Philippine Stock Exchange index (PSEi) 7,342.01 ▼46.08 PTS. ▼0.62%

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PSEi MEMBER STOCKS

Ticker	Company	Price	Change	% Change
AC	Ayala Corp.	P848.00	——	
ACEN	AC Energy Corp.	P8.13	-P0.21	-2.52%
AEV	Aboitiz Equity Ventures, Inc.	P61.50	-P0.90	-1.44%
AGI	Alliance Global Group, Inc.	P12.94	+P0.04	+0.31%
ALI	Ayala Land, Inc.	P38.20	+P0.20	+0.53%
AP	Aboitiz Power Corp.	P34.25	-P0.30	-0.87%
BDO	BDO Unibank, Inc.	P130.00	-P1.00	-0.76%
BPI	Bank of the Philippine Islands	P98.45	-P0.05	-0.05%
CNVRG	Converge ICT Solutions, Inc.	P26.05	-P0.70	-2.62%
EMP	Emperador, Inc.	P18.30	-P1.06	-5.48%
GLO	Globe Telecom, Inc.	P2,570.00	+P10.00	+0.39%
GTCAP	GT Capital Holdings, Inc.	P582.50	-P7.50	-1.27%
ICT	International Container Terminal Services, Inc.	P226.20	-P1.80	-0.79%
JFC	Jollibee Foods Corp.	P241.00	-P1.80	-0.74%
JGS	JG Summit Holdings, Inc.	P61.00	——	
LTG	LT Group, Inc.	P9.64	+P0.10	+1.05%
MBT	Metropolitan Bank & Trust Co.	P58.15	+P0.65	+1.13%
MEG	Megaworld Corp.	P3.16	-P0.02	-0.63%
MER	Manila Electric Co.	P364.60	+P3.40	+0.94%
MONDE	Monde Nissin Corp.	P14.76	-P0.08	-0.54%
MPI	Metro Pacific Investments Corp.	P3.80	——	
PGOLD	Puregold Price Club, Inc.	P35.00	-P0.15	-0.43%
RLC	Robinsons Land Corp.	P19.90	-P0.10	-0.50%
SECB	Security Bank Corp.	P113.00	-P0.80	-0.70%
SM	SM Investments Corp.	P932.00	-P25.00	-2.61%
SMC	San Miguel Corp.	P107.50	+P0.10	+0.09%
SMPH	SM Prime Holdings, Inc.	P39.20	-P0.05	-0.13%
TEL	PLDT, Inc.	P1,850.00	+P20.00	+1.09%
URC	Universal Robina Corp.	P119.70	-P1.10	-0.91%
WLCON	Wilcon Depot, Inc.	P27.70	+P0.05	+0.18%

Airbus sees signs of gradual recovery in PHL market

By Arjay L. Balinbin
Senior Reporter

EUROPEAN aerospace company Airbus SE said it is seeing signs of gradual recovery in the Philippines, helping boost demand for new aircraft in the Asia-Pacific region.

"In February, the Philippines reopened its borders to fully vaccinated travelers. We are encouraged that more countries are easing restrictions, which will contribute to air travel recovery in the region," Airbus Asia-Pacific President Anand Stanley told *BusinessWorld* in an e-mailed reply to questions last week.

"Airbus is seeing a gradual recovery in the air transport market in Asia-Pacific, with several governments moving to ease border and quarantine measures," he noted. "The pent-up demand is there, but it is still being restrained by complex and uncoordinated protocols."

Starting Feb. 10, Philippine borders were opened to fully vaccinated travelers from countries whose citizens enjoy 30-day visa-free entry privileges.

Airlines are also allowed to operate at full capacity in the capital region and 38 other areas placed under the Alert Level 1 status of the lockdown. But public travels between an area with a higher alert level classification and an area under Alert Level 1 will be limited to the capacity of the area at higher risk.

