

## Philippine Stock Exchange index (PSEi)

6,752.50

▲ 46.07 PTS.

▲ 0.68%

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BusinessWorld

## PSEI MEMBER STOCKS

<b>AC</b> Ayala Corp. P720.00 -P12.00 -1.64%	<b>ACEN</b> ACEN Corp. P8.04 -P0.59 -6.84%	<b>AEV</b> Aboitiz Equity Ventures, Inc. P59.00 +P1.65 +2.88%	<b>AGI</b> Alliance Global Group, Inc. P10.30 ---	<b>ALI</b> Ayala Land, Inc. P29.30 +P0.80 +2.81%	<b>AP</b> Aboitiz Power Corp. P31.50 -P0.45 -1.41%	<b>BDO</b> BDO Unibank, Inc. P131.50 +P2.70 +2.10%	<b>BPI</b> Bank of the Philippine Islands P96.95 +P2.80 +2.97%	<b>CNVRG</b> Converge ICT Solutions, Inc. P18.60 -P0.04 -0.21%	<b>EMI</b> Emperador, Inc. P20.50 +P0.45 +2.24%
<b>GLO</b> Globe Telecom, Inc. P2,220.00 -P48.00 -2.12%	<b>GTCAP</b> GT Capital Holdings, Inc. P494.00 -P1.00 -0.20%	<b>ICT</b> International Container Terminal Services, Inc. P186.50 -P1.50 -0.80%	<b>JFC</b> Jollibee Foods Corp. P237.00 +P3.00 +1.28%	<b>JGS</b> JG Summit Holdings, Inc. P54.50 +P2.15 +4.11%	<b>LTG</b> LT Group, Inc. P9.25 +P0.01 +0.11%	<b>MBT</b> Metropolitan Bank & Trust Co. P53.45 +P0.75 +1.42%	<b>MEG</b> Megaworld Corp. P2.59 +P0.02 +0.78%	<b>MER</b> Manila Electric Co. P313.80 -P4.20 -1.32%	<b>MONDE</b> Monde Nissin Corp. P16.00 -P0.08 -0.50%
<b>MPI</b> Metro Pacific Investments Corp. P3.73 -P0.02 -0.53%	<b>PGOLD</b> Puregold Price Club, Inc. P35.40 +P0.90 +2.61%	<b>RLC</b> Robinsons Land Corp. P19.20 -P0.02 -0.10%	<b>SCC</b> Semirara Mining and Power Corp. P42.55 -P0.15 -0.35%	<b>SM</b> SM Investments Corp. P879.00 -P1.00 -0.11%	<b>SMC</b> San Miguel Corp. P100.90 ---	<b>SMPH</b> SM Prime Holdings, Inc. P37.05 +P0.05 +0.14%	<b>TEL</b> PLDT, Inc. P1,711.00 +P12.00 +0.71%	<b>URC</b> Universal Robina Corp. P126.30 +P4.30 +3.52%	<b>WLCON</b> Wilcon Depot, Inc. P30.00 +P0.30 +1.01%

## SPNEC's SRO favors long-term investors — analysts

ANALYSTS see the stock rights offering (SRO) of Solar Philippines Nueva Ecija Corp. (SPNEC) to be more appealing to long-term investors as they expect its business to grow in the long run amid favorable government support for green energy projects.

"Long-term investors who wish to subscribe to the SRO can look forward to a bright future as the government favors green energy projects and the expansion of SPNEC will be supported by the government," Timson Securities, Inc. Head of Online Trading Marc Kebinson L. Lood said in a Viber message.

Separately, Globalinks Securities and Stocks, Inc. Head of Sales Trading Toby Allan C. Arce said that the continuous rise of the country's power demand presents growth opportunities for SPNEC

as it looks to further expand its renewable energy portfolio.

"SPNEC is on track to complete its major deals this year, including its [SRO] within the next few weeks and its asset-for-share swap with parent Solar Philippines [Power Project Holdings, Inc. or SPPPHI] by the end of 2022," Mr. Arce said in a Viber message.

