

Philippine Stock Exchange index (PSEi)

6,664.55 ▲ 35.91 PTS. ▲ 0.54%

FRIDAY, MAY 19, 2023
BusinessWorld

PSEi MEMBER STOCKS

AC Ayala Corp. P694.00 +P11.00 +1.61%	ACEN ACEN Corp. P6.15 +P0.05 +0.82%	AEV Aboltiz Equity Ventures, Inc. P55.60 +P0.85 1.55%	AGI Alliance Global Group, Inc. P13.62 +P0.10 +0.74%	ALI Ayala Land, Inc. P27.10 -P0.25 -0.91%	AP Aboltiz Power Corp. P37.95 +P0.45 +1.2%	BDO BDO Unibank, Inc. P140.00 +P3.50 +2.56%	BPI Bank of the Philippine Islands P105.50 +P0.50 +0.48%	CNVRG Converge ICT Solutions, Inc. P11.30 -P0.24 -2.08%	DMC DMCI Holdings, Inc. P9.85 ---
EMI Emperador, Inc. P21.20 ---	GLO Globe Telecom, Inc. P1,740.00 +P10.00 +0.58%	GTCAP GT Capital Holdings, Inc. P509.50 +P8.50 +1.7%	ICT International Container Terminal Services, Inc. P201.00 -P2.80 -1.37%	JFC Jollibee Foods Corp. P232.60 +P0.20 +0.09%	JGS JG Summit Holdings, Inc. P50.65 +P0.70 +1.4%	LTG LT Group, Inc. P9.95 -P0.05 -0.5%	MBT Metropolitan Bank & Trust Co. P59.50 +P0.75 +1.28%	MER Manila Electric Co. P328.40 -P2.60 -0.79%	MONDE Monde Nissin Corp. P8.86 +P0.10 +1.14%
MPI Metro Pacific Investments Corp. P4.47 +P0.06 +1.36%	PGOLD Puregold Price Club, Inc. P31.75 ---	SCC Semirara Mining and Power Corp. P29.00 +P0.25 +0.87%	SM SM Investments Corp. P929.00 +P2.00 +0.22%	SMC San Miguel Corp. P104.10 -P0.90 -0.86%	SMPH SM Prime Holdings, Inc. P34.05 +P0.25 +0.74%	TEL PLDT Inc. P1,293.00 +P18.00 +1.41%	UBP Union Bank of the Philippines P79.90 ---	URC Universal Robina Corp. P148.50 -P1.80 -1.2%	WLCON Wilcon Depot, Inc. P27.35 ---

ACEN targets 135 MW for Pagudpud wind project

AYALA-LED ACEN Corp. is targeting to increase the capacity of its Pagudpud wind project to 135 megawatts (MW) by year-end, the company's top official said.

"We're going to be targeting to get this to 135 MW from 80 MW. We're hoping by the end of the year [or] the beginning of next will be the approximate timing for the second phase," Eric T. Francia, president and chief executive officer of ACEN, told reporters during the launch of the company's wind project in Pagudpud, Ilocos Norte.

For its first phase, which was inaugurated last week, the P11.8-billion wind project has a projected installed capacity of 160 MW, although only 50% or about 80 MW is operational for now to meet the urgency of adding power to the grid.

Mr. Francia said ACEN expects the Pagudpud wind project to be fully operational no later than December 2025 in time for the government's green energy auction program.

The program provides an additional market for renewables through competitive electronic

bidding of renewable energy capacities. A second round of bidding is scheduled for next month with the proposed installation targets in megawatts from 2024 to 2026.

Once operational, ACEN's Pagudpud wind farm is set to become the largest in the country comprising 32 wind turbine generators, with each turbine able to generate about 5 MW.

To date, ACEN has three operating wind projects in Ilocos Norte, the other two being the 52-MW NorthWind wind farm along the shores of Bangui Bay, and the

81-MW under North Luzon Renewables Energy Corp.

The Pagudpud wind project alone has generated more than 1,200 jobs since its construction in 2019, ACEN said.

Currently, ACEN's wind portfolio in the Philippines is at 416 MW, of which 266 MW is operational while 150 MW is under construction.

Mr. Francia said that the energy company is also targeting to finish its 70-MW Capa wind project, which is also located in Pagudpud, by 2025.

"First few phases should be complete within the next 12 months and the ultimate target is before 2025 to complete everything," he said.

Aside from the vast opportunity of onshore wind potential, ACEN is also looking at the potential of offshore wind resources.

"I think that's the next big opportunity in Ilocos. I think there's still quite a bit of onshore wind opportunities but I think the bigger opportunity is offshore and the one constraint that needs to be addressed is transmission," Mr. Francia said.

Mr. Francia said that the "northern loop" will be crucial in unlocking the potential wind resources in the Ilocos region. The loop connects Ilocos Norte to Cagayan province, which will unlock the full potential of renewable energy in the north.

