

Philippine Stock Exchange index (PSEi)

6,259.54 ▼42.17 PTS. ▼0.66%

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BusinessWorld

PSEi MEMBER STOCKS

AC Ayala Corp. P696.00 -P4.00 -0.57%	ACEN ACEN Corp. P6.31 +P0.03 +0.48%	AEV Aboitiz Equity Ventures, Inc. P57.45 -P0.55 -0.95%	AGI Alliance Global Group, Inc. P9.07 +P0.07 +0.78%	ALI Ayala Land, Inc. P25.00 -P0.55 -2.15%	AP Aboitiz Power Corp. P31.40 +P0.65 +2.11%	BDO BDO Unibank, Inc. P119.80 -P3.00 -2.44%	BPI Bank of the Philippine Islands P93.20 -P0.80 -0.85%	CNVRG Converge ICT Solutions, Inc. P15.14 +P0.22 +1.47%	EMI Emperador, Inc. P20.30 +P0.05 +0.25%
GLO Globe Telecom, Inc. P2,174.00 +P32.00 +1.49%	GTCAP GT Capital Holdings, Inc. P483.80 -P1.20 -0.25%	ICT International Container Terminal Services, Inc. P181.90 +P0.90 +0.50%	JFC Jollibee Foods Corp. P236.00 -P1.00 -0.42%	JGS JG Summit Holdings, Inc. P47.30 -P1.20 -2.47%	LTG LT Group, Inc. P8.70 -P0.03 -0.34%	MBT Metropolitan Bank & Trust Co. P51.85 -P0.15 -0.29%	MEG Megaworld Corp. P2.17 ---	MER Manila Electric Co. P300.20 -P4.80 -1.57%	MONDE Monde Nissin Corp. P13.36 +P0.40 +3.09%
MPI Metro Pacific Investments Corp. P3.57 -P0.03 -0.83%	PGOLD Puregold Price Club, Inc. P30.05 +P0.30 +1.01%	RLC Robinsons Land Corp. P16.28 -P0.12 -0.73%	SCC Semirara Mining and Power Corp. P41.00 -P0.05 -0.12%	SM SM Investments Corp. P808.00 -P11.50 -1.40%	SMC San Miguel Corp. P97.65 ---	SMPH SM Prime Holdings, Inc. P34.05 -P0.15 -0.44%	TEL PLDT, Inc. P1,620.00 -P20.00 -1.22%	URC Universal Robina Corp. P116.10 +P0.80 +0.69%	WLCON Wilcon Depot, Inc. P29.70 +P0.20 +0.68%

PremiereREIT's IPO in Nov. faces mixed sentiments

VILLAR-LED Premiere Island Power REIT Corp. is likely to push through with its initial public offering (IPO) in November as the market conditions should have improved by then, an analyst said, but others have doubts about its timing.

The firm, also known as PremiereREIT, earlier this month disclosed details of its maiden offer at a time when rising inflation and interest rates added to uncertainties faced by investors.

"We think PremiereREIT's IPO is likely to push through in November considering that market climate may have already started to improve by then," AP Securities, Inc. Equity Research

Analyst Carlos Angelo O. Temporal said in a Viber message.

"Inflation rate [is] expected to peak in October while the market may have already bottomed out towards November after pricing in much of the interest rate uncertainties," Mr. Temporal added.

However, Timson Securities, Inc. Head of Online Trading Marc Kebinson L. Lood said that "PremiereREIT and other companies planning to go public in the remainder of the year will have a difficult time raising capital in the equity markets."

He said that because of the current high-interest rate environment, investors are more interested in bond offerings.

"Although PremiereREIT has a bullish outlook [for the Philippine energy sector], with a comprehensive project pipeline and a sizable asset portfolio, valuations are currently quite low, which may explain why some companies have deferred listing this year," Mr. Lood said in a Viber message.

PremiereREIT, a power and infrastructure real estate investment trust, recently filed the registration statement of its P3.2-billion IPO with the Securities and Exchange Commission with its target listing date set in November.

The company, which is led by Manuel Paolo A. Villar, plans to offer up to 1.4 billion secondary common shares with an over-allotment

option of up to 210 million secondary common shares at a maximum offer price of P2.00 per share.

