Philippine Stock Exchange index (PSEi) 6,315.93 ▼63.33 PTS. ▼0.99%

FRIDAY, JULY 29, 2022 BusinessWorld

PSEi MEMBER STOCKS

AC	Ayala Corp.	P620.00	——	
ACEN	AC Energy Corp.	P8.37	-P0.08	-0.95%
AEV	Aboitiz Equity Ventures, Inc.	P57.05	-P0.45	-0.78%
AGI	Alliance Global Group, Inc.	P9.89	-P0.01	-0.10%
ALI	Ayala Land, Inc.	P25.25	+P0.25	+1.00%
AP	Aboitiz Power Corp.	P32.65	-P0.20	-0.61%
BDO	BDO Unibank, Inc.	P119.50	+P0.10	+0.08%
BPI	Bank of the Philippine Islands	P93.00	+P1.20	+1.31%
CNVRG	Converge ICT Solutions, Inc.	P19.00	-P0.70	-3.55%
EMI	Emperador, Inc.	P18.88	-P0.06	-0.32%
GLO	Globe Telecom, Inc.	P2,062.00	-P8.00	-0.39%
GTCAP	GT Capital Holdings, Inc.	P453.40	-P11.20	-2.41%
ICT	International Container Terminal Services, Inc.	P194.20	+P4.50	+2.37%
JFC	Jollibee Foods Corp.	P201.20	-P5.80	-2.80%
JGS	JG Summit Holdings, Inc.	P51.50	-P3.50	-6.36%
LTG	LT Group, Inc.	P8.80	-P0.14	-1.57%
MBT	Metropolitan Bank & Trust Co.	P48.60	-P0.30	-0.61%
MEG	Megaworld Corp.	P2.26	-P0.04	-1.74%
MER	Manila Electric Co.	P340.00	-P26.00	-7.10%
MONDE	Monde Nissin Corp.	P14.24	-P0.20	-1.39%
MPI	Metro Pacific Investments Corp.	P3.69	-P0.02	-0.54%
PGOLD	Puregold Price Club, Inc.	P30.20	+P0.20	+0.67%
RLC	Robinsons Land Corp.	P17.00	-P0.24	-1.39%
SECB	Security Bank Corp.	P90.55	+P0.55	+0.61%
SM	SM Investments Corp.	P775.50	-P24.50	-3.06%
SMC	San Miguel Corp.	P105.50	+P0.70	+0.67%
SMPH	SM Prime Holdings, Inc.	P36.60	-P0.10	-0.27%
TEL	PLDT, Inc.	P1,656.00	-P38.00	-2.24%
URC	Universal Robina Corp.	P111.00	+P0.20	+0.18%
WLCON	Wilcon Depot, Inc.	P27.65	+P2.25	+8.86%

Property firms seen among winners under new gov't

COMPANIES in the property and industrial sectors are likely to benefit from the government's push for more infrastructure development, analysts said.

Citing President Ferdinand R. Marcos, Jr.'s State of the Nation Address (SONA), and his Cabinet officials' pronouncement in a post-SONA briefing, analysts also expect sub-sectors such as telecommunications, energy, water, construction, infrastructure, and allied services to benefit.

Globalinks Securities and Stocks, Inc. Head of Sales Trading Toby Allan C. Arce said that the government's plan to continue the previous administration's "Build, Build, Build" program could result in gains for the industrial sector.

"This could add to economic activity, encourage foreign investments in various PPP (public-private partnership) projects, and provide the momentum for the country's rebound," Mr. Arce added.

In his SONA, Mr. Marcos said: "The planned expansion of infrastructure projects, I believe, would be possible if we continue to encourage the participation of the private sector in the development of our programs."

Mr. Arce also said that property firms could benefit from the administration's no-lockdown policy.

