

Philippine Stock Exchange index (PSEi)

6,530.20 ▼ 30.02 Pts. ▼ 0.45%

FRIDAY, MAY 26, 2023

BusinessWorld

PSEi MEMBER STOCKS

| | | | | | | | | | |
|---|--|--|--|---|---|--|--|---|--|
| AC Ayala Corp. P686.00 -P5.50 -0.8% | ACEN ACEN Corp. P6.04 -P0.02 -0.33% | AEV Aboitiz Equity Ventures, Inc. P54.90 -P0.10 -0.18% | AGI Alliance Global Group, Inc. P13.18 +P0.10 +0.76% | ALI Ayala Land, Inc. P25.90 -P0.10 -0.38% | AP Aboitiz Power Corp. P37.25 +P0.25 +0.68% | BDO BDO Unibank, Inc. P135.00 --- | BPI Bank of the Philippine Islands P100.50 -P2.50 -2.43% | CNVRG Converge ICT Solutions, Inc. P10.60 -P0.30 -2.75% | DMC DMCI Holdings, Inc. P9.64 -P0.02 -0.21% |
| EMI Emperador, Inc. P21.05 +P0.05 +0.24% | GLO Globe Telecom, Inc. P1,720.00 --- | GTCAP GT Capital Holdings, Inc. P509.50 -P0.50 -0.1% | ICT International Container Terminal Services, Inc. P195.00 -P5.00 -2.5% | JFC Jollibee Foods Corp. P232.60 -P1.40 -0.6% | JGS JG Summit Holdings, Inc. P50.00 -P0.50 -0.99% | LTG LT Group, Inc. P9.35 -P0.15 -1.58% | MBT Metropolitan Bank & Trust Co. P58.15 -P0.75 -1.27% | MER Manila Electric Co. P325.00 -P0.60 -0.18% | MONDE Monde Nissin Corp. P8.76 +P0.26 +3.06% |
| MPI Metro Pacific Investments Corp. P4.46 -P0.01 -0.22% | PGOLD Puregold Price Club, Inc. P30.60 -P0.20 -0.65% | SCC Semirara Mining and Power Corp. P28.20 -P0.30 -1.05% | SM SM Investments Corp. P920.00 +P4.00 +0.44% | SMC San Miguel Corp. P106.40 +P2.40 +2.31% | SMPH SM Prime Holdings, Inc. P34.00 --- | TEL PLDT Inc. P1,219.00 -P9.00 -0.73% | UBP Union Bank of the Philippines P79.40 -P0.35 -0.44% | URC Universal Robina Corp. P144.40 -P2.50 -1.7% | WLCON Wilcon Depot, Inc. P27.00 --- |

NGCP energizes P10.2-B Bataan transmission line

NATIONAL Grid Corp. of the Philippines (NGCP) has energized the P10.2-billion Hermosa-San Jose 500-kilovolt (kV) transmission line that is expected to boost power generation in Bataan.

“Despite many challenges, our teams worked 24/7 to complete this facility. With the energization of the line comes the improved transmission from generation sources towards the load

center Metro Manila and nearby provinces,” NGCP said in a statement on Sunday.

It described the project, which was energized at 7:22 a.m. on May 27, as a major component in its planned 500-kV transmission backbone in Luzon.

The Hermosa-San Jose transmission project, which spans the provinces of Bulacan, Pampanga, and Bataan, is expected

to strengthen services and accommodate fresh bulk of power in Bataan. It was certified as an energy project of national significance in 2019 making it eligible under Executive Order 30 for speedy permits and reviews by local and national government agencies.

The grid operator said that even though the project was provisionally approved with a P10.2-

billion cost, the Energy Regulatory Commission (ERC) has only allowed the recovery of about P19 million of the actual project cost.

“Our priority has and will always be doing what is best for the public. Financial considerations can take a back seat and be threshed out later,” said Henry T. Sy, Jr., a major stockholder of the company and its former president and chief executive officer.

“We hope to correct the impression that the consumers are somehow shortchanged with how rates are computed. Our commitment has never wavered: we serve the public, and we work within the legal and regulatory framework of our concession and franchise,” he added.

BusinessWorld sought comment from the ERC but has yet to receive a reply as of press time.

NGCP has also committed to finishing its other transmission projects in the Visayas and Mindanao regions in the coming months.

“Our stakeholders can be assured that we will continue our grid improvement, expansion, and reinforcement initiatives to deliver quality and reliable transmission services,” it added. — Ashley Erika O. Jose

Full capacity for Ilijan plant set

SAN MIGUEL Global Power Holdings Corp. targets full capacity resumption of the Ilijan natural gas-fired power plant by June 9, an official from the Energy department said.

“They will start gas in on Monday and if tuning is completed, they will start with 600 megawatts (MW) and ramp it up to 1,200 MW,” Energy Undersecretary Rowena Cristina L. Guevara said in a Viber message.

She said the testing and commissioning for the operation of the Ilijan plant started last week.

“June 1-9 is their target for 1,200-MW output,” she said, adding that the plant is “in testing and commissioning right now.”

