



WEALTH SECURITIES

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THE WEALTH VAULT

A Product of Wealth Securities, Inc.

MONDAY, 06 August 2012

Index	Value	Change	% Chg
PSEi	5,285.91	-7.49	0.14 ▼
All Shares	3,506.01	1.55	0.04 ▲
Financials	1,334.16	-1.17	0.09 ▼
Industrial	7,911.38	23.59	0.30 ▲
Holding Firms	4,422.16	-6.63	0.15 ▼
Services	1,802.27	1.69	0.09 ▲
Mining and Oil	22,436.00	-627.13	2.72 ▼
Property	2,002.87	12.51	0.63 ▲

WORLD INDICES

Dow Jones	13,096.17	+1.69%
FTSE 100	5,787.28	+2.21%
NIKKEI 225	8,555.11	-1.12%

TRADING SNAPSHOT

Index Movers	Points
Ayala Land Inc.	+7.46
Philex Mining	-6.78
Aboitiz Equity Ventures	-4.86
Banco De Oro	-4.23
JG Summit Inc.	+3.85

Index Out-performers	Up
Jollibee Foods Corp.	3.43%
JG Summit Inc.	2.45%
Robinsons Land Corp.	2.15%
Ayala Land Inc.	2.05%
Cebu Air Inc.	1.32%

Index Under-performers	Down
Philex Mining	7.59%
Alliance Global Inc.	2.30%
First Gen Corp.	1.92%
SM Prime Holdings Inc.	1.85%
Banco De Oro	1.72%

CALENDAR

Jul 26	Monetary Policy Stance Press Release
Jul 27	May '12 UB, KB NPL
Jul 31	Jun '12 Template on Int'l Reserves and Foreign Currency
Aug 07	Jul'12 CPI, Inflation Rate



PSEi Index

03 Aug 2012:	5,285.91 - 7.49
Value T/O, net	Php 3,750 million
52-week High	5,403.16
Low	3,715.01
Foreign Buying:	Php 2,277 million
Foreign Selling:	Php 1,587 million



HEADLINES

US stocks rally on good payrolls data

Ø US stocks soared last Friday (Aug 03) as good payrolls data pushed stocks higher. All three major indices posted gains of more than 1% with the Dow rising 1.69%; the S&P, 1.90%; and the Nasdaq, 2.00%. Data from the US government show that US employers hired the most workers in five months in July. Financials, which were set to benefit from a strong economy, were among the session's best performers. In companies, Procter & Gamble Co. rose 3.1% after it posted better than expected quarterly results. LinkedIn on the other hand jumped 16% after reporting higher than expected revenues and raising its full year outlook. Crude oil also received support from the strong jobs data, staying above US\$91 a barrel.

Ayala Land posts P4.33B net income

Ø Ayala Land, Inc. announced that its net income grew by 28% YoY to P4.33B in the first half of the year. Consolidated revenues reached P25.05B, 18% higher than the P21.25B recorded in the same period last year. Revenues from Real Estate and Hotels, which comprised the bulk of consolidated revenues, increased by 19 percent to P23.82 billion. Net income margin improved to 17 percent in the first six months of 2012 from 16 percent in the same period last year. Property Development posted revenues of P15.31 billion in the first six months of 2012, 24% higher than the P12.34B reported in the same period last year.

Philex Temporarily Shuts Mine

Ø Due to unabated heavy rains brought about by typhoon Ferdie and Gener, Philex stopped the operations of its Padcal mine on August 1, 2012 for the purpose of conducting a full inspection of the tailings pond, and implement remediation measures. Philex will issue regular bulletins by way of updates.

Rockwell's Sales Take Up Grows 70% in 1H2012, and to launch new projects for 2H2012

Ø Rockwell's sales rose 70% to Php4.1 billion due to strong demand for its projects, "The Grove" and 205 Santolan by Rockwell. 205 Santolan, a project launched by Rockwell in Quezon City last April is now 80% sold. The Lopez Tower and Museum is scheduled to be completed by 2014. Given high demand for the luxury market, the Edades Tower and Garden Villas will roll out serviced apartments and is expected to be completed in the 1H2014. Apart from this, Rockwell is set to launch "The Proscenium", a mixed use development with five residential towers and a performing arts theater located on the 3.6 hectare property adjacent to Rockwell Center. Rockwell is expected to breach the P1B mark in net income for this year, with the first half already achieving net income of Php439.7 million, up 12% YoY.

