Philippine Stock Exchange index (PSEi) 6,868.92 ▲66.19 PTS. ▲0.97%

THURSDAY, MAY 5, 2022 BusinessWorld

PSEi MEMBER STOCKS

AC	Ayala Corp.	P747.00	+P17.00	+2.33%
ACEN	AC Energy Corp.	P7.80	+P0.18	+2.36%
AEV	Aboitiz Equity Ventures, Inc.	P51.65	——	
AGI	Alliance Global Group, Inc.	P11.30	-P0.10	-0.88%
ALI	Ayala Land, Inc.	P32.55	+P0.55	+1.72%
AP	Aboitiz Power Corp.	P32.50	+P0.35	+1.09%
BDO	BDO Unibank, Inc.	P129.00	+P1.20	+0.94%
BPI	Bank of the Philippine Islands	P97.00	-P0.90	-0.92%
CNVRG	Converge ICT Solutions, Inc.	P30.00	+P1.80	+6.38%
EMP	Emperador, Inc.	P20.05	+P0.05	+0.25%
GLO	Globe Telecom, Inc.	P2,388.00	+P166.00	+7.47%
GTCAP	GT Capital Holdings, Inc.	P514.50	-P1.50	-0.29%
ICT	International Container Terminal Services, Inc.	P211.00	-P4.00	-1.86%
JFC	Jollibee Foods Corp.	P224.00	+P2.00	+0.90%
JGS	JG Summit Holdings, Inc.	P55.60	+P0.10	+0.18%
LTG	LT Group, Inc.	P8.70	-P0.13	-1.47%
MBT	Metropolitan Bank & Trust Co.	P53.35	+P1.35	+2.60%
MEG	Megaworld Corp.	P2.87	-P0.03	-1.03%
MER	Manila Electric Co.	P341.00	+P3.20	+0.95%
MONDE	Monde Nissin Corp.	P13.88	-P0.02	-0.14%
MPI	Metro Pacific Investments Corp.	P3.81	-P0.01	-0.26%
PGOLD	Puregold Price Club, Inc.	P35.50	+P1.00	+2.90%
RLC	Robinsons Land Corp.	P19.94	+P0.76	+3.96%
SECB	Security Bank Corp.	P102.10	-P0.90	-0.87%
SM	SM Investments Corp.	P861.00	+P12.00	+1.41%
SMC	San Miguel Corp.	P106.50	+P0.20	+0.19%
SMPH	SM Prime Holdings, Inc.	P37.00	+P0.25	+0.68%
TEL	PLDT, Inc.	P1,932.00	+P43.00	+2.28%
URC	Universal Robina Corp.	P111.20	+P0.40	+0.36%
WLCON	Wilcon Depot, Inc.	P27.50	+P0.25	+0.92%

PLDT raises 2022 capex guidance to P85 billion

By Arjay L. Balinbin
Senior Reporter

PLDT, Inc. revised its capital expenditure (capex) guidance for the year to P85 billion from P76-80 billion to support the company's updated requirements for home broadband and data center businesses.

The capex will also support "upgrades of the towers and their passive infrastructure assets," PLDT Chief Finance Officer Anabelle L. Chua said during a press briefing on Thursday.

The company saw its first-quarter attributable net income increase by 56% to P9.1 billion from P5.8 billion in the same period a year ago.

Telco core income, excluding the impact of asset sales and Voyager Innovations, increased by 9% to P8.2 billion from the same period in 2021.

Consolidated service revenues grew by 3% to P46.4 billion during the period.

The company said data and broadband, which grew by 8% to P36.6 billion, contributed 79% to its total service revenues.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) improved by 10% to P25.5 billion.

"EBITDA margin was at 53% in the first quarter of 2022, from 51% in the previous year. Normalized for the impact of Typhoon Odette, EBITDA for the first quarter of 2022 would have been higher by 12% year on year to P26.1 billion," PLDT noted.