The Transportation department has said the country's main gateway, the Ninoy Aquino International Airport, is ready to increase its passenger arrival cap to 10,000 from 5,000 in anticipation of the influx of arriving passengers.

"There is a tremendous appetite for people to fly again, reconnect with families and friends, and to restart business," Mr. Stanley said.

Airbus sees a 5.3% passenger traffic growth per year in the Asia-Pacific region, translating into a need for 17,620 passenger and freighter aircraft.

"Of the demand for 17,620 aircraft, 13,660 are in the small category like the A220 and A320 Family. In the medium and long-range categories, Asia-Pacific will continue to drive demand with some 42% of global requirement. This translates to 2,470 medium and 1,490 large category aircraft," the company said in a statement posted on its website.

Flag carrier Philippine Airlines (PAL) has said that it is working with Airbus to modify 15 of its aircraft to accommodate more passengers.

Airbus will add more seats to PAL's 11 A320 aircraft, two A330-300s, and two A350-900s. PAL's A320 planes will have 24 extra seats, bringing the total seat count to 180. This configuration "suits the airline's requirements for short-haul inter-island domestic routes," the flag carrier said.

ICTSI undertaking P15-B MICT expansion to meet demand

LISTED port operator International Container Terminal Services, Inc. (ICTSI) on Sunday said it is expanding the Manila International Container Terminal (MICT) to meet growing demand and serve new-generation container ships.

The company is constructing a new berth at MICT to "handle increasing volume demand and serve new-generation container ships that can carry up to 18,000 TEUs (twenty-foot equivalent units)," it said in an e-mailed statement.

ICTSI noted that there is a growing trend towards larger container ships and that MICT should be ready to service very large container ships "with ease and efficiency."

"Currently under design, Berth 8 will add a total of 400 meters quay and up to 12 hectares of yard area in phases. Along with port equipment, the expansion is estimated to cost P15 billion. Water alongside will be initially dredged to a depth of 13.5 meters with potential further deepening to 15 meters draft," the company added.

With Berth 8, MICT's berthing and total capacities are expected to expand by 21% and 25%, respectively.

At the same time, the company is modernizing MICT's Berths 1 to 5 and their backup and yard areas.

"The project includes the installation of additional reefer racks by April to accommodate approximately 300 TEUs of reefer cargo," ICTSI said.

The company is also investing in technology for MICT to improve operational efficiency and productivity.

"In 2020, MICT was among the pilot terminals in the ICTSI Group to leverage blockchain technology by joining the TradeLens platform developed by IBM and Maersk," it noted.

ICTSI's capital expenditures (capex) for 2022 are expected to be approximately $330 million from $165 million in 2021, the company said in its annual report released last week.

It said the estimated capex budget will be utilized mainly for the payment of concession extension upfront fees, ongoing expansion projects, equipment acquisitions and upgrades, and maintenance requirements.

"The group expects to fund these capital expenditures through a combination of available cash, internally-generated funds, third-party loans and other fund-raising activities, if necessary," ICTSI noted.

The company saw its attributable net income for 2021 surge to $428.6 million from $101.8 million a year earlier, mainly due to higher operating income.

Its gross revenues from port operations increased 23.9% to $1.9 billion in 2021 from $1.5 billion previously.

Meanwhile, the company's expenses were reduced 4.7% to $1.1 billion from $1.2 billion in 2020.

ICTSI handled a total of 11.16 million TEUs in 2021, higher by 10% compared with the 10.19 million TEUs handled in 2020. This is mostly due to volume growth and improvement in trade activities as economies recover from the impact of the pandemic and lockdown restrictions, the company said. — **Arjay L. Balinbin**

Tax court sides with car distributor in case vs BIR

THE Court of Tax Appeals (CTA) granted the appeal of an automobile distribution and wholesale company to set aside the deficiency excise tax of P141.1 million, which the Bureau of Internal Revenue (BIR) required the company to pay for the calendar years 2010, 2011, and 2012.

