

Philippine Stock Exchange index (PSEi)

6,209.53 ▼ 53.86 PTS. ▼ 0.86%

MONDAY, JULY 25, 2022
BusinessWorld

PSEi MEMBER STOCKS

AC Ayala Corp. P600.00 -P8.00 -1.32%	ACEN AC Energy Corp. P8.18 -P0.23 -2.73%	AEV Aboitiz Equity Ventures, Inc. P52.00 -P0.40 -0.76%	AGI Alliance Global Group, Inc. P9.74 +P0.04 +0.41%	ALI Ayala Land, Inc. P24.00 -P0.90 -3.61%	AP Aboitiz Power Corp. P31.10 -P0.70 -2.20%	BDO BDO Unibank, Inc. P115.60 -P5.60 -4.62%	BPI Bank of the Philippine Islands P86.40 -P2.35 -2.65%	CNVRG Converge ICT Solutions, Inc. P20.00 -P0.50 -2.44%	EMI Emperador, Inc. P18.90 +P0.06 +0.32%
GLO Globe Telecom, Inc. P2,130.00 -P60.00 -2.74%	GTCAP GT Capital Holdings, Inc. P470.00 ---	ICT International Container Terminal Services, Inc. P180.50 -P2.20 -1.20%	JFC Jollibee Foods Corp. P207.20 -P3.40 -1.61%	JGS JG Summit Holdings, Inc. P51.10 -P0.40 -0.78%	LTG LT Group, Inc. P8.55 ---	MBT Metropolitan Bank & Trust Co. P46.50 -P0.20 -0.43%	MEG Megaworld Corp. P2.26 +P0.01 +0.44%	MER Manila Electric Co. P354.00 ---	MONDE Monde Nissin Corp. P14.34 -P0.04 -0.28%
MPI Metro Pacific Investments Corp. P3.70 -P0.04 -1.07%	PGOLD Puregold Price Club, Inc. P30.00 +P0.25 +0.84%	RLC Robinsons Land Corp. P16.90 -P0.04 -0.24%	SECB Security Bank Corp. P88.00 -P2.70 -2.98%	SM SM Investments Corp. P789.00 +P1.00 +0.13%	SMC San Miguel Corp. P105.00 +P0.30 +0.29%	SMPH SM Prime Holdings, Inc. P37.25 +P1.25 +3.47%	TEL PLDT, Inc. P1,611.00 -P61.00 -3.65%	URC Universal Robina Corp. P112.60 -P0.20 -0.18%	WLCON Wilcon Depot, Inc. P23.50 +P0.50 +2.17%

Udenna says Clark debt issue settled on Monday

By Arjay L. Balinbin
Senior Reporter

UDENNA Corp. said the default declaration in connection with certain obligations of its subsidiary Global Gateway Development Corp. (GGDC) with state-run Clark International Airport Corp. (CIAC) was settled on Monday.

"In relation to the various reports recently published, which involved Clark Global City Corp. (CGCC), CIAC, and a consortium of banks led by BDO Unibank, we wish to announce that Udenna Corp. settled the matter today, 25 July 2022, prior to the mandated deadline, and to the satisfaction of the majority lender and the

consortium banks," Udenna said in a statement.

"We would also like to clarify that the declaration of default was in relation to certain obligations of GGDC with CIAC, which are due only on Wednesday, 27 July," it added.

GGDC, a subsidiary of CGCC, holds leasehold rights to the 177-hectare land within the Clark Civil Aviation Complex, Clark Freeport Zone in Pampanga. It is developing the Clark Global City.

The *Philippine Daily Inquirer* reported on July 23 that banks led by BDO Unibank, Inc. had moved to declare Udenna in default after missing Clark lease payments.

"To be clear, CGCC or GGDC did not fail to make any interest or principal repayments with its debt to the consortium banks, and thus, in con-

tion, CGCC replied to the consortium banks to dispute the default conclusion, and clarified that, under the circumstances, there has been, in fact, no event of default or, at the very least, no irremediable event of default, under the master lease agreement on the part of CGCC or GGDC," Udenna said.

