

Philippine Stock Exchange index (PSEi)

6,263.39

▲ 7.22 PTS.

▲ 0.11%

FRIDAY, JULY 22, 2022

BusinessWorld

PSEI MEMBER STOCKS

AC Ayala Corp. P608.00 +P4.00 +0.66%	ACEN AC Energy Corp. P8.41 -P0.19 -2.21%	AEO Aboitiz Equity Ventures, Inc. P52.40 ---	AGI Alliance Global Group, Inc. P9.70 ---	ALI Ayala Land, Inc. P24.90 -P0.60 -2.35%	AP Aboitiz Power Corp. P31.80 -P0.10 -0.31%	BDO BDO Unibank, Inc. P121.20 +P0.20 +0.17%	BPI Bank of the Philippine Islands P88.75 -P0.25 -0.28%	CNVRG Converge ICT Solutions, Inc. P20.50 -P0.30 -1.44%	EMI Emperador, Inc. P18.84 -P0.24 -1.26%
GLO Globe Telecom, Inc. P2,190.00 -P18.00 -0.82%	GTCAP GT Capital Holdings, Inc. P470.00 +P2.00 +0.43%	ICT International Container Terminal Services, Inc. P182.70 +P1.70 +0.94%	JFC Jollibee Foods Corp. P210.60 -P3.40 -1.59%	JGS JG Summit Holdings, Inc. P51.50 -P0.50 -0.96%	LTG LT Group, Inc. P8.55 +P0.12 +1.42%	MBT Metropolitan Bank & Trust Co. P46.70 +P0.30 +0.65%	MEG Megaworld Corp. P2.25 ---	MER Manila Electric Co. P354.00 -P0.80 -0.23%	MONDE Monde Nissin Corp. P14.38 +P0.16 +1.13%
MPI Metro Pacific Investments Corp. P3.74 -P0.01 -0.27%	PGOLD Puregold Price Club, Inc. P29.75 +P0.25 +0.85%	RLC Robinsons Land Corp. P16.94 -P0.02 -0.12%	SECB Security Bank Corp. P90.70 +P0.70 +0.78%	SM SM Investments Corp. P788.00 +P14.00 +1.81%	SMC San Miguel Corp. P104.70 +P1.10 +1.06%	SMPH SM Prime Holdings, Inc. P36.00 -P0.10 -0.28%	TEL PLDT, Inc. P1,672.00 -P7.00 -0.42%	URC Universal Robina Corp. P112.80 +P1.80 +1.62%	WLCON Wilcon Depot, Inc. P23.00 +P0.65 +2.91%

Global-Estate Resorts readies launches, expansion

GLOBAL-ESTATE RESORTS, Inc. (GERI) is set to open this year a 1,200-seater convention center in Boracay while moving to complete another hotel on the island by 2023, as the company outlines new leisure offerings amid signs of economic recovery.

"As the recovery of the tourism and leisure market gains momentum, we are opening this year the Boracay Newcoast Convention Center," GERI President Monica T. Solomon said during the com-

pany's virtual annual stockholders meeting on Friday.

She described the project as an ideal venue for industry meetings, conventions, expositions, weddings, and events.

"The convention center will complement and support our hotel business in Boracay consisting of the Belmont and Savoy hotels and the upcoming Chancellor hotel, which is due for completion next year," Ms. Solomon said.

The convention center and the hotels are within GERI's Boracay

Newcoast project, a resort haven that also houses its Newcoast Village and Oceanway Residences.

GERI is a subsidiary of Andrew L. Tan's Megaworld Corp. It is primarily engaged in the development of integrated tourism and leisure estates, and integrated lifestyle communities with residential, retail, hotel, and leisure components.

Ms. Solomon said demand for the company's leisure products on the island remains, high allowing it to expand its Newcoast village this year.

"Boracay remains to be the top tourist destination in the country," she said.

This year, GERI has allocated P5 billion for the construction of previously launched projects and the acquisition of land for future developments. It also engages in land acquisitions and maintains an inventory of raw land for future development.

Next year, GERI plans to launch two new townships in an attempt to return to pre-pandemic growth.

"Closer to Metro Manila, the market for residential lots in nature-inspired settings is growing. Thus, we are launching new offerings in Eastland Heights in Antipolo, Arden Botanical Estate in Cavite and Hamptons Caliraya fronting Caliraya Lake in Laguna," Ms. Solomon said.

The company is also on track to turn over this year lakefront residential lots in Hamptons Caliraya in Laguna and condominium units in Boracay Newcoast in Aklan, Twin Lakes in

Tagaytay and Tulip Gardens in Southwoods City amounting up to P4 billion.

"We faced 2022 with much optimism as all indicators point to growth in all sectors of the economy. Together with the entire nation, we celebrate the easing of travel restrictions paving the way for the recovery of tourism and leisure industries," Ms. Solomon said.

