



FIRST METRO
INVESTMENT CORPORATION

Metrobank Group



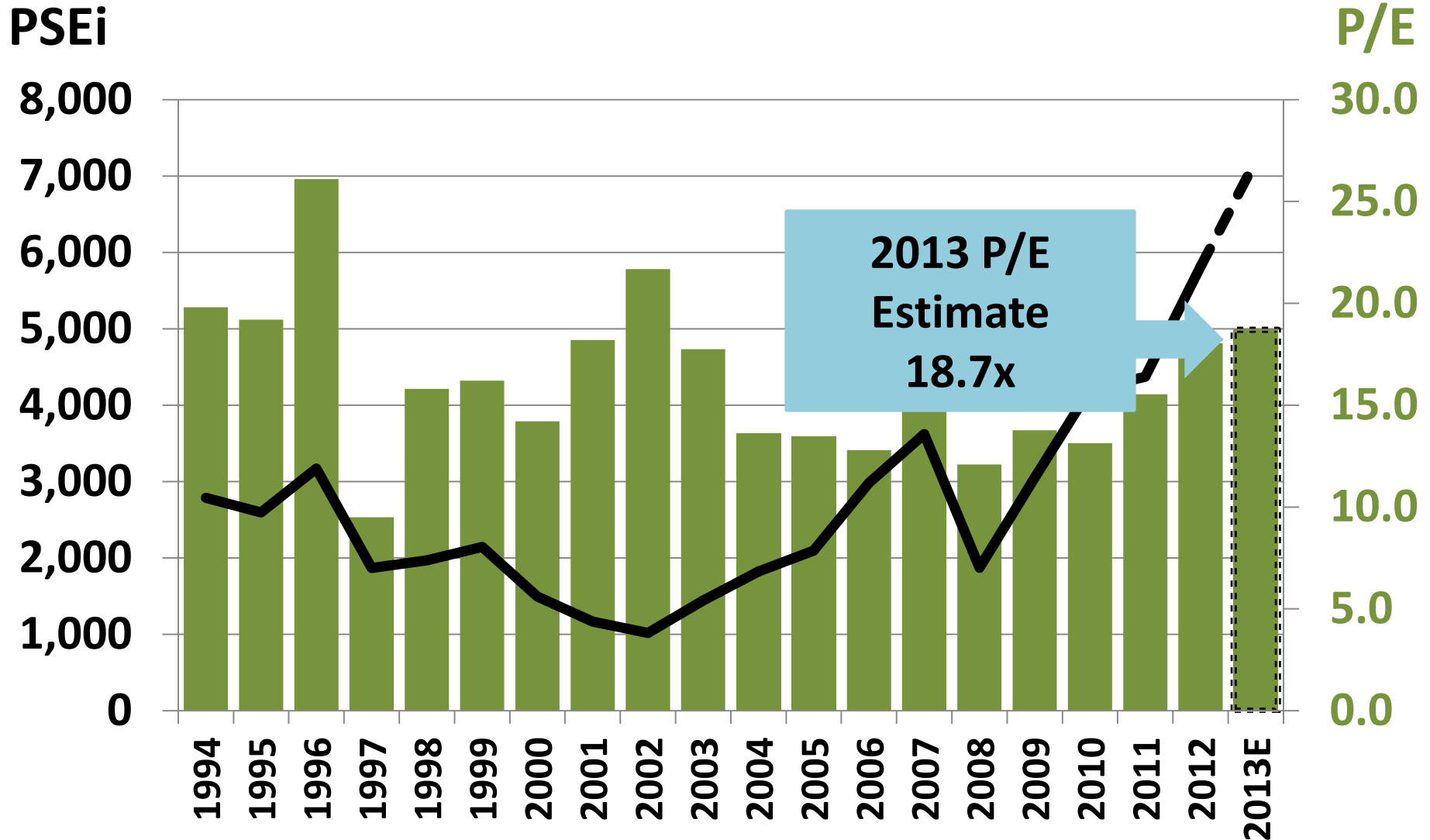
PHILIPPINES ON THE RISE

2013 Economic Outlook

