

Philippine Stock Exchange index (PSEi)

6,496.50 ▼ 70.30 PTS. ▼ 1.07%

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BusinessWorld

PSEi MEMBER STOCKS

<b>AC</b> Ayala Corp. P660.00 -P40.00 -5.71%	<b>ACEN</b> ACEN Corp. P7.40 -P0.10 -1.33%	<b>AEV</b> Aboitiz Equity Ventures, Inc. P54.90 +P0.60 +1.10%	<b>AGI</b> Alliance Global Group, Inc. P10.70 +P0.32 +3.08%	<b>ALI</b> Ayala Land, Inc. P29.25 +P0.25 +0.86%	<b>AP</b> Aboitiz Power Corp. P34.00 -P0.15 -0.44%	<b>BDO</b> BDO Unibank, Inc. P107.20 -P3.30 -2.99%	<b>BPI</b> Bank of the Philippine Islands P99.95 -P0.05 -0.05%	<b>CNVRG</b> Converge ICT Solutions, Inc. P13.74 -P0.54 -3.78%	<b>EMI</b> Emperador, Inc. P19.96 -P0.34 -1.67%
<b>GLO</b> Globe Telecom, Inc. P2,070.00 -P126.00 -5.74%	<b>GTCAP</b> GT Capital Holdings, Inc. P412.00 -P10.00 -2.37%	<b>ICT</b> International Container Terminal Services, Inc. P205.00 +P1.00 +0.49%	<b>JFC</b> Jollibee Foods Corp. P231.00 -P2.00 -0.86%	<b>JGS</b> JG Summit Holdings, Inc. P49.00 ---	<b>LTG</b> LT Group, Inc. P8.92 +P0.04 +0.45%	<b>MBT</b> Metropolitan Bank & Trust Co. P55.55 +P1.55 +2.87%	<b>MEG</b> Megaworld Corp. P2.12 -P0.04 -1.85%	<b>MER</b> Manila Electric Co. P293.60 +P6.80 +2.37%	<b>MONDE</b> Monde Nissin Corp. P11.30 +P0.20 +1.80%
<b>MPI</b> Metro Pacific Investments Corp. P3.32 -P0.10 -2.92%	<b>PGOLD</b> Puregold Price Club, Inc. P34.85 +P1.05 +3.11%	<b>RLC</b> Robinsons Land Corp. P15.54 -P0.10 -0.64%	<b>SCC</b> Semirara Mining and Power Corp. P33.40 -P0.05 -0.15%	<b>SM</b> SM Investments Corp. P929.00 -P1.00 -0.11%	<b>SMC</b> San Miguel Corp. P96.00 +P1.90 +2.02%	<b>SMPH</b> SM Prime Holdings, Inc. P33.30 -P1.40 -4.03%	<b>TEL</b> PLDT, Inc. P1,478.00 -P63.00 -4.09%	<b>URC</b> Universal Robina Corp. P134.00 +P0.60 +0.45%	<b>WLCON</b> Wilcon Depot, Inc. P29.85 -P0.90 -2.93%

# Investors await PLDT move on budget overrun

By Arjay L. Balinbin  
Senior Reporter

INVESTORS and shareholders will be watching closely how the management team of PLDT, Inc. will respond to an estimated P48-billion budget overrun from 2019 to 2022, according to analysts.

Telecommunications provider PLDT led by Manuel V. Pangilinan is reorganizing its management after discovering the budget overrun, representing 12.7% of its P379-billion capital expenditure (capex) over the past four years, the company announced on Friday.

“Investors would like to see what will be PLDT’s response to these budget overruns — how to pay it off [and] how to curb while still being competitive in the market,” Regina Capital Development Corp. Head of Sales Luis A. Limlingan told *BusinessWorld* in a phone message on Sunday.

According to PLDT, its ongoing internal investigation “has, so far, not uncovered any fraudulent transactions, procurement anomalies, or loss of assets arising from the capex spend.”

“The sooner the public knows, the better,” Mr. Limlingan said.

According to PLDT, a separate announcement will be made once the reorganization is implemented.

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.

*BusinessWorld* is awaiting clarification from PLDT on a news report by the *Philippine Daily Inquirer* on Dec. 17, citing an interview with Mr. Pangilinan, that “anomalous supply deals” were initially estimated to be

close to P130 billion before being reduced to P48 billion.

Antonio A. Ligon, a law and business professor at De La Salle University, said, “Whether it’s private or public funds, when resources are not utilized properly, the public must be concerned.”

He said that the PLDT management team may have to look into the company’s good corporate governance.

“When they investigate the matter, they should look into how it happened, where the money went, and if it can be recovered,” Mr. Ligon said in a phone interview on Sunday.

He said that when individuals invest, they are aware of the

risks, “but if it’s lost because of an anomaly, it is something else, which will undermine their trust and confidence.”

When asked how the issue will affect the company’s financial performance, Mr. Ligon said, “I’m sure there is accounting for internal control, and now you will conduct an audit separate from that, so it doubles the work and thus doubles the costs.”