On Friday, shares in GERI ended unchanged at P0.83 apiece. — **Justine Irish D. Tabile**

Chelsea confident Udenna's debt issues with banks will be fixed

CHELSEA LOGISTICS and Infrastructure Holdings Corp., a subsidiary of Udenna Corp., said on Sunday that it is confident its parent company will be able to "fix" the debt issues concerning its Clark Global City project.

"We don't see it as such as per our Udenna management," Chelsea Logistics President and Chief Executive Officer Chrissy Alfonsus V. Damuy said in a phone message to *BusinessWorld*, when asked how the default notice issued against Clark Global City Corp. (CGCC) is going to affect other Udenna subsidiaries.

"The concerns are being attended [to] and shall be fixed," he added.

Udenna, the flagship company of Davao-based businessman Dennis A. Uy, confirmed on Saturday that it received on July 22 a notice of declaration of default from a consortium of banks led by BDO Unibank, Inc., as majority lender, against CGCC, an affiliate of Udenna.

The notice was issued on the grounds of "continuing and irremediable events of default" in relation to the master lease agreement between Clark International Airport Corp. (CIAC)

and Global Gateway Development Corp. (GGDC), which was acquired in 2017 by CGCC.

GGDC holds leasehold rights to the 177-hectare land within the Clark Civil Aviation Complex, Clark Freeport Zone, in Pampanga, according to the Philippine Competition Commission.

"In contention, we replied to the consortium banks to dispute their 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 agree-

ment on the part of CGCC or GGDC," Udenna said.

"GGDC and CIAC are working on an amicable resolution that will not result [in] any violation under the master lease agreement," it added.

GGDC's parent, Udenna Development Corp., said in 2018 that it would invest \$6 billion in the development of the Clark Global City. This includes the construction of more office buildings, residential developments, hotels, hospitals, schools, transport terminal, sports center, and a casino and entertainment complex. — **Arjay L. Balinbin**

SEC advises the public to stop investing in Marsgas

THE SECURITIES and Exchange Commission (SEC) has advised the public that Marsgas Petrochemical Products Trading is not registered with the commission and to cease investing in the said entity.

Marsgas Petrochemical, which also operates under the names Marsgas and Mars-Gas.com, entices the public to invest money with the promise of high monetary rewards or profits, said the SEC in an advisory released on Friday.

The SEC said that information gathered from the Facebook page of Marsgas Petrochemical showed that it has been inviting the public to invest with a promise of receiving 10% daily profits for 20 days.

In the entity's "ways to earn," an investor through direct referral is promised to earn P100 for every active invite. Through indirect referral, the investor is promised to earn P5 on different levels and from profits that will give 10% earnings for 20 days.

In the compensation plan, a P500 investment will give the investor a daily income of P50 for 20 days, which will bring P1,000 in total, including the capital. The rates in the posted plan go as high as P10,000, which is equivalent to a daily income of P1,000 or P20,000 in total.

The company is also said to post pictures of its Department of Trade and Industry business registration and Esso Mobil Certificate of Recognition issued to Mars Petrochem Pvt. Ltd., as a way of the enticing public to invest.

In its advisory, the SEC said Marsgas Petrochemical or the other names it uses "is not registered with the Commission and is not authorized to solicit investment from the public, not having secured prior registration and/or license to sell securities or solicit investments as prescribed under Section 8 of the Securities Regulation Code."

The public is also advised to report any information regarding the said operation to the SEC's Enforcement and Investor Protection Department at 8818-6047 or email at epd@sec.gov.ph. — **Justine Irish D. Tabile**

OUTLIER

Rising interest rates seen to benefit Metrobank

By Ana Olivia A. Tirona *Researcher*

INVESTORS placed their bets on financial companies like Metropolitan Bank & Trust Co. (Metrobank) amid a rising interest rate environment that could push profits higher this year.

Data from the Philippine Stock Exchange showed the Ty-led Metrobank trading P653.91 million worth of 14.14 million shares from July 18 to 22, making it the 10th most actively traded issue last week.

It went up by 0.6% or 30 centavos to close at P46.70 apiece last Friday from P46.40 on Thursday. On a week-on-week basis, Metrobank dipped by 1.1% from its closing price of P47.20 per share on July 15.

Year to date, the bank's share price was down by 13.5%.

Stocks in the financial sector, which includes Metrobank, performed "good" last week after Bangko ng Sentral ng Pilipinas (BSP) announced a surprise rate hike to battle inflationary pressures in the week before, Mercantile Securities Corp. Analyst Jeff Radley C. See said in an e-mail.

The financials subindex was flat week on week as it finished at 1,502.18 on Friday from 1,502.41 on July 15.

