San Miguel food-beer unit sees 1% profit rise on better sales

SAN MIGUEL Food and Beverage, Inc. (SMFB) announced on Wednesday that its first-quarter consolidated income increased by 1% to P12.7 billion, propelled by higher sales and better product pricing.

Excluding nonrecurring gains related to the Corporate Recovery and Tax Incentives for Enterprises Act, or CREATE law, the company's net income for the quarter was up by 1% to P9.2 billion.

"We remain optimistic and steadfast in pursuing strategies that will drive long-term value for our shareholders. As the market continues to be dynamic, we will continue to manage the inflationary environment with the same level of discipline that carried us through the years," SMFB President and Chief Executive Ramon S. Ang said in a statement on Wednesday.

Consolidated revenues grew 9% to P83.1 billion, driven by a combination of volume growth and better pricing across multiple categories in its beer, spirits, and food businesses.

"As with other consumer goods companies, SMFB was faced with rising input costs on raw materials and utilities, squeezing profits and muting the gains from volume growth compared to the same period last year," the company said.

Consolidated earnings before interest, taxes, depreciation, and amortization (EBITDA) were also up 1% to P15.7 billion.

Of its businesses, the food segment reported a 13% jump in consolidated revenues to P40.8 billion as demand for its brands remained robust.

However, its consolidated EBITDA for the first quarter of the year fell by 6.6% to P5.7 billion, while consolidated operating income dropped by 6.7% to P4.2 billion, impacted by inflationary pressures.

The animal nutrition and health and flour segments posted double-digit revenue growth while poultry and processed meats also recorded higher sales.

"Advertising and promotional campaigns, expansion of distribution networks, superior product quality, and better pricing all contributed to the growth" of the food business, SMFB said.

Meanwhile, the beer business reported a 3% rise in revenues to P29.7 billion on account of improved volumes in its international operations and price adjustments.

Its EBITDA and income from operations were flat in the first quarter at P8 billion and P6.8 billion, respectively.

SMFB said its beer business would continue to implement "cost management initiatives" to preserve profits.

For the rest of the year, the segment's prospects have been boosted by the reopening of on-site channels after the lifting of pandemic restrictions, it added.

The spirits business reported that revenues jumped 11% to P12.6 billion due to "strong thematic campaigns, consumer promotions, a broadening distribution network, and efficiencies all supported growth."

The EBITDA of the spirits business rose 32% to P2 billion, while income from operations increased 39% to P1.8 billion.

At the stock exchange, SMFB shares fell by P3.05 or 5% to P57.95 apiece. — **Luisa Maria Jacinta C. Jocson**

MPIC attributable income falls, core profit increases

METRO Pacific Investments Corp. (MPIC) saw its attributable net income for the first quarter decline by 19% to P5.7 billion from the year-ago figure that included the sale of shares in two companies.

Its total comprehensive income grew by 8% to P7.5 billion in the first quarter, the company said in a statement.

In the same period last year, MPIC recorded gains as a result of the sale of shares in power generation company Global Business Power Corp. and Thai toll road operator Don Muang Tollway Public Co. Ltd.

MPIC saw contributions from its businesses grow by 14% to P4.3 billion: P2.5 billion from power, P1.2 billion from toll roads, and P600 million from water.

The company's other businesses — including hospitals, light rail, fuel storage, and logistics — incurred an overall loss of P76 million.

It said its core net income for the quarter went up 23% to P3.1 billion after benefitting from "continued economic recovery and intensified election-related activities in the country."

"Toll road traffic is now close to pre-pandemic levels, and power consumption has considerably increased as more industries ramp up operating capacity," the company noted.

MPIC Chairman Manuel V. Pangilinan said: "Economic recovery continues to be this year's story. It is MPIC's story as well, but one that is inextricably linked to everyone else's. Understanding this interconnectedness is a crucial lesson we have learned from the pandemic: that we need to come together to work out how we can progress from a crisis; that our development as a business is tied to the advancement of others."

"Such progress is as significant as profit and is therefore linked to creating value for all. In other words, that our progress is yours as well," he added.

He said the company's focus over the near to medium term is to "continue to deliver on our commitments to support infrastructure development in the country."

"We are also actively evaluating opportunities in multiple sectors that will potentially enable further economic development such as logistics, agriculture, real estate, and tourism."

MPIC shares closed unchanged at P3.82 apiece on Wednesday.

MPIC is one of three key Philippine units of First Pacific, the others being Philex Mining Corp. and PLDT, Inc.

