

Philippine Stock Exchange index (PSEi)

6,599.34

▼ 86.56 PTS.

▼ 1.29%

MONDAY, FEBRUARY 27, 2023

BusinessWorld

PSEI MEMBER STOCKS

AC Ayala Corp. P648.00 -P2.00 -0.31%	ACEN ACEN Corp. P6.60 -P0.19 -2.80%	AEV Aboitiz Equity Ventures, Inc. P54.00 -P1.00 -1.82%	AGI Alliance Global Group, Inc. P12.50 -P0.04 -0.32%	ALI Ayala Land, Inc. P28.50 +P0.45 +1.60%	AP Aboitiz Power Corp. P36.50 -P0.60 -1.62%	BDO BDO Unibank, Inc. P124.10 +P0.10 +0.08%	BPI Bank of the Philippine Islands P103.00 -P0.10 -0.10%	CNVRG Converge ICT Solutions, Inc. P15.62 -P0.82 -4.99%	DMC DMCI Holdings, Inc. P10.92 -P0.08 -0.73%
EMI Emperador, Inc. P20.60 +P0.10 +0.49%	GLO Globe Telecom, Inc. P1,871.00 -P49.00 -2.55%	GTCAP GT Capital Holdings, Inc. P495.00 -P7.00 -1.39%	ICT International Container Terminal Services, Inc. P200.00 -P9.80 -4.67%	JFC Jollibee Foods Corp. P235.20 -P2.80 -1.18%	JGS JG Summit Holdings, Inc. P50.50 -P1.70 -3.26%	LTG LT Group, Inc. P10.20 -P0.10 -0.97%	MBT Metropolitan Bank & Trust Co. P59.90 +P1.00 1.70%	MER Manila Electric Co. P314.80 +P5.60 +1.81%	MONDE Monde Nissin Corp. P11.20 -P0.50 -4.27%
MPI Metro Pacific Investments Corp. P4.06 +P0.01 +0.25%	PGOLD Puregold Price Club, Inc. P31.30 -P0.20 -0.63%	SCC Semirara Mining and Power Corp. P29.95 -P0.40 -1.32%	SM SM Investments Corp. P894.50 -P5.50 -0.61%	SMC San Miguel Corp. P107.60 +P1.60 +1.51%	SMPH SM Prime Holdings, Inc. P35.10 -P1.25 -3.44%	TEL PLDT Inc. P1,281.00 -P60.00 -4.47%	UBP Union Bank of the Philippines P87.50 —	URC Universal Robina Corp. P138.00 -P3.00 -2.13%	WLCON Wilcon Depot, Inc. P31.65 -P0.35 -1.09%

Meralco core net income rises 10% to P27 billion

Energy sales up 6%, surpass pre-pandemic levels

MANILA Electric Co. (Meralco) reported a 10.2% increase in consolidated core net income to P27.11 billion in 2022 from P24.61 billion a year earlier as strong energy sales exceeded pre-pandemic levels.

“Record high in revenues and billed volume as well,” Meralco Chairman Manuel V. Pangilinan said in a virtual briefing on Monday, describing the listed electricity seller’s performance last year. “It was a good accounting for a major portion of the national power system and power demand in the country.”

Betty C. Siy-Yap, the company’s senior vice-president and chief finance officer, said energy

sales increased by 6% to 48,916 gigawatt-hours (GWh) in 2022 from 46,073 GWh in the previous year, driven by sustained growth across all customer segments.

At the height of the pandemic in 2020, Meralco’s consolidated energy sales were recorded at 43,572 GWh, down from 46,871 GWh in 2019.

Reported net income, which is adjusted to exclude one-time charges, reached P28.43 billion, up by 21% from P23.50 billion a year earlier.

For the year, Meralco reported consolidated revenues at P426.53 billion, up by 33.9% compared to P318.55 billion recorded in 2021.

The share of the commercial segment in the sales mix continued to increase, the power distributor said. It accounted for 36% of total energy sales last year from 33% in 2021. Residences contributed 35%, down from 37%, while the industrial segment’s share was recorded at 29% from 30% in 2021.

In power generation, PacificLight Power Pte. Ltd. recorded a core net income of P12.1 billion, significantly higher than the P2.2-billion profit in 2021.

Meralco unit Meralco PowerGen Corp. (MGen) owns 58% of PacificLight, which owns and operates a combined cycle turbine

power plant in Jurong Island, Singapore.

Power generation subsidiary MGen contributed P5.5 billion to Meralco’s consolidated core net income in 2022, higher than the P1.2 billion seen in 2021.

CIS Bayad Center, Inc. contributed P67.2 million to Meralco’s consolidated core net income.

Meralco Industrial Engineering Services Corp., the engineering and construction arm of Meralco, and its two units contributed about P427.6 million to Meralco’s revenue.

