

## Philippine Stock Exchange index (PSEi)

6,536.36

▼ 9.91 PTS.

▼ 0.15%

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BusinessWorld

## PSEi MEMBER STOCKS

<b>AC</b> Ayala Corp. P634.00 -P6.00 -0.94%	<b>ACEN</b> ACEN Corp. P6.26 -P0.05 -0.79%	<b>AEV</b> Aboitiz Equity Ventures, Inc. P52.35 +P0.95 +1.85%	<b>AGI</b> Alliance Global Group, Inc. P12.80 ---	<b>ALI</b> Ayala Land, Inc. P28.35 +P0.15 +0.53%	<b>AP</b> Aboitiz Power Corp. P37.25 +P0.25 +0.68%	<b>BDO</b> BDO Unibank, Inc. P124.00 -P2.20 -1.74%	<b>BPI</b> Bank of the Philippine Islands P105.50 +P1.80 +1.74%	<b>CNVRG</b> Converge ICT Solutions, Inc. P13.56 -P0.14 -1.02%	<b>DMC</b> DMCI Holdings, Inc. P11.12 -P0.48 -4.14%
<b>EMI</b> Emperador, Inc. P20.45 ---	<b>GLO</b> Globe Telecom, Inc. P1,848.00 +P10.00 +0.54%	<b>GTCAP</b> GT Capital Holdings, Inc. P501.00 ---	<b>ICT</b> International Container Terminal Services, Inc. P201.00 +P1.00 +0.5%	<b>JFC</b> Jollibee Foods Corp. P223.00 -P4.00 -1.76%	<b>JGS</b> JG Summit Holdings, Inc. P50.70 +P0.20 +0.4%	<b>LTG</b> LT Group, Inc. P10.00 -P0.06 -0.6%	<b>MBT</b> Metropolitan Bank & Trust Co. P57.20 +P0.10 +0.18%	<b>MER</b> Manila Electric Co. P307.40 ---	<b>MONDE</b> Monde Nissin Corp. P11.06 -P0.14 -1.25%
<b>MPI</b> Metro Pacific Investments Corp. P3.55 -P0.04 -1.11%	<b>PGOLD</b> Puregold Price Club, Inc. P32.20 +P0.20 +0.63%	<b>SCC</b> Semirara Mining and Power Corp. P30.20 -P0.10 -0.33%	<b>SM</b> SM Investments Corp. P900.00 ---	<b>SMC</b> San Miguel Corp. P108.50 +P0.70 +0.65%	<b>SMPH</b> SM Prime Holdings, Inc. P34.00 +P0.05 +0.15%	<b>TEL</b> PLDT Inc. P1,359.00 -P22.00 -1.59%	<b>UBP</b> Union Bank of the Philippines P84.90 -P0.30 -0.35%	<b>URC</b> Universal Robina Corp. P141.00 ---	<b>WLCON</b> Wilcon Depot, Inc. P27.15 -P1.15 -4.06%

## PLDT reports 60% profit slide, sets P85-B capex

PLDT Inc. recorded a 60.2% decline in its attributable net income to P10.49 billion in 2022 largely as a result of accelerated network and technology upgrades.

Danny Y. Yu, the PLDT group's controller, said in a briefing on Thursday that last year's accelerated depreciation amounted to P51.2 billion, which was mainly a result of a P19.2-billion transport network modernization.

He also cited P9.7 billion for the migration of the network to fiber, P9.4 billion for sunset 3G technology initiatives, P3.2 billion for the replacement of fiber optic cables, and P1.8 billion for the write-down of legacy network equipment at the group's offices.

Meanwhile, total depreciation and amortization expenses jumped 89.2% to P98.7 billion last year from P52.2 billion in the previous year.

Despite this, the company said it reached record-high earnings

before interest, taxes, depreciation, and amortization (EBITDA).

"For the first time as a company we have reached P100 billion EBITDA level, we ended up with P100.5 billion, 4% higher than last year," PLDT President and Chief Executive Officer Alfredo S. Panlilio said.

The company's EBITDA margin was at 51% in 2022, slightly lower than 52% in 2021.

"This is a focused area for us as we strive to improve EBITDA margins moving forward and we will make sure that we even go beyond 51%," Mr. Panlilio said.

