

Golden Haven (HVN) seeks to raise P778.32 million in Gross Proceeds from the offer of 74.11 million shares at P10.50/sh with a 34x 2015 P/E (a premium to industry 24x) and estimate 33X 2016P/E (a premium to industry 21x). In computing for P/E, we assumed only a 5% growth for 2016 but may provide an update after the company’s briefing this Wednesday, June 15. Note that FY15 Net Income grew 5% to P151 million and FY14 Net Income grew 38% to P143 million. See Page 2 for Products & Services, Competitive Strengths & Business Strategies. See Page 3 for Financials, Key Performance Indicators, Peer Comparative (Property Sector).

Golden Haven Memorial Park, Inc. (HVN) was incorporated in 1982 is one of the country’s leading developers of memorial parks and develops constructs, and operates columbarium facilities. It has so far developed 6 memorial parks covering a gross area of 55.18 hectares, 4 columbariums, and a 20,000-vault columbarium across the Philippines, namely in Las Pinas, Cagayan de Oro, Bulacan, Cebu, Iloilo and Zamboanga. Recent acquisitions increase total park area to 66.63ha with inventory (as of March 31, 2016) of 41,254 memorial lots and 12,592 columbarium vaults.

Golden Haven is wholly-owned by holdings company Fine Properties Inc., also a majority shareholder of VLL (owns 68.93%).

The Offer Shares of 74,117,647 shares, representing 15% of Issued and Outstanding Shares (post-offer) 494,117,649, to be distributed as follows:

- 51,882,353 by Issue manager
- 14,823,529 (20%) or 112,200 per Trading Participants; Residual 13,129 shares
- 7,411,765 (10%) for Local Small Investors

The Authorized Capital Stock P1 billion divided into 996 million shares with par value of P1.00/sh and 400 million preferred shares with a par value of P0.01/sh

The Offer Price has been set at 10.50/share resulting to Gross Proceeds of P778,235,293.50. Assuming about 9% in fees and expenses related to the IPO. Est. Net Proceeds is P703.52 million.

Note that Foreign Ownership is limited to 40% being a company that owns land. Currently, the company has no declared dividend policy.

Issue manager and sole underwriter Asian Alliance Corp.

Use of Proceeds include funding acquisition, growth and expansion strategies, particularly by expanding death care facilities, products and services. See table on the right.

- Golden Haven recently entered into agreements for the acquisition of 2 existing memorial parks (8.2ha) in Pampanga and Nueva Vizcaya, subdivided into 24,400 memorial lots; expects to complete acquisition and re-development of memorial parks and commence marketing and sales within 2016. It also agreed to acquire adjacent 1.4ha property in Iloilo to develop an additional phase. Initial payments have been made to commence initial development. Balance due to sellers are P6.98mn (Pampanga), P57.29mn (Nueva Vizcaya), P18.03mn (Iloilo).

IPO: Golden Haven Memorial Park Inc.	
Ticker	HVN
Offer Shares	74,117,647 (15% of Outstanding Shares)
Offer Price	10.50/sh
Minimum Subscription	100 shares; multiples of 100 thereafter
Issue & Outstanding Shares Post-Offer	494,117,649
Authorized Capital Stock	P1 billion divided into 996 million shares (par value P1.00/sh), 400 million preferred shares (par value P0.01/sh)
Gross Proceeds	P778.32 million
Est. Net Proceeds	P703.52 million
Offer Period	June 16 - June 22, 2016
Tentative Listing Date	on or about June 29, 2016

Use of Proceeds	
<b>Land bank development - Cebu, Iloilo, Cagayan de Oro, Zamboanga Park, Bulacan Park</b>	
Amount	231,836,415
Schedule	2016-2017
<b>Land Acquisition - Payment for balance - Iloilo; Bambang, Nueva Vizcaya; San Fernando, Pampanga</b>	
Amount	82,300,974
Schedule	2Q16 - 4Q17
<b>Construction - Gold Haven Las Pinas Chapel &amp; Crematorium</b>	
Amount	195,490,950
Schedule	1Q17
<b>General Corporate Purposes</b>	
Amount	201,625,269
Schedule	2016-2017

## Products and Services

- **Ezekiel Complex and Ezekiel Columbarium** - 8-level, 20,000 vault columbarium with an entire range of death care services. Construction of first crematory services began this year, capable of 120 cremations in month with a 10-hour workday. Construction of additional memorial service facilities and chapels are also being undertaken.
- **Golden Haven Las Pinas Park** - 15ha with 31,418 memorial lots. Of the 29,678 memorial lots launched or offered, a total of 29,391 have been sold; Houses 5-level columbarium facility.
- **Golden Haven Cebu Park (2003)** - 6.8ha completed and offered 11,768 memorial lots. In 2012, acquired adjacent 6.5ha, developed 12,460 additional memorial lots. As of March 31, 2016, has a total of 10,866 memorial lots in inventory; Houses 5-level columbarium facility.
- **Golden Haven Cagayan de Oro (2008, 70-30% JV)** - 11ha, completed 15,053 memorial lots, of which 9,783 memorial lots have been sold as of March 31, 2016; Houses 6-level columbarium facility.
- **Golden Haven Zamboanga Park (2009)** - 5.5ha, completed and launched 10,389 memorial lots; In 2015, acquired adjacent 3.2ha in which 7,583 lots have been completed. As of March 31, 2016, has remaining inventory of 8,408 memorial lots; Houses 5-level columbarium facility.
- **Golden Haven Iloilo Park (2013)** - 6ha, 15,005 memorial lots. As of March 31, 2016, 9,829 lots were launched, of which 8,185 lots sold. About 1.3ha remain undeveloped and reserved for future expansion.
- **Golden Haven Bulacan Park (2015)** - 4.4ha, total 10,741 memorial lots; As of March 31, 2016, 4,057 memorial lots were launched, of which 2,878 memorial lot.

