

## Philippine Stock Exchange index (PSEi)

6,541.03

▼ 35.91 PTS.

▼ 0.54%

## PSEi MEMBER STOCKS

<b>AC</b> Ayala Corp. P696.00 -P16.00 -2.25%	<b>ACEN</b> ACEN Corp. P7.56 +P0.01 +0.13%	<b>AEV</b> Aboitiz Equity Ventures, Inc. P56.80 -P0.20 -0.35%	<b>AGI</b> Alliance Global Group, Inc. P11.70 -P0.18 -1.52%	<b>ALI</b> Ayala Land, Inc. P29.20 -P0.70 -2.34%	<b>AP</b> Aboitiz Power Corp. P34.00 +P0.55 +1.64%	<b>BDO</b> BDO Unibank, Inc. P106.80 -P1.20 -1.11%	<b>BPI</b> Bank of the Philippine Islands P99.80 -P0.20 -0.20%	<b>CNVRG</b> Converge ICT Solutions, Inc. P13.92 -P0.08 -0.57%	<b>EMI</b> Emperador, Inc. P20.80 +P0.15 +0.73%
<b>GLO</b> Globe Telecom, Inc. P2,194.00 -P4.00 -0.18%	<b>GTCAP</b> GT Capital Holdings, Inc. P434.00 +P4.00 +0.93%	<b>ICT</b> International Container Terminal Services, Inc. P204.00 +P6.00 +3.03%	<b>JFC</b> Jollibee Foods Corp. P230.00 -P0.20 -0.09%	<b>JGS</b> JG Summit Holdings, Inc. P49.85 -P0.15 -0.30%	<b>LTG</b> LT Group, Inc. P9.00 -P0.09 -0.99%	<b>MBT</b> Metropolitan Bank & Trust Co. P54.95 -P1.35 -2.40%	<b>MEG</b> Megaworld Corp. P2.11 -P0.02 -0.94%	<b>MER</b> Manila Electric Co. P283.60 -P3.40 -1.18%	<b>MONDE</b> Monde Nissin Corp. P11.70 +P0.40 +3.54%
<b>MPI</b> Metro Pacific Investments Corp. P3.42 -P0.05 -1.44%	<b>PGOLD</b> Puregold Price Club, Inc. P33.90 -P0.10 -0.29%	<b>RLC</b> Robinsons Land Corp. P15.00 -P0.10 -0.66%	<b>SCC</b> Semirara Mining and Power Corp. P35.00 -P0.15 -0.43%	<b>SM</b> SM Investments Corp. P914.00 -P12.00 -1.30%	<b>SMC</b> San Miguel Corp. P94.20 -P0.75 -0.79%	<b>SMPH</b> SM Prime Holdings, Inc. P35.50 +P0.05 +0.14%	<b>TEL</b> PLDT, Inc. P1,230.00 -P19.00 -1.52%	<b>URC</b> Universal Robina Corp. P137.60 +P0.20 +0.15%	<b>WLCON</b> Wilcon Depot, Inc. P29.20 -P0.80 -2.67%

## More US law firms probing PLDT on budget overrun

By Arjay L. Balinbin  
Senior Reporter

MORE US law firms said that they would investigate, on behalf of investors, possible violations by PLDT Inc. of federal securities laws after it disclosed a P48-billion budget overrun.

New York-based Kirby McInerney LLP announced on Dec. 23 that it was "investigating potential claims against PLDT."

PLDT, a Philippine telecommunications company, has shares of common stock listed on the Philippine Stock Exchange and American Depositary Shares listed on the New York Stock Exchange.

"The investigation concerns whether PLDT and/or certain of its officers have violated the

federal securities laws and/or engaged in other unlawful business practices," Kirby McInerney LLP said in a statement.

US law firm Kirby McInerney LLP focuses on cases involving securities, antitrust, whistleblower, and consumer litigation.

On Dec. 20, Robbins Geller Rudman & Dowd LLP also announced an investigation into "potential violations" of federal securities laws by the Pangilinan-led company.