SCC Director Sells Shares

Ø Semirara's director Victor Macalincag sold P11.3M worth of shares at the price of P220-229 per share between July 17 to July 24, 2012.

Dividends Calendar								
CODE	STOCK	CASH	SPLITS	RIGHTS	EX-DIVIDEND	RECORD	PAYABLE	ANNOUNCED
LAND	20%				TBA	TBA	TBA	15-May-2012
CDC	10%				TBA	TBA	TBA	07-May-2012
NIKL	50%				TBA	TBA	TBA	28-Mar-2012
ATN	2%				TBA	TBA	TBA	28-Dec-2011
EI		0.025			27-Nov-2012	03-Dec-2012	28-Dec-2012	23-Mar-2012
ACPA		11.1			25-Oct-2012	30-Oct-2012	25-Nov-2012	09-Dec-2011
FJP		0.05			03-Oct-2012	08-Oct-2012	02-Nov-2012	17-Jul-2012
PERC		0.1			18-Sep-2012	21-Sep-2012	17-Oct-2012	26-Apr-2012
EI		0.025			29-Aug-2012	03-Sep-2012	27-Sep-2012	23-Mar-2012
PPREF		2.382			13-Aug-2012	16-Aug-2012	05-Sep-2012	07-Mar-2012
FJP		0.07			09-Aug-2012	14-Aug-2012	07-Sep-2012	17-Jul-2012
ABA		0.1			08-Aug-2012	11-Aug-2012	07-Sep-2012	19-Jul-2012
ABA				Abacus Goldmines common shares as would be equivalent to P0.10 per share - prop. div.	08-Aug-2012	11-Aug-2012	TBA	19-Jul-2012
MB		0.05			03-Aug-2012	08-Aug-2012	03-Sep-2012	12-Jul-2012
ACPA		11.1			26-Jul-2012	31-Jul-2012	25-Aug-2012	09-Dec-2011
IPO		0.06			24-Jul-2012	27-Jul-2012	09-Aug-2012	29-Jun-2012
MFIN	1.06%				23-Jul-2012	26-Jul-2012	20-Aug-2012	28-Jun-2012
MFIN		0.010618854			23-Jul-2012	26-Jul-2012	20-Aug-2012	28-Jun-2012

Source: Technistock

CURRENCIES

US, Dollar	41.7760
Japan, Yen	0.5326
UK, Pound	64.9115
Hong Kong, Dollar	5.3881
EU, Euro	51.0795
Bahrain, Dinar	110.8176
Saudi Arabia, Rial	11.1403
China, Yuan	6.5598

As of 8/02/2012

COMMODITIES

NYMEX		
Crude	87.13	-2.00%
Futures		
%NY Gold		
Spot (\$/t oz.)	1,585.80	-1.14%
Silver Comex		
(\$/t oz.)	24.16	-1.98%
London		
Copper Spot	7,322.25	-1.29%

As of 08/02/2012





Philex Mining Corporation

Long Term Buy

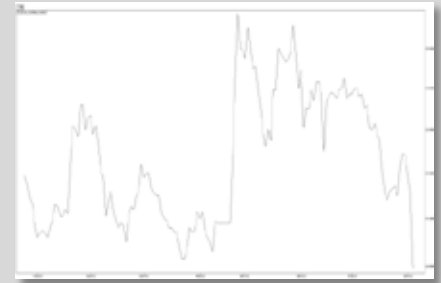
MONDAY, 6 AUGUST 2012

Company Snapshot

Price (P)	19.96
Price Target (P)	34.50
Shares O/S (million)	4,933
Market Cap (P million)	106,552
52-week High (P)	28.95
Low (P)	18.50
12-mos Avg. Value T/O (P'm)	109.6
Shareholders	
First Pacific group	36%
Free float	32%

