

## Philippine Stock Exchange index (PSEi)

6,286.77

▲ 119.20 PTS.

▲ 1.93%

FRIDAY, NOVEMBER 11, 2022

BusinessWorld

## PSEI MEMBER STOCKS

<b>AC</b> Ayala Corp. P675.00 +P16.00 +2.43%	<b>ACEN</b> ACEN Corp. P6.32 +P0.04 +0.64%	<b>AEV</b> Aboitiz Equity Ventures, Inc. P56.80 +P0.30 +0.53%	<b>AGI</b> Alliance Global Group, Inc. P9.10 ---	<b>ALI</b> Ayala Land, Inc. P26.90 +P0.75 +2.87%	<b>AP</b> Aboitiz Power Corp. P33.20 +P0.30 +0.91%	<b>BDO</b> BDO Unibank, Inc. P133.40 +P0.60 +0.45%	<b>BPI</b> Bank of the Philippine Islands P93.90 +P2.30 +2.51%	<b>CNVRG</b> Converge ICT Solutions, Inc. P12.50 +P0.50 +4.17%	<b>EMI</b> Emperador, Inc. P20.60 +P0.50 +2.49%
<b>GLO</b> Globe Telecom, Inc. P2,300.00 +P8.00 +0.35%	<b>GTCAP</b> GT Capital Holdings, Inc. P398.00 +P18.00 +4.74%	<b>ICT</b> International Container Terminal Services, Inc. P178.20 +P1.50 +0.85%	<b>JFC</b> Jollibee Foods Corp. P238.40 +P5.40 +2.32%	<b>JGS</b> JG Summit Holdings, Inc. P44.05 +P0.45 +1.03%	<b>LTG</b> LT Group, Inc. P8.74 -P0.09 -1.02%	<b>MBT</b> Metropolitan Bank & Trust Co. P52.00 +P0.10 +0.19%	<b>MEG</b> Megaworld Corp. P2.06 ---	<b>MER</b> Manila Electric Co. P303.00 +P4.00 +1.34%	<b>MONDE</b> Monde Nissin Corp. P11.82 -P0.12 -1.01%
<b>MPI</b> Metro Pacific Investments Corp. P3.40 ---	<b>PGOLD</b> Pregold Price Club, Inc. P33.50 +P0.25 +0.75%	<b>RLC</b> Robinsons Land Corp. P15.56 +P0.16 +1.04%	<b>SCC</b> Semirara Mining and Power Corp. P30.70 +P0.95 +3.19%	<b>SM</b> SM Investments Corp. P825.00 +P38.00 +4.83%	<b>SMC</b> San Miguel Corp. P96.00 -P0.85 -0.88%	<b>SMPH</b> SM Prime Holdings, Inc. P35.00 +P1.10 +3.24%	<b>TEL</b> PLDT, Inc. P1,530.00 -P6.00 -0.39%	<b>URC</b> Universal Robina Corp. P123.40 +P2.40 +1.98%	<b>WLCON</b> Wilcon Depot, Inc. P30.90 -P0.60 -1.90%

## Earnings on target as economy reopens — analysts

By Justine Irish D. Tabile

THIRD-QUARTER earnings results are in line with expectations, analysts said, as they pointed to the reopening economy and a stronger dollar that boosted spending among families of overseas Filipino workers (OFWs).

“Companies’ third-quarter earnings were in line and some were beyond expectation. Overall, recovery came from the government’s effort to open 100% of the economy,” Mercantile Securities Corp. Head Trader Jeff Radley C. See said in a Viber message.

Separately, Regina Capital Development Corp. Head of Sales Luis A. Limlingan cited in a Viber message the same factors for the listed companies’ quarterly earnings performance.

“[T]hat is saying a lot. Looking at third-quarter growth, we can see that consumption helped boost the economy,” he said.

Mr. Limlingan also said that remittances from Filipinos working abroad also helped in improving consumption.

“Also, since we have a lot of OFWs, the foreign currency that they sent home could have given some relief to the sudden rise in living expenses,” he added.

Carlos Angelo O. Temporal, equity research analyst at AP Securities, Inc., said several index heavyweights — SM Investments Corp., Ayala Land, Inc., BDO Unibank, Inc., Bank of the Philippine Islands, and PLDT, Inc. — beat earnings expectations for the quarter.

“These better-than-expected corporate earnings were reflective of recently reported third-quarter GDP (gross domestic product) growth, which ended up faster than expected,” Mr. Temporal said.

For the July-September quarter, the country’s GDP expanded by 7.6%, higher than the revised 7.5% economic growth in the sec-

ond quarter and 7% in the same period last year.

“We attribute this to the sustained reopening of the economy on the back of continued improvement in mobility, return to face-to-face classes and more employees going back to on-site work arrangements,” Mr. Temporal said.

He said that the reopening led to a significant recovery in jobs and businesses, which resulted in more money for people to spend.

