



SEC News Service

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MARCH 27, 2014

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Puregold Net Income Surges 46% To ₱3.96B From ₱73.2-B Sales

By JAMES A. LOYOLA

Puregold Price Club, Inc. reported that its net income surged 46 percent to ₱3.96 billion last year from the ₱2.72 billion posted in 2012 on the back of its aggressive expansion and acquisition program.

In a disclosure to the Philippine Stock Exchange, the firm said that it logged a 5.4 percent net profit margin in 2013, higher compared to the 4.7 percent net margin in 2012.

Puregold posted consolidated net

sales of ₱73.18 billion last year, for an increase of 27 percent compared to the ₱57.47 billion reported in 2012.

"The 27 percent growth in consolidated net sales was essentially due to the huge sales turnover of the 150 Puregold and 6 S&R stores operating as of the end of 2012 and the sales contribution of the new 40 Puregold and 2 S&R stores opened in 2013 and the 15 Company E stores acquired in the first quarter of 2013," the firm said.

Puregold said it ended 2013 with a

consolidated store count of 213 Puregold and S&R stores in operations:

The firm is planning to continue its rapid expansion program this year with a target of putting up at least 25 new stores nationwide at a cost of about ₱3 billion.

Puregold aims to start operations of at least 25 new branches this year in unserved cities and municipalities nationwide. The company is now on the second year of its five-year program of setting up a minimum of 25 new stores annually.

Pro-Friends Posts ₱2.1-B 2013 Income

By **BERNIE CAHILES-MAGKILAT**

Property Company of Friends Inc. (Pro-Friends), the country's leading developer of low to medium mass housing projects, posted a 30 percent increase in revenues for fiscal year 2013 to ₱7 billion from ₱5.4 billion the previous fiscal year and expects another double-digit growth this year as the company expands to Mindanao.

Richard G. Tay, Pro-Friends vice-president for sales and marketing, told reporters the company also posted a net income of ₱2.1 billion in 2013. It posted 30 percent growth in revenues in 2012 over 2011.

"We also expect double digit growth this year," he said. The company's fiscal year starts in May and ends in June.

Tay said that it will start the Mindanao project this year to help ease the housing backlog there. Nationwide housing backlog is placed at 3.9 million units.

Tay, however, refused to identify the exact location of its Mindanao development and the project cost saying the company is still consolidating some lands in Mindanao to come up with a critical mass of not less than 50 hectares.

The Mindanao project, he said, will stay within its price offering of between ₱1 million to ₱3 million package per unit.

According to Tay, Pro-Friends has entered Mindanao because of the strong demand there, especially in the highly urbanized cities in Mindanao. The company has already entered the Visayas market with two projects in Iloilo.

So far, Pro-Friends has already completed 16 projects mostly in Cavite where the company has concentrated its massive landbanking. It has also 11 ongoing projects.

According to Tay, some of its projects are being funded through the three note floats it conducted in the past three years. It has ₱1.5 billion float in 2011 and another ₱3 billion in 2012.

IN BRIEF

Puregold's profit up

PUREGOLD Price Club Inc., the supermarket chain owned by tycoon Lucio Co., said Wednesday net income in 2013 jumped 46 percent to P3.96 billion from P2.72 billion in 2012, boosted by acquisitions and aggressive store expansion.

Puregold said in a disclosure to the stock exchange consolidated net sales climbed 27 percent to P73.18 billion in 2013 from P57.47 billion in 2012.

The P73.18-billion consolidated net sales in 2013, however, fell short of the P74.7-billion sales target projected by the company.

The company attributed the 27-percent growth in consolidated net sales to the huge turnover of existing Puregold and S&R stores as well as sales contribution of the newly opened and recently acquired grocery stores.

Puregold earlier this year acquired a 100-percent interest in Company E Corp., which operates 15 supermarket outlets. It absorbed all the stores operated by Gant Group and Puregold Jr. Supermarket.

Jennifer B. Austria

San Miguel Brewery's bond sale raises P15b

SAN Miguel Brewery Inc., the beer unit of conglomerate San Miguel Corp., has raised P15 billion from the sale of seven-year and 10-year bonds, which it will use to partially refinance P22.8 billion worth of bonds maturing next month.

Sources said the P15-billion base offer was fully subscribed as of Tuesday, the end of the offering period. However, the P5-billion worth of bonds set

aside for oversubscription was not exercised.

The seven-year bonds were priced at 5.5 percent while the 10-year bonds would carry an interest rate of six percent.

The bonds will be listed with the Philippine Dealing & Exchange Corp. on April 2.

San Miguel Brewery tapped BDO Capital & Investments Corp., HongKong Shanghai Banking Corp., ING Bank, SB

Capital and Standard Chartered Bank as co-lead managers for the offering.

