



DAILY WEALTH TAKE

MONDAY 21 OCT 2013

GT Capital shelves IPO plans for power unit: The CFO of GT Capital Holdings Inc was quoted by the news website *interaksyon.com* as saying the IPO plans for its power unit Global Business Power Corp (GBPC) has been shelved following the recent entry of strong partners. Orix Corporation of Japan and the Manila Electric Co (MER, Buy) each took a 20% stake in GBPC. GT Cap and First Metro Investment Corp (the investment banking arm of Metrobank) retain the remaining 60%.

➤ **Our take:** The move to defer the public listing of GBPC should enhance the attractiveness of GTCAP and MER as the main avenues for investors to participate in the company's growth. GBPC is currently the biggest private power plant operator in the Visayas and has signed a memorandum of understanding with MER for potential partnerships in power projects in Mindanao. This bodes well for MER which has ventured into power generation to expand its revenue base and cushion any regulatory risks in its distribution business. We are keeping our Buy rating on MER.— *Ricardo Puig*

AEV to raise P10b via bond sale: In a disclosure, Aboitiz Equity Ventures Inc said it recently filed an application with the Securities and Exchange Commission to sell P10 billion worth of retail bonds. Although the coupon rates have yet to be set, the bonds will carry seven- and 10-year maturities. The company intends to raise the funds by November.

➤ **Our take:** AEV is among the conglomerates with low gearing levels. As of end-June, parent net D/E stood at only 0.01x relative to the sector's 0.12x. Raising P10b will allow it to replenish its cash pile after it acquired the 60% stake of Alsons Land Corp in Lima Land Inc for P1.36b. It should likewise prepare the company for any new acquisition or project bid to expand its portfolio without necessarily straining its balance sheet. While the bulk of its value is derived from the power business, AEV has in recent quarters folded in its property development business and is looking at to bid for PPP projects as well.

Bankard trading halt; RCBC sells Bankard stake to PBB: In a disclosure, Rizal Commercial Banking Corp (RCBC) said it is selling its 89% stake in Bankard Inc to Philippine Business Bank Trust and Investment Center. RCBC will continue to operate the credit card-related business of Bankard. No disruption of operations is expected. The Exchange will implement a trading halt on Bankard shares (BKD) from 9 am to 10 am today.

Headlines Abroad

S&P 500 posts largest weekly advance since July; Google Above \$1,000

- **From Bloomberg:** The Standard & Poor's 500 Index rose 2.4 percent to 1,744.50 over the five days, for the biggest weekly gain since July.
- Google Inc. led the week's rally in the S&P 500, surging 16 percent and topping \$1,000 for the first time after posting better-than-forecast earnings.
- Economists surveyed by Bloomberg expect that Fed policy makers won't scale back the monthly pace of asset buying until their March 18-19 meeting. Also, the budget impasse in Washington is estimated to have reduced growth by 0.3 percentage points this quarter
- Earnings Season: Profits for companies in the S&P 500 probably increased 2.5 percent during the three months while sales rose 2.2 percent, according to analysts' estimates compiled by Bloomberg.

TAKING STOCK

PSE Index (18 Oct 2013)

6,607.83	+46.95
Value T/O - net (P'b)	5.412
52wk High	7,403.65
Low	5,383.90
Foreign Buying (P'b)	3.925
Foreign Selling (P'b)	4.097



Index Movers

AEV	+8.94
ICT	+8.14
URC	+5.63
SM	+5.04
GLO	+5.01

Index Gainers

SMC	6.52%
GLO	4.09%
ICT	3.12%
AEV	3.06%
MEG	2.97%

Index Losers

LTG	3.54%
EDC	3.05%
SMPH	1.20%
MPI	1.01%
RLC	0.43%

World Indices

S&P 500	1,744.50	+0.65%
FTSE 100	6,622.58	+0.71%
Nikkei 225	14,561.50	-0.17%

Key Peso Cross Rates

USD-PHP	43.0700
JPY	0.4393
EUR	58.8951
CNY	7.0648
GBP	69.6025

Key Commodities

BRENT CRUDE OIL (USD/bbl.)	110.05	+0.10%
GOLD 100 OZ FUTR (USD/t oz.)	1,316.20	+0.12%

Sources: Bloomberg, Technistock

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Wealth Research Analysts

Ricardo P. Puig

Research Head
Strategy, Property, Telecommunications
rpuiq@wealthsec.com
Tel: (+632) 634-5038 ext 8128

Bernard Aviñante

Conglomerates
bernardavinante@wealthsec.com
Tel: (+632) 634-5038 ext 8121

ND Fernandez

Banking
nd.fernandez@wealthsec.com
Tel: (+632) 634-5038 ext 8158

Jason Lee

Utilities
jason.lee@wealthsec.com
Tel: (+632) 634-5038 ext 8165

Russell Ong

Consumer
russel.ong@philequity.net
Tel: (+632) 634-5038 ext 8153

Matthew Tan

Gaming, Services
matthew.sytan@wealthsec.com
Tel: (+632) 634-5038 ext 8150

Sarah Uy

Construction, Media
sarah.uy@wealthsec.com
Tel: (+632) 634-5038 ext 8160

Rating System

Wealth Securities Research follows the following rating definition

- Buy** We expect total return of more than 12% in the next 12 months
- Hold** We expect total return of -12% to 12% in the next 12 months
- Sell** We expect total return of less than -12% in the next 12 months



Wealth Securities Inc

2103 A&B, East Tower, PSE Center
Exchange Road, Ortigas Center
Pasig City 1600
Tel: (+632) 634-5038
Fax: (+632) 634 5043

www.wealthsec.com