In June, SPNEC filed its preliminary SRO prospectus with the Securities and Exchange Commission and Philippine Stock Exchange for nearly 1.88 billion shares.

After the SRO's price adjustment in July to now range from P1.50 to P1.75 per share, it placed the aggregate offer amount at P2.81 billion to about P3.3 billion.

The offer period will start on Aug. 30 and end on Sept. 5. It has

an entitlement ratio of one share for every 1.28 shares held.

"While this SRO may not be appealing for short-term players as they stay on the sidelines, those players who'll participate are probably banking on the bright prospects that this project may yield for SPNEC's bottom-line figures in the future," Mr. Lood noted.

In a media briefing on Friday, SPNEC President and Chief Executive Officer Leandro Antonio L. Leviste said the SRO's P2.8-billion proceeds "will help complete the P10 billion that we plan to invest to complete the development of 10 gigawatts (GW) of projects."

"As a project developer, our job is to consolidate land and permits so the projects can secure off-take and become construction-ready, to enable the projects to raise

financing to complete the capital expenditure with the help of partners," he added.

Mr. Leviste said brokers had begun taking orders for Aug. 22, with the deadline for orders with most brokers on Aug. 30 or 31.

SPNEC placed the industry standard cost of putting up a megawatt (MW) of solar power at \$700,000, which can translate into revenues of P6 billion per MW per year. It added that its 10 GW of projects would have a total non-land capital expenditure budget of \$7 billion, or revenues of P60 billion per year.

Meanwhile, SPNEC is also planning to conduct an asset-for-share swap with its parent Solar Philippines after the first round of SRO.

"Following the exercise, SPNEC will obtain basically all

the operating assets of SPPPHI, and the latter's pipeline projects under development. After the asset-for-share swap exercise, SPNEC is expected to have an operating capacity of a total of 904 MW, making it the biggest solar power generation company in the country," Mr. Arce said.

SPPPHI and SPNEC have signed the share-swap agreement for the issuance of around 24.37 billion shares at P2.50 apiece, in exchange for the shares of SPPPHI in a portfolio of projects.

"SPNEC's future earnings growth outlook and value depend largely on its ability to execute more than 10 GW of pipeline developments. These developments require high level of capital, the bulk of which will likely be funded through debt," Mr. Arce said.

Mr. Arce said that SPNEC would utilize the strategy of forming joint ventures and partnerships going forward to develop its pipeline projects of over 10 GW.

"SPNEC's earnings growth will depend largely on the successful development of its solar power generation pipeline projects. Any delay in the development and construction of these projects will likely affect SPNEC's earnings growth outlook," he added.

Mr. Lood expects the stock to perform better in the second half of the year "as the company begins to roll out its operations to meet its ambitious goals and as we anticipate positive earnings figures."

On the stock exchange on Friday, shares in SPNEC climbed by 2.42% or P0.04 to P1.69 apiece. — **Justine Irish D. Tabile**

SMEC tapped for viability of CLLEX's 2<sup>nd</sup> phase

AUSTRALIA-based professional services engineering company SMEC said it will be working with the Department of Public Works and Highways (DPWH) to establish the viability of the Central Luzon Link Expressway (CLLEX) Phase II, which will link Cabanatuan City to San Jose City in Nueva Ecija.

"SMEC has been appointed by the Philippines' [DPWH] to carry out transaction advisory services for the CLLEX Phase II," the global engineering, manage-

ment and development consultant company said in a statement.

The current administration has identified CLLEX Phase II as one of its priority public-private partnership projects for implementation.

SMEC said the main objective of its services for CLLEX Phase II is to help the DPWH establish the technical, economic, traffic, environmental, social, and financial viability of the expressway project, including the preparation of preliminary engineering designs and project reports.

"This will include a review of the impact of recent developments (on) road construction activities and recommend the most viable PPP scheme for CLLEX, taking into account the potential for future extensions of the project," it added.

According to the DPWH, the estimated construction cost for the project is P9.19 billion, while the cost to acquire the right of way is P49.32 million.

"A kick-off meeting was conducted on July 13 together with the representatives from the con-

sultant," the department said on its website.

