

Philippine Stock Exchange index (PSEi)

6,580.12 ▲ 54.96 PTS. ▲ 0.84%

FRIDAY, DECEMBER 9, 2022

BusinessWorld

PSEi MEMBER STOCKS

AC Ayala Corp. P700.00 +P4.50 +0.65%	ACEN ACEN Corp. P7.25 -P0.20 -2.68%	AEV Aboitiz Equity Ventures, Inc. P54.00 +P0.20 +0.37%	AGI Alliance Global Group, Inc. P10.00 ---	ALI Ayala Land, Inc. P29.20 +P0.20 +0.69%	AP Aboitiz Power Corp. P33.80 -P0.40 -1.17%	BDO BDO Unibank, Inc. P129.00 ---	BPI Bank of the Philippine Islands P98.50 -P0.50 -0.51%	CNVRG Converge ICT Solutions, Inc. P16.00 ---	EMI Emperador, Inc. P20.35 +P0.15 +0.74%
GLO Globe Telecom, Inc. P2,160.00 -P22.00 -1.01%	GTCAP GT Capital Holdings, Inc. P438.00 -P5.00 -1.13%	ICT International Container Terminal Services, Inc. P203.00 +P13.00 +6.84%	JFC Jollibee Foods Corp. P236.80 -P0.20 -0.08%	JGS JG Summit Holdings, Inc. P46.50 +P0.35 +0.76%	LTG LT Group, Inc. P8.88 -P0.02 -0.22%	MBT Metropolitan Bank & Trust Co. P55.00 ---	MEG Megaworld Corp. P2.26 -P0.02 -0.88%	MER Manila Electric Co. P280.00 -P2.20 -0.78%	MONDE Monde Nissin Corp. P11.24 -P0.14 -1.23%
MPI Metro Pacific Investments Corp. P3.47 -P0.01 -0.29%	PGOLD Puregold Price Club, Inc. P32.85 +P0.65 +2.02%	RLC Robinsons Land Corp. P16.00 -P0.30 -1.84%	SCC Semirara Mining and Power Corp. P33.20 -P0.40 -1.19%	SM SM Investments Corp. P930.00 +P20.00 +2.20%	SMC San Miguel Corp. P95.00 +P2.00 +2.15%	SMPH SM Prime Holdings, Inc. P34.70 ---	TEL PLDT, Inc. P1,730.00 +P30.00 +1.76%	URC Universal Robina Corp. P136.60 +P2.20 +1.64%	WLCON Wilcon Depot, Inc. P31.80 +P0.90 +2.91%

Lopez firm buys unit of US healthcare provider

LOPEZ-LED First Philippine Holdings Corp. (FPH) has signed an agreement to acquire the local subsidiary of Medical Services of America, Inc. (MSA) as part of its expansion plans in the healthcare industry.

MSA provides a comprehensive range of cardiopulmonary services and equipment for hospitals and home-services patients.

FPH President and Chief Operations Officer Francis Giles B. Puno and MSA-Philippines General Manager Aurora J. Dereja signed the agreement on Dec. 9, the firm said in a press release on Sunday.

“This new acquisition provides FPH a platform to add new service offerings to what MSA-Philippines offers now in the healthcare industry,” FPH Senior

Vice-President for Health Services Businesses Joaquin E. Quintos, IV said in a statement.

FPH currently has two more health-related businesses which are Asian Eye Institute and Philippine Impact Health.

“The services created from these various healthcare businesses aim to improve the ecosystem of healthcare providers in the country and, ultimately, the

health and wellness of the Filipino population,” Mr. Puno said.

FPH received advice from SGV & Co. and Puno Law for the acquisition, while MSA was advised by PwC Philippines and Cabrera & Co.

MSA was originally organized in the US in 1973 as a provider of comprehensive healthcare services. It started in the Philippines as a servicing company for four

partner-hospitals five years after it opened in the US.

At present, MSA-Philippines works with over 50 partner-hospitals and clinics nationwide with a portfolio of 200 employees.

