CLSA

Filinvest Land

P1.88 - BUY

Initiating coverage

A value play in real estate

Unlocking value across all segments

Over the years, Filinvest has transformed itself into a diversified property developer with a focus on the Filipino residential market coupled with rising exposure to office and retail. Thanks to a government infrastructure push, visible developments in both air and land travel to Clark have increased the value and opportunities for the assets of Filinvest, making it a clear beneficiary in the area. FLI has comfortably delivered a rising ROE and has sustained its payout ratio over the years. Given its clean track record and healthy prospects across segments, we believe FLI should command a premium to its historical valuation. We reinitiate coverage with a BUY rating and P3.85 target price.

Mass and middle-income market player

In spite of the unfavourable stage in the real estate (RE) cycle, Filinvest is strategically positioned to capture growth in the middle-income segment. Given its larger exposure to areas outside Metro Manila, we expect presale growth to continue. The firm also has a sizable land bank of 2,390ha in key growth areas equivalent to over 10 years of development.

Ramping-up the recurring steams

The company was a pure RE play over a decade ago but now its leasing streams account for 29% of its Ebit. Based on its current pipeline, office and retail space will more than double from 463k (in 2016) to 1.01m sqm in 2020. We forecast this segment’s Ebit to double from P2.5bn to P5.4bn by 2020 (ie. a 23% Cagr), increasing its contribution to 40% of the total.

The clear Clark winner

With close to 500ha of land in Clark, FLI is set to benefit from further developments in infrastructure for both air and land travel. It has planned two mixed-use estates (Clark Mimosa and Clark Green City) with Clark Mimosa expected by the company to generate income by FY18. We are confident as FLI has a track record of building estates in key growth areas such as its 69ha reclamation project in Cebu and synergy with its parent FDC.

Still a value trap?

With prospects for both developmental and leasing assets healthy coupled with improved accessibility to Clark, we believe FLI can now command a premium to its historical valuation. We set our discounted NAV-based target price at P3.85, representing a 40% discount to NAV. The stock trades below BV and its mean. Our target implies an 18CL PE of 13.9x and PB of 1.4x.

Financials

Year to 31 December	15A	16A	17CL	18CL	19CL
Revenue (Pm)	17,003	17,640	19,747	21,928	24,449
Net profit (Pm)	5,012	5,247	5,878	6,560	7,426
EPS (P)	0.21	0.22	0.24	0.27	0.31
CL/consensus (7) (EPS%)	-	-	99	102	100
EPS growth (% YoY)	10.4	4.7	12.0	11.6	13.2
PE (x)	9.1	8.7	7.8	7.0	6.1
Dividend yield (%)	3.0	3.2	3.4	3.8	4.3
FCF yield (%)	9.1	9.2	7.6	6.7	8.2
PB (x)	0.8	0.8	0.7	0.7	0.6
ROE (%)	9.4	9.2	9.6	10.0	10.4
Net debt/equity (%)	76.9	81.4	84.8	88.9	91.5

Source: CLSA

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21 August 2017

Philippines

Property

Reuters	FLI.PS
Bloomberg	FLI PM

Priced on 17 August 2017
Phils Phisix @ 8,072.8

12M hi/lo P1.95/1.49

12M price target P3.85
±% potential +105%

Shares in issue 24,249.8m
Free float (est.) 38.8%

Market cap US$887m

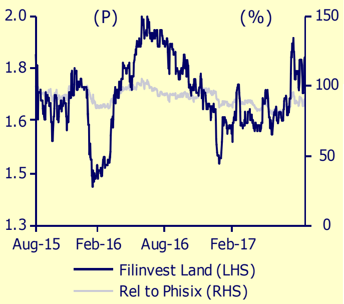
3M average daily volume
P28.7m (US$0.6m)

Foreign s'holding 29.2%

Major shareholders
Filinvest Development Corp. 59.4%

Stock performance (%)

	1M	3M	12M
Absolute	(3.6)	14.6	(2.5)
Relative	(5.2)	11.1	(4.0)
Abs (US$)	(5.0)	11.0	(12.1)



Source: Bloomberg

A value play in real estate

Over the years, Filinvest has transformed itself into a diversified property developer with a focus on the Filipino residential market coupled with rising exposure to office and retail. Thanks to a gov't infrastructure push, visible developments in both air and land travel to Clark have increased value and opportunity for the assets of Filinvest, making it a clear beneficiary in the area. FLI has comfortably delivered a rising ROE and sustained payout ratio over the years. Given its clean track record and healthy prospects across segments, we believe FLI should command a premium to historical valuations. We reinitiate coverage with a BUY rating and P3.85 target price.

Mass and middle-income market player

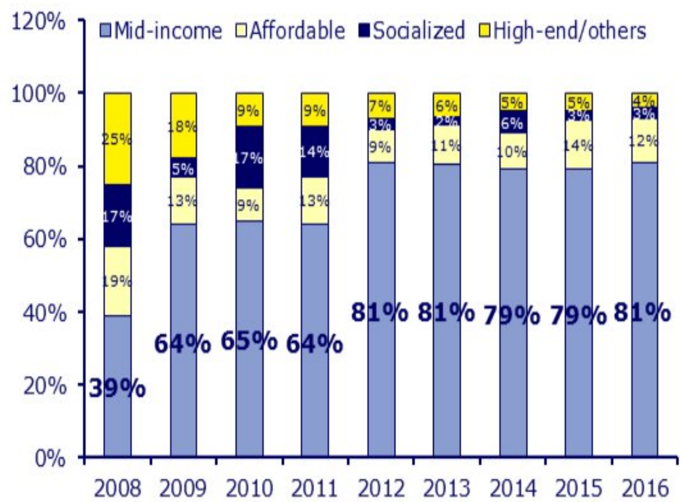
Core Filipino housing developer

In spite of an unfavourable stage in the RE cycle, Filinvest is strategically positioned to capture growth in the middle-income segment. From being a sole socialised housing market developer, it was able to branch out into the middle-income market.

FLI was able to participate in the residential boom in Manila over the past five to seven years, which led to a pre-sales Cagr of 19% during 2008-16. However, in recent years, it has slowly shifted its focus back to areas outside Metro Manila. In spite of an unfavourable stage in the RE cycle, we still expect a residential revenue Cagr of 6% for 2017-20.