In 2022, PLDT's consolidated total revenues reached P205.2 billion, up by 6% from the P193.3 billion it generated a year earlier.

Consolidated service revenues last year were 6% higher at P196.2 billion than 2021's P185.8 billion.

"Our home business continues to lead the charge growing 20% to P57.4 billion in 2022, a historic high," Mr. Yu said.

Meanwhile, revenues from PLDT's fiber-only business reached P48.5 billion, up by 45%, while revenues from the enterprise business were 8% higher at P47.5 billion. Individual business revenues went down by 5% to P82 billion.

## 2023 CAPITAL EXPENDITURE

For 2023, the company is earmarking P80 billion to P85 billion for capital expenditure (capex) projects, down from the P96.8 billion it used last year.

"[For this year's] capex, we expect it to be between P80 billion to P85 billion, down compared to around P96 billion last year," PLDT Chairman Manuel V. Pangilinan said.

In total, capital spending in 2022 reached P96.8 billion, Mr. Yu said, consisting of information technology and network capex of P76.9 billion and business capex of P12.2 billion.

Last year's capex included investment in capacity to support home broadband business, the

construction of the 11th data center, investment in international cabling systems, the impact of the sale and leaseback of telco towers, and continuous investment in cybersecurity infrastructure.

Mr. Pangilinan said that the company is expecting a mid-single-digit growth in service revenues in 2023.

"We expect revenue growth to be in the mid-single-digit range, EBITDA [growth will be the] same — mid-single-digit range," he said.

Meanwhile, Mr. Pangilinan said there is a need to review the forecast for telco core income in 2023.

"We anticipate that we will have better guidance numbers for the telco core and telco reported income by the time that we announce the first quarter results in May this year," he said.

"It is likely to be better than the P33.1 billion we reported in 2022. How much higher? We cannot give you with some level of precision but we will provide guidance sometime in May," he added.

Telco core income was higher by 9.6% from P30.2 billion in 2021.

## BUDGET OVERRUN

In a disclosure to the Philippine Stock Exchange, PLDT said there was no evidence of fraud, intentional concealment, or bad faith conduct on the part of any employee in relation to the P48-billion capex overrun disclosed in December last year.

The overrun represented the PLDT management's estimate of the outstanding commitments to its major vendors for the acquisition of property and equipment after 2022 due to the anticipated cancellation or amendment of certain outstanding purchase orders.

PLDT said discussions had been completed with its major vendors representing around 80% of its outstanding capex commitments as of Dec. 31, 2022.

It said agreements with vendors reduced PLDT's outstanding

commitments to them for the acquisition of property and equipment after 2022 to P33 billion.

"The company plans to engage in similar discussions with non-major vendors to achieve similar results," it said.

According to PLDT Chief Legal Counsel Atty. Marilyn Victorio-Aquino, 80% of major vendors had signed up as of March 23.

"We have the entire 2023 to finish the discussions with the other major vendors because the outcome of the discussions or the settlements will be reflected in the financials of 2023," she added.

On Thursday, shares in PLDT declined by P22 or 1.59% to close at P1,359 apiece.

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**

## Favorable RE outlook, overseas jitters await Alternergy IPO

A FAVORABLE outlook for renewable energy (RE) bodes well for Alternergy Holdings Corp., analysts said, as the wind farm developer debuts on the stock exchange on Friday amid investor worries over events abroad.

Alternergy is holding its initial public offering (IPO) of shares and expects to raise about P1.62 billion to fund ongoing and planned clean energy projects.

"With the current market sentiment, I do not think that the IPO might outperform or be an outlier. Investors are still in a defensive strategy due to the report coming from the [US Federal Reserve]," Mercantile Securities Corp. Head Trader Jeff Radley C. See said in a Viber message.

AP Securities, Inc. Equity Research Analyst Carlos Angelo O. Temporal said Alternergy could potentially experience a positive swing during its market debut.

He cited "the surprising oversubscription of the IPO amid the muted macro backdrop, its attractive growth narrative in [the] renewable energy space, and its relatively small offer size."

Mr. Temporal also said that any potential downturn from Alternergy's shares might be tempered by its stabilization fund.

