



DAILY WEALTH TAKE

TUESDAY 11 FEB 2014

GLO posts 13% hike in 2013 core net income; declares 1st half cash dividend: In a disclosure, Globe Telecom (GLO) said its 2013 core income after tax rose 13% YoY to P11.6b. This is slightly ahead of the P11.45b consensus forecast. Growth could have been higher if not for the higher staff costs and subsidy related to aggressive subscriber acquisition, and some softness in revenues in what should have been a strong quarter due to the impact of calamities that hit the country. At any rate, growth was steady (vs the 9M13 average) for EBITDA and revenues although higher costs in 4Q13 brought the full-year EBITDA margin to 40% (35% in 4Q13) from 42% in 9M13. Meanwhile, Globe declared a cash dividend of P37.50/sh for the first semester.

- **Our Take:** The full-year core earnings growth indicated acceleration from the 9% growth registered in 9M13 despite higher costs and relatively tempered revenue growth in 4Q13. With EBITDA growth consistently kept at 4%, we reckon that there may have been a muted rise in other financial charges and tax expenses. Globe has yet to submit its audited financial statements.
- If annualized, the first semester cash dividend will amount to P75/sh and lower than the P79.9/sh consensus forecast. We take note, however, that Globe has set a 2014 capex target of US\$600m-650m (~P27b-P29.25b) and this falls within the P28.1b average market forecast and can potentially be slightly lower than the P29b full capex spend in 2013. If we take into account Globe's track record, actual capex usually ends up lower than budget as some components are rolled over onto the succeeding year. If this trend holds in 2014, there could be room for cash flows to support dividends and meet consensus forecast. – [Ricardo Puig](#)

Maibarara geothermal plant starts commercial operations: In a disclosure to the Exchange yesterday, Trans-Asia Oil and Energy Development Corp's (TA) 25% owned subsidiary Maibarara Geothermal, Inc (MGI) commenced commercial operation of its 20-MW integrated geothermal facility in Sto. Tomas, Batangas on 8 Feb 2014. However, even if TA has just a 25% stake in the plant, it is the sole offtaker of the electricity output of the power plant. Aside from its stake in the Maibarara plant, TA currently has a total capacity of 73 MW of generating power to the Luzon grid. – [Jason Lee](#)

Headlines Abroad

U.S. Stocks Rise Amid Jobless Claims Decline

- **From Bloomberg:** U.S. stocks rose, following the largest weekly gain this year for the Standard & Poor's 500 Index, before Federal Reserve Chairman Janet Yellen delivers her first report on monetary policy tomorrow. The S&P 500 rose 0.2% to 1,799.84 at 4 p.m. in New York. The Dow Jones Industrial Average advanced 7.71 points, or 0.1%, to 15,801.79. About 6.2 billion shares changed hands on U.S. exchanges, 1.6% below the three-month average.

TAKING STOCK

PSE Index (10 Feb 2014)

6,042.25	+31.11
Value T/O - net (P'b)	3.849
52wk High	7,403.65
Low	5,562.13
Foreign Buying (P'b)	3.632
Foreign Selling (P'b)	3.588



Index Movers

JGS	+9.92
TEL	+9.80
AC	+4.08
SCC	+3.57
MBT	+3.53

Index Gainers

JGS	4.86%
SCC	4.63%
FGEN	3.08%
TEL	1.44%
MBT	1.43%

Index Losers

LTG	2.56%
MWC	1.35%
GTCAP	1.20%
ALI	0.76%
GLO	0.70%

World Indices

S&P 500	1,799.84	+0.16%
FTSE 100	6,591.55	+0.30%
Nikkei 225	14,718.34	+1.77%

Key Peso Cross Rates

USD-PHP	45.0440
JPY	0.4402
EUR	61.4175
CNY	7.4288
GBP	73.9172

Key Commodities

BRENT CRUDE OIL (USD/bbl.)	108.63
GOLD 100 OZ FUTR (USD/t oz.)	1,274.01

Sources: Bloomberg, Technistock

Disclaimer: 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.

All rights reserved. No part of this publication may be reproduced or duplicated, redistributed or posted on any website or page, or further redistributed to any third party without the prior consent of Wealth Securities Inc.

Wealth Research Analysts

Ricardo P. Puig

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

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

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

