

FRIDAY, MAY 12, 2023

BusinessWorld

Philippine Stock Exchange index (PSEi)

6,578.15

▼97.31 PTS.

▼1.45%

PSEI MEMBER STOCKS

AC Ayala Corp. P673.50 -P4.50 -0.66%	ACEN ACEN Corp. P6.00 —	AEV Aboitiz Equity Ventures, Inc. P55.40 -P0.25 -0.45%	AGI Alliance Global Group, Inc. P13.40 -P0.26 -1.9%	ALI Ayala Land, Inc. P26.50 -P0.50 -1.85%	AP Aboitiz Power Corp. P37.55 -P0.50 -1.31%	BDO BDO Unibank, Inc. P135.50 -P0.50 -0.37%	BPI Bank of the Philippine Islands P104.20 -P2.60 -2.43%	CNVRG Converge ICT Solutions, Inc. P11.48 -P0.28 -2.38%	DMC DMCI Holdings, Inc. P9.60 +P0.14 +1.48%
EMI Emperador, Inc. P20.85 -P0.05 -0.24%	GLO Globe Telecom, Inc. P1,710.00 -P19.00 -1.1%	GTCAP GT Capital Holdings, Inc. P470.00 -P9.80 -2.04%	ICT International Container Terminal Services, Inc. P203.00 -P5.00 -2.4%	JFC Jollibee Foods Corp. P222.60 -P1.60 -0.71%	JGS JG Summit Holdings, Inc. P50.00 -P1.45 -2.82%	LTG LT Group, Inc. P10.32 -P0.20 -1.9%	MBT Metropolitan Bank & Trust Co. P59.10 -P1.40 -2.31%	MER Manila Electric Co. P328.00 -P5.00 -1.5%	MONDE Monde Nissin Corp. P8.55 -P0.77 -8.26%
MPI Metro Pacific Investments Corp. P4.45 +P0.01 +0.23%	PGOLD Puregold Price Club, Inc. P33.05 -P0.25 -0.75%	SCC Semirara Mining and Power Corp. P27.95 +P0.20 +0.72%	SM SM Investments Corp. P927.00 -P14.00 -1.49%	SMC San Miguel Corp. P103.00 -P1.80 -1.72%	SMPH SM Prime Holdings, Inc. P33.60 -P1.00 -2.89%	TEL PLDT Inc. P1,235.00 +P27.00 +2.24%	UBP Union Bank of the Philippines P80.00 -P0.10 -0.12%	URC Universal Robina Corp. P153.50 +P0.50 +0.33%	WLCON Wilcon Depot, Inc. P26.60 +P0.05 +0.19%

Meralco expects energy sales to increase by 4%

MANILA Electric Co. (Meralco) expects energy sales volume to grow by 4% this year as households return to their normal consumption while commercial establishments surpass pre-pandemic power usage, a company official said.

"Although we did end the first quarter at 2%, we'd like to improve that for the rest of the year and bump that up to 4% by year-end. Everyone is feeling a lot warmer [and] that should improve our volumes," Randwil

Dinbo U. Macaranas, Meralco's head of investor relations, said during the PSE Star Investor Day last week.

In the first quarter, Meralco's energy sales went up by 2% to 11,287 gigawatt-hours (GWh) from the 11,069 GWh recorded in the same period a year earlier.

"Our April sales [are] actually ahead of the 2% [level], slightly above the 2% as well, so we'd like to see that further improves in the months ahead," he said.

Mr. Macaranas said that among the different segments, residential consumers will normalize their usage as more customers are now coming back to on-site work arrangements.

Even so, he said that due to warmer temperatures, households are also expected to increase their power consumption as more families tend to "prioritize comfort."

"With increased mobility obviously, there is a shift also to the commercial segment," he said.

Commercial establishments are expected to exceed pre-pandemic levels with the continued reopening of the economy, revenue spending, and return-to-office and school setups.

"So, overall, hopefully, it improves in the second half of the year. As the year progresses but overall, we're still quite positive that we can still reach that 4% in growth," Mr. Macaranas said.

In the first quarter of the year, Meralco registered a consolidated core net income of P9.05 billion,

up by 40.5% from P6.44 billion a year ago, on sustained energy sales and revenue growth.

In a briefing last month, Meralco Chairman Manuel V. Pangilinan said: "First quarter is quite good, but I think 2023 is also looking quite good so we should be able to look at double-digit growth."

Meralco's reported net income, which factors in non-recurring items, rose by 26.5% to P8.07 billion from P6.38 billion previously. First-quarter gross

revenues surged 23% to P105.64 billion from P85.91 billion in the corresponding period last year on higher fuel costs and volume growth.

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**

OUTLIER

SMIC shares inch up after reporting strong first-quarter earnings

INVESTORS turned positive on Sy-led SM Investments Corp. (SMIC) last week after recording double-digit growth in profit in the first quarter.

