

Date
9 December 2015

Company
Vista Land & Lifescapes, Inc.

First Look Corporate
9M15 Earnings Above Estimate; STR Acquisition

Stock VLL
Price 5.31
52wk Range 4.89 - 8.59

Rating BUY
Target 8.20
P/E 10x
Upside 58%

Issued Shares 8,538mn

Market Cap P44,401mn

Free Float 45.49%

PSEi N/A
MSCI 1.04%, 18/45

We maintain a **BUY** rating and Target Price target of P8.20/sh for VLL with above-estimate 9M15 Net Income, accounting for 79.8% and as STR acquisition, albeit provides short-term dilutive effect, boosts recurring income. STR's landbank also provides synergistic opportunities and project value enhancements.

Please read Technical Analysis on page 2.

**Net Income Above Estimate: P5.02bn (+18.3%)
Revenues P18.5bn (+9.7%)**

- 9M Net Income grew 18.3% to P5.02bn, accounting for 79.8% of FY15F P6.29bn (+10%).
- Real Estate Revenues increased 9.7% to P18.5bn from increase in overall completion rate of sold inventories.
 - Camella brand contributed 76%, of which 26% is from Metro Manila and 50% from outside Metro Manila under the Communities Philippine brand.
 - Vista Residences contributed 14%, Crown Asia 6% and Brittany 4%.
- Reservation sales grew 10.3% to P42.7bn or a monthly average of ~P14.2bn, above 2014 average of ~P13bn.
- Launched 34 projects with a total value of about P30 billion, most of which from the low and affordable market segment.
- VLL spent P18.6bn, accounting for 74% of FY15 budget P25.1bn.

STR Acquisition: Short-term Dilutive Effect on EPS (-18%), Long-term Recurring Income Boost, Synergistic Opportunities and Project Value Enhancements

- VLL to acquire 88.25% of Starmalls (STR) for P33.5bn (P4.51/sh). STR owns and operates two BPO commercial centers and 12 shopping malls with total gross floor area of 509,000sq.m. Four malls and 1 BPO currently under construction to boost GFA to 860,000 sq.m. (+69%) in 2016. STR also owns 46.9ha commercial prime lots near VLL's existing residential communities providing for synergistic opportunities and project value enhancements.
- VLL will issue 4.57bn new shares to the Villar group at P7.15/share. Public float will decrease from 45.49% to 38.51%. Dilutive Effect to FY2015 eps is seen at 18% from 0.74 to 0.63.
- VLL expects rental income to contribute 20% of total revenues, well-above earlier target of P1bn rental revenue target by 2017 or 2% of total.
- We will issue an update as soon as more details are disclosed.

	Actual		Forecast		
	2013	2014	2015	2016	2017
Sales	20.02	22.20	25.23	28.63	31.61
		11%	14%	13%	10%
EBITDA	6.12	6.73	7.61	8.72	10.06
		10%	13%	15%	15%
EBIT	5.89	6.43	7.21	8.12	9.28
		9%	12%	13%	14%
Net Income	5.06	5.70	6.29	7.28	8.31
		13%	10%	16%	14%
EPS	0.59	0.67	0.74	0.86	0.97
		14%	10%	16%	13%
BVPS	5.68	6.21	6.83	7.56	8.37
PBV			0.78	0.70	0.63
ROA%	6.50	5.97	5.92	6.34	6.72
ROE%	10.99	11.24	11.3	12.06	12.78



Technical Analysis

- Current** 5.20
- Support** 5.30, 6.30 (pivotal to challenge downtrend), 6.70, 7.10, 7.30, 8.59 (all-time high)
- Resistance** 4.90, 4.60 (formidable support in 2013)
- Target** 8.20
- Upside** 58%

- The stock has declined 38% from all-time high of 8.59 (registered in April this year). Despite rebounding from the 4.89 support last September, remains in a downtrend. Currently, it is still trading above that recent low.
- Indicators RSI 14-day (41) and MAC/D are neutral. Formidable Resistance to challenge downtrend is 6.30 while formidable support is the recent 4.89 low and the 4.60, which proved as a strong support in the corrective year of 2013.
- Current price suggests a BUY providing an attractive 58%.

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