011, this will be boosted to PhP 20.7B in 2012, PhP 4B of which goes to land, with the rest going to development and construction. OFW sales, a good source for demand, accounts for only 15% of their sales. Increasing the percentage of OFW sales should be one of the company's priorities, especially considering how it has been a constant boon to companies that benefit from it, like VLL (constantly growing demand with 55-60% of sales coming from OFWs). They also plan on branching out to China since they have idle land beside SMPH's malls. If this can be executed properly, this would be a significant catalyst for the company. Until then, we remain cautious on SMDC.*

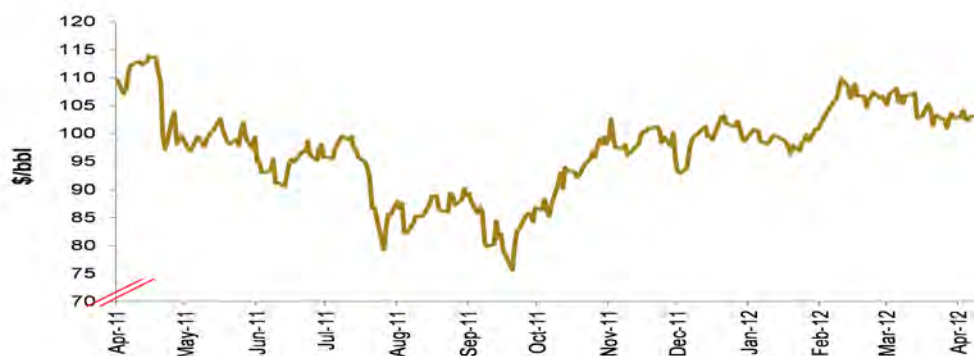
PDEX approves ALI's bid to list P15B bonds

- In a disclosure filed to the PSE, Ayala Land, Inc. announced that the Philippine Dealing and Exchange Corporation had approved the listing of P15B worth of bonds. The bonds will be available for trading on the Philippine Fixed Income Exchange effective April 27, 2012.

Philex Mining posts P4.021B in revenues for 1Q

- Philex Mining announced that its first quarter revenues reached P4.021B, 4% higher than last year. Core net income was steady at P1.330B for a core Earnings Per Share of P0.2698. EBITDA for the quarter was at P2.047B.

Nymex Crude 1-Yr Price Chart



Source: Bloomberg

CURRENCIES

US, Dollar	42.7180
Japan, Yen	0.5254
UK, Pound	68.9469
Hong Kong, Dollar	5.5048
EU, Euro	56.3450
Bahrain, Dinar	113.3164
Saudi Arabia, Rial	11.3915
China, Yuan	6.7728

As of 4/25/2012

COMMODITIES

NYMEX		
Crude	103.16	+0.49%
Futures		
%NY Gold	1,642.60	+0.64%
Spot (\$/t oz.)		
Silver Comex (\$/t oz.)	30.81	0.00%
London		
Copper Spot	8,258.00	+1.65%

As of 04/24/2012





Metropolitan Bank & Trust Co. (MBT)

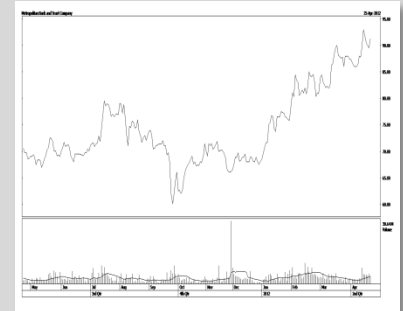
Maintain Buy, Upgrade TP

Company Snapshot

Price (P)	91.30
Price Target (P)	122.60
Shares O/S (million)	2,111
Market Cap (P million)	192,770
52-week High (P)	93.50
Low (P)	60.00
12-mo Avg. Value T/O (P'm)	241.082
Shareholders	
GT Capital Holdings	25.1%
Free float	49.0%

Price Performance

	1m	6m	12m
MBT	+4.1%	+34.3%	+29.5%
PSEi	+3.2%	+22.7%	+20.2%



The GT Revaluation

- **The GT Hype.** GT Capital Holdings (GTCAP), MBT's parent company and the holding company of George Ty's family, made its stock market debut last Friday, April 20, 2012. GTCAP's IPO was heavily oversubscribed, mainly due to its attractive valuation and its impressive portfolio of businesses. As a result, GTCAP closed up 8.1% last Friday versus its IPO price. However, not much has been said as to whether GTCAP's IPO will positively or negatively affect MBT.
- **A Bank Holding Company.** It is already common knowledge that MBT is one of the biggest and most stable banks in the country. However, a careful scrutiny of MBT's financial statements would show that MBT, much like GTCAP, has significant stakes in various listed and non-listed businesses. More importantly, these stakes are relatively undervalued and are only carried in MBT's books near their acquisition costs.