PLDT and Smart President and Chief Executive Officer Alfredo S. Panlilio said the company is moving in lockstep with its customers' shifting needs as the pandemic-related restrictions ease.

"Our superior, reliable integrated network continues to sustain hybrid work and learning setups, keep loved ones connected online, deliver entertainment content, as well as support businesses and e-commerce."

Meanwhile, PLDT's consolidated net debt reached $4.42 billion in the first quarter, while net-debt-to-EBITDA stood at 2.33x.

Gross debt was at $4.997 billion, "with maturities well spread out," the company noted.

"Only 16% of gross debt are denominated in US dollars and 4% are unhedged," it noted, adding that it maintained its credit ratings from Moody's and S&P Global at investment grade."

According to Mr. Panlilio, the growth in service revenues "will be underpinned by our continued rollout of fiber ports and LTE/5G, our data center expansion, and our commitment to delivering the best customer experience."

PLDT Chairman Manuel V. Pangilinan said the company must "stay the course in order to generate greater free cash flow from higher revenues, cost optimization and the sale of our towers — the last of which could enhance income this year and in succeeding years."

"Further, all of these should enable us to deleverage, reducing net debt to EBITDA back to 2.0x — enabling us to pay special dividends, and fortify PLDT's balance sheet," he added.

PLDT shares closed 2.28% higher at P1,932 apiece on Thursday.

SMC net income up 3% to P13.9B as revenues climb

SAN MIGUEL Corp. (SMC) announced on Thursday a 3% rise in consolidated recurring net income to P13.9 billion as revenues surged on the back of strong volume growth and better selling prices across its businesses.

"Overall, we are off to a good start this year, with volumes and revenues showing robust growth," SMC President and Chief Executive Officer Ramon S. Ang said in a statement.

First-quarter consolidated revenues climbed 57% to P316.8 billion while consolidated income from operations jumped 25% to P40.1 billion.

"While we are still seeing mixed results from our businesses due to the Omicron surge disruption at the start of the year and significant increases in raw material prices, we are well-positioned to build on our gains," Mr. Ang said.

"Economic activity is returning to pre-pandemic levels, our work force has been fully vaccinated, and we have managed to keep the virus under control. With these, we are confident we can sustain our target levels of growth," he added.

Of the conglomerate's business units, San Miguel Food and Beverage, Inc. (SMFB) earlier reported a 1% rise in net income to P9.2 billion.

Consolidated revenues were up 9% to P83.1 billion, driven by volume growth and better selling prices across multiple categories in its beer, spirits, and food divisions. Consolidated operating income was slightly higher at P12.7 billion after rising input costs on raw materials and utilities.

Meanwhile, San Miguel Brewery, Inc. recorded consolidated revenues of P29.7 billion, up 3% from last year's P28.8 billion, mainly due to growth in its international operations.

Operating income stood at P6.8 billion, at par with the previous year's level and despite the increase in beer taxes implemented at the start of the year.

Ginebra San Miguel, Inc.'s net income grew 34% to P1.4 billion, while revenues were up by 11% to P12.6 billion a year ago. Operating income rose 39% to P1.8 billion, driven by higher volumes, continuing cost management and innovative brand-building initiatives.

SMFB division San Miguel Foods recorded a 13% growth in first-quarter revenues to P40.8 billion, supported by higher volumes and enhanced sales mix that focused on higher value-added products.

"Significant increases in the prices of major raw material, along with supply chain challenges and skyrocketing fuel prices, squeezed margins, resulting in an 8% decline in operating income to P4.2 billion," SMC said.

In response, it said the food business "maximized the use of alternative raw materials, implemented purposive fixed costs cuts, and optimized utilization of company-owned production facilities as well as capitalized on synergies in logistics and distribution."

Its power arm, SMC Global Power Holdings Corp., reported a 57% rise in consolidated revenues to P43 billion, brought about by higher average realization prices for bilateral contracts with fuel pass-on charges and higher prices at spot sales.