It noted that the stated financial liability "was not a liability to the consortium banks, but an obligation of GGDC to CIAC, which, as stated above, has already been settled."

BDO Unibank confirmed on Monday that it had issued a notice of default to CGCC.

"CGCC has assured BDO that it is in the process of updating its obligations to its lessor, CIAC, on or before 27 July 2022," it said in a disclosure to the stock exchange.

"The relevant obligations of CGCC to BDO are secured and a default will not have a material adverse effect on the financial condition and business of BDO," it added.

'KNEE-JERK REACTIONS'

Monday morning saw a decline in the share prices of listed companies related to Udenna, the flagship company of Davao-based businessman Dennis A. Uy.

There was a knee-jerk selling reaction that caused large declines in the share prices of companies related to Udenna, Regina Capital Development Corp. Equity Analyst Anna Corenne M. Agravio said in a phone message when sought for comment.

"Naturally, nervous investors made a beeline for the exit as a de-

fault might have a material impact on Udenna's ability to optimize the potential operation of its subsidiaries going forward," Globalinks Securities and Stocks, Inc. Head of Sales Trading Toby Allan C. Arce said in a separate phone message.

Mercantile Securities Corp. Analyst Jeff Radley C. See said "all of Uy's listed firms recovered" as a result of Udenna's Monday afternoon press release announcing that the company had "settled" the matter.

The afternoon news "may have saved" Udenna's listed subsidiaries from a virtual free fall, "but not enough to reverse declines," Mr. Arce said.

DITO CME Holdings Corp. shares closed 3.43% lower at P3.94, Chelsea Logistics and Infrastructure Holdings Corp.

closed 11.81% lower at P1.12, Phoenix Petroleum Philippines, Inc. closed 10.94% lower at P8.71, and PH Resorts Group Holdings, Inc. closed 2.50% lower at P0.78.

Earlier on Monday, Reuters reported: "DITO CME fell as much as 9%, Chelsea Logistics sank 16%, Phoenix Petroleum dropped 6% and PH Resorts retreated as much as 7.5% in the first 30 minutes of trade."

"BDO continues to tank due to the exposure that the bank has," Mr. See said in a phone message.

BDO Unibank shares closed 4.62% lower at P115.60 apiece.

"At the end of the day, these are all knee-jerk reactions. Investors want to know what will happen to Dennis Uy and his listed firms with huge debts," Mr. See added.

Meralco core income up nearly 19% on higher energy sales

MANILA Electric Co. (Meralco) reported an 18.6% increase in core net income to P7.46 billion for the second quarter of the year from P6.29 billion a year ago on strong energy sales and contributions from its power generation business.

"Sales volume was maintained at 6%, with continuing contributions from PacificLight, San Buenaventura and BulacanSol," said Meralco Senior Vice-President and the Chief Finance Officer Betty C. Siy-Yap during a virtual media briefing on Monday.

She was referring to the company's power generation units PacificLight Power Pte. Ltd., San Buenaventura Power Ltd. Co., and PowerSource First Bulacan Solar, Inc.

Reported net income during the second quarter rose 34.6% to P7.56 billion from P5.62 billion previously, factoring in one-off items such as the impact of the Corporate Recovery and Tax Incentives for Enterprises Act and foreign exchange gains.

"Things are looking good," Ms. Siy-Yap said on the company's profit outlook for the rest of the year.

For the first half, Meralco's consolidated core net income increased by 14.8% to P13.09 billion from the P11.4 billion recorded in the same period last year.

Reported net income increased by 31.9% to P13.12 billion from P9.95 billion a year ago.

"Energy sales surpassed pre-pandemic levels," Meralco Chief Commercial Officer Ferdinand O. Geluz said. "Energy sales increased by 6% ... driven by double-digit growth from [the] commercial segment."

Energy sales in the first half reached 23,968 gigawatt-hours (GWh) from 22,663 GWh a year ago.

He said the improvement was the effect of the continuing economic reopening with the easing of mobility restrictions in Metro Manila.