The investigation would focus on "whether PLDT and certain of its top executive officers made false and misleading statements and/or failed to disclose material information to investors," the law firm said in a statement.

Robbins Geller Rudman & Dowd LLP describes itself as "one

of the world's leading complex class action firms representing plaintiffs in securities fraud cases."

PLDT disclosed on Dec. 16 a P48-billion budget overrun representing about 12.7% of its P379-billion capital expenditure (capex) over the past four years.

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

"The price of PLDT shares declined by \$6.35, or approximately 23.69%, from \$26.81 per share to close at \$20.46 on Dec. 19," the law firm of Kirby McInerney LLP said.

In the Philippines, PLDT shares closed 19.35% lower at P1,192 apiece on Dec. 19.

The law offices of Glancy Prongay & Murray LLP, Howard

G. Smith, Frank R. Cruz, Johnson Fistel LLP, and The Schall Law Firm have all announced that they would look into PLDT.

*BusinessWorld* is still awaiting comment from PLDT on this matter.

In a disclosure to the stock exchange on Dec. 22, PLDT said that it "may incur additional debt in the short term."

"The plan to borrow P35-45 billion in the next two years is for general corporate purposes including, but not limited to, payment of capex and dividends," the company noted.

The company attributed its budget overspending to "site rollout, transport projects, and ports rollout."

"5G assets... were cited as an example [during a recent special

briefing], but they do not comprise the bulk of the P48 billion capex overrun," it added.

The company also said that the deferral of the 5G rollout was in relation to the tepid market adoption of 5G handsets given that these are "still not affordable for most of the Philippine prepaid market."

PLDT Chief Executive Officer and President Alfredo S. Panlilio said in a separate disclosure that a confluence of factors, such as years of underinvestment, heightened competition, and the strong demand for fiber connections during the coronavirus pandemic, led to the overspending.

Other factors were "the threat from former President Rodrigo R. Duterte for telcos to shape up; intense competition in the telco sector with the then anticipated

entry of DITO Telecommunity Corp. funded by China Telecom Corp., Ltd., as well as the emergence of a competitor in the fiber space, Converge ICT Solutions, Inc.," he added.

The company plans to reduce fresh capex starting in 2023. "Thereafter, we expect capex to reduce steadily. 2023 will be a year of consolidation as we continue to strengthen and grow the business. We strive to be better," Mr. Panlilio said.

PLDT shares closed 1.52% lower at P1,230 apiece on Dec. 23.

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.

## PLDT on unsteady footing amid dampened investor confidence

By Justine Irish D. Tabile

THE stock market operator is reviewing whether PLDT Inc. adequately and timely disclosed material information after its shares slumped on Dec. 16 right before its disclosure of a big budget overrun.

"We're a little concerned with the impact as the confidence of investors in the stock market has been seriously affected considering that the PLDT is one of the biggest index stocks," Ramon S. Monzon, Philippine Stock Exchange (PSE) president and chief executive officer, told *BusinessWorld* in a recent interview.

He said it was important for the PSE to look into the PLDT issue because of its impact on the market.

"The question that comes to my mind is should they have disclosed earlier or not? Is their disclosure adequate or not? We are having them clarify things because for us, if [the issue] was being investigated for more than a month,

at least let people know about the problem," he added.

On Dec. 16, shares in PLDT plunged by 4.09% to P1,478 apiece just before the company disclosed its P48-billion budget overrun, which it uncovered through an internal investigation.

PLDT shares continued their decline the following week, slumping by 19.35% on Dec. 19 to P1,192 and by 0.17% to P1,190 on Dec. 20.

"PLDT started its decline as early as Dec. 12. I think that was just due to a simple technical correction. It closed the week prior in the green," Globalinks Securities and Stocks, Inc. Head of Sales Trading Toby Allan C. Arce said in a Viber message.

"The news of the budget overruns that triggered a management revamp just spooked investors and exacerbated the sell-off," he added.

