

Trading Guide

Date : October 7 – October 14, 2019

GERI SELL

Last Traded Price	1.18
Entry Point	-
Target Price	1.00
Potential Upside / Downside	-15.25%
Net Foreign Position*	Php 1.56M
52 wk High and Low	0.96 - 1.63
20 MA Volume	599.25K
P/E Ratio	8.38
P/B Ratio	0.485
YTD performance	4.42%

- Sentiment towards POGO crackdown
- Technicals indicate investors negative sentiments on GERI
- Investors should avoid this stock. It may rebound at its psychological support given the behavior of the stock

* YTD as of October 4, 2019

PGOLD BUY

Last Traded Price	38.50
Entry Point	36.00
Target Price	48.55
Potential Upside / Downside	35%
Net Foreign Position*	Php302 million
52 wk High and Low	50.30—36.30
20 MA Volume	1.24 M
P/E Ratio	17.14
P/B Ratio	1.84
YTD performance	-10.70%

- Slower inflation would benefit the business.
- RSI (14) is at oversold level.
- P/E ratio is at 17.14, lower than its average of 20.47.

* YTD as of October 4, 2019

NOW TRADE

Last Traded Price	2.79
Entry Point	2.65 — 2.72
Target Price	3.20
Potential Upside / Downside	20.75% - 17.65%
Net Foreign Position*	(4,278,750)
52 wk High and Low	20.00 — 1.85
20 MA Volume	9.021 Million
P/E Ratio	-
P/B Ratio	3.0187
YTD performance	(18.90%)

- Vibrant investment narratives accompanied with a bullish technical pattern sets up NOW as a good stock to trade.
- If its initial resistance of P3.20 is breached, next possible target price would be P3.60. If still taken out, it could trade up to P4.25.
- Remember to set a cut loss point 5% below your buying price.

* YTD as of October 4, 2019

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Rating Definitions:

- BUY** - More than 15% upside base on the target price in the next 9-12 months
- HOLD** - 15% or less upside or downside in the next 9-12 months
- SELL** - More than 15% downside base on the target price in the next 9-12 months
- TRADE** - A potential 10% and above short-term upside base on entry price and selling price.

Global-Estate Resorts, Inc. [PSE:GERI]

Philstocks On-Balance View: **SELL**

Initial target Price: P1.00

Research Analyst: Piper Chaucer E. Tan

OUR TAKE

The company shows a strong performance but the sentiment due to POGO crackdown slashes its stock performance by nearly a half vs. its performance before the POGO issue broke out. We should avoid GERI for now until the issue eases and has a definite plan on what the government will do on POGO sector and technical showing sentiments are also showing of a distribution bias towards GERI.

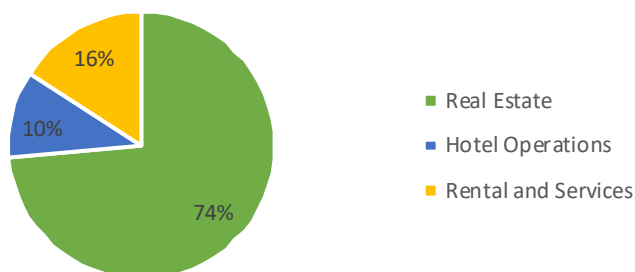
FINANCIAL AND OPERATING RESULTS

	Dec, 31, 2018	June 30, 2019	% Change
Balance Sheet (In Million Pesos)			
Total Asset	46,030	47,395	2.97%
Total Liabilities	14,870	15,224	2.38%
Total Equity	31,159	32,150	3.18%
Retained Earnings (Deficit)	10,077	10,942	8.58%
Bookvalue per Share (BVPS)	2.84	2.93	3.17%
Income Statement (In Million Pesos Except per share)	1H 2018	1H 2019	% Change
Gross Revenue	3,217	4,097	27.35%
Net Income	744.74	865.12	16.16%
Earnings per Share (EPS)	0.06	0.07	16.67%

