

Philippine Stock Exchange index (PSEi)

6,520.44

▲ 74.09 PTS.

▲ 1.14%

THURSDAY, APRIL 20, 2023

BusinessWorld

PSEi MEMBER STOCKS

AC Ayala Corp. P638.50 +P6.00 +0.95%	ACEN ACEN Corp. P6.06 -P0.09 -1.46%	AEV Aboltiz Equity Ventures, Inc. P52.00 +P1.55 +3.07%	AGI Alliance Global Group, Inc. P12.10 +P0.02 +0.17%	ALI Ayala Land, Inc. P26.20 +P0.05 +0.19%	AP Aboltiz Power Corp. P37.50 +P0.30 +0.81%	BDO BDO Unibank, Inc. P135.00 +P5.50 +4.25%	BPI Bank of the Philippine Islands P102.80 +P2.60 +2.59%	CNVRG Converge ICT Solutions, Inc. P12.40 -P0.20 -1.59%	DMC DMCI Holdings, Inc. P10.68 ---
EMI Emperador, Inc. P20.95 ---	GLO Globe Telecom, Inc. P1,783.00 -P2.00 -0.11%	GTCAP GT Capital Holdings, Inc. P480.00 -P0.40 -0.08%	ICT International Container Terminal Services, Inc. P213.60 +P3.60 +1.71%	JFC Jollibee Foods Corp. P217.20 -P2.60 -1.18%	JGS JG Summit Holdings, Inc. P49.25 +P0.40 +0.82%	LTG LT Group, Inc. P10.02 +P0.05 +0.5%	MBT Metropolitan Bank & Trust Co. P58.50 +P0.10 +0.17%	MER Manila Electric Co. P321.00 +P2.20 +0.69%	MONDE Monde Nissin Corp. P9.43 +P0.18 +1.95%
MPI Metro Pacific Investments Corp. P3.86 +P0.13 +3.49%	PGOLD Puregold Price Club, Inc. P32.60 +P0.10 +0.31%	SCC Semirara Mining and Power Corp. P28.00 ---	SM SM Investments Corp. P900.00 ---	SMC San Miguel Corp. P106.20 -P0.50 -0.47%	SMPH SM Prime Holdings, Inc. P33.50 +P0.50 +1.52%	TEL PLDT Inc. P1,269.00 -P2.00 -0.16%	UBP Union Bank of the Philippines P84.50 -P0.10 -0.12%	URC Universal Robina Corp. P145.00 +P4.10 +2.91%	WLCON Wilcon Depot, Inc. P30.30 +P0.50 +1.68%

Reforms, spending seen to lift construction firms

AFTER their dismal showing last year, listed construction companies are expected to benefit from the economy's further reopening, government reforms, and infrastructure spending.

"The delivery of more reform measures, especially fiscal reform measures and other economic reform measures that would help further ease limits on foreign ownership, would help attract the entry of more foreign investment," Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said in a Viber message.

Mr. Ricafort said that amendments to existing laws such as the

Public Services Act, Retail Trade Liberalization Act, and Foreign Investment Act would help boost market confidence, creating economic opportunities and spur more construction activities.

"The further reopening of the local economy towards greater normalcy and continued increase in infrastructure spending would still be bright spots for the economy, thereby could still support further growth in the construction industry, going forward," he added.

In a Viber message, Regina Capital Development Corp. Head of Sales Luis A. Limlingan said: "The local construction industry should

remain robust, supported by the government's efforts, despite rising inflationary pressures and the tightening of monetary policy."

In 2022, most of the listed construction companies posted a decline in their attributable net income, with only Concrete Aggregates Corp. registering profit growth. Megawide Construction Corp. has yet to disclose its full-year results.

"Sudden margin pressures arising from Russia-Ukraine tensions possibly led to these [income decline]," Mr. Limlingan said.

Mr. Ricafort said higher prices and interest rates that led to higher financing costs could

have dragged investments and the overall pace of construction activities.

Concrete Aggregates posted a 10% jump in its attributable net income to P23.15 million in 2022 from P21.05 million in 2021.

The growth came about after the company booked a 5.2% increase in its top line to P40.58 million last year from P38.59 million in the previous year. The company posted a 6.3% increase in its operating expenses to P17.06 million from P16.05 million.

EEI Corp. posted an attributable net income of P209.21 million in 2022, down 57.3% from P489.7 million in 2021.

The company registered a 9.3% decline in its revenues to P14.65 billion last year from P16.15 billion in the year prior. It incurred an equity loss amounting to P105.85 million and foreign exchange losses of P19.73 million.

Holcim Philippines, Inc.'s attributable net income declined by 63.3% to P941.78 million in 2022, from P2.56 billion in the previous year. The decline is on the back of a 1.3% decrease in its top line to P26.59 billion last year, from P26.95 billion in 2021.

Holcim also incurred additional expenses, including the P700 million paid to Seasia Nec-

tar Port Services, Inc. to settle a case last year.

