

## PLDT's Sky Cable purchase to boost revenue market share to 48% — CreditSights

PLDT Inc.'s acquisition of Sky Cable Corp. is seen to increase the listed telco's broadband revenue market share up to 48% with the addition of the target firm's 2-3% share, CreditSights said.

In a report, CreditSights said that the acquisition will help PLDT maintain a comfortable lead over its broadband peers: Globe Telecom, Inc. at 31%, Converge ICT Solutions, Inc. at 21%, and small players, which comprise 1%.

"We think the acquisition represents a logical strategic addition to PLDT's dominant cash-generative broadband business," the credit research provider said.

Last week, Pangilinan-led PLDT announced that it had signed a sale and purchase agreement with sellers Sky Vision Corp., ABS-CBN Corp., and Lopez, Inc. to fully acquire Sky Cable for P6.75 billion.

CreditSights said that it sees the acquisition to be net credit positive that could improve PLDT's earnings before interest, taxes, depreciation, and amortization (EBITDA) by 4% and its EBITDA margin by 20 basis points.

"We see a limited impact to PLDT's credit metrics; pro-forma net leverage would remain unchanged at 2.6x from the acquisition, after factoring in the four tower sales and capex (capital expenditure) overrun," it said.

CreditSights said it does not foresee the deal facing major regulatory hurdles with the Philippine antitrust body.

The Philippine Competition Commission (PCC) can only prevent mergers and acquisitions only if it will substantially lessen competition, said the Fitch Solutions company.

CreditSights cited the previous move of PLDT's cable TV associate Cignal, which withdrew its bid to acquire a 38.9% stake in Sky Cable for P2.8 billion, as the PCC might block the deal on grounds of anti-competition.

"Such concerns mainly pertained to Sky's cable TV business, as Cignal and Sky are the two largest cable TV providers in the Philippines with a combined market share of around 63%-65%," it added.

CreditSights said PLDT's case is not the same as its acquisition effectively involves Sky Cable's broadband business only as it will terminate the cable TV business as part of the transaction.

"Sky has a relatively small broadband market share at 2%-3%, which should not materially reduce industry competition post-acquisition by PLDT," it said.

CreditSights also expects the new tower sale, which PLDT announced last week, to bring the total number of towers it monetized to more than 7,500 via sale and leaseback.

"We had expected PLDT to conduct smaller tower sales in the near term to free up cash to fund its capex and to deleverage," it said.

Last week, PLDT announced that it had entered a sale and purchase agreement with Digitel Mobile Phils., Inc. for the sale of 1,012 telecommunications towers to Frontier Tower Associates Philippines, Inc. for over P12.1 billion.

PLDT shares closed higher by P16 or 1.23% at P1,322 apiece on Tuesday.

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**

## PSALM says qualified bidders for Casecnan now down to seven

STATE-led Power Sector Assets and Liabilities Management Corp. (PSALM) trimmed the number of qualified bidders for the government's 165-megawatt (MW) Casecnan hydroelectric power plant in Nueva Ecija to seven companies.

"We have recently gone through a qualification round. Out of the 14, we have seven qualified bidders," Dennis Edward A. Dela Serna, PSALM president and chief executive officer, told reporters on the sidelines of the Philippine Electric Power Industry Forum 2023 on Monday.

Mr. Dela Serna said that PSALM has also moved the deadline for bids to May 16 from March 28. The initial deadline was previously set on Feb. 24.

"We deferred the sale or the bidding to May 16. We are still waiting for documents from the National Irrigation Administration (NIA)," he said, adding that the power



RAMON FVELASQUEZ/COMMONS.WIKIMEDIA.ORG

### CASECNAN Irrigation and Power Generation Project Rizal, Nueva Ecija

plant is co-owned by NIA and PSALM at a 60:40 sharing.

"So because of that, we need approval for certain documents. In this particular sale, we are waiting for a water protocol from NIA," Mr. Dela Serna said.

Data provided by PSALM identified the seven entities as First River Lakes Corp. of First Gen Corp.; Neptune Hydro, Inc. of the SN

Aboitiz group; Global Hydro Power Corp. of Manila Electric Co. and Global Business Power Corp.; Panasia Energy, Inc.; the consortium of EEI Power Corp., Soonan ENS Co. Ltd., Soosan Industries Co., Ltd. and Mapalad Power Corp.; GigaAce 11, Inc.; and Belgrove Power Corp.

PSALM said that the other seven potential bidders either withdrew or were found non-

compliant with documentary deliverable requirements or did not submit the requirements.

The seven that withdrew are Sta. Clara International Corp.; Pan Pacific Renewable Power Phils. Corp.; Semirara Mining and Power Corp.; Axia Power Holdings Philippines Corp.; Hansan Solar Corp.; San Roque Power Corp.; and Peakpoint, Inc.

PSALM is the agency tasked to privatize state power assets. It said earlier that the asset, which has a limited water impounding area, is being privatized on an "as is, where is" and cash basis.

Casecnan, which is a hydro plant with irrigation and power generation components, was turned over to the government in 2021 after the build-operate-transfer contract with the previous operator, Casecnan Water and Energy Co., Inc. expired on Dec. 11, 2021. — **Ashley Erika O. Jose**

## First Gen unit gets DENR nod on 120-MW hydro facility

LOPEZ-led First Gen Corp. said its unit had signed an agreement with the Department of Environment and Natural Resources (DENR) for the development of a 120-megawatt (MW) pumped-storage hydroelectric facility in Pantabangan, Nueva Ecija.

"This is one of our most crucial permits. We are thrilled to be able to continue our work on the Aya Pumped-Storage project, and we are grateful for the support of our partners in DENR," First Gen Senior Vice-President Dennis P. Gonzales said in a media release.

First Gen subsidiary First Gen Hydro Power Corp. (FGHPC) signed the special use

agreement in protected areas (SAPA) with the DENR that would allow the development of the facility while also preserving the status of the project site as part of a protected area.

The signed deal will enable the company to use a 36-hectare portion of the 84,000-hectare Pantabangan-Carranglan watershed forest reserve for FGHPC's Aya pumped-storage hydroelectric power project. The agreement is valid for 25 years and subject to renewal for another 25 years.

FGHPC said it is pursuing the Aya project to support the government's program of meet-

ing electricity demand while preserving low carbon emissions.

It added that the SAPA signing reaffirms its commitment to pursue the project under Republic Act No. 11038 or the Expanded National Integrated Protected Areas System Act (E-NIPAS).

E-NIPAS covers the country's ecologically rich and unique areas and biologically public lands.

First Gen said FGHPC had remitted about a P69.1-million check to the DENR as SAPA fee. The unit also manages the 132-MW Pantabangan-Masiway hydroelectric power plant. — **Ashley Erika O. Jose**

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hard-earned assets such as our homes, businesses, vehicles, and travels.

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advise on which policy is best for you.

- As we go through life, our realities change and so do the things that matter to us the most. Therefore, a regular re-assessment of our financial needs must be done.

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