Source: Quarterly Report 17-Q

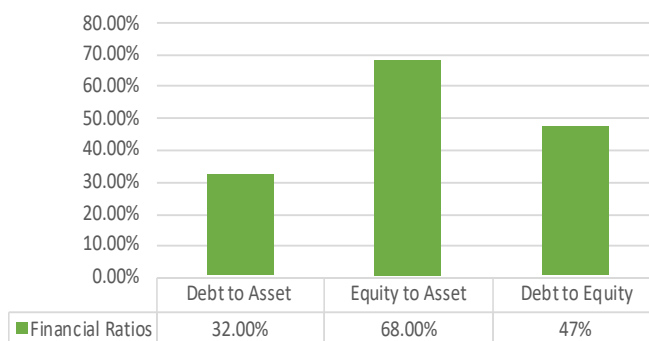
FINANCIAL HIGHLIGHTS

Segment Income Contribution



Source: Quarterly Report 17-Q

Financial Ratios



INVESTMENT NARRATIVES

- Hotel operations also contribute to the revenue drive of GERI by almost 286% increase to Php484M due to the increase occupancy rate for the period and also opening of Twin Lakes in Laurel Batangas.
- Real estate sales will also be affected if the POGO crackdown continues but it contributes about 88% of its total revenue for the 1H 2019. This will be likely to sustain given the townships most especially in the greater manila areas and other key cities in Visayas.
- Attractive Financial ratios should provide interest to investors in the long-term. Assets are generated from its equity rather from its creditors also D/E ratio shows that the company is driven by its capital by the owners not arising from debt, the risk of insolvency will be at most unlikely together with its healthy current ratios and quick ratios

TECHNICAL ANALYSIS



- Major Support is seen at 1.10 and 1.00 which also serves as the psychological support for the stock
- MACD is also converging with the reversal of the uptrend of the stock due to the soured investor sentiment
- On-Balance Volume (OBV) is on a distribution bias, bears are in control of the stock.

RISKS

- Sentiment Driven due to the POGO crackdown. Offices in Alabang and Southwoods have presence of POGO in those GERI properties. It has been registered a 400% growth to its rental income since the opening of these mentioned office leasing and mall. The contribution of its rental revenue to the Total revenue is at roughly 16%, we think that this would be detrimental to the business if the crackdown of all POGO offices continues and affecting not just GERI but the whole property sector.
- Delays in the Build Build Build project of the government could slowdown the growth and price appreciation of the township projects of the MEG and GERI
- Interest rate risk should also be a consideration in investing in property stocks. Investors should be cognizant in the interest rate environment which can slowdown the real estate sales if the interest rates hike should spark again.

PUREGOLD PRICE CLUB, INC [PSE:PGOLD]

Philstocks On-Balance View: **BUY**

Initial target Price: P48.55

Entry Price: P36.00

Cut loss Price: P29.00

Research Analyst: Claire T. Alviar

OUR TAKE

We revisit Puregold and change the target price from P52.00—P59.00, to P48.00, but we maintained our BUY rating given the slower inflation shall benefit Puregold as one of the consumer stocks. We think that the company could sustain its earnings growth given the current economic condition of the Philippines. In September, foreigners turned sellers but the net foreign y/d was still buying. However, this brought the stock to break support of P43.50. It is currently at oversold level of RSI and P/E ratio is at 17.14, lower than 20.47 average.

