Philippine Stock Exchange index (PSEi) 6,507.15 ▼32.21PTS. ▼0.49%

FRIDAY, JUNE 9, 2023 BusinessWorld

PSEi MEMBER STOCKS

AC	Ayala Corp.	P679.50	+P2.50	+0.37%
ACEN	ACEN Corp.	P5.98	-P0.01	-0.17%
AEV	Aboitiz Equity Ventures, Inc.	P55.00	——	
AGI	Alliance Global Group, Inc.	P13.58	-P0.14	-1.02%
ALI	Ayala Land, Inc.	P24.85	-P0.95	-3.68%
AP	Aboitiz Power Corp.	P37.00	——	
BDO	BDO Unibank, Inc.	P140.00	+P2.20	+1.6%
BPI	Bank of the Philippine Islands	P104.30	+P1.30	+1.26%
CNVRG	Converge ICT Solutions, Inc.	P10.82	+P0.12	+1.12%
DMC	DMCI Holdings, Inc.	P9.71	+P0.01	+0.1%
EMI	Emperador, Inc.	P21.30	+P0.10	+0.47%
GLO	Globe Telecom, Inc.	P1,785.00	+P65.00	+3.78%
GTCAP	GT Capital Holdings, Inc.	P500.00	——	
ICT	International Container Terminal Services, Inc.	P198.00	-P3.80	-1.88%
JFC	Jollibee Foods Corp.	P235.60	+P0.20	+0.08%
JGS	JG Summit Holdings, Inc.	P48.20	-P0.40	-0.82%
LTG	LT Group, Inc.	P9.45	-P0.04	-0.42%
MBT	Metropolitan Bank & Trust Co.	P56.05	-P0.15	-0.27%
MER	Manila Electric Co.	P328.00	-P2.60	-0.79%
MONDE	Monde Nissin Corp.	P8.30	+P0.05	+0.61%
MPI	Metro Pacific Investments Corp.	P4.41	-P0.02	-0.45%
PGOLD	Puregold Price Club, Inc.	P30.50	+P0.15	+0.49%
SCC	Semirara Mining and Power Corp.	P28.25	——	
SM	SM Investments Corp.	P910.00	-P14.00	-1.52%
SMC	San Miguel Corp.	P105.60	+P0.60	+0.57%
SMPH	SM Prime Holdings, Inc.	P32.80	-P0.85	-2.53%
TEL	PLDT Inc.	P1,280.00	+P21.00	+1.67%
UBP	Union Bank of the Philippines	P78.30	+P0.20	+0.26%
URC	Universal Robina Corp.	P142.00	-P0.90	-0.63%
WLCON	Wilcon Depot, Inc.	P26.00	——	

Gov't sale of NLEX stake seen as good policy move

THE government's plan to sell its stake in NLEX Corp. will help raise revenues and allow it to better exercise oversight, analysts said.

The Finance department earlier announced its plan to dispose of P2.5 billion worth of assets this year. Included in the government's disposition plan is its 3.46% stake in NLEX Corp., which it plans to unload by the third quarter.

Data from the Privatization Management Office showed that the disposition is still subject to third-party valuation. The plan is expected to be endorsed to the Privatization Council within the month.

Finance Secretary Benjamin E. Diokno said the disposition was driven by the need to raise more revenues for priority projects and clear any "stagnant assets."

Transportation expert Rene S. Santiago said in a Viber message that the disposition is a "good policy move" as this would help the government avoid conflict of interest.

"The government will still be able to exercise oversight over NLEX operations through its regulatory agency, the Toll Regulatory Board, to ensure reasonable rates to tollway users," Terry L. Ridon, convenor of infrastructure think tank InfraWatch PH, said in an e-mail.

The disposition will also help raise government revenues.

"With the government's limited fiscal space, disposing its shareholdings in various corporations will allow it to raise significant amounts of cash to fund its programs and projects. It should, however, ensure that it gets the best price in the disposing of its shares," Mr. Ridon said.

"Proceeds would help increase government revenues, though one-time, and contribute to improving the fiscal position," Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said in a Viber message.

Mr. Ridon also noted that the company may also consider buying back its shares through a share buyback program.

"It will allow the tollway operator to further consolidate its control over its operations," he said.

Analysts also noted that the government's stake is minimal and will not impact the firm.

"The government's stake is relatively small, way below controlling stake. [It could] be sold at an attractive price or valuation, at least fair," Mr. Ricafort said.

Mr. Santiago said that "the equity is too small to even merit a board seat."

"It should have no real impact on its project timelines to complete the NLEX Connector Road, and its other important initiatives within its tollway network," Mr. Ridon added.

The second segment of the NLEX Connector Road is set to be completed by the end of June, NLEX Corp. earlier said.