“With a strong and credible Philippine parent company, MSA-Philippines hopes to expand further its footprint in the Philippines and offer more healthcare solutions to our

partner-hospitals,” Ms. Dereja said.

FPH, which is led by the Lopez family, also has interests in power generation, infrastructure, manufacturing, and property development.

Its subsidiaries include First Gen Corp., Batangas Cogeneration Corp., First Philec, Inc., Rockwell Land Corp., and First Balfour, Inc. — **Justine Irish D. Tabile**

Inflation and weak demand weigh on local PC market

PERSONAL computer (PC) shipments to the Philippines continued to decline in the third quarter of the year due to weak demand and inflationary effects, according to International Data Corp. (IDC).

“PC shipments... continued to slump, declining 19.8% year over year and 11% quarter over quarter, reaching 565,000 units in the third quarter,” IDC said in a recent analysis, citing its Worldwide Quarterly Personal Computing Device Tracker.

It said that desktop shipments posted annual growth of 7.6% due to

the “knock-on effects” of companies returning to physical work after strict mobility restrictions.

“On the flip side, notebook shipments recorded a year-on-year decline of 29.5% caused by the weakened demand from market saturation and inflation effects on the average buyer,” IDC noted.

At the same time, the market intelligence company noted that the “\$600-\$1,000 price band” remained the most popular price point for four consecutive quarters.

It declined by only 0.5% year on year “given its optimal price-to-performance ratio in which the top PC makers are maintaining affordability while offering sleeker designs with greater processing capabilities and a wider selection of available models,” IDC said.

For the third quarter, the top five PC companies in the Philippines in terms of market share are Acer Group (22.9%), Lenovo (19.8%), HP, Inc. (13.5%), ASUS (12.4%), and Dell Technologies (8.7%).

IDC also said the upcoming holiday season may become challenging for ven-

dors as the demand for technological products dampens.

“Consumer spending priorities will be shifting to other goods and services, such as traveling, dining out, and recreation, while the commercial space will weaken due to seasonality and uncertainty in the government sector’s deployment of large-scale national projects, which will lower the expectations of shipment arrivals for the fourth quarter of 2022,” the market intelligence company added. — **Arjay L. Balinbin**

Yamaha Motor reels from semiconductor shortage, says Koike

MOTORCYCLE brand Yamaha Motor Philippines, Inc. said that the production of its motorcycles has been reeling from the semiconductor shortage which has affected its overall sales.

Hiroshi Koike, Yamaha Motor Philippines president, said that the company’s sales for 2022 are around 20% of pre-pandemic levels due to the lack of semiconductors used in assembling the motorcycles. “This year, percentage-wise, I would say [we are] around 20% of pre-pandemic levels. In 2019 we had 580,000 units sold — [that’s] the most units sold in a year, a record-high for us,” Mr. Koike said in an interview on the sidelines of a launch event last week in Batangas.

“The older stock is gone and we are having difficulty replenishing our stocks, coming mainly from the chips,” he said, adding that many different industries “are fighting for” semiconductors.

Mr. Koike said that due to a lack of supply, 2022 is on par with last year in terms of units sold. “We wanted to increase but we ended up in just having similar units sold as last year,” he said.

According to Mr. Koike, the company has been experiencing production bottlenecks following the low supply of semiconductors.

“Unfortunately, the biggest selling models for us are the ones that use semiconductors,” he said, citing Aerox, Mio, NMAX, and Fazzio. “We source our chips from Taiwan, Malaysia, from multiple countries.”

Mr. Koike said the company does not directly procure as semiconductors come from suppliers that put the chips into the products such as an anti-lock braking system.

“Motorcycles do use quite a bit of semiconductors for anti-lock braking system you need

a sensor, the keyless ignition, the idling stop, and the function where you can connect the phone to the motorcycle,” he added. — **Revin Mikhael D. Ochave**

FULL STORY



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OUTLIER

Investors sell Meralco shares on news over power supply, nuclear

INVESTORS played with Manila Electric Co. (Meralco) shares last week over news that it has secured an exemption from the competitive selection process (CSP) for its emergency power supply.

