

**Date**

19 February 2016

First Look Corporate**Company**

Robinsons Land Corp.

1Q16 Earnings In-line;
FY16: Sustained Growth**Stock RLC****Price** 26.00**52wk Range** 22.80 - 33.25**Rating** HOLD**Target Price** 29.60, 18x P/E**Upside** 14%**Issued Shares** 4.111bn**Market Cap** P106.899bn**Free Float** 38.59%**PSEi** 1.34%, 23/30**MSCI** 1.61%, 19/45

Rate HOLD with TP 29.60/sh, 18x 2016E P/E (+14%) with 1Q16 in-line with forecasts. Buy Trigger price is 25.70/sh (+15%). RLC continues expansion across segments with rebound in reservation sales, increased project launches and a growing leasing portfolio.

- Estimate Dividend 0.36/share or 1.38% yield, May Ex-Date
- Recall: In November 2015, RLC was added to the MSCI index and currently has a weighting of 1.61%, ranking 19th out of 45 stocks.

1Q16 Net Income +18% to P1.65 billion, in-line with P6.67 billion full-year forecast driven by margins from higher contribution of leasing units

- EBITDA margin +190bps to 55.8%, EBIT Margin to 40.8% from higher contribution from leasing units. Malls, office and hotel accounted for 67.5% of total revenues in 1QFY16 (from 65% in FY15) mainly due to added contribution from Terra office Tower which was turned over 4Q15.

FY16: Sustained Growth

- Revenues grew 12.5% to P5.39b: Residential (+5%), Office (+40%), Mall (+13%)
- Residential revenues grew 5% to P1.75 billion from progress completion and turnaround in reservation sales +8% (from -4% FY15). Furthermore, it expects to launch P16 billion worth of projects and build on P16.8 billion worth of unbooked sales as of end FY15.
- Office revenues posted the highest growth in revenues (+40%) and EBIT (+46.4%). Tera Tower to realise full-year contribution this 2016 from 35,000sq.m. GLA.
- Mall revenues grew 13%. The newly opened Galleria Cebu mall is expected to ramp up with 80% leased out but only 60% is currently occupied.

Recall: CAGR est. of 14.87% from 2014 to 2019

- RLC continues to focus on growing recurring income as it targets P9.4 billion Net Income by 2019, a 14.87% compounded annual growth rate (CAGR) through 2014-2019. See matrix on the right.
- RLC is expected to grow Mall GLA by 15% to 1.26 million sq.m., Office NLA by 13% to 310,000 sq.m. and Hotel Rooms by 8% to 2,357 rooms.

Recall: China Expansion

- In October 2015, RLC acquired an 8.5ha property in Chengdu, China for \$207.4 million (or ~P9.7 billion at time of announcement) to develop residential projects with a minor commercial component to complete within 5-7 years. It is set to launch its first residential tower in two years.

| | Actual | | Forecast | | |
|-------------------|--------|-------|----------|-------|-------|
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| Sales | 17.05 | 19.73 | 22.61 | 25.69 | 29.63 |
| | | 16% | 15% | 14% | 15% |
| EBITDA | 8.97 | 10.70 | 12.32 | 14.22 | 16.53 |
| | | 19% | 15% | 15% | 16% |
| EBIT | 6.24 | 7.55 | 8.95 | 10.32 | 12.7 |
| | | 21% | 19% | 15% | 23% |
| Net Income | 4.73 | 5.7 | 6.67 | 7.76 | 9.63 |
| | | 21% | 17% | 16% | 24% |
| EPS | 1.16 | 1.39 | 1.63 | 1.90 | 2.36 |
| | | 20% | 17% | 17% | 24% |
| BVPS | 12.81 | 13.84 | 15.00 | 16.39 | 18.65 |
| PBV | | 1.88 | 1.73 | 1.59 | 1.39 |
| ROA% | 5.91 | 6.18 | 6.96 | 7.56 | 8.28 |
| ROE% | 9.32 | 10.45 | 11.11 | 11.89 | 13.06 |

| | FY2015 | FY2016 | FY2017 | FY2018 |
|------------------------------------|-----------------------------------|--------------------------|------------------------------|-----------------------------------|
| Robinsons Malls (GLA sqm) | 1,095,000 | 1,260,000 | 1,395,000 | |
| <i>Growth</i> | 3.69% | 15.07% | 10.71% | |
| | 2 new malls; 1 expansion | 4 new malls; 1 expansion | 3 new malls; 3 expansion | |
| Robinsons Offices (NLA sqm) | 275,000 | 310,000 | 360,000 | 440,000 |
| <i>Growth</i> | 0.00% | 12.73% | 16.13% | 22.22% |
| | | Tera Tower (1Q) | Bonifacio Summit Center (2H) | Exxa Tower; Cyberscape Gamma (1H) |
| Hotel | FY2015 | FY2016 | FY2017 | FY2020 |
| Rooms | 2,174 | 2,357 | 2,798 | |
| <i>Growth</i> | 14.66% | 8.42% | 18.71% | |
| | Go Hotels Butuan; Summit Magnolia | Go Hotels Davao | | Westin Hotel |



Technicals

| | |
|------------|-----------------------------------|
| Current | 26.00 |
| Support | 25.30, 22.80 |
| Resistance | 26.75, 28.00, 29.25, 30.75, 33.25 |
| Target | 29.60 |
| Upside | 14% |

- After breaking a major trendline, the stock managed to hold above the important 200-day MA. Moreover, has challenged the downtrend which began in November last year. A consolidation above recent low would be positive.
- While short-term indicators have approached overbought territory (see 1YR chart), over the long-term (see 5YR chart), indicators show good upside with RSI-14 at 44 and MAC/D easing to historically low levels.
- Buy on dip. Watch supports at 25.30 and recent low 22.80.

REFERENCES RLC, 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.