NLEX Corp. is part of Metro Pacific Tollways Corp., the tollway unit of Metro Pacific Investments Corp. (MPIC).

MPIC is one of three key Philippine units of Hong Kong-based First Pacific Co. Ltd., the others being Philex Mining Corp. and PLDT Inc.

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. — **Luisa Maria Jacinta C. Jocson**

Metro Pacific farm unit to focus on dairy brand

METRO Pacific Investments Corp.'s (MPIC) agriculture arm Metro Pacific Agro Ventures, Inc. (MPAV) will focus more on its dairy business as it saw a big demand for its ice cream brand, a company official said.

"Primarily, we have been focused on Carmen's Best. We were surprised that the ice cream business is growing more than 50% year on year, so we want to push more," MPAV President and Chief Executive Officer Jovy I. Hernandez told reporters on the sidelines of the company's annual stockholders' meeting last week.

He added that the company is partnering with other dairy farmers to alleviate the scarcity of milk.

"We are also very adamant in pushing for the new dairy facility," he said. "We are still pursuing the Metro Pacific dairy farms, which will eventually have at least 1,000 cows."

He said the facility would increase production by five times.

"And we also continue to work with the local farmers, so that when we consolidate that *mas marami nang* supply *ng* milk (there would be more milk supply)," he added.

The company announced earlier this year that it aims to build a dairy facility in Laguna which will produce about six million liters of milk per year. The facility is expected to begin operation by late 2025 or early 2026. It is via a P2-billion partnership with Israel-based firm LR Group.

"We are still planning a few new things within the year, which we will announce soon, particularly on the ice cream side," Mr. Hernandez said.

MPIC has a partnership with the Carmen's Best group, which consists of Carmen's Best Dairy Products, Inc., Carmen's Best International Dairy Co., Inc., Real Fresh Dairy Farms, Inc., and The Laguna Creamery, Inc.

Meanwhile, Mr. Hernandez said the company's almost P1-billion investment in a greenhouse had met construction delays.

"But we are working double time now to hasten the construction," he said.

The greenhouse is expected to produce about 1,600 metric tons of vegetables a year.

MPIC through MPAV has been investing in various agricultural ventures with the recent purchase of an almost 34.76% stake in Axelum Resources Corp. for P5.32 billion.

"While we are still a minority in Axelum, we are closely working with [its] management to try to not only improve the business but develop the local market for coconut products, and we are primarily interested in looking at the coconut supply also," Mr. Hernandez said.

MPIC is one of three key Philippine units of First Pacific, the others being Philex Mining Corp. and PLDT Inc.

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. — **Adrian H. Halili**

ICTSI's Melbourne expansion to operate by 2024

PHILIPPINE-LISTED International Container Terminal Services, Inc. (ICTSI) is set to start operating the first phase of the expanded portion of its port in Melbourne, Australia by 2024.

The project worth 235 million Australian dollars will allow Victoria International Container Terminal (VICT) to accommodate larger ships or two 336-meter vessels simultaneously, the company said in a press release on Monday.

"Once the [whole] project is complete, our operations will expand from five quay cranes to eight, adding three new-generation cranes, 10 new automatic stacking cranes (ASC), and 50% increased yard capacity," said VICT Chief Executive Officer Bruno Porchietto.

Mr. Porchietto said the expansion will also allow the port to handle neo-Panamax vessels, which have a capacity of up to 14,000 twenty-foot equivalent units (TEUs).

"[It will provide] shipping lines with the opportunity to leverage economies of scale and thereby reduce supply chain costs — something that isn't available at the Port of Melbourne's Swanson dock terminals," he said.

The expansion project at the VICT has two phases, with the first phase on track for completion in 2023 and the second phase scheduled for completion in line with market demand.

The first phase of the project will increase VICT's capacity by 25% to 1.25 million TEUs. It will include two new quay cranes and six new ASCs, while the second phase involves the third quay crane and four ASCs.

ICTSI won the concession for the Melbourne-based terminal in 2014 to which it has invested more than 700 million Australian dollars for operations.

Under a separate proposal, ICTSI publicly shared a 500-million Australian dollar expansion of Webb Dock, which it believes will provide the lowest cost, most efficient and environmentally sustainable solution at the Port of Melbourne.

"ICTSI believes the proposal would be a key facilitator for the continued growth of the Victorian economy," the company said.

To assess the merits of its proposal, it has engaged multiple firms such as Jacobs Engineering, which undertook a detailed technical assessment that includes estimated construction costs, and Boston Consulting Group, which made market and economic assessments. — **Justine Irish D. Tabile**

AirAsia plans to create local businesses, jobs

THE holding firm behind AirAsia Philippines is looking at bringing its logistics, engineering, and ride-hailing businesses to the Philippines to create more jobs for Filipinos, its top official said.

