

OUTLIER

Investors sell on Globe's third-quarter income, full-year profit estimate

INVESTORS sold Globe Telecom, Inc.'s stock last week after the release of the listed telecommunication company's double-digit profit growth in the third quarter, analysts said.

Data from the Philippine Stock Exchange show 220,890 shares worth P491.84 billion were traded from Nov. 14 to 18. Shares in the Ayala company went down by 3.7% to close at P2,214 apiece on Friday. Year to date, the stock has gone down by 33.4%.

Globe released its third-quarter income on Nov. 14 showing a 38.6% increase to P6.82 billion from P4.92 billion in the same quarter a year ago. Year to date, its income reached P26.5 billion, a 47.6% increase from P17.96 billion in the same period in 2021.

Analysts said that Globe's income report largely moved the stock last week.

In an e-mail, Regina Capital Development Corp. Equity Analyst Anna Corenne M. Agravio said that investors sold the stock after the release of its quarterly financial report.

Papa Securities Equities Strategist Manny P. Cruz said that Globe's quarterly report is in line with its growth estimate and the consensus estimate for the stock.

In a Viber message, he said third-quarter service revenues declined 2% quarter on quarter and increased 3% year on year, led by weaker mobile and home broadband segments.

He said service revenues experienced weaker prepaid

average revenue per user of minus 2% quarter on quarter, with mobile subscriber growth coming in flat.

"Additionally, [Globe's] home broadband continued its decline as overall subscribers declined 13% [quarter on quarter] with the wireless segment's 23% decline more than offsetting the 7% gain in fixed broadband subscribers," he added.

In an emailed analysis to reporters on Nov. 16, financial research firm CreditSights, Inc. said that the telecommunication arm of Ayala Corp. is on track to meet its earnings target this year supported by "sustained subscriber demand and further moderation of fuel prices."

The financial research firm called Globe "stable" based on its year-to-date financial results.

"This will definitely appeal to investors, as its operations are considered defensive against the volatile markets. Barring one-offs, GLO should be able to sustain its revenues for the remainder of the year since demand for data-related services is expected to remain stable," Ms. Agravio said, referring to Globe's stock symbol.

She placed her estimate for the stock's fourth-quarter income at P5 billion to P6 billion, while its full-year income at P30 billion to P32 billion.

For the week, Ms. Agravio placed her support and resistance levels at P2,200 and P2,350, respectively. — **Bernadette Therese M. Gadon**

MPTC won't drop CTBEX despite overlap with San Miguel project

THE METRO Pacific Tollways group said it will not give up its original proponent status (OPS) for its unsolicited proposal to construct the 50.43-kilometer Cavite-Tagaytay-Batangas Expressway (CTBEX) despite San Miguel Holdings Corp.'s Cavite-Batangas Expressway (CBEX) overlapping with the project.

The group will not participate as a challenger in the Swiss challenge process for the CBEX unsolicited proposal submitted by San Miguel Holdings to the provincial government of Cavite, said Metro Pacific Tollways Corp. (MPTC) President and Chief Executive Officer Rodrigo E. Franco recently.

"That would be messier; we don't want to give up our original proponent status," he told *BusinessWorld* when asked if MPTC would participate in the Swiss challenge process.

Mr. Franco noted that the alignment of CBEX overlaps with the group's proposed P25.24-

billion CTBEX, which is expected to provide linkage between Metro Manila-Cavite and Batangas.

"There's (some) overlap. That's the scenario," he said, noting that the group's proposal is still awaiting approval from the National Economic and Development Authority (NEDA).

CBEX is a 27.06-kilometer toll road traversing through the municipalities of Silang, Amadeo, Tagaytay, Indang, Mendez, and Alfonso in Cavite, as well as Nasugbu in Batangas where a San Miguel Corp. company also operates a toll expressway, the 41.9-kilometer Southern Tagalog Arterial Road, which is commonly known as STAR Tollway.

CBEX is planned to have three access or interchange points. These are in Silang, Cavite; Tagaytay; and Nasugbu/Alfonso.