Figure 1

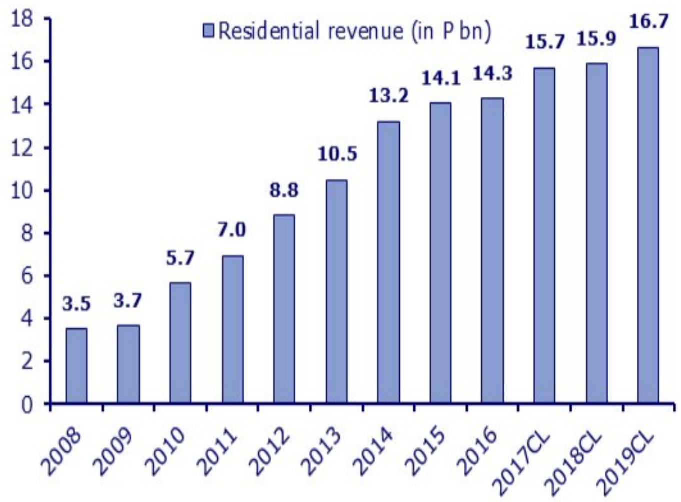
Residential sales mix by segment



Source: CLSA, Filinvest

Figure 2

Residential revenues



Source: CLSA, Filinvest

The firm will continue to focus on the mass-middle income segment with a larger weighting on it. Below is a short description of its brands and target market. Filinvest targets roughly 91% of the working Filipino population.

Figure 3

Residential market statistics

Annual income bracket (P)	Percentage of income bracket	Segment	Price range	FLI exposure
0-250,000	**83%**	**Socialised housing**	**400,000-1,000,000**	**3%**
250,000-400,000	**8%**	**Affordable housing**	**1,000,000-2,500,000**	**12%**
400,000-800,000	**6%**	**Affordable - middle income**	**1,500,000-5,000,000**	**81%**
800,000-2,000,000	**2%**	**Upscale - high-end**	**4,000,000-12,000,000**	**4%**
2,000,000-5,000,000	1%	High-end	8,000,000 and above	0%
Over 5,000,000	0.1%	High-end	8,000,000 and above	0%

Source: CLSA

We remain confident that FLI will be able to deliver and capture this market where it has specialised over the years. Moreover, Filinvest is heavily exposed in segments where there is a majority of the housing backlog.

In terms of geographic focus, FLI will continue to expand in areas outside of Metro Manila dubbed as the "zoom towns" of the Philippines. If we take a look at its land bank, about 66% is in the Calabarzon area (Cavite, Laguna, Batangas) followed by Central Luzon at 22% (Bulacan, Pampanga - Clark), with the remaining 11% in the Vismin zoom towns (Cebu, Ilo-Ilo, Bacolod, Dumaguete, Davao and Cagayan de Oro).

Calabarzon – Cavite, Laguna, Batangas

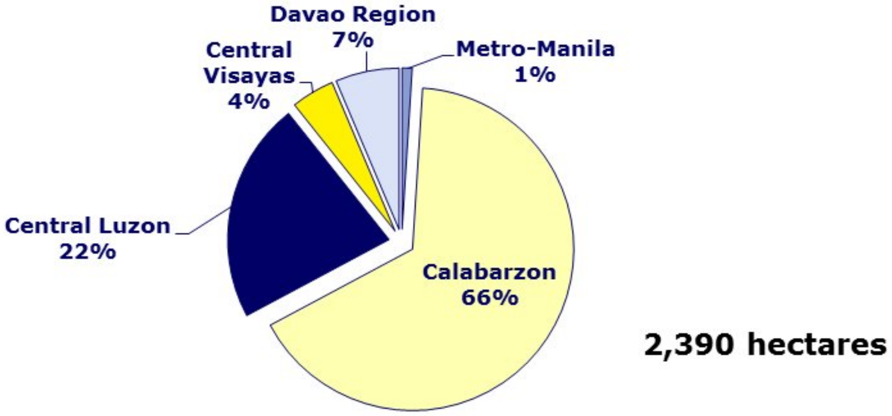
Central Luzon (Bulacan, Pampanga – Clark)

Davao Region (Davao, Cagayan de Oro)

Central Visayas (Cebu, Bacolod, Ilo-Ilo)

Figure 4

FLI land bank breakdown



Source: CLSA, Filinvest

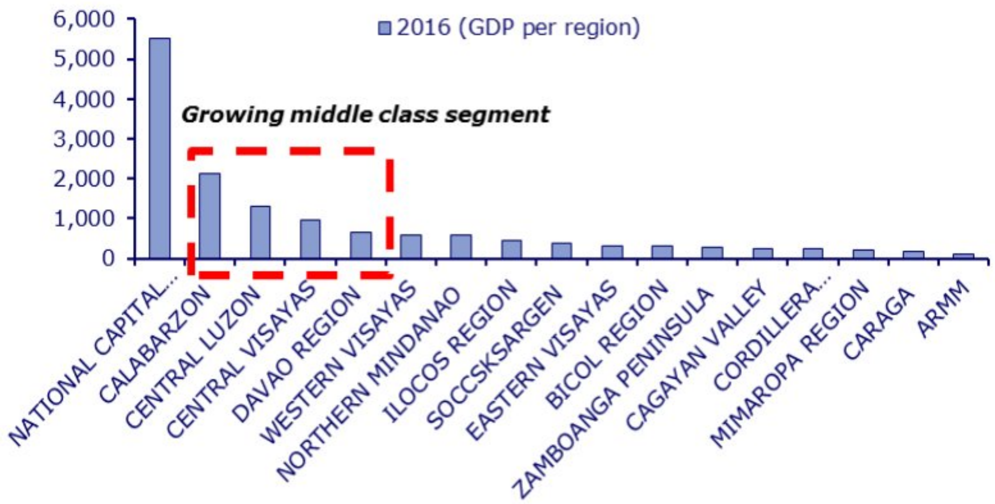
On economic activity, the National Capital Region accounts for 38% of total GDP. This is followed by Calabarzon (15%), Central Luzon (9%), Central Visayas (7%) and the Davao region (4%). Weighting to GDP, this fits comfortably on FLI's land bank which implies long-term growth. Moreover, Filinvest's 2,390 hectares of land bank is equivalent to 10 years of development.