Meanwhile, COL Financial Group, Inc. First Vice-President April Lynn C. Lee-Tan said in a Viber message: "Although [the] outlook for renewables is favorable, the focus is on the US banking crisis. No one is focused on renewable plays right now."

Ms. Lee-Tan added that the long-term performance of Alternergy shares is likely to depend on its operation, "which is still a forward number."

According to the company's final prospectus, its IPO covers the sale of up to 1.15 billion primary common

shares with an over-allotment option of up to 115 million shares.

The shares will be sold at a final offer price of P1.28 apiece, with the company expecting gross proceeds of up to P1.62 billion for the sale of firm shares, assuming the over-allotment option was fully exercised.

Mercantile Securities' Mr. See said that decreasing the IPO price from P1.48 to P1.28 "makes the stock look cheaper but in terms of valuation it is expensive."

The final offer price is lower compared with the P1.48 per share it initially stated, from which it expected up to P1.87 billion in proceeds under its preliminary prospectus in February.

"The company plans to allocate P564 million of the proceeds from the IPO towards funding for the construction and development of projects," Alternergy said.

The projects include the construction and development of the Solana solar project in Bataan and the Lamut hydropower project in Ifugao. They will corner 36.6% of the P1.54-billion net proceeds.

Around 32% or P522.19 million will be used as payment for acquiring shares in Kirahon Solar Energy Corp. Additionally, P155 million will be spent on the predevelopment expenses of future projects.

Alternergy tapped Investment & Capital Corp. of the Philippines as sole issue coordinator, and as joint issue manager and lead underwriter together with BDO Capital & Investment Corp. Unicapital, Inc. was assigned as the offering's co-lead underwriter.

The shares will be listed on the main board of the Philippine Stock Exchange with the ticker symbol ALTER. Alternergy expects a post-IPO market capitalization of P5.04 billion. — **Adrian H. Halli**

## Starpay maintains expansion

ELECTRONIC wallet services platform Starpay has continued to expand its presence as it partnered with the local government of Dasmariñas City in Cavite to allow the easier settlement of business permit fees.

Starpay said in a statement on Thursday that it signed a memorandum of agreement with Dasmariñas City in late January, allowing entrepreneurs to pay business permit fees using the platform.

The fees for online business applications and renewals could be settled using Starpay. Applicants will get an interoperable quick response (QR) code, which can be scanned using the Starpay app and other participating e-wallets and banks.

The partnership came after the Dasmariñas City local government's business per-

mit and licensing office implemented an electric business one-stop shop that allows entrepreneurs to accomplish official forms, attach all documentary requirements, and acknowledge the official privacy statement via online methods.

"The public has been very receptive because the platform is user-friendly and very convenient. Cashless retail purchases are currently being utilized in public markets in Baguio, Davao, Tagbilaran, and most recently Pasig," Starpay Product and Marketing Head Ryan Uy said.

Starpay, which has over seven million users, is regulated by the Bangko Sentral ng Pilipinas. The app is available for download on Google Play Store, Apple App Store, and Huawei App Gallery. — **Revin Mikhael D. Ochave**

## McDonald's Philippines eyes growth for 2023

MCDONALD'S Philippines is eyeing growth for 2023 on the back of strong sales in 2022, according to its top official.

The fast-food restaurant chain said in a statement on Thursday that it achieved "record-breaking sales" last year, exceeding its pre-pandemic sales performance. It did not provide specific figures.

It attributed the performance to "strong consumer mobility and post-pandemic behavior, continuous commitment to providing value for money, exciting limited-time menu offers, and an elevated omnichannel customer experience."

"McDonald's Philippines' strong performance in 2022 wouldn't have been possible if not for the trust and continuous support of our customers all over the country," President and Chief Executive Officer Kenneth S. Yang said.

"As we aim to consistently improve how we serve McDonald's favorites to every Filipino, we are equally committed to providing feel-good experiences to our people [crew and managers] who make it all happen in our stores, and in communities where we operate for many years to come," he added.

According to the fast-food chain, it hired more than 17,000 new employees in 2022 to support its new store openings. It currently has close to 60,000 workers across more than 700 stores in the country.