"Property firms like ALI (Ayala Land, Inc.) and SMPH (SM Prime Holdings, Inc.) can also be looked out for, as operating profits may rise year over year on higher revenue, mainly driven by its mall and property development divisions, on the back of an easing mobility restrictions and economic recovery," Mr. Arce said.

Mr. Marcos said that despite the threats of coronavirus disease 2019 (COVID-19) with the discovery of new variants, the administration will not impose another lockdown.

Other companies that are worth watching out for include some from the telecommunications sector such as PLDT, Inc., Globe Telecom, Inc., and Converge Information and Communications Technology Solutions, Inc., Mr. Arce said.

He said these companies had given their support to the president's call for universal connectivity and digitalization to ensure the availability and affordability of telco services across the country.

"The president also mentioned his support for renewable energy and plans for nuclear power, which will help the country lower its energy costs and attract more global manufacturing companies," Timson Securities, Inc. Head of Online Trading Marc Kebinson L. Lood said.

Mr. Arce said renewable energy firms that could benefit include ACEN Corp., Solar Philippines Nueva Ecija Corp., Raslag Corp., First Gen Corp., Aboitiz Power Corp. and Manila Electric Co.

In the post-SONA briefing, Department of Energy Director Mario C. Marasigan said that in support of reliable and clean sources, the administration will seek to address global investors' concerns on foreign ownership issues.

"[We] will ensure that the renewable energy market provides a conducive environment that [will] strengthen [the] power distribution sector and ensure their timely and appropriate conduct of competitive selection process," Mr. Marasigan added.

Mr. Arce identified infrastructure and construction firms such as Metro Pacific Investments Corp., Megawide Construction Corp. and Ayala Corp. to benefit from the administration's push for public-private partnerships.

"The government just has to be careful in determining which projects, funding sources, and development partners are viable," Mr. Arce added.

"We think listed conglomerates are ones to watch when it comes to PPP projects. Construction companies may also benefit down the line, but it is important to qualify that the current sentiment is still heavily weighed down by nearer-term concerns on inflation," China Bank Securities Corp. Research Director Rastine Mackie D. Mercado said in an e-mail.

In the post-SONA economic briefing, Department of Public Works and Highways Secretary Manuel M. Bonoan said: "As the president said, the infrastructure program will be very vital to support the national government's effort to push the revival of the economy which was slumped due to COVID-19 pandemic. This is the foundation that we would build upon as the president pronounced, we must keep the momentum and aspire for Build Better More."

Mr. Lood said the highlight on infrastructure pleased many investors because it would support the country's long-term economic growth.

Furthermore, Mr. Mercado said that the government's infrastructure push would help in easing logistical bottlenecks on food supply, and transport of goods while reducing travel time for commuters. — **Justine Irish D. Tabile**

FULL STORY

Read the full story by scanning the QR code with your smartphone or by typing the link **<https://bit.ly/3Q07MaM>**

PHL lags in ASEAN in first-half vehicle production

THE Philippines trails neighboring countries in the Association of Southeast Asian Nations (ASEAN) region in terms of car production during the first six months of the year, according to the ASEAN Automotive Federation (AAF).

Latest AAF data uploaded on its website showed that the country's motor vehicle production for the January-June period dropped 2.9% to 40,334 units from 41,527 units logged in the same period last year.

In contrast, other ASEAN countries posted production growth for the first half of the year such as Myanmar (187.1%), Malaysia, (31.8%), Vietnam (28.3%), Indonesia (28%), and Thailand (7.9%).

In June alone, the Philippines recorded a higher vehicle production volume — up by 6.2% year on year to 8,506 units.

In terms of sales, AAF data showed that Philippine car sales from January to June rose 16.7% to 154,874 from 132,767 units sold in the same period last year.

ASEAN countries that posted increased vehicle sales in the first half of 2022 include Vietnam (34.1%), Malaysia (33%), Thailand (22.6%), and Indonesia (20.8%).

Countries that had lower sales were Singapore (-34.2%) and Myanmar (-8.3%).

