

Philippine Stock Exchange index (PSEi)

6,414.27 ▼ 82.23 PTS. ▼ 1.26%

PSEi MEMBER STOCKS

<b>AC</b> Ayala Corp. P699.00 +P39.00 +5.91%	<b>ACEN</b> ACEN Corp. P7.18 -P0.22 -2.97%	<b>AEV</b> Aboitiz Equity Ventures, Inc. P55.00 +P0.10 +0.18%	<b>AGI</b> Alliance Global Group, Inc. P11.00 +P0.30 +2.80%	<b>ALI</b> Ayala Land, Inc. P29.40 +P0.15 +0.51%	<b>AP</b> Aboitiz Power Corp. P33.05 -P0.95 -2.79%	<b>BDO</b> BDO Unibank, Inc. P107.80 +P0.60 +0.56%	<b>BPI</b> Bank of the Philippine Islands P97.50 -P2.45 -2.45%	<b>CNVRG</b> Converge ICT Solutions, Inc. P12.36 -P1.38 -10.04%	<b>EMI</b> Emperador, Inc. P20.20 +P0.24 +1.20%
<b>GLO</b> Globe Telecom, Inc. P2,150.00 +P80.00 +3.86%	<b>GTCAP</b> GT Capital Holdings, Inc. P390.00 -P22.00 -5.34%	<b>ICT</b> International Container Terminal Services, Inc. P196.00 -P9.00 -4.39%	<b>JFC</b> Jollibee Foods Corp. P235.00 +P4.00 +1.73%	<b>JGS</b> JG Summit Holdings, Inc. P47.45 -P1.55 -3.16%	<b>LTG</b> LT Group, Inc. P9.00 +P0.08 +0.90%	<b>MBT</b> Metropolitan Bank & Trust Co. P54.90 -P0.65 -1.17%	<b>MEG</b> Megaworld Corp. P2.13 +P0.01 +0.47%	<b>MER</b> Manila Electric Co. P291.60 -P2.00 -0.68%	<b>MONDE</b> Monde Nissin Corp. P11.20 -P0.10 -0.88%
<b>MPI</b> Metro Pacific Investments Corp. P3.29 -P0.03 -0.90%	<b>PGOLD</b> Puregold Price Club, Inc. P33.20 -P1.65 -4.73%	<b>RLC</b> Robinsons Land Corp. P14.84 -P0.70 -4.50%	<b>SCC</b> Semirara Mining and Power Corp. P32.95 -P0.45 -1.35%	<b>SM</b> SM Investments Corp. P908.50 -P20.50 -2.21%	<b>SMC</b> San Miguel Corp. P95.00 -P1.00 -1.04%	<b>SMPH</b> SM Prime Holdings, Inc. P34.05 +P0.75 +2.25%	<b>TEL</b> PLDT, Inc. P1,192.00 -P286.00 -19.35%	<b>URC</b> Universal Robina Corp. P131.00 -P3.00 -2.24%	<b>WLCON</b> Wilcon Depot, Inc. P28.90 -P0.95 -3.18%

# PLDT shares plummet 19%; regulator starts probe

By Arjay L. Balinbin  
Senior Reporter

SHARES in PLDT, Inc. fell more than 19% on Monday after reporting an estimated P48-billion budget overrun over the past four years, which caused the telecommunications giant to reorganize its management.

PLDT shares closed 19.35% lower at P1,192 apiece. The stock was down 28.54% from the highest close of P1,668 last week.

"This is a 52-week low; lowest for 2021 was during March at P1,195 per share," Adrian Alexander N. Yu, head of institutional sales at stock brokerage house COL Financial Group, Inc., told *BusinessWorld* in a Twitter chat.

Mercantile Securities Corp. Analyst Jeff Radley C. See sees "tough times" for the Pangilinan-led telecommunications service provider

after its announcement last week regarding a massive budget overrun.

"Investors would see more selling pressure and might dip towards its next support level at P1,083," Mr. See said in a phone message.

Regina Capital Development Corp. Equity Analyst Anna Corene M. Agravio said in a separate phone message: "While the news took the market by surprise, today's price plunge overshoot the actual impact on PLDT's P&L (profit and loss) and long-term prospects."