Equities Market Outlook

June 18, 2013

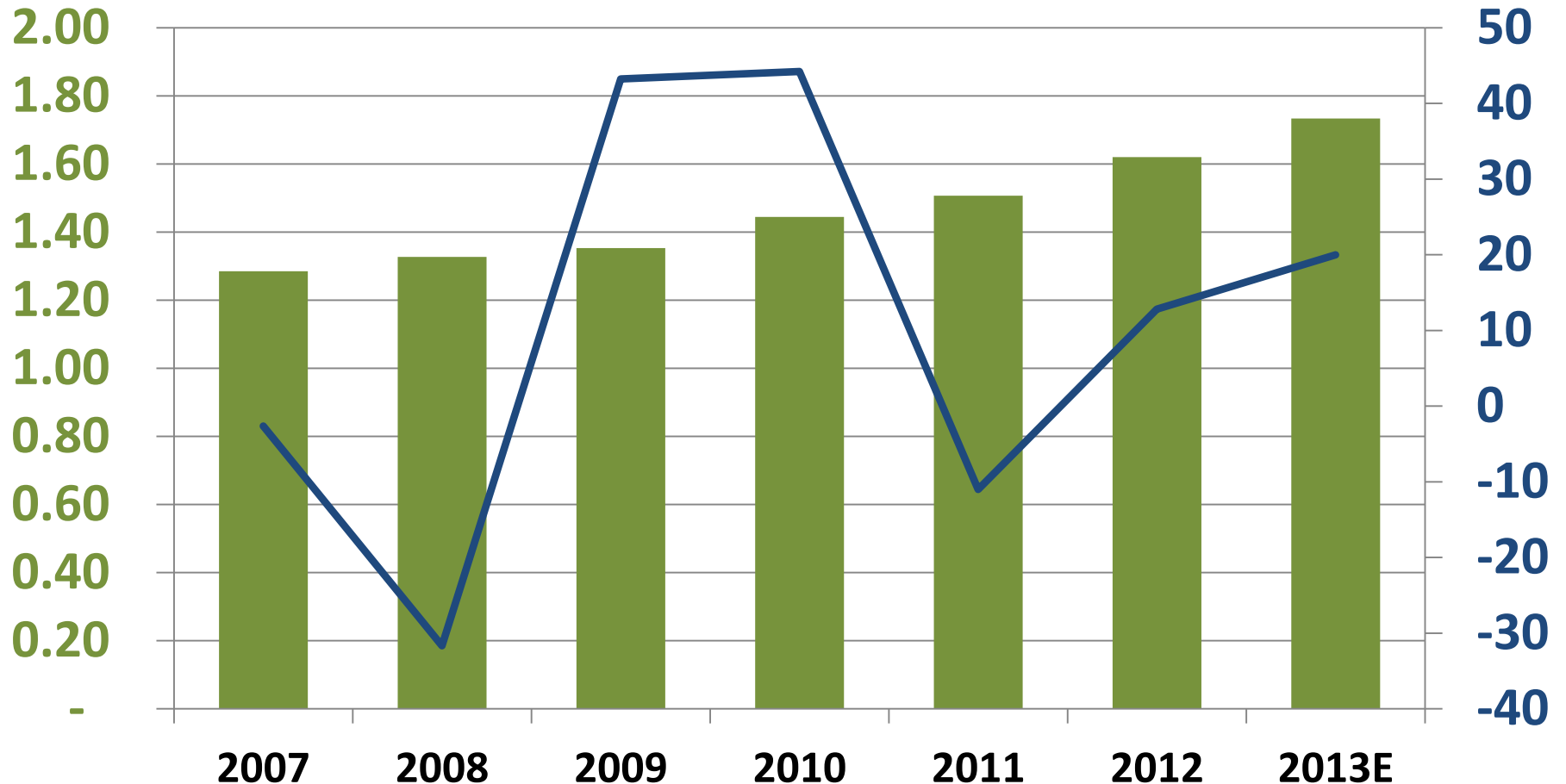
Expensive but Has Upside



Accelerating GDP Underpins EPS Growth

Real GDP (in Php tn)

