Philippine Stock Exchange index (PSEi) 7,432.62 ▼69.86 PTS. ▼0.93%

THURSDAY, FEBRUARY 10, 2022
BusinessWorld

PSEi MEMBER STOCKS

AC	Ayala Corp.	P867.00	-P23.00	-2.58%
ACEN	AC Energy Corp.	P8.84	-P0.31	-3.39%
AEV	Aboitiz Equity Ventures, Inc.	P59.50	-P0.95	-1.57%
AGI	Alliance Global Group, Inc.	P12.70	-P0.46	-3.50%
ALI	Ayala Land, Inc.	P38.00	+P0.15	+0.40%
AP	Aboitiz Power Corp.	P35.25	-P0.85	-2.35%
BDO	BDO Unibank, Inc.	P138.00	——	
BLOOM	Bloomberry Resorts Corp.	P6.04	-P0.08	-1.31%
BPI	Bank of the Philippine Islands	P101.00	-P0.10	-0.10%
CNVRG	Converge ICT Solutions, Inc.	P28.25	-P0.75	-2.59%
GLO	Globe Telecom, Inc.	P2,818.00	-P214.00	-7.06%
GTCAP	GT Capital Holdings, Inc.	P595.50	+P2.00	+0.34%
ICT	International Container Terminal Services, Inc.	P219.00	-P2.00	-0.90%
JFC	Jollibee Foods Corp.	P244.00	+P2.40	+0.99%
JGS	JG Summit Holdings, Inc.	P58.20	-P0.85	-1.44%
LTG	LT Group, Inc.	P9.86	+P0.09	+0.92%
MBT	Metropolitan Bank & Trust Co.	P59.80	+P0.10	+0.17%
MEG	Megaworld Corp.	P3.32	+P0.02	+0.61%
MER	Manila Electric Co.	P350.00	-P9.00	-2.51%
MPI	Metro Pacific Investments Corp.	P3.81	+P0.01	+0.26%
PGOLD	Puregold Price Club, Inc.	P36.30	-P0.50	-1.36%
RLC	Robinsons Land Corp.	P19.00	——	
RRHI	Robinsons Retail Holdings, Inc.	P55.05	-P1.65	-2.91%
SECB	Security Bank Corp.	P117.00	-P1.00	-0.85%
SM	SM Investments Corp.	P940.00	-P22.50	-2.34%
SMC	San Miguel Corp.	P109.90	+P0.90	+0.83%
SMPH	SM Prime Holdings, Inc.	P36.70	+P0.45	+1.24%
TEL	PLDT, Inc.	P1,919.00	-P15.00	-0.78%
URC	Universal Robina Corp.	P126.30	+P0.30	+0.24%
WLCON	Wilcon Depot, Inc.	P27.00	-P0.05	-0.18%

Jollibee earmarks P17.8B for 2022 capital spending

By Keren Concepcion G. Valmonte *Reporter*

JOLLIBEE Foods Corp. (JFC) has set its budget for capital expenditures (capex) this year to P17.8 billion, 128% higher than the P7.8 billion the company spent in 2021 as it looks to launch 500 stores.

In a statement on Thursday, JFC said "these capital expenditures will be primarily funded by cash generated from operations, bank loans and excess cash from the remaining proceeds from the bond issuances."

The company is allotting the majority or P10 billion of its planned capex for new stores and renovating its existing outlets.

"We look forward to continuing strong recovery of the business in 2022 particularly if the restrictions in the Philippines are fully lifted, coupled with increased consumer spending during this election year," JFC President and Chief Executive Officer Ernesto Tanmantiong said.

"JFC had allotted P9 billion for capital expenditures for new stores in 2022, representing a 50% increase compared with P6 billion spent in 2021," he added.

The company plans to open 500 new stores this year, noting "very strong expansion in different parts of [its] business] in North America, China, Southeast Asia, and Europe.

Meanwhile, Mr. Tanmantiong said the company expects its business in the Philippines to "sustain its healthy profitable growth."

JFC launched a total of 398 new stores in 2021, of which 108 are in China, 85 in the Philippines, 38 in North America, and 29 in Europe, Middle East, Asia and Australia, or collectively EMEAA. The SuperFoods Group also opened 72 stores last year, while The Coffee Bean and Tea Leaf (CBTL) launched 66 stores.

The company permanently shuttered 302 stores — 216 abroad and 86 at home — in the fourth quarter last year.

Meanwhile, P7.8 billion of its capex will be allocated for investments in the company's supply chain and business technology. JFC is looking at building a new commissary facility based in Cebu.

"Beyond 2022, our outlook for business growth is even brighter," Mr. Tanmantiong said.

IMPROVED SALES PUSH Q4 PROFIT GROWTH TO 60%

In a separate regulatory filing on Thursday, the company reported a 59.6% growth in attributable net income to P3.24 billion in the fourth quarter last year from P2.03 billion in the same period in 2020.