Terry L. Ridon, a public investment analyst and convenor of think tank InfraWatch PH, said that investors should “positively consider the immediate action taken by the PLDT management team to undertake measures to stop the cost

overrun upon the discovery of anomalous deals.”

“This is proof of its commitment to good corporate governance,” he said in a phone message.

Mercantile Securities Corp. Analyst Jeff Radley C. See said that the issue will create a “negative sentiment” among investors.

“Investors will see stronger selling pressure in the coming weeks,” he noted.

“There will be knee-jerk reactions for sure since 12.7% is a huge budget overrun. It is uncommon since companies would [normally] have a single digit or less than 5% budget overrun,” Mr. See also said.

# PSE backs creation of Maharlika Investment Fund

THE Philippine Stock Exchange, Inc. (PSE) voiced its support for the proposed creation of the Maharlika Investment Fund (MIF), saying that it would help develop the country’s capital markets.

PSE President and Chief Executive Officer Ramon S. Monzon said in a statement that the local bourse operator is in favor of House Bill (HB) No. 6608, which seeks to establish the sovereign wealth fund called MIF.

“Since the MIF seeks to attract and invest capital for big-ticket infrastruc-

ture projects, sustainable green and blue infrastructures and countryside development, we believe these investments will create a multiplier effect that would attract more fund-raising activities and portfolio investments and in turn contribute to the growth and development of our capital markets,” Mr. Monzon said.

“The PSE supports the recently approved HB No. 6608 establishing the MIF. The PSE’s primary mission is to facilitate the flow of capital into more productive and beneficial channels and

as a result, contribute to efficient capital formation for the country,” he added.

On Thursday, the House of Representatives passed the bill on third and final reading, with 279 lawmakers voting for it, six voting against it, and zero abstaining.

President Ferdinand R. Marcos, Jr. previously certified the bill as urgent.

Under the proposed measure, the MIF will source its seed capital worth P110 billion from the dividends of the Bangko Sentral ng Pilipinas, and the investible funds of state-led financial

institutions Land Bank of the Philippines and Development Bank of the Philippines.

Mr. Marcos previously said that the MIF’s creation would help entice more investments and economic development in the country.

The government is reportedly going to use the MIF to invest in foreign currencies, fixed-income instruments, domestic and foreign corporate bonds, commercial real estate, and infrastructure projects. — **Revin Mikhael D. Ochoa**

## PAL to study Manila-Brussels direct flights

PHILIPPINE Airlines, Inc. (PAL) is studying possible direct flights to Brussels after President Ferdinand R. Marcos Jr. met with Belgian airport executives last week, according to the flag carrier’s spokesperson.

“We will work with the government in studying possible options to assess the viability of any future EU (European Union) operations,” PAL Spokesperson Cielo C. Villaluna said in a Viber message when asked to comment on the idea of direct flights to Belgium.

Arnaud Feist, chief executive officer of the Brussels Airport Company, told the Philippine president last week that direct flights would be a “win-win” for both countries as it would increase travel options among tourists from Western Europe and Southeast Asia.

Mr. Marcos backed the proposal, saying it would make more areas accessible for both foreigners and Filipinos.

“When we talk about Brussels, in our mind, it’s really Western Europe because, very clearly, Brussels is the center of that. And that is something of great interest,” he told Belgian airport officials.

The president was accompanied by House Speaker Ferdinand Martin G. Romualdez, Senator Mark A. Villar, and officials from the Department of Trade and Industry, the Department of Transportation, and PAL.

Stanley K. Ng, president and chief operating officer of PAL Holdings, Inc., said in the same meeting that direct flights to Belgium could increase economic activity in the Philippines. PAL Holdings is the listed company that operates Philippines Airlines.

In October, Mr. Ng said the country’s flag carrier is expected to make a full recovery in domestic sales and reach 70% of pre-pandemic levels in international sales by this month.

PAL made \$1.1 billion in revenues in the first half of the year, which translates to a growth of 258% in passenger revenues and 31% in cargo revenues from the same period last year.

European airlines have posted increasing profits during the northern hemisphere summer from June to August as people took advantage of traveling without pandemic restrictions.

“We look forward to exploring opportunities for direct flights to the European Union,” Ms. Villaluna said, citing what was discussed by the Philippine government with Belgian authorities during Mr. Marcos’ Brussels visit. — **John Victor D. Ordoñez**

### OUTLIER

## Cash dividend lifts BDO

BDO Unibank, Inc. was last week’s most actively traded stock after disclosing a cash dividend declaration on the common shares of stockholders earlier this month.

A total of 26.03 million BDO shares worth P2.89 billion exchanged hands on the trading floor during the Dec. 12-16 week, data from the Philippine Stock Exchange showed.

The Sy-led lender’s share price closed at P107.20 apiece, down 0.3% from P107.50 on Dec. 9. The bank’s share price slipped 11.2% since the start of the year.

For three days last week, its stock gained 3%, 1.6%, and 1%, respectively, from Dec. 12 to 14.

“The main factor that pushed BDO to be one of the most active stocks is its disclosure of stock and cash dividends declaration within this month,” Aniceto K. Pangan, equity trader at Diversified Securities, Inc. said in an e-mail.