"This first half ... sales are 5% higher than 2019 which is our pre-pandemic sales," Mr. Geluz said.

The company also reported a 3% increase in its customer count to 7.52 million as of the first half from 7.27 million a year earlier.

"This was driven by record-high energization of project-covered and ordinary service applications mostly from mixed-use buildings, subdivisions, and telecommunications customers," the company said in a press release.

The average retail rate increased by 18% to P9.33 per kilowatt hour, which is mainly caused by the 30% increase in generation charges due to higher fuel costs, peso depreciation, and higher spot market prices.

"To this end, Meralco relentlessly looks for ways to cushion the impact of external volatilities on our operations. We will move ahead with the execution of sourcing strategies that include our planned CSPs (competitive selection process), consistent with our power supply procurement plan, in a timely manner to ensure availability of cost-competitive power for our customers in the long-term," Meralco President and Chief Executive Officer Ray C. Espinosa said.

In the press release, the company said consolidated revenues rose 34% to P199.6 billion from P149.1 billion mainly "due to the higher pass-through generation and other charges on account of

persisting increase in global fuel prices, as well as the revenue contribution of the power generation business which was at P13.6 billion."

Power generation subsidiary Meralco PowerGen Corp. (MGen) contributed P2.3 billion to Meralco's core income in the first half, surging from P311 million a year ago.

The growth was largely driven by the earnings of Singapore-based PacificLight, which recorded a core net income of P5.7 billion, turning around from a P231-million net loss in the same period last year.

The 455-megawatt (MW) supercritical coal-fired plant of San Buenaventura in Mauban, Quezon recorded a first-half core income of P1.5 billion.

Meanwhile, BulacanSol's 55 MW of alternating current in San Miguel, Bulacan had a core income of P186 million as of end-June.

As of the first half, MGen had a total power generation capacity of 2,251 MW.

In the press release, Meralco Chairman Manuel V. Pangilinan said: "While uncertainties and risks remain, we expect that our country will raise the pace of economic recovery under the new government of President Ferdinand Marcos, Jr."

"Meralco will be ready to support the growing power requirements of our customers and the government's ramped-up infrastructure projects and initiatives to help our nation weather the lingering impacts of the pandemic and push forward," he added. — **Justine Irish D. Tabile**

Mactan airport passengers surge to over 1.6M; cargo down 34%

PASSENGER volume at the Mactan-Cebu International Airport (MCIA) increased significantly in the first five months of the year, while cargo volume fell amid loosened pandemic restrictions, its regulator said.

The Mactan-Cebu International Airport Authority said international passenger volume climbed 190% to 128,618 in the first five months of the year from 44,365 in the same period a year ago, while domestic passengers surged 348% to 1.5 million from 330,476 previously, data on the airport regulator's website showed.

International cargo volume declined 25% to 6.9 million kilograms (kg) in the January-to-May period of this year from 9.2 million kg in the same period last year.

Meanwhile, domestic cargo volume fell 40% to 7.3 million kg from 12.2 million kg previously.

MCIA private operator GMR-Megawide Cebu Airport Corp. (GMCAC) said in April that it was expecting better cargo and passenger volumes in the second quarter as a result of the easing of mobility restrictions.

GMCAC, a joint venture of Megawide Construction Corp. and Indian infrastructure company GMR Group, took over the development of the airport's landside facilities in 2014 under a 25-year public-private partnership concession agreement with the government.

"Pre-pandemic, MCIA provided half of EBITDA (or earnings before interest, taxes, depreciation and amortization) and net income to Megawide," the listed construction company said in a previous statement.

"The recovery of traffic is more related to the easing of travel-related restrictions, and the surge in demand both in country and overseas shows that pent-up demand for travel is driving airline bookings. A higher vaccination rate and a fall in new case numbers are helping to boost consumer demand for travel," it noted. — **Arjay L. Balinbin**

Filinvest REIT's Cebu properties attract blue-chip BPOs

FILINVEST REIT Corp. (FILRT) continues to boost its presence in Cebu and attract multinational and blue-chip business process outsourcing (BPO) firms to its office developments.

