Philippine Stock Exchange index (PSEi) 6,153.43 ▼77.15 PTS. ▼1.23%

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PSEi MEMBER STOCKS

AC	Ayala Corp.	P667.00	-P3.00	-0.45%
ACEN	ACEN Corp.	P6.25	+P0.09	+1.46%
AEV	Aboitiz Equity Ventures, Inc.	P56.70	-P0.75	-1.31%
AGI	Alliance Global Group, Inc.	P8.98	-P0.02	-0.22%
ALI	Ayala Land, Inc.	P25.50	-P0.90	-3.41%
AP	Aboitiz Power Corp.	P31.65	-P0.15	-0.47%
BDO	BDO Unibank, Inc.	P127.30	+P0.30	+0.24%
BPI	Bank of the Philippine Islands	P96.00	+P1.70	+1.80%
CNVRG	Converge ICT Solutions, Inc.	P12.32	-P0.38	-2.99%
EMI	Emperador, Inc.	P19.58	+P0.06	+0.31%
GLO	Globe Telecom, Inc.	P2,322.00	+P2.00	+0.09%
GTCAP	GT Capital Holdings, Inc.	P412.80	-P1.20	-0.29%
ICT	International Container Terminal Services, Inc.	P173.00	-P4.50	-2.54%
JFC	Jollibee Foods Corp.	P232.00	——	
JGS	JG Summit Holdings, Inc.	P43.15	-P2.75	-5.99%
LTG	LT Group, Inc.	P8.07	——	
MBT	Metropolitan Bank & Trust Co.	P51.70	-P0.25	-0.48%
MEG	Megaworld Corp.	P2.08	-P0.01	-0.48%
MER	Manila Electric Co.	P301.40	+P4.40	+1.48%
MONDE	Monde Nissin Corp.	P11.68	-P0.82	-6.56%
MPI	Metro Pacific Investments Corp.	P3.66	-P0.02	-0.54%
PGOLD	Puregold Price Club, Inc.	P30.00	-P0.50	-1.64%
RLC	Robinsons Land Corp.	P14.84	+P0.14	+0.95%
SCC	Semirara Mining and Power Corp.	P34.95	-P2.20	-5.92%
SM	SM Investments Corp.	P820.00	-P10.00	-1.20%
SMC	San Miguel Corp.	P96.20	-P2.25	-2.29%
SMPH	SM Prime Holdings, Inc.	P31.50	-P0.95	-2.93%
TEL	PLDT, Inc.	P1,634.00	+P16.00	+0.99%
URC	Universal Robina Corp.	P122.00	——	
WLCON	Wilcon Depot, Inc.	P29.35	+P0.35	+1.21%

Eagle Cement acquisition seen likely to go through

MINORITY shareholders of Eagle Cement Corp. are likely to accept the tender offer from San Miguel Corp. (SMC), a credit research provider said, paving the way for the consolidation of two companies led by businessman Ramon S. Ang.

"In general, if indeed SMC's planned transaction of purchasing an 88.5%-stake in Eagle Cement will not be subject to review by the PCC (Philippine Competition Commission), then it is likely the transaction could go through," CreditSights Asia-Pacific Corporates Analyst Rohan Kapur said in an e-mail.

The acceptance from minority shareholders is likely "considering the 43% premium to the value of shares, over the share price before the proposed deal was announced, offered to the major shareholders," he added.

Earlier this month, Eagle Cement's majority shareholders agreed to sell their holdings to San Miguel Equity Investments, Inc. (SMEII), a unit of SMC.

CreditSights earlier said the acquisition of an 88.5% stake in Eagle Cement might be blocked by the antitrust watchdog, which it said previously blocked a planned acquisition by SMEII of Holcim Philippines, Inc. It said, "a similar outcome may be possible here."

According to Mr. Kapur, the PCC review was the main concern for the transaction to go through, and receiving the notice from the commission is likely to see the acquisition push through.

BW FILE PHOTO

Mr. Kapur said the board of SMC has approved the transaction, "and with the PCC green light, there should not be significant hindrances for the deal to go through."

In a disclosure to the Philippine Stock Exchange, SMC said it received a notice from the PCC on Oct. 27 which said that the acquisition is not subject to the notification requirement under its implementing rules and regulations (IRR).

SMC said that with the issuance, "the transaction shall not be subject to review by the PCC based on the IRR of [the] Philippine Competition Act."

It added that the next step would be the completion of a mandatory tender offer of SMEII for the acquisition of 11.5% equity interest in Eagle Cement.