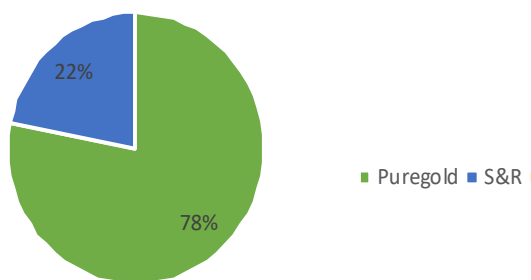
1H 2019 VS. 1H 2018 FINANCIAL AND OPERATING RESULTS

	June 30, 2019	December 31, 2018	% Change
Balance Sheet			
Total Asset	95,241,390,227	98,814,873,492	-4%
Total Liabilities	35,344,251,754	45,233,180,291	-22%
Total Equity	59,897,138,473	53,581,693,201	12%
Retained Earnings (Deficit)	31,428,766,288	29,748,900,516	6%
Bookvalue per Share (BVPS)	20.87	19.38	8%
Income Statement	1H 2019	1H 2018	% Change
Revenue	72,627,060,776	65,287,663,369	11%
Net Income	2,827,738,334	2,971,389,235	-5%
Earnings per Share (EPS)	0.99	1.07	-7%

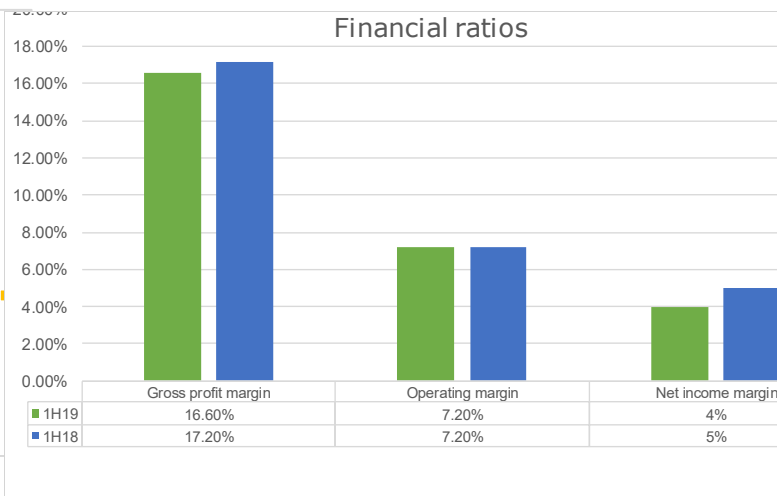
Source: Quarterly Report 17-Q

FINANCIAL HIGHLIGHTS

Revenue Contribution



Financial ratios



Source: Quarterly Report 17-Q Bloomberg

INVESTMENT NARRATIVES

- Puregold is currently at oversold level after breaking 43.50 support.
- One of the consumer stocks that would benefit in the slower inflation since it shall result in higher spending.
- Foreigners are still buyers year-to-date at P302 million, but in September alone, it recorded P127 million net foreign selling.
- Margins of the company declined in the first half due to high cost of sales and expenses. (Net margin down to 4.0% from 4.60% ; Operating margin declined to 6.70% from 7.0%; Gross profit margin narrowed to 16.60% vs 17.20% y/y.) This brought net income to declined by 5% to P2.827 billion.
- P/E ratio is at 17.14, lower than 20.47 average.

TECHNICAL ANALYSIS



- RSI (14) is currently at oversold level, signaling a BUY.
- However, On-balance-volume is in distribution bias.
- Candles are trading below the 20-day, 50-day, and 200-day EMA.
- Support is ranging between 36.00 to 38.00. Second support is at P30.00
- Resistance is at 43.50.

RISKS

- Margins of the company declined due to lower supplier support in terms of product cost. If this continues, net income of the company may suffer.
- Cut loss point is below P30.00.
- Foreigners turned sellers in September— share price may continue to be dragged by it.