FLI's land bank exposure ex-MM accounts for 35% of GDP

Zoom towns of the Philippines

Figure 5

GDP breakdown per region (in P bn)



Source: CLSA, CEIC

Given its already large exposure outside of Metro Manila, we think that pre-sales can be sustained on a steady geographical base. We expect pre-sales to expand at a three-year Cagr of 5% during 2017-20 ie only 2ppt below its 2013-16 Cagr of 7%. The bulk of which will be focused on the affordable/middle-income segment.

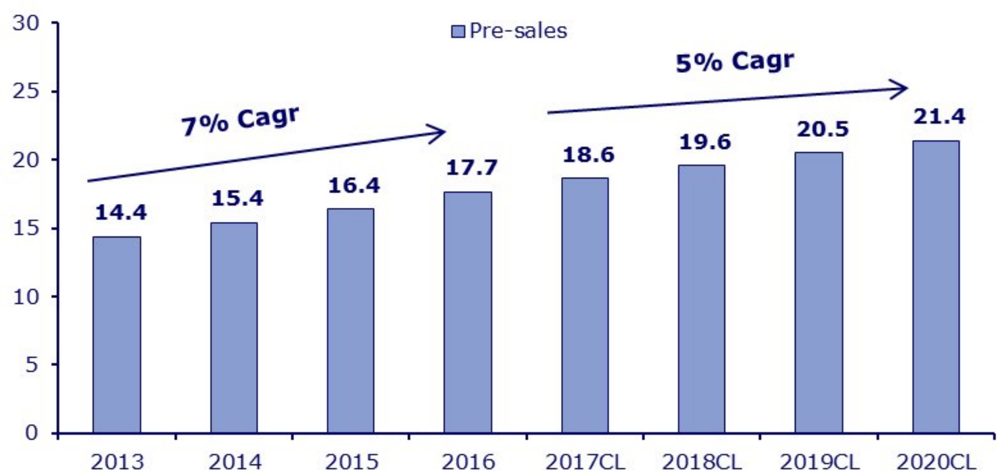
One of the few companies to sustain pre-sales growth

5% Cagr 2017-20CL in presales

Slightly below 7% Cagr recorded in 2013-16

Figure 6

Pre-sales forecasts



Source: CLSA, Filinvest

Ramping-up the recurring streams

Filinvest Land continues to diversify its revenue pie through its aggressive roll-out in its leasing assets across both office and retail. In the last three years (2014-16), it added about 128.7k sqm of space to its portfolio. Based on the current pipeline of expansion, FLI expects to add another 546.7k sqm of space across office (336.5k sqm) and retail (+210.2k sqm). This would double its leasable space by 2019 to 1.01m sqm from 463k sqm in 2016.

546,700 sqm of space across office and retail is expected from 2017 to 2019

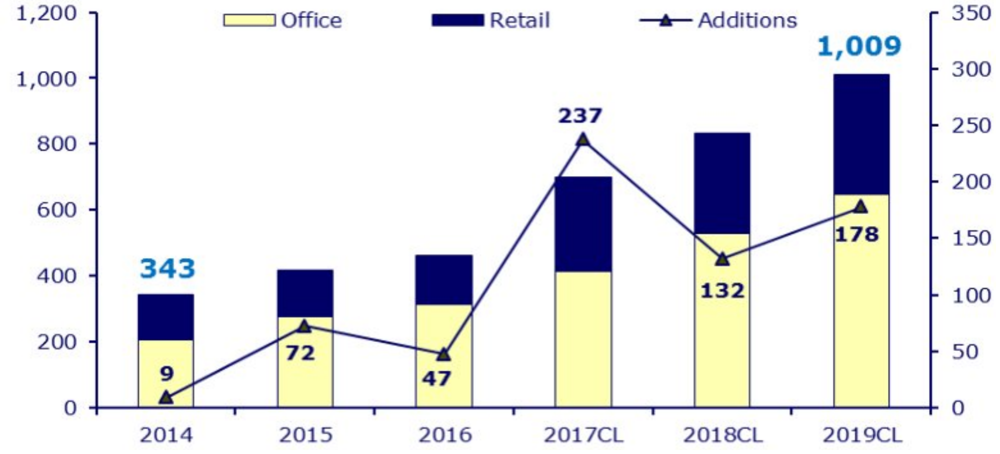
Cumulative GLA by 2019 – 1.01m sqm

Areas of focus (office): Alabang, Cebu, Quezon City, Clark

Areas of focus (retail): Alabang, Tagaytay, Cebu, Ortigas, Cavite

Figure 7

GLA expansion (office and retail) in thousands



Source: CLSA, Filinvest

Still largely driven by office, the expansion would be geared towards Alabang, Cebu, Quezon City and Clark. Essentially occupancy rates for the group have remained favourable given that the expansion phase only started in 2015. Based on company data, occupancy rates for office remain at the 100% level with retail steady at 93%. Given the pipeline of expansion, we expect this to drop given the massive supply coming in the next three years but normalise after tapering off. For office, bulk of the expansion will be from existing clients in the BPO space. Moreover, Philippine offshore gaming operators have tapped FLI this year, with over 36k sqm of space taken up (in the Bay area).

