

Philippine Stock Exchange index (PSEi)

6,759.90 ▼ 109.02 PTS. ▼ 1.58%

FRIDAY, MAY 6, 2022

BusinessWorld

PSEi MEMBER STOCKS

AC Ayala Corp. P730.00 -P17.00 -2.28%	ACEN AC Energy Corp. P7.60 -P0.20 -2.56%	AEV Aboitiz Equity Ventures, Inc. P50.50 -P1.15 -2.23%	AGI Alliance Global Group, Inc. P11.00 -P0.30 -2.65%	ALI Ayala Land, Inc. P32.50 -P0.05 -0.15%	AP Aboitiz Power Corp. P32.50 ---	BDO BDO Unibank, Inc. P128.00 -P1.00 -0.78%	BPI Bank of the Philippine Islands P94.40 -P2.60 -2.68%	CNVRG Converge ICT Solutions, Inc. P29.15 -P0.85 -2.83%	EMP Emperador, Inc. P20.00 -P0.05 -0.25%
GLO Globe Telecom, Inc. P2,464.00 +P76.00 +3.18%	GTCAP GT Capital Holdings, Inc. P506.00 -P8.50 -1.65%	ICT International Container Terminal Services, Inc. P220.20 +P9.20 +4.36%	JFC Jollibee Foods Corp. P217.40 -P6.60 -2.95%	JGS JG Summit Holdings, Inc. P53.80 -P1.80 -3.24%	LTG LT Group, Inc. P8.68 -P0.02 -0.23%	MBT Metropolitan Bank & Trust Co. P52.85 -P0.50 -0.94%	MEG Megaworld Corp. P2.83 -P0.04 -1.39%	MER Manila Electric Co. P344.00 +P3.00 +0.88%	MONDE Monde Nissin Corp. P13.38 -P0.50 -3.60%
MPI Metro Pacific Investments Corp. P3.79 -P0.02 -0.52%	PGOLD Puregold Price Club, Inc. P33.60 -P1.90 -5.35%	RLC Robinsons Land Corp. P19.50 -P0.44 -2.21%	SECB Security Bank Corp. P102.50 +P0.40 +0.39%	SM SM Investments Corp. P845.50 -P15.50 -1.80%	SMC San Miguel Corp. P106.50 ---	SMPH SM Prime Holdings, Inc. P35.20 -P1.80 -4.86%	TEL PLDT, Inc. P1,890.00 -P42.00 -2.17%	URC Universal Robina Corp. P109.00 -P2.20 -1.98%	WLCON Wilcon Depot, Inc. P27.05 -P0.45 -1.64%

PLDT nears data center capacity limits

PLDT, Inc. will be building more data centers in the Philippines, including one in Davao City, as the group is now approaching capacity limits, its chairman said.

"We have given effectively license to the enterprise side of PLDT to go ahead, because, actually, we are approaching capacity limits of our data centers. We have to build more. In today's board, we told them to go ahead and expand," PLDT Chairman

Manuel V. Pangilinan said in an ambush interview on May 5.

"Build and it will come. That was the mantra this morning to them. Go ahead and build. [We need] several more," he added.

The company recently broke ground for its 11th data center project in Sta. Rosa, Laguna, with the goal of positioning the Philippines as Asia-Pacific's next digital hub and destination.

Through its existing data centers, PLDT has been serving

the requirements of some global technology companies.

Data analytics and consulting company GlobalData has said that global hyperscalers, or the massive international companies that dominate the cloud service sector, may need facilities in the country because "local hosting" is a "key requirement" to address the "strong demand" for cloud services.

More Philippine businesses plan to transfer workloads to the cloud, boosting the country's

cloud market to \$2.8 billion by 2025 from \$1.8 billion in 2020, it said in a statement.

To support its updated requirements for residential broadband and data center businesses, the company has upped its capital expenditure (capex) guidance for the year to P85 billion from P76-80 billion.

PLDT Chief Finance Officer Anabelle L. Chua said at a press briefing last week that the capex will also support upgrades of the

towers and their passive infrastructure assets.

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.

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**

PPP,
from SI/1

"But we nonetheless maintain that there should be no automatic fare increases in public services and utilities, and all increases should be subject to public consultation and government approvals."