In a disclosure to the stock exchange on Dec. 3, BDO said its board of directors approved the declaration of regular cash dividends on common shares amounting to P1.58 billion or P0.30 per share, payable on Dec. 29 to all stockholders on record as of Dec. 20.

On March 26, the BDO board agreed to the declaration of a 20% stock dividend, an increase in its authorized capital stock (common shares) to 8.5 billion shares from 5.5 billion, and an amendment to its articles of incorporation to reflect the increase.

The disclosure also noted that the cash and stock dividend declarations reflect BDO’s commitment to providing consistent, steady returns and value to its shareholders.

BDO’s consolidated net income in the third quarter increased by 46.1% to P16.12 billion as its gross revenues grew by 18.6% to P43.37 billion year on year.

Its profit for nine months to September went up by 23.6% to P40.16 billion. Nine-month gross revenues rose 10.9% to P119.67 billion.

Diversified Securities’ Mr. Pangan estimates revenues of P240 billion for BDO this year.

“BDO is expected to continue to grow its revenue for the year with the ease in mobility restrictions,” said Mr. Pangan.

For this week, Mr. Pangan expects BDO’s stock to range from its immediate support of P102 apiece to its immediate resistance of P115.00 per share. — **Lourdes O. Pilar**

# AboitizPower eyes nuclear project

ABOITIZ Power Corp. (AboitizPower) is exploring possible investments in a nuclear energy project, its top official said, adding that the listed company has ongoing talks with foreign entities on the matter.

“We are in a regular discussion with Rolls-Royce and NuScale, I think these are two entities that are ahead in terms of SMR (small modular reactor) development. From what we are told the earliest commercial operations of SMR will be in 2028,” AboitizPower President and Chief Executive Officer Emmanuel V. Rubio told reporters in a gathering on Dec. 15.

He did not give details of the involved companies nor the stage of their discussions.

On its website, Rolls-Royce SMR Ltd. said that it had designed a factory-built nuclear

power plant that will offer clean, affordable energy. NuScale Power, LLC describes itself on its website as “the global leader” in small modular reactor technology.

Mr. Rubio said that more than the technology, the permitting process, and the safety policies should also be in place.

“For the Bataan Nuclear Power Plant (BNPP), I believe most of the agreements for the Philippines to install BNPP have expired,” he said, adding that for the safety policies, the country has to follow requirements of the International Atomic Energy Agency (IAEA).

“The permitting, the country-to-country agreements, the regulations, we have to follow that,” he said.

Mr. Rubio added that the projected year, 2028, for a commer-

cially operating facility gives the country time to develop a policy.

He said that AboitizPower is looking at SMRs as an option because its size and flexibility will be the suitable technology for the Philippines.

“When we develop nuclear, I think social acceptability should be on the top of our list. I think there has to be some government participation when anyone develops nuclear capability,” Mr. Rubio said.

Meanwhile, Mr. Rubio also said that the company is also pushing through with its plan to venture into liquefied natural gas (LNG).

“We are considering Naga as an option for our LNG site. We have a site in Naga, Cebu — the location of our old coal plant,” he said. — **Ashley Erika O. Jose**

## MPTC finalizing plan for NLEX-Cavitex Port expressway

METRO PACIFIC Tollways Corp. (MPTC) will be studying the viability of the NLEX-Cavitex Port Expressway Link project, which may cost more as construction of a tunnel is needed, an official said.

“We are finalizing the technical study, and we will assess the viability based on the numbers from the technical design,” MPTC Chief Financial Officer Christopher Daniel C. Lizo told *BusinessWorld* recently.

The 15-kilometer (km) expressway project, which will run from North Luzon Expressway (NLEX) Segment 10 to Manila-Cavite Expressway (CAVITEX), is expected to provide an ideal truck route directly linked to Manila Port Area.

The P92-billion project has three sections: the 5.7-km C3 Road to Anda Circle, the 4.8-km Connection from CAVITEX to Buendia Ave., and the 4.6-km Buendia Ave. to Anda Circle.

“This may take time as there are many challenges because the port expressway project will pass by the US Embassy and Manila Bay,” Mr. Lizo said in a mix of English and Filipino.

“You cannot obstruct the view and there are more security requirements if there’s an embassy,” he added.

He also noted that a tunnel will be needed, which means that the company will also have to set aside a budget for the purchase of a tunnel-boring machine.

“It’s a technical problem. As it gets more complex, it gets more expensive,” Mr. Lizo said.

The project is a joint unsolicited proposal submitted by NLEX Corp. and Cavitex Infrastructure Corp. to the Department of Public Works and Highways (DPWH) in 2019.

NLEX Corp. said in April that it was awaiting approval from the Toll Regulatory Board for the implementation of the first section of the proposed project.

The NLEX-CAVITEX Port Expressway Link project, once completed, is expected to “stimulate development in Manila, Caloocan, Malabon and Navotas, as well as its surrounding areas,” the DPWH said on its website. — **Arjay L. Balinbin**

FULL STORY



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