## Competitive Strengths

- (1) Significant synergies with real estate affiliates, including
  - (1) immediate market for death care offerings,
  - (2) sales network expansion, (c) access to management and technical expertise;
- (2) Extensive know-how and established operational competence;
- (3) Nationwide presence;
- (4) Significant growth potential;
- (5) Innovative product packages;
- (6) Experienced management team

## Business Strategies

Continue and accelerate growth, be regarded as one of the biggest death care service providers in the country by expansion of death care facilities through

- (1) active and strategic acquisitions of land and/or existing death care facilities;
- (2) including balming, cleansing, dressing and cosmetic restoration of the deceased in preparation for viewing, and other memorial services;
- (3) development of pre-need death care plans and packages;
- (4) brand building and marketing both domestically and internationally.

	2013	2014	2015
<b>Revenues</b>	<b>515.94</b>	<b>555.44</b>	<b>692.8</b>
Real Estate Sales	478.41	19.7	650.8
Internment Income	17.38	19.59	21.5
Interest Income on Contract Receivables	20.15	594.73	20.5
<b>Costs and Expenses</b>	<b>372.75</b>	<b>401.08</b>	<b>497.11</b>
Cost of sales and services	142.81	250.52	293.15
Operating Expenses	229.94	150.56	203.96
<b>Operating Profit</b>	<b>143.19</b>	<b>193.65</b>	<b>195.69</b>
<b>Other Income - Net</b>	<b>5.73</b>	<b>12.85</b>	<b>20.65</b>
<b>Profit Before Tax</b>	<b>148.92</b>	<b>206.5</b>	<b>216.34</b>
<b>Tax Expense</b>	<b>44.50</b>	<b>61.87</b>	<b>65.22</b>
<b>Net Profit</b>	<b>104.42</b>	<b>144.63</b>	<b>151.12</b>
<b>Other Comprehensive Loss</b>	<b>-0.47</b>	<b>-1.22</b>	<b>-0.07</b>
Item that will not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit post-employment obligation	-0.67	-1.74	-0.1
Tax Income	0.2	0.52	0.03
<b>Total Comprehensive</b>	<b>103.95</b>	<b>143.41</b>	<b>151.05</b>
		38%	5%

<b>Key Performance Indicators</b>			
<b>Gross Margin</b>	53.60%	56.40%	56.40%
<b>Net Profit Margin</b>	20.20%	24.30%	21.80%
<b>Return on Equity</b>	11.10%	13.30%	34.80%
<b>Return on Total Assets</b>	7.20%	8.70%	8.50%
<b>Current Ratio</b>	3.6	3.9	0.9

Real estate sales (sale of memorial parks) usually account for 95% of total revenues. The company also earns from interest on its installment sales and from interment services.

From 2013, 2014 and 2015, the company sold 10,869, 11,767 (8.26%) and 13,272 (12.8%) memorial lots and columbarium vaults. In 1Q16, the company sold 2,927 lots and vaults.

Growth is attributed to development and marketing strategies, which resulted to attractive locations, competitive pricing and payment schemes. The company also implemented management systems focusing on collection efficiencies and introduction of insurance plans packaged with memorial lot offerings.

FY15 Revenues grew 16.49% to P692.8 million, consisting of P650.80 million from sales of memorial park lots (P513.81 million) and columbarium vaults (136.99 million), P21.50 million from internment income and P20.50 million in interest income from contract receivables. Net Income rose 4.49% to P151.1 million.

<b>Comparative - Property</b>					
<b>PROPERTY</b>	<b>Shares</b>	<b>Mkt Cap</b>	<b>Price</b>	<b>2015 P/E</b>	<b>2016 Est. P/E</b>
ALI	14,694.90	543,711.36	37.00	31	26
DD	2,229.73	130,885.15	58.70	235	117
MEG	32,231.54	141,818.78	4.40	14	12
RLC	4,093.83	119,744.55	29.25	21	18
SMPH	28,879.14	727,754.26	25.20	35	29
VLL	8,433.54	44,697.74	5.30	9	8
HVN	494.11	5,188.23	10.50	34	33 (assuming 5% growth)
<i>Average P/E (ex-DD)</i>				24	21

**REFERENCES** PSE, Bloomberg, Reuters, DA Market Securities, Inc. **DISCLAIMER** This report is provided for informational purposes only and is not intended to solicit buying and selling of securities or to participate in any particular trading strategy. DA Market Securities, Inc. (DMSI) makes reasonable effort to use reliable, comprehensive information, but makes no representation or warranties as to the accuracy, completeness, or timeliness of the data provided. DMSI shall not have liability for any damages of any kind relating to such data. This report may not be reproduced or published for any purpose. DA market officers, directors and employees, including persons involved in the preparation or issuance of this report, may have investments in securities or derivatives of securities of the companies mentioned in this report.