EPS Growth %



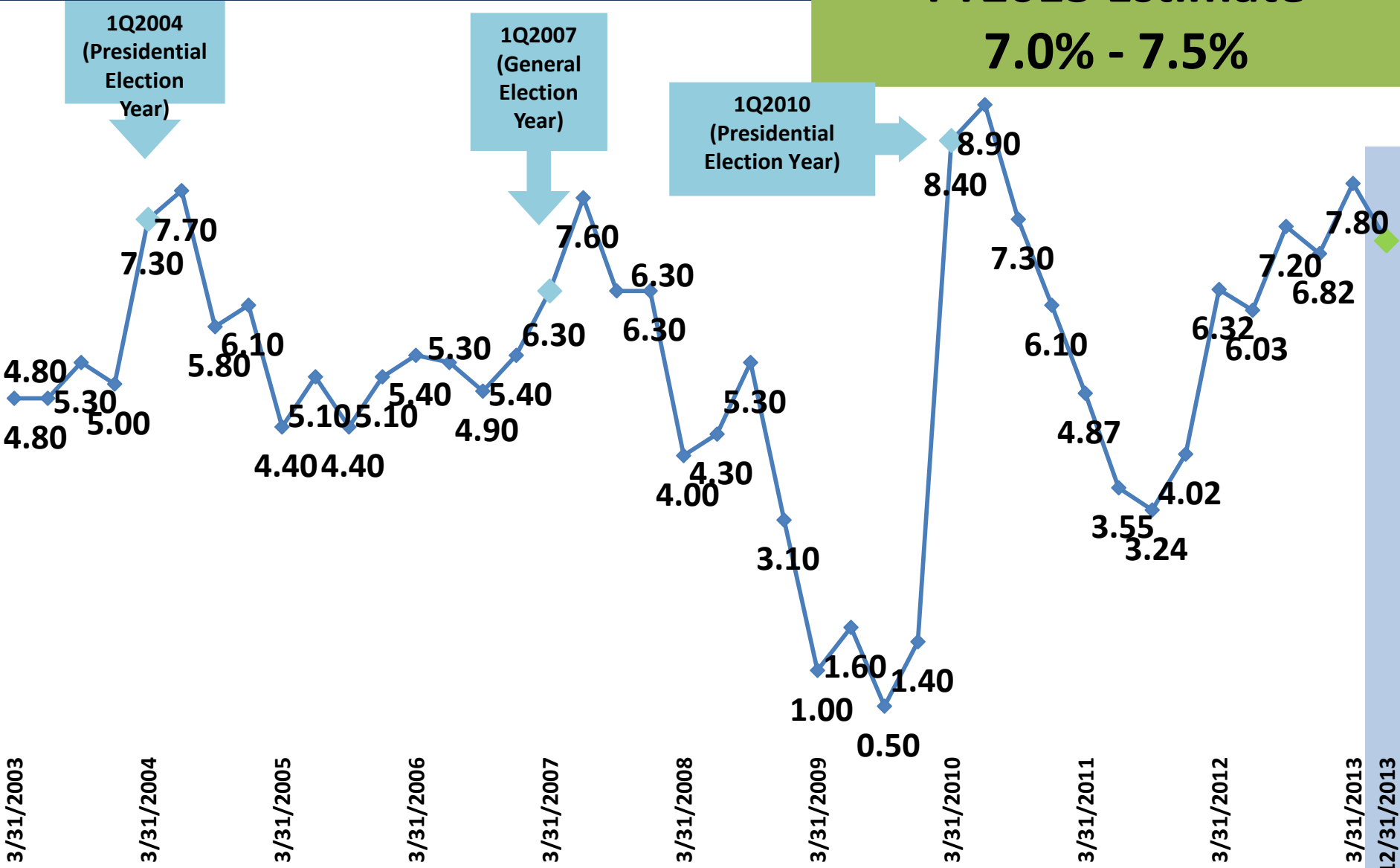
GDP Growth Rates

FY2013 Estimate
7.0% - 7.5%

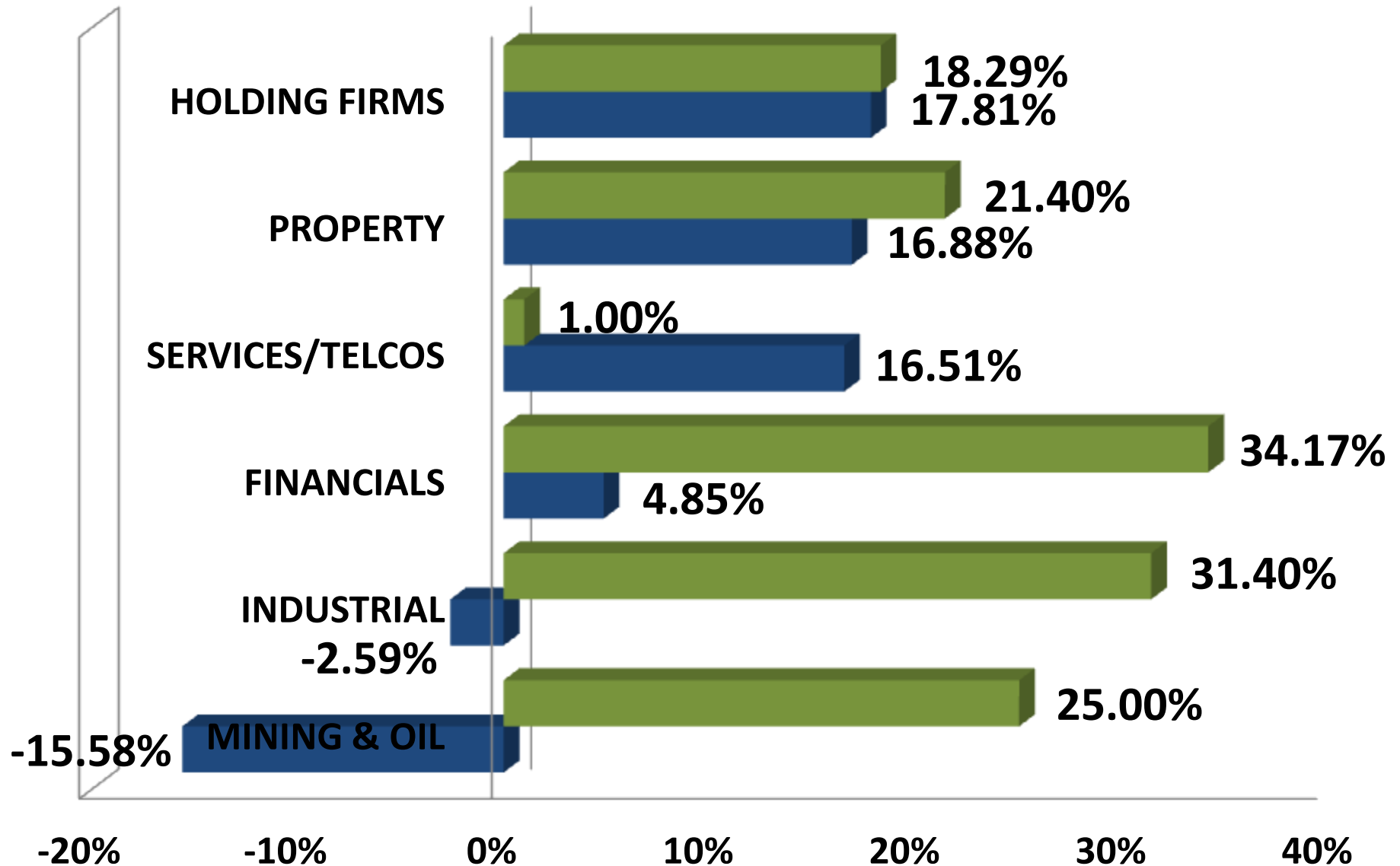
1Q2004
(Presidential
Election
Year)

1Q2007
(General
Election
Year)

1Q2010
(Presidential
Election Year)