Petron Corp. earlier said its net income more than doubled to P3.6 billion, while consolidated revenues surged by 107% to P172.3 billion, aided by the recovery in demand and higher international prices.

Meanwhile, infrastructure arm SMC Infrastructure registered consolidated revenues of P6.2 billion, up 44% from the previous year. Operating income surged by 108% to P2.5 billion.

SMC shares were up by 0.19% or 20 centavos to close at P106.50 at the stock exchange on Thursday. — **Luisa Maria Jacinta C. Jocson**

D&L earnings rise 12% led by exports, oleochemicals

By Luisa Maria Jacinta C. Jocson

D&L Industries, Inc. reported on Thursday that its first quarter net income rose 12% to P780 million, propelled by the strong performance of its oleochemicals division and higher exports.

"We are doing better compared to all the first quarter periods in the previous years, so that is something we are excited about. Compared to all [previous] quarters, we had good growth in net income and in revenues," D&L President and Chief Executive Officer Alvin D. Lao said in a virtual briefing.

The company's first quarter earnings represent the highest income level for the company in three years, despite the Omicron surge in January.

"Considering the surprise turn of events in the early part of the year such as the Omicron surge and Russia-Ukraine conflict, our first quarter results show that momentum is definitely there with the easing of restrictions and opening up of businesses," Mr. Lao added.

Barring another unforeseen event, Mr. Lao said that by annualizing its first quarter earnings, the company would yield P3.1 billion.

"In the near term, demand will likely be defined by two opposing forces — continued economic reopening on one hand, and generally higher prices of basic commodities on the other. As a capability-driven company that enables other businesses, we continue to see various opportunities to help our customers navigate the ever-changing business environment whether in the form of coming up with new innovative products or sourcing raw materials in an environment full of supply chain disruptions," he added.

In the first quarter of the year, prices of the company's key raw materials, such as coconut and palm oil, increased significantly.

Average coconut oil and palm oil prices were up by over 50% year on year due to the ongoing Russia-Ukraine conflict and the proposed Indonesian ban on palm oil.

"D&L is so far able to weather the volatility in raw material prices as it is able to adjust its selling price regularly to reflect higher input costs. As shown in the chart below, D&L's revenues have been increasing since the pandemic, evidencing the company's ability to pass on higher raw material prices," the company said in a statement.

D&L said its high margin specialty products (HMSP) segment and commodity segment, which sells straight oils for food application and biodiesel, saw a recovery from levels recorded in the fourth quarter of 2021.

In the first quarter, commodity sales grew by 56% while HMSP sales grew by 29%.

"This demonstrates that margin compressions due to higher input costs are temporary and that margins should eventually recover once commodity prices start to stabilize," the company said.

"Both divisions performed well given new customers under food which required straight oils and the continued economic reopening which resulted in higher biodiesel demand," it added.

The company said that while its focus remains on growing its HMSP segment, the company's commodity segment continues to have "strategic" importance.

"While average margins in the commodity segment are lower, it is income accretive and helps the company cover some of its fixed costs while requiring very little resources," it added.

FULL STORY

Read the full story by scanning the QR code with your smartphone or by typing the link <https://bit.ly/3MTyY9g>

ICTSI net income surges 58% to over $142 million

LISTED port operator International Container Terminal Services, Inc. (ICTSI) on Thursday reported a 58% growth in first-quarter attributable net income to $142.3 million from $90.1 million in the same period a year earlier.

The increase was "primarily due to higher operating income; increase in equity share in net profit of joint ventures; and strong contribution of new terminals; partially tapered by increase in depreciation and amortization, and interest on loans, concession rights payables and lease liabilities," the company said in a statement.

Its revenue rose by 21% to $528.3 million, while its EBITDA — or earnings before interest, taxes, depreciation, and amortization — increased by 28% to $337.9 million.

The company said it saw "strong performances" from its new terminals and joint ventures.