"Hopefully, that's in the transmission development plans to really make the northern loop happen and to build it in such a way that it would harness all the potential here in Ilocos Norte," Mr. Francia said. — **Ashley Erika O. Jose**

First Gen aims to expand its renewable energy portfolio

LOPEZ-LED First Gen Corp. is planning to expand its renewable energy portfolio, with some projects targeted to start construction and operation this year, its president said.

"First Gen aims to move towards its net-zero target by further expanding our clean energy portfolio through investments in natural gas and renewables. First Gen's diverse portfolio is tailor-fit to the country's growing demand for clean and renewable energy," Francis Giles B. Puno, president and chief operating officer of First Gen, said during the company's annual stockholders meeting last week.

Mr. Puno said that as the Department of Energy plans to expand growth both in natural gas and renewable energy, the company is also working on significantly growing its portfolio.

He said the 28.9-megawatt (MW) Palayan binary project is expected to commence commercial operations by September of this year.

The binary plant will produce power using residual brine from an existing steam field.

First Gen subsidiary Energy Development Corp. (EDC) announced the construction of the binary power plant in Albay about two years ago.

The company also inaugurated the 3.6-MW Mindanao-3 binary power plant in Kidapawan in April 2022.

Mr. Puno said First Gen's 100-MW Aya pumped-storage hydropower project is expected to start construction by the third quarter of this year.

"The project will supply ancillary services to the grid and is designed to pump water from its reservoir to its upper reservoir for storage when there is excess electricity at low cost. The stored water is then released back to the lower reservoir to generate electricity when demand increases," he said.

First Gen is also pursuing the development of three battery energy storage systems

(BESS) in its Bac-Man geothermal project, southern Negros island, and Tongonan in Leyte.

"Once completed, these BESS projects will optimize the existing geothermal resources and also provide ancillary services to the grid," Mr. Puno said.

He said the company is also exploring opportunities in wind and solar resources, with the construction of a 1-gigawatt (GW) wind power plant under an existing onshore wind concession expected to start after the necessary developments in the transmission system.

"The 3-GW offshore wind concession in the Guimaras-Iloilo-Negros Occidental area is expected to be done by 2030," he said.

First Gen has said that it is targeting to grow its renewable energy portfolio to up to 13 GW by 2030 from the current capacity of more than 3.4 GW. — **Ashley Erika O. Jose**

OUTLIER

Emperador shares inch up on global expansion, Q1 income

By Bernadette Therese M. Gadon *Researcher*

EMPERADOR, Inc.'s shares went up last week as investor confidence picked up on the company's commitment to global expansion and its double-digit revenue growth in the first quarter.

Data from the Philippine Stock Exchange (PSE) showed a total P314.08-million worth of 14.88 million shares were traded from May 15 to 19, making it the 19th most actively traded stock in the local market last week.

Shares of the Tan-led distillery rose by 1.7% week on week to P21.2 apiece on Friday from its P20.85 finish last May 12. For the year, the stock went up by 2.9%.

While the stock's price inched up due to revenue growth and strong international demand, Globalinks Securities and Stocks, Inc. Head of Electronic Trading Mark Crismon V. Santarina said that Emperor's stock remained "stagnant" last week amid investor caution and market uncertainties.

The economy has been showing signs of slower inflation after the 14-year peak of 8.7% in January, as consumer prices cooled to 6.6% in April. Core inflation also slowed to 7.9% in April from its 22-year high of 8% in March.

Last Thursday, the Bangko Sentral ng Pilipinas kept the benchmark interest rate at 6.25% after nine consecutive meetings of rate hikes that totaled a 425-basis-point increase since May 2022.

Despite data showing foreign investors had sold Emperor's shares last week, the company's global expansion, premium brands, and market diversification have given it a way to mitigate the impact of inflation and interest rates on earnings, Mr. Santarina said in a Viber message.

"Additionally, the company's adaptability, operational efficiency, and strategic planning contribute to its resilience in navigating challenging economic conditions."

The international spirits company announced on May 17 its allocation of P7 billion in capital expenditure

(capex) to boost international expansion this year.

Emperador earmarked P6 billion of its capex for its whiskey segment and the upgrade of five facilities in Scotland. About P1 billion will be set aside for its brandy business facilities in the Philippines, Spain, and Mexico.

"We view expansion plans as generally positive in nature since this could eventually translate to better earnings prospects for the company," China Bank Securities Corp. Research Associate Stephen Gabriel Y. Oliveros said in an e-mail.

"Specific to [Emperador], we think its focus to further grow the whiskey business is margin accretive in the long run considering the high margin of whiskey compared to brandy. For context, the gross margin of whiskey was at 46.3% in [first quarter 2023] versus Brandy at 24.8%," he added.

Mr. Oliveros thinks Emperor's expansion plans are likely to "bear better fruit in the longer term" as aged spirits take time for profits to show up while forming part of its goal to attain a 50-50 revenue split between local and international markets by 2025.

Amid market concerns about the high inflationary environment, Emperador released its quarterly figures last Friday showing a 26.4% year-on-year revenue growth to P15.59 billion from P12.33 billion a year ago.

First-quarter net profit grew by 10% to P2.34 billion from P2.13 billion a year earlier. Attributable net income also went up by 10.5% to P2.32 billion from P2.10 billion previously.