The company's offer shares will be sold by the subsidiaries of its sponsor, Prime Asset Venture, Inc., such as S.I. Power Corp. and Camotes Island Power Generation Corp.

Recently, Upson International Corp. deferred its IPO from October to the first quarter of next year while North Star Meat Merchants, Inc. deferred its IPO amid concerns about market volatility and inflationary pressures in June.

Mr. Lood said that "it is advantageous for companies to delay the issuance to give investors more time to digest what is happening in the market."

"Year 2023 would be a better and strategic move to proceed with the IPOs so investors would see complete 2022 figures, which is also good for the firms considering the reopening theme," Mr. Lood added.

Mr. Temporal said investors are likely to look forward to the second half of 2023 to 2024 as they have already priced in local curbed growth.

"2023 is expected to have normalizing macroeconomic conditions such as easing inflation rates and interest rate concerns and this should be able to bring in a better market climate toward IPOs," he said.

"We also note that [the] Philippines still stands to remain in its

reopening narrative, which could pave the way for upward re-rating of multiples and therefore bolster market sentiment for IPOs further," Mr. Temporal added.

In terms of PremiereREIT's success, Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said that "market conditions globally and locally would be a consideration to maximize the selling price of the shares as well as the proceeds to be raised." — **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/3DWmJp>>

Meralco sales seen up in 3rd quarter as businesses reopen

MANILA Electric Co. (Meralco) said indication of its electricity sales in the third quarter showed a 6% growth, an official of the power distributor said.

"Energy sales growth is between 6-8% per month," Meralco Chief Commercial Officer Ferdinand O. Geluz told reporters on Friday.

He said that the main driver of the projected growth is the resumption of many businesses in August.

"This is driven by [the] commercial [segment]. Our commercial segment is bouncing back, and commercial is very important and within recovery though still below the 2019 level," he said.

Mr. Geluz said that Meralco is also expecting its electricity sales to grow in November and to stabilize next year.

"We are seeing it to stabilize next year, and maybe to return to the 2019 level," he added.

In the second quarter, Meralco posted P7.56 billion in net income, a 34.5% increase compared with the P5.62 billion recorded a year ago, driven by strong energy sales.

Meanwhile, Meralco's wholly owned subsidiary MSpectrum, Inc., or Spectrum, is targeting to expand its installed capacity by yearend.

Spectrum Chief Operating Officer Patrick Henry T. Panlilio told reporters that to date, the company has installed solar panels with a total capacity of 43 megawatts (MW).

"By the end of the year, we're hoping to reach 50 MW, at least for solar rooftop," he said.

Mr. Panlilio said that for 2023, Spectrum is targeting to install an additional 20 MW of solar rooftop projects.

In terms of capital expenditures, he said that for every megawatt installed, the company estimates to spend around P45 million.

"The cost of a 1 MW installation usually amounts to P45 million with the current prices, maybe it could up to P50 million with foreign exchange now," Mr. Panlilio said.

He also said that Spectrum is planning to grow the operations and maintenance side of the business.

"This is one activity or niche of ours, being a Meralco subsidiary. That's why we are expanding this because not all of those who

install solar panels are capable to maintain. Some are just doing it to sell," Mr. Panlilio said.

Renewable energy firm Spectrum provides tailor-fit solutions for industrial, commercial, and residential customers through an in-depth understanding of energy consumption behavior. It is backed by Meralco's energy expertise and proven safety track record.

Meralco's controlling stakeholder, Beacon Electric Asset Holdings, Inc., is partly owned by PLDT, Inc. Hastings Holdings, Inc., a unit of PLDT Beneficial Trust Fund subsidiary MediaQuest Holdings, Inc., has an interest in BusinessWorld through the Philippine Star Group, which it controls. — **Ashley Erika O. Jose**

CTA drops tax evasion charges vs oil firm executive

THE Court of Tax Appeals (CTA) has acquitted the president of COSCO Petroleum Co., Inc. of tax evasion charges stemming from deficiency taxes worth P23.9 million in 2008.

In a 23-page decision, the CTA First Division ruled that the tax assessment against Michael C. Cosay was void since the revenue officer who conducted the audit was not authorized through a letter of authority (LoA).