The Ilijan power plant is deemed vital to the country’s power supply as it is expected to bring much-needed power supply while demand stays

high. Its gas contract with Malampaya expired in June 2022.

For this year, the Department of Energy (DoE) has projected 15 yellow alerts in the Luzon power grid, indicating thinning power reserves, but the situation is likely to change once the Ilijan plant comes online.

In an earlier statement, the energy company said that its first liquefied natural gas (LNG) shipment was expected to arrive in April.

According to San Miguel Global Power’s website, its import terminal has a planned combined cycle gas plant in Batangas City’s Ilijan and Dela Paz Proper.

To date, seven LNG terminal projects have been approved by the DoE, two of which are expected to come online in the first half of 2023. — Ashley Erika O. Jose

Appellate court upholds P101-M tax refund for First Philippine Utilities

THE COURT of Tax Appeals (CTA) has stood by its decision to grant First Philippine Utilities Corp.’s refund claim worth P100.88 million representing its tax liabilities for the year 2012.

In a 16-page decision on May 24 and made public on May 26, the CTA full court said its Third Division did not commit an error when it ruled the firm’s investments on money market placements to various banks were not subject to regular corporate income tax.

“Interest income earned from any money market placement and bank deposit is considered as passive income subject to final withholding tax pursuant to section 24 (B) (1) of the National Internal Revenue Code,” CTA Associate Justice Roman G. Del Rosario said in the ruling.

The court said the commissioner of internal revenue (CIR) made a mistake when it subjected the taxes to the same corporate income tax at

the rate of 30% under another provision of the Tax Code, instead of a final withholding tax subject to a 20% rate.

It also enjoined the CIR or anyone representing the official from enforcing the collection of the 2012 tax assessment.

“All told, the court en banc finds no justifiable reason to reverse or set aside the assailed Decision and assailed Resolution of the court in division,” the tribunal said.

It noted that the CIR changed its argument as it claimed that First Philippines Utilities failed to prove that it was passive income subject to final withholding tax.

The tax court disagreed, saying the official effectively “admitted that the said interest income was passive income” when it supplied this argument.

“When a party deliberately adopts a certain theory and the case is decided upon that theory in the court below, he will not be permitted to change

the same on appeal... because it would be unfair to the adverse party,” it added.

The CTA also affirmed the division’s cancellation of the firm’s deficiency value-added tax (VAT) as it said there was no basis for the CIR to do so. It also upheld the canceled minimum corporate income tax and deducted net operating losses.

“There is nothing on record which would show that First Philippine Utilities is a lending company that earned aforesaid interest income in the ordinary course of business, thus there is no basis to assess the deficiency VAT on the aforesaid interest income,” according to the ruling.

The tribunal acknowledged the firm as validly claiming its net operating loss as a deduction from its gross income.

“Truth to tell, it is not [the] respondent’s (First Philippine Utilities) duty to pay the final withholding tax,” the CTA said. — John Victor D. Ordoñez

OUTLIER

MSCI rebalancing, market sentiment drag SM Prime

By Mariedel Irish U. Catilogo Researcher

SHARES in SM Prime Holdings, Inc. moved downward as investors unload their shares in the real estate developer ahead of the scheduled Morgan Stanley Capital International (MSCI) rebalancing and negative market sentiment.

The Sy-led property firm was the most actively traded stock last week in terms of value turnover, with 54.36-million shares worth P1.85 billion exchanging hands from May 22-26, data from the Philippine Stock Exchange showed.

SM Prime’s share price closed at P34.00 per share on Friday, down by 0.1% from its closing price of P34.05 on May 19. Year to date, the stock went down by 4.2%.

In an e-mail, Regina Capital Development Corp. Equity Analyst Jemimah Ryla R. Alfonso attributed the drop of SM Prime’s stock to investors beginning to sell their shares in the property developer ahead of the MSCI rebalancing on May 31.

“[SM Prime] is on a down weight by an estimated amount of around \$79 billion. So basically, what will happen is foreign funds are forced to buy or sell according to the ‘rebalancing’ or the MSCI flows,” Ms. Alfonso said.

The down-weighted stocks are expected to earn negative returns in MSCI, an index designed to measure the performance of large and mid-cap segments of the Philippine market. It currently covers 15 stocks in the country, which equates to 85% of the local equity market.

“[The country’s] inflation — albeit easing — remains elevated. This has led to a slowdown in

consumer spending as ‘revenge spending’ wanes and could hurt SM Prime’s retail business,” Global Securities and Stocks, Inc. Head of Sales Trading Toby Allan C. Arce said in a Viber message.

He also said the overall market sentiment was negative as the Philippine Stock Exchange index declined by 2.02% week on week, which could have dragged down SM Prime’s share price.

Headline inflation eased for a third straight month in April to 6.6%, slower than the 7.6% seen in March. For the January-to-April period, inflation averaged 7.9%, higher than the 3.7% in the previous year.

Despite the negative performance and several factors surrounding the company’s stock last week, analysts remain optimistic as the property developer shows significant progress in the sector.

