

Philippine Stock Exchange index (PSEi)

5,853.63

▲ 6.26 PTS.

▲ 0.10%

WEDNESDAY, OCTOBER 12, 2022 BusinessWorld

PSEI MEMBER STOCKS

Table listing PSEI member stocks including AC (Ayala Corp.), ACEN (ACEN Corp.), AEV (Aboitiz Equity Ventures, Inc.), AGI (Alliance Global Group, Inc.), ALI (Ayala Land, Inc.), AP (Aboitiz Power Corp.), BDO (BDO Unibank, Inc.), BPI (Bank of the Philippine Islands), CNVRG (Converge ICT Solutions, Inc.), EMI (Emperador, Inc.), GLO (Globe Telecom, Inc.), GTCAP (GT Capital Holdings, Inc.), ICT (International Container Terminal Services, Inc.), JFC (Jollibee Foods Corp.), JGS (JG Summit Holdings, Inc.), LTG (LT Group, Inc.), MBT (Metropolitan Bank & Trust Co.), MEG (Megaworld Corp.), MER (Manila Electric Co.), MONDE (Monde Nissin Corp.), MPI (Metro Pacific Investments Corp.), PGOLD (Puregold Price Club, Inc.), RLC (Robinsons Land Corp.), SCC (Semirara Mining and Power Corp.), SM (SM Investments Corp.), SMC (San Miguel Corp.), SMPH (SM Prime Holdings, Inc.), TEL (PLDT, Inc.), URC (Universal Robina Corp.), and WLCON (Wilcon Depot, Inc.).

DoE: Oil contracts assure ‘just returns’ on risks

THE Energy department expects an initial investment of \$72 million in two adjacent offshore petroleum exploration projects northwest of Palawan island, calling early activities in the “indisputable” Philippine waters a start of more foreign investors coming in and taking risks.

“Initially, with the drilling of these two wells, one in each service contract, the well cost would be around \$16 million per well as per the project they have submitted,” said Department of Energy (DoE) Undersecretary Alessandro O. Sales in a media briefing on Wednesday.

He was referring to Service Contract (SC) 6B and SC 54A, which are under Nido Petroleum Philippines Pty. Ltd., the local unit of Australian energy firm Sargasco Ltd.

SC 6B, which covers the Cadlao oil field, is expected to be ahead with a production test. Energy officials described the areas as closer to Palawan island than the country’s operating Malampaya gas field and Galoc oil field.

“In Cadlao, they will be undertaking an extended production test and the budget submitted for this is an additional \$40 million. So when they drill it, they will test the flow rate for a period of time to determine how to optimize future production and determine the more appropriate way in installing the permanent production facilities,” Mr. Sales said.



KJ ROSALES/PHILIPPINE STAR

“So if you count that, that’s \$16 [million], \$16 [million] and another \$40 [million], [for a total of] \$72 [million] for both contracts,” he added.

However, he said that the expected oil recoveries in the area should be framed from the proper perspective. He said in Cadlao, the target is a “small volume” of 5 million to 6 million barrels. In terms of daily production, the volume could be a high of 15,000 barrels to a low of 5,000 barrels from the oil fields, which will decline in time.

“In terms of actual impact, I think in fluid consumption, [the] Philippines consumes about 320,000-barrel-equivalent of fuel [per day],” he said.

For DoE Secretary Raphael P.M. Lotilla, the Cadlao drilling is just “a first step.”

“What is important and significant in this is that foreign investors have taken the assurances made by the Philippine government that our PD (Presidential Decree) 87 framework for giving incentives to the service contractors is going to be upheld,” he said.

He said PD 87 talks about hastening the discovery and production of indigenous petroleum through the use of government or private resources, either local or foreign.

“The ultimate objective is to yield the maximum benefit to the Filipino people and at the same time, to assure just returns to participating private enterprises, particularly those that will provide the necessary services, financing, and technology, and fully assume all exploration risks,” Mr. Lotilla said.

On Tuesday, the DoE announced that it had allowed Nido Petroleum to proceed with the on-site survey for drilling locations under SC 6B by the fourth quarter of this year.

Meanwhile, Mr. Lotilla said that the DoE approval of the sale of the 45% stake of Shell Philippines Exploration B.V. (SPEX) in the Malampaya deepwater project to a subsidiary of Prime Infrastructure Capital, Inc. was premised on the Razon-led company’s commitment to expand gas production, and develop nearby indigenous sources.

“I am confident that this trend will continue as we reaffirm to prospective investors the openness of our economy to foreign and local investors and we assure them of the continued stability of our legal framework, especially in the upstream oil and gas sector,” he said.

The Malampaya project is one of the country’s most important power assets, producing natural gas for power plants in Batangas City that provide up to 20% of Luzon’s total electricity needs. Its concession agreement is set to expire in 2024. — Ashley Erika O. Jose

Manulife

Table showing Single Pricing Investment Funds of Variable Life Insurance Contracts with columns for Fund, Current Week, October 11, 2022, Previous Week, and October 4, 2022. Funds include Peso Secure Fund, Peso Diversified Value Fund, etc.

Manulife

Table showing Dual Pricing Investment Funds of Variable Life Insurance Contracts with columns for Fund, Current Week, October 11, 2022, Previous Week, and October 4, 2022. Funds include Peso Bond Fund, Peso Stable Fund, etc.

Manulife China Bank

Table showing Single Pricing Investment Funds of Variable Life Insurance Contracts for Manulife China Bank with columns for Fund, Current Week, October 11, 2022, Previous Week, and October 4, 2022. Funds include Peso Secure Fund, Peso Diversified Value Fund, etc.