"We have over 47,000 employees in Luzon, close to 6,000 employees in Visayas, and 5,000 employees in Mindanao," it said.

Meanwhile, McDonald's Philippines said that its "brand trust" rose by 5.4% since the launch in 2020 of its M Safe program, which intensified the company's food safety and

quality efforts via continuous monitoring and crew and manager training.

It added that its Kindness Kitchen, which serves meals to families without access to food, aims to serve 1 million meals by the end of the year. The initiative has served more than 800,000 meals as of December last year.

"It is these customers we serve, the people working in our restaurants and communities that we help that inspire and motivate us to be and do better. As many Filipinos continue to face challenges and recover from the pandemic, we want to be a place where they can experience feel-good moments," Mr. Yang said.

"We want to be a company that Filipinos today and the future can trust," he added. — **Revin Mikhael D. Ochave**

## Airlines gear up for domestic flights' move to Terminal 2

AIRASIA Philippines and Philippine Airlines (PAL) said they are both working with the Manila International Airport Authority (MIAA) for the planned reassignment of all domestic flights to Terminal 2.

"We are working with the airport authorities as we gear up for the eventual use of Terminal 2 as an all-domestic terminal," PAL Spokesperson Maria Cielo C. Villaluna said in a press release.

According to Ms. Villaluna, the MIAA is presently engaged in con-

sultation with stakeholders on the terminal changes.

"We will disclose details of the final plans when these are ready. We support initiatives that aim to enhance the total passenger experience," she added.

AirAsia said that it will also work with the MIAA on the planned transfer to Terminal 2 of the Ninoy Aquino International Airport effective July 1.

"As an airline that is guest-obsessed, we are one with MIAA with

the intention of optimizing the utilization of our airport terminals," AirAsia Head of Communications and Public Affairs Steve F. Dailisan said.

"However, we have yet to study the details of the proposed terminal reassignment to adjust our operational requirements accordingly," he added.

Meanwhile, both airlines are expecting to share Terminal 2 for their domestic flights. — **Justine Irish D. Tabile**

## Kia Philippines targets to sell at least 50 units of EV6 model

KIA PHILIPPINES is targeting to sell at least 50 units of its new EV6 electric vehicle model this year after its recent launch although the carmaker is ready to sell more.

"We're down by a quarter already. We're targeting at least 50 units within the year just for the EV6. That's at least," Kia Philippines President Manny A. Aligada said in an interview on the sidelines of the EV6's launch in Makati City late Tuesday.

"We have already some units here. A little less than ten units locally. We're still confirming with Kia Asia-Pacific on the number of units that will arrive in the country," he added.

However, Mr. Aligada said that Kia Philippines is preparing for the possibility that EV6 sales could reach about 100 units this year amid the EV's high demand in other countries.

"Judging from the discussions we've had with a lot of interested parties, we're trying to prepare for a little bit more. We'd be delighted if we could hit close to 100 [units sold]. What we had to work on is to get supplies" he said. "If we hit 50 [units], we're happy. But we think we will be delighted if we hit close to 100 units."

"It's the schedule because it (EV6) is also a very in-demand vehicle anywhere like in Australia, which has the highest sales in Asia-Pacific... The demand there is very high," he added.

According to Mr. Aligada, the EV6's competition in the domestic EV market include the Nissan Leaf, Hyundai Ioniq 5, BMW IX and IX3, and Audi e-tron.

However, Mr. Aligada claims that the EV6 has one of the longest ranges among players in the local EV market, at 528 kilometers,

adding that the EV6 could go up to Baguio and return to Metro Manila in one full charge.

Meanwhile, Mr. Aligada disclosed that Kia Philippines is studying whether it would also introduce the brand's Niro EV model to the country.

"We're studying it because the Niro is small but cost-wise, it is almost near the EV6... If it would be available at an attractive price that will be targeting a separate segment, we will consider [it]. But today, it is close to the EV6. We thought to bring the EV6 first," Mr. Aligada said.

Mr. Aligada disclosed that the EV6, which is manufactured and imported from South Korea, has benefitted from Executive Order No. 12 issued in January which imposed zero tariffs on various types of imported EVs for five years. The EV6 was meant to be charged a 5% tariff. — **Revin Mikhael D. Ochave**