“In our view, the pace of recovery has outpaced the surge in inflation and interest rates, driving the 8% growth in household consumption over the quarter,” he added.

For the fourth quarter, analysts expect earnings to still be in line with their expectations due to seasonal demand as well as window-dressing activities.

“Going to the fourth quarter, while we do see earnings growth to continue on the back of the seasonal boost from the Christmas season, most of the numbers would be in line with expectations,” Mr. Temporal said, citing a fine-tuning of earnings estimates “to incorporate third-quarter figures.”

He added that he expects banks and consumer companies to lead the performance in the fourth quarter “on potential surprises in net interest margins and loan

growth for the former and gross profit margins” for the latter.

He said, “some consumer companies may take advantage of the Christmas season to increase their prices.”

“The markets [can] anticipate any potential window-dressing activities towards the end of the accounting year [on Dec. 31],” said Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort in a Viber message.

He said markets can anticipate seasonal increases in sales and business transactions, which could translate into higher sales, net income, and overall valuations for some listed companies.

## SEC weighs measures to push sustainability reporting

THE Securities and Exchange Commission (SEC) is looking into making mandatory some parts of sustainability reports, requiring sustainability reporting for public and small companies while rewarding their good methods.

SEC Director for Corporate Governance and Finance Department Rachel Esther J. Gumtang-Remalante said that the regulator is considering guidelines on mandatory items that it wants to be disclosed in a sustainability report.

“We do a lot of partnerships in order to encourage reporting, not only to encourage reporting but good-quality reporting,” Ms. Gumtang-Remalante said at the 8th Annual Forum of Good

Governance Advocates and Practitioners of the Philippines last week.

She said the move might raise fears among companies as reports require a review from a third party, but the SEC will make sure that the companies are ready.

“Definitely, we will be providing companies some space and opportunity to go over the draft,” she said.

Meanwhile, Ms. Gumtang-Remalante said that the SEC is also looking into requiring sustainability reporting for public companies as well as small enterprises.

“It’s not only the job of the private companies to be sustainable,” she said, adding that public entities must also have their own sustainability guidelines.

“There is [also] a growing discussion even in the global space that micro-small - and medium-sized enterprises (MSMEs) have to have their reports as well,” she added.

According to Ms. Gumtang-Remalante, although there is a push for the inclusion of small companies, the SEC would need to ensure capacity-building for MSMEs to help them in reporting.

“We have to [also] identify which industry we have to focus on, [those] which have a large impact, especially to the environment or social side,” she said.

The SEC is also considering an awards system that will serve as an

incentive for companies to abide by sustainability guidelines.

“The [SEC] chairman wants us to come up with an awarding system for those companies which are providing good sustainability methods,” Ms. Gumtang-Remalante said.

She noted, however, that the move is going to be a challenge for the SEC as companies will tend to only share the good side of their sustainability reports.

“In a sustainability report, you don’t only report the good ones, you also have to report on the negative ones. Because when you report on the negative ones this will also help policymakers do the right policies,” she added. — **Justine Irish D. Tabile**

## OUTLIER

## Profit taking drags PLDT share price

PLDT, Inc. was the ninth most actively traded stock last week as investors took profit after news came out that the telecommunications company is selling more towers.

A total of P775.72 million worth of 501.36 million shares exchange hands at the local bourse from Nov. 7 to 11, data from the Philippine Stock Exchange (PSE) show.

The company’s shares finished at P1,530 apiece on Friday, down by 0.7% week on week. Year to date, the stock’s price decreased by 15.6%.

Jeff Radley C. See, an analyst at Mercantile Securities Corp., said in a Viber message that PLDT continues to sell more towers and focuses on the improvement of its connection.

“This shows bullish sentiment to investors as they are focusing on infrastructure,” he said, adding that this is “essential in offering efficient service to their clients.”

In a press briefing last week, EdgePoint Infrastructure, a telecommunications infrastructure company, said that it was keen on buying more towers from PLDT.

In April, EdgePoint’s local subsidiary, Comworks Infratech Corp., completed a P35-billion sale and leaseback deal with PLDT for 2,934 towers. It will take over these assets by the middle of 2023.

Rastine Mackie D. Mercado, China Bank Securities Corp. research director, said in an e-mail that PLDT’s movement last week was largely driven by continued profit-taking after its 17% rally over the past month.

Mr. Mercado also pointed to continued foreign interest in the stock despite the selling pressure.

PLDT saw net foreign buying in three out of the four trading sessions last week. Net foreign buying of PLDT shares amounted to P73.89 million from Nov. 7 to 11, PSE market data show.

In the third quarter, PLDT’s attributable net income climbed by 79.6% to P10.64 billion after revenues rose 6.8% to P51.53 billion. Its nine-month profit reached P27.38 billion, up 45.3% from a year ago, as revenues rose 6.3% to P152.92 billion.

It said that the company is reviewing its consolidated capital expenditure for 2022, which could exceed the initial guidance of P85 billion.