It added that an LoA with a different revenue officer named was initially issued to audit Mr. Cosay's and the oil firm's books of accounting.

"A tax is considered delinquent when an assessment for deficiency tax has become final, executory, and demandable, and the taxpayer has not paid the same within the period given in the notice of assessment," Associate Justice Marian Ivy F. Reyes-Fajardo said in the ruling.

The judge noted that since the assessment was void, the taxes against the oil firm executive cannot be considered delinquency taxes.

The court ordered Mr. Cosay's release and the cancellation of his P60,000 bail bond. The accused is the president of an oil firm based in Pili, Camarines Sur.

An LoA is a document that grants authority to a revenue officer to examine a taxpayer's books of accounting and tax liabilities.

The tax court noted that there was no evidence that COSCO received the Bureau of Internal Revenue's final letter of demand in 2013.

The revenue officers claimed that a certain employee received the demand letter for the oil firm.

COSCO's lawyer argued that the person the tax officers cited was not an authorized representative of the company.

Under the country's revenue code, a formal letter of demand calls for the payment of a taxpayer's deficiency taxes and is issued by the internal revenue commissioner or his duly authorized representative.

The tribunal said it cannot order Mr. Cosay to pay the subject tax deficiency since the tax assessment "bears no valid fruit."

"All these veer towards a single conclusion — COSCO or its duly authorized representative did not actually receive the formal letter of demand dated January 9, 2013, violative of its right to due process on assessment," it added. — **John Victor D. Ordoñez**



Lightstream8 would like to congratulate MVP Guild PH on their recent World Axie Classic Championship success in winning 2nd place. We also recognize your team for placing 24th, 28th, and 34th in the other events. We are proud of what your team has accomplished and recognize your tireless efforts to advance and revolutionize e-sports and its community in the Philippines and around the world. This achievement brings out the best of your abilities and inspires others to strive for greater things in life. We wish you the best in your current and future endeavors.

OUTLIER

Share buyback plan moves Converge stocks

LISTED fiber internet provider Converge ICT Solutions, Inc. was the seventh most actively traded stock last week after investors opted to pocket gains following its approved buyback program and talk about the company's removal from a global equity index.

Data from the Philippine Stock Exchange (PSE) showed Converge ranked first in value turnover with P855.31 million worth of 54.33 million shares traded from Sept. 19 to 23.

Shares in the Dennis Anthony H. Uy-led fiber internet provider closed at P15.14 apiece on Friday, down 12.5% from the P17.30-per-share close on Sept. 16. Converge's share price decline more than doubled since the start of the year.

"Mainly, the share buyback plan of P1.50 billion shares has contributed to [Converge being] one of the most active stocks last week," said Diversified Securities, Inc. Equity trader Aniceto K. Pangan in an e-mail.

Last week, the board of directors of Converge approved a plan to buy back common shares of the company worth up to P1.5 billion to increase shareholder value and to show confidence in its fundamental value, business, and prospects.

Converge said that acquired shares during the buyback period may be re-issued by the company for valid corporate purposes, such as for an employee stock plan.

The buyback transaction will not adversely affect the company's ability to fund any of its prospective and existing projects and investments.

Mr. Pangan said that partnering with UnionBank of the Philippines to combat cybercrimes could boost Converge's credibility and support the increase in its subscriber base.

In a press release on Sept. 15, Converge said it had signed a memorandum of understanding with UnionBank to join efforts in fighting financial cybercrimes.

So far in 2022, Converge blocked more than 4.1 million unique web addresses tied to illicit content. It said that banking is the second top industry affected by cybercrime.

Jeff Radley C. See, an analyst at Mercantile Securities Corp., said in a Viber message that rumors of the removal of Converge from the MSCI Global Standard index made the stock the most actively traded last week.

"Rumors are circulating that Converge will be removed in the MSCI this coming November 2022. The stock was sold down by foreign brokers even before the rumor went out pushing the price further down beyond its IPO (initial public offering) price of P16.80," Mr. See said.

PSE market data showed that the net selling of Converge shares amounted to P88.25 million from Sept. 19 to Sept. 23. — **Lourdes O. Pilar**

FULL STORY

Read the full story by scanning the QR code with your smartphone or by typing the link <<https://bit.ly/3U0opJE>>