

Philippine Stock Exchange index (PSEi)

7,037.74

▲ 41.63 PTS.

▲ 0.59%

TUESDAY, APRIL 19, 2022

BusinessWorld

PSEI MEMBER STOCKS

AC Ayala Corp. P769.00 +P2.00 +0.26%	ACEN AC Energy Corp. P8.41 +P0.07 +0.84%	AEV Aboitiz Equity Ventures, Inc. P55.00 -P1.75 -3.08%	AGI Alliance Global Group, Inc. P12.10 -P0.30 -2.42%	ALI Ayala Land, Inc. P34.00 -P0.10 -0.29%	AP Aboitiz Power Corp. P35.00 -P0.40 -1.13%	BDO BDO Unibank, Inc. P129.80 +P0.40 +0.31%	BPI Bank of the Philippine Islands P99.80 +P1.80 +1.84%	CNVRG Converge ICT Solutions, Inc. P30.60 +P0.45 +1.49%	EMP Emperador, Inc. P17.02 -P0.24 -1.39%
GLO Globe Telecom, Inc. P2,472.00 +P48.00 +1.98%	GTCAP GT Capital Holdings, Inc. P515.00 +P3.00 +0.59%	ICT International Container Terminal Services, Inc. P224.80 +P1.20 +0.54%	JFC Jollibee Foods Corp. P228.00 +P7.60 +3.45%	JGS JG Summit Holdings, Inc. P58.45 +P1.95 +3.45%	LTG LT Group, Inc. P8.76 -P0.19 -2.12%	MBT Metropolitan Bank & Trust Co. P53.60 -P0.50 -0.92%	MEG Megaworld Corp. P2.95 +P0.02 +0.68%	MER Manila Electric Co. P357.00 -P5.00 -1.38%	MONDE Monde Nissin Corp. P13.66 +P0.34 +2.55%
MPI Metro Pacific Investments Corp. P3.88 ---	PGOLD Puregold Price Club, Inc. P37.70 +P1.40 +3.86%	RLC Robinsons Land Corp. P19.90 ---	SECB Security Bank Corp. P106.90 +P0.70 +0.66%	SM SM Investments Corp. P871.50 +P6.50 +0.75%	SMC San Miguel Corp. P108.00 +P0.10 +0.09%	SMPH SM Prime Holdings, Inc. P37.25 +P0.10 +0.27%	TEL PLDT, Inc. P1,899.00 +P7.00 +0.37%	URC Universal Robina Corp. P117.40 +P1.40 +1.21%	WLCON Wilcon Depot, Inc. P29.00 +P2.15 +8.01%

Two firms to acquire 5,907 PLDT towers for P77B

By Arjay L. Balinbin
Senior Reporter

PLDT, Inc. announced on Tuesday that it entered into agreements with two foreign tower companies for the sale and leaseback of its 5,907 telecom towers for P77 billion, which will be used to repay debt, fund major cash requirements, and pay special dividends of up to P9 billion.

The group's subsidiaries, Smart Communications, Inc. and Digital Mobile Philippines, Inc., signed the sale and purchase deals with the subsidiaries of international telecom-

munications infrastructure services companies edotco Group and EdgePoint, PLDT said in a disclosure to the stock exchange.

The 5,907 towers — almost half of PLDT's total tower portfolio — are spread across the Philippines, with 2,973 being acquired by ISOC edotco Towers, Inc., a subsidiary of edotco Group, and 2,934 towers by Comworks Infratech Corp., a subsidiary of EdgePoint.

With the proceeds from the transaction, the PLDT group aims to prepay P27.5 billion in debt maturing this year, PLDT Chief Finance Officer Anabelle L. Chua said during a press briefing.

"We do not need to borrow P24.5 billion that will be used for capital expenditures and other investment requirements. Originally, based on our plans, we would have had to borrow; but this time, we can avoid doing that with the proceeds that we'll generate from this transaction," she noted.

"So with the P52 billion that's largely being used to deleverage the company, we should enjoy savings on our financing costs. The estimate here of P2.6 billion is calculated at the assumption of a 5% interest rate per annum," she added.

The company also expects to see a payment of special dividends of up to P9 billion to its shareholders.

