

Philippine Stock Exchange index (PSEi)

6,676.04 ▼ 16.61 PTS. ▼ 0.24%

MONDAY, SEPTEMBER 5, 2022
BusinessWorld

PSEI MEMBER STOCKS

AC Ayala Corp. P718.50 -P20.50 -2.77%	ACEN ACEN Corp. P7.28 -P0.36 -4.71%	AEV Aboitiz Equity Ventures, Inc. P58.00 -P1.40 -2.36%	AGI Alliance Global Group, Inc. P9.97 -P0.07 -0.70%	ALI Ayala Land, Inc. P29.00 -P0.05 -0.17%	AP Aboitiz Power Corp. P31.85 -P0.05 -0.16%	BDO BDO Unibank, Inc. P130.00 +P2.20 +1.72%	BPI Bank of the Philippine Islands P96.95 +P0.95 +0.99%	CNVRG Converge ICT Solutions, Inc. P17.80 -P0.08 -0.45%	EMI Emperador, Inc. P20.80 -P0.05 -0.24%
GLO Globe Telecom, Inc. P2,184.00 -P10.00 -0.46%	GTCAP GT Capital Holdings, Inc. P495.60 -P14.40 -2.82%	ICT International Container Terminal Services, Inc. P183.00 ---	JFC Jollibee Foods Corp. P248.80 +P3.00 +1.22%	JGS JG Summit Holdings, Inc. P53.00 -P1.15 -2.12%	LTG LT Group, Inc. P8.84 +P0.08 +0.91%	MBT Metropolitan Bank & Trust Co. P52.90 +P0.50 +0.95%	MEG Megaworld Corp. P2.46 -P0.02 -0.81%	MER Manila Electric Co. P320.00 +P2.00 +0.63%	MONDE Monde Nissin Corp. P16.08 -P0.08 -0.50%
MPI Metro Pacific Investments Corp. P3.77 +P0.04 +1.07%	PGOLD Puregold Price Club, Inc. P35.00 -P0.65 -1.82%	RLC Robinsons Land Corp. P18.96 ---	SCC Semirara Mining and Power Corp. P41.40 -P0.65 -1.55%	SM SM Investments Corp. P870.00 +P10.00 +1.16%	SMC San Miguel Corp. P99.25 -P0.55 -0.55%	SMPH SM Prime Holdings, Inc. P36.05 -P0.45 -1.23%	TEL PLDT, Inc. P1,690.00 +P21.00 +1.26%	URC Universal Robina Corp. P125.40 -P0.40 -0.32%	WLCON Wilcon Depot, Inc. P29.70 -P0.10 -0.34%

SEC approves IT retailer Upson's P4.3-B IPO

THE Securities and Exchange Commission (SEC) announced on Monday its approval of Upson International Corp.'s initial public offering (IPO).

Upson, an IT product retailer, aims to raise up to P4.34 billion.

"In its Sept. 1 meeting, the Commission En Banc resolved to render effective the registration statement of Upson International covering 3,289,473,900 common shares, subject to the company's com-

pliance with certain remaining requirements," the SEC said in a statement.

Upson will offer up to 789,473,600 common shares priced at up to P5.50 per share.

According to the commission, Upson's offer will include 98,684,200 common shares "to be issued by a selling shareholder at up to P5.50 per share, with an additional 98,684,200 common shares as an overallotment option."

The shares will be listed and traded on the main board of the Philippine Stock Exchange.

At the same time, the SEC noted that net proceeds from the offer could reach up to P4.153 billion.

The company said that proceeds from the maiden offering will be used to expand its store network and open 250 branches or an additional retail space of 25,000 square meters until 2026.

"The company will not receive any proceeds from the sale

of the secondary shares by the selling shareholder," the SEC said.

A company representative said in an e-mail that the updated target listing date is set on Oct. 14, with the public offer set to run from Oct. 3 to Oct. 7.

"We are grateful for the support of the SEC for their confidence in Upson's vision to help transform the Philippines into a more digitally-ready country," Upson Chief Executive Officer

and President Arlene Sy said in a statement.

"Upson aims to continuously adapt to the rapid growth of digital technology. We shall consistently provide the most relevant and latest IT products through our network expansion across the country."

The company tapped First Metro Investment Corp. as the issue manager and book-runner for the transaction and assigned RCBC Capital Corp. and First Metro as joint lead underwriters.

The company operates under the brand names Octagon Computer Superstore, Micro Valley, and Gadget King.

If realized, Upson will be the first IT retailer company to go public.

"We assure the public that Upson shall be a significant catalyst to these developments guided by the Company's knowledge and expertise in the business," Ms. Sy said. — **Justine Irish D. Tabile**

Property, bank sectors to sustain recovery in H2 — analysts

PROPERTY, banking, and consumer sectors are expected to sustain recovery from the impact of the public health crisis in the second half of the year, as they benefit from the further reopening of the economy, according to analysts.

"Recovery from the pandemic is anticipated in the property sector after being significantly hit by the imposed restrictions. We expect that its rebound will continue in the second half," Philstocks Research Analyst Claire T. Alviar said in the recently released Midyear 2022 Review of the financial firm.