The company generated revenues of P44.94 billion during the quarter, improving by 22.8% from P36.58 billion year on year. System-wide sales went up 25.2% to P62.03 billion from P49.55 billion.

"JFC's system-wide sales in its international business in the fourth quarter had equaled the sales in the same period before the outbreak of the pandemic," Mr. Tanmantiong said, adding that Philippine system-wide sales "were still 22.6% lower than those in the same period in 2019."

Meanwhile, same-store sales of the company's Philippine business went up 24.1% year on year, while same-store sales of its international business went up 9.6%. Its global same-store sales, on the other hand, went up 18.4%.

Same-store sales in North America grew 17%, sales from stores across EMEAA went up 5%, and same-store sales of CBTL went up 29.3%.

However, same-store sales of SuperFoods went down 23.2% and the company's China businesses also saw an 8.1% decline due to coronavirus disease 2019 (COVID-19) lockdowns implemented in some areas of Vietnam and China.

Meanwhile, Jollibee generated an operating income of P2.51 billion in the fourth quarter, "a significant turnaround" from the P2.87-billion operating loss reported in the same period in 2020.

FULL STORY
Read the full story by scanning the QR code with your smartphone or by typing the link <https://bit.ly/3oAaXdW>

OceanaGold expects Nueva Vizcaya mine to ramp up output

MULTINATIONAL gold producer OceanaGold Corp. on Thursday said its Didipio gold-copper mine in Nueva Vizcaya would ramp up operations this year.

"We expect to reach full underground production rates early in the second quarter of 2022 and, as a result, expect full year production of between 100,000 and 110,000 ounces of gold along with 11,000 to 13,000 metric tons (MT) of copper," OceanaGold said in a statement.

For the full year, the mine's by-product all-in sustaining cost (AISC) is expected to range between $500 to $600 per ounce sold, while by-product cash costs are expected to range between $350 to $400 per ounce sold.

The company said its capital requirements are primarily related to underground mining and general operating costs related to plant upgrades.

"Didipio will continue to sustain modest growth capital ranging between $5 [million] to $10 million per year related to the continued build-out of panel two of the underground mine. We will resume drilling of the Didipio ore body in 2022 with an aim to extend mine life through discoveries at depth," OceanaGold said.

Beyond 2022, Didipio is expected to produce between 110,000 and 120,000 ounces of gold per year and 12,000 to 14,000 tons of copper per year at similar AISC and cash costs.

OceanaGold acquired the underground gold and copper mine in 2006 through a merger with Climax Mining Ltd.

Commercial production as an open-pit operation began in 2013. By 2015, the mine transitioned to underground operations. — **Luisa Maria Jacinta C. Jocson**

Globe sees 'slow start' in Q1 due to Odette, Omicron

GLOBE Telecom, Inc. on Thursday said it expects "upsides" in its gross service revenues (GSR) for 2022, but noted that Typhoon Odette and the Omicron variant of the coronavirus disease 2019 (COVID-19) caused a "slow start" for the company in the first quarter.

The company saw its core net income for the fourth quarter of 2021 fall by 25% to P2.9 billion from P3.9 billion in the same period in 2020.

"There are upsides to the GSR guidance at this point, but we had a slow start to the year, as Odette crippled Visayas and Mindanao and Omicron had a lot of our employees... sick so we had to actually divide our operations more sparsely," Globe Chief Finance Officer Rizza Maniego-Eala said during a press briefing.

The company said its typhoon relief efforts, as well as restoration efforts to bring services back to normal in the remaining affected areas, are ongoing.

Globe noted that as of Jan. 18, it had restored 82.3% of its network in Visayas and 91.8% in Mindanao.

"For 2022, due to the continuing negative impact of the COVID-19 pandemic brought about by new variants such as Omicron, the company remains guardedly optimistic about sustaining momentum as the economy recovers," Globe said in a statement on Wednesday.

"Thus, the company believes that, notwithstanding the relevant product platforms in place and aggressive network investments, revenues will increase by low single digit from 2021 level," it added.

The company expects its EBITDA (earnings before interest, taxes, depreciation and amortization) margin to remain in the low 50s, "as margins will be continuously impacted by the increasing contribution of lower-margin data-related products, but offset with efforts in managing costs."

Its capital expenditure (capex) budget for the year will be around P89 billion, as it aims to continue expanding and improving its network, with increased funding for the rollout of the fiber network and 5G (fifth-generation network) service.

Globe saw its core net income for 2021 grow by 9% to P21.2 billion from P19.5 billion in 2020.

Its full-year consolidated service revenues grew by 4% to P151.5 billion from the P146.4 billion reported in 2020.

The company attributed its growth to the "sustained outstanding performance of home broadband as well as corporate data."

It invested P92.8 billion in capex last year. "Total capex for 2021 represented 61% of gross service revenues and 124% of EBITDA," it said.

"About 86% of the capex went to data-related requirements in order to serve the rising demands of Filipinos consumers who access the Internet to carry on with their daily activities, maintain business operations and deliver critical services," it added.

