MPIC says profit hits P4.4B, on track to meet P14-B target

LISTED conglomerate Metro Pacific Investments Corp. (MPIC) announced on Wednesday that its consolidated core net income for the third quarter of the year reached P4.4 billion, an increase of 26% from the same period the previous year.

MPIC officials said the 94% core net income improvement reported by Metro Pacific Tollways Corp. for the period, mainly due to higher traffic on all roads and tariff increases, as well as the consolidation of Landco Pacific Corp. this year, contributed to the growth in earnings for the third quarter. The company has yet to release its full financial performance report for the third quarter.

For the January-to-September period, the company's core income rose 25% to P11.8 billion from P9.5 billion in the same period a year ago, MPIC Chief Finance, Risk and Sustainability Officer June Cheryl A. Cabal-Revilla said during a briefing.

"Improved financial and operating results of the constituent companies delivered a 17% increase in contribution from operations, mainly driven by a strong recovery in toll road traffic, growth in power consumption, and increase in billed water volumes," she noted.

Total revenues of the company for the nine-month period increased 29% to P383.1 billion from P297.9 billion previously, while its core earnings before interest, taxes, depreciation, and amortization rose 13% to P70.1 billion from P62.1 billion in the same period a year ago.

Ms. Cabal-Revilla said power accounted for P8.9 billion or 58% of the net operating income, toll roads contributed P4.1 billion or 26%, water contributed P2.2 billion or 15%, and the other businesses — mainly real estate, hospitals, fuel storage, and light rail — contributed P153 million.

"Average interest rates on borrowings have been significantly reduced and resulted in a 7% decline in net interest costs in the first nine months of 2022," she noted.

"This was a result of the company's strategic rerating and refinancing of expensive debt facilities amidst a rising interest rate environment. Prudent management of cash flows has also allowed MPIC to maintain a strong balance sheet despite the lingering impact of the pandemic, the continuing geopolitical crisis, and its consequential impact on inflation and foreign currency," she added.

MPIC Chairman, President and Chief Executive Officer Manuel V. Pangilinan said the earnings growth "reflects significant volume increases for all our core businesses together with our intense focus on operational efficiencies."

He also said that MPIC is on track to sustaining its double-digit growth for the rest of the year and achieving its core net income target of approximately P14 billion.

"Looking ahead, we will be focusing on unlocking further opportunities in agriculture in the hopes of helping to address our country's food security aspirations. We continue to be guided by our vision of achieving the ideal balance between maximizing economic opportunities and enabling solutions to urgent societal challenges," Mr. Pangilinan said.

MPIC shares closed 0.56% lower at P3.55 apiece on Wednesday.

MPIC is one of three key Philippine units of First Pacific, the others being Philex Mining and PLDT.

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**

Jollibee earns P2B, terminates Dunkin' Donuts deal in China

JOLLIBEE Foods Corp. (JFC) recorded P2.14 billion in attributable net income for the third quarter, up by 36.3% from P1.57 billion a year ago, after booking record sales, revenues, and operating income.

In a press release on Wednesday, the company said three-month system-wide sales, which come from company-owned or franchised stores, rose by 51.3% to P77.75 billion from P51.39 billion a year ago.

JFC's local system-wide sales grew by 54.2%, while its international business rose by 47.5%.

Global same-store sales were up by 30.9%, while expansions and the acquisition of Milksha contributed 13.8%.

Local same-store sales grew by 48.5%, which the company attributed to an increase in customer visits versus last year.

International same-store sales rose by 8.5% led by SuperFoods, which surged by 177.1%, and Coffee Bean & Tea Leaf, which grew by 16%.

JFC registered higher same-store growth in Europe, the Middle East, Africa, Asia, and North America, while recording a 4.6% decline in China.

"All regions registered double-digit sales growth driven by strong same-store sales and store network growth," JFC President and Chief Executive Officer Ernesto Tanmantiong said.

"We continue to see a strengthening of our sales globally and are confident that we can deliver according to our full-year outlook," he added.

In another disclosure, JFC announced that its subsidiary terminated its master franchise agreement (MFA) for Dunkin' Donuts which covers mainland China, Hong Kong, and Macau.

It said the parties to the agreement — Jollibee Worldwide Pte, Ltd., Jasmine Asset Holdingss, Ltd., Golden Cup Pte. Ltd., and Dunkin' Donuts Franchising LLC — disclosed that the operations of Beijing Golden Cup Corp. of seven Dunkin' restaurants were terminated.

On Jan. 5, 2015, Golden Cup and Dunkin' Donuts entered the MFA.

"JFC will focus on building its business in China through its larger businesses there," the company said.

At present, JFC has 486 stores in China: 418 Yonghe King stores, 55 Hong Zhuang Yuan stores, and 13 Tim Ho Wan stores.

The company's Jollibee brand is also present in Hong Kong and Macau, with 21 and three stores, respectively.

Meanwhile, Dunkin' plans to "continue expanding its footprint across China and the broader region through franchising."