Dip on rapid expansion but should recover

Largest expansion to date in 2017

Figure 8

Occupancy rates

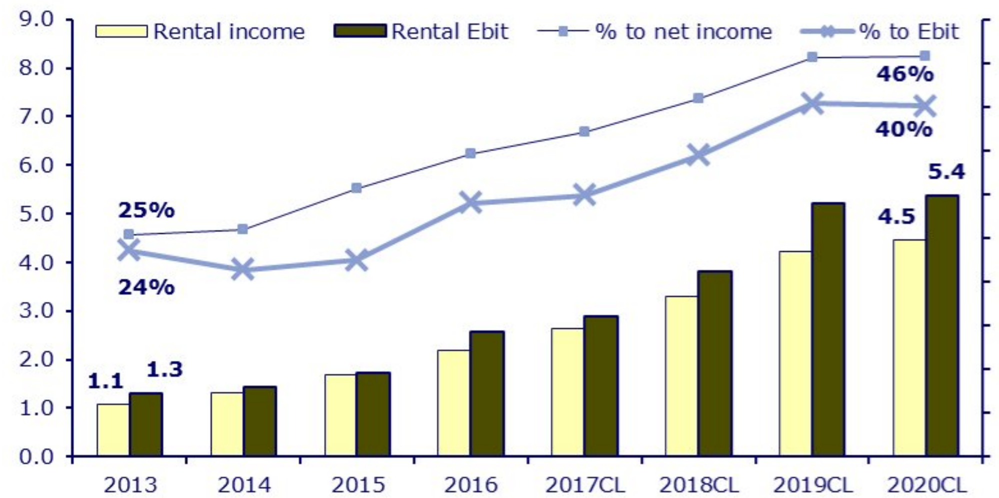
Source: CLSA, Filinvest

From being a pure residential play over a decade ago, FLI's leasing streams now account for 29%/35% of Ebit/net income as of the end of 2016. We forecast this segment to hit P5.4bn/P4.5bn by 2020 (23%/11% Cagr) in Ebit and net income, increasing its contribution to 40% and 46%, respectively (of the total).

We expect leasing to increase its exposure from 35% of net income to 46% by 2020

Figure 9

Leasing income and percentage to total (in P bn)



Source: CLSA, Filinvest

The clear Clark winner

With close to 500 hectares worth of land in Clark, Pampanga, FLI is set to benefit from further development in infrastructure for both air and land travel. Moreover, it has planned two estates (Clark Mimosa and Clark Green City) that will be mixed-use, with the company expecting Clark Mimosa to generate income by FY18. Both projects are on long-term leases for 50 years and an option to extend. We expect a larger contribution on a three-to-five year horizon.

A quick primer on the Clark assets

Clark Mimosa: Last year, Filinvest Land and parent Filinvest Development Corp bagged the rights to lease, develop and operate the 202 hectare development of the former Mimosa Leisure Estate in Clark, Pampanga. There is an operating hotel with 303 rooms and 34 villas under the Holiday Inn brand together with a 36-hole golf course.

Figure 10

Clark Mimosa

Land bank (ha)	Partners	Segments available (FLI only)	Term	Ownership structure	Distance from Manila	Revenue contribution
202	Filinvest Development Corp and Clark Dev Corp	Office, retail, residential	50 years (option to extend by 25 years)	(FLI - 47.5%) (FDC - 47.5%) (CDC - 5%)	100km	1Q18

Source: CLSA, Filinvest

FLI is set to turnover its first office building with a GLA of 8,57 sqm by 4Q17. The plan for this estate is to have six office buildings and one retail establishment that will add a cumulative base of 100k sqm over the next three to four years. We understand that there is also a residential component but it has yet to be disclosed officially.

First office building set for turnover in 4Q17

Figure 11

Master plan of Mimosa

Source: Filinvest

Clark Green City (CGC)**:** Filinvest and its partner, the state-run Bases Conversion and Development Authority (BCDA), will develop the first phase (288 hectares of the total 9,450). Of the 288ha, 108ha would be allocated to an industrial park with the remaining 180ha a mixed-used development (residential, office, commercial). The BCDA has already started construction of primary access roads to CGC. It expects to start breaking ground for property development in 2019.

Figure 12

Clark Green City

Land bank (ha)	Partner	Segments available (FLI only)	Term of operation	Ownership structure	Distance from Manila	Revenue contribution
288	BCDA	Office, retail, residential, industrial	50 years (optional 25yr extension)	(FLI - 55%) (BCDA - 45%)	100km	Post-2022 (CL)

Source: CLSA, Filinvest

FLI will participate in the first phase of the 288ha land out of the total 9,450 ha

Figure 13

Master plan of Clark Green City

Source: Filinvest

What's next on the table for Clark, Pampanga?
Clark, Pampanga, is roughly 100km away from the central business district (CBD). On a bad day, travel time is at least two hours. Fortunately, the current administration's push to some projects is a visible potential catalyst for land values in the north.

We have seen this happen south of Metro Manila - when infrastructure improved, land values in Alabang, Laguna and Cavite increased. North of the metro is Clark, Pampanga, where both of FLI's estates are situated.

Two key infrastructure projects are vital for a speedy increase in foot traffic and land value of the area:

1) Clark International Airport expansion and

2) the 106km Manila-Clark railway project.

Our conglo/infra analyst Jose Paolo Fontanilla says this regarding the two projects:

Clark International Airport expansion. *The Philippine government is set to launch the bidding process for the construction of the P12.55bn Clark International Airport Expansion Project. This would be the first project under the hybrid public-private partnership (PPP) model of the current administration wherein the government would build a particular infrastructure project and then operations and maintenance (O&M) would be passed on to the private sector. Clark has* ***annual capacity of around 4.2m*** *passengers although it was under-utilised with less than 1m using the airport in 2016. The* ***new passenger terminal shall double the capacity to 8m****. Based on the experience of the Mactan-Cebu International Airport, it takes about* ***two to three years to build a passenger terminal****."*

Manila-Clark railway project. "*In-line with the airport expansion is the P255bn 106km Manila-Clark railway project, which will vastly improve the viability of Clark airport by* ***cutting travel time from over two hours to only 55 minutes.*** *Construction of the railway is set to start in 4Q 2017 and due to be complete by the last quarter of 2021. The Philippine government seeks to fund this through Official Development Assistance (ODA) of Japan."*

Figure 14

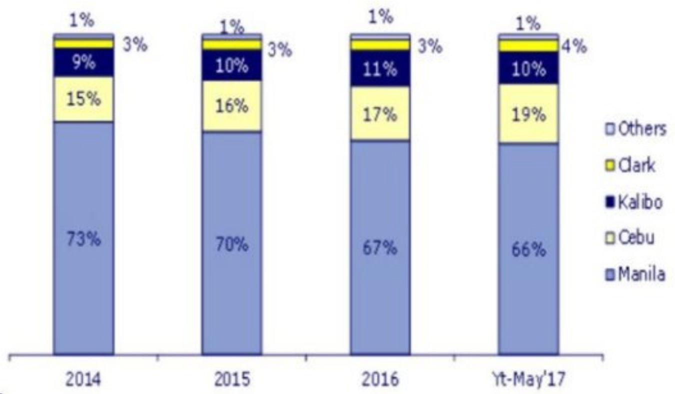
Timetable of projects

Project	Funding method	Engineering, procurement and construction (EPC)	Operations and maintenance (O&M)	Estimated project completion
Clark International Airport	Hybrid PPP	Nov 17	17-Dec	4Q 2019
Manila-Clark Railway	Official Development Assistance (ODA)	17-Sep	N/A	4Q 2021

Source: CLSA

Figure 15

Market share of the PH airports as % of total entries



Source: Department of Tourism

Figure 16

Manila-Clark Railway Project

Source: Department of Transportation, BCDA

Track record and synergies

FLI has two developments in the 300ha reclaimed South Road Properties project in Cebu City. In 2015, Filinvest increased its presence there as it won the bidding of a 19ha lot that complements its existing 50ha-mixed used development (City di Mare), bringing its total exposure to reclaimed land to 69ha.