Globe Telecom shares closed 7.06% lower at P2,818 apiece on Thursday. — **Arjay L. Balinbin**

SEC plans sustainability and responsible fund standards

THE Securities and Exchange Commission (SEC), along with the ASEAN Capital Markets Forum (ACMF), is planning to develop Sustainable and Responsible Fund Standards (SRFS) for investment firms in the country.

The ASEAN SRFS aims "to provide disclosure and reporting requirements that can be consistently applied by fund managers in the ASEAN (Association of Southeast Asian Nations) jurisdiction."

"The ACMF will explore the feasibility of developing sustainable and responsible fund standards and will consult the Fund Managers in the region on the technical requirements and feasibility considerations," the regulator said.

Under proposed recommendations, the SEC and the ACMF said qualified funds may be listed as an "ASEAN Sustainable and Responsible Fund" on a webpage on ACMF's website.

Funds may also be required to make information and other reports accessible through their own website or on its fund management company's (FMC).

The ASEAN SRFS would make investment funds provide disclosures on environment, sustainability, and governance (ESG) initiatives, sustainable and responsible investment (SRI) objectives, and sustainability investment strategies.

An FMC will be required to prepare an annual report on its ESG/SRI/sustainability-related funds, which should include investment strategies and objectives on top of a review on their sustainability aspects.

"FMCs are also encouraged to provide more frequent periodic reporting which would increase transparency and investor confidence," the regulator said.

The ASEAN SRFS will also require disclosure of the processes in place to ensure ESG compliance. The benchmarks and/or indices used for a fund's strategies and objectives should also be included.

"Regular monitoring by the FMC of the ESG/SRI/Sustainability-related funds are required to ensure that the funds are continuously in compliance with the disclosures made and fund managers are required to update the respective regulators if there are any material changes to the funds," the regulator said.

Investment firms, fund managers, and other individuals who deal with investment companies may submit comments and/feedback on the proposed features of the ASEAN SRFS by Thursday next week, Feb. 17. — **Keren Concepcion G. Valmonte**

Davao Light turns thousands of power transformers 'green'

DAVAO Light and Power Co. has turned 7,000 of its distribution transformers into "green" by using natural ester oil as insulation fluid, its parent firm Aboitiz Power Corp. said.

In a media release on Thursday, AboitizPower said its subsidiary sets aside P87 million every year since 2015 to maintain 1,300 "green transformers" and replace old transformers that use mineral oil, which is from crude oil, for decommissioning.

Davao Light now has 7,000 "green transformers" out of its more than 26,000 transformers in total.

"We had difficulties in looking for contractors that can safely dispose of our used transformer oil, which back then was still mineral. Since it was already widely used in the energy industry, natural ester was an attractive option to us," said Davao Light's Head of Substation and Electrical Equipment Arnel P. Bersabe.

Mineral oil leaks can easily cause fire due to their relatively low flash point, while ester oil is sourced from rapeseed, canola, or soybean, making it nontoxic and 100% biodegradable, AboitizPower said. — **Marielle C. Lucenio**

FULL STORY
Read the full story by scanning the QR code with your smartphone or by typing the link <https://bit.ly/3GESbZ4>

SMC aims to double cement plant capacity

SAN MIGUEL Corp. (SMC) said it wants to double the capacity of its P10-billion cement manufacturing facility in Davao to lessen the delays of infrastructure projects.

SMC's cement unit, Southern Concrete Industries Corp., will work on an expansion plan for the new cement grinding plant. It is expected to be ready for commercial operations in July.

"This plant was built to support infrastructure development and investments in Mindanao, to help sustain economic development, growth of local industries, and the creation of jobs. We will make sure we will hit the ground running when we start operations by July this year," SMC President and Chief Executive Officer Ramon S. Ang said in a media release.

The cement grinding plant can produce up to 2 million metric tons of cement per year, equivalent to around 50 million bags. It is expected to eventually expand capacity to 100 million bags.

"Our focus will be to immediately serve the needs of the Mindanao region, to fill in supply gaps, especially the demand for local cement. Right now, there is heavy reliance on imported cement. But our government's goal is to lessen our dependence on imports, especially since supply, price, or quality issues directly impact, disrupt, or delay critical infrastructure development. That is why we will look right away at doubling the capacity of the plant," Mr. Ang said.

"Apart from the plant itself, SMC also invested in building its own pier facility, which can receive clinker, gypsum, and limestone. It is also seen to help decongest the Davao commercial port," he added.

In the third quarter of 2021, the company's net loss attributable to parent was at P1.1 billion, a reversal of its P7.17-billion profit year on year.

From January to September 2021, attributable net income was at P11.97 billion, a turnaround from its net loss of P425 million the year before.

At the stock exchange on Thursday, SMC shares rose 0.83% or 90 centavos to close at P109.90 apiece. — **Luisa Maria Jacinta C. Jocson**