For the month of June, AAF data showed that Philippine vehicle sales rose 26.8% to 28,601 units from 22,550 units sold in the same month last year.

"The automotive industry recovery is progressing as new motor vehicles sales reached an upward growth trajectory in June driven by the pent-up demand from consumers amid the less-than-ideal economic conditions recorded in the same period," Chamber of Automotive Manufacturers of the Philippines, Inc. (CAMPI) President Rommel R. Gutierrez said in a previous statement.

"The industry is optimistic of sustaining motor vehicle sales in its current pre-pandemic trendline in the coming months, albeit challenging amid the ongoing headwinds to the economic recovery, which continue to affect consumer confidence and overall employment," he added.

Meanwhile, AAF data showed that Philippine motorcycle and scooter production in the first half of 2022 dropped 4.2% year on year to 431,524 units from 450,524 units last year.

Thailand also had lower motorcycle and scooter output, down 7%, while Malaysia posted a 21.2% increase.

In terms of sales, AAF data revealed that the Philippine motorcycles and scooters sales in the first six months of 2022 rose 6.1% to 763,117 units, from 719,234 units sold in the same period last year.

Other ASEAN countries also sold more motorcycles and scooters during the January-to-June period. Malaysia posted 19.7% growth, Singapore had a 4.6% increase, and Thailand recorded a 3.9% improvement.

In March, CAMPI announced that it is targeting to reach 336,000 units sold in 2022, which is a 17% improvement from the 268,488 units sold in 2021. — **Revin Mikhael D. Ochave**

CTA declines to review Marubeni unit's tax dues

THE Court of Tax Appeals (CTA) has affirmed its division's ruling denying Maxima Machineries, Inc.'s appeal to review and set aside its tax liabilities worth P32.14 million for the fourth quarter of the 2016 fiscal year.

In a 43-page decision on July 25 and made public on July 28, the CTA full court said the company's appeal lacked merit since it failed to prove that it was entitled to an input value-added tax refund traced to zero-rated sales.

It added that it found no compelling reason to overturn its division's ruling.

The company is a subsidiary of Japanese business conglomerate Marubeni Corp.

"As to Marubeni Corporation, while petitioner was able to submit proof of its foreign incorporation, it failed to present Marubeni Corporation's Securities and Exchange Commission (SEC) Certificate of Non-Registration," according to the ruling penned by CTA Associate Justice Lanee S. Cui-David.

"We have determined that petitioner (Maxima Machineries) has no excess input VAT (value-added tax), which will entitle it to a refund."

The court added that the conglomerate is doing business in the Philippines since it maintains a branch office through Maxima Machineries.

Under the country's revenue code, companies must be supported by an SEC certificate of non-registration of corporation and proof of incorporation/registration in a foreign country.

The revenue code provides that a sale may qualify for a 0% VAT rate if the recipient of services is a foreign corporation doing business outside the Philippines, the payment for services was made in acceptable foreign currency based on the Philippine central bank rules, and if the services fall under services other than "processing, manufacturing or repacking goods."

"Accordingly, a foreign corporation with a branch office is deemed to be doing business in the Philippines," said the tax court. "It cannot be classified as a non-resident foreign corporation for purposes of taxation."

It added that a company applying for a tax refund or tax credit certificate must not only prove its entitlement to the claim but also comply with all documentary requirements provided by the country's tax laws.

The tax court noted that a company must prove every minute aspect of its case for entitlement to a refund.

"The burden is on the taxpayer to show that he has strictly complied with the conditions for the grant of the tax refund or credit," said the tribunal. — **John Victor D. Ordoñez**

OUTLIER

BDO shares take a hit after Udenna unit debt default mess

INVESTORS remained upbeat on BDO Unibank, Inc. last week after it issued a debt default notice on an Udenna Corp. subsidiary.