Meanwhile, CTBEX of the Metro Pacific Tollways group will traverse mostly the rural areas of Silang, Tagaytay, Amadeo, Mendez, Alfonso, and Magallanes in

the Cavite province and Nasugbu in Batangas. In 2018, the Department of Public Works and Highways (DPWH) awarded MPCALA Holdings, Inc., a unit of MPTC, the OPS for CTBEX.

The project will have interchanges in Silang, Pook, Aguinardo, Amadeo, Mendez, Alfonso, Magallanes, and Nasugbu.

"This project aims to provide a free-flowing, high-facility alternative route for traffic presently plying Aguinardo Highway and Sta. Rosa-Tagaytay Road, which are experiencing congestion during peak periods and weekends," the DPWH said on its website.

The department also said that coordination with the Metro Pacific Tollways group for the submission of the remaining documentary requirements to NEDA is ongoing.

On CBEX, the Cavite government is currently seeking interested parties to pre-qualify and submit comparative proposals for the selection of the province's

joint venture partner to develop the project.

The province's private partner will "finance, design, construct, operate and maintain the project under a 35-year concessional period," Cavite Public-Private Partnership Selection Committee Chairman Renato A. Abutan said in an advisory.

Challengers are expected to submit their qualification documents, technical proposals, and financial proposals as one bid package not later than Jan. 24 next year, he also said.

MPTC is the tollways unit of Metro Pacific Investments Corp., one of three key 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 a majority stake in *BusinessWorld* through the Philippine Star Group, which it controls. — **Arjay L. Balinbin**

Ayala Land to kick start Areza estate with retail project

AYALA LAND, Inc. is planning to build a 1,500-square-meter (sq.m.) retail project in its estate in Lipa City, Batangas to kick start commercial operations in the development.

"We're already planning a small retail project in this area to basically activate the project. We're looking at a small retail development, probably about 1,500 sq.m. of gross leasing area," Ayala Land Estate Head for Areza Jay S. Teodoro said in an interview.

"But that's just to start the project. We normally continue depending on the market conditions," he added.

On Friday, Ayala Land broke ground for Areza, its 92-hectare master-planned and mixed-use estate in Batangas in which it is investing P9.8 billion for the initial phase.

The development, which is the company's first estate in the province, is envisioned to be the new downtown of Lipa City.

Areza's first locator will be the Lipa City Hall, which broke ground in March and is expected to be completed

by 2025. The city hall will sit on a five-hectare lot donated by Ayala Land through a partnership.

"In addition, the Department of Agriculture will be operating the food terminal in this location," Ayala Land President and Chief Executive Officer Bernard Vincent O. Dy.

The initial phase will be the development of 21 hectares of the estate that includes the five-hectare city hall, two-hectare Lipa City Trading Center, church, fresh produce market, and small retail area. Up to 15 hectares will be allocated for the gross floor area of commercial projects.

"We already started offering lots. In fact, we got huge interest in the commercial lots in the development," Mr. Teodoro said.

About 99 lots in the estate will be offered with an average size of 500 to 1,000 sq.m. The starting price for the lots is P60,000 per sq.m. Ayala Land expects around P3 billion from the sale.

"[The P9.8 billion investment] does not include the future investment in the future buildings in the project," Mr. Teodoro clarified.

According to Mr. Teodoro, Ayala Land has been targeting to develop projects in Lipa City as the property company sees it as one of the most progressive cities in the province.

"We've been trying to position in Lipa a long time ago. Though we are able to do so, though we have presence through our residential brands, this is really the first mixed-use estate of Ayala Land in Batangas," Mr. Teodoro said.

According to Mr. Dy, Areza will be developed with a variety of uses to respond to the needs of locators in the estate.

"We will bring in our projects — our residential from high-end to affordable, we will bring in retail, we will bring in offices as well as hotels and that's within our product line," Mr. Dy said.

"Of course, we can't do this on our own. We need to partner with institutions to make sure that we complete the uses," he added.

Areza is the 48th estate of Ayala Land nationwide and its fourth estate south of Manila. — **Justine Irish D. Tabile**



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