Mixed-used development (residential, commercial, office)

Figure 17

City di Mare

Source: Filinvest

The grand plan is to have residential (low- and medium-rise), commercial, office and hotels. As of the latest update, it has developed two residential condominium clusters called Amalfi and Sanremo Oasis. Nine residential buildings in these existing projects are ready for occupancy already. Moreover, FLI will have the guidance of its parent, Filinvest Development Corp, which developed Filinvest City in Alabang, which is 244ha of mixed-used development. This is roughly 20-25km away from the CBD.

FDC's major estate project comprising of 244 hectares

Figure 18

Filinvest City (Alabang)

Source: CLSA

We are confident as FLI has a track record of building estates in key growth areas such as its 69ha reclamation project in Cebu City and also the guidance of its parent, FDC, on both Clark Mimosa and Clark Green City.

Impact on FLI's NAV

With both projects expected to be completed in the next three to four years, we can expect land values in the area to spike upon completion.

Today, average land values in Clark, Pampanga, are at around P15,000/sqm. Relating this to FLI, its attributable land bank value in both projects accounts for 17.4% of its discounted NAV.

- Should land values increase by 40%/50%/60%, then the contribution to total discounted NAV would rise to 23%/24%/25%, respectively.

- After applying the discount to NAV, our fair value estimate for its discounted NAV would be in the range of P4.11-P4.25 or an increase of 7-10% from our base case of P3.85 (see Figure 19).

While both projects are still up for awarding on EPC and O&M, it remains a matter of timing and completion of the projects. Decongestion of Metro Manila will directly benefit the company both in the north and south of the metro.

Land bank used

- *Attributable land bank to Clark Green City is 158.4 hectares or 55% (effective stake) of the 288 hectares.*

- *Attributable land bank to Clark Mimosa is 95.9 hectares or 47.5% (effective stake) of the 202 hectares.*

Figure 19

Sensitivity of NAV to increase in land values

	Base case		40%		50%		60%	
Land value (P)	**15,194**		**21,271**		**22,791**		**24,310**	
Location	**Clark Green City**	**Clark Mimosa**	**Clark Green City**	**Clark Mimosa**	**Clark Green City**	**Clark Mimosa**	**Clark Green City**	**Clark Mimosa**
Attributable land bank (ha)	1,584,000	959,500	1,584,000	959,500	1,584,000	959,500	1,584,000	959,500
Attributable land bank (P m)	24,067	14,578	33,694	20,410	36,101	21,868	38,507	23,326
Efficient land bank (70%)	16,847	10,205	23,586	14,287	25,270	15,307	26,955	16,328
NAV/share	**0.7**	**0.4**	**1.0**	**0.6**	**1.0**	**0.6**	**1.1**	**0.7**
NAV/share (consolidated)	**1.1**		**1.6**		**1.7**		**1.8**	
FLI NAV/share	6.4		6.9		7.0		7.1	
discount	40%		40%		40%		40%	
discounted FLI NAV/share	**3.85**		**4.11**		**4.18**		**4.25**	
% increase from base case			7.0%		8.7%		10.4%	
% contribution to NAV	17.4%		22.8%		24.0%		25.2%	

Source: CLSA

Still a value trap?

With prospects for both developmental and leasing assets healthy coupled with visible asset price appreciation from Clark, we believe FLI can now command a premium to its historical valuations. ROE continues to improve while it offers an attractive yield potential of ~3.5%. We are BUYers of FLI.

Figure 20

PE band

Source: CLSA

Figure 21

PB band

Source: CLSA

We set our discounted NAV-based TP at P3.85, representing a 40% discount to NAV. Our 40% discount to NAV is a premium to historical average of 60% mainly due to 1) sustained growth in residential (in spite of a down cycle) 2) ramp-up of recurring streams and 3) unlocking of land value arising from the government's infrastructure push (especially in Clark). The 40% discount is still a huge spread against heavyweights ALI (25%) and SMPH (16%).

Figure 22

NAV-based target price calculation

Average	Value	Per share	% of NAV	Comments
Gross land bank	211,104	9		
Efficiency	61%			
Efficient land bank	128,742	5	83%	Market prices, 61% average efficiency
Residential inventory	39,241	2	6%	DCF, 7.5% WACC
Rental	48,314	2	9%	9% cap rate
Other investments	16	0	2%	Book value
Net cash	(61,142)	(3)	(10%)	
Gross value	155,171	6	103%	
Minority interests	255	0	(3%)	
Net asset value	155,426	6	100%	
No. of shares (th)	24,250			
NAVps	6.41			
Discount	40%			
Target price	3.85			