Manulife China Bank

Table showing Dual Pricing Investment Funds of Variable Life Insurance Contracts for Manulife China Bank with columns for Fund, Current Week, October 11, 2022, Previous Week, and October 4, 2022. Funds include Peso Bond Fund, Peso Stable Fund, etc.

Spectrum set to energize Riverbanks mall

MSPECTRUM, Inc. (Spectrum) is set to energize the Riverbanks mall with its solar panels after signing a contract for the installation of a 1.5-megawatt-peak solar photovoltaic system for Riverbanks Center.

In a media release on Wednesday, Spectrum said that it partnered with Riverbanks Development Corp. for the solar energy project that will support the latter’s push for sustainability.

It said that the project is expected to be completed by March 2023, with an expected power generation of about 2 million kilowatt-hours of clean energy per year. This would translate to about P14 million of savings in energy costs, the company said.

“Providing a clean energy solution specifically designed for Riverbanks’ needs and goals is Spectrum’s mandate as a renewable energy company. This pilot solar rooftop project with Riverbanks is just the beginning, and Spectrum will be with them as they embark on this journey towards becoming a sustainable business,” Spectrum Chief Operating Officer Patrick Henry T. Panlilio said in a media release.

Renewable energy firm Spectrum is a wholly owned subsidiary of Manila Electric Co. (Meralco). It 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

First physical Mrs. Garcia’s Meatshop opens in Quezon City

MEATWORLD International, Inc. launched its first Mrs. Garcia’s Meatshop physical store along Congressional Ave. in Quezon City.

“This is our newest channel of distribution which is our community meat shop. It’s a neighborhood meat shop that emulates a supermarket-type of grocery experience. As you walk in, there will be skilled butchers and merchandisers to sell you the meats that you want. We carry various meat products from beef, pork, chicken and some seafood products,” Meatworld Chief Operating Officer Bernadette L. Lee said in a press conference on Wednesday.

“Recently we’ve established our distribution in territories like Visayas and Mindanao and we are a supplier to a lot of hotels and restaurants. Our core business is retailing and distribution of meat products,” she added.

Over the pandemic, the firm had to adapt to the situation and establish an online shop and work with e-commerce.

“We do have our presence in a lot of online platforms. We’ve launched our stores in Shopee and Lazada. We have more projects in the pipeline, the end goal is to bring our meat products to our consumers wherever they are,” Business Head Unit Miguel Maacalay said.

This year, the firm said it experienced a primarily flat performance. “It’s a flat year for us. No growth but we’re flat. It’s the same performance as last year,” Ms. Lee said.

She said that inflationary pressures have driven prices up and resulted in lower consumption.

“Prices have gone up by about 20%. We had a situation in the Philippines, which was the African Swine Fever (ASF) outbreak. The hog

herd has been affected, which means most commercial farms have not been producing pork because the herd is sick. What the government has done is that it allowed us to import more, but with more imports, it has affected the cost of materials,” she said.

“In the fresh meat category, because prices are up, the consumption has gone down quite a bit. We see that about 15% of consumption has gone down,” she added.

The firm is hopeful that there will be more revenue buying with the incoming holiday season.

“But everything is still a wait-and-see situation, especially now that foreign exchange has gone up. The working class has a limited budget,” she said.

“We feel that this is temporary because protein, particularly pork and chicken, is an integral part of the Filipino diet,” she added.

Meatworld is also planning on expanding to other areas across the country.

“We intend to continue because we know the market will bounce next year therefore, we need to be present in most supermarkets,” she said.

“There are gaps in the market, which means there are a lot of locations not being served by the supermarkets, so we’d like to tap on those,” she added.

The firm also said that it is offering franchising for its Mrs. Garcia’s Meatshops. It will cost around P3-4 million to operate and own a fully functioning meat shop.

“We guarantee all our products are the highest of quality and adhere to the strictest standards in the industry. All franchises can ensure all products are safe, high quality, and affordable,” Meatworld Marketing Manager Sheila Padilla added. — Luisa Maria Jacinta C. Joeson

DA, Nestlé tie up to boost sustainable coffee production

THE Department of Agriculture (DA) and Nestlé Philippines have partnered to boost the production of local coffee.

“The partnership aims to promote sustainability in coffee production while working closely with farmers to ensure high-quality coffee beans,” the DA said.

Nestlé said there is a “need for greater public investment to revive and sustain the sector,” which it said has declined by 3.5% every year for the past 10 years.

“As joint-actions between the government and the private sector firm up,

a one thousand kilogram per hectare coffee yield is forecasted, especially with the interventions provided by DA and Nestlé such as training and distribution of quality planting materials,” it added.

The department is targeting to implement these programs in Mindanao, specifically Soccksargen. The region is responsible for about 70% of national production.

“Last year alone, coffee growers from Bukidnon and Sultan Kudarat increased their yield and income by threefold. The

growth comes after the Nestlé programs and Good Agricultural Practices (GAP) applied by coffee farmers in their coffee farms,” it added.

Nestlé is also planning to establish a coffee center in Sultan Kudarat and conduct research on balanced fertilization.

The programs under the partnership will be in line with the government’s coffee industry roadmap from 2021-2025, according to the DA.

“The five-year plan provides a clear direction to enhance farmers’ technical

capability and skills, towards increased yields and better incomes. Under the strategy, the government will increase the local supply from farmers to boost production for use in manufacturing and out-of-home consumption,” the DA said.

“It will also establish a database containing vital information such as volume of production and current buying price that may be accessed by stakeholders,” it added. — Luisa Maria Jacinta C. Joeson