San Miguel Brewery is the sixth company to offer bonds this year.

Others companies that raised funds through the stock market early this year were JG Summit Holdings Inc., ABS-CBN Corp., Filinvest Development Corp. and Philippine Long Distance Telephone Co.

Manila North Tollways Corp. raised P7 billion in bonds to be listed with PDex on March 31.

San Miguel Brewery posted a 17-percent decline in net income to P12.5 billion in 2013 from P15.1 billion in 2012 due to foreign exchange fluctuations, which affected the company's dollar-denominated term loan facility as well as lower volumes because of the implementation of higher excise tax. **Jennifer B. Austria**

Stocks rise slightly; Metrobank, BPI up

THE stock market rose slightly Wednesday in mixed trading, with many investors watching on the sidelines and largely ignoring a rally on Wall Street overnight.

The Philippine Stock Exchange index added 12.16 points, or 0.2 percent, to 6,348.50. Gainers edged losers, 78 to 71, with 54 issues unchanged.

China Banking Corp., owned by the family of retail tycoon Henry Sy, rose 0.8 percent to P58.50. JG Summit Holdings Inc. of airline and retail tycoon John Gokongwei climbed 1 percent to P49.

Metropolitan Bank & Trust Co., the second-biggest lender in terms of assets, gained 0.5 percent to P79.90, while Bank of the Philippine Islands, the third largest, advanced 0.6 percent to P86.50.

DMCI Holdings Inc., which is into coal mining, power generation, construction and water distribution, climbed 1.4

percent to P70. Megaworld Corp., the biggest lessor of office space, rose 0.7 percent to P4.15.

Universal Robina Corp., the largest snack food maker, fell 1.3 percent to P136.40, while Petron Corp., the bigger of the two oil refineries, slumped 3.5 percent to P13.40.

Puregold Price Club Inc. of retail tycoon Lucio Co dropped 2 percent to P44.

The rest of Asian markets mostly rose Wednesday following a rally on Wall Street as dealers welcomed a better-than-expected jump in US consumer confidence to a six-year high, while there was muted response to a missile test by North Korea.

The euro eased slightly after the European Central Bank suggested it would be willing to further

loosen monetary policy as it grapples with low inflation.

Tokyo added 0.37 percent, or 53.97 points, to finish at 14,477.16; buoyed by investors picking up stocks to lock in dividends before the new tax year starts in April.

Sydney gained 0.75 percent, or 40.2 points, to 5,376.8 and Seoul rose 1.19 percent, or 23.06 points, to 1,964.31 while Hong Kong was 0.82 percent higher in the afternoon. But Shanghai eased 0.27 percent in late trade.

The three main indexes in New York enjoyed a rally on Tuesday, capping a two-session losing streak, after a closely watched confidence survey showed confidence among American consumers surging.

The Conference Board's index for March confidence came in at 82.3—its highest since January 2008—from 78.3 in February and far better than the 78.9 expected.

The Dow rose 0.56 percent, the S&P 500 added 0.44 percent and Nasdaq added 0.19 percent.

With AFP

Realtor posts 30% revenue growth

By Othel V. Campos

PROPERTY Company of Friends Inc. said Wednesday revenues grew 30 percent to P7 billion in fiscal year ending June 2013 from P5.4 billion a year ago.

ProFriends vice president for sales and marketing Richard Tay said the growth was led by the increase in manpower and company productivity.

"We're consistently growing by double digits every year. This fiscal year 2014, we expect another double-digit growth," Tay said in a news briefing at the Edsa Shangri-La Hotel in Mandaluyong City.

Tay said net income during the period reached P2.1 billion. He did not provide year-on-year comparison.

He also said the company would pursue a horizontal development in Mindanao, its first project in the region. ProFriends will initially develop 50 to 100 hectares of land in Mindanao into townhouses and single units within the economic housing category.

Tay said price points would start at P1 million, designed especially for first-time owners.

The company aims to address the backlog in housing infrastructure in Mindanao by introducing affordable housing packages, he said.

"This is our first project in Mindanao. We plan to start with something that has critical mass then we grow," Tay said.

He said the company saw the opportunity to bring development to Mindanao. Funding for the Mindanao project would come from a third long-term bond float of P4 billion in 2013.

BDO completes acquisition of Citibank Savings

By **DONNABELLE L. GATDULA**

BDO Unibank Inc. (BDO), the Sy Group's banking unit, has completed the acquisition of Citibank Savings Inc. (CSI), the local savings bank of global financial lender Citi Group.

In a disclosure to the Philippine Stock Exchange, BDO said it acquired 83.68 million shares or 99.9 percent of CSI in cash.

Citibank Savings will be renamed Banco De Oro Savings Bank Inc.