“We currently don’t have a revenue forecast for PLDT, but we think revenues will continue to be driven by sustained demand for data and the continued recovery of its legacy call and text business, especially in light of better mobility conditions,” added Mr. Mercado.

For next week, Mr. Mercado sees continued selling pressure on PLDT, though losses may be more modest. He placed the stock’s support level at P1,480 and its resistance level at P1,625.

For Mercantile Securities’ Mr. See, the stock might move sideways for now between P1,500 and P1,550. He put PLDT’s support levels at P1,500 and P1,450, and its resistance levels at P1,580 and P1,650.

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. — **Lourdes O. Pilar**



ASIANTERMINALS.COM.PH

## Higher cargo, passenger volumes push ATI income close to P668M

LISTED port operator Asian Terminals, Inc. (ATI) saw its third-quarter attributable net income grow 77% to P667.6 million from P376.3 million in the same period a year earlier, primarily driven by higher cargo and passenger volumes.

In its latest quarterly report, the company said its revenues for the period reached P3.7 billion, up 32% from P2.8 billion in the same period last year. Expenses went up 21% to P2.3 billion from P1.9 billion previously.

The company operates the Manila South Harbor, Port of Batangas, Batangas Container Terminal, and off-dock yards in Sta. Mesa, Manila and Calamba, Laguna.

For the January-to-September period, the company saw its attributable net income rise 20% to P1.8 billion from P1.5 in the same period a year ago.

Revenues for the nine-month period reached P9.8 billion, up 20% from P8.2 billion previously. Total expenses increased 13% to P6.2 billion from P5.5 billion in 2021.

The company saw its revenues from international container operations in Manila and Batangas increase by 16.8% and 5.7%, respectively.

Revenues from non-container operations in Batangas were higher by 68.0% “on account of the strong influx of international rolling cargoes and the robust increase of passenger foot-traffic

through the modern Batangas Passenger Terminal with the easing of Covid-19 travel restrictions,” ATI said.

The Batangas Port, a car carrier terminal, handled the “resurgent imports” of major car manufacturers and distributors, which reached nearly 170,000 completely built units, representing an 80% year-on-year growth, according to the company.

The company also said that the Batangas Passenger Terminal, a modern interisland transport hub, facilitated the transit of more than 1.6 million outbound passengers, 252% higher compared with the earlier year.

“ATI unveiled a bigger, better, and smarter Batangas Passenger Terminal in June equipped with world-class facilities such as an expansive and fully-air-conditioned passenger lounge, orderly ticketing offices, clean and gender-neutral restrooms, provisions for free wi-fi and clean drinking water, and mobility features for the elderly and differently-abled, among others,” it added.

Meanwhile, the company’s Manila South Harbor and Batangas Port handled a consolidated volume of over one million teus or (twenty-foot equivalent units from January to September.

This reflects “modest growth with indicators of sustained volume acceleration into the Holiday season,” ATI said. — **Arjay L. Balinbin**

## 7-Eleven operator turns profitable

7-ELEVEN operator Philippine Seven Corp. posted P425.38 million in attributable net income in the third quarter, turning around from its P181.05-million net loss a year ago.

The turnaround comes after revenues rose 46.7% to P16.06 billion for the July-September period, its quarterly financial report shows. Revenues from contracts with customers were the largest contributor with P15.75 billion, 44.8% higher than a year ago.

Philippine Seven’s other income surged by nearly 10 times to P281.78 million from P30.18 million in 2021. Revenues from fees collected by 7-Eleven stores for withdrawals from their automated teller machines (ATMs) are lodged under other income.

Meanwhile, the company’s expenses reached P15.49 billion in the third quarter, up by 38.4% from P11.19 billion in the previous year.

For the nine-month period, the company’s attributable net income stood at P1.32 billion, reversing the P583.95-million net loss incurred a year ago.

Philippine Seven’s year-to-date topline rose by 38.7% to P44.69 billion from P32.22 billion in the same period last year.

Revenues from contracts with customers were the biggest contributor with P44.19 billion, which increased by 38.7% from P32.22 billion in 2021.

Other income was also higher by more than five times at P430.37 million from P76.92 million in the previous year.

Year-to-date expenses amounted to P42.94 billion, up by 30.2% from P32.98 billion in its financial showing last year.

By the end of the third quarter, the nationwide store network of 7-Eleven reached 3,282, broken down as 52% corporate-owned and 48% franchise-operated.

“The sales of our stores near offices are about 10% below 2019, while those near residences already exceeded pre-pandemic level,” the company said.

So far in 2022, the company opened a total of 236 new stores and counted 27 closures, which the company said was better than the 104 new store openings and 63 closures last year.

In its report, the company said that it has a total of 1,965 ATMs across Metro Manila and the rest of Luzon.

“We expect to end this year with 2,500 ATMs in our system and shall include our stores located in Davao City in Mindanao,” it said. — **Justine Irish D. Tabile**