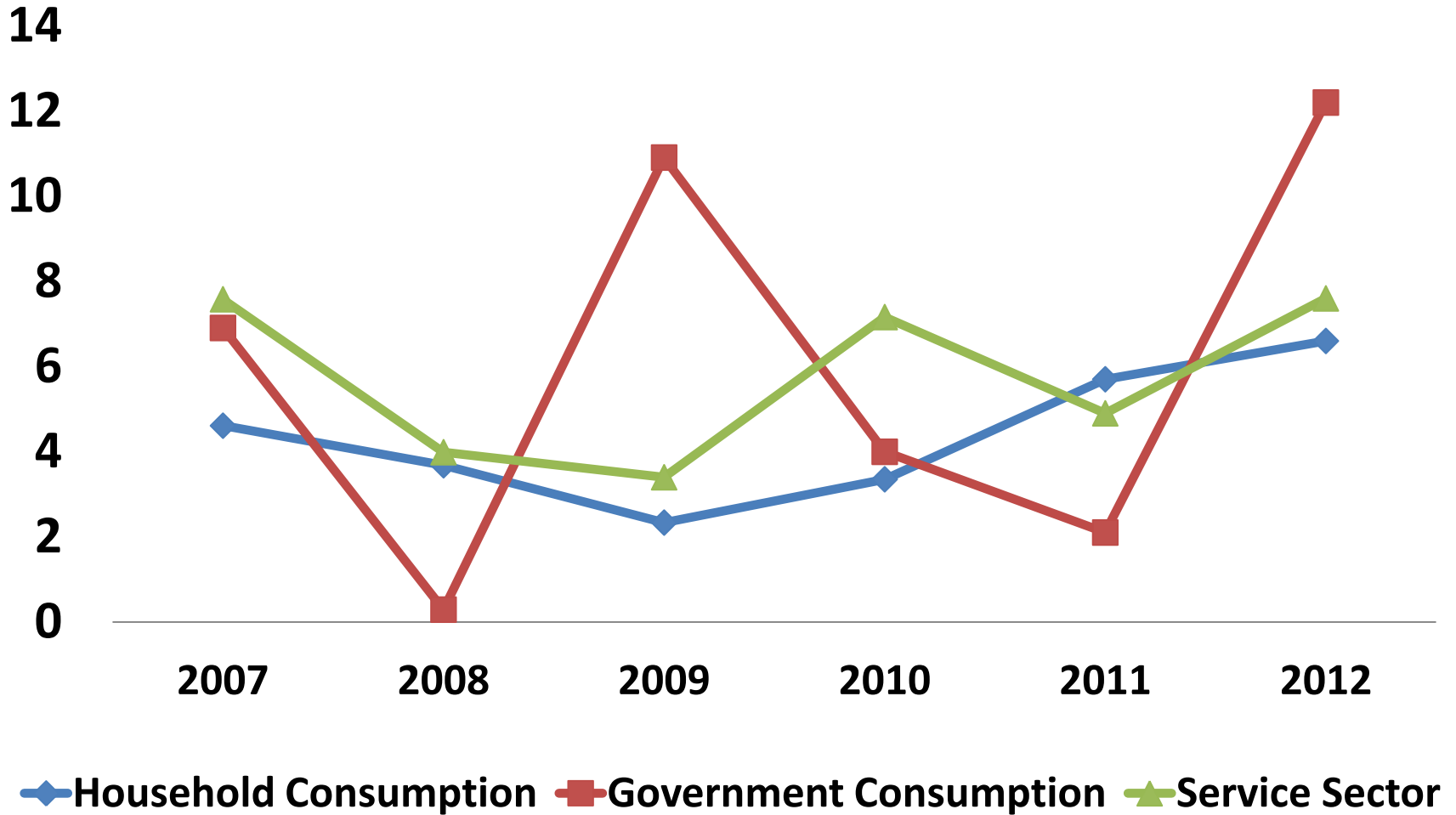


2013 YTD Total Return, 2013E EPS Growth



Sector GDP Drivers

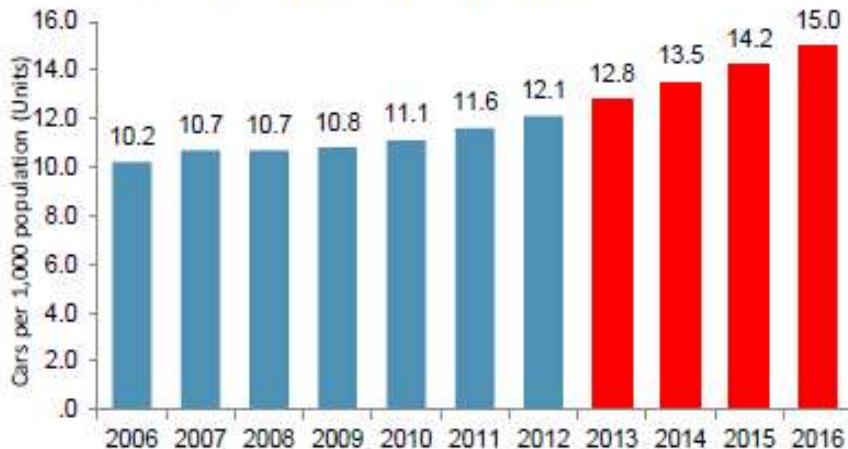
Growth Rates %



Automotive Industry Updates

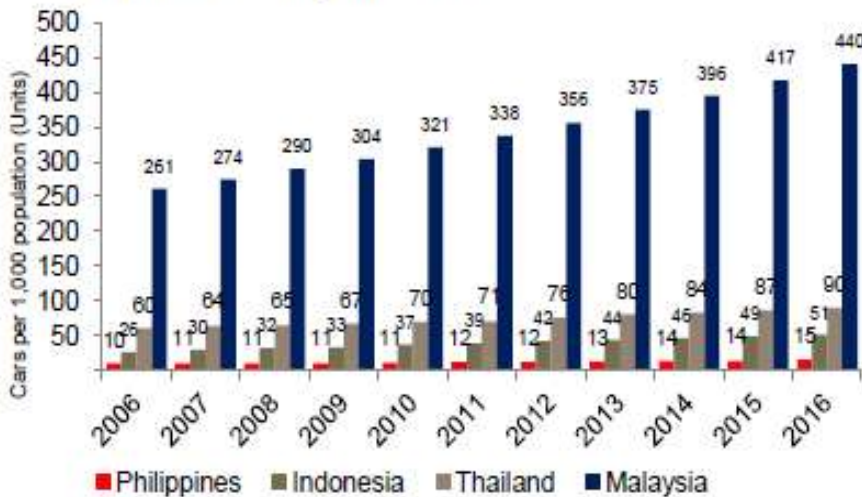


Passenger Car Density in the Philippines



Source: Business Monitor International (BMI)

Passenger Car Density in ASEAN 4



Source: Business Monitor International (BMI)

