

MONDAY, 23 JUNE 2014

Daily Notes
STOCKS IN FOCUS:
MEG: Acquires majority stake in GERI

MEG has ventured into the tourism business with the acquisition of an 80.4% stake in Global-Estate Resorts, Inc. (GERI), the country's biggest tourism estate developer. The acquisition added 3,000ha to MEG's land bank bringing the company's total land bank close to 4,000ha. The acquisition also includes GERI's properties in Tagaytay, Alabang, Iloilo, Cagayan de Oro and Boracay. Among GERI's biggest projects is the 1,149ha Twin Lakes integrated tourism estate in Tagaytay. In Boracay, GERI is developing the 150ha Boracay Newcoast which occupies 14% of the entire island. GERI is also developing the 561ha Southwoods City, envisioned to be the next central business district south of Manila. Finally, GERI has a 170ha township being developed in Iloilo called Sta. Barbara Heights which will be connected to the new Iloilo International Airport. We currently have a BUY rating on MEG with a FV of 5.48.

OTHER NEWS:

SMPH: Draws portions of debt facility for China expansion
 MPI: Planning for NLEX expansion
 Economy: Official imports forecasts revised upwards
 Economy: Three water PPP projects to be bid out by MWSS

MARKET SUMMARY:

The PSEi broke its 5-day slump, gaining 31.57 points or 0.47% to close at 6,730.96. The index was lifted by news that the BSP is keeping its key policy rates steady while increasing SDA rates by 25 bps from 2% to 2.25%. Overnight borrowing and lending rates are still at 3.5% and 5.5% respectively.

Index gainers led decliners 18 to 10, while 2 issues remain unchanged. All sectors closed higher last session, led by Mining & Oil (+2.08%). Significant gainers were PX (+9.45%), MEG (+3.20%), MWC (+2.34%), BPI (+2.12%) and MBT (+1.90%). On the other hand, notable decliners were PCOR (-2.44%), SMC (-2.37%) and FGEN (-0.90%). High demand for PX shares on news that the company can resume operations at its mine in Benguet continued to lift the stock's price.

Value turnover increased to Php31.5Bil from Php11.9Bil the previous session. The unusual increase in value turnover was due to the transaction between AGI and MEG, where AGI's shares in GERI worth 11.6Bil were transferred to MEG for the latter's shares in RWM worth 10.9Bil. Foreigners were net sellers, disposing of Php1.1Bil worth of shares.

(As of 20 June 2014)

INDICES

	Close	Points	%	YTD%
PSEi	6,730.96	31.57	0.47	14.28
All Shares	4,042.01	13.37	0.33	11.83
Financials	1,594.03	15.91	1.01	11.63
Holding Firms	6,132.62	5.17	0.08	12.95
Industrial	10,305.61	31.08	0.30	18.59
Mining & Oil	16,244.28	331.71	2.08	36.30
Property	2,587.49	11.73	0.46	17.32
Services	1,998.32	4.48	0.22	7.09
Dow Jones	16,947.1	25.6	0.15	2.23
S&P 500	1,962.9	3.4	0.17	6.20
Nasdaq	4,368.0	8.7	0.20	4.58

INDEX GAINERS

Ticker	Company	Price	%
PX	Phillex Mining Corp	12.04	9.45
MEG	Megaworld Corp	4.52	3.20
MWC	Manila Water CO	26.20	2.34
BPI	Bank of Phil Islands	89.25	2.12
MBT	Metrobank	86.00	1.90

INDEX LOSERS

Ticker	Company	Price	%
PCOR	Petron Corporation	12.00	-2.44
SMC	San Miguel Corp	80.20	-2.37
FGEN	First Gen Corp	21.90	-0.90
URC	Universal Robina Corp	151.40	-0.53
SM	SM Investments Corp	781.00	-0.51

TOP 5 MOST ACTIVE STOCKS

Ticker	Company	Turnover
BDO	BDO Unibank Inc	837,353,400
URC	Universal Robina Corp	429,686,700
MBT	Metrobank	420,013,600
TEL	Phil Long Distance Co	414,051,000
PX	Phillex Mining Corp	406,552,400

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Richard Lañeda, CFA

Ticker: MEG

Rating: Buy

Target Price: Php5.48

OTHER NEWS:**SMPH: Draws portions of debt facility for China expansion**

SMPH has already drawn portions between US\$50Mil to US\$100Mil from its US\$300Mil syndicated loan for its shopping mall expansion in mainland China. The company is spending for the construction of SM Tianjin, which will be its largest shopping center when it opens in 2015 with a total gross floor area of 540,000 sqm. The loan will also fund the development of a new mall in the city of Yangzhou located in Jiangsu province, which will be constructed next year and completed in 2016.

(source: ABS CBN, Interaksyon)

Jed Frederick Pilarca**Garie Ouano****Meredith Hazel Cua****MPI: Planning for NLEX expansion**

Manila North Tollways Corp. (MNTC), a subsidiary of MPI, is planning to expand the North Luzon Expressway in anticipation of increased vehicular traffic. According to MNTC President Rodrigo Franco, the company may spend Php2.5Bil to Php4Bil for the expansion of the expressway which is expected to be completed in 2 years. The company is hoping to finalize the investment proposal for the project within the next two months. (source: Interaksyon)

Economy: Official imports forecasts revised upwards

The Government has revised upwards its official projections for the near-term economic numbers, particularly those pertaining to trade. The Government's current (previous) y/y growth forecast for imports is at 9% (6%) in 2014, 10% (7%) in 2015, and 12% (9%) in 2016. Meanwhile, forecasts for near-term exports growth were unchanged at 6% in 2014, 8% in 2015, and 10% in 2016, while a forecast of 12% growth in 2017 was added.