"SMC would now need to proceed to make a mandatory tender offer for the remaining 11.5% of Eagle's shares, which are not owned by Ramon Ang and his family," Mr. Kapur said.

He said the acquisition would "roughly double SMC's cement production capacity."

SMEII and its three subsidiaries have a cement production capacity of 9 million metric tons per annum (mmtpa). If the acquisition pushes through, Eagle Cement's plant in Bulacan will add 8.6 mmtpa to SMC's total cement production capacity.

"The acquisition will also create synergies with SMC's growing infrastructure business, where it is developing various arterial expressways across Luzon, as well as the mega New Manila International Airport," Mr. Kupar added.

Mr. Kupar said that based on Eagle Cement's first-half results, SMC could expect its consolidated revenues and earnings before interest, taxes, depreciation, and amortization (EBITDA) to rise by 2% and 4%, respectively.

"Eagle's acquisition will add a not-so-material contribution to SMC's existing revenues and EBITDA, according to us," he added. — **Justine Irish D. Tabile**

Regulators step up supervision over financial firms

THE Financial Sector Forum (FSF) started working on a second "supervisory college" this month that aims to design a plan for more effective supervision of financial conglomerates.

A supervisory college is a forum that seeks coordination among the country's financial regulators to better watch over businesses that operate at least two types of financial institutions.

The FSF is composed of the Bangko Sentral ng Pilipinas (BSP), Insurance Commission, Securities and Exchange Commission (SEC), and Philippine Deposit Insurance Corp.

According to the BSP, the second supervisory college is expected to end by January next year.

It added that the members of the supervisory college will "discuss the conglomerate structure, identify emerging risks and issues that pose safety and soundness concerns."

In a press release posted on the SEC website, the BSP said that the FSF concluded the pilot run of the supervisory college, which started in the second quarter, and with the results presented during the forum's meeting on Aug. 22.

"The pilot run of the supervisory college enabled the financial sector supervisors to gain a deeper understanding and holistic assessment of the risks to safety and soundness regarding financial conglomerates," a BSP representative said in a Viber message.

"This exercise reaffirms the commitment of member-agencies of the FSF to strengthen collaboration in promoting financial stability," the representative added.

Back on Jan. 25, the FSF members signed a memorandum of understanding establishing an interagency, cross-sectoral supervisory college that will facilitate cooperation and coordination among member agencies. — **Justine Irish D. Tabile**

PT&T losses shrink to P26.7M after cutting expenses

LISTED telecommunications services provider Philippine Telegraph and Telephone Corp. (PT&T) said it managed to reduce its losses for the nine months to September by reducing expenses.

PT&T's net loss for the nine-month period was P26.7 million, lower than the previous year's net loss of P40.53 million, the company's latest financial report shows.

This is "due to savings in non-core expenses," it noted. "Additional expenses such as recognition of the legal interest rate of 6% per annum on unsettled obligations, as directed by the Rehabilitation Court, and rehab-related expenses affected the net loss for the period," it added.

Revenue for the period reached P411.22 million, up 18.5% from P347.1 million in the same period last year.

For the nine-month period, the company's operating revenue from broadband reached P409.3 million, a 19.9% increase over its performance last year.

"Activities for the broadband group included street-level saturations on major nodes, optimization of existing infrastructure in commercial buildings and establishments, and account management of existing subscribers," the company said.

PT&T noted that its personnel-related expenses for the period amounted to P179.1 million, 8.3% higher than the previous year's P165.3 million, "as the company prepares its workforce in sustaining growth in connectivity and IT services despite the ongoing pandemic."

"Due to the implementation of work-from-home arrangement and skeletal workforce last year, premises-related expenses increased to P30.4 million from P27.9 million in the comparative period," it added.

Meanwhile, selling, general, and administrative expenses went beyond last year's level from P46.7 million to P52.1 million, together with cost of sales from P50.4 million to P84 million.

"This increase indicates the company's ability to adapt to the pandemic by investing in operations to support its growing business. The increase in operating costs and expenses is aligned with the company's strategy and is necessary to sustain its businesses," PT&T said

For the third quarter, the company reduced its net loss to P10.22 million from a loss of P13.96 million in the same period last year.

Revenue for the period reached P136.11 million, up 13.4% from P120.02 million previously.

Third-quarter expenses increased 6.06% to P141.31 million from P133.24 million in the same period last year.

"The company holds an optimistic view on the Philippines' broadband industry through our efforts to improve coverage and spur subscriber growth," PT&T said.

