



DAILY WEALTH TAKE

THURSDAY 27 FEB 2014

NIKL raises stake in CBNC: In a disclosure to the Exchange, NIKL announced that its 60%-owned subsidiary Rio Tuba Mining Corporation has declared as dividends to all its shareholders its entire stake in Coral Bay Nickel Corporation (CBNC). This came by way of property dividends to NIKL and cash dividends to Rio Tuba minority shareholder PamCo. This increases NIKL's effective stake in CBNC to 10% from 6%.

- **Our Take:** A higher stake in the downstream nickel processing plant should enable NIKL to capture more value from the ore mined from its Rio Tuba mine. NIKL's 6% stake in CBNC generated income of about US\$7m in 2011 and US\$3m in 2012. These translated to 8.4% and 5.3% of NIKL's full-year net income in 2011 and 2012, respectively. We estimate that an increase in stake to 10% from 6% will generate an additional 4% to its bottom line. – *Matthew Sy-Tan*

GERI to develop new township project: In a press statement, Global Estate Resorts Inc (GERI, Not rated) announced that it will embark on a P10b development plan for a 561-hectare township project billed as Southwoods City. The initial development will feature a 26-hectare residential project consisting of 602 lot units, and a 60-hectare central business park that will have office and retail components. GERI will build on the previous project of its precursor (Fil-Estate Land) which already has a 125-hectare Jack Niclaus-designed Manila Southwoods Golf and Country Club in the property. The redevelopment will be master-planned by Megaworld Corp (MEG) which has a 22.9% stake in GERI.

- **Our Take:** This appears to be a major project for GERI and can ensure long-term profitability. It is also a positive news flow in the absence of updates from its other major leisure and tourism-related developments such as the 150-hectare Boracay Newcoast, the 1,149-hectare and Twin Lakes in Tagaytay, the 64-hectare Sta Barbara Heights in Iloilo city, and soon the Harbor View township in Batangas. However, there has yet to be any significant earnings visibility from the ongoing projects. In the meantime, given GERI's liquidity, the best way to play on these prospects would be through its parent firm Alliance Global Group Inc (AGI) which has a 64% stake in the company and through Megaworld Corp. – *Ricardo Puig*

Court restrains the sale of GGAM's BLOOM shares: In a disclosure to the Exchange, Bloomberg Resorts Corp (BLOOM) said it has secured a writ of preliminary attachment from the court pertaining to the sale (or proceeds of the sale) of about 921.18m BLOOM shares that the Global Gaming Philippines LLC (GGAM) earlier planned to dispose through a share placement.

- **Our Take:** The shares are subject to counterclaims by BLOOM in an arbitration case that GGAM has filed against the company. We believe that this will continue to serve as an overhang on BLOOM shares until the dispute is settled. – *Ricardo Puig*

Headlines Abroad

Asia Stocks Fall, Paring First Monthly Rise Since October

- **From Bloomberg:** The MSCI Asia Pacific Index dropped 0.5% to 137.23 as of 9:20 a.m. in Tokyo, before markets open in China and Hong Kong. All 10 industry groups declined. The measure has gained 1.8% this month
- China's Shanghai Composite Index yesterday halted a four-day slide that sent valuations close to record lows, while the yuan was little changed after tumbling the most since 2010 the previous day. The stock measure yesterday rose 0.4% as concern ebbed that a weaker property market and falling currency will curb corporate profits.

TAKING STOCK

PSE Index (26 Feb 2014)

6,322.60	+27.05
Value T/O - net (P'b)	4.922
52wk High	7,403.65
Low	5,562.13
Foreign Buying (P'b)	4.136
Foreign Selling (P'b)	3.923



Index Movers

AGI	+10.79
URC	+7.31
AEV	+7.25
SM	+4.09
ICT	+3.84

Index Gainers

AGI	3.83%
DMC	2.99%
URC	2.70%
AEV	2.22%
PCOR	2.08%

Index Losers

GLO	2.71%
PX	2.15%
MEG	1.44%
SMC	1.04%
AC	0.71%

World Indices

S&P 500	1,845.16	+0.00%
FTSE 100	6,799.15	-0.46%
Nikkei 225	14,970.97	-0.54%

Key Peso Cross Rates

USD-PHP	44.6740
JPY	0.4365
EUR	61.1421
CNY	7.2900
GBP	74.4637

Key Commodities

BRENT CRUDE OIL (USD/bbl.)	109.52
GOLD 100 OZ FUTR (USD/t oz.)	1,328.70

Sources: Bloomberg, Technistock

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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



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