

URC's food business seen to sustain its growth on seasonal consumer spending

ANALYSTS expect the food business of Universal Robina Corp. (URC) to further pick up in the last quarter of the year as they await higher consumer spending due to seasonal demand.

"In the remaining months of the year, we see URC's business segments to continue flourishing amid the Christmastide as consumers will open up their wallets for the holiday shopping spree," Regina Capital Development Corp. Head of Sales Luis

A. Limlingan said in a Viber message.

Separately, Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said "the typical peak in sales for many businesses is in the fourth quarter, especially during the holiday season towards the end of the year."

"So, overall business [is expected] to further improve as there are no more lockdowns so far in 2022," he added.

Their comments come after URC on Friday released its third-quarter financial report. Recovery of consumer spending and strategic cost-cutting measures have boosted URC's sales, according to analysts.

"URC's third-quarter results beat consensus estimates. Sales were strong as consumer spending patterns normalized," AB Capital Securities, Inc. Vice-President Jovis A. Vistan said in a Viber message.

He added: "Profits were also strong as sales growth was accompanied by saving measures."

Mr. Limlingan said "the food manufacturer logged impressive earnings in the third quarter and was well above our estimates."

"The robust growth in its sales was mainly driven by the upbeat performance of its branded consumer foods business line, and the firm's management was able to weather the storm by their strategic cost adjustments as well

as its cost-cutting measures," Mr. Limlingan said.

Mr. Ricafort noted that more consumers have better incomes or livelihoods compared with a year or two years ago — factors which he said support "the further pickup in consumer spending, which accounts for nearly 70% of the economy."

In the third quarter, URC's attributable income amounted to P3.15 billion, up by 274% from P2.47 billion in the same period last year.

Its topline grew by 31.7% to P36.77 billion in the third quarter from the P27.92 billion recorded in the same period in 2021.

URC manufactures and distributes branded consumer foods. It is also into hogs and poultry production, animal feeds and veterinary products, flour milling, and sugar milling and refining.

On Friday, its shares jumped by 5.68% or P6.80 to close at P126.60 apiece. — **Justine Irish D. Tabile**

OUTLIER

Ayala Land's stock dips after US Fed tightening

AYALA LAND, INC.'s stock went down last week as the US Federal Reserve's tightening hit the stock market while higher interest rates battered down the property sector. Analysts advised investors to trade cautiously on property stocks.

Data from the Philippine Stock Exchange show P1.23 billion worth of 46.69 million Ayala Land shares were traded from Nov. 2 to 4. Trading days were fewer last week as the stock market was closed for public holidays from Oct. 31 to Nov. 1.

Shares in the Ayala-led property company went down by 0.6%, closing at P25.35 apiece last Friday. Year to date, the stock has gone down by 30.9%.

Analysts said that the stock market was affected mainly by the US Fed's hawkish stance, prompting a rise in interest rates to address inflationary pressures.

The US Fed raised interest rates by 75 basis points (bps) on Nov. 2, with a total 375 bps hike since March.

"The hawkish monetary policy from the Fed and the resulting BSP (Bangko Sentral ng Pilipinas) announcements thereafter affected the property names this week," Regina Capital Development Corp. Head of Sales Luis A. Limlingan said in a Viber message.

"Investors weighed the impact of higher interest rates on both the demand side — investor appetite for real estate — as well as the supply side — potentially higher development costs," he added.

Despite Ayala Land's step toward renewable energy by planning to add electric vehicle (EV) charging hubs in its residential properties, analysts said the news was "shrugged off" by investors ahead of the actual revenue contribution.

Jones Lang Lasalle Philippines Head of Research and Consultancy Janlo de los Reyes said the property sector might see a slowdown in residential markets due to high interest rates.

While big developers such as Ayala Land are expected to be more resilient in funding new projects next year, small developers might feel the pressure due to limited cash supply.

"Higher interest rates and commodity prices will make it more expensive for property developers to build. Thus, the net impact would be a contraction in margins, *ceteris paribus*," Mr. Limlingan said.

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He advised investors to monitor how aggressive Ayala Land is with its planned residential launches next year as this will show how confident the company is on the property industry rebound. — **Bernadette Therese M. Gadon**

San Miguel's beer unit posts 15% profit increase to P16B

SAN MIGUEL Corp. (SMC) said on Sunday that its beer business recorded a 15% increase in net income to P16.2 billion for the nine months to September due to the easing of mobility restrictions and reopening of its local and foreign markets.