The transaction was signed on Tuesday. PLDT expects staggered closing because of the number of towers being transferred.

"First closing is expected in May 2022 with final closing by the fourth quarter," Ms. Chua said.

PLDT Chairman Manuel V. Pangilinan in March said the bids the company had received for its towers were "north of the P50-billion mark."

Asked how PLDT was able to fetch a higher valuation for the towers, he said during Tuesday's briefing: "I think that's partly on the back of the good condition of our towers; partly because of the good credit standing of PLDT. I would like to believe, and partly

because we had good financial advisors."

"I think, on the whole, the timing was perfect, and also this is the first ever towers sale to be achieved here in this country, so in many respects, it had the benefit of a first mover advantage," he added.

edotco Group, which has more than 54,000 towers across nine countries in Asia, and EdgePoint, which owns around 10,000 towers across Indonesia and Malaysia, will "bring to bear global best practices and technologies in operating the towers which should translate into better network quality, higher resilience and faster recovery from typhoons and other natural calamities," PLDT said.

PLDT said its wireless arm Smart has agreed to lease back the towers sold in the transaction for a period of 10 years.

"Smart has secured competitive terms as the anchor tenant on the towers and expects to benefit from operational and capital expenditure savings," the company said.

"The sale and leaseback will be complemented by a new tower build commitment of 1,500 towers in total over the next few years," it added.

FULL STORY

Read the full story by scanning the QR code with your smartphone or by typing the link <<https://bit.ly/30yZuz>>



PHILIPPINE AIRLINES President and Chief Operating Officer Capt. Stanley K. Ng. said the company's first quarter results were "very encouraging" and "better than expected."

PAL Q1 results 'better than expected'

FLAG CARRIER Philippine Airlines (PAL) said on Tuesday that it saw "very encouraging" results in the first quarter as travel demand began to recover amid relaxed restrictions.

"It's very encouraging, the results of the first quarter, which we will release soon. It was better than expected. We actually beat our budget," PAL President and Chief Operating Officer Capt. Stanley K. Ng told reporters during a briefing.

"For domestic travel, we're already at more than 80% of our pre-pandemic level, while for international, we're around at 60% of our pre-pandemic level. So the results are really encouraging," he added.

The airline anticipates returning to pre-pandemic levels of domestic flight capacity this year.

PARTNERSHIP WITH SINGAPORE

At the same time, PAL and the Singapore Tourism Board (STB) announced a partnership on Tuesday to entice more Filipinos to visit Singapore, which officially opened its borders on March 4.

"With this partnership, we are really looking forward that this route can recover soon. We're looking at adding a third; and by the fourth quarter, we're looking at going back to the pre-pandemic level of our flights," Mr. Ng said.

STB Chief Executive Keith Tan said Singapore considers the Philippines as an "important tourism market."

"Strong flight connectivity between our countries is really important for us, both for tourists and business travelers," he added.

Under the partnership, "passengers of PAL will... be entitled to exclusive boarding pass privileges that provide special deals and promotions across a wide range of tourism establishments in Singapore, including Museum of Ice Cream, Mandai Wildlife Reserve, establishments on Sentosa, and more," STB said in a statement.

It noted that since April 1, vaccinated travelers to Singapore have been enjoying "a streamlined travel process, requiring only proof of vaccination, a pre-departure coronavirus test, and a simple SG arrival card."

PAL Holdings, Inc., the listed operator of PAL, saw its net income improve to P60.6 billion last year from a loss of P73.1 billion in 2020, primarily due to an increase in "other income" attributable to gain from debt settlement and condonation.

Its revenues for 2021 reached P58.7 billion, 6.2% higher than the P55.3 billion in 2020. — Arjay L. Balinbin

CTA affirms canceled P1.3-B tax assessment on Fonterra Brands

THE COURT of Tax Appeals (CTA) affirmed the cancellation of the tax assessment on Fonterra Brands Philippines, Inc. for 2019 to 2010 worth P1.3 billion, inclusive of interest.

In a ruling on Apr. 11 and made public on Apr. 18, the CTA en banc said it agreed with the decision of the court in division, which said the Bureau of Internal Revenue's (BIR) formal letter of demand did not say when the payment of deficiency taxes was due.