"These results demonstrate the strength of our business and its ability to deliver growth through our diversified portfolio and longstanding, positive relationships with local communities all over the world," ICTSI Chairman and President Enrique K. Razon, Jr. said.

"We continue to see improvement in trade activities, and coupled with new contracts with shipping lines at certain terminals, we saw a 5% increase in throughput," he also said.

The company handled consolidated volume of 2.8 million twenty-foot equivalent units (TEUs) in the first quarter, up 5% from 2.7 million TEUs in the same period a year earlier.

The increase was "primarily due to general improvement in trade activities as economies continue to recover from the impact of the pandemic; new contracts with shipping lines and services at certain terminals; and the contribution of new terminal International Container Terminal Services Nigeria Ltd. in Port of Onne, Rivers State, Nigeria," the company said.

"Excluding the contribution of the company's new terminal in Nigeria, consolidated volume would have increased by 4%," it added.

ICTSI shares closed 1.86% lower at P211 apiece on Thursday. — **Arjay L. Balinbin**

VistaREIT, Raslag secure SEC nod on initial public offering

THE Securities and Exchange Commission (SEC) announced on Thursday that it approved the initial public offering (IPO) of VistaREIT, Inc. of up to P9.178 billion and Raslag Corp. worth up to P700 million.

In its meeting on May 5, the commission en banc resolved to render effective the registration statements of VistaREIT and Raslag covering 7.5 billion common shares and 1.5 million common shares, respectively, subject to the companies' compliance with certain remaining requirements.

VistaREIT, the real estate investment trust (REIT) of Villar-led Vista Land & Lifescapes, Inc., will offer up to 3,337,500,000 common shares at a price of up to P2.50 per share, with an overallotment option of up to 333,750,000 common shares.

Assuming the overallotment option is fully exercised, VistaREIT will net P8.79 billion from the offer.

The shares will be listed and traded on the main board of the Philippine Stock Exchange (PSE) and the sponsors will receive the entire proceeds of the offer, which should be reinvested in the Philippines. — **Luisa Maria Jacinta C. Jocson**

FULL STORY

Read the full story by scanning the QR code with your smartphone or by typing the link <https://bit.ly/3MTzap0>

Globe income jumps to nearly P14B, invests P21B in capex projects

GLOBE Telecom, Inc. saw its net income for the first quarter increase by 86% to P13.7 billion year on year, mainly due to an improved topline and the partial sale of its data center business.

"The sustained revenue momentum was powered by the gains from data-related products and services as internet use remained an essential service for learning, e-commerce, telecommuting and entertainment," it said in a statement on Thursday.

Globe's first-quarter financial report showed its service revenue grew by 4% to P39.2 billion.

The company noted that its overall data revenues across mobile, broadband and corporate data accounted for 81% of total service revenues, up from 79% previously.

Its mobile business revenues in the first quarter grew by 2% from P26.3 billion the previous year, primarily because of the prepaid brands.

The company's mobile subscriber base grew by 10% from the previous year to 87.4 million.

Meanwhile, revenue of its home broadband business fell by 4% to P70 billion, but it is "still better than pre-pandemic levels," Globe noted.

At the same time, the company announced that it invested P21 billion in capital expenditure (capex) projects in the first quarter of the year, 10% more than the level in the same period last year.

It said about 82% of the capex went to data-related requirements to handle the surge in demand for digital services.

"We are pleased with our performance in the first quarter, as the topline growth momentum was sustained. We saw encouraging results particularly in the mobile business as the government continuously eased pandemic restrictions and the economy opened up," Globe Telecom President and Chief Executive Officer Ernest L. Cu said.

"We are likewise optimistic about the growth prospects for the new ventures in Globe's expanding portfolio. We believe that our ceaseless innovation through various digital platforms, backed by the growing investment in our data network will strengthen our leadership in the digital space," he added.

Globe Telecom shares closed 7.47% higher at P2,388 apiece on Thursday. — **Arjay L. Balinbin**