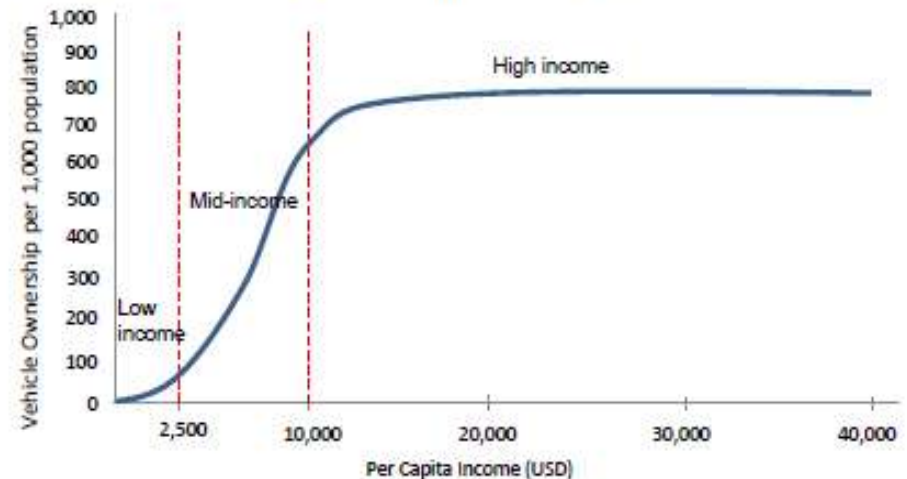
Growth Drivers and Opportunities

- Rising Per Capita Income
- Accelerated Infrastructure Development
- Emerging Domestic Market and Ageing Vehicles
- Increasing Trend Toward Green Vehicles
- The Economic Integration of ASEAN
- Harmonization of Standards & Technical Regulations
- Relocation of Parts and Components Manufacturers to the Philippines