The company’s costs and expenses also increased by 40.5% to P406.35 billion from P289.21 billion a year ago.

“We hope to improve on those profit, financial numbers this year but it’s too early to say [and] to provide any guidance but [the] first month was quite good and certainly better than last year’s first month,” Mr. Pangilinan said.

Consolidated capital expenditures hit P42.6 billion, higher by 54.9% than P27.5 billion in 2021, driven by the distribution utility’s projects.

The company also reported a 7% increase in its customer count to 7.63 million in 2022 from 7.41 million previously.

Meanwhile, Meralco’s average retail rate went up 15.5% to P9.52 per kilowatt-hour (kWh)

from P8.24 per kWh due to an increase in pass-through charges amid high global fuel prices, as well as higher spot market prices and peso depreciation.

At the local bourse on Monday, shares in the company gained P5.60 or 1.81% to end at P314.80 apiece.

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**

Philex Mining profit falls as sales drop and costs rise

PHILEX Mining Corp. saw its attributable net income drop by 26.9% in 2022 to P1.8 billion from P2.43 billion a year earlier as revenues declined while cost and expenses increased.

In a disclosure on Monday, the listed gold and copper producer also reported a drop in its core income to P1.73 billion last year from P2.53 billion in 2021.

The decrease came after revenues fell 5.5% to P9.26 billion from P9.8 billion previously, while cost and expenses rose 7.9% to P7.12 billion from P6.6 billion, Philex Mining’s financial report showed.

Despite the profit fall, the company maintained a positive outlook for 2023, citing the government’s pronouncement to support the mining industry which it said tempered the impact of

the pandemic, the disruption caused by Russia’s war on Ukraine, and the threat of global recession

“We did not expect the global uncertainty to wane, but we were cautiously optimistic that 2022 would be another good year for Philex,” said Philex Mining President and Chief Executive Officer Eulalio B. Austin, Jr.

“There had been operational challenges, coupled with the high levels of global inflation, the volatility of currencies and of metal prices, but with careful planning and adaptation to the changes in business conditions, we were able to achieve our targets,” he added.

Philex Mining Chairman Manuel V. Pangilinan expects the company to grow this year.

“The consensus is that global growth would slow down in 2023,” he said. “This is undoubtedly an impact still of the war in Ukraine and the collateral adverse inflationary effect on food, power, and fuel. Our country will not be spared from this deceleration, but perhaps lesser than other economies. The main hurdles would be inflation and interest rates.”

He cited the recent signing of the term sheet with Macawiwili Gold Mining and Development Co., Inc. (MGMD-CI) along with the completed confirmatory drillings that identified additional mineable reserves that extended the company’s Padcal mine life from 2024 to 2027.

He described both as “good starts to what looks like a promising year.”

“Add to this the expected developmental milestones in our ongoing Silangan project and the continued government support and it will be an exciting year for all of us,” he added.

At the start of 2023, Philex Mining signed a term sheet with MGMDCI which sought to “explore commercial, financial, and technical avenues” in preparation for possible shares acquisition of properties adjacent to the existing Padcal mine.

Philex Mining is a holding firm with a business interest in mining, energy, and hydrocarbon. It primarily engages in large-scale exploration, development, and utilization of mineral resources.

On Monday, shares in Philex Mining fell by 4.73% or 14 centavos to close at P2.82 each. — **Sheldeen Joy Talavera**

Basic Energy unit weighs Mabini wind project’s partners

LISTED firm Basic Energy Corp. said its unit had signed agreements with several entities interested in its 50-megawatt (MW) Mabini wind project in Batangas.

In a regulatory filing on Monday, Basic Energy said its subsidiary Mabini Energy Corp. signed confidentiality agreements with several parties as potential partners for the project.

The Mabini wind power project covers 4,860 hectares in the Mabini Peninsula. It is expected to operate and deliver power to the grid by 2027. Mabini Energy is said to be currently conducting a wind resource assessment for the project.

Basic Energy said Mabini Energy secured a non-disclosure agreement with unidentified entities showing interest in the wind power project based on the data gathered through its wind resource assessment.

“Encouraged by their findings, some of these firms have furthered the discussions with [Mabini Energy] and have signified their intent to submit draft term sheets as potential partners in the Mabini wind power project,” Basic Energy said.

The company added that Mabini Energy will then assess each term sheet submitted to select its potential partner.

In October last year, the company announced that it had installed a meteorological or met mast for the Mabini wind power project.

At the local bourse on Monday, shares in Basic Energy closed 3.51% lower to end at 28 centavos apiece. — **Ashley Erika O. Jose**

Digital Edge, Threadborne Group eye second data center

SINGAPORE-based Digital Edge Holdings Pte. Ltd. and the Philippines’ Threadborne Group are looking to build a bigger data center locally after they tied up to open a 10-megawatt data center in Laguna.