“Any plans of SM Prime to open new malls is a major driver of growth for the company. This will help SM Prime grow its already dominant position in the retail market space even further,” Mr. Arce said.

On May 19, SM Prime opened its 83rd mall in the country located in Bataan City, making it the first SM mall in the province. This will add about 46,000 square meters of gross floor area to the company’s mall portfolio, providing two floors of shopping, dining, and entertainment options.

“The company also plans to expand its portfolio of properties in the coming years. This expansion is

expected to create new growth opportunities for SM Prime,” he added.

SM Prime’s businesses include property and real estate, mall development and operations, office and commercial businesses, retail as well as hotels.

FULL STORY



Read the full story by scanning the QR code or by typing the link bit.ly/bit.ly/43cpfn7

Opensignal: 5G arrival, DITO entry boost telco investments

THE ENTRY of DITO Telecommunity Corp., the introduction of 5G, and pressure from the government pushed telecommunications companies’ investments in their networks, said Opensignal.

“However, such programs take place over a number of years and it can take time for the competitive landscape to shift,” Opensignal said, as it looked across published mobile network experience reports to show how each operator’s position has changed over time.

It said DITO has been making its presence felt as it won four awards in the analytics company’s latest report,

namely: upload speed experience, availability, excellent consistent quality, and core consistent quality.

In the same report, Globe Telecom, Inc. has won seven awards, including six in experiential categories.

“However, it is DITO, not Globe, that is giving Smart Communications, Inc. reason for concern in the Download Speed Experience category, despite Smart having won this award outright for the past 12 reports in a row,” said Opensignal.

The analytics company said its last report showed that DITO is only 2.6 megabytes per second (Mbps) behind Smart in

terms of download speed. Smart led the download speed experience at 25.3 Mbps, followed by DITO at 22.8 Mbps, and Globe at 16.2 Mbps.

Meanwhile, Globe was said to have made significant gains in games experience after it won the award with a score of 58.8 points, or higher by 1.2 points than Smart’s 57.6 points.

“One factor that has played a role in Globe’s recent success is that it made its largest-ever annual investment in its mobile and fixed networks in 2022,” Opensignal said.

In 2022, Globe claimed to have activated a total of 1,702 new cell sites,

upgraded around 13,600 to 4G, and installed 2,267 new 5G sites nationwide.

“However, Globe is now looking to spend 30% less on capital expenditure (capex) in 2023 at \$1.3 billion with the goal of reducing it further in 2024,” Opensignal said, adding that this is similar to Smart’s parent firm PLDT Inc., which is reducing capex to P85 billion in 2023.

“Meanwhile, DITO expects to spend P27 billion or \$487 million on its network this year, which would take its total network spend to around P230 billion by the end of the year,” it said. — Justine Irish D. Tabile

Unilever aims for €1.5B from vegan products

FOOD businesses must develop lower-carbon food products to lessen greenhouse gas emissions and sustainably feed the growing population, according to an executive at Unilever.

This is why the multinational consumer goods giant is striving for €1.5 billion in sales annually to be from plant-based products by 2025.

“The Philippines contributes very little greenhouse gas emissions [compared with other countries]. But in reality, the food we consume has a big environmental impact,” Kristine A. Go, general manager for nutrition at Unilever Southeast Asia, said during the BusinessWorld Economic Forum on Thursday.

Unilever has invested in products such as soy-based Magnum and The Vegetarian Butcher, which produces vegetable meat. Such food items contain lower salt, sugar, and fat, and reduce food waste. “The food we produce today actually accounts for 30% of greenhouse gas emissions,” Ms. Go said.

According to the United Nations Environment Programme, the global population is projected to reach 10 billion by 2050, making urgent the goal of safely and sustainably feeding the people.

“Half of our soil has been lost because 75% of our food, made of just 12 plants and five animals, use up the same amount of nutrients. Unless we rotate and diversify our diet, we end up damaging the soil, losing more water, and destroying the planet,” Ms. Go said.

Unilever’s global Foods Innovation Centre in the Netherlands, known as “Hive,” has come up with a science-based food technology wheel.

Natural and nutritious food — fortifying Unilever products with nutrients based on each country’s needs, such as Knorr Cubes in the Philippines being fortified with iron to address iron deficiency;

Microstructure and textures — plant-based products mimicking the texture of meat such as in burger patties;

Culinary experiences — making sure items like the vegan Magnum still have the recognizable taste of their original counterpart;

Innovative processing — digitizing the food process from harvesting to delivery to reduce waste and make processes more efficient;

Sustainable packaging — Unilever’s ice cream containers now being converted to paper and Hellmann’s bottles indicating the optimal temperature to preserve them;

Regenerative agriculture — local plantations producing dwarf coconut trees from interstock to help the soil, use less water, and create more livelihood opportunities.

Ms. Go said these strategies show that food can both taste good and be environmentally friendly. “It’s a lot harder to change diets and habits so that’s why we try to change our products,” she said.

On the manufacturing side, Unilever now has six factories all over the world that use innovative processing. — Bronté H. Lacsamana