"So far, it looks like the company has more than enough legroom to either take on more leverage if need be, to supplement the gains from its tower sales and make up for the budget overrun," she added.

"At this rate though, the stock is still overheating from the negative sentiment."

Price-wise, PLDT must first find and establish support that could catch further drops, Ms. Agravio pointed out. "Expect large

and relatively more volatile swings trading-wise in the next few days as investors digest the news."

*BusinessWorld* is still awaiting clarification from PLDT on a news report on Saturday that the "anomalous supply deals" were initially estimated to be close to P130 billion before being reduced to P48 billion. "We have nothing to share at this point beyond the disclosure," the company said when asked for confirmation and clarification.

The company said that it is undertaking a management reorganization process and has initiated improvements in its processes and systems to address weaknesses.

Anabelle L. Chua, PLDT's chief financial officer, is in charge of overseeing the company's financial activities. The company has so far announced three major appointments: Danny Y. Yu as group controller effective Nov. 17 and Emmanuel Ramon C. Lorenzana and Joseph Ian G. Gendrano as

chief transformation and customer officer and chief technology officer, respectively, effective Jan. 1.

Joey Roxas, president of Eagle Equities, Inc., told *BusinessWorld* Live on OneNews that the budget overrun may have come in trickles.

"I think... it wasn't noticed immediately, and that's why we're looking now at four years," he said.

He also said that the budget overrun can be lower than the P48 billion stated in PLDT's disclosure. "In the press release, it's a maximum of P48 billion, and that figure... can go down."

"The other thing also is they're planning to sell more towers next year," he added.

The P48-billion budget overrun represents 12.7% of PLDT's P379-billion capital expenditure over the past four years.

**INVESTIGATION**

According to the Securities and Exchange Commission (SEC), it is closely monitoring issues that have arisen from the announcement of PLDT regarding the budget overrun as well "selloff in shares" prior to the disclosure on Friday last week.

These are "areas of concern for the commission being the regulator of the securities market and the champion of investor protection in the country," the SEC said in a statement on Monday.

"In this light, the SEC has immediately commenced an inquiry into the matter," the regulator said.

At the same time, the SEC said that PLDT needs to clarify its disclosures to the commission and The Philippine Stock Exchange, Inc. (PSE) in relation to statements attributed by the media to the company and its officers, especially with regard to the nature of the P48-billion expenditure.

"The SEC has likewise directed PSE and Capital Markets Integrity Corp. (CMIC) to submit initial reports on their investigation into

the trading activities that have resulted in the sudden and sharp decline in the share prices of PLDT before the official disclosure of the 'budget overruns,' among others," the regulator noted.

CMIC serves as the independent audit, surveillance and compliance arm of PSE.

The regulator vowed to closely monitor the investigation.

"[The SEC] will continue to conduct a parallel, independent inquiry into the matter to safeguard the interest of the investing public," it said.

PLDT's Ms. Chua also sits on the board of the PSE, which is also conducting an investigation. The PSE has yet to respond to *BusinessWorld's* request for comment.

Hastings Holdings, Inc., a unit of PLDT Beneficial Trust Fund subsidiary MediaQuest Holdings, Inc., has a stake in *BusinessWorld* through the Philippine Star Group, which it controls. — **with input from Justine Irish D. Tabile**

# Meralco asks court to lift TRO on power supply deal

MANILA Electric Co. (Meralco) said on Monday that it had asked the Court of Appeals (CA) to lift the temporary restraining order (TRO) suspending the implementation of the power supply deal between the electricity distributor and a unit of SMC Global Power Holdings Corp.

In a statement, Meralco also said that it had asked the CA to junk an application of SMC Global Power unit South Premier Power Corp. (SPPC) for a writ of preliminary injunction.

Meralco said its motion dated Dec. 19, "cited the disruption of basic and essential services being rendered by SPPC, contrary to the objective of the TRO, and to the detriment of millions of Filipinos served by the power distributor."

"With due respect, the grant of the TRO was not in furtherance of the 'interest of the general public,'" it added.

The company also reiterated that it intends "to protect the public and in accordance with its obligation to provide its customers with the least cost of electricity."

