

Meralco to negotiate lower rate for new emergency power supply deal

MANILA Electric Co. (Meralco) said it is negotiating with Aboitiz Power Corp. to forge another 300-megawatt emergency power supply agreement (EPSA) for one month.

"We have also requested GNPDP (GNPower Dinginin Ltd. Co.) for an extension of another one month but we are trying to negotiate a lower price," Jose Ronald V. Valles, Meralco's first vice-president and head of its regulatory management, said in a virtual briefing on Monday.

Meralco's previous EPSA with AboitizPower's GNPDP ran from Feb. 3 to 25, the second time the power distributor forged an

emergency deal with the power generation company.

Last year, Meralco secured an EPSA with AboitizPower for P5.96 per kilowatt-hour (kWh) from Dec. 15, 2022 until Jan. 25, 2023. Its EPSA with GNPDP covering most of February was not a fixed-rate contract.

Mr. Valles said its second EPSA with GNPDP is a full fuel pass-through with an implemented rate of P8.53 per kWh, but subject to change due to foreign exchange adjustments and the actual fuel cost.

"That is the price implemented but the price would actually change depending on the actual fuel price

that would be billed by Dinginin (GNPD) to us," Mr. Valles said.

In a Viber message, a representative of AboitizPower declined to comment on the status of the negotiation, saying that the company deferred to Meralco to do the announcement.

"As they are the contract holder... this will be a new contract, not an extension of the last one," the AboitizPower representative added.

Meralco's move to secure an EPSA came after its power deal with South Premiere Power Corp. (SPPC), the administrator of the gas-fired power plant in Ilijan, Batangas, was subjected to a writ

of preliminary injunction issued by the Court of Appeals (CA).

The 670-MW contracted capacity is supposed to be covered by Meralco's power supply agreement (PSA) with SPPC, which was agreed upon in 2019 for a period of 10 years at P4.2455 per kWh. However, the deal was indefinitely suspended after the injunction issued by the appellate court in January.

Last month, the 13th division of the CA granted the writ of preliminary injunction sought by SMC Global Power Holdings Corp., the power arm of San Miguel Corp., in favor of SPPC.

The CA decision indefinitely suspended the power supply deal

of SPPC with Meralco and ordered both parties to renegotiate their PSA.

"Yes, we are in discussion with SPPC. We are sending them a letter in compliance with the directive of [the] Court of Appeals for us to enter into a good faith negotiation to try to settle the case," Mr. Valles said.

In 2022, SMC Global Power sought a temporary rate increase, jointly filed with Meralco, saying that SPPC and another unit San Miguel Energy Corp. incurred a combined loss of P15 billion. The rate increase was meant to recover part or P5 billion of the units' losses.

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 Energy Regulatory Commission denied the petition, saying this had no basis as the 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 Media-Quest Holdings, Inc., has an interest in *BusinessWorld* through the Philippine Star Group, which it controls. — **Ashley Erika O. Jose**

MRC Allied to acquire common shares in PT&T

LISTED company MRC Allied, Inc. is set to acquire 500 million common shares in Philippine Telegraph and Telephone Corp. (PT&T) to mark its venture into information and communication technology.

"Our partnership with PT&T will result in clear synergies to achieve MRC's long-term strategic initiatives," MRC President and Chief Executive Officer Augusto M. Cosio, Jr. said in a statement.

In separate disclosures to the Philippine Stock Exchange on Tuesday, the companies said they had signed a memorandum of agreement covering the sale of the shares with a par value of one peso apiece.

"Looking beyond our current footprint, the extensive reach of MRC through its diversified portfolio opens more opportunities for PT&T to serve new markets," PT&T President and Chief Executive Officer James G. Velasquez said.

"This development is expected to pave the way for

both companies' expansion and strategic plans, as they seek to capitalize on the rapidly growing digital transformation opportunities in the country today," the PT&T disclosure read.

According to the companies, the acquisition represents a significant stake in the telco company and will enable MRC to use PT&T's facilities for its business venture.

On the part of PT&T, the entry of MRC is seen to strengthen its ability to provide reliable, efficient, and sustainable broadband and IT services in the Calabarzon (Cavite, Laguna, Batangas, Rizal, and Quezon) area.

MRC's planned investment in PT&T is also in line with the telco company's preparation of raising \$200 million to \$300 million for the upgrade of its network infrastructure.

On Tuesday, shares in MRC climbed by 17.65% to P0.28 apiece, while shares in PT&T closed unchanged at P0.33 each.

— **Justine Irish D. Tabile**

SM Investments' net income up 53% as economy recovers

SY-LED SM Investments Corp. reported a 52.7% increase in net income for 2022 to P61.7 billion from P40.4 billion, which it attributed to the country's economic recovery and the actions it took during the pandemic.

"We are stronger today having prioritized our people, our tenants, our business partners and our communities during the difficult times," SM Investments President and Chief Executive Officer Frederic C. DyBuncio said in a disclosure to the stock exchange on Tuesday.

"SM also innovated and improved efficiencies across the board, and today we are focused again on expanding our footprint across the regions to serve more Filipinos," he added.

