Robinsons Land's board approves up to P15-billion bond issuance

ROBINSONS Land Corp. on Wednesday announced that its board of directors approved the offer and issuance of peso-denominated fixed rate bonds in the aggregate principal amount of up to P10 billion, with an oversubscription option of up to P5 billion.

The issuance is part of the initial offer from a shelf registration of a debt securities program in the aggregate principal amount of P30 billion, subject to the remaining requirements.

The firm tapped the Philippine Depository and Trust Corp. as registrar and paying agent; and BDO Capital & Investment Corp., BPI Capital Corp., China Bank Capital Corp., First Metro Investment Corp., and SB Capital Investment Corp. as the joint lead underwriters and bookrunners.

The bonds have maturity periods ranging from three to five years or such other periods as may be determined, according to Robinsons Land.

In the first quarter, the company reported a net income of P1.4 billion attributable to its owners, down 52.5% from P2.95 billion a year earlier. Gross revenues reached P6.69 billion, or more than twice lower than P16.74 billion in the same quarter last year.

Its subsidiaries include Robinson's Inn, Inc.; Robinsons Realty and Management Corp.; Robinsons Properties Marketing and Management Corp.; Robinsons (Cayman) Ltd.; Altus Angeles, Inc.; Altus Mall Ventures, Inc.; GoHotels Davao, Inc.; RLC Resources, Ltd.; Bonifacio Property Ventures, Inc.; Bacoor R and F Land Corp.; and RLGB Land Corp.

At the stock exchange on Wednesday, Robinsons Land went up by 0.31% or six centavos to P19.46 per share. — **Luisa Maria Jacinta C. Jocson**

Ayala unit acquires land for Batangas Technopark

AYALALAND Logistics Holdings Corp. (ALLHC) has acquired 55 hectares of land in Batangas' Padre Garcia town for the site of its future industrial park in the province.

"We are looking forward to further energizing the municipality of Padre Garcia by bringing more employment opportunities for the communities in the province of Batangas and nearby localities," ALLHC Chief Operating Officer Patrick C. Avila said in a statement on Wednesday.

"The acquisition is a strategic move that furthers [the company's] goal of building national footprint by increasing its presence in key areas nationwide," he added.

The industrial park, Batangas Technopark, is targeted for "light and medium, non-polluting industries from both local and global markets," similar to ALLHC's four other Technoparks in Laguna, Cavite, Laguindingan, and Pampanga.

"Furthermore, the park is positioned to house ALogis ready-built facilities and ALogis Artico cold storage facilities in the coming future," the company added. ALogis is the industrial leasing brand of ALLHC.

It described the property as resting in a prime location for the development of a new industrial estate. Its main access is said to be reachable from Manila via the South Luzon Expressway, continuing on to the Southern Tagalog Arterial Road, then to local roads.

ALVIERA Industrial Park in Porac, Pampanga is managed by ALLHC.

AYALALANDLOGISTICS.COM

The company also said that the future industrial park will be an hour's drive from the Port of Batangas, which serves as an alternate to the Port of Manila.

Batangas Technopark will be ALLHC's fifth industrial park, the company said, adding that the development will address the growing demand for industrial real estate in the Calabarzon (Cavite, Laguna, Batangas, Rizal, and Quezon) region.

It is also the firm's second property in Batangas, following the acquisition of an existing 64,000-square-meter (sq.m.) ready-built facility in Sto. Tomas in February.

ALLHC is a subsidiary of Ayala Land, Inc. and is present in six areas nationwide through its industrial parks, warehouses, cold storage facilities, and commercial leasing.

In the first quarter, the logistics company reported a 19% increase in net income to P197 million as it recorded consolidated revenues of P864 million.

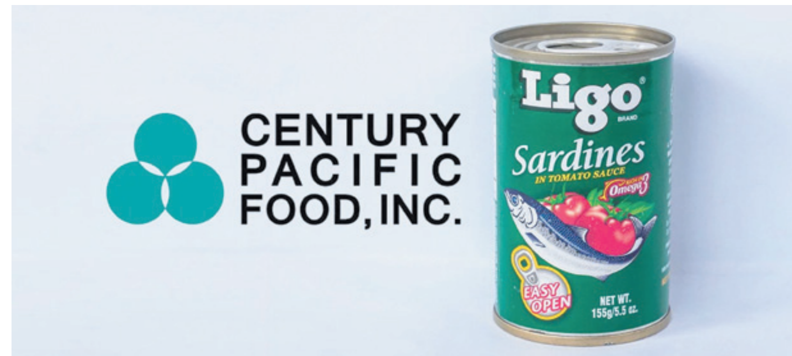
Marla Rowena M. Tomeldan, ALLHC's outgoing president and chief executive, previously said that the company's growth plans were geared to enable it to seize opportunities in the new economy.

"With the competitive advantage from our solid portfolio of diversified product offerings, and our optimistic view on the economy's reopening, we look forward to enhancing our business performance in 2022," she said last month.

Warehouse leasing revenues rose by 54% to P191 million in the first quarter from P123 million a year ago amid improved occupancy and increased leased areas.