Also influencing Meralco’s performance is news that the electricity distributor is looking into nuclear energy. Philippine Stock Exchange (PSE) data showed a total of 1.32 million Meralco shares worth P374.23 million were traded from Dec. 5-7 and 9, making it the 18th most active stock. Local financial markets were closed on Dec. 8 in observance of the Feast of the Immaculate Conception.

On a week-on-week basis, Meralco’s share price fell 1.8% to P280 apiece last Friday from its closing price of P285 on Dec. 2. For the year, the stock has gone down by 5.2%.

Timson Securities, Inc. Head of Online Trading Marc Kebinson L. Lood said in a Viber message that SMC Global Power Holdings Corp.’s decision to stop supplying Meralco effective Dec. 7 caused its stock price to drop.

The supplier’s move comes after the Energy Regulatory Commission (ERC) rejected a proposed rate hike for the 670 megawatts (MW) from the company’s Ilijan power plant. The ERC rejected a joint petition filed by Meralco and SMC Global Power for a rate increase, saying their plea was without basis as their power supply agreement is a fixed-rate contract.

Last week, Meralco secured an exemption from the Department of Energy from holding a CSP for its emergency power supply, which was prompted by a court-issued temporary restraining order (TRO) that put on hold its power supply deal with a unit of SMC Global Power.

Jose Ronald V. Valles, Meralco’s first vice-president and head of its regulatory management, said an offer was made by Aboitiz Power Corp. to supply Meralco the equivalent

power capacity of 300 MW until Jan. 25, 2023.

“In the short term, this news is negative for the stock. Consumers will face higher power prices as SMC [Global Power] is forced to breach its fixed-rate agreement with Meralco. Meralco will look to buy electricity on the spot market at volatile prices,” Mr. Lood said.

In a separate development, the power distributor said it was applying for a grant from the United States Trade and Development Agency to perform a feasibility study for small modular reactors as the company is eyeing nuclear as an energy source.

Mr. Lood warns of higher energy prices that may be a “key risk” for the company in 2023. However, he said if oil prices decline then the power distributor’s margins will improve.

“When the economy begins to recover, energy consumption can increase with high demand, which will help bring in large volumes. Meralco is the one to keep an eye on; it’s a must-have and very stable,” he said.

Mr. Lood expects the power company to post a net income of P26.1 billion for the year, or about 11.1% higher than the previous year.

Meralco’s third-quarter revenues rose by 39.5% to P115.28 billion, bringing its nine-month revenues to P314.88 billion, up by around 35.9%. Its third-quarter attributable net income rose by 1% to P6.64 billion for a year-to-date increase of 19.6% to P19.76 billion.

Mr. Lood pegs Meralco’s resistance level at P310 and its support level at P260.

Meralco’s controlling stakeholder, Beacon Electric Asset Holdings, Inc., is partly owned by PLDT, Inc. Hastings Holdings, Inc., a unit of PLDT Beneficial Trust Fund subsidiary MediaQuest Holdings, Inc., has an interest in *BusinessWorld* through the Philippine Star Group, which it controls. — **Ana Olivia A. Tirona**

Cebu Pacific aims to transition on-ground fleet to e-vehicles

CEBU AIR, Inc., the operator of low-cost carrier Cebu Pacific, has put the full transition of its ground support equipment (GSE) fleet to electric vehicles (EVs) in its long-term goals as it aims for zero carbon emission.

“For us, it’s a long-term goal — [the] full transition of all of our on-ground equipment,” Cebu Pacific Chief Strategy Officer Jose Alejandro B. Reyes said in a chance interview.

Cebu Pacific currently has around 700 pieces of internal combustion engine GSE that are being used throughout its network, said Mr. Reyes.

“*Medyo matagal ‘yung transition* (The transition will be slow) because some equipment was just bought recently and some are still useful. But our target is to do the easier ones first which have a high impact,” he said.

In November, the company ran the pilot test of its community-optimized managed electric transport, which it plans to use for its 25-passenger buses in Metro Manila.