Cemex Holdings Philippines, Inc. suffered a net loss of P1.01 billion in 2022, a reversal of the P725.53-million net income in 2021.

Its revenues slipped by 1.5% to P20.57 billion last year from P20.89 billion in 2021, while it registered a 6.5% increase in its cost of sales amounting to P13.82 billion in 2022 from P12.98 billion in 2021.

In 2022, the company also incurred foreign exchange losses amounting to P934.08 million, more than twice higher than the P437.49 million in 2021. — **Justine Irish D. Tabile**

Supreme Court grants Petron's P219-M refund claim

THE Supreme Court (SC) has granted Petron Corp.'s appeal to set aside and refund its refund claim worth P219.15 million representing its wrongly paid excise taxes.

In an 18-page decision on March 20 and made public on April 19, the tribunal agreed with the firm that no law imposes an excise tax on alkylate gas.

Petron sought to refund its excise tax for its importation of alkylate for the period covering July 22, 2012 to Nov. 6, 2012.

"It bears to point out that petitioner (Petron) does not seek to be exempt from excise taxes on its alkylate importations," Associate Justice Ramon Paul L. Hernando said in the ruling.

"Instead, petitioner anchors its claim for a tax refund on the absence of a law that imposes an excise tax on alkylate."

The High Court said the Court of Tax Appeals (CTA) incorrectly dismissed Petron's refund claim on the basis of the gas firm seeking a tax exemption.

It agreed with Petron's argument that not all tax refund claims seek tax exemptions, such as cases of erroneous payment due to an absence of a law imposing such taxes.

Citing the country's revenue code, the tribunal said alkylate was not explicitly subject to excise tax and does not fall under the other raw material subject to the said tax.

It said the CTA should have provided more evidence for its conclusion

that alkylate could be subjected to excise tax.

"Consequently, the payment of excise taxes by petitioner upon its importation of alkylate is deemed illegal and erroneous in the absence of a specific provision of law that distinctly and categorically imposes tax thereon," according to the ruling.

"Given this, the CTA's reliance on the CIR's administrative interpretation on the matter is utterly misplaced." — **John Victor D. Ordoñez**

Motolite sees EVs as threat, opportunity

LOCAL car battery brand Motolite sees the growing popularity of electric vehicles (EVs) as both a threat and an opportunity amid the lack of recycling technology for used batteries.

Alexander M. Osias, marketing head of Oriental & Motolite Marketing Corp., told reporters in Makati City last week that the recycling technology for EV batteries has yet to be developed, posing a potential environmental and safety concern.

"Any technology shift is a potential threat," Mr. Osias said. "We are looking into lithium and one of our concerns is that the recycling technologies are still being developed. I don't think we will see the same level of recycling that we can see with lead-acid batteries."

He said EV batteries "would just be thrown away, which is a potential hazard also for us."

EVs typically use lithium-ion batteries that are manufactured using minerals such as cobalt, nickel, graphite, and manganese. The Philippine government has been pushing for more investments in mineral processing to support and expand the local EV industry, citing the country's vast mineral resources.

However, Mr. Osias said the surge in EVs is also an opportunity for Motolite once the recycling technology for lithium batteries has matured.

"We are looking at it also because if it becomes [a] big enough shift, it's something that we have to prepare for. We've been looking at it," Mr. Osias said.

"Our philosophy is if it is a proven technology and it can be shown that it is better for the environment, it's not something that we would stand in the way of," he added.

Meanwhile, Mr. Osias said that investing in the commercial production of EV batteries could "easily reach a billion pesos" if there is a strong demand.

"If you go into small pilot or testing, you can keep it in the millions [of pesos]," he said.

"If it becomes commercial and the demand is there, you go big because you can also see a better return [since] the workers and the resources are more optimized," he added.

Motolite is a local manufacturer of lead-acid car batteries. The company also offers different battery products for industrial, commercial, and marine use. — **Revin Mikhael D. Ochave**

OUTLIER

Strong first-quarter net income, innovative app boost BPI shares

SHARES in Bank of the Philippine Islands (BPI) rose last week after the Ayala-led lender reported strong earnings for the first quarter, with the launch of an innovative app adding to lift the stock's outlook.

Data from the Philippine Stock Exchange showed BPI ranking seventh in value turnover with P368.19 million worth of 3.66-million shares changing hands from April 17 to 20. Local financial markets were closed on Friday in observance of Eid al-Fitr.

BPI shares finished at P102.80 apiece on Thursday, inching up by 3.5% from its P99.30 close on April 14. For the year, the stock has increased slightly by 0.8%.

Joylin F. Telagen, research head at I.B. Gimenez Securities, Inc., attributed the listed bank's movement last week to a striking first-quarter performance.

"Despite higher operating expenses, BPI's better performance was due to higher revenues (net interest income and non-interest income) brought by expanded average asset and improved net interest margin and lower provisions," Ms. Telagen said in an e-mail.