Data from the Philippine Stock Exchange showed that P1.27-billion worth of 1.36-million shares of SMIC were traded from May 8 to 12.

SMIC shares inched up by 0.2% to P927 apiece week on week last Friday from P925 on May 5. Since the start of the year, the stock has increased by 3%.

"SM's subsidiaries performed at par with estimates on their first quarter numbers but its stock price remained undervalued," Papa Securities Equity Strategist Manny P. Cruz said in a text message last Friday, referring to the company ticker symbol.

Mr. Cruz also said that SMIC's stock did not benefit from subsidiary BDO Unibank, Inc.'s stock rally.

Ryan Vincent L. Parlade, an equity analyst at The First Resources Management and Securities Corp., said that positive news may have been a driving factor in the stock's movement last week.

"The stock's movement may also reflect the country's GDP (gross domestic product) growth for this quarter and strong household consumption which may benefit its retail and real estate segment," Mr. Parlade said in an e-mail.

"Decelerating inflation and an impending shift in monetary policy should eliminate concerns on SM's property and retail businesses," Mr. Cruz said.

In a press release disclosed to the local bourse on Wednesday, SMIC reported a 33% year-on-year rise in consolidated net income to P17.3 billion in the first quarter from P13 billion in the same period last year.

Among SMIC's core businesses, the banking segment contributed 47% of net earnings, followed by property at 26%, retail at 17%, and portfolio investments at 10%.

The strong profit growth comes as the conglomerate's revenues grew by 21% to P138.2 billion from P113.8 billion a year ago.

The double-digit rise was recorded at a time when inflation continued to ease, hitting an eight-month low of 6.6% in April from 7.6% in March, but still faster than the 4.9% in April a year ago, based on the latest data from the Philippine Statistics Authority (PSA).

Meanwhile, the Philippine economy grew by 6.4% year on year in the first quarter, easing from the revised 7.1% growth in the fourth quarter last year and 8% in the same period in 2022. This marked the slowest growth in eight quarters or since the 3.8% contraction in the first quarter of 2021.

The first quarter print settled within the government's 6-7% target for the year. It was also better than the 6.1% median estimate in a *BusinessWorld* poll.

Mr. Parlade said SMIC's net income performance in the first quarter would further improve investor sentiment given its ability to grow amid a high inflationary environment.

He expects SMIC's bottom line to hit P74.70 billion this year.

"For [this] week, we are currently looking at the P950.00 level as a key resistance level for [SMIC] followed by the P980.00 level. Meanwhile, we are placing our immediate support level at P910.00 to P920.00," Mr. Parlade said.

Mr. Cruz sees the stock trading between P900 and P945 this week. — **T.C.S. Migrifio**

PAL negotiating to sell four Bombardier planes

FLAG carrier Philippine Airlines (PAL) is in talks with buyers for its four non-operational Bombardier DHC 8-300 with proceeds to be used for investments in newer generation planes.

"It has been there for a while. Those are the old-generation Bombardiers. We are still negotiating with some of the buyers, but I don't think there's a definite timeline as of the moment," PAL President and Chief Operating Officer Stanley K. Ng said in a chance interview last week.

Mr. Ng said the plan is to tell the aircraft as soon as possible as PAL already considers them as a dead asset.

"For me, we have to liquidate those and just invest in newer gen-

eration planes or even in digitalization," he added.

Mr. Ng said the sale of the four planes is not expected to raise significant proceeds.

Meanwhile, the flag carrier is expecting to reactivate a total of 75 aircraft within the year.

"Before it was 98. I think there are only three to four planes that need to be reactivated. But I think next week we'll reactivate another one. But everything will be reactivated within the year," he said.

FIRST-QUARTER SHOWING

In the first quarter, the airlines' parent PAL Holdings, Inc. booked a

more than four times jump in its attributable net income to P4.65 billion from P1.08 billion in 2022 as air travel recovered.

In the three months to March, PAL Holdings' revenues rose by 78.7% to P42.21 billion from P23.62 billion last year, which it attributed to a more than double increase in the number of passengers it carried to 3.4 million.

Mr. Ng said: "Load factor is better. I think the average for international and domestic was around 80%."

Likewise, the company recorded a 58.9% increase in its expenses to P34.68 billion from P21.83 billion booked in 2022.

When asked what is his outlook for the year, Mr. Ng said: "I think it's positive. Right now, the outlook is positive for the rest of the year."

"Right now, inflation is being controlled already by the Bangko Sentral ng Pilipinas. So, the inflation rate is kind of stabilizing and even the interest rates are kind of stable now. I hope that continues for the rest of the year," he said.

"And commodity prices and fuel surcharge are going down, also making airfares more affordable for everyone," he added.

On Friday, shares in PAL Holdings added 22 centavos or 4.17% to P5.50 apiece. — **Justine Irish D. Tabile**



ABOITIZ INFRA CAPITAL has submitted unsolicited proposals for three regional airports: Bohol-Panglao International Airport, Laguindingan International Airport in Misamis Oriental, and Bicol International Airport.