The BSP increased its key rate rates in an off-cycle meeting last July 14 by a record 75 basis points (bps) to 3.25%, bringing it back to March 2020 level. Rates on the overnight deposit and lending facilities were also hiked by 75 bps to 2.75% and 3.75%, respectively.

The central bank has made a total of 125 bps rate hikes so far this year.

BSP Governor Felipe M. Medalla has signaled he would not rule out another rate hike at its next policy meeting in August.

"Investors with [a] relatively higher appetite for risk considered certain plays in the Philippine banking sector, as a number of tailwinds — from better margins due to rising interest rates to new opportunities emerging from the ongoing push to go digital — are seen as a boon to the sector given higher fee-based income and savings growth," Globalinks Securities and Stocks, Inc. Head of Sales Trading Toby Allan C. Arce said in a separate e-mail.

Mr. Arce said larger banks like Metrobank are "safer bets" and will likely benefit most in the rising interest rate environment as a large chunk of their deposits is unlikely to be repriced upwards in line with loans.

"Metrobank is one of the top picks as net interest margins expand and loan growth accelerates as the economy continues to recover amidst relaxed COVID-19 restrictions," Mr. Arce added.

Furthermore, Mr. See said that Metrobank being recognized as "Best Bank in the Philippines" at the Euro-money Awards of Excellence 2022 may have been a "bonus" in terms of positive sentiment on the company.

EuroMoney said the bank's performance was commendable in the past year faced with uncertainty, as it still recorded "strong capital and asset quality."

EuroMoney also focuses on the following key metrics for a company to win the category: market capitalization, total revenues, pre-tax profit, net income, return on tangible common equity, return on assets, net interest margin, cost-to-income ratio, Basel III Tier 1 capital, market share of deposits, market share of loans, and loan-to-deposit, nonperforming loan (NPL) and NPL coverage ratios.

Likewise, Metrobank has expanded its partnership with remittance company Pera Hub to allow fund transfer services to its users.

The new service allows persons who intend to send cash to a Metrobank client to go through Pera Hub branches.

Bank transfers, with a transaction fee of P100, can range from P100 to P25,000. Recipients can withdraw the cash from a Metrobank automated teller machine or through over-the-counter processes.

Pera Hub is the retail network brand of PETNET, Inc., a transaction network with over 3,000 locations nationwide. Aside from remittance, Pera Hub offers products and services such as money changing, payment transactions and micro-insurance, among others.

Mr. See said investors are anticipating a "good" second-quarter earnings report.

Meanwhile, Mr. Arce estimated the bank to reach P8.3 billion in net income in the second quarter and to finish the year at P28.4 billion.

The Ty-led bank was the third largest lender in the country in terms of total assets in the first quarter, central bank data showed.

Metrobank's net income increased by 3.4% year on year to P8.104 billion in the first quarter. Its net income attributable to equity holders of the parent company likewise edged up by 2.6% to P7.986 billion.

Mr. Arce placed its support at a range of P46.00 to P45.60 and resistance between P48.00 and P50.00.



BW FILE PHOTO

High Court sides with LRTA in case vs BIR

THE SUPREME COURT (SC) has granted the appeal of Light Rail Transit Authority (LRTA) to set aside its deficiency tax liabilities totaling P9.28 million for the taxable year 2003.

The High Court reversed a ruling of the Court of Tax Appeals (CTA) which dismissed LRTA's appeal for lack of jurisdiction over the commissioner of internal revenue's (CIR) assessment, which was final and unappealable.

In a decision on June 20 and made public on July 22, the court's second division said the CTA had jurisdiction over the disputed assessment. "Apart from decisions on disputed assessments, inactions of the respondent (CIR) may likewise be appealed," SC Associate Justice Marvic M.V.F. Leonen said in the ruling.

"Here, there was inaction on the part of the respondent on the petitioner's (LRTA) appeal of the final decision on a disputed assessment."

The tax case was also remanded to the CTA to decide on the disputed assessment.

LRTA is the operator of the Manila Light Rail Transit System in the Philippines. It is also a state-owned corporation under the Department of Transportation.

The court added the train operator's decision to await the CIR's decision on its appeal on the assessment was "made in good faith."

The CTA previously said LRTA's argument that the tax court had jurisdiction to resolve its appeal was "only to circumvent the unappealable character of the assessment."

Under the Bureau of Internal Revenue's (BIR) regulations, if a protest is elevated to the CIR, "the latter's decision shall not be considered final, executory and demandable, in which case, the commissioner shall decide the protest."

The tribunal noted that the final decision on the disputed assessment was timely elevated to the CIR, which did not make the assessment final, executory, and demandable.

More importantly, all of these were missed on the premise that 'delinquent taxes exist,' an incorrect premise, said the High Court.

Since the assessment was still on appeal with the CIR, the preliminary collection letter, final notice before seizure, and the warrant of distraint/levy were all void and should be of no force and effect, it added. — **John Victor D. Ordoñez**