	Carrying Value	% Ownership	NAV	Attributable Share	1-Time Gains
Global Business Power	8,464	29.4%	30,060	8,844	380
Lepanto Consolidated Mining	2,312	16.7%	43,352	7,218	4,906
Toyota Motor Philippines	2,011	30.0%	51,098	15,329	13,318
Philippine AXA Life Insurance	1,026	27.6%	11,913	3,288	2,262
Total	13,813			34,679	20,866

Sources: Company data, Wealth Securities estimates

Financial and Valuation Highlights

in P'million	2009A	2010A	2011A	2012E	2013E
Net Revenues	43,679	48,100	50,417	56,647	62,620
Operating Expenses	25,842	27,818	30,680	33,869	36,644
PPOP	17,837	20,282	19,737	22,778	25,977
Net Income	6,795	9,266	12,390	14,084	15,733
ROE	9.1%	10.7%	11.8%	11.8%	12.1%
ROA	0.8%	1.1%	1.3%	1.3%	1.3%
EPS	3.07	4.18	4.98	5.76	6.46
BVPS	38.11	43.31	48.99	51.42	56.89
PE	14.67	18.87	13.59	14.03	12.50
P/BV	1.18	1.82	1.38	1.57	1.42

Sources: Company data, Wealth Securities estimates

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

ND Fernandez
T: 634.5038 local 8152
E: nd.fernandez@wealthsec.com

- **Hidden Treasures.** The Total Carrying Value (Acquisition Cost + Accumulated Equity in Net Income) of MBT's stakes in these various businesses only amount to P13.8B. If MBT's stake on Lepanto Consolidating Mining (LC / LCB) is revalued at P1.00 / share and its stakes on Global Business Power, Toyota Motor Philippines and Philippine AXA are re-valued based on our NAV estimates for GTCAP, the total value of MBT's Attributable Share in these business would amount to P34.7B. This would translate to a one-time revaluation gain worth P20.9B for MBT.
- **Unlocking Value.** We think that it is fair to apply our NAV estimates for GTCAP to the stakes held by MBT in Global Business Power, Toyota Motor Philippines and Philippine AXA. Further, we believe that the positive reception of GTCAP's IPO will eventually raise analyst awareness about the need to revalue these businesses in MBT's books. Moreover, we revalue MBT's stake in LC, which it acquired at ~P0.32 per share, to P1.00 per share, still a discount to LC and LCB's current market prices
- **Mid-term Re-Org.** From GTCAP's perspective, it would make sense to consolidate MBT's stakes in these businesses under its fold. We expect GTCAP to do this as it generates more cash in the next few years. This would allow GTCAP to become a bigger holding company and gain a stronger footing in its existing businesses while also adding mining exposure to its portfolio.

From MBT's perspective, it would be beneficial for the bank to flip its non-banking investments to GTCAP so that it could realize 1-time Revaluation Gains. This will allow MBT to have a much stronger capital position ahead of Basel III. Further, this will allow MBT to focus its attention on growing its core banking businesses while getting the additional capital that is needed to fund its asset and loan growth.

- **Upgrading TP, BUY MBT.** We estimate that the one-time revaluation gains that would result from the transfer of MBT's non-banking assets to GTCAP would translate to gains of P9.9 per share to MBT.

Revaluation Gains per Share	
Total 1-Time Gains	20,866
Shares Outstanding	2,111
Gain per Share	9.9

Source: Wealth Securities estimates

We estimate that MBT's 2012E BVPS may increase to P61.3 after imputing the one-time revaluation gains. Using our target multiple of 2x 2012E P/BV, we upgrade our target price for MBT to P122.6.

	Without Revaluation	With Revaluation
2012E BVPS	51.4	61.3
Target Price @2x 2012E P/BV	103.0	122.6

Source: Wealth Securities estimates

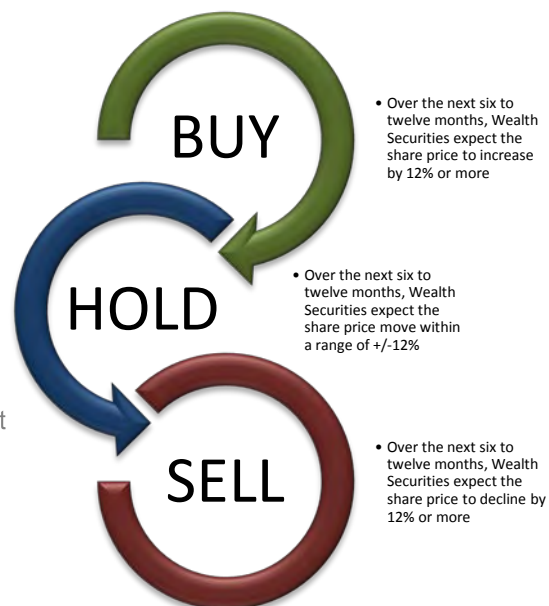
Please Read!

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.

RATINGS DEFINITION



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

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

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

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

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

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



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