Hastings Holdings, Inc., a unit of PLDT Beneficial Trust Fund subsidiary MediaQuest Holdings, Inc., has a majority stake in *BusinessWorld* through the Philippine Star Group, which it controls. — **Arjay L. Balinbin**

CLI expands to Eastern Visayas with Ormoc subdivision project

REAL estate developer Cebu Landmasters, Inc. (CLI) announced on Wednesday that it is launching Casa Mira Homes Ormoc subdivision as part of its Eastern Visayas expansion.

"We are pleased that Casa Mira has facilitated the company's expansion to untapped markets like Ormoc. At the same time, it has offered prospective families in Visayas and Mindanao a chance to make the big leap to first-time homeownership," CLI Chairman and Chief Executive Jose R. Soberano III said in a statement on Wednesday.

As the 11th Casa Mira development in Visayas and Mindanao (VisMin), the project has 685 units on a nine-hectare property. It is expected to be completed by 2023 and projected to generate sales of P2 billion.

"Pre-selling activities preceded the launch of the P950-million development offering townhouses and single-detached units with floor areas from 42 to 62 square meters (sq.m.). Casa Mira Homes Ormoc is now close to 70% sold attesting to the popularity of the listed company's economic housing brand," CLI said.

The residential brand includes amenities such as chapel, swimming pool, play area, basketball and tennis courts.

CLI said it is set to unveil more Casa Mira projects in Cebu, Ormoc, Bacolod, Iloilo, Cagayan de Oro, Davao, Dumaguete and Palawan within the year.

The property developer has a portfolio of 63 residential projects across VisMin offering close to 30,000 units for the high-end, mid-market and economic segments, with the total sales value of the said projects amounting to P73.6 billion, with 89% of the units sold out.

For 2022, CLI said it is also set to launch 20 new projects.

For 2021, the company said its net income attributable to shareholders grew 42% to P2.61 billion amid strong housing demand, exceeding its 2019 bottom line by 30%.

On Wednesday, CLI shares were down by four centavos or 1.43% to finish at P2.75 at the stock exchange. — **Luisa Maria Jacinta C. Jocson**

New EU sanctions to hit Russian crude oil, target more banks

BRUSSELS — The European Union (EU) will slap new sanctions on Russia for waging war against Ukraine, targeting Moscow's oil industry, more Russian banks and those responsible for disinformation, the EU's top diplomat said on Tuesday.

The latest round of sanctions would also affect Sberbank SBER.MM, Russia's top lender, diplomats said, adding it to several banks that have already been excluded from the SWIFT messaging system.

Borrell said the Commission's proposed measures against Russia, which attacked Ukraine by land, sea and air on Feb. 24, would be presented to the 27 EU member states for approval.

Officials said European Commission President Ursula von der Leyen is expected to spell out the proposed new sanctions on Wednesday, and that they would include a ban on imports of Russian oil by the end of this year.

Russian President Vladimir Putin put the West on notice on Tuesday that he could terminate exports and deals in response to the sanctions burden imposed by the EU and the United States.

An embargo on Russian oil would deprive Moscow of a large revenue stream, but reaching an agreement on the measure has divided countries of the bloc, which relies on Russia for 26% of its oil imports. — ***Reuters***

Record high US job openings in March, resignations likely to fuel wage inflation

WASHINGTON — US job openings increased to a record high in March as worker shortages persisted, suggesting that employers could continue to raise wages and help keep inflation uncomfortably high.

The Labor Department's Job Openings and Labor Turnover Survey, or JOLTS report, on Tuesday also showed a record 4.5 million people voluntarily quit their jobs, underscoring the growing wage pressures. The government reported last week that compensation for American workers notched its largest increase in more than three decades in the first quarter.

"For the economy, this points to another strong jobs report on Friday, and for workers, this means continued strong wage increases, especially for those who change jobs," said Robert Frick, corporate economist at Navy Federal Credit Union in Vienna, Virginia. "The situation likely will continue well into this year given the Federal Reserve's efforts to cool the labor market probably won't gain traction for months."

Job openings, a measure of labor demand, rose by 205,000 to 11.5 million on the last day of March. The second straight monthly increase lifted job openings to the highest level since the series started in 2000. The retail sector led the rise, with an additional 155,000 unfilled jobs. Manufacturers of long-lasting goods reported 50,000 more vacancies.

But job openings decreased by 69,000 in the transportation, warehousing and utilities industry. State and local government education had 43,000 fewer vacancies, while job openings in the federal government decreased by 20,000.