JFC, which claims to be one of Asia's largest restaurant companies, has 6,351 stores worldwide: 3,238 in the Philippines and 3,113 internationally.

On Wednesday, shares in the company rose by 1.92% or P4.40 to finish at P233 each. — **Justine Irish D. Tabile**

Monde Nissin income down 46% after product recall

MONDE NISSIN CORP. posted a P1.55-billion core net income in the third quarter, lower by 46% versus last year, as sales were affected by a product recall in Europe.

"It was the high commodity costs that have been locked in and also the very high manufacturing overhead absorption because of significant reduction in volume," Monde Chief Financial Officer Jesse C. Teo said, talking about what contributed to the lower results.

"Our pricing action for the year was not enough to offset these two wind pressures that happened during the quarter," he added in a briefing on Wednesday.

In July, some of Monde's Lucky Me! noodles were recalled due to traces of antimicrobial pesticide ethylene oxide.

According to Mr. Teo, the actual volume recalled was small at 49 million, however, what made a big impact was the effect on public confidence.

"The PR (public relations) effect on the Philippine business was huge. In July we reported 15% decline, and in August there was an even stronger decline," Mr. Teo said.

In the three months that ended September, the company's net sales grew by 0.2% to P17.73 billion.

Sales from its Asia-Pacific branded food and beverage (APAC BFB) segment declined by 0.8% to P13.96 billion. Domestic APAC BFB sales rose by 0.7% to P13.1 billion, as sales in biscuits and other categories offset the decline in noodles.

International revenue declined by 2.3% in the third quarter to P900 million, which the company attributed to a temporary slowdown as it takes measures to ensure global compliance.

Meanwhile, sales from its meat alternative products rose by 4.2% to P3.76 billion on strong volume growth in food service and share recovery in the UK.

The company's third-quarter core gross profit declined by 22% to P5.44 billion.

"This is primarily due to the raw material and energy cost inflation. Energy and material inflation contributed more than P1.8 billion in upcharge," Mr. Teo said.

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For the nine-month period, attributable core net income dipped by 20.8% to P5.6 billion due to lower gross profit, higher logistical costs, and investments.

Monde's consolidated revenues grew by 6.7% to P54.9 billion, while core gross profit decreased by 7.1% to P18.2 billion. — **Justine Irish D. Tabile**

TOFUPROD

Microsoft's $69-B Activision bid faces EU antitrust probe

BRUSSELS — Microsoft may have to offer concessions to address European Union (EU) antitrust concerns about its $69-billion bid for "Call of Duty" maker Activision Blizzard after regulators opened a full-scale investigation on Tuesday and warned about the impact of the deal.

The US software company, which announced the deal in January, is betting Activision's stable of games will help it compete better with leaders Tencent and Sony, with the latter critical of the deal.

"The Commission's preliminary investigation shows that the transaction may significantly reduce competition on the markets for the distribution of console and PC video games, including multigame subscription services and/or cloud game streaming services, and for PC operating systems," the European Commission said in a statement.

"The preliminary investigation suggests that Microsoft may have the ability, as well as a potential economic incentive, to engage in foreclosure strategies vis-à-vis Microsoft's rival distributors of console video games," it added.

Microsoft said it would work with the EU antitrust watchdog to address valid marketplace concerns.

"Sony, as the industry leader, says it is worried about Call of Duty, but we've said we are committed to making the same game available on the same day on both Xbox and PlayStation. We want people to have more access to games, not less," a Microsoft spokesperson said.

The EU competition enforcer said it would decide by March 23, 2023 whether to clear or block the deal. Reuters reported on Oct. 31 that Microsoft would face an extensive EU probe after declining to offer remedies during the preliminary EU review of the deal.

Britain's antitrust watchdog is also investigating the acquisition, with similar concerns to its EU peer. — ***Reuters***

Corporate climate pledges rife with greenwashing

SHARM EL-SHEIKH, Egypt — Promises by companies, banks and cities to achieve net-zero emissions often amount to little more than greenwashing, UN experts said in a report on Tuesday as they set out proposed new standards to harden net-zero claims.

The report, released at the COP27 climate conference in Egypt, is intended to draw a "red line" around false claims of progress in the fight against global warming that can confuse consumers, investors and policy makers.

At last year's climate negotiations in Glasgow, UN Secretary-General Antonio Guterres appointed 17 experts to review the integrity of non-state net-zero commitments amid concerns about "a surplus of confusion and deficit of credibility" around corporate climate claims.

"Too many of these net-zero pledges are little more than empty slogans and hype," group chair and Canada's former environment minister, Catherine McKenna, said during a news conference launching the report.

"Bogus net-zero claims drive up the cost that ultimately everyone will pay," she said.

Regulators across the world are starting to set tougher rules around what activities can be deemed environmentally friendly, yet progress is patchy and campaigners and activists are increasingly turning to the courts to challenge weak claims.

On Tuesday, an official at Australia's corporate watchdog said it was investigating several companies over greenwashing, in which a company or group makes exaggerated claims over the environmental impact of their products or practices.

