

## Philippine Stock Exchange index (PSEi)

5,983.56

▼ 72.43 PTS.

▼ 1.19%

## PSEi MEMBER STOCKS

<b>AC</b> Ayala Corp. P659.00 +P9.50 +1.46%	<b>ACEN</b> ACEN Corp. P6.00 -P0.10 -1.64%	<b>AEV</b> Abotiz Equity Ventures, Inc. P55.80 -P1.10 -1.93%	<b>AGI</b> Alliance Global Group, Inc. P8.78 ---	<b>ALI</b> Ayala Land, Inc. P25.95 +P0.25 +0.97%	<b>AP</b> Abotiz Power Corp. P31.75 -P0.60 -1.85%	<b>BDO</b> BDO Unibank, Inc. P118.60 -P3.90 -3.18%	<b>BPI</b> Bank of the Philippine Islands P91.00 -P2.40 -2.57%	<b>CNVRG</b> Converge ICT Solutions, Inc. P12.38 -P0.12 -0.96%	<b>EMI</b> Emperador, Inc. P19.40 +P0.04 +0.21%
<b>GLO</b> Globe Telecom, Inc. P2,330.00 -P148.00 -5.97%	<b>GTCAP</b> GT Capital Holdings, Inc. P409.00 +P2.00 +0.49%	<b>ICT</b> International Container Terminal Services, Inc. P172.00 -P3.00 -1.71%	<b>JFC</b> Jollibee Foods Corp. P225.40 -P5.00 -2.17%	<b>JGS</b> JG Summit Holdings, Inc. P41.35 +P0.05 +0.12%	<b>LTG</b> LT Group, Inc. P8.00 +P0.30 +3.90%	<b>MBT</b> Metropolitan Bank & Trust Co. P51.10 -P0.20 -0.39%	<b>MEG</b> Megaworld Corp. P2.03 +P0.04 +2.01%	<b>MER</b> Manila Electric Co. P292.00 +P12.00 +4.29%	<b>MONDE</b> Monde Nissin Corp. P11.10 ---
<b>MPI</b> Metro Pacific Investments Corp. P3.61 +P0.11 +3.14%	<b>PGOLD</b> Puregold Price Club, Inc. P29.20 ---	<b>RLC</b> Robinsons Land Corp. P15.20 ---	<b>SCC</b> Semirara Mining and Power Corp. P41.10 +P0.25 +0.61%	<b>SM</b> SM Investments Corp. P770.00 -P7.00 -0.90%	<b>SMC</b> San Miguel Corp. P97.30 -P0.20 -0.21%	<b>SMPH</b> SM Prime Holdings, Inc. P32.00 -P1.70 -5.04%	<b>TEL</b> PLDT, Inc. P1,490.00 -P41.00 -2.68%	<b>URC</b> Universal Robina Corp. P111.80 +P2.40 +2.19%	<b>WLCON</b> Wilcon Depot, Inc. P27.55 +P0.55 +2.04%

## MPIC awaits higher income on units' billed volume

PANGILINAN-led Metro Pacific Investments Corp. (MPIC) expects the higher billed volume of its power and water subsidiaries to boost the listed holding firm's net income for the third quarter.

"[Our results] are higher than last year," MPIC Chairman Manuel V. Pangilinan told reporters on Friday, citing the higher volume billed by Manila Electric Co. (Meralco) and Maynilad Water Services, Inc.'s "slightly increased to flattish" water billed volume.

Mr. Pangilinan did not give specific figures.

In the first half of this year, MPIC's attributable income declined 8.6% to P9.5 billion from P10.39 billion a year ago. The group's operating revenues grew by 12.1% to P24.29 billion in the first six months from P21.66 billion last year.

According to MPIC's report, Meralco exceeded its pre-pandemic volume growth in the year's first half.

Maynilad saw higher demand from residential customers but at a lower average tariff rate due to the closure of non-essential businesses. It said water consumption started to pick up in the second quarter.