Source: CLSA

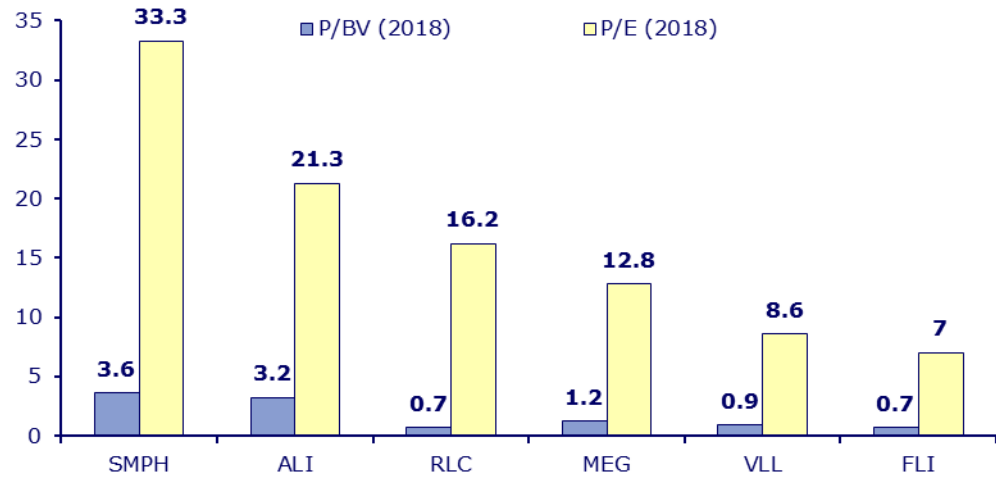
The stock trades well below its BV and its mean offering an attractive entry point. Our target price implies an 18CL PE of 13.9x and PB of 1.4x. On both PE and PB levels, this puts it close to its peers though still trailing well below the big two, ALI and SMPH (see Figure 23).

CLSA coverage – SMPH, ALI, FLI

Bloomberg estimates – RLC, MEG, VLL

Figure 23

Relative valuations

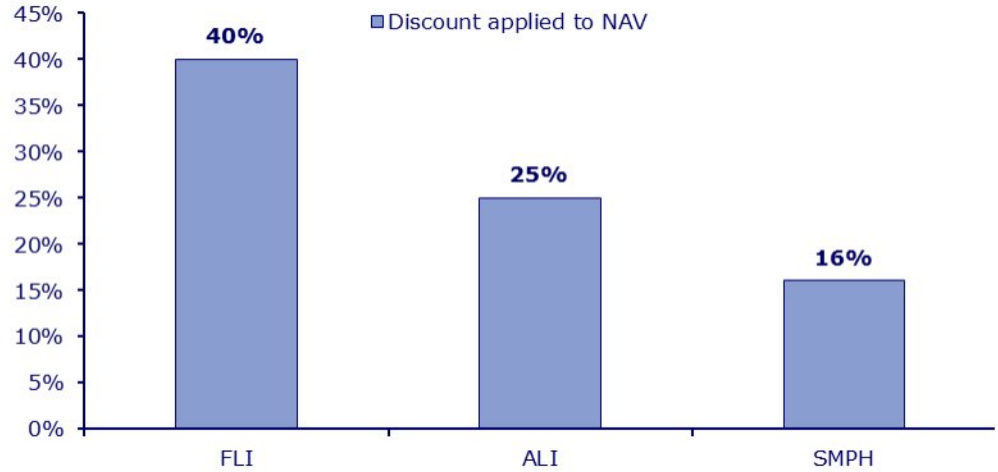


Source: CLSA, Bloomberg

Still a large spread against heavyweights ALI and SMPH

Figure 24

Discount to NAV (CLSA coverage)

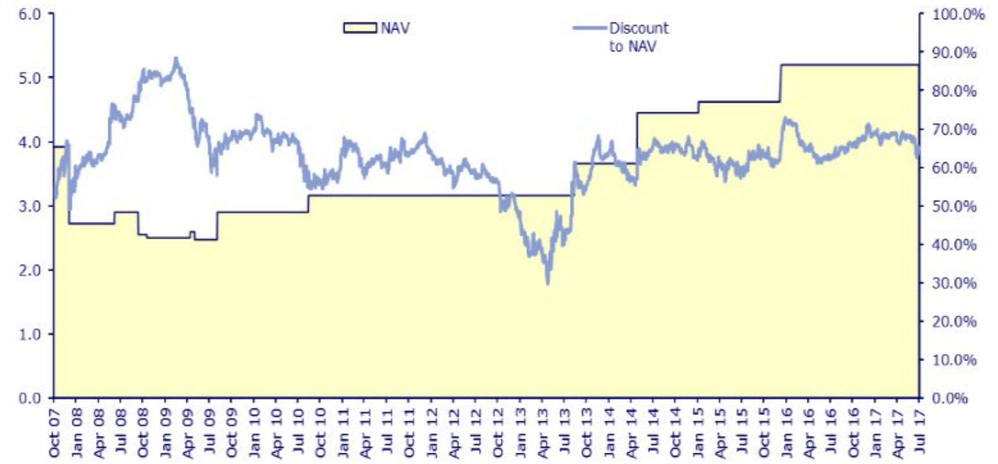


Source: CLSA

Running average of 60%

Figure 25

FLI's discount to NAV



Source: CLSA

Figure 26

Earnings and balance-sheet risk scores (lower the better)

	Score	Comments
Earnings-quality flags		
Capex indiscipline		
Cash burn	0	
Rising non-core or intangibles	0	
Rising working capital	1	Expansion across both developmental and leasing assets
Poor cash conversion	1	Due to the strong take up in residential, though current levels are still comfortable
Earnings-quality risk score (EQRS)	**2/4**	
Balance-sheet-quality flags		
Cash burn	0	
Excessive leverage	1	Relatively high Capex spent during the expansion phase
Frequent fundraising	1	May tap debt markets to fund Capex though gearing ratios remain healthy
Liquidity concerns	0	
Operational stress	0	
Balance-sheet-quality risk score (BQRS)	**2/5**	

Source: CLSA

Valuation details

We use a discounted NAV approach to value Filinvest Land Inc. Land bank, which comprises the majority of NAV, is valued using forecast market prices. To value the company's residential inventory, the net present value of expected cash flows from end-2018 residential inventory is computed using a 7.50% WACC. To value its leasing businesses, a cap rate of 9% is applied on both its office and retail segments. Net cash/(debt) is added to the sum of the aforementioned components to arrive at the NAV. A discount of 40% is applied as we believe a narrowing from its 60% historical average is warranted on the back of the new government's commitment to countryside development, which bodes well for the company, as well as its growing recurring income base.

Investment risks

Rising interest rates is a key risk to Filinvest Land Inc. Should rates rise by considerably more than 100bp, we believe that it would have a negative impact on the company’s residential development business. A weakening economy and along with it weakening consumption and rising unemployment is also a key risk to FLI as this could weaken demand for property among households as well as demand for office and retail space among businesses.