In November, the CA granted a TRO in favor of SMC Global Power, which eventually led to the cessation of the power supply agreement (PSA) between SPPC and Meralco. The supply deal covers 670 megawatts (MW) of capacity for 10 years.

SPPC, the administrator of the natural gas-fired power plant in Ilijan, Batangas, stopped supplying power to Meralco starting Dec. 7 after the issuance of the TRO, which came after the Energy Regulatory Commission (ERC) denied its petition for a temporary rate increase.

Meralco has been sourcing power from the Wholesale Electricity Spot Market (WESM), which typically costs more and is volatile. It has then asked

SPPC to pay the added cost incurred for sourcing power from WESM.

The power distributor said that the CA should lift the TRO and should order SPPC "to continuously implement the PSA in order to bring back the scenario that would serve and protect the public from the unnecessary burden of increased electricity costs."

It also noted that Republic Act No. 9136 or the Electric Power Industry Reform Act of 2001 (EPIRA) states that the supply sector is a business affected by public interest and that SPPC must "give way to serve a higher end for the interest of the public."

In a statement on Dec. 15, Meralco said that it had secured a 300-MW emergency PSA with Aboitiz Power Corp. but only until Jan. 25.

SMC Global Power sought a temporary rate increase, jointly filed with Meralco, saying that SPPC and another

unit — San Miguel Energy Corp. (SMEC), the administrator of the coal power plant in Sual, Pangasinan — incurred a combined loss of P15 billion.

SMC Global Power said it seeks to recover part or P5 billion of the combined losses of its units.

The company cited a "change in circumstance" when surging fuel costs breached the price range contemplated during the execution of the contracts with Meralco. However, the ERC denied the petition, saying it had no basis as their PSA is a fixed-rate contract.

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. — **Ashley Erika O. Jose**

# Robinsons Bank, Shakey's partner for franchisee loan program

SHAKEY's Pizza Asia Ventures, Inc. has partnered up with Robinsons Bank Corp. for its first franchisee loan program with its aim of promoting entrepreneurship among Potato Corner franchisees.

The loan program will allow faster and more convenient access to funds for small- and medium-sized enterprises, which include Potato Corner franchisees.

Vicente L. Gregorio, president and chief executive officer of Shakey's, said he is glad that the group can help franchisees, microbusinesses and small and medium enterprises.

"Our franchisees are the lifeblood of Potato Corner. Through the pandemic and back, they remained resilient and are now reaping the benefits of the reopening," Mr. Gregorio added.

Shakey's is a fast-casual restaurant that focuses on family casual dining. In 2022, it acquired Potato Corner, a food kiosk brand that is known for its flavored fries.

In the three months that ended September, Shakey's net income stood at P590.94 million, turning around from a net loss of P31.79 million in the previous year.

The company's topline rose to P6.5 billion during the quarter, up by 81.5% from P3.58 billion a year ago. Royalty and franchise fees went up by 37% to P271.99 million from P171.32 million in 2021.

In the third quarter, Potato Corner registered a same-store sales growth of 32% due to the improvement in foot traffic.

Third-quarter system-wide sales in Shakey's likewise grew to P9.61 billion, almost two times last year's P4.85 billion, which the company attributed to the dine-in resurgence and integration of Potato Corner's operations.

In the third quarter, Potato Corner opened 71 new outlets and its first independent drive-thru store along E. Rodriguez Ave., Quezon City.

Shakey's said that there will be more store openings in the last quarter of the year after it opened 35 new stores in Thailand, Singapore, China and Canada, among others, as of September.

"Potato Corner has come a long way... I am deeply grateful and humbled for the Shakey's Group to be its new custodian, and I look forward to more growth and prosperity for the brand and for our franchisees," said Mr. Gregorio.

At present, Potato Corner has more than 1,100 stores in the Philippines and is present in countries including Thailand, Singapore, China and Canada. — **Justine Irish D. Tabile**

# Globe transfers 159 towers to MIESCOR for P1.9 billion

AYALA-LED Globe Telecom, Inc. announced on Monday that it recently received P1.9 billion for 159 towers bought by MIESCOR Infrastructure Development Corp. (MIDC).