In a phone interview, Philippine Exporters Confederation, Inc. Chairman George T. Barcelon said an arbitration case is a "normal course of business if there are things that need to be clarified."

"But what we want to project, especially with the [amended] Public Service Act, for us to attract more investments, is that when there are issues that arise, there are proper courts or there are proper agencies to expeditiously and judiciously look into it and render decision," he said.

"The rule of law must be there. And again, we've always been stressing that the ease of doing business is very crucial," he added.

Sonny A. Africa, executive director of think tank Ibon Foundation, said in a Messenger chat that arbitration cases are an intrinsic risk whenever the government privatizes public utilities and goes into big-ticket partnerships with private investors.

"The Philippine government shouldn't have to be forced to deal with arbitration proceedings that, win or lose, sees citizens footing the bill. The government should not have to worry about whether it will be sued or not when deciding whether to put the public good before profit," he said.

The alternative to PPP, Mr. Africa said, is public financing through government bonds and "progressive taxation," which is "cheaper than relying on private financing for for-profit operations."

He also pointed out that Ayala's expression of its intention to divest is "unfortunate and an example of how the government is forced into negotiating with private firms over how much profit they are willing to take just to keep operating."

A representative of the LRTA said in a phone message: "LRTA cannot yet issue a statement on the matter, as it still has not received a copy of the request for arbitration; and after which, LRTA shall confer with DoTr and the Office of the Government Corporate Counsel."

NLEX Corp. and CAVITEX Infrastructure Corp., toll road subsidiaries of MPIC, had also filed arbitration cases with the Permanent Court of Arbitration against the government through the Toll Regulatory Board (TRB). Both involve petitions for toll rate adjustments.

The tribunal ruled last year the TRB was not accountable for "unreasonable delay" on petitions for toll rate adjustments filed by MPIC's tollway unit NLEX Corp. in 2012 and 2014, while it terminated CAVITEX's arbitration case after the company withdrew its claims for compensation arising from nonapproval of their petitions for rate adjustment filed in 2011 and 2014.

MPIC is one of three Philippine subsidiaries of Hong Kong's First Pacific Co. Ltd., the others being PLDT, Inc. and Philex Mining Corp.

Hastings Holdings, Inc., a unit of PLDT Beneficial Trust Fund subsidiary MediaQuest Holdings, Inc., maintains an interest in *BusinessWorld* through the Philippine Star Group, which it controls.

Office space demand seen outside NCR

COMPANIES, especially call centers, are looking outside the National Capital Region to set up their offices, property consultants said, as they see a trend for the market to expand to other major cities.

"There are several reasons why call centers would want to lease outside of Metro Manila. It makes sense to look at new labor markets. That's one of the reasons why we see more inquiries in the provinces, especially in cities that are organized and have prepared themselves to host business process outsourcing (BPO) companies," Leechiu Property Consultants Executive Director Philip G. Anonuevo said in a virtual interview.

He said that many companies prefer not to be too concentrated in Metro Manila as they seek to diversify their operations.

"Companies will want at least 20% of their operations outside of Metro Manila. In the event of another lockdown, at least they are in more locations. Companies primarily in Metro Manila were caught flat footed, so it took a long time for them to adjust," he added.

In a report, Colliers Philippines said that it sees the office market finally turning a corner, as it recorded a positive net take-up in the first quarter of 2022 after seven consecutive quarters of negative absorption.

"Outside Metro Manila, we project a sustained demand in Cebu, Pampanga and Iloilo," it added.

In 2022, Colliers expects the completion of 821,900 square meters of new office space, of which

60% of the new supply is likely to come from the Ortigas central business district, Makati's fringe and the bay area.

Leechiu Property's Mr. Anonuevo said that the demand for office space will be affected by the continued adoption of hybrid work amid the pandemic.

In March, the Philippine Economic Zone Authority (PEZA) allowed its registered IT-business process management (IT-BPM) enterprises to operate 70% onsite and 30% on a work-from-home (WFH) arrangement.