In a 15-page resolution released on March 2, the court's third division said that the internal revenue commissioner failed to present a letter of authority and a revenue memorandum order to legally authorize a tax assessment on Formula Sports, Inc. (FSI).

The court cited the country's tax code and defined a letter of authority as one "given to the appropriate revenue officer assigned to perform assessment functions and empowers said officer to examine the books of account and other accounting records of a taxpayer for the purpose of collecting the correct amount of tax."

"The Commissioner of Internal Revenue, his representatives, agents, or any person acting on his behalf are enjoined from collecting or taking any further action on the subject deficiency taxes," the ruling written by CTA Associate Justice Maria Rowena Modesto-San Pedro ordered.

The revenue officers found FSI liable for deficiency excise tax and value-added tax in the amount of P141.1 million in 2016. This was based on the purchase price of the imported vehicles declared by the company to be lower than the purchase price found in its authority to release imported goods.

The petitioner is a domestic corporation engaged in the wholesale and distribution of automobiles. It is also the sole importer and distributor of luxury sports car brand Maserati in the Philippines.

The respondent issued a mission order in 2014 to revenue officers directing them to inspect the automobile distribution company's importation and sales accounts of automobiles from 2010 to 2012.

The tax court said that because the respondent failed to secure the letter of authority and revenue memorandum order, the assessment was considered void and that the previously issued mission order cannot replace the absent letter, or function in the same way.

"Clearly, there must be a grant of authority before any revenue officer can conduct an examination or assessment," the court said in its ruling. "Equally important is that the revenue officer so authorized must not go beyond the authority given," the tax court added. — **John Victor D. Ordoñez**

OUTLIER

SMPC's record-high 2021 earnings pique investors

By Mariedel Irish U. Catilogo

INVESTORS are optimistic about Semirara Mining and Power Corp. (SMPC) after the Consunji-led coal producer and power generation company posted record-high 2021 earnings.

A total of P1.43-billion worth of 47.16 million shares in SMPC were traded from Feb. 28 to March 4, data from the Philippine Stock Exchange (PSE) showed, making it the fifth most actively traded stock last week.

Its shares were up by 27.6% week on week to P31.90 apiece on Friday compared with its P25.00 finish on Feb. 24. Since the start of the year, the stock has gained 41.2%.

Analysts attributed the strong performance of SMPC to its strong 2021 net income.

"SCC's performance this week could be traced back to the company ending 2021 with a net income of P16.2 billion, a 393% increase from its profits in 2020 and the highest ever in its 41-year history," Globalinks Securities and Stocks, Inc. Head of Sales Trading Toby Allan C. Arce said in an e-mail interview, referring to the company's ticker symbol.

"The stellar earnings jump was attributed to high demand for coal, with selling prices surging 71%," he added.

Salisbury BKT Securities Corp. Equity Sales Trader Juan Paolo R. Dela Cruz traced the stock's performance to strong foreign demand in February.

"Apart from the strong full-year 2021 net income of SCC, prices were driven up by strong foreign buy flows since Feb. 24," he said in a text message.

For Unicapital Securities, Inc. Equity Trader Cristopher Adrian T. San Pedro, the ongoing conflict between Russia and Ukraine will continue to affect the prices of commodities, particularly its short-term impact on coal prices thus, investors should monitor the situation.

In its disclosure last Monday, SMPC reported its net income surged to a record P16.2 billion in 2021, a nearly fivefold leap from P3.3 billion the previous year.

In the final three months of the year, its net income expanded almost 20 times to P5.9 billion from P297 million.

SMPC attributed the "stellar" earnings result to stronger-than-expected demand for coal that pushed prices to record highs due to China's price cap.

Its coal segment contributed 60% of the group's bottom line last year. In a press release, the company said its coal production increased by 8%, as well as the coal shipments and average coal selling prices, which rose by 16% and 71%, respectively.