Challenges to Future Growth

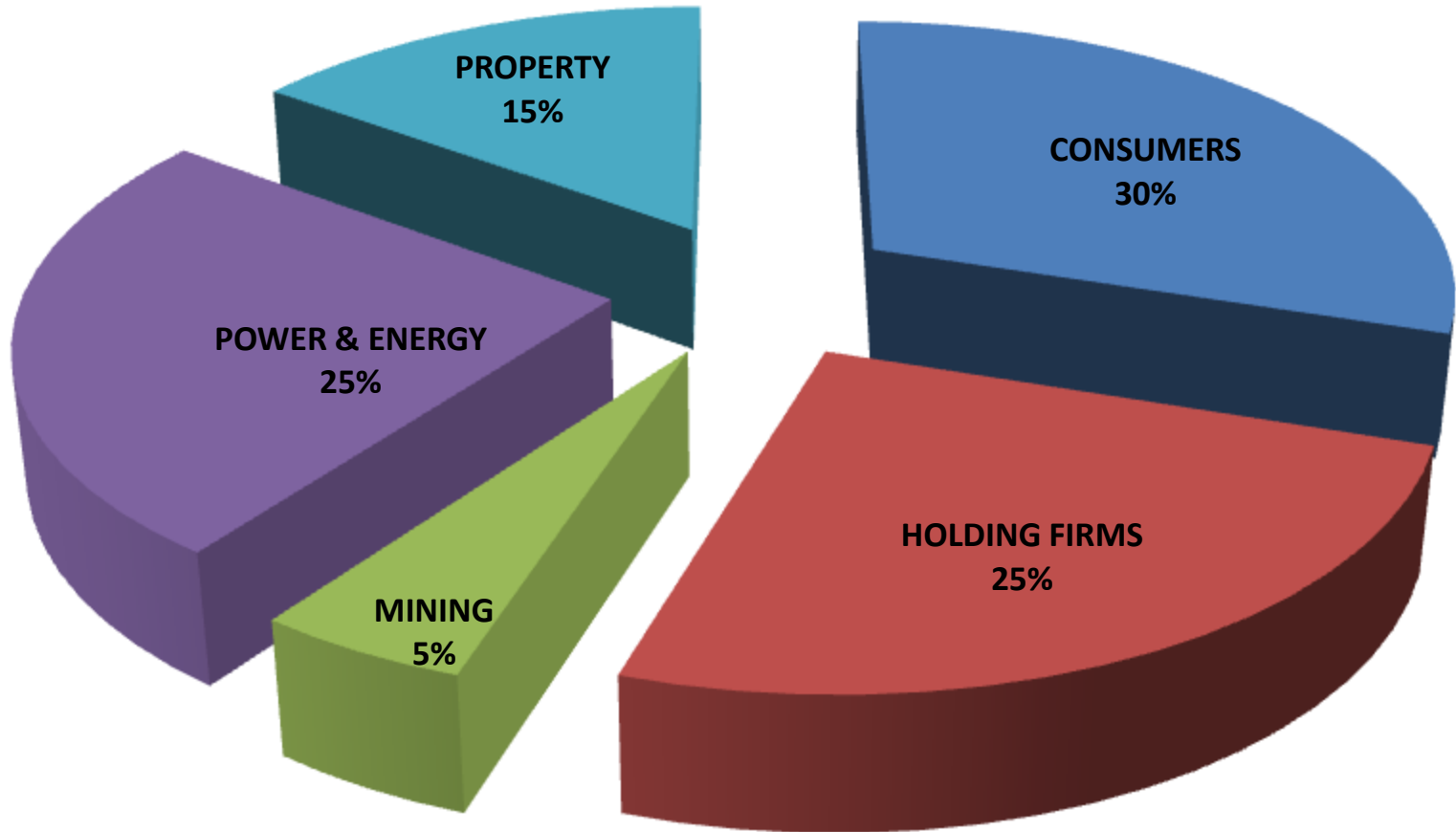
- Limited Domestic Market
- Inadequate Supply Chain
- High Retail Auto Prices
- Lax Enforcement of Rules and Regulations

Patterns in the Growth of Vehicle Ownership



Source: Institute for Transport Studies, University of Leeds

Sector Picks



Forecast

- PSEi target 7,200 by year-end
- Underpinned by 20% EPS growth (normalized for banks)
- 18.7x PE
- In sync w/ accelerating 2013 GDP, 7.0%-7.5%

GDP Growth Drivers:

- ✓ Nearly 100M population, bigger than Malaysia, Taiwan, HK and Singapore combined.
 - ✓ Government expenditure
 - PPP, Double-digit Public % Private Construction Growth
 - ✓ Services Sector
 - ✓ Projected GDP per capita at USD2,850 in 2013 (from USD2,600 in 2012)
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- Investment grade credit rating
 - Strong liquidity
 - Fastest growing economy in Asia with 1Q13 GDP of 7.8%