Mandanas ruling seen to boost PPPs

THE Mandanas ruling can help push public-private partnerships (PPP) between local government units (LGUs) and private companies, the top official of Aboitiz InfraCapital, Inc. said.

In a chance interview on Wednesday, Cosette V. Canilao, president and chief executive officer of Aboitiz InfraCapital, said that PPP projects could even start at the simplest ones.

"With the Mandanas ruling, LGUs get more of the revenues and that gives them ammunition to go into PPPs and start developing and converting their communities to smart cities," she said.

Under the Supreme Court's Mandanas ruling in 2018, the just share of LGUs is determined based on all national taxes and not just on national internal revenue taxes. The decision significantly increased the tax base used in computing the share of LGUs in the internal revenue allotment.

Ms. Canilao said LGUs could go for projects such as "lamp posts, energy management, traffic management, and smart water network for some water distribution that is managed by some municipalities."

She said that these projects could be done through unsolicited or solicited proposals as LGUs have their own ordinances.

"They (LGUs) can come up with their own ordinance or PPP frame-

work and most of the LGUs have actually done that," she said.

Ms. Canilao said that one of the biggest challenges in entering PPPs is the lack of capability among some LGUs.

"They are not as knowledgeable and they don't know how to process it. But the PPP Center, which is a national agency, is mandated to help the LGUs in putting together the PPP framework or even in putting together the projects that can be done through PPPs," she said.

Aboitiz InfraCapital has submitted unsolicited proposals for various soft and hard infrastructure projects.

For soft infrastructure projects, the company has submitted a proposal to PhilHealth in managing its claims and membership.

"I think that will be again another foundation to accelerate our digital economy and, of course, improve the processes of the health sector," she said.

For hard infrastructure, Ms. Canilao said the company has submitted unsolicited proposals for three regional airports: Bohol-Panglao International Airport, Laguindingan International Airport in Misamis Oriental, and Bicol International Airport.

"It's with the government. We are waiting for them to complete their evaluation and the approval process," she said.

Last week, Department of Transportation Secretary Jaime J. Bautista said that the government is set to fast-track PPP projects for nine regional airports.

"Three unsolicited proposals are already with the National Economic and Development Authority (NEDA) and these are being evaluated," Mr. Bautista said, referring to the three proposals from Aboitiz InfraCapital.

Mr. Bautista said that the NEDA has required the Civil Aviation Authority of the Philippines (CAAP) to pass additional requirements for the three projects.

"These unsolicited proposals were submitted during the past administration but we are fast-tracking the completion of these. Hopefully, by today the CAAP will be able to submit all the documents which are being requested by NEDA," Mr. Bautista said on Wednesday.

"And with that, I am hoping that these can be included in the NEDA Investment Coordination Committee Cabinet committee meeting on May 29," he added.

Aboitiz InfraCapital is also included in the consortium that filed the P100 billion worth unsolicited proposal for the operations and maintenance of the Ninoy Aquino International Airport. — **Justine Irish D. Tabile**

PLDT Enterprise ties up with FILIPAY to roll out automated fare system in PUVs

THE business-to-business arm of PLDT Inc. has tied up with Service Economy Applications, Inc.'s FILIPAY to provide an automated fare collection system and fleet management system for the public utility vehicle (PUV) modernization.

FILIPAY has recently acquired Telavi People Counting Camera with Command Center, which allows it to address route, fleet, and driver management, and gain visibility on its daily revenue.

"Modernizing Philippine transportation with a cashless payment system is no easy feat," Janice Ariño, president and chief executive officer of FILIPAY, said in a statement.

"We need high standard software and hardware supported by a partner that offers only the best customer service — and PLDT Enterprise delivers in all of these," she said.

FILIPAY has already tried out the solution with PN Roa Canitoan Transport Cooperative, which implemented the services in Cagayan de Oro.

PLDT Enterprise and FILIPAY will also be working with the Land Transportation Franchising and Regulatory Board and other transport teams to mobilize the Telavi People Counting Camera and Command Center.

"This collaboration finalizes the Department of Transportation's ongoing route rationalization plan that monitors and gathers data on transport vehicles," PLDT Enterprise said.

FILIPAY said it saw an improvement in the efficiency of monitoring vehicle fuel and gas consumption and addressing problems of theft through PLDT Enterprise's fiber-fast connectivity and Telavi People Counting Solution.

"We are excited to contribute further to the transport sector with the help of FILIPAY and serve more Filipinos," said Albert Mitchell L. Locsin, first vice-president and head of enterprise and international business groups of PLDT.

"By understanding the complexities of various industries and the magnitudes of their businesses' needs, we continue to improve our solutions so we may support more companies in their digital advancement," he added. — **Justine Irish D. Tabile**