"There were already negative speculations running around the market after the stock closed at P1,541 on Dec 15, 11% lower than Friday's close of the previous week," AP Securities, Inc. Equity Research Analyst Carlos Angelo O. Temporal said in a Viber message.

"Looking at the charts, PLDT was already in its fourth day of consecutive declines prior to Dec. 16 and this may have prompted traders to trim their exposure while they search for clues that may explain the fuss about the company," Mr. Temporal added.

Shares in PLDT managed to regain their footing on Dec. 20 after gaining 5.04% to P1,250 each.

"It may take a while for confidence in its local shares to return, as evidenced by continuous net foreign selling. But, yes, it has recovered a bit of its market price and PLDT remains to be a reputable company. Its stock price is just finding new footing," Mr. Arce said.

PLDT held a special investors' briefing on Dec. 21, in which it addressed its elevated capital expenditure (capex).

"The special briefing that PLDT held last week was able to ease the clamor but there are still a lot of questions left unanswered and management has yet to come up with the final figure for the so-called [capex] overrun," Mr. Temporal said.

"Given these, we expect the market to remain uneasy on PLDT and volatility to persist. At this moment, fundamentals — attractive industry structure, rosy revenue outlook, etc. — are unlikely to be appreciated in the market amid the whole fiasco and I think the company would need to make drastic management shake-ups before we see an adequate recovery in market confidence," he added.

Meanwhile, Mr. Arce said that the company did its due diligence and ended up regaining some part of its stock price that got wiped out in Monday's sell-off.

"Before PLDT could issue an official statement, it first had to understand the range of issues involved and the extent of the matter even as there were rumors already circulating. Until the information was complete, any announcement would have been premature, to the detriment of the public shareholders," he added.

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.

## Spectrum installs solar PV system in OB Montessori Center Fairview

MSPECTRUM, Inc. (Spectrum) is set to energize the Operation Brotherhood (OB) Montessori Center with renewable energy, the renewable energy firm announced on Monday.

In a media release, Spectrum said it would install a 99-kilowatt-peak (kWp) solar photovoltaic (PV) system in the educational institution that will generate 132,000 kilowatt-hours of clean energy annually.

Spectrum said the installation would translate to an estimated savings of P900,000 per year for OB Montessori.

The partnership between Spectrum and OB Montessori is part of the latter's commitment to sustainability and goal of helping the country reduce its carbon footprint.

The solar rooftop project is also expected to reduce OB Montessori's carbon footprint by 94 tons, once the project is completed, Spectrum said. The reduction is equivalent to cutting around 232,200 miles in vehicle travel per year. Spectrum did not specify the timeline of the project's completion.

"Through Spectrum's energy expertise and end-to-end solar solutions, OB Montessori is assured to receive not just excellent and reliable service but also the necessary strong support that they will need as they transition to clean energy to further advance their existing sustainability practices," Spectrum Chief Operating Officer Patrick Henry T. Panlilio said in a media release.

Renewable energy firm Spectrum provides tailor-fit solutions for industrial, commercial, and residential customers through an in-depth understanding of energy consumption behavior. It is backed by Meralco's energy expertise and proven safety track record.

According to the press release, OB Montessori was established in 1983 and offers academic programs for preschool up to senior high school. It has five campuses located in Greenhills in San Juan City; Sta. Ana in Manila; Fairview in Quezon City; Angeles in Pampanga; and Las Piñas City.

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**

## ESG professionals needed to move businesses' sustainability agenda

COMPANIES preparing sustainability reports suffer costs for not having professionals knowledgeable in environmental, social and governance (ESG) processes, said an official of a company with buildings awarded for their design excellence.

Raymond D. Rufino, chief executive officer of Neo Group, said doing sustainability reports and securing building certifications are inexpensive but companies need to allot resources for these.

"It's not expensive but you need to have a budget, especially for people. These people put the data, they do the measures, there are people who will do the reporting," Mr. Rufino said in an interview with *BusinessWorld*.