"With this latest closing, a total of 860 out of the 2,180 towers have been successfully turned over to MIDC," Globe said in a disclosure to the stock exchange.

"These tower assets are composed of 120 ground-based towers and 39 rooftop towers," the company added.

According to the company, proceeds from the sale will be used to pay down debt and capital expenditures to support its ongoing network expansion.

"Cumulatively, Globe has already completed 34% of the sale or a total of 2,410 towers out of 7,059 have been transferred to the tower companies," the company said. Subsequent closings will take place next year.

Globe Chief Finance Officer Rizza Maniego-Eala said that the transaction has been

progressing as scheduled and has already raised nearly P30 billion.

"Monetizing our tower assets is very timely because it has allowed us to keep our balance sheet healthy amid a rising interest rate environment," she added.

MIDC is a joint venture of Manila Electric Co. (Meralco) subsidiary MIESCOR and Stonepeak, an alternative investment firm specializing in infrastructure and real assets.

"This latest milestone in our collaboration with Globe brings us closer to realizing our shared mission of improved internet connectivity which is essential in our post-pandemic economic recovery," MIDC President and Chief Executive Officer Helen Grace T. Marquez said in a statement.

"This will eventually help us achieve our vision of becoming a major provider of sustainable digital infrastructure in the Philippines," she added. — **Arjay L. Balinbin**

# D&L Industries to push for more sustainable consumer products

D&L INDUSTRIES, Inc. plans to make more sustainable consumer products that will be distributed through its sister marketing company, Consumer Care Products, Inc.

"These are the types of products that we're going into more in our group. Our group is really known for business-to-business, meaning 'yong binebenta namin binibili ng ibang kumpanya' (what we sell are bought by other companies)," D&L President and Chief Executive Officer Alvin D. Lao said in a chance interview.

According to Mr. Lao, what would make the initiative different is that D&L will be the one to produce everything for the products — from the packaging up to the content.

"We make the products ourselves..." *Yung laman, 'yung formulation, 'yung sourcing ng bote at ng dispenser* (the content, the formulation and the sourcing for the bottles and dispensers)," he said.

"[We create the plastics and the content] but we never put it together. So, now we are starting to put it together," Mr. Lao said.

D&L recently announced the launching of its non-toxic and 100% natural body soap, Dr. Coco Natural Body Soap, which followed the launch of its all-natural hand soap under the same brand during the pandemic.

"This product uses coconut oil. There's no toxic ingredient inside. It is biodegradable, we can actually say it's 100% natural and it is non-toxic. So, it's better for health and better for the environment," Mr. Lao said.

"In the next few weeks, you will see this being launched on Shopee, Lazada and other places," Mr. Lao said.

Dr. Coco products will only be distributed locally, Mr. Lao said, as there are no plans yet to enter the global

market amid the strong demand for consumer care products in the country.

"This is a brand we created. Our own brand but under a marketing company. For the purpose of D&L, it's really to highlight that we are capable of coming out with a complete package," he said.

Dr. Coco Body Soap will be a premium product that will be tapping the upscale market, which Mr. Lao expects to be big.

"Everyone takes a bath; everyone washes their hands. Filipinos are famous for bathing two to three times a day. So, the market is quite big," he said. "As an industry, it's huge, many many billions in the country... 110 million Filipinos, most take a bath twice a day, that's a big market," he added.

Mr. Lao said there are no plans yet of infusing the consumer product company into D&L while the group is studying how the union will work.

"We are nervous about looking like we are competing with our customers so we want to be careful. So, for now, it's separated," Mr. Lao said.

"Our focus as D&L is not retail, it's really the creation of the total package for our customers. So, we can go to any company, any brand who wants a product to be made. We are a one-stop-shop, so we can do everything for them," he added.

D&L marked the launch of the Dr. Coco products as its first step in manufacturing customized consumer products.

"Our intent is not to compete as a brand, because marketing is not our strength, it's manufacturing," Mr. Lao said.

He said that the company has consumer care products lined up but it has yet to decide what to launch first.

"We have to see first. We haven't decided yet which one to launch first but there's a lot [in the pipeline]," he added. — **Justine Irish D. Tabile**