In 2021, MPIC posted third-quarter operating revenues of P10.51 billion, 1.4% higher than P10.36 billion in 2020. In the same year, its third-quarter attributable net income rose by 0.6% to P1.99 billion from P1.98 billion in the previous year.

Meanwhile, Mr. Pangilinan said MPIC is looking forward to venturing into the agri-food business.

"We should allow MPIC to develop its own agri-food businesses first before we rationalize," Mr. Pangilinan said, talking about his shares in listed sugar and ethanol producer Roxas Holdings, Inc.

"Right now, it's just our business, but I think we are looking at several agri-food ventures, which hopefully in the near future we could announce," Mr. Pangilinan added.

Roxas Holdings' primary purpose is to operate mill and refinery facilities to manufacture sugar and allied products. Its subsidiaries include Central Azucarera Don Pedro, Inc., Central Azucarera de la Carlota, Inc., Roxol Bioenergy Corp. RHI Agri-Business Development Corp., Roxas Pacific Bioenergy Corp., and San Carlos Bioenergy, Inc.

In a disclosure to the Philippine Stock Exchange on Oct. 10, Roxas Holdings said Mr. Pang-

ilinan holds 4.9% or 61,574 of the direct shares in the company.

MPIC, which has a majority stake in Maynilad, is one of three Philippine units of Hong Kong-based First Pacific Co. Ltd., the others being Philex Mining Corp. and 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. —

**Justine Irish D. Tabile**

## SC affirms ruling on Meralco, Napocor settlement

THE Supreme Court (SC) has upheld the validity of a settlement agreement between the Manila Electric Co. (Meralco) and National Power Corp. (Napocor) worth P20.05 million.

In a 24-page resolution on Sept. 28 and made public on Oct. 20, the SC First Division said the Court of Appeals did not commit an error when it ruled the agreement between the two firms was not "disadvantageous to the government."

"To reiterate, there is no longer any arbitrable dispute to speak of when Meralco and [Napocor] agreed to settle any dispute between

them under the contract for the sale of electricity (CSE) through mediation," the High Court said.

In 2003, a settlement agreement was reached by Meralco and Napocor where the private firm agreed to pay P20.05 million for 18,222 gigawatt-hours (GWh) over a dispute related to the sale of electricity to the government.

The obligation was later reduced to P14 million after Meralco made gradual payments to Napocor between the years 2003 and 2004.

The two firms had brought the dispute to mediation, which was overseen by former

World Energy Council Chairman Antonio V. del Rosario.

Edgardo M. del Fonso, former president of Power Sector Assets and Liabilities Management Corp., represented Napocor while Meralco was represented by its former president and chief operating officer.

Meralco and Napocor entered into a contract for the sale of electricity (CSE) in 1994. The agreement obligated Napocor to supply Meralco with power while the latter had to purchase a minimum volume of power and energy at rates approved by the Energy Regulatory Board.

At that time, Napocor is engaged in generating, supplying, and selling electricity to distribution utilities approved by the government.

Meralco, a private corporation, obtained a franchise to operate and maintain a distribution system in Metro Manila, Bulacan, Cavite, and Rizal, among other municipalities and cities.

Executive Order No. 215 allowed private sector involvement in operating electric generating plants which can sell to the grid.

"This issue can hardly be considered a dispute, much less one arising from

the CSE," said the High Court. "Parties should not be barred from resorting to mediation, which, ordinarily, is a less adversarial and more conciliatory process than arbitration."

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., which has interest in *BusinessWorld* through the Philippine Star Group, which it controls. — **John Victor D. Ordoñez**

## Mars Wrigley to invest \$2M yearly in next 3-4 years

CONFECTIONERY manufacturer Mars Wrigley is aiming to invest \$2 million annually for the next three to four years in a bid to improve the production and sustainability of its factory in Antipolo City.

Fernando del Castillo, Mars Wrigley's Antipolo factory director, said in an interview on the sidelines of a facility tour last week that the company is aiming to improve the competitiveness of its production.