"The consumer sector in the Philippines has already been continuously showing signs of recovery from the pandemic," Philstocks Research and Engagement Officer Mikhail Philippe Plopenio said.

Meanwhile, Japhet Louis O. Tantiangco, senior research analyst of Philstocks, said that if confidence in the economy is sustained, loans will continue to grow and support the profitability of local banks.

"Bank borrowing or lending has been gaining strength amid the rising confidence towards the economy's prospects. This is despite the tightening of monetary policies," Mr. Tantiangco noted.

According to the review, property stocks in the main index in the first half recorded an earnings growth of 16.23% year on year.

Ms. Alviar said that if the economy continues to reopen, the property sector will gain, particularly mall and hotel segments.

However, rising interest rates may dampen the growth of the sector, specifically those whose revenues come from the residential segment as Philstocks review sees mortgages to be negatively affected by rate hikes.

"Higher rates may tend to discourage home buyers," Ms. Alviar added.

Mr. Plopenio said that consumer sentiment is already improving as shown in the Bangko Sentral ng Pilipinas' (BSP) second-quarter consumer confidence survey.

"This is on the back of expectations that more jobs will be provided and the easing of COVID-19 restrictions," Mr. Plopenio added.

The consumer sentiment in the country was less pessimistic in the second quarter, as the overall confidence index improved to -5.2% from -15.1% in the first quarter, BSP data showed.

"Consumer sentiment for the next quarter and next year also showed positive results,

which indicate that investors have huge confidence in the industry moving forward," Mr. Plopenio said.

According to the review, the consumer leaning stocks is the best performing sector next to Semirara Mining and Power Corp. and International Container Terminal Services, Inc., which are the sole representatives of their respective industries.

The said sector's bottomline grew 42.31% year on year despite inflation risks, which Philstocks said was led by the swing to the profitability of Monde Nissin Corp. and the 351.70% growth in net income of Jollibee Foods Corp.

Mr. Plopenio said that the consumer sector still faces downside risks, such as shortages of several raw materials amid the ongoing Russia-Ukraine war and rising prices, which could slow down supply and demand.

"We may look into consumer staples and essentials retailing companies as demand for their products is always present regardless of any economic situation, making their businesses attractive," he noted.

According to the review, bank lending has already been expanding for 12 consecutive

months with growth posting an uptrend on a year-on-year basis.

In July, lending in universal and commercial banks went up by 12%, the fastest since the 12.7% in April 2020.

"This is also above the last five year's compounded annual growth rate of 9.8%," Mr. Tantiangco said.

Meanwhile, the Philippines' universal and commercial banks' June loans-to-deposit ratio was at 70.61%, higher than June last year's 69.33%, which Mr. Tantiangco said implies higher utilization of the sector's loanable funds.

Philstocks reported that June gross non-performing loans (NPL) went down by 10.2% to P356.75 billion, which Mr. Tantiangco said reflects "the better asset quality of our universal and commercial banks."

"The rising interest rates caused by the BSP's monetary tightening is also expected to boost banks' interest incomes," Mr. Tantiangco said.

He noted that a further build-up in the headwinds to our local economy — inflation and global challenges — can weaken confidence and bank lending. — **Justine Irish D. Tabile**

Alternergy's DMHC secures power supply agreement

DUPINGA Mini Hydro Corp. (DMHC) recently signed a deal to supply renewable power to an electric cooperative in Nueva Ecija.

DMHC, a co-developer of the 4.6-megawatt (MW) Dupinga mini hydropower project in Gabaldon, Nueva Ecija, will be working with Nueva Ecija Electric Cooperative II - Area 2 (NEECO II Area 2) under a power supply agreement (PSA), renewable energy company Alternergy Holdings Corp. announced on Monday.

DMHC will source the renewable power from the Dupinga project.

The company is a partnership between Alternergy, led by former Energy secretary Vicente S. Pérez, Jr., and Markham Resources Corp., a renewable energy company led by Francisco Tiu Laurel of the Frabelle group of companies.

"The signing of the PSA and its subsequent submission to the Energy Regulatory Commission (ERC) for approval is one of last milestones successfully achieved to date in the development of the Dupinga Project," said DMHC Vice-President Annette M. Rafael in an e-mailed statement.

DMHC and NEECO II Area 2 are set to submit a joint application to the ERC for the approval of the PSA.

In July, Alternergy secured a P600-million funding from Development Bank of the Philippines (DBP) for the Dupinga project.

Ms. Rafael said that the PSA and the DBP funding will help the company reach its target to supply renewable power to NEECO II Area 2 by 2024.

"As a lifetime commitment to our member-consumer-owners, we need to stay consistent in providing efficient, reliable, and affordable electric services," said Ramon de Vera, general manager of NEECO II Area 2.

The Dupinga project is expected to generate savings for the customers of NEECO II Area 2 by avoided transmission fees and no valued-added tax on the purchased power.