Data from the Philippine Stock Exchange showed P1.962-billion worth of 16.819 million BDO shares were traded from July 25 to 29, making it the most actively traded issue last week.

Shares in BDO finished at P119.50 apiece last Friday, 1.4% lower from its P121.20 per share close on July 22.

Year to date, the stock's share price dipped by 0.4%.

The Sy-led lender's notice of default on Udenna subsidiary's obligations to Clark International Airport Corp. (CIAC) fueled the former's market activity at the beginning of last week, analysts said.

Regina Capital Development Corp. Head of Sales Luis A. Limlingan said investors at first became wary of the news on Udenna debt default, thinking that this would significantly affect BDO.

"However, if we're going to look closer, the combined debts of Udenna's listed subsidiaries is just around P71 billion, which is just a fraction of BDO's P2-trillion loan book," he said.

"Towards the latter part of the week, the influencing factor became the market's earnings expectation on BDO," Mr. Limlingan added.

"It was immediately clarified that the amount was of no concern to the lender's operation," Timson Securities, Inc. Head of Online Trading Marc Kebinson L. Lood said in a text message.

"Long-term investors... are looking for a bargain opportunity to buy the stock on the dip when the market reacts, knowing that BDO is a well-capitalized company with enough income and fully collateralized," he said.

A consortium of lenders led by BDO confirmed on Monday that bank issued a notice of default on Clark Global City Corp. (CGCC), a subsidiary of Udenna, regarding its lease obligations between CIAC and Global Gateway Development Corp. (GGDC), a subsidiary of CGCC.

In a press statement released on July 25, Udenna Corp. said that the $4-million liability due on July 27 refers to the obligation of GGDC to CIAC and not with the bank consortium. It was immediately settled on Monday.

"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," the lender said in a disclosure on Monday.

GGDC is the developer of 177-hectare Clark Global City in Clark Freeport Zone in Pampanga. — **Mariedel Irish U. Catilogo**

FULL STORY

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

Alliance Towers: Investment from Indonesia-based tower company to boost expansion

COMMON tower provider Alliance Towers Corp. hopes to bag more contracts with the country's mobile network operators after a major investment from an Indonesia-based tower company.

"Hopefully (we can build) another 250 (towers) for them," Alliance Towers President and Chief Operating Officer Alvin D. Tolentino told *BusinessWorld* in a recent phone interview.

The company is currently committed to build 250 towers for the country's three major telecommunications companies.

"Of the total, more than a hundred are ongoing," Mr. Tolentino said.

"These are concentrated in the Visayas and Mindanao, and we also have in South Luzon."

In July, Indonesia-based tower company Bersama Digital Infrastructure Asia and investment company Opti-Teknology Philippines, Inc. committed to subscribe to new shares in Alliance Towers. Opti-Teknology's shareholders are the founders of Alliance Towers.

The transaction is targeted to complete in September.

"Bersama Digital and Opti-Teknology will own 51% and 49% of Alliance Towers, respectively," Tower Bersama Group and Alliance towers said in a joint statement.

"Tower Bersama has organically built over 12,000 of its nearly 21,000 towers in Indonesia, making it one of the world's leading organic tower builders," they said.

Mr. Tolentino said Bersama Digital will provide Alliance Towers with long-term technical and financial support.

"At the same time, the creditors will rate us higher, because as Alliance Towers with no track record to show, the banks are quite careful in terms of lending, and our credit rating is not as good, but having a shareholder that has 20 years of experience gives us credibility and makes our financial credit rating higher," he explained.

The company hopes to expand in tandem with the telecommunications companies such as Globe Telecom, Inc., PLDT, Inc., and DITO Telecommunity Corp.

"From my meetings with all the mobile network operators, they are moving all of their expansions to the common towers because it really makes sense for everybody. It will all result in efficiency, and if it's efficient then it will result in better quality and cheaper costs for consumers," Mr. Tolentino added. — **Arjay L. Balinbin**