"With our economy back in full swing and our major markets reopened, we're even more upbeat and positive about our full-year prospects, heading into the holidays," SMC President and Chief Executive Officer Ramon S. Ang said in a press release.

The listed conglomerate did not disclose the beer unit's financial performance specifically for the third quarter.

For the nine-month period, consolidated revenues for San Miguel Brewery, Inc. (SMB) went up by 21% to P99 billion, which the company attributed to higher domestic and international sales volumes.

The company's operating income reached P22.2 billion, higher by 22% than the recorded level in the same nine-month period in 2021.

Locally, the company said that it had "robust" results as eased restrictions prompted the reopening of its on-premise outlets.

"This was supported by effective volume-generating efforts and marketing programs across traditional and modern trade channels executed by the San Miguel Pale Pilsen, Red Horse Beer, and San Mig Light brands, among others," the company said.

Total domestic revenues climbed by 19% to P88.4 billion versus last year. Operating income amounted to P20.3 billion, 20% higher than the level recorded a year ago.

SMB said that its international operations sustained its performance as of September on volume gains despite some of its

markets remaining under pandemic restrictions.

The company cited "consistent volume gains" in its Thailand, Indonesia, and export operations.

San Miguel Food and Beverage, Inc. operates its beverage business through SMB and Ginebra San Miguel, Inc.

SMB subsidiaries include Iconic Beverages, Inc.; Brewery Properties Inc.; San Miguel Brewing International Ltd.; San Miguel Brewery Hong Kong Ltd.; San Miguel (Baoding) Brewery Co., Ltd.; San Miguel Beer (Thailand) Ltd. and San Miguel Marketing (Thailand) Ltd.; and PT. Delta Jakarta Tbk. — **Justine Irish D. Tabile**

Ayala education unit expands partnership with Coursera

AYALA-LED education holding firm iPeople, Inc. expanded its partnership with online course provider Coursera, Inc. to offer around 10,000 more licenses on the online platform.

"What we're doing now is we'll be expanding this partnership to go from covering about 6,000 students and faculty to covering 16,000 students, faculty, and possibly alumni in the future," Coursera Asia-Pacific Managing Director Raghav Gupta said in a media briefing last week.

According to Mr. Gupta, the objective of the expansion is to provide curriculum enhancement or supplement; serve as career training; and provide upskilling opportunities not only for the group's current students and faculty but also for its alumni.

"We now have a very strong platform to take this partnership to the next level," Mr. Gupta said, talking about the growth of the groups behind the partnership.

According to Coursera Chief Executive Officer Jeffrey Maggioncalda, iPeople is one of the universities using "Coursera for Campus" even before the pandemic.

"In 2020 to 2022, I think there had been 100,000 course enrollments and over 80,000 completions in the iPeople schools," he said.

Within the Philippines, the record of iPeople schools is considered to be the largest adoption of the Coursera platform. The number of Coursera learners in the country is about 1.8 million with the number of new learners growing by 85% year on year.

"The size is now becoming pretty considerable and the growth rate is faster than almost any other country," Mr. Maggioncalda said.

iPeople's operating schools include Malayan Education System,

Inc. (Mapua University); Malayan Colleges Laguna, Inc.; Malayan Colleges Mindanao, Inc.; Malayan High School of Science, Inc.; National Teachers College; University of Nueva Caceres; and Affordable Private Education Center, Inc.

"The merger opened the door ... It made it affordable to Mapua and to its students to integrate all these courses from top-ranking universities all over the world and from the tech companies," Mapua University Chief Executive Officer and President Reynaldo B. Veasaid.

"It's really something for our students because they will graduate not only with a Mapua degree but they will graduate with a certificate attesting to their skills in a specific area which may be much in demand by employers," he added.

"I think for higher education the iPeople group was up by more than 40% versus the pre-pandemic," iPeople President Alfredo I. Ayala said about the number of enrollees within the group.

Mr. Ayala said that the partnership "has touched hundreds of thousands of lives already," adding that the rest "is yet to come, there's a lot more coming."

The Ayala and Coursera team said that it seeks to further expand the partnership to be able to directly connect students to the industry next year.

Mr. Gupta said the team is moving towards connecting students to jobs in the industry "possibly next year."

"This is the next big step in terms of this partnership," he said.

iPeople is a listed holding firm under the Yuchengco group. It merged on May 2, 2019 with AC Education, Inc., the education arm of Ayala Corp., with iPeople as the surviving entity. — **Justine Irish D. Tabile**



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