Company outline

The business

Filinvest Land has evolved into a full-range property developer that offers vertical and horizontal residential projects across different income brackets. However, it remains best-known for mid-rise and house and lot projects catering to the affordable bracket. While the company continues to launch end-user oriented housing projects outside of Metro Manila, it has also embarked on an aggressive leasing expansion programme under which it plans to nearly double its retail and office gross leasable area from a combined 496k sqm in 2015 to 966k sqm by 2020.

Competition & market franchise

The company is one of the country's biggest housing developers and has a strong brand in the lower-end residential market. It has complemented this by linking up with the government through Pag-IBIG, or the Home Development Mutual Fund. The company has more than 2,300 hectares of land mostly in the rapidly urbanising provincial areas on the periphery of Metro Manila. However, it has launched several projects in the Visayas-Mindanao regions and recently acquired substantial properties north of Metro Manila, particularly in the emerging Clark Green City.

Peer/customer matrix

Peers	PE (x)	PB (x)	Div yld (%)	ROE (%)	Gearing (%)
Ayala Land (ALI.PS)	30.4	4.3	1.1	9.7	80.4
Filinvest Land (FLI.PS)	7.7	0.7	3.3	9.7	83.7
Megaworld (MEG.PS)	12.8	1.2	1.1	9.5	35.9
Robinsons Land (RLC.PS)	15.8	1.4	1.5	9.8	59.8
Rockwell Land (ROCK.PS)	5.8	0.7	2.8	13.0	89.3
SM Prime (SMPH.PS)	42.2	4.3	0.7	6.9	69.5
Vista Land (VLL.PS)	8.6	0.9	1.9	11.6	87.6

Based on latest reported numbers from IBES for non-covered stocks and from CLSA analyst models for covered stocks. Source: CLSA, IBES

evalu@tor
The Global Equities Database

Summary financials

Year to 31 December	2015A	2016A	2017CL	2018CL	2019CL
Summary P&L forecast (Pm)					
Revenue	**17,003**	**17,640**	**19,747**	**21,928**	**24,449**
Op Ebitda	6,450	6,587	7,549	8,653	9,907
Op Ebit	5,958	6,067	7,006	8,014	9,264
Interest income	808	872	872	872	872
Interest expense	(884)	(1,073)	(1,188)	(1,305)	(1,424)
Other items	491	989	989	989	989
Profit before tax	**6,374**	**6,854**	**7,678**	**8,569**	**9,701**
Taxation	(1,275)	(1,504)	(1,684)	(1,880)	(2,128)
Minorities/Pref divs	(87)	(104)	(116)	(129)	(147)
Net profit	**5,012**	**5,247**	**5,878**	**6,560**	**7,426**
Summary cashflow forecast (Pm)					
Operating profit	**5,958**	**6,067**	**7,006**	**8,014**	**9,264**
Operating adjustments	416	788	672	555	437
Depreciation/amortisation	492	521	544	639	643
Working capital changes	(2,834)	(3,535)	(3,067)	(4,293)	(4,474)
Net interest/taxes/other	123	344	(1,684)	(1,880)	(2,128)
Net operating cashflow	**4,155**	**4,185**	**3,471**	**3,036**	**3,742**
Capital expenditure	-	-	-	-	-
Free cashflow	**4,155**	**4,185**	**3,471**	**3,036**	**3,742**
Acq/inv/disposals	(5,481)	(7,252)	(7,681)	(8,296)	(8,794)
Int, invt & associate div	16	117	-	-	-
Net investing cashflow	**(5,465)**	**(7,135)**	**(7,681)**	**(8,296)**	**(8,794)**
Increase in loans	7,416	5,542	5,728	5,828	5,878
Dividends	(1,465)	(1,599)	(1,552)	(1,739)	(1,941)
Net equity raised/other	(2,353)	(2,717)	0	0	-
Net financing cashflow	**3,598**	**1,226**	**4,175**	**4,089**	**3,937**
Incr/(decr) in net cash	**2,288**	**(1,723)**	**(35)**	**(1,171)**	**(1,115)**
Exch rate movements	-	-	-	-	-
Opening cash	**4,309**	**6,596**	**4,873**	**4,838**	**3,666**
Closing cash	**6,596**	**4,873**	**4,838**	**3,666**	**2,551**
Summary balance sheet forecast (Pm)					
Cash & equivalents	6,596	4,873	4,838	3,666	2,551
Debtors	19,455	21,786	23,895	27,436	31,594
Inventories	25,239	25,906	28,271	30,212	32,023
Other current assets	9,473	10,026	10,026	10,026	10,026
Fixed assets	51,704	58,205	65,343	72,999	81,150
Intangible assets	4,567	4,567	4,567	4,567	4,567
Other term assets	4,160	4,062	4,062	4,062	4,062
Total assets	**121,195**	**129,425**	**141,002**	**152,969**	**165,974**
Short-term debt	49,444	53,253	58,980	64,808	70,686
Creditors	11,953	11,505	12,913	14,102	15,597
Other current liabs	33	48	48	48	48
Long-term debt/CBs	-	-	-	-	-
Provisions/other LT liabs	4,068	5,207	5,207	5,207	5,207
Minorities/other equity	508	455	455	455	455
Shareholder funds	55,189	58,957	63,399	68,349	73,981
Total liabs & equity	**121,195**	**129,425**	**141,002**	**152,969**	**165,974**
Ratio analysis					
Revenue growth (% YoY)	7.4	3.7	11.9	11.0	11.5
Ebitda growth (% YoY)	16.2	2.1	14.6	14.6	14.5
Ebitda margin (%)	37.9	37.3	38.2	39.5	40.5
Net profit margin (%)	29.5	29.7	29.8	29.9	30.4
Dividend payout (%)	27.2	28.2	26.4	26.5	26.1
Effective tax rate (%)	20.0	21.9	21.9	21.9	21.9
Ebitda/net int exp (x)	85.6	32.8	23.9	20.0	18.0
Net debt/equity (%)	76.9	81.4	84.8	88.9	91.5
ROE (%)	9.4	9.2	9.6	10.0	10.4
ROIC (%)	5.1	4.6	4.8	5.0	5.3
EVA®/IC (%)	(2.2)	(2.8)	(2.5)	(2.3)	(2.1)

