

Philippine Stock Exchange index (PSEi)

6,589.88

▼ 19.39 PTS.

▼ 0.29%

FRIDAY, MARCH 10, 2023

BusinessWorld

PSEi MEMBER STOCKS

AC Ayala Corp. P624.00 -P6.50 -1.03%	ACEN ACEN Corp. P6.19 -P0.11 -1.75%	AEV Aboitiz Equity Ventures, Inc. P50.30 -P1.15 -2.24%	AGI Alliance Global Group, Inc. P12.86 -P0.04 -0.31%	ALI Ayala Land, Inc. P26.45 -P0.55 -2.04%	AP Aboitiz Power Corp. P37.90 -P0.10 -0.26%	BDO BDO Unibank, Inc. P124.20 -P4.10 -3.2%	BPI Bank of the Philippine Islands P109.00 +P1.00 +0.93%	CNVRG Converge ICT Solutions, Inc. P15.50 -P0.22 -1.4%	DMC DMCI Holdings, Inc. P11.08 +P0.16 +1.47%
EMI Emperador, Inc. P20.75 +P0.05 +0.24%	GLO Globe Telecom, Inc. P1,820.00 +P20.00 +1.11%	GTCAP GT Capital Holdings, Inc. P499.00 -P19.00 -3.67%	ICT International Container Terminal Services, Inc. P213.00 +P0.60 +0.28%	JFC Jollibee Foods Corp. P226.20 -P3.80 -1.65%	JGS JG Summit Holdings, Inc. P51.00 -P0.85 -1.64%	LTG LT Group, Inc. P10.24 -P0.06 -0.58%	MBT Metropolitan Bank & Trust Co. P59.70 -P0.40 -0.67%	MER Manila Electric Co. P320.00 +P6.00 +1.91%	MONDE Monde Nissin Corp. P11.46 -P0.04 -0.35%
MPI Metro Pacific Investments Corp. P4.04 -P0.03 -0.74%	PGOLD Puregold Price Club, Inc. P30.60 -P0.20 -0.65%	SCC Semirara Mining and Power Corp. P29.30 +P0.80 +2.81%	SM SM Investments Corp. P875.00 +P4.00 +0.46%	SMC San Miguel Corp. P111.00 +P2.00 +1.83%	SMPH SM Prime Holdings, Inc. P35.70 +P0.75 +2.15%	TEL PLDT Inc. P1,316.00 +P36.00 +2.81%	UBP Union Bank of the Philippines P88.50 -P1.60 -1.78%	URC Universal Robina Corp. P143.00 -P2.90 -1.99%	WLCON Wilcon Depot, Inc. P29.70 +P0.20 +0.68%

MPIC plans to list units, 'aggressive' farm foray

METRO Pacific Investments Corp. (MPIC) is considering a market listing for some of its subsidiaries after their projects' completion while aggressively investing in agribusiness in the next five years.

"Yes, for Maynilad [Water Services, Inc.], specifically because it's part of their franchise," MPIC Executive Vice-President and Chief Financial Officer Cheryl A. Cabal-Revilla told reporters last week when asked about units that

are about ready for an initial public offering (IPO).

"[For] toll roads, we're just trying to finish all of the capex (capital expenditure) projects that we are working on now," she said. "For the hospital group, the [IPO] timing is largely driven by KKR & Co. because they own more of MPPHI (Metro Pacific Hospitals Holdings, Inc.) versus us."

Meanwhile, MPIC's water business, submitted its notices of ac-

ceptance of its 25-year legislative franchise on March 21, 2022.

As part of its franchise under the Republic Act No. 11601, Maynilad is required to offer at least 30% of its outstanding capital stock to Filipino citizens within five years of the law's effectivity. The law was approved by former President Rodrigo R. Duterte on Dec. 10, 2021.

Meanwhile, Ms. Cabal-Revilla said that MPIC is planning to

make its agribusiness, Metro Pacific Agro Ventures, Inc. (MPAV), its fourth core business.