The upward revisions on import growth projections were based on a bullish outlook on domestic consumption, as well as the reconstruction efforts in the Visayas. The new assumptions are also dependent on the continued improvement in the US, Japanese, and European economies. The government also expects the foreign exchange rate to average Php42-45 per US dollar, versus the previous Php41-43 per US dollar. Finally, the end-2014 GDP target was unchanged at 6.5-7.5%. The Government believes the target is still attainable despite the below-expected 1Q14 growth figure of 5.7%. (source: Inquirer)

Economy: Three water PPP projects to be bid out by MWSS

Metropolitan Waterworks and Sewerage System (MWSS) is set to bid out three water infrastructure projects under the PPP program. Firstly, the Php24.4Bil Bulacan Bulk Water Supply Project (BBWSP) is intended for the bulk supply of treated water to districts in Bulacan province. The submission of bids has started and is due to end in August 5. Secondly, the US\$416.1Mil New Centennial Water Source – Kaliwa Dam Project (KDP) intends to decrease dependend on Angat Dam. The start of bidding for KDP was not reported. Lastly, the US\$134Mil Angat Water Transmission improvement project will be funded by the Asian Development Bank. The schedule for bidding has yet to be announced.

(source: PhilStar)

Calendar of Key Events

JUNE

MON	TUES	WED	THURS	FRI
2	3	4	5	6
COAT: Annual Shareholders Meeting DNL: Annual Shareholders Meeting	FLI: Ex-date Php0.05 Cash Dividend CDC: Annual Shareholders Meeting	WEB: Ex-date Php0.10 Cash Dividend	RCB: Ex-date Php1.00 Cash Dividend NOW: Annual Shareholders Meeting BLOOM: Annual Shareholders Meeting	BDO: Ex-date Php0.30 Cash Dividend LRI: Ex-date Php0.50 Cash Dividend LPZ: Ex-date Php0.10 Cash Dividend NIKL: Annual Shareholders Meeting
9	10	11	12	13
HLCM: Ex-date Php0.70 Cash Dividend KPH: Ex-date Php0.10 Cash Dividend LTG: Annual Shareholders Meeting AUB: Annual Shareholders Meeting FED: Annual Shareholders Meeting	CHIPS: Ex-date Php0.002 Cash Dividend TEL: Annual Shareholders Meeting SMC: Annual Shareholders Meeting PCKH: Annual Shareholders Meeting PCKH: Annual Shareholders Meeting ELI: Annual Shareholders Meeting LAND: Annual Shareholders Meeting	TUGS: Ex-date Php0.035 Cash Dividend TUGS: Annual Shareholders Meeting KEP: Annual Shareholders Meeting		COAT: Ex-date Php0.06 Cash Dividend DNL: Ex-date Php0.20 Cash Dividend ALHI: Ex-date Php0.12 Cash Dividend RWM: Annual Shareholders Meeting DWC: Annual Shareholders Meeting
16	17	18	19	20
EURO: Ex-date Php0.05 Cash Dividend LOTO: Ex-date Php0.50 Cash Dividend PRC: Annual Shareholders Meeting FOOD: Annual Shareholders Meeting APX: Annual Shareholders Meeting GREEN: Annual Shareholders Meeting VLL: Annual Shareholders Meeting	FJP: Ex-date Php0.10 Cash Dividend	OV: Annual Shareholders Meeting EURO: Annual Shareholders Meeting	CDC: Ex-date Php0.03 Cash Dividend	SLI: Annual Shareholders Meeting MEG: Annual Shareholders Meeting STN: Annual Shareholders Meeting PMPC: Annual Shareholders Meeting
23	24	25	26	27
FDC: Ex-date Php0.55 Cash Dividend ANI: Annual Shareholders Meeting EMP: Annual Shareholders Meeting	SHNG: Annual Shareholders Meeting	ARC: Ex-date Php0.016 Cash Dividend LAND: Ex-date Php0.07 Cash Dividend PX: Annual Shareholders Meeting RRHI: Annual Shareholders Meeting OPM: Annual Shareholders Meeting SRDC: Annual Shareholders Meeting JOH: Annual Shareholders Meeting	LSC: Annual Shareholders Meeting CEB: Annual Shareholders Meeting ALHI: Annual Shareholders Meeting JGS: Annual Shareholders Meeting SGI: Annual Shareholders Meeting GERI: Annual Shareholders Meeting	ALCO: Annual Shareholders Meeting MARC: Annual Shareholders Meeting MJIC: Annual Shareholders Meeting PRMX: Annual Shareholders Meeting AGF: Annual Shareholders Meeting WT: Annual Shareholders Meeting T: Annual Shareholders Meeting HOUSE: Annual Shareholders Meeting JFC: Annual Shareholders Meeting
30				
MJC: Annual Shareholders Meeting RLT: Annual Shareholders Meeting MWIDE: Annual Shareholders Meeting STR: Annual Shareholders Meeting RCB: Annual Shareholders Meeting				



Investment Rating Definitions

BUY	HOLD	SELL
Stocks that have a BUY rating have attractive fundamentals and valuations, based on our analysis. We expect the share price to outperform the market in the next six to twelve months.	Stocks that have a HOLD rating have either 1.) attractive fundamentals but expensive valuations; 2.) attractive valuations but near term earnings outlook might be poor or vulnerable to numerous risks. Given the said factors, the share price of the stock may perform merely inline or underperform the market in the next six to twelve months.	We dislike both the valuations and fundamentals of stocks with a SELL rating. We expect the share price to underperform in the next six to twelve months.

Important Disclaimers

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