Globalinks' Mr. Santarina gave his second-quarter income forecast for Emperor at approximately P3 billion, with his full-year income forecast at P11.7 billion.

Analysts said that the liquor products firm's global expansion was strategic with its well-established brand reputation providing a solid foundation for growth.

"We think [Emperador's] listing on SGX was generally geared to improve the stock's liquidity and boost its global profile. While the listing typically would not have a direct impact on financial performance, we think that it helped with respect to building brand recognition with global consumers," Mr. Oliveros said.

Smart expects 2024 to be better as this year's activations decline

SMART Telecommunications, Inc. is expecting a better 2024 after seeing a decline in gross activations this year amid the required registration of subscriber identity module (SIM) cards.

"I think next year will be a better year for Smart because, in the end, the SIM registration is a very disruptive activity that we have to focus our marketing not on [value propositions] but rather focusing on getting the subscribers to register because it is a challenge," said Lloyd Dennis R. Manaloto, first vice-president and head of prepaid, content, and business development at Smart, in a chance interview last week.

"The gross activations are half of what they were before but it

should normalize because the revenue-generating base, that is still stable," he said.

In the first quarter, the company saw a 7.5% decline in its total mobile subscriber base to 65.03 million from 70.28 million.

In a previous regulatory filing, its parent firm PLDT Inc. cited a policy change in the first quarter to recognize a prepaid mobile subscription only when the subscriber activates and uses the SIM card in view of Republic Act No. 11934 or the SIM Registration Act.

Meanwhile, subscribers are now considered inactive if they do not reload within 120 days after the expiration of the last reload.

"When you look at SIM reg-

istration, you've seen it being implemented in other countries like Indonesia and Pakistan. Typically, what happens is there is an initial shock decline, but over time it starts to increase as well," Mr. Manaloto said.

"Later on, it will adjust, and in the next few years, it should increase. That's how we see SIM registration happening in the Philippines similar to what we have seen in other countries," he added.

Although there is an initial decline in the subscriber base, Mr. Manaloto said that SIM registration will result in a cleaner and more efficient base.

"It will have initial decline primarily first on a subscriber base but it will also, in a way, make the

subscribers more efficient, and average revenue per unit (ARPU) is gonna go up," he said.

"So more or less, our revenues are actually flat. They are not declining so that is what we are seeing now. And then over time, we will start to see an increase," he added.

For prepaid, the company saw a 6.9% increase in its gross monthly ARPU in Smart to P124 in the first quarter from P116 last year, while it recorded a 2% increase in Talk N' Text to P96 from P94.

For postpaid, the gross monthly ARPU for Smart declined 12.6% to P720 in the first three months of the year, while it jumped 22% for Sun to P547 from P447. — **Justine Irish D. Tabile**

IBPAP optimistic of hitting revenue, headcount targets

THE INFORMATION technology and business process management (IT-BPM) sector is optimistic that it would hit its revenue and employment headcount targets for 2023, the head of an industry group said.

"I think the targets at the beginning of the year are within reach. I do not think we will exceed it. It will be within that range," said Jack Madrid, president of IT and Business Process Association of the Philippines (IBPAP), during a recent chance interview in Pasay City.

According to Mr. Madrid, the sector is aiming to hit 1.7 million in full-time employees and \$35.9 billion in revenues for 2023.

"We'll have a better feel of where we are going, maybe in the third quarter. One of the challenges in our industry is getting the data because the source of

our data are many sources and we need to verify," he said.

IBPAP is still collecting data on the IT-BPM sector's performance in the first quarter of the year, he added.

"Some of our member companies are a little bit hesitant in providing headcount numbers. So, we collect that a few times a year only. We will have a better feel [of it] by [the] third quarter. It is still too early in the year since we're still in the first half. We just collected year-end 2022 so we need to time it a bit better," he said.

Mr. Madrid said the growth catalysts for the IT-BPM sector include the contact center and healthcare services sectors.

"It will continue to be driven by North America. I think the contact center will still lead the way. I just came from a

healthcare investor roadshow and prospects are quite positive," Mr. Madrid said.

"The Philippines is very strong in healthcare because of our large number of registered nurses. We are the second-largest supplier of US-registered nurses. I only wish we had more because they're all getting hired, to the point that we don't even have enough nurses in our country. But that is a very bright spot for the IT-BPM industry," he added.

Meanwhile, Mr. Madrid said the long-term challenge for the industry is the talent pool amid the requirement of more complex skills.

"In the longer term, we have a very big challenge

in our education, across university, high school, and elementary. It will not be fixed in the next one or two years. It will take many years to fix it," he said.

Mr. Madrid cited a need for upskilling and reskilling of the workforce to ensure the competitiveness of the sector.

"We have the population but we need the talent to be employable. The skill requirements of the industry keep getting harder and harder. The answer to our challenge is education — upskilling and reskilling. I am not talking only about college. I am talking about basic skills," Mr. Madrid added. — **Revin Mikhael D. Ochave**

FULL STORY



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