"PT&T aims to expand coverage and upgrade its network infrastructure which will help to cope with the growing demand and ensure that network congestion would be minimized," it added. — **Arjay L. Balinbin**

Ayala Land to roll out EV hubs in residential estates by next year

AYALA LAND, Inc. will put more focus on its residential estates for the second phase of the rollout of its electric vehicle (EV) charging stations next year.

"We are looking at new sites like the residential because right now we focused on the commercial areas [such as] the community estates, malls, offices, hotels and industrial parks," Ayala Property Management Corp. (AMCP) Technical Manager Marc V. Magbitang said in a chance interview.

"So, we are looking into our residential properties. That's our next project," he added.

According to Mr. Magbitang, Ayala Land is currently studying how the EV hubs' rollout in the residential estates will work.

"[This is because] a lot of the residents of the Ayala properties are very interested in electric vehicles," he said.

Meanwhile, Mr. Magbitang said that Ayala Land will wait for the issuance of the Comprehensive Roadmap for the Electric Vehicle Industry (CREVI) next year before it starts the rollout.

"Basically, we will have to wait for the government's directive, for the CREVI," he said.

The Department of Energy (DoE) with partner agencies — Department of Transportation, Department of Trade and Industry, and Department of Science and Technology — will be issuing the CREVI by the first quarter of next year.

CREVI, with its aim of promoting EV use in the country, will outline the annual targets in line with the DoE's vision of the country becoming a full EV society by 2040.

Ayala Land recently rolled out the first phase of its EV charging hub rollout with more than 20 charging hubs activated across its estates in seven cities in Luzon.

To finish the first phase, Ayala Land is looking to complete the ones in Vermosa Cavite, Circuit Makati, and Laguna Technopark before the year ends.

Ayala Land has committed to becoming net zero by 2050 or to reduce its greenhouse gas emissions possibly close to zero. — **Justine Irish D. Tabile**

Full foreign capital in RE projects to bring 'more supply, lower power prices'

THE Philippines is expected to benefit from newer, cutting-edge technologies after the legal opinion issued by the Justice department that said investments in "inexhaustible" renewable energy (RE) are not subject to foreign ownership limits.

"The opinion of foreign ownership restrictions on renewable energy investments in the Philippines encourages more foreign direct investment into the country," Emmanuel V. Rubio, president and chief executive officer of Aboitiz Power Corp., said in an e-mail interview on Oct. 25.

Earlier this month, the Department of Energy (DoE) said that investments in the RE sector might be eased after the legal opinion of the Department of Justice (DoJ) that said exploration, development, and utilization of RE sources are not subjected to the 60:40 foreign equity limitation.

As mandated by Section 2, Article 12 of the 1987 Constitution, the state may enter into co-production, joint venture, or production-sharing agreements with Filipino citizens, or corporations or associations at least 60% of whose capital is owned by Filipinos.

After the DoJ legal opinion, the DoE drafted a revised implementing rules and regulations (IRR) of the Renewable Energy Act of 2008, which limits foreign capital in RE projects to 40%.

Mr. Rubio said that with the DoJ opinion, "with more competition in the industry, consumers can look forward to more supply and lower power prices."

DoE Energy Assistant Secretary Mylene C. Capongcol told *BusinessWorld* in a Viber message on Oct. 28 that the department targets to release the revised IRR by mid-November.

"We are now collating the comments received and preparing the draft," she said, adding that the next step is to work with the DoE's legal service "for the finalization of the revised IRR."

Alternergy Holdings Corp.'s Vice-President and General Counsel Janina A. Bonoan told *BusinessWorld* said in an interview last week that the department is set to take out some provisions of the RE Act to lift restrictions on foreign ownership in RE investments.

"We have a consultation with the DoE regarding the proposed provisions on the amendments of the RE law, so they issued draft amendments to the RE law which then deleted Section 19 of the RE [law] IRR," she added.

Section 19 of the RE law's IRR states that all forces of the potential energy and other natural resources are owned by the state and should not be alienated.

"The State may directly undertake such activities, or it may enter into co-production, joint venture or co-production sharing agreement with Filipino citizens or corporations or associations at least 60% of whose capital is owned by Filipinos," Section 19-B. of the RE law's IRR states.

It also says that foreign RE developers may also be allowed to undertake RE development through an RE service or operating contract with the government.

ACEN Corp. Head of Corporate Communications and Sustainability Irene S. Maranan said that the company expects the legal opinion to help increase investments in renewables.

"This is a welcome move as it could attract more investments in renewables, and help attain the country's goal to reach 35% share of renewables by 2030," Ms. Maranan said in a Viber message on Friday. — **Ashley Erika O. Jose**