Price Performance

	1m	6m	12m
PX	-16.8%	-13.6%	-21.6%
PSEi	-1.5%	+11.1%	+17.8%



Padcal mine ceases operations temporarily

- Ø **PX shuts down Padcal mine due to heavy rains.** Lest the market declare PX to be a negligent miner, let it be said that as early as Wednesday, August 1, PX **voluntarily** closed the Padcal mine in order to conduct a full inspection of the tailings pond and all other surrounding facilities.
- Ø **MGB steps in to ensure safety.** On 8:00 PM of August 2, the Mines and Geosciences Bureau (MGB) issued a temporary cease operation order to ensure the safety of the area. The dam for the tailings pond, though built in 1992, had just been reinforced recently. While there was no breach in the dam, initial inspection of the mine showed that water and sediment were being discharged from two underground tunnels that drained excess water from the tailings pond.
- Ø **Damage promptly repaired by PX.** With PX engineers working round-the-clock, government engineers were able to confirm that as of 5:30 PM of August 3, leakage was no longer detected. There were also no signs of any breach.
- Ø **Investigation under way.** Although the leak had been plugged, MGB Director Leo Jasareno said that the cease operation order will be lifted "at the earliest, once the government is assured that danger is no longer posed to lives, properties and the environment at large". DENR Secretary Ramon Paje has also stated that an investigation is under way to check if PX has violated any laws. Thus, the Padcal mine will remain closed for the time being.

Financial and Valuation Highlights

Amounts in P'million	2009A	2010A	2011A	2012E	2013E
Net Sales	8,378	12,680	15,324	16,095	13,616
EBITDA	4,159	6,566	8,851	8,233	6,165
Pre-tax profit	3,502	5,684	8,131	7,726	5,535
Net Income	2,735	3,945	5,780	5,408	3,875
EPS (P)	0.58	0.81	1.17	1.10	0.79
EPS Growth	-13.0%	39.7%	44.4%	-6.2%	-28.4%
EBITDA Margin	49.6%	51.8%	56.8%	51.2%	45.3%
Net Margin	32.6%	31.1%	37.1%	33.6%	28.5%
P/E (x)	34.4	24.6	17.1	18.2	25.4
P/B (x)	5.8	4.8	3.7	3.1	2.8

Sources: Company data, Wealth Securities estimates

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

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- Ø **Fairly serious.** PX chairman Manuel Pangilinan himself said that the accident was “fairly serious”. However, he assured the public that the leakage was non-toxic and that there were no casualties from the incident. In addition, he said that the last time a leak of the same natured occurred was in the early 1990s.
- Ø **PhP 1,000,000,000/month.** This is how much PX stands to lose for every month that Padcal remains closed. Although we do not expect the mine to be permanently mothballed, if operations do not restart shortly, we may have to re-examine our earnings forecasts. We expect the company to lose at least 1 month’s worth of shipments.
- Ø **Decreasing ore grades a bigger concern.** In our DCF valuation, the impact of the recent black swan event will not be as significant as decreasing ore grades. While we are not yet changing our target price for PX, not only will we be constantly monitoring news surrounding the Padcal mine, but the resulting ore grades as well.

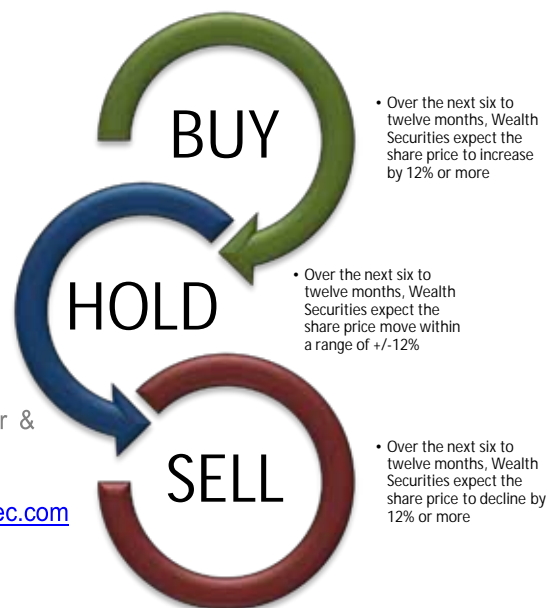
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