"Indeed, the Formal Letter of Demand's failure to state when the payment of the deficiency taxes shall become due violates respondent's right to be informed of the determinable amount for which it is liable to pay," the tax court said in the ruling written by CTA Associate Justice Juanito C. Castañeda, Jr.

"Petitioner (Commissioner of Internal Revenue) failed to raise meritorious arguments to justify the reveal of the assailed Decision and Resolution, as such the denial of the instant Petition for Review is in order."

The petitioner is the Commissioner of Internal Revenue (CIR), who has the authority to decide disputed assessments and to cancel tax liabilities based on the country's revenue code.

Fonterra Brands Philippines, the respondent, is engaged in the business of manufacturing, importing, and distributing on a wholesale basis of dairy and other food products under the Anchor brand.

"A final assessment notice must not only indicate the legal and factual bases of the assessment but must also state a clear and categorical demand for payment of the computed tax liabilities within a specific period," CTA Associate Justice Roman G. del Rosario noted in his separate concurring opinion.

HARTE-HANKS PHILIPPINES

Meanwhile, the Supreme Court (SC) has reversed a CTA decision dismissing the appeal of Harte-Hanks Philippines, Inc.'s P2.54-million excess input value-added tax (VAT) on zero-rated sales for the second quarter of 2008.

In its ruling on Mar. 7 and made public on Apr. 18, the high court said the CTA Second Division and en banc made an error in denying the company's claim, as it had jurisdiction over the claim for refund.

Harte-Hanks Philippines, the petitioner, is a domestic corporation engaged in outsourcing customer relationship management solutions by inbound or outbound call services to its clients. The CIR is the respondent for the case.

The CTA en banc previously affirmed the Second Division's ruling favoring the CIR's motion to dismiss the claim due to premature filing.

"By way of exception, judicial claims filed during the window period from 10 Dec. 2003 to 6 Oct. 2010, need not to wait for the exhaustion of the required 120-day period," the SC said, citing previous jurisprudence.

It added that the petitioner filed the judicial claim with the CTA Second Division on June 29, 2010, which was within the period of the cited exception.

"As a final note, the court emphasized that, although the petitioner did not actually invoke BIR Ruling No. DA-489-03 in any of its pleadings to justify the timeliness of its judicial claim with the CTA, the BIR ruling applies to all taxpayers who filed their judicial claims within the window period of Dec. 10, 2003, to Oct. 6, 2010," the high court said in its ruling written by SC Associate Justice Ramon Paul L. Hernandez. — John Victor D. Ordenez

SPC Power's 2021 earnings slide due to weak Q4

SPC POWER Corp.'s attributable net income went down by 25.74% year on year to P1.19 billion in 2021 due to its weaker fourth-quarter performance.

In a disclosure, SPC Power said its net income translated to earnings per share of 81 centavos from P1.07 in 2020 and return on equity of 11.99% versus 15.8% the prior year.

The company said its full-year income was dragged down by its financial performance in the last

quarter of 2021. However, no fourth-quarter figures were provided.

SPC Power's end-September 2021 net income was at P1.38 billion, higher than the P1.31 billion in the comparable year-ago period.

The company said its performance in the fourth quarter was hit by the delayed recovery of purchased power costs following Typhoon Odette, since the Wholesale Electricity Spot Market's (WESM) operations in the Visayas grid only resumed on Jan. 17.

It also recorded lower revenues due to cheaper sales of power generated and sold to distribution utilities and electric cooperatives, as well as the expiry of power supply contracts, which were not offset by increased capacity sold to WESM.

Due to higher pass-through costs of fuel and power, SPC Power logged operation costs that were higher than its revenues, slashing its gross margin by 6.3% to P516.9 million in 2021.

"The power distribution business segment bore the brunt of the typhoon damage," the company said, citing a 68.9% decline in the segment's contribution to its net income.

Meanwhile, its power generation business segment's earnings also dropped by 17.8% to P317.8 million.

SPC Power's shares went down by 20 centavos or 1.38% to close at P14.30 each on Tuesday. — R.C.S. Agustin