The project is a four-lane 35.7-kilometer extension of the existing CLLEX Phase I (Tarlac to Cabanatuan City).

"The project will pass through the municipalities of Talavera and Llanera in Nueva Ecija and will provide a free-flowing alternative route decongesting traffic along the Pan Philippine Highway between said cities of Nueva Ecija and Tarlac Province," the DPWH said. — **Arjay L. Balinbin**

## RLC listing signals debt market's recovery — PDEX

PHILIPPINE Dealing & Exchange Corp. (PDEX) said that the return of Robinsons Land Corp. (RLC) to the securities market signals recovering confidence in debt issuances.

"It can only be good when an old conglomerate, a veteran in crisis, comes to the debt market. As it again signals the continuing march forward to recovery despite challenging circumstances," PDEX President and Chief Executive Officer Antonino A. Nakpil said during the listing ceremony of RLC last week.

RLC reported that its P15-billion fixed-rate peso-denominated series E and series F bond listing gathered P120 billion in total bids, 12 times of the listing's base amount.

"As of today, the primary market activity for just eight months into the year has already pushed new listings to P371 billion. That's a stone's throw away from the record of P387 billion back in 2020," Mr. Nakpil said.



PDEX reported during the event that RLC's listing brought the year-to-date total new listings to P371.12 billion. The total level of tradable corporate debt instruments is now at P1.34 trillion issued by 54 companies.

"Indeed, that is a vote of confidence by [RLC's] fundholders that any issuer would want to hear and is a continuing evidence of the funding power of domestic investors," Mr. Nakpil added.

On Friday, RLC successfully listed the initial tranche of its

maiden P30-billion debt securities program under the shelf-registration process of the Securities and Exchange Commission.

"The overwhelming market reception fronted us to fully exercise our authorized subscription allotment of P5 billion and despite a high inflationary environment, the robust investor demand allowed us to price at the lowest end of the marketing range," said RLC President and Chief Executive Officer Frederick D. Go.

Mr. Go said that 65% of the proceeds will be used for the expansion of RLC's various businesses while the remaining 35% will be used to pay maturing debts.

The three-year bonds will carry a coupon of 5.3789% per annum while the 50-year bonds will carry 5.9362% per annum.

RLC engaged BDO Capital & Investment Corp., BPI Capital Corp., China Bank Capital Corp., First Metro Investment Corp., and SB Capital Investment Corp. as joint issue managers, lead underwriters, and book-runners for the transaction.

The company's selling agents are East West Banking Corp., PNB Capital And Investment Corp., RBCB Capital Corp., and Robinsons Bank Corp.

On the stock market on Friday, RLC shares declined by 0.10% or P0.02 to P19.20 each. — **Justine Irish D. Tabile**

## CTA affirms ruling denying First Gen Hydro's tax refund

THE Court of Tax Appeals (CTA) has affirmed its decision that denied First Gen Hydro Power Corp.'s claim for a refund worth P15.95 million allegedly representing its excess value-added tax (VAT) traced to zero-rated sales for the year 2016.

In a 24-page decision on Aug. 18 and made public on Aug. 26, the CTA full court denied the firm's motion to present additional evidence since it should have presented the same during the trial.

"Its failure to present said evidence is its own negligent act, which the court will not reward by remanding the case," according to the ruling written by CTA Associate Justice Marian Ivy F. Reyes-Fajardo.

"Every litigation must come to an end and parties cannot be given unbridled license to prove its case anew when its failure to do so was a product of its own negligence."

The petitioner is a subsidiary of First Gen Corp., a listed company engaged in the power generation business.

First Gen Hydro argued that the tax court made an error in ruling its sales were not zero-rated and sought to present Bureau of Internal Revenue records and other pieces of evidence to support its claim.

The tribunal argued that the subject sales could not be considered zero-rated since they were made before the issuance of certificates of compliance (CoCs) by the Energy Regulatory Commission (ERC).

Under the country's tax code, zero-rated sales are transactions made by VAT-registered taxpayers that do not result in any output tax.

Taxpayers must also comply with invoicing requirements such as submitting a CoC issued by the ERC mandated by the Electric Power Industry Reform Act of 2001.