FILRT, the real estate investment trust of Filinvest Land, Inc. (FLI), reported that 91% of its tenant mix comprises BPO that occupies 240,998 square meters (sq.m.) of gross leasable area (GLA) out of over 300,000 sq.m. consisting of 17 Grade A office buildings in its portfolio.

"The BPO sector remains to be the top demand driver for office space in the country. Thus, we are aggressively expanding our footprint and will continue to build sustainable premium BPO-ready developments in Cebu," FILRT President and Chief Executive Officer Maricel Brion-Lirio said in a press release on Monday.

At the end of 2021, its Cebu Tower 1, with close to 20,000 sq.m. of office space GLA and 675 sq.m. of retail GLA is 100% occupied by BPOs. The tower is a 13-storey Grade A, PEZA-accredited office building located near Cebu IT Park in Lahug City, Cebu.

FLI has three other office buildings in Cebu that are in various stages of development: Cebu Towers 2, 3 and 4, with Tower 2 currently 73% occupied by top global BPO locators. These may be infused in FILRT's portfolio in the future once they are accretive to the REIT company.

The company expects the completion of its Cebu Towers 3 and 4 with a combined GLA of 38,718 sq.m. of office space and 5,471 sq.m. of retail space in 2023.

"We are also in talks with some major global BPO players for an early pre-leasing of these buildings," Ms. Brion-Lirio revealed.

The company reported that in its Filinvest Cyberzone Cebu Towers 1 and 2, around 29,000 new jobs were created. It expects towers 3 and 4 to generate approximately 21,000 new jobs from the office spaces alone.

FILRT also expects economic activity to be spurred by the completion of infrastructure projects such as the Cebu Cordova Link Expressway, which will connect Cebu to Mactan Island, and a bus rapid transit making it accessible to go to and from the city proper.

"We expect that the easing of restrictions for COVID-19, return to work policies, and the untiring support of the provincial government of Cebu will boost the resurgence of the province's BPO office industry as we have managed to retain 100% occupancy in FILRT-owned Cebu Tower 1 and increased occupancy in FLI's Cebu Tower 2 while pursuing construction of FLI's Cebu Tower 3 and 4," Ms. Brion-Lirio said.

At the stock market on Monday, shares in FILRT ended lower by P0.05 or 0.74% to P6.70 apiece. — **Justine Irish D. Tabile**

Globe group's Asticom, RUSH tie up for SMEs' digital transformation

GLOBE Telecom, Inc. announced on Monday that its shared services company Asticom Technology, Inc. and loyalty and e-commerce provider RUSH have partnered to help facilitate the digital transformation of small- and medium-sized enterprises (SMEs) in the country.

"Under the agreement, Asticom Technology, Inc. will provide people solutions that RUSH needs to accelerate business growth," Globe said in an e-mailed statement.

This will ensure that talent resources are tailor-fit to the business needs of

the tech startup's operations, business development, and marketing teams, it added.

According to Globe, RUSH, the loyalty and e-commerce enabler of its 917Ventures, "empowers brands with the right tools to bring their products online, understand customer behavior, and earn customer loyalty to drive repeat purchases."

"It is the go-to partner for... businesses in empowering their customers at every stage of the customer journey."

Asticom has formed various subsidiaries, including Asti Business Services, Inc. (ABSI), Fiber Infrastructure and Network Services, Inc. (FINSI), BRAD Warehouse and Logistics Services, and HCX Technology Partners, Inc.

Created in 2021, ABSI serves as Asticom's business process solutions arm.

FINSI, which was also created in 2021, offers end-to-end services and industry-specific solutions to telecommunications, tower, infrastructure, and technology, including construction, building, installation, and maintenance services.

BRAD is an end-to-end supply chain technology solutions provider. Its services are tailor-fit for different industries, including e-commerce, food and beverage, health and wellness, and telecommunications.

Meanwhile, HCX is a provider of human resources, customer relationship management, and digital solutions.

The group announced in January that it had reached P2 billion in revenues as of the fourth quarter of 2021. — **Arjay L. Balinbin**