BDO president Nestor Tan earlier said the acquisition mode of the bank is consistent with the company's thrust to grow its business locally in preparation for the 2015 Asean Integration by expanding its

distribution network.

"(We want to focus on) local expansion. You have to have a strong local business before you can expand globally. Because for us, we don't want to spread too thinly while our resources are not properly deployed, we still see the local market as growing. There are still underpenetrated (unbanked) areas so why go elsewhere when our local market is still strong and still offer a lot of potential for growth," he said.

"We want to tap all sectors. According to BSP data, 80 percent of bankable is still not tapped," he added.

Phl 2nd 'most loved' equity fund in Asia

The Philippines is the second "most loved" equity fund market in Asia next only to India, according to the latest study of HSBC Global Research.

"India remains the most loved market in the region, followed by the Philippines and Thailand," the British bank said.

HSBC said the Philippine equities market is also in its favored list.

"In terms of our current views on Asian equities, we overweight the Philippines, Taiwan, Malaysia and Indonesia, and underweight Thailand, China and India," it said.

By industry type, HSBC said investors preferred utilities, healthcare and energy.

"They also remain overweight on cyclicals like materials and industrials, but they reduced exposure to both. Funds are underweight on telecoms, and financial, though they increased exposure to the latter. IT remains the least owned sector in the region," it said.

"Investors raised their exposure to Chinese equities to near five-year high levels. Interestingly, China funds suffered record weekly redemptions in mid-March. Still, China is overweight as the market fell faster than foreigners could sell. By sector, investors increased their exposure to utilities and energy, while they decreased their exposure to telecoms and IT," it added.

HSBC noted that in March, Asian emerging markets received positive foreign investment inflow, as investors favored selective markets.

"Funds that left Indonesia last year have now all returned; in China, despite record-high redemptions, funds have remained overweight," it said.

Among developed markets, investors maintained a positive stance on Singapore compared to Hong Kong, but reduced their exposure to both. Investors increased their exposure to Indonesia, but cut down on Korea and Taiwan's equity fund markets.

— **Donnabelle Gatdula**

Anchor Land hikes capex to P5B

Listed developer Anchor Land Holdings Inc. is boosting its capital spending to P5 billion this year to support the construction of several residential and commercial properties.

The property firm is also venturing into boutique hotels in partnership with the world's leading hotel operator the Accor Group.

Anchor Land CEO and vice-chairman Steve Li told reporters that the company is investing P5 billion this year, up from P44.5 billion a year ago.

The record capital spending would allow the company to complete the construction of 11 property projects that are under different stages of development, Li said.

For new projects, the real estate firm plans to launch two new residential development in Binondo in Manila, which would remain the focus of Anchor Land.

"(The property market) is getting more competitive. Buyers always look for value and they have more choices now," Li said.

Anchor Land intends to be a niche market player, benefiting from referrals to boost sales, Li said. The company has a strong

presence in Chinatown where it enjoys a solid following among the affluent Filipino-Chinese businessmen.

So far, around 70 percent of the company's clients are end-users, particularly those from the Binondo area, Li said.

"We are still in a healthy growth pace. We also try to balance, not just focusing on [residential] sales but we try to beef up our recurring income," Li said. It plans to start the construction of two new warehouse in Baclaran and Binondo.

The hotel venture also forms part of the company's efforts to increase its recurring income portfolio.

Upscale developer Anchor Land has partnered with the Accor Group would will manage the Admiral Boutique Hotel, the only five-star boutique hotel in the country.

The boutique hotel is part of the Admiral Baysuites development, which involves the revival of the historic Admiral Hotel into an upscale 53-storey condominium and European-inspired hotel.

The P1-billion Admiral Boutique Hotel would be the first MGallery Hotel in the

Philippines. Anchor Land would start renovating the hotel in the third quarter, allowing it to start operations in 2016.

"Once complete, this enchanting, historical hotel situated in a marvelous location in Manila will be the perfect showcase accommodation of what the MGallery hotel brand has to offer," said Accor chief operating officer Patrick Basset.

In 2009, Anchor Land bought the Admiral Hotel from the Lopez-Araneta family. Since being built in 1939, the Admiral Hotel has catered to some of the most prestigious guests and families in the Philippines.

The Accor Group is present in 92 countries with more than 3,600 hotels under its wing, offering over 460,000 rooms.

The MGallery brand is a collection of upscale hotels created by the Accor Group in 2008. It now has 60 hotels in five continents, including Hotel Burdigala in France, Grand Visconti Palace in Italy, Francis Hotel Bath in United Kingdom, The Como in Australia and Hotel Muse Bangkok in Thailand.

The MGallery Collection is pursuing its international expansion to reach more than 100 establishments in 2015. —Neil Jerome Morales

Ayala Land bond offer gets highest rating

Property giant Ayala Land Inc. (ALI) has secured the highest credit score for its planned P15-billion bond sale.