Job openings increased in the South but fell in the Northeast, Midwest and West. Economists polled by Reuters had forecast 11 million vacancies.

The job-workers gap, which Goldman Sachs argues is a better measure of labor market tightness, widened to 5.6 million from 5.08 million, accounting for an all-time high of 3.4% of the labor force, up 0.3 percentage point from February.

According to Goldman Sachs, narrowing the gap halfway by 2.5 million would be enough to slow the fast pace of wage growth.

The JOLTS data is being closely watched by the Federal Reserve, which has adopted an aggressive monetary policy stance as it battles skyrocketing inflation, with annual consumer prices surging at rates last seen 40 years ago.

The US central bank is expected to hike interest rates by half of a percentage point on Wednesday, and likely to start trimming its asset holdings soon. The Fed raised its policy interest rate by 25 basis points in March.

Stocks on Wall Street were trading higher. The dollar DXY fell against a basket of currencies. US Treasury prices were mostly higher.

EXCESS LABOR DEMAND

"Traditionally, the Fed has concentrated on unemployment as a measure of the number of workers who can't find jobs," said Lou Crandall, chief economist with Wrightson ICAP in Jersey City, New Jersey. "In today's environment, the Fed is more focused on the number of firms who can't find workers. The Fed's near-term policy goal is to slow aggregate spending enough to reduce the excess demand for labor."

The job openings rate climbed to 7.1%. That was up from 7.0% in February and matched December's all-time high. The job openings rate increased in establishments with 50 to 999 employees but declined in businesses with less than 50 workers.

Hiring fell by 95,000 jobs to 6.7 million in March. Modest increases in manufacturing, professional and business services, and leisure and hospitality were offset by declines in financial activities, education and health services, government, and trade, transportation and utilities.

There are now 70% more jobs available than new hiring. There were a record 1.92 jobs per unemployed person in March.

"The persistent difficulty that employers have in filling positions will push wages higher and spur employers to automate operations or find other efficiencies to make do with smaller staffs," said Sophia Koropeckyj, a senior economist at Moody's Analytics in West Chester, Pennsylvania.

"These challenges will only grow as more baby boomers leave the labor force. Companies will open operations in parts of the country with more available workers or at least will rely more on remote workers who reside in areas with better demographics."

With jobs abundant, workers are quitting in droves. Quits increased by 152,000, lifting the total to a record 4.5 million. They were concentrated in the professional and business services industry, where resignations increased by 88,000. In the construction sector, quits rose by 69,000. The number of quits increased in the South and West.

The quits rate climbed back to the all-time high of 3.0% scaled in late 2021 from 2.9% in February. The quits rate is viewed by policymakers and economists as a measure of job market confidence. The higher quits rate suggests wage inflation will likely continue to build up as companies scramble for workers.

Layoffs increased in March but remained at low levels. The layoffs rate held at 0.9% for a third straight month. — ***Reuters***

Starbucks misses sales estimates on China COVID-19 curbs

STARBUCKS Corp. suspended its guidance for the rest of its fiscal year on Tuesday as sales growth missed Wall Street targets due to China's tough coronavirus disease 2019 (COVID-19) curbs.

Comparable sales in China, where the chain has rapidly expanded in recent years to tap rising coffee consumption, declined 23%, overshadowing 12% growth in North America.

China's strict lockdown measures to meet its zero-COVID-19 policy have upended operations of most global companies that have a significant presence in the Chinese market, including Apple, Gucci-parent Kering and Taco Bell-owner Yum China.

"I remain convinced Starbucks' business in China will be eventually larger than our business in the US," Chief Executive Officer Howard Schultz said in a call with investors.

The company expects "even greater impact" to its third-quarter results because of the timing of lockdowns in Shanghai and resurgence of the virus in Beijing and other cities.

Even so, demand in its US stores has been "relentless," Mr. Schultz said. Shares rose 5% in extended trading following the results.

Global comparable sales at Starbucks, which recently brought Mr. Schultz back to lead the company amid a wave of unionization at its US stores, rose 7% in the second quarter, while analysts polled by Refinitiv had expected 7.1% growth.

More than 50 US cafes have elected to join the Workers United union out of roughly 240 altogether that have sought to hold elections since August.

Despite already raising wages since last year, the company will invest an additional $200 million in fiscal 2022 to lift pay for store managers, increase training, revitalize its "Coffee Master" program for baristas and launch an internal app to communicate directly with its 240,000 US employees.

The firm will also accelerate the rollout of new ovens and espresso machines and speed up maintenance and repairs. — ***Reuters***