Source: CLSA

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Companies mentioned

Filinvest Land (FLI PM - P1.88 - BUY)
Ayala Land (ALI PM - P42.95 - O-PF)
Clark Development Corp (N-R)
Filinvest Dev (N-R)
Megaworld (N-R)
Robinsons Land (N-R)
Rockwell Land (N-R)
SM Prime (SMPH PM - P34.45 - SELL)
Vista Land (N-R)

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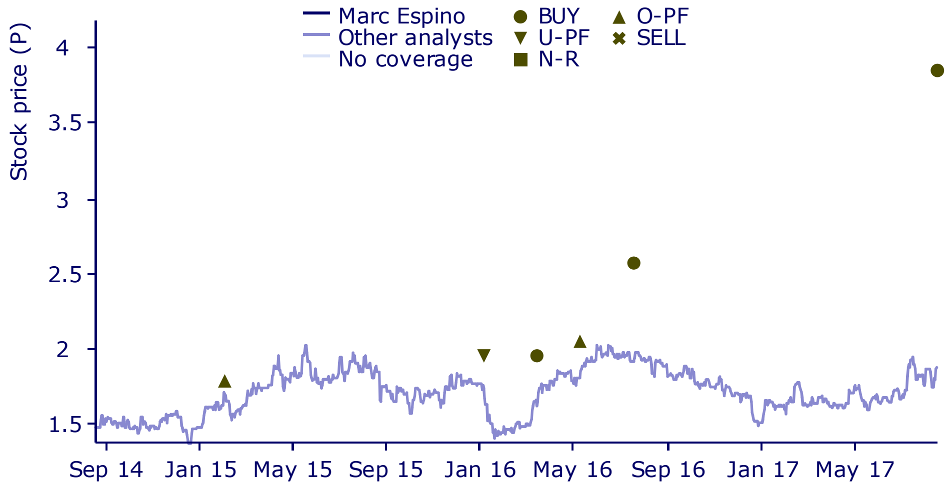
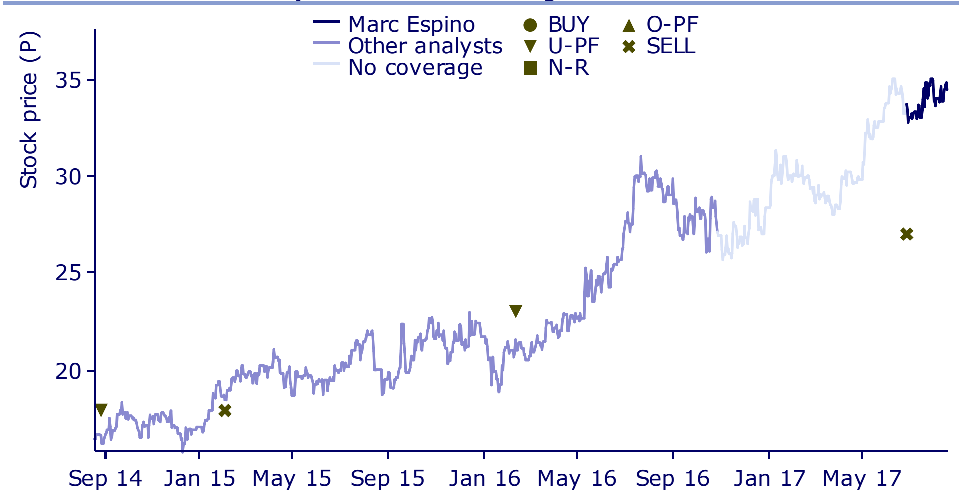
Recommendation history of Filinvest Land FLI PM



Date	Rec	Target	Date	Rec	Target
LATEST	BUY	3.85	15 Mar 2016	BUY	1.96*
27 Oct 2016	Dropped Coverage		06 Jan 2016	U-PF	1.96*
19 Jul 2016	BUY	2.57*	03 Feb 2015	O-PF	1.79*
10 May 2016	O-PF	2.06*			

Source: CLSA; * Adjusted for corporate action

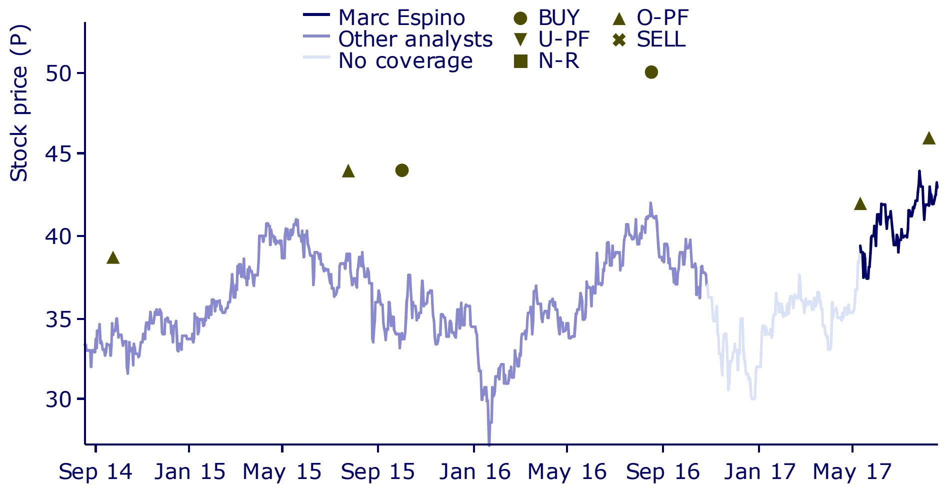
Recommendation history of SM Prime Holdings Inc SMPH PM



Date	Rec	Target	Date	Rec	Target
27 Jun 2017	SELL	27.00	03 Feb 2015	SELL	17.90
27 Oct 2016	Dropped Coverage		28 Aug 2014	U-PF	17.90
11 Feb 2016	U-PF	23.00			

Source: CLSA

Recommendation history of Ayala Land Inc ALI PM



Date	Rec	Target	Date	Rec	Target
07 Aug 2017	O-PF	46.00	01 Oct 2015	BUY	44.00
11 May 2017	O-PF	42.00	24 Jul 2015	O-PF	44.00
27 Oct 2016	Dropped Coverage		25 Sep 2014	O-PF	38.70
16 Aug 2016	BUY	50.00			

Source: CLSA

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