"Cutting down on office space does have an effect on rental rates. The work-from-home as a strategy is still a work in progress, still an ongoing discussion amongst companies. Definitely, for companies that employ at least 1,000 people, or occupy several floors in a building, they will probably find a way to reduce their cost by reducing office space," Mr. Anonuevo said.

"The larger companies will continue studying work from home, as a viable business strategy. It's too early to tell, but my guess is that the proportion will be 20% of employees who will be allowed to work from home, speaking about non-PEZA companies," he added.

Colliers said it saw increasing inquiries for flexible workspaces as occupiers implement business continuity plans and explore the viability of plug-and-play offices and swing or temporary offices spaces for their employees. — **Luisa Maria Jacinta C. Jocsos**

Seafront Resources profit down 24%

SEAFRONT Resources Corp. reported that its net income last year fell by 24% to P20.13 million as its revenues during the period fell by 6.7% to P32.7 million.

The company said its dividend income dropped by 6.8% to P31.7 million due to lower dividends from Hermosa Development Corp. (HEDC), in which it holds an 11.3% interest as of end-2021.

In 1997, Seafront Resources entered into a project shareholders' agreement with five other companies led by Investment and Capital Corporation of the Philippines and Penta Capital Investment Corp.

Through HEDC, the project aimed to develop 500 to 600 hectares of raw land in Hermosa, Bataan into a new township consisting of industrial estates, residential communities, a golf and country club and a commercial center.

HEDC started its land development in 2002 and has developed a total of 162 hectares in the industrial area. The

remaining 323 hectares are allocated for leisure.

From 2017 to 2021, HEDC sold a total of 1,002,227 square meters (sq.m.) for a gross revenue of P3.46 billion.

HEDC has already declared and paid a total of P1.05 billion of dividends, where Seafront Resources received its share amounting to P119 million.

"The management of HEDC is taking all efforts to sell its saleable property, proceeds of which will be used to finance the development of the undeveloped portions of the property. Portions of the proceeds were also declared as dividends to its stockholders," the company said in a report.

"The Philippine economy is still affected by the economic crisis, resulting in fluctuating foreign exchange rates and increased stock market uncertainties. Uncertainties remain as to whether the country will continue to be affected by regional trends in the coming months," it added.

Being an investment holding company, Seafront Resources said it is "exposed to market risk or loss on future earnings due to volatility in financial instruments due to uncertainties in the capital market."

The company said that its market risk emanates from its holdings in debt and equity securities.

"To address this, the company closely monitors the prices of its debt and equity securities as well as the macroeconomic and entity-specific factors which could directly or indirectly affect the prices of these instruments," it added.

Seafront Resources said that there were also risks associated with the operations of HEDC. — **Luisa Maria Jacinta C. Jocsos**

FULL STORY

Read the full story by scanning the QR code with your smartphone or by typing the link <https://bit.ly/393AXJM>

Geograce Resources trims 2021 net loss to P1.3 million

GEOGRACE Resources Philippines, Inc. reported that it trimmed its net loss to P1.31 million in 2021 from its P2.23-million loss in 2020.

For 2022 and beyond, the company said it is seeking to acquire mining claims or tenements from third parties in various locations.

The planned acquisitions are intended to enable the group to obtain exclusive rights to explore, develop and operate vari-

ous mining claims throughout the country, expand its potential mineral resource base, and mitigate the risks inherent in exploration by diversifying the areas available to it.

"The company's capital raising plans are intended to provide the company investable funds and working capital for current and prospective [projects]," it said in its annual report.

Geograce Resources said its strategy will be to invest, buy-in or acquire businesses

where it will at least own a significant stake or interest of the investee company's outstanding capital. The investment amount will allow the company to recognize its proportional share of the equitized earnings from its investee companies.

Currently, Geograce Resources has no active source of income as its subsidiaries are non-operating as of 2021 and 2020.

It said "material uncertainty exists which may cast significant doubt on the

group's ability to continue as a going concern and therefore, the group may be unable to realize its assets and discharge its liabilities in the normal course of business."

As an investment holding company, Geograce Resources said it would continue to "evaluate various business opportunities and ventures that are viable, growing, and profitable. It is open for other prospective companies and future arrangements." — **Luisa Maria Jacinta C. Jocsos**