The two companies’ first project, NARRAI, is under a joint venture called Digital Edge Philippines, Inc. between the Rufino family’s Threadborne Group and Digital Edge.

This first venture of the Singapore data center company in the Philippines will begin its operations on March 1, with some of its racks pre-booked by service providers and enterprises.

“We are opening on March 1st. We are already pre-booked; we have booked several clients. We cannot announce the names, the utilization, but we have a pretty big pipeline,” Digital Edge Country Manager for the Philippines Victor F. Barrios said on the sidelines of a media tour.

“Our goal is to have at least more than 20 carriers in our facility to offer connectivity solutions,” Mr. Barrios said.

The two companies raised \$100 million in capital for the project, which will probably be used up in 2023, according to Threadborne Principal for Real Estate Raymond D. Rufino.

“I think we will be close to using up all of that within the year,” Mr. Rufino said.

NARRAI offers 2,200 cabinets and will become the largest regional carrier-neutral data center in operation in the country.

The data center, which will have 5,200 square meters of collocation space, is located inside Laguna Technopark in Biñan, Laguna.

Meanwhile, the joint venture is looking to build a bigger data center in the Philippines for which funds are needed to be raised, Mr. Rufino said.

“I am hoping within the year we can secure a financing partner because the next data center will be heavy on capital. We really would like to get some financing in place so we could do the next one,” he said.

“We are open for an initial public offering (IPO) in the future if that is a good option for us. Our partners are very open to everything. We can do a REIT (real estate investment trust) or an IPO, we have to see,” he added.

The company is set to start the planning for the second data center once it fills up NARRAI with customers.

“We have to fill this [data center] up with customers, start generating well and once we have that then we will start the construction or planning about that,” Digital Edge Chief Product Officer Jonathan Chou.

“We have some rough ideas on how big it will be but it will be bigger than this one,” Mr. Chou said.

When asked where the second data center will be, Mr. Rufino said the group has yet to decide where to build it.

“We are still internally debating that because with location, you have a lot of options. We are evaluating multiple sites,” he said. — **Justine Irish D. Tabile**

PAL approves exchange ratio of 15.57:1 for share swap

LISTED company PAL Holdings, Inc. (PHI) announced on Monday that its board of directors approved an exchange ratio of 15.57 PHI shares to one Philippine Airlines, Inc. (PAL) share for its planned share swap.

In a disclosure to the Philippine Stock Exchange (PSE), the company said the move is part of PAL’s restructuring, “parts of the debts of the unsecured creditors were impaired and converted into equity of PAL.”

The company said that its impaired creditors now own approximately a 20.1% stake in PAL.

Under the reorganization plan, PAL offered the impaired creditors a

mechanism to swap their PAL shares into shares of PHI “so that they would have the ability to trade them on the PSE.”

PAL tapped FTI Consulting Philippines, an independent appraiser, to make a valuation of the two companies and render a fairness opinion on the share-swap ratio.

“Using a high and low estimate of the company values, FTI concluded that the fair ratio was in the range of 14.4261 and 16.7987 so 15.57 has been agreed as the recommended ratio,” the company said.

On the stock market on Monday, PHI shares closed unchanged at P5.7 apiece. — **Justine Irish D. Tabile**

ATN board greenlights solar joint venture

ATN HOLDINGS, Inc. said the board of its energy arm had approved entering into a 20-year joint venture and technical agreements for its 30-megawatt (MW) solar photovoltaic (PV) project with prospective parties in the country and abroad.

In a disclosure, ATN Holdings said ATN Philippines Solar Energy Group, Inc. (ATN Solar) was given a go signal to agree with possible partners from the Philippines, Europe, Japan, and Malaysia.

The company said the decision was due to the projected output decline of the Malampaya gas field, which sup-

plies about 20% of the country’s energy requirements.

“To contribute to mitigation of energy supply deficit projected in 2024 and thereafter due to the depletion of the Malampaya natural gas field and implementation of Renewable Portfolio Standards,” the company said.

ATN Solar’s board also approved the company to negotiate, enter and execute a contract with Manila Electric Co. (Meralco) for the supply, delivery, and purchase of solar electricity from its 30-MW solar plant in Macabud, Rodriguez, Rizal.

Meanwhile, ATN Holdings’ board also approved the company to secure a P5 million bond for a special mining permit for 2023 covering 82.71 hectares of quarry area in Montalban, Rizal.

Established in 1961, the company is primarily engaged in mining and oil exploration. It also has interests in real estate, land development, energy, and health care services.

At the stock exchange on Monday, shares in the company closed unchanged at 39 centavos apiece. — **Ashley Erika O. Jose**