Additionally, Globalinks Securities and Stocks, Inc. Head of Sales Trading Toby Allan C. Arce said that the launch of BPI's new app with innovative features may have also been a factor.

In the first quarter, BPI reported almost a 52% year-on-year increase in net income to P12.1 billion after its total revenues grew by 25.1% to P31.7 billion.

In a disclosure to the local bourse, the bank attributed the solid performance to average asset base expansion, margin growth, and lower provisions.

Total revenues were driven by a 27.2% increase in net interest income with a 10% expansion in average asset base and a 52-basis-point increase in net margin to 3.94%.

Total operating expenses in the January-March period totaled P15.1 billion. The

lender's total loans amounted to P1.7 trillion while total deposits reached P2.1 trillion.

Meanwhile, the bank launched a future-ready mobile app that is built on a more modern system with features that promise improved user experience.

The app, BPI said, is part of its aggressive digital transformation journey and reinforces its solid footing as a digital banking leader in the Philippines.

"If the new mobile app is well-received by customers and gains traction in the market, it could potentially lead to increased customer satisfaction, higher engagement, and ultimately, increased revenues for the bank," Mr. Arce said.

Mr. Arce added that the positive outlook could result in a potential increase in BPI's stock price in the short term. But he noted that the impact of the new mobile app on the bank's performance may not be immediate or direct.

"The app's success will depend on several factors," he said. "Moreover, the overall market and economic conditions will also play a crucial role in determining the bank's stock movement in the coming weeks."

Ms. Telagen sees BPI's earnings for the second quarter to reach P14 billion and for the entire year to hit P49 billion.

She added that the bank performed well and that the financial sector is still the best performing among the sectors despite the recent banking crisis abroad. She advised market players to trade cautiously.

For Mr. Arce, BPI's net income for the next quarter could grow to P12.4 billion and potentially end the year with estimated earnings of P45.5 billion.

"Support is estimated to be at P98.60, while resistance is at P104.00. However, a significant breakout from P102.30 could see the stock going to P106.00," Mr. Arce said.

Ms. Telagen pegged BPI's support level at P99.00 and its resistance level at P114.00. — **Abigail Marie P. Yraola**

Companies to invest in more ESG, 'green' projects — ICCP

SEVERAL companies are expected to invest in more "green" projects and environmental, social and governance (ESG) programs, according to financial services entity Investment & Capital Corporation of the Philippines (ICCP).

"There is a desire for banks and funds to support projects that are ESG responsive and slowly a premium on these kinds of projects is emerging as the correlation between sustainable governance and risk mitigation becomes evident," ICCP President and Chief Executive Officer Valentino S. Bagatsing said in a statement.

ESG practices have become more prevalent in recent years due to their medium- to long-term payoffs and risk management.

"The aspiration is for ESG practices to eventually be embedded into the corporate and societal DNA," Mr. Bagatsing said.

"That way it evolves into the default standard of behavior where the steward-

ship aspect of any endeavor is considered," he added.

ICCP expects more investments into these programs as it saw a large number of institutions wishing to invest in ESG projects as the country is vulnerable to impacts of climate change and "sub-optimal governance."

The company has previously delved into green projects. It served as the sole issue coordinator, joint issue manager, and lead underwriter for the P1.61-billion initial public offering of Alternergy Holdings Corp.

It was also a participating underwriter for Citicore Energy REIT's P6.4-billion offering and sole underwriter for Haus Talk, Inc.'s P750-million listing on the small, medium, and emerging board of the Philippine Stock Exchange.

"ICCP is focused on remaining responsive to the times and on gearing its financial expertise towards projects with a deeper development footprint," the company said. — **Adrian H. Halili**

Lopez group's guiding inspiration dies at 93

OSCAR M. LOPEZ, chairman emeritus of First Philippine Holdings Corp. (FPH) who looked beyond the group's bottom line, passed away last Saturday. He was 93.

"He served as the North Star, the inspiration, and guide for succeeding generations of Lopez Group executives and employees who learned to treasure and practice with him the Group's distinct core values: a pioneering entrepreneurial spirit, business excellence, unity, nationalism, and social justice," FPH said in a statement.

The Management Association of the Philippines (MAP), where he was a member for 51 years, on Sunday asked for prayers for his eternal repose. He was the MAP Management Man of the Year 2000.

"Osokie" to his loved ones, he led the entry of FPH into the power generation

industry and its expansion into industrial estates.

"But his conviction that business must look beyond just the bottom line and consider its impact on society and the environment was years ahead of his time and will be his enduring legacy," FPH said.

Fondly called "OML," he was FPH chairman emeritus from May 2010 to October 2020. He was the chief strategic officer of the holding firm.

He was also chairman emeritus of various companies under the Lopez group such as Lopez Holdings Corp., First Gen Corp., Energy Development Corp., First Balfour, First Philippine Industrial Park, Inc., First Philippine Electric Corp., and Rockwell Land Corp. — **Ashley Erika O. Jose**