"Petitioner (First Gen Hydro) should have argued and proved before the court in division that the foregoing determination by the commissioner of internal revenue (CIR) does not stand," said the court.

"Petitioner not only failed to offer proof to debunk respondent's findings, it also failed to pinpoint which of respondent's findings were not supported by factual or legal bases." — **John Victor D. Ordoñez**

## OUTLIER

## Investors bullish on URC after spiked spirit foray

UNIVERSAL Robina Corp. (URC) was one of the most actively traded stocks on the local stock exchange last week amid sugar shortage issues as well as its foray into alcoholic beverages.

URC was the fifteenth most traded stock last week, with P469.98 million worth of 3.8 million shares exchanging hands from Aug. 22 to 26 based on the data by the Philippine Stock Exchange.

Shares in the Gokongwei group's food manufacturing arm went up by 3.5% to P126.30 apiece on Friday from P122 each on Thursday. Week on week, URC dipped by 0.6%. It has fallen by 2.1% since the start of the year.

Diversified Securities, Inc. Equity Trader Aniceto K. Pangan said in an e-mail that the news of the company's plan to venture into alcoholic beverages made investors buy URC shares last week.

"As it is a million-dollar industry that caters to the young adults, it will definitely boost the revenue of the company as soon as it is introduced to the market," Mr. Pangan said.

"The issue of the sugar shortage has been all over the news for the past weeks or so, and this somewhat pushed Universal Robinas' stock price to accelerate. As of the moment, Universal Robina remains to be the largest producer of sugar in the country, and investors must have seen this as a catalyst to buy the stock," said Jemimah Ryla R. Alfonso, equity analyst at Regina Capital Development Corp.

URC unveiled last week its Chill Spiked Spirit, which is said to have 5% double distilled alcohol, real fruit extract, and soda water, giving the drink the same alcohol strength with a more refreshing taste.

The product will be available in 330-milliliter cans at a suggested retail price of P51 each and will come in three flavors: red apple, lemon lime, and lychee.

"The new spiked spirit could help lift the company's sales once it takes a hit on the young consumers considering Universal Robina has set a competitive price at P51.00 per can," Ms. Alfonso said.

URC said that spiked spirits, hard seltzers, and similar beverages "have been disrupting the global beer category," which it said to account for a 6% share of the alcoholic beverages market in the United States and is projected to soar to \$3 billion by 2023.

In the first half of the year, the revenues of URC went up by about 22.9% to P71.11 billion from P57.88 billion a year ago.

Meanwhile, its attributable net income reached P6.2 billion in the six months to June, down by 23% from P8.05 billion last year.

"Universal Robina's revenues are set to grow by the low double-digits for full year 2022, and topline could reach north of P130 billion. The firm's performance, however, is largely dependent on how the easing of the macro headwinds would turn out," said Ms. Alfonso.

Mr. Pangan expects the company's revenue to hit around P143 billion for this year.

The country has been experiencing a sugar supply shortage — which is disrupting the production lines — due to the higher cost of fertilizer, weed killers, and insecticides.

Last year, the industry was severely affected by Typhoon Odette which inflicted P13.3 billion worth of farm damage, according to the Department of Agriculture.

Press Secretary Rose Beatrix Cruz-Angeles said on Aug. 18 that President Ferdinand R. Marcos, Jr., Senate President Juan Miguel F. Zubiri, and the sugar industry reached an agreement to import 150,000 metric tons (MT) of sugar.

However, the country's sugar supply deficit is around 600,000 MT, according to Ebb Hinchliffe, executive director of the American Chamber of Commerce of the Philippines.

For this week, Ms. Alfonso expects URC's long-term trend to be "intact" and to trade within the support and resistance levels of P120 and P127, respectively.

"Looking at the technicals, the selling pressure has been dropping alongside the momentum — which is a good sign for the bulls — as this could mean an accumulation is happening," said Ms. Alfonso.

Mr. Pangan said that URC would continue to consolidate this week and pegged the stock's immediate support and immediate resistance levels at P120 and P125, respectively. — **Lourdes O. Pilar**