“We’re doing the experiment now. We are learning from the trial period and when the trial period ends, we will come back and study our learnings on how we

will operate them and its charging cycles,” Mr. Reyes said.

The buses have two uses: as service for Cebu Pacific employees and as passenger transport inside the airport. They serve employees in three routes, which are to and from Parañaque, Cubao, and Pasig. The buses that operate inside the airport bring passengers from the terminal to the aircraft.

“That’s what we are trying to work on and make sure it is efficient, optimal, it is right for the passengers and actually reducing carbon emissions,” Mr. Reyes said.

For its air fleet, Cebu Pacific is targeting to operate an all-new-engine-option (NEO) fleet by 2028.

In 2022, the carrier added five fuel-efficient NEO aircraft to its fleet, while it expects the delivery of 11 NEO aircraft in 2023. Three of the 11 NEO aircraft will be 320neo, four will be 321neo and four are 330neo.

The 11 aircraft are expected to cost around \$2 billion with 2018 price quotes showing A320neo at around \$110.6 million, A321neo at \$129.5 million, and A330neo at least \$259.9 million. — **Justine Irish D. Tabile**

Meralco hopes to secure power deal within the week

MANILA ELECTRIC Co. (Meralco) hopes to seal a contract for emergency power supply within this week after a unit of San Miguel Global Power Holdings Corp. notified the electricity distributor that it will cease supplying under their previously agreed contract.

“We’re trying to rush the contract and to close the deal as soon as possible, hopefully, [by] next week,” Meralco Vice-President and Head of Utility Economics Lawrence S. Fernandez said during a briefing on Friday.

Meralco has secured a certificate of exemption from the Department of Energy (DoE) from the competitive selection process (CSP) for the supply of 670 megawatts (MW) of power after SMC Global Power’s unit, South Premiere Power Corp. (SPPC), issued the notice of cessation effective Dec. 7.

The power distributor has said that so far, the company had negotiated with Aboitiz Power Corp., which offered 300 MW of capacity and only for two months or until Jan. 25.

Meralco has been trying to secure emergency power supply agreements (EPSAs) after the Energy Regulatory Commission (ERC) rejected its joint peti-

tion with SMC Global Power, the power arm of San Miguel Corp. (SMC), for a rate increase, saying it had no basis as the agreement is a fixed-rate contract.

“We’re guided by the CSP guidelines of the DoE. Under the guidelines we will be granted an exemption from CSP only when an emergency situation exists and only for a temporary period of [a] year,” Mr. Fernandez said.

Joe R. Zaldarriaga, Meralco spokesperson and head of corporate communications, said that there is an expected adjustment that will impact consumers’ power bills in January due to a mandated refund.

Meralco has yet to complete three refunds totaling P1.334 per kilowatt-hour (kWh) that continue to temper residential customers’ monthly bills. The power distributor said the refund was expected to be fully completed by December 2022, January 2023, and May 2023.

“The SMC’s suspension to supply Meralco will also probably result to an upward adjustment but still remain to be seen,” Mr. Zaldarriaga said.

For the month of December, Meralco announced that customers in its franchise area should expect

to pay more after the completion of a distribution-related refund amounting to P0.4669 per kWh.

In a statement, Meralco said the overall rate for a typical household rose by P0.3297 per kWh to P10.2769 per kWh from P9.9472 per kWh in November.

Households consuming 200 kWh will see their power bills increase by P66, while those consuming 300 kWh, 400 kWh, and 500 kWh will see their bills increase by P99, P132, and P165, respectively.

For the month, the generation charge declined by P0.1942 to P6.7975 from P6.9917 per kWh in November.

Meralco is the largest power distribution company and the largest private-sector utility in the Philippines. Its controlling stakeholder, Beacon Electric Asset Holdings, Inc., is partly owned by PLDT, Inc.

Hastings Holdings, Inc., a unit of PLDT Beneficial Trust Fund subsidiary MediaQuest Holdings, Inc., has an interest in *BusinessWorld* through the Philippine Star Group, which it controls. — **Ashley Erika O. Jose**