Companies can hire a third-party consultant who can check whether reports and measurements meet the required standards but they still need their own team to do the report, he said.

"If you don't have the team to do the report, you can get consultants and this is where it becomes kind of costly," he added.

Putting up a building can be costly for a company but it should

also set aside a budget for human resources especially amid the low number of ESG professionals, according to Mr. Rufino.

"*Kaya sana 'yung schools magkaroon sila ng* (I hope schools will start putting in) courses on ESG professionals. It should be a full course," he said.

"In my view, it should be a degree course where you put together the different components of environmental science, a little bit of engineering, a bit of marketing. It has many aspects, so I think it is a four-year course," Mr. Rufino added.

Neo Group is a unit under Sy-led SM Investments Corp. The company has seven buildings that have certifications from Building for Ecologically Responsive Design Excellence, Excellence in Design for Greater Efficiencies, WELL Building Standard, and Advancing Net Zero Philippines.

Its seven buildings are One/NEO, Two/NEO, Three/NEO, Four/NEO, Five/NEO, Six/NEO, and Seven/NEO, which are all at Bonifacio Global City in Taguig.

— **Justine Irish D. Tabile**

## Cavite gov't: San Miguel's CBEX gets lone challenger

THE provincial government of Cavite said only one challenger registered and purchased bid documents for the competitive challenge process of the Cavite-Batangas Expressway (CBEX), a 27.06-kilometer toll road proposed by San Miguel Holdings Corp. (SMHC).

"A law firm bought (the bid documents)," Cavite Governor Juanito Victor C. Remulla told *BusinessWorld* in a phone message on Monday.

"They did not divulge who they were representing," he added.

Annaliza Mercene-Pulmones, Cavite's public-private partnership selection committee secretary and provincial legal officer, confirmed the information in a separate phone message.

"We will know that during the day of submission of bid proposal on Jan. 24, 2023," she said.

The province set Dec. 12 as the deadline for potential challengers to register and purchase bid documents.

To participate, challengers had to register, submit their expressions of interest, sign the prescribed form of the non-disclosure agreement, and pay the non-refundable participation fee or cost of bid documents on or before the deadline.

The province also said that SMHC, which is the original proponent of the project, will have the right to match the offer made by the highest-ranked challenger.

The successful bidder will become the Cavite government's joint venture partner for the project. It will finance, design, construct, operate and maintain the project under a 35-year concessional period.

CBEX is a toll road traversing through the municipalities of Silang, Amadeo, Tagaytay, Indang,

Mendez, and Alfonso in Cavite, as well as Nasugbu in Batangas where a San Miguel Corp. company also operates a toll expressway: the 41.9-kilometer Southern Tagalog Arterial Road, which is commonly known as STAR Tollway.

The project is planned to have three access or interchange points. These are in Silang, Cavite; Tagaytay; and Nasugbu/Alfonso.

The province awarded SMHC the original proponent status (OPS) for the project on June 30. That status gives the private company the right to proceed with detailed negotiations and if successful, to exercise the right to match the best comparative proposal.

The Cavite government and SMHC reached successful negotiation on Sept. 1.

The Metro Pacific Tollways Corp. has said the alignment of CBEX overlaps with the company's proposed P25.24-billion Cavite-Tagaytay-Batangas Expressway (CTBEX).

CTBEX will traverse mostly the rural areas of Silang, Tagaytay, Amadeo, Mendez, Alfonso, and Magallanes in Cavite province, and Nasugbu in Batangas province. The project will have interchanges in Silang, Pook, Aguinaldo, Amadeo, Mendez, Alfonso, Magallanes, and Nasugbu.

In 2018, the Department of Public Works and Highways (DPWH) awarded MPCALA Holdings, Inc., a unit of MPTC, the OPS for CTBEX.

The DPWH said that coordination with the Metro Pacific Tollways group for the submission of the remaining documentary requirements to the National Economic and Development Authority is ongoing. — **Arjay L. Balinbin**