"As a renewable power supply with no fuel charges, power from the Dupinga project is competitively priced against other power suppliers of NEECO II Area 2 which are mostly from coal power plants and are exposed to fuel price increases," Alternergy said.

The electric cooperative provides energy to about 120,000 customers in eleven towns in Nueva Ecija.

Alternergy said that the Dupinga project will help the company reach its target of building 1,245 megawatts of renewable energy capacity in the next five years. — **Ashley Erika O. Jose**

ICTSI's Abbotsford ties up with Pampanga-based firm for logistics business

LISTED port operator International Container Terminal Services, Inc. (ICTSI) announced on Monday that its subsidiary Abbotsford Holdings, Inc. had signed a partnership deal with Pampanga-based Prime Alta Holdings, Inc. to operate a freight forwarding and logistics business.

The two companies will form Fortune Logistics Corp., which will "primarily operate, engage in and carry on the business of domestic and international ocean, air and land freight forwarding and logistics," ICTSI said in a disclosure to the stock exchange.

The joint venture aims "to reduce costs and improve operational efficiency associated with the processing of cargo that are intended to be used by ICTSI for its various operations in the Philippines," it added.

Abbotsford, a wholly owned subsidiary of the Razon-led company, and Prime Alta target to obtain regulatory permits and licenses within one to two months after the signing of the shareholders' agreement for the joint venture.

The joint venture's initial capitalization is P25 million, with a 51:49 ownership split.

Abbotsford will own 51% or P12.75 million from the initial subscription while Prime Alta will own 49% or P12.25 from the initial subscription.

"The joint venture company will distribute a percentage of its available distributable cash flow and such dividends will be paid to the shareholders pro rata on the basis of their respective shareholding," ICTSI said.

Its board of directors will be tasked to oversee the management and operations of the joint venture company in which Abbotsford will appoint three directors and Prime Alta will appoint two.

ICTSI's net income attributable to equity holders for the first half of the year reached \$294.5 million, 50% more than the \$196.7 million it earned in the first half of 2021.

The improvement was "primarily due to higher operating income; higher net foreign exchange gain, increase in equity share in net profit of joint ventures; and strong contribution of new terminals; partially tapered by an increase in depreciation and amortization, and interest on loans, concession rights payables and lease liabilities," the company said. — **Justine Irish D. Tabile**

Prime Media board OK's capital stock increase to P7 billion

PRIME Media Holdings, Inc. announced on Monday that its board of directors had approved an increase in its authorized capital stock to P7 billion.

In a regulatory filing, Prime Media said that its board recently approved an amendment to the company's articles of incorporation to increase its authorized capital stock by P2 billion from P5 billion, covering an additional two billion common shares with a par value of P1 apiece.

Prime Media said that the proposed amendments are being taken to eliminate its minuscule foreign-owned shareholdings in compliance with Article 7 of the amended articles of incorporation which limits ownership to 100% Filipino.

In the second quarter, Prime Media widened its attributable net loss to P1.42 million from P586,649 in the same period last year. Year to date, the company managed to cut its net loss to P2.48 million from P1.21 million in the corresponding period last year.

Prime Media also announced the termination of the memorandum of understanding (MoU) for potential business ventures with New Era Empire Realty Corp.

In March 2021, Prime Media entered the MoU with New Era Empire to "revitalize" its business by engaging in business in different sectors.

Shares of Prime Media on Monday went down by 4.47% or eight centavos to close at P1.71 a piece. — **Ashley Erika O. Jose**

SC affirms RPN 9's reduced fine vs private TV

THE Supreme Court (SC) has affirmed a Court of Appeals (CA) ruling that ordered Radio Philippines Network, Inc. (RPN 9) to pay Team Image Entertainment, Inc. (TIE) in temperate damages worth P100,000 after the network was found liable for breach of contract with the private television firm.

In a 12-page resolution on July 6 and made public on Sept. 2, the High Court's first division upheld with modification the reduced damages and added a 6% interest to the total amount.

"We sustain the CA's reduction of the amount since exemplary damages are imposed not to enrich one party or impoverish another, but to serve as a deterrent against or as a negative incentive to curb socially deleterious actions," it said.

A Makati City regional trial court had ordered RPN 9 to pay the private television firm P117,000,000 in damages after a memorandum of agreement between the two firms was terminated.

The appellate court had set deleted a Makati regional trial court's award of actual damages in favor of TIE, as it said there was no evidence that supported the original claim of damages.

The contract between the two firms was terminated after RPN 9 underwent new management.

The private television firm was instead awarded temperate damages in the amount of P100,000.

The High Court noted that TIE failed to prove that the newly appointed executives of RPN 9 practiced gross negligence in terminating the agreement.

The legal concept of gross negligence is the reckless disregard of a legal duty and of the consequences to another party.

The petitioner is a private corporation engaged in supplying foreign programs such as telenovelas, movies, TV series, and other shows to local television networks.

In 1997, TIE was guaranteed by RPN 9 specific airtime for its clients' programs with a rate of P500,000 per title. — **John Victor D. Ordoñez**

FULL STORY



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