Last month, meanwhile, Britain's financial watchdog proposed new rules from 2024 for funds and their managers to prevent consumers being misled about their climate credentials.

An estimated 80% of global emissions are now covered by pledges that commit to reaching net-zero emissions.

The report set out a list of recommendations that companies and other non-state actors should follow to ensure their claims are credible. For example, a company cannot claim to be net-zero if it continues to build or invest in new fossil fuel infrastructure or deforestation.

The report also dismisses the use of cheap carbon credits to offset continued emissions as a viable net-zero strategy, and recommends companies, financial institutions, cities and regions focus on outright emissions and not carbon intensity — a measure of how much carbon is emitted per unit of output.

The report was "potentially very significant, depending on the traction it gets," said Eric Christian Pedersen, head of responsible investments at Nordea Asset Management.

"If this report becomes a legal standard against which one can measure if a net-zero commitment is bona fide or not, then it... can provide ammunition for the lawsuits and regulatory action which are sorely needed to make the absence of climate action more expensive at the individual company level."

The report "gives companies, investors, cities, regions — and by implication, countries — a clear statement of what 'good' looks like," said Thomas Hale, a global public policy researcher at Oxford University and co-leader of the Net Zero Tracker project which measures the effectiveness of such pledges.

"We need to be clear that most net-zero targets are not on track," he told Reuters, noting the tracker found that only half of companies with pledges have robust plans.

Teresa Anderson, global lead for climate justice at poverty-eradication non-profit ActionAid International, said corporations had "long hidden behind net-zero announcements and carbon offsetting initiatives, with very little intention of really doing the hard work of transforming and cutting emissions".

"These recommendations will aim to keep them in line and close any loopholes". — ***Reuters***

Crypto exchange FTX saw $6B in withdrawals in 72 hours

CRYPTO exchange FTX saw around $6 billion of withdrawals in the 72 hours before Tuesday morning, according to a message to staff sent by its CEO Sam Bankman-Fried that was seen by Reuters.

In a surprise move, Changpeng Zhao, boss of major rival Binance, said on Tuesday the company signed a nonbinding agreement to buy FTX's non-US unit, *FTX.com*, to help cover a "liquidity crunch" at FTX.

"On an average day, we have tens of millions of dollars of net in/outflows. Things were mostly average until this weekend, a few days ago," Mr. Bankman-Fried wrote in a message to staff sent on Tuesday morning. — ***Reuters***

Indonesia suspends licenses of two more drug companies

JAKARTA — Indonesia's food and drug agency said on Wednesday it had suspended the licenses of two more local drug companies producing syrup-type medications, as authorities investigate the deaths of nearly 200 children due to acute kidney injury.

The Southeast Asian country temporarily banned sales of some syrup-based medications in October after it identified the presence in some products of ethylene glycol and diethylene glycol as possible factors for causing the illness.

The two ingredients are used in antifreeze and brake fluids and other industrial applications but also as a cheaper alternative in some pharmaceutical products to glycerine, a solvent or thickening agent in many cough syrups. They can be toxic and lead to acute kidney injury.

Penny K. Lukito, chief of the food and drugs agency (BPOM), told reporters the companies — PT Samco Farma and PT Ciubros Farma — used high levels of ethylene glycol and diethylene glycol in their products.

The companies had been ordered to pull the products and destroy remaining batches, she said, adding it also temporarily revoked their production licenses.

Earlier this week, BPOM suspended the distribution licenses of three other companies making products that it said contained a high-level of ethylene glycol and diethylene glycol.

Indonesia has been investigating the deaths in consultation with the World Health Organization after a similar incident in Gambia this year, which has seen at least 70 deaths related to syrup medications made by India's Maiden Pharmaceuticals. — ***Reuters***

Meta Platforms will begin laying off employees on Wednesday

META Platforms, Inc. will begin laying off employees on Wednesday morning, Chief Executive Mark Zuckerberg told hundreds of executives on Tuesday, the *Wall Street Journal* (*WSJ*) reported.

Mr. Zuckerberg appeared downcast in Tuesday's meeting and said he was accountable for the company's missteps and his overoptimism about growth had led to overstaffing, the report added, citing people familiar with the matter.

He described broad cuts and specifically mentioned the recruiting and business teams as among those facing layoffs, the report said, adding an internal announcement of the company's layoff plans is expected around 6 a.m. Eastern time on Wednesday.

The specific employees losing their jobs will be informed over the course of the morning, the report said.

Meta's head of human resources, Lori Goler, said employees who lose their jobs will be provided with at least four months of salary as severance, the *WSJ* reported, citing people familiar with the matter.

Meta reported more than 87,000 employees at the end of September.

The development comes after Twitter laid off half its workforce across teams ranging from communications and content curation to product and engineering following Elon Musk's $44-billion takeover.

However, Bloomberg on Sunday reported Twitter was reaching out to dozens of employees who lost their jobs, asking them to return.

Microsoft Corp. also laid off around 1,000 employees across several divisions in October, according to an Axios report. — ***Reuters***