Now Corporation [PSE:NOW]

Philstocks On-Balance View: **TRADE**

Initial target Price: P3.20

Entry Price: P2.65—P2.72

Cut loss Price: P2.52

Research Analyst: Japhet O. Tantiangco

OUR TAKE

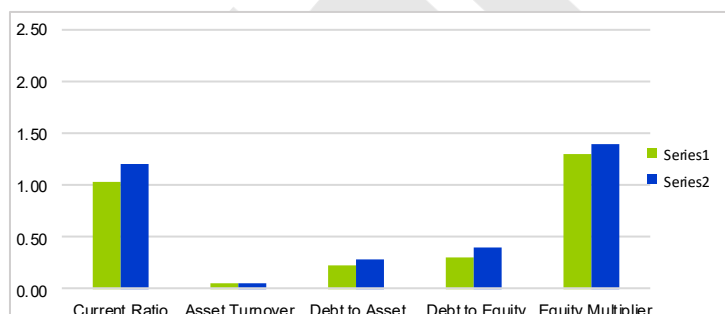
Now Corporation is seen as a tradable stock as it forms a falling wedge pattern showing a bullish bias. Other technical indicators show signs of recovery in the near term. NOW is also backed by vibrant investment narratives as it continues to strengthen its position in the Philippines' telecommunication industry. This includes its agreement with Union Bank and its memorandum of understanding with HyalRoute Group's Philippine Fiber Optic Cable Network Ltd. as it continues to poise for 5G while expanding its coverage. Financial results for the 1st half of 2019 are also sound. If NOW breaks above its initial Target price of P3.20, next possible target price would be P3.60. If it still takes out that level, it could back up to P4.25. Remember to set a cut loss point 5% below your buying price.

1H 2019 VS. 1H 2018 FINANCIAL AND OPERATING RESULTS

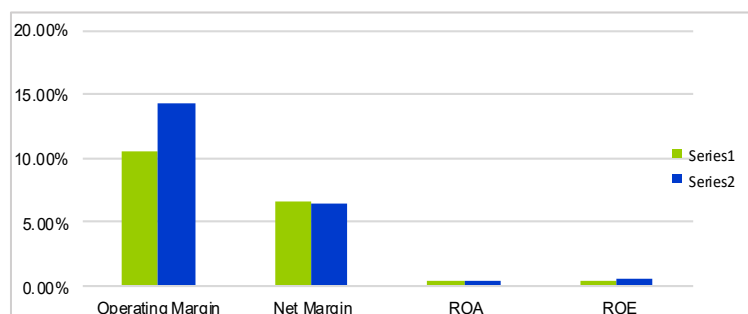
	NOW		
In Million Pesos (Except for EPS)	1H 2018	1H2019	% Change
Current Asset	412.37	596.57	44.67%
Total Asset	1,765.72	1,945.98	10.21%
Current Liability	402.40	492.25	22.33%
Total Liability	404.09	546.74	35.30%
Total Equity	1,361.63	1,399.23	2.76%
Revenue / Sales	87.38	98.42	12.63%
Operating Income	9.27	14.15	52.64%
Net Income	5.82	6.31	9.42%
EPS	0.0038	0.0042	10.53%

Source: Now Corporation 2nd quarter/1st half financial and operating results

FINANCIAL HIGHLIGHTS



Source: Now Corporation 2nd quarter/1st half financial and operating results



INVESTMENT NARRATIVES

- It's subsidiary Now Telecom Company, Inc.'s authority to provide telecommunication services has recently been renewed by the National Telecommunications Commission.
- The firm has entered into a memorandum of understanding with Philippine Fiber Optic Cable Network Ltd. of Singapore based Hyalroute Group to expand its presence in the Philippines telecommunication industry through efficient fiber optic based services. This move will also bring NOW closer to its plan of deploying 5G services nationwide.
- It has entered into an agreement with Union Bank to be its provider of Fiber Air telecommunication services in support of the bank's digital transformation roadmap.

TECHNICAL ANALYSIS



- NOW's share price is forming a falling wedge which is a bullish pattern.
- Its support ranges from 2.65 to 2.72 while initial resistance is at 3.20.
- A dynamic resistance is also building up at its 50-day exponential moving average.

RISKS

- Tight competition from the telecommunication duopoly Globe Telecom, Inc. and PLDT, Inc., and new entrant Dito Telecommunity.
- High capital expenditure due to its capital intensive business which could narrow cash flows.
- Systemic risk and volatility amid bearish general market sentiment.