The strong profit growth comes as the company's consolidated revenues rose by 28.1% to P553.8 billion from P432.4 billion in 2021.

According to the company, banking led by contributing 45% to net income, while property, retail, and portfolio investments contributed 23%, 21%, and 11%, respectively.



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BDO Unibank, Inc. delivered a 33.4% increase in net income to P57.1 billion from P42.8 billion in the previous year.

Meanwhile, China Banking Corp. posted a 27% increase in net income to P19.1 billion.

Property unit SM Prime Holdings, Inc. reported a 38% higher consolidated net income of P30.1 billion.

Additionally, SM Development Corp. recorded P40.1 billion in revenues, 12.6% lower than the P45.9 billion reported in 2021.

Meanwhile, SM Retail reported revenues of P378.2 billion, 24% higher than the previous year's P304 billion.

"Retail's robust performance was lifted by the return to face-to-face schooling and a strong last quarter due to vibrant holiday spending," the company said.

The net income for retail nearly doubled to P17.9 billion from P9.6 billion.

For the whole of last year, SM Retail and its affiliates added 348 new stores, bringing the total store count to more than 3,500 outlets — 72 for The SM Stores, 1,611 specialty retail stores, 65 SM Supermarkets, 54 SM Hypermarkets, 215 Savemore, 82 WalterMart and 1,412 Alfamart stores.

Among the company's investments, it gained full ownership of Philippine Geothermal Production Co. and increased its stake in the logistics business Airspeed to 51% from 35%.

"We increased our stakes in a number of companies that are investments in the growing Philippine economy and a testament to our commitment to sustainability," Mr. DyBuncio said.

Separately, SM Investments disclosed the approval by its board on Tuesday of the tender offer for 2GO Group, Inc. shares for up to 378,817,279 common shares constituting 15.39% of the issued and outstanding common capital stock of the subsidiary.

The move, subject to an independent third-party fairness opinion, prompted 2GO to request a voluntary trading suspension "to allow the investing public equal access to and consideration of this information."

On the stock market on Tuesday, shares in SM Investments slumped by 4.75% or P42.50 to finish at P852 each. — **Adrian H. Halili**

Inflation, from SI/1

"Inflation for some of these vegetables is still high... We've already seen prices are going down. Probably by March, you can see some improvement in the inflation path," Ms. Sicut told reporters on the sidelines of an economic forum in Makati City.

"We are expecting inflation to come down by October (and be) within target. Hopefully, there are no more shocks coming," she added.

The BSP sees inflation averaging 6.1% this year, before easing to 3.1% in 2024.

"The BSP will continue to adjust its monetary policy stance as necessary to prevent the further broadening of price pressures as well as the emergence of additional second order effects," the central bank said in Tuesday's statement, adding it will closely monitor emerging price developments.

UNCERTAINTY

Meanwhile, the International Monetary Fund (IMF) said the BSP may need to tighten policy further this year to tame inflation and keep inflation expectations under control.

"The BSP has taken prompt action to tackle inflation and continued near-term tightening of monetary policy is appropriate to keep inflation

expectations well-anchored," IMF Representative to the Philippines Ragnar Gudmundsson said at the same economic forum on Tuesday.

Mr. Gudmundsson also sees the US Federal Reserve to continue policy tightening by another 50 bps or more this year before pausing.

He said the Philippine consumer price index (CPI) may moderate this year, but there is still some uncertainty as to when inflation will peak. "The risk to inflation exists and they consist of higher commodity prices following China's reopening, the war in Russia-Ukraine, weather disturbances, and higher wage increases," Mr. Gudmundsson said.

The IMF expects Philippine inflation to average 4.7% in 2023, lower than the actual 5.8% price growth in 2022 and the 6.1% forecast of the BSP.

In a text message, Mr. Gudmundsson said the BSP may hike borrowing costs by 25 bps or 50 bps more this year, bringing the key rate to a peak of 6.5% this year.

"This is subject to change, based on evolving conditions, but most likely another 25 or 50 basis points," he said.

The Monetary Board is set to review policy on March 23. — *with inputs from* **Beatriz Marie D. Cruz**

IT-BPM, from SI/1

"We're working on Roadmap 2028 with purpose and momentum. That's the only way that we can hope to achieve our goal of building the industry to a 2.5 million-strong workforce and generating \$59 billion in revenues for the country," IBPAP President and Chief Executive Officer Jack Madrid said.

"We still have a long way to go, but Philippine IT-BPM's stellar performance in 2022 brings us closer to generating 1.1 million new jobs for Filipinos."

OPTIMISM

Citing a survey it conducted, IBPAP said 83% of IT-BPM firms are expecting to post growth this year despite a potential global economic slowdown, while 17% are neutral on their projections.

"Results also showed that organizations will continue to outsource and use global business services this year as a lever to drive some of their cost optimization initiatives," it added.

IBPAP's survey showed more investments will come from animation and game development, contact center, cybersecurity, financial technology, healthcare, internet service providers, IT solutions, and shared services.

However, many companies believe that the talent and skills gap and cost pressures are some of the main business challenges they face this year.

Companies also noted that more work is being shifted to competitors in India, Poland and South America.

Other challenges include adapting to changing customer needs and business models, as well as insufficient supply of related infrastructure in the countryside.

To address these challenges, IBPAP will hold the IT-BPM Talent Summit on April 26 to 27. The event aims to help the sector establish a national upskilling framework, accelerate educational reforms, and create 1.1 million new jobs. The summit is being organized by the IBPAP in collaboration with the Trade department and the Board of Investments.

"This is just the tip of the iceberg. We have more partnerships, projects, and programs in the pipeline for talent development and the other acceleration levers and we don't plan on letting up or slowing down because we realize that a lot is at stake here that's beyond revenues, margins, or profits," Mr. Madrid said.

The IBPAP has over 300 members and six partner associations consisting of the Animation Council of the Philippines, Inc., Global In-House Center Council Philippines, Contact Center Association of the Philippines, Game Developers Association of the Philippines, Healthcare Information Management Association of the Philippines, and the Philippine Software Industry Association. — **Revin Mikhael D. Ochave**

The 'Global' Chairman Ruben Y. Lugtu II

By: Aian Guanzon

For many, the formula to business success is knowledge, plus expertise, plus capital. However, one person will tell you that "Business is all about networking".

Against many odds, friends and partners founded Global Dominion Financing, Inc. (GDFI) in 2003, aiming to empower Filipinos to achieve their goals and dreams through its loan products and services. One of its founders is its current chairman, Ruben Y. Lugtu II, or as many call him, Chairman Rubby or RYL.

Chairman Rubby is said to have a lot of secrets about his success — the secret ingredients many would like to discover. It all started years before the founding of one of the country's leading non-bank financial institutions (NBFI) in 2003.

He is a "global" chairman per his leadership traits and qualities, although he's literally gone global too. "When I was young, many people had so much more than I had, so I learned to grab every opportunity that comes to me, big or small," he said.

"I remember saving up to be able to buy a plane ticket, so I could experience it for the first time," he added with a grin on his face.

One of the 30+ businesses and organizations under his watch, GDFI was co-founded with his friend, Robert B. Jordan Jr., Global Dominion's CEO. When asked to give the best description of RYL, Mr. Jordan said, "He is a good judge of character." And that takes us back to networking. Chairman Rubby is friends with Mr. Jordan for over 25 years now, starting from simply venturing into businesses together at a very young age.

"The key in growing a business is getting the right people."

When asked how he feels about the success he's achieved so far, Mr. Lugtu said, "I don't consider myself successful yet. I have just started; I have a long way to go — WE have



Ruben Y. Lugtu II

a long way to go." The Chairman seems to be enjoying his journey with his team and his family.

Sharing is in RYL's blood too. Patricia Poco-Palacios, Global Dominion's President and COO, described him as "fun to be with" and "generous". For the chairman, hosting events for friends and family is a small price to pay for memories and experiences of making his loved ones happy. "Ang sarap magbigay eh!" he exclaimed.

Mr. Lugtu went as far as supporting new financing companies, despite them potentially becoming future competitors, saying "Who am I not to share my knowledge if it is for the better of more people?"

"Chairman Rubby is a friend that everyone would want to have. He is generous, loving, caring, and always very thoughtful. We, his friends, are blessed to have him as our brother," Ogie Alcasid, the singer-songwriter and one of the chairman's friends, shared. "He is a firm believer in 'walang iwanan' and will not falter to pick up someone who is in need of help," Mr. Alcasid added.

But his story alone already serves as a gift of inspiration to many. Young Rubby was never spoiled. He shared that he had to earn money on his own when he was starting and ensured to extensively

study business opportunities before he even takes a leap. His father's 'unconventional' display of his love has driven him to work hard and become stronger amidst challenges — a story a lot of us can certainly relate to.

"Heartaches, sleepless nights, challenges — a lot of those molded me."

In both starting up a business and raising kids, the chairman said that the early part is the most challenging and the most exciting at the same time. RYL uttered that he's always ready to do everything he can for his children, and ensure that their lives perpetuate with the happiness they seek. "I don't think I could ever raise my kids the way my father raised me and my siblings," he added after a long pause while reflecting on his past.

Although he thought of becoming an engineer like his father, Chairman Rubby took up and finished a marketing bachelor's degree at De La Salle University.

"He empowers his people the way he did with me to make their own decisions and pave their own paths. He guides and encourages one to do what they think is best yet is always there to help when needed," Chairman Rubby's daughter, Nicole Lugtu-Ugarte shared.

RYL's development-centric approach spreads beyond his family and throughout the organization, subsequently empowering its employees to become the best versions of themselves not just for the company, but for their families and our society as well.

"I definitely believe that Global Dominion has everything it needs to become the leading financing company here and abroad."

Global Dominion is a financing company with 79 branches across the Philippines islands and is celebrating its 20 years in business this March. Its main products are car/truck refinancing (also known as Sangla ORCR or Prenda ORCR), car and truck financing, and doctors loan.