Meanwhile, industrial lot sales decreased by 18% to P316 million due to unbooked reserved lots.

On Wednesday, ALLHC shares ended lower by 1.2% or five centavos to finish at P4.10 at the stock market. — **Luisa Maria Jacinta C. Jocson**



CENTURY PACIFIC FOOD

Century Pacific Food takes Ligo manufacturing plant in Zamboanga

CENTURY Pacific Food, Inc. (CNPF) said on Wednesday that it had acquired the Ligo manufacturing facility in Zamboanga to finalize its purchase of the Tung-owned canned sardine brand.

"This will be an accretive, bolt on acquisition. CNPF foresees synergies in selling and distribution, supply chain, and marketing. Moreover, this acquisition is aligned with the company's mission to provide affordable nutrition to its consumers," the firm said in a disclosure.

The acquired assets include building facilities and equipment used in making Ligo products in Zamboanga. They were acquired from Dragon Land Holdings Corp. and A. Tung Chingco Manufacturing Corp.

"The acquisition will effectively increase revenues and earnings of CNPF," the company said.

In December, CNPF announced its plan to buy the assets and intellectual property of the Ligo brand.

"Ligo will be highly synergistic with the rest of CNPF's shelf stable marine products. CNPF has a long-standing business in the sardine category," it said.

The company added it will be leveraging its "scale and capability to create more value for the brand, which will in turn strengthen its core business."

The parties executed deeds of absolute sale of the building and equipment on June 1. The acquisition of the manufacturing facility and equipment will enable CNPF to produce Ligo canned sardines in Zamboanga.

In 2021, the company's unaudited net income increased by 20% to P4.7 billion.

CNPF shares dropped by 1.36% or 30 centavos to P21.70 on Wednesday. — **Luisa Maria Jacinta C. Jocson**

PMI,

from S1/1

Domestic demand improved amid the further loosening of pandemic restrictions in the country.

Metro Manila and various other parts of the country have been on Alert Level 1 since March, as coronavirus disease 2019 (COVID-19) cases remained low.

"As pandemic restrictions ease, strong demand conditions resulted in firms increasing hiring activity for the first time since (February) 2020," S&P Global economist Maryam Baluch was quoted as saying.

Manufacturing firms also sharply increased their purchases of preproduction inputs and build up their stocks. Holdings of raw materials and semi-finished items went up for a ninth straight month, while post-production inventories expanded at the fastest rate since December 2016.

"Companies continued to accumulate stocks in anticipation of greater demand in the coming months," Ms. Baluch said.

S&P Global said that the average cost burden and output costs jumped in May, while lead times also lengthened to a greater extent than in the previous month.

"Additionally, business confidence remained strongly optimistic, with firms hopeful of greater output in the coming 12 months. However, the downside risks to the sector come in the form of persistent inflationary pressures and supply chain disruptions which have been further exacerbated by the war in Ukraine and China's zero-COVID policy," Ms. Baluch said.

The Bangko Sentral ng Pilipinas (BSP) on Tuesday said inflation likely settled between 5% and 5.8% in May, due to higher pump prices and a weaker peso. Headline inflation for April was at a three-year high of 4.9%. Inflation data for May will be released by the Philippine Statistics Authority (PSA) on June 7.

ING Bank N.V. Manila Senior Economist Nicholas Antonio T. Mapa said in an e-mail that the increase in employment by manufacturing firms was a good development, as it indicates an increase in business confidence.

"Inflation and production costs remain issues and will likely stay until supply chain constraints are removed or mitigated," he added.

UnionBank of the Philippines, Inc. Chief Economist Ruben Carlo O. Asuncion said the Ukraine-Russia conflict and China's lockdowns will continue to impact the supply chain.

"I think that geopolitical risks are going to be protracted and would be difficult to unwind even when hostilities actually stop," Mr. Asuncion said.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said that despite the slight decline in the country's PMI this month, it was still among four-year highs.

"Higher inflation/prices could have eaten some of the investments/growth that would otherwise have been intended for the manufacturing sector had it not been for the Russia-Ukraine war... Higher interest rates, especially long-term tenors/bond yields led to higher borrowing costs/financing costs that could have also led to some slowdown in the PMI manufacturing gauge," Mr. Ricafort said. — **Tobias Jared Tomas**

BUSINESSWORLD B-SIDE

Trolls, TikTok, and the 2022 elections

THE USE of social media platforms such as Facebook, Twitter, and YouTube during the 2022 elections in the Philippines has exacerbated polarization and personality-oriented politics.

In this B-Side episode, Jonathan C. Ong, associate professor of global digital media at the University of Massachusetts Amherst, explains to *BusinessWorld* senior reporter Arjay L. Balinbin how disinformation strategists took advantage of social media to add to the political noise.

The 2022 national elections demonstrated the diversification of the disinformation industry, as shown by the emergence of political campaigning on TikTok, Instagram, and YouTube, among others; the increased use of social media influencers and celebrities to amplify political messages; and the acceleration of investment in social media due to the health crisis.