"We're spending \$2 million this year and next year we're also spending \$2 million. We are spending \$2 million [annually] for the next three to four years. We want to make sure that we have a competitive factory here in the Philippines, that we are growing and employing more people," he said.

According to Mr. del Castillo, the investments are eyed to improve the safety and sustainability of the factory's production.

"We have a vision for the next three to five years. A lot of the investment that we're doing is into improving technology around safety — improving the equipment when it comes to quality and food safety to level up. It also has a big focus on accelerating sustainability initiatives such as our biomass project [and] improved chillers," he said.

Mars Wrigley is aiming to begin the operation of its biomass boiler project by October next year, which will allow its Antipolo factory to become fully powered by renewable energy.

Mr. del Castillo said the Antipolo factory is currently at 70% production capacity and is looking at new opportunities to increase the factory's output. He declined to provide specific numbers on the company's plan to boost production capacity.

The Antipolo factory is capable of producing 30 tons of various products. The factory currently produces gum brands such as Doublemint, Juicy Fruit, and Cool Air.

"We're about 70% production capacity at the moment [in the Antipolo factory]. We still have lots of opportunity for additional volume," Mr. del Castillo said.

"Even with the new opportunities that we're seeing, which is how do we bring up additional capabilities beyond what we're already doing, I will be able to share about that more in the future," he added. — **Revin Mikhael D. Ochoa**

## OUTLIER

## Record-high cash dividend moves Semirara Mining and Power stocks

MARKET players rallied behind Semirara Mining and Power Corp. (SMPC) after the announcement of its highest-ever special cash dividends, analysts said.

A total of P1.1-billion worth of 24.61 million shares in SMPC were traded from Oct. 17 to 21, data from the Philippine Stock Exchange (PSE) showed, making it the sixth most actively traded stock last week.

Its shares were up by 1.48% week on week to P41.10 apiece on Friday compared with its closing on Oct. 14 of P40.50 each. Since the beginning of the year, the stock went up 81.9%.

Equity analysts pointed out that SMPC's stock was driven by the approved issuance of special cash dividends, which meant P3.50 per outstanding common share. This was double the P1.75 special cash dividends declared last year.

"With the additional special cash dividend, the total dividend payout of SCC to its shareholders for 2022 will be P5.00 per share, the highest in its corporate history," SMPC said in a press release last week. SCC is the company's stock symbol.

"The news of SMPC shareholders receiving record-high dividends pushed the stock higher this week. However, the gains were short-lived as investors began booking profits due to market uncertainties caused by the US Federal Reserve's recent hawkish comments," Timson Securities, Inc. Head of Online Trading Marc Kebinson L. Lood said in a Viber message.

"This is good for the company and that as long as they continue to pay out high dividends on a regular basis, investors will hold the stock for a long period, and demand for the stock will rise among those seeking a steady stream of passive income," Mr. Lood added.

Recent minutes of the Sept. 20 to 21 meeting of the US Fed showed a hawkish stance might be taken by policymakers. The continuous rise of commodity prices could be tempered by increasing interest rates.

Since March, the Fed has raised rates by 300 basis points (bps), with the latest move being a third straight 75-bp hike in the September meeting.

Mercantile Securities Corp. Head Trader Jeff Radley C. See said in a separate interview that investors ran to the stock anticipating "huge dividends" but do not see the price moving any higher.

"The stock might just move sideways. There won't be any catalyst for the stock moving forward," Mr. See said in an e-mail.

Meanwhile, Mr. Lood foresees "bright" prospects for the power and mining firm in the medium term.

"Given that the winter months are approaching, we believe SCC will make good numbers because coal is in high demand during this season. In the long term, I believe people will gradually transition to renewables as many nations begin to reinforce and promote sustainability," Mr. Lood said.

Traders are also "optimistic" for SMPC's third-quarter earnings report, Mr. Lood added.

In the second quarter, SMPC posted a net income of P10.8 billion, almost three times the P4 billion from the year before. "In 2022, we anticipate a net income of P48.1 billion," Mr. Lood said. He expects the stock's support level at P38.4 and resistance at P43.7 for this week.