"Obligations rated PRS Aaa are of the highest quality with minimal credit risk. The obligor's capacity to meet its financial commitment on the obligation is extremely strong," said Philippine Rating Services Corp. (PhilRatings).

The local credit rater said it took note of ALI's "well diversified portfolio with a sizable and strategic landbank for future expansion complemented by solid brand equity and a highly-experienced management team."

It also considered the favorable outlook for the real estate, ALI's continuously growing profitability coupled with healthy cash flow generation and sound capitalization

with manageable debt levels.

Last month, the property arm of the Ayala conglomerate secured board of directors' approval to issue up to P15 billion worth of bonds to be sold in a general public offering. The bonds that will mature in 2025 will partially fund the capital expenditures of the company for this year.

ALI will spend P70 billion this year, up from P66.26 billion in 2013, to complete ongoing developments and new launches to help sustain the growth trajectory in the coming years. It also plans to launch 78 projects this year with an estimated value of P142 billion.

Last year, ALI raised P21 billion from several tranches of bonds, which were also rated PRS Aaa by Philratings.

"ALI is one of the largest real estate con-

glomerates in the Philippines," Philratings said, adding that it is also into office, shopping centers and hotel operations.

ALI operates under five major brands – Ayala Land Premier for the upscale segment, Alveo Land for the upper and middle-income segment, Avida Land, Amaia Land for economic housing and BellaVita for socialized housing.

"The company maintained a sound capital structure with debt-to-equity ratio at 0.91x as of end 2012 and 1.04x as of end 2013, despite its aggressive expansion supported by debt," Philratings said.

The credit rater said that from 2011 to 2013, ALI was able to maintain its strong profitability backed by the strong sales take-up of its projects and the steady growth of its recurring income streams. – Neil Jerome Morales

Phl stocks inch up on late buying

Late buying on the back of improving consumer confidence in the US allowed the local stock market to shrug off a timid trading session.

The Philippine Stock Exchange index rose 0.19 percent or 12.16 points to 6,348.50, ending near the intraday high of 6,351.01. The broader all shares index inched up 0.12 percent or 4.58 points to 3,833.82.

Justino Calaycay Jr., an analyst at Accord Capital Equities Corp. said "a late-surge of buying saved the day, pushing the measure 12 points higher and continuing the market's alternating

gains and losses."

Early in the day, the rebound in overseas markets failed to encourage investors ahead of the policy meeting of the Bangko Sentral ng Pilipinas, Calaycay said.

On Tuesday, Wall Street recovered on the back of gains in the biotechnology sector while consumer confidence picked up more than expected in March, its highest since January 2008.

The Dow Jones industrial average rebounded 0.56 percent or 91.19 points to 16,367.88 while the

broader Standard & Poor's 500 index rose 0.44 percent or 8.18 points to 1,865.62.

The positive sentiments in the US and easing tensions in Ukraine buoyed Asian markets. Japan's Nikkei 225 gained 0.37 percent or 53.97 points to 14,477.16.

Most local counters were in the positive territory, led by holding firms that added 0.6 percent or 34.74 points to 5,821.10. But industrial firms shed 0.58 percent or 56.31 points to 9,692.04 while financials dropped 0.02 percent or 0.25 point to 1,512.52.

Puregold profit jumps 46% to P3.96 B

By NEIL JEROME C. MORALES

Grocery chain Puregold Price Club Inc. nearly breached the P4-billion profit mark last year due to strong sales in both existing and new supermarket branches.

In a regulatory filing, the grocery unit of Lucio and Susan Co said reported Puregold's net income surged 46 percent to P3.96 billion from P2.72 billion in 2012. Net profit margin also improved to 5.4 percent from 4.7 percent a year ago.

Puregold said its consolidated net sales rose 27 percent to P73.18 billion from P57.47 billion year-on-year.

"The 27-percent growth in consolidated net sales was essentially due to the huge sales turnover of the 150 Puregold and six S&R stores operating as of the end of 2012," the company said.

The grocery chain said it also ben-

efited from the sales contribution of the 40 new Puregold and two S&R stores that opened in 2013, and the 15 Company E stores acquired in the first quarter.

The listed firm ended 2013 with 213 Puregold and S&R stores in operations.

Puregold is set to continue its rapid expansion program this year as it targets to put up a minimum of 25 new stores nationwide.

The country's second largest grocery chain will spend around P3 billion to expand its footprint in the vibrant retail sector.

Puregold earlier counted close to 500 cities and first class municipalities nationwide that it can tap for new stores.

From just one store in 1998, Puregold has grown to be the closest competitor of grocery giant SM Retail Inc.