Philippine president-elect Ferdinand "Bongbong" R. Marcos, Jr., has benefited the most from social media disinformation or misinformation. According to Mr. Ong, the use of social media played a major role in rehabilitating the Marcos brand.

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RCEP,

from S1/1

"To my mind, there is no reason why we should not enter RCEP at a time when we are ready, and another 18 months, I hope, would be a set target, a deadline, so that the government will be compelled by June 2023," he added.

Senator Ana Theresia "Risa" N. Hontiveros-Baraquel also said the country is not yet ready for RCEP.

"With our market access right now, we can continue to trade as we do today even if we do not ratify RCEP... RCEP is predicted to worsen the Philippines' trade balance which would cause job losses and $58 million per year in tariff revenue losses," she said at a press conference on Wednesday.

'TREMENDOUS' COST

Senate Foreign Relations Committee Chair Senator Aquilino Martin L. Pimentel III on Tuesday said the Philippines' international reputation will be damaged if it fails to ratify RCEP, noting that the country has spent years actively negotiating the terms of the deal.

"The cost of delay is tremendous... Investors who want to take advantage of the largest trading bloc in the world would want to locate in RCEP countries, so we will not be in the radar. What's worse is if those located in the country will relocate to RCEP ratifying countries," Mr. Pimentel said.

Asked if the country was ready, Mr. Pimentel said 30 agencies have been studying this treaty and the Philippines has been preparing for eight years.

"Sometimes we just need to be pushed to compete, and the value of a free trade agreement is actually in its use... so we should use it," she said.

At the same time, the three business groups said RCEP would help micro, small, and medium enterprises (MSMEs) expand market access, as well as reduce costs of doing business through improved trade facilitation.

"We see our membership in RCEP as an important challenge to our government to step up genuine and meaningful support for Filipino producers, especially in the agriculture sector, which is the backbone of the Philippine economy. We, therefore, urge the government to provide a substantial increase in the agriculture budget commensurate to that provided in our comparable ASEAN neighbors, as we urge our senators to ratify the RCEP Agreement without delay," they added.

Meanwhile, farmers group Federation of Free Farmers (FFF) National Manager Raul Q. Montemayor said in a letter sent to the Senate on Monday that the incoming Marcos administration should be given the opportunity to study the RCEP in order to maximize the benefits and reduce the adverse effects on various sectors.

"Concurring with the agreement now, even as questions on trade remedies and the preparedness of our agriculture sector have yet to be fully answered, will unnecessarily tie the hands of the incoming administration and preempt whatever measures it might have to take to prepare the country for accession," Mr. Montemayor said. — *with* **Revin Mikhael D. Ochave**

Factory,

from S1/1

The final au Jibun Bank Japan PMI fell to a seasonally adjusted 53.3 in May from the previous month's 53.5, marking the slowest pace since February.

"Both output and new orders rose at softer rates, with the latter rising at the weakest pace for eight months amid sustained supply chain disruption and raw material price hikes," said Usamah Bhatti, an economist at S&P Global Market Intelligence.

"Disruptions were exacerbated by renewed lockdown restrictions across China, and contributed to a further sharp lengthening of suppliers' delivery times."

Factory activity in the Philippines also slowed to 54.1 in May from 54.3 in April, while that for Malaysia fell to 50.1 from 51.6 in April, PMI surveys showed. Taiwan's manufacturing activity stood at 50.0 in May, down from 51.7 from April.

In a glimmer of hope, South Korea's exports grew at a faster pace in May than a month earlier, data showed on Wednesday, as a rise in shipments to Europe and the United States more than offset the fallout from China.

South Korea's monthly trade data, the first to be released among major exporting economies, is considered a bellwether for global trade. — ***Reuters***

Airlines,

from S1/1

Regina Capital Development Corp. Equity Analyst Anna Corenne M. Agravio said airlines will likely face "tighter margins."

"Airlines will have to balance passing on higher costs to its passengers against keeping rates competitive," she said in a phone message.

Ms. Agravio noted that airlines may continue to see strong topline growth this year due to favorable base effects.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said the higher fuel surcharge level would lead to "higher revenues amid the need to inevitably pass on higher fuel costs to passengers."

"The increase in global oil/fuel prices is largely attributed to Russia's invasion/war with Ukraine since Feb. 24, 2022 to among decade-highs, is considered an external/exogenous factor that is beyond the reasonable control of airlines, so passing on the added costs/burden to passengers is justified because failure to do so would lead to narrower margins, if not, undue losses," he said in an e-mailed reply to questions.

However, airlines may be constrained to raise fares amid tight price competition in the industry.

"Furthermore, higher fares, at some point, would lead to some reduction/destruction in demand, thereby a delicate balancing act in order to ensure and sustain a healthy level of demand, while ensuring viability of operations amid the need to cope up with higher costs and narrower margins," Mr. Ricafort said.

"This also highlights the importance of properly hedging fuel costs/requirements, as an option available to industry players, to better plan ahead and provide greater flexibility on costs/pricing vis-a-vis competition from both local and foreign industry players."

Flagcarrier Philippine Airlines and budget carrier Cebu Pacific have both reported higher revenues for the first three months of the year, with the former returning to profitability.