For Mr. See, support will be between P40.3 and P38.5 while resistance levels are between P42 and P44.3. — **Ana Olivia A. Tirona**

## Appellate court upholds Davao LGU's fee on San Miguel Foods

THE Court of Tax Appeals (CTA) has upheld the Davao City treasurer's fee on San Miguel Foods, Inc. worth P338,731.90 for permits to slaughter animals for food production.

In a decision on Oct. 12 and made public on Oct. 19, the CTA Special Third Division said the local government code allows cities and municipalities to impose levy taxes, fees, and charges.

"Furthermore, the city is tasked with authorizing the establishment and operations of private slaughterhouses, whether for public use or exclusively as part of meat processing complex," according to the ruling penned by Maria Belen M. Ringpis-Liban.

The tribunal noted that it is within the mandate of local government units (LGUs) to impose the permit fees to regulate slaughterhouses.

The Davao City revenue code mandates a permit to slaughter an animal from the

city veterinarian which would be followed by a corresponding fee collected by the city treasurer's office.

The petitioner, a subsidiary of a food conglomerate based in Pasig City, argued that the trial court in Davao City made an error when it ruled that there was no double taxation in the imposition of fees.

The court disagreed saying the fees did not count as local taxes.

"The fees imposed thereon [are] primarily regulatory in nature and not primarily revenue-raising," said the CTA. "While the fees may contribute to the revenues of Davao City, this effect is merely incidental."

It added that the permit fee to slaughter is meant to ensure the humane treatment in the killing of animals. The fees also serve as inspection charges to ensure that the slaughtered animals are safe for human consumption. — **John Victor D. Ordoñez**

## LRT-1 posts surge in riders, says operator LRMC

LIGHT Rail Manila Corp. (LRMC), the private operator of Light Rail Transit Line 1 (LRT-1), saw a 139% increase in average weekday ridership in the third quarter, and the trend is expected to continue in the last quarter of the year, a company official said.

"For LRT-1, our average weekday ridership is already at 275,000 (average daily is 251,000) as of end Q3 (third quarter) 2022, which is a 139% increase from the same period last year," LRMC Spokesperson Jacqueline S. Gorospe told *BusinessWorld* in a phone message on Friday last week.

She pointed out that last year, the National Capital Region was at the general community quarantine's alert level 4 or strict mobility restrictions wherein public transport was only allowed to operate at 30% occupancy.

Asked if LRT-1 has reached or surpassed its pre-pandemic level of ridership, she said: "We have not

reached or surpassed pre-pandemic level yet, but we expect a consistent increase in ridership trend this Q4 (fourth quarter)." She cited sustained alert level 1 status that allows "more onsite events and gatherings in light of the holiday season, and resumption of face-to-face classes in public schools."

At the same time, she said that LRT-1's record number of riders in a day of 300,000 was breached in October.

LRMC recorded a net loss of P329 million for the first six months of the year despite higher revenues amid the easing of travel restrictions.

But the railway company trimmed its net loss for the period from a loss of P402 million in 2021, according to its parent company Metro Pacific Investments Corp. (MPIC).

This is "despite the 41% increase in revenues due to the start of amortization of concession asset and

interest costs on the existing rail system," the listed company said in a recent report.

First-half farebox revenues increased to P767 million from P543 million previously.

Expenses for the period climbed 20% to P1.09 billion from P906 million in the same period a year ago.

"Average daily ridership rose 52% to 185,012 compared with 121,683 a year earlier, with the allowed operating capacity lifted to 70% in November 2021 and further to 100% in March 2022," MPIC said.

MPIC is one of three Philippine subsidiaries of Hong Kong's First Pacific Co. Ltd., the others being PLDT, Inc. and Philex Mining Corp.

Hastings Holdings, Inc., a unit of PLDT Beneficial Trust Fund subsidiary MediaQuest Holdings, Inc., maintains an interest in *BusinessWorld* through the Philippine Star Group, which it controls. — **Arjay L. Balinbin**