Meanwhile, its other units also posted positive performances. SEM-Calaca Power Corp.'s net income rose by 143% to P3.43 billion last year. At the same time, Southwest Luzon Power Generation Corp.'s bottom line rose nearly eight times to P1.45 billion.

Messrs. Arce and Dela Cruz respectively expect SMPC to net P17.7 billion and P17.71 billion this year. In the first quarter, Mr. Dela Cruz pencils in a bottom line of P7.08 billion.

Mr. San Pedro sees a "conservative" estimate of P11-14 billion net income for 2022.

In an e-mail, he said the company will "heavily rely" on strong global coal demand, while on the local front, the continued shift to Alert Level 1 — or new normal — will help its power subsidiaries to maintain its growth momentum this year "as increased business capacity will lead to higher demand for electricity."

Mr. Arce expressed uncertainty that the demand for coal in 2021 could be short-lived.

"Between now and 2025, there are no estimated future increases in demand, provided the economic recovery from the pandemic continues and policy initiatives remain unchanged. Despite progress to reduce global reliance on coal, its use is projected to remain stable until 2025," he said.

Mr. Dela Cruz's placed SMPC's immediate support at P30.35 and its immediate resistance at P33.00.

For Mr. San Pedro, support is P29.70 and resistance is P32.70, with a resistance target of P33.00 and P37.00.

Mr. Arce said the company's shares have been overbought.

"Its resistance may be between P32.00 [and] P33.00, while support may be between P26.00 and P24.00," he said.

Eternal Plans aims to quickly address financial difficulties

ETERNAL Plans, Inc. said that it expects to address its financial difficulties in a "short period" after the regulatory body placed the company under a conservatorship for failing to plug a cash deficiency in its trust fund.

The company said its financial troubles are twofold: benefits payouts are still exceeding estimates as education tuition fees surge.

At the same time, the industry has been experiencing decades of weak investment portfolio returns.

"Pre-need plans sold before the passage of the Pre-Need Code of the Philippines, dubbed as 'old basket of plans' have double-digit growth rates that current investment portfolio cannot sustain," Eternal Plans said in an e-mailed statement on Friday.

"To address the fund shortage, pre-need plan companies have to contribute yearly to fill the gap. This out-of-pocket contribution adversely affected all pre-need plan companies, causing a lot of them to fold."

The company said that the coronavirus pandemic worsened the industry's problems, especially amid company closures and low investments.

"We have the resources, and we want to maximize earnings on alternative investments because traditional investments are not earning and even in some cases at a loss," Eternal Plans, Inc. President Elmer M. Lorica said.

Insurance Commissioner Dennis B. Funa placed the company under conservatorship on Jan. 20 due to the company's "unwillingness to comply" with the orders of the regulator.

The Insurance Commission, in a letter to Eternal Plans in November 2021, directed the company to put cash into its trust fund to make up for the deficiency. The deadline was Dec. 28 after the company was granted an extension, the Department of Finance said on Thursday.

After the company failed to meet the deadline, Mr. Funa said it asked for a regulatory reprieve and for time to undergo rehabilitation.

"We find this request consistent with the regime of conservatorship. Hence, the case of the company falls under the conservatorship process under the Insurance Code," he said.

Eternal Plans in its statement said it made a cash deposit of P200 million to its trust fund, telling the commission that it wanted a supervised rehabilitation.

"The company desires to address the remaining deposit balance and address in particular the issue of the asset-liability mismatch for the 'old basket' of plans." it said.

"The company assures the planholders that we will come out stronger from these financial difficulties within a short period of time."

According to the Pre-Need Code of the Philippines, a trust fund ensures guaranteed benefits and services under a pre-need plan contract. The code requires that certain percentages of insurance plans be deposited into the trust fund.

Conservators may be appointed to manage a pre-need company's assets and liabilities, collect debts due, and make decisions that would preserve its assets and restore its viability. — **Jenina P. Ibañez**