"The plan of MVP is to make agri a core pillar of the MPIC group. Over time, it will be as big as Maynilad or the hospital group," she said, referring to the conglomerate's chairman, Manuel V. Pangilinan.

"It will depend on the success of the acquisitions that we will make," she said. "It depends on how fast the acquisitions will be

in the next few years. But the target is to aggressively invest in agri in the next five years."

Ms. Cabal-Revilla said MPIC is investing up to P8 billion this year in the two acquisitions of MPAV.

In June 2022, the unit marked its foray into agribusiness by acquiring Carmen's Best Group, which is known for its premium ice cream offerings.

In February this year, MPAV acquired a 34.76% stake in listed

coconut products maker Axelum Resources Corp. for P5.32 billion.

MPIC is one of three key Philippine units of First Pacific, the others being Philex Mining Corp. and PLDT Inc.

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. — **Justine Irish D. Tabile**

OUTLIER

Ayala Land shares dip amid AREIT asset-share swap deal

By **Mariedel Irish U. Catilogo** *Researcher*

SHARES in Ayala Land, Inc. fell last week after the board of Ayala-led real estate investment trust AREIT, Inc. board approved a P22.48-billion property-for-share swap agreement with the company.

Data from the Philippine Stock Exchange (PSE) showed a total of P1.50 billion worth of 54.10 million shares in Ayala Land were traded from March 6-10, making it the fifth most actively traded stock in the local bourse last week.

The property company fell by 6.7% week on week to P26.45 per share on Friday from its P28.35 finish on March 3. Year to date, the stock has declined by 14.1%.

"It's the share price adjusting to AREIT share for asset swap transaction as Ayala Land will have to let go of some rental assets, but the transaction effectively monetizes its assets and the price decline is an opportunity to buy," First Metro Investment Corp. Head of Research Cristina S. Ulang said in a Viber message on Friday.

"Ayala Land's balance sheet will get a boost by way of added liquidity and its profit and loss (P&L statement) for any realized gain on the asset sale," Ms. Ulang said.

In a disclosure on Wednesday, AREIT said it had received the green light for the property-for-share swap agreement with Ayala Land and its subsidiaries Ayala Land Malls, Inc. and North Beacon Commercial Corp.

The deal is set to add P22.5 billion worth of offices and malls from Ayala Land in exchange for 607.56 million primary common shares of AREIT, subject to a third-party fairness opinion and the approval of shareholders at their annual meeting on April 26.

Both companies expect the agreement to be completed within the year.

The assets, which are mostly located in the Makati central business district, include the newest One Ayala Avenue East and West BPO Towers at the corner of Ayala Ave. and EDSA, as well as the Glorietta 1 and 2 mall wing and BPO buildings at Ayala Center.

The Marquee mall in Angeles, Pampanga, located close to the Angeles exit of the North Luzon Expressway, will also be added to AREIT's portfolio.

Ryan Vincent L. Parlade, equity analyst at The First Resources Management and Securities Corp., attributed Ayala Land's performance to the market's bearish trend fueled by negative domestic and foreign economic sentiments.

"Ayala Land was also affected by the potential return of the Federal Reserve's aggressive monetary tightening plans which may trigger the Bangko Sentral ng Pilipinas (BSP) also to hike their interest rates which spoiled the investor sentiment towards the property sector," Mr. Parlade said in an e-mail.

The central bank has increased its borrowing costs to a total of 400 basis points since May 2022, bringing the key policy rate to 6%, the highest in nearly 16 years.

The BSP is set to announce rate hikes in its March 23 meeting.

Both analysts said that the agreement will benefit the company as this will stabilize the real estate company's balance sheet.

"Ayala Land will benefit from the asset swap with AREIT, a boost for both the P&L and balance sheet as it monetizes rental assets," Ms. Ulang said.

Ayala Land recorded a net income attributable to the parent firm amounting to P18.62 billion last year, up by 52.2% from P12.23 billion in 2021. Its revenue increased by 19.2% to P126.56 billion in 2022 from P106.14 billion previously.

Mr. Parlade estimates Ayala Land's earnings to reach P3.65 billion in the first quarter of 2023 "considering the significant uptick in its commercial lot sales, recovery of commercial leasing, and robust contributions from its mall segment."

"For the coming week, we are currently looking at the P26.00 level as strong support for Ayala Land followed by the P25.40 level. On the other hand, we are placing our resistance levels at P27.80 and P29.00," Mr. Parlade said.

Ms. Ulang placed Ayala Land's support levels at P25.00 and its resistance at P30.00.

Ayala Corp. expects return to pre-pandemic income

AYALA Corp. expects the return of its net income to pre-pandemic levels as the listed conglomerate projects its core value drivers to further contribute this year.

"We expect our net income after tax to be guided by our core pre-pandemic levels. We expect our core value drivers to continue contributing meaningful levels of income," the company said in an e-mail response to questions.

Ayala disclosed on Friday that core net income last year rose by 18% to P27.7 billion, due to contributions from its core operations. "This was mainly due to higher contributions from BPI (Bank of the Philippine Islands) and Ayala Land [Inc.], both of which benefited from the reopening of the economy," it said in a media release.

Ayala said BPI's net income grew by 66% to P39.6 billion due to higher interest and non-interest income.

Other units similarly posted profit growth. Globe Telecom, Inc.'s net income increased by 46% to P34.6 billion, mainly attributed to

higher data service revenues and gains from the sale of properties and assets.

Additionally, ACEN Corp. posted P13.1 billion in net income, more than double the previous year's profit, due to its acquisition of UPC Australia and contributions from its new domestic and international power plants.

Its parent company AC Energy and Infrastructure Corp.'s net income fell by 50% to P4.6 billion.

The company said that this was due to "one-offs" from the divestment of two coal assets: a write-down from the divestment of South Luzon Thermal Energy Corp. in 2022 and a gain from the divestment of GN Power Kauswagan Ltd. Co. in 2021.

ACEN also reported a 5% drop in earnings before interest, taxes, depreciation, and amortization to P14.3 billion.

"As for ACEN, it has 2.4 GW (gigawatts) of new capacity under construction, 53% of which is coming online in 2023," the company said in the e-mail.

"Thus, this will help ACEN return to equilibrium and be a net seller in the spot market," the company added.

Meanwhile, First Metro Investment Corp. (FMIC) Head of Research Cristina S. Ulang said in an e-mail that Ayala is likely to return to pre-pandemic earnings through contributions from its subsidiaries.

"AC is likely to climb its way back to pre-pandemic earnings through likely strong contributions from BPI and the renewable energy arm's expansion," Ms. Ulang said, referring to the company's stock symbol.

Ms. Ulang also said that the company's telco arm could face "tougher competition amid a matured market."

This year, Ayala has allocated a capital expenditure budget of P264 billion, which is 5.8% lower than the P280.3 billion spent in the previous year.

On the stock market on Friday, Ayala shares fell by 1.03% or P6.50 to close at P624 apiece. — **Adrian H. Halili**

ERC to review Meralco-GNPD power deal

THE Energy Regulatory Commission (ERC) will review if the emergency power supply deal between Manila Electric Co. (Meralco) and Aboitiz Power Corp.'s GNPower Dingin Ltd. Co. (GNPD) is reasonably priced, the agency's top official said.

In a Viber message, ERC Chairperson and Chief Executive Officer Monalisa C. Dimalanta said the energy regulator will determine the "reasonableness" of the agreed rates under the emergency power supply agreement (EPSA).

"Meralco and GNPD have not filed with the ERC their application for approval of their emergency power supply agreement. Once it is filed, the ERC shall determine the reasonableness of the tariff," Ms. Dimalanta said.

Ms. Dimalanta said that a refund is possible if the commission determines that the rates imposed are not reasonable as mandated by the Department of Energy's (DoE) competitive selection process.

"Only the approved rates would be authorized for collection," she said.

For the February supply period, Meralco secured an EPSA with GNPD covering 300 megawatts (MW) of supply. The deal has a full fuel pass-through structure with an implemented rate of P8.53 per kilowatt-hour (kWh).

In December, Meralco also secured an EPSA for 300 MW with AboitizPower for a rate of P5.96 per kWh from Dec. 15, 2022 until Jan. 25, 2023.

Lawrence S. Fernandez, Meralco vice-president and head of utility economics, said in a press briefing on Friday that the deal contributed to the increase in the generation charge for the March billing.

"It is already included because the PSA with SPPC (South Premiere Power Corp.) has been suspended since December. The replacement contract that we entered to cover the supply that would have been sourced from [SPPC] was already incorporated in the generation charge," Mr. Fernandez said.

However, Mr. Fernandez said that GNPD did not offer to extend its EPSA with Meralco.

"Meralco has sought offers from other suppliers and this has been submitted to the [DoE] for its consideration and approval," he said.

To recall, Meralco's decision to secure an EPSA came after its 670-MW power supply deal with 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 PSA with SPPC, which was agreed upon in 2019 for a period of 10 years at P4.2455 per kWh.

In December, SPPC issued a notice of cessation of its supply to Meralco.

This month, typical households in areas served by Meralco can expect their electricity bills to go up by around P109 due to an increase in the generation charge.

Meralco said that the overall rate this month surged to P11.4348 per kWh compared to P10.8895 per kWh a month ago.

The generation charge went up by P0.4636 to P7.3790 from P6.9154 per kWh in the previous month due to higher supply costs brought by the Malampaya gas-to-power facility's maintenance shutdown from Feb. 4 to 18.

Households that consume 200 kWh will see their monthly bills increase by around P109. Residential customers consuming 300 kWh, 400 kWh, and 500 kWh will see an increase of P164, P218, and P273, respectively, in their monthly bills. — **Ashley Erika O. Jose**

FULL STORY

Read the full story by scanning the QR code with your smartphone or by typing the link <<https://bit.ly/3mFXGCI>>

Philstar Media Group bags two silvers at 58th Anvil Awards

THE Philippine STAR's 36th-anniversary campaign, "The Next Page," and BusinessWorld's virtual economic forum, "Revolutions 2022: Navigating the Changed World," bagged silver awards under the Public Relations Tool category at the Public Relations Society of the Philippines' (PRSP) Gabi ng Parangal held on March 8 at Marriott Hotel Manila.

The STAR was recognized for engaging the audience as thought leaders and for achieving a significant boost in readership and online page views.

BusinessWorld was hailed for executing a virtual forum aimed at helping the Philippine business community recover from the pandemic. Business and thought leaders shared ways on how to face and thrive in the new world.

Considered the Oscars of public relations in the country, the 58th Anvil Awards are presented by the PRSP to outstanding PR programs, tools, and practitioners as discerned by a multisectoral board of jurors.



PHILSTAR PHOTO/JESSE BUSTOS

PHILSTAR Media Group (PMG) executive vice president Lucien C. Dy Tioco (fourth from right) led PMG's contingent with PRSP president Harold Geronimo and Philstar anniversary editorial director Sheila Paras (fifth and sixth from right, respectively). Joining them are (from left) *BusinessWorld* brand specialists Rommel Alorro and Adonis Torenio, 36th anniversary assistant editor Brooke Villanueva, PMG sales and marketing director Jay R. Sarmiento, STAR digital sales head Bryan Escueta, 36th anniversary staff Allane Orendez and *BusinessWorld* digital sales lead Jaio Malapo.