



THE WEALTH VAULT

A Product of Wealth Securities, Inc.

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MORNING NOTES

PSEi performance

PSEi Index 07 Mar 2011:	3,886.48	+ 3.77
Value T/O, net	Php 1,906 million	
52-week High	4,413.42	
Low	3,034.13	
Foreign Buying:	Php 1,468 million	
Foreign Selling:	Php 1,324 million	

Regional performance

Dow Jones	: 12,090.03	- 79.85
FTSE 100	: 5,973.78	- 16.61
Nikkei 225	: 10,505.02	- 188.64

Trading snapshot

Index Movers	Points
SM Investments Corp.	+3.76
PLDT	-3.65
Ayala Land Inc.	+3.41
Energy Development Corp.	-3.17
Bank of the Philippine Islands	+3.03

Index Out-performers	Up
ICTSI	2.75%
ABS-CBN	1.90%
SM Investments Corp.	1.64%
Ayala Land Inc.	1.37%
Aboitiz Power Corp.	1.29%

Index Under-performers	Down
Lepanto Mining A	3.12%
Lepanto Mining B	3.06%
Energy Development Corp.	1.89%
Filinvest Land Inc.	1.83%
DMCI Holdings	0.98%

Calendar

Mar 08	Jan `11 Producer Price Survey
Mar 08	ICT 2010 Results Briefing
Mar 10	Jan `11 Merchandise Export Perf.
Mar 11	GMA7/ AC Results Briefings

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HEADLINES

Tech, materials sectors drag Wall Street

■ Even as Brent crude dipped 0.8% to \$115.20 a barrel, worries over the effects of the currently high level in oil prices on global economic recovery dragged equities on Monday (Mar 7). Copper suffered its biggest one-day decline in nearly four months, weighing on materials stocks including Freeport McMoRan (-3%). The CBOE volatility index rose 8.2% to 20.63. Technology stocks tumbled after Wells Fargo downgraded the semiconductor sector to "market weight" from "overweight", indicating a moderate though still optimistic view. Communications equipment maker Ciena Corp (-9.2%) also forecast weaker-than-expected sales. The negative sentiment outweighed deal news: Western Digital Corp (+15.6%) agreed to buy Hitachi Ltd's hard disk drive operations for about \$4.3B in cash and stock, while Accuray Inc will acquire radiation oncology field rival TomoTherapy Inc (+24.5%).

NG full year 2010 Fiscal Deficit better than program by P10.6 billion

■ The fiscal deficit of the National Government (NG) for 2010 stood at P314.4B, registering an overperformance of P10.6B compared with the program of P325B. It is equivalent to 3.7% of GDP and better than the 3.8% program and the 3.9% in 2009. Revenue collections reached P1,207.9B, while NG expenditures totaled P1,522.4B. Netting out the interest payments in the expenditures, the NG recorded a primary deficit for the year amounting to P20.2B.

GIR level nears US\$64.0 billion at end-Feb 2011

■ Philippine gross international reserves (GIR) rose by US\$0.4B to US\$63.9B in Feb 2011 from the Jan level of US\$63.5B due mainly to receipts from foreign exchange operations and income from investments abroad of the BSP, as well as revaluation gains on the BSP's gold holdings. These inflows were partially offset by payments for maturing foreign exchange obligations of the NG. The end-Feb GIR could cover 10.5 months worth of imports of goods and payments of services and income, and is equivalent to 11.1x and 6.1 x the country's short-term external debt based on original and residual maturities, respectively.

ICTSI full year 2010 net income up 79% to US\$98.3 million (ICT; P42.95)

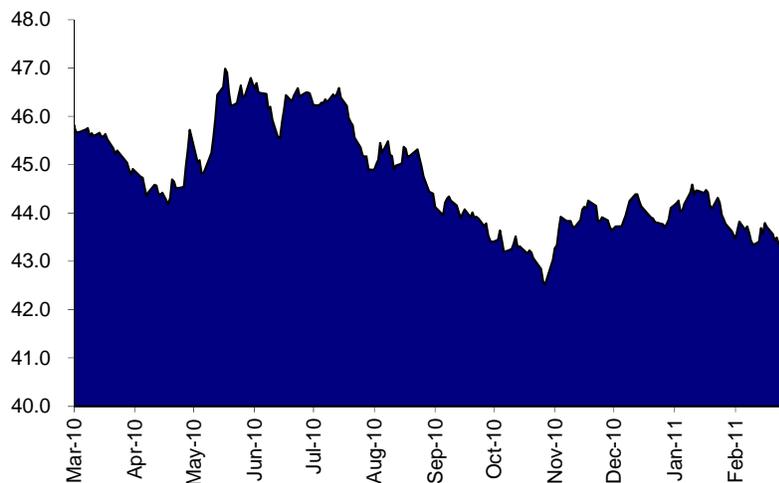
■ International Container Terminal Services, Inc. (ICTSI) posted full-year 2010 revenue from port operations of US\$527.1M (+25% YoY), EBITDA of US\$247.7M (+41% YoY), and net income attributable to equity holders of US\$98.3M (+79% YoY). The higher net income was mainly due to the recovery in global trade, the upsurge in revenues combined with modest increase in cash operating expenses, lower effective tax rate for the period and a one-time gain on sale of non-core assets. After adjusting for the effect of non-recurring income related to the sale of ICTSI's 9.54% ownership stake in Subic Shipyard and Engineering, Inc. and 8.56% in Consort Land, Inc plus a write-down of the carrying value of certain property assets related to the company's greenfield project in Buenaventura, Colombia, net income attributable to equity holders would have been US\$88.9M (+62% YoY), same as our forecast (see ICTSI At a crossroad 08 November 2010).

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- Revenue contribution from Asian port operations was at 52% of ICTSI's full year consolidated gross revenues; the Americas, 36%; and EMEA, 12%. ICTSI handled consolidated volume of 4,202,574 twenty foot equivalent units (TEUs) in 2010 (+18% YoY). Throughput in the fourth quarter was 1,132,328 TEUs (+11% YoY). Volume contribution from ICTSI's container terminal operations in Asia remained at 63% of consolidated volume; the Americas, 25%; and Europe, Middle East, and Africa (EMEA) operations, 12%.
- In 2010, ICTSI's capital expenditure amounted to US\$125M mainly from TSSA's acquisition of container handling equipment, CGSA's civil works in order to expand handling capacity and improve operating efficiency, SPIA's pre-development civil works and MICT's spending on Berth 6. In 2011, the total estimated consolidated capital expenditure is approximately US\$356M, US\$214M of which is for new projects in Argentina, Mexico and Colombia, and the balance mainly for civil works, systems improvement, and purchase of major cargo handling equipment at its port operations in Manila (MICT), Brazil (TSSA) and Ecuador (CGSA).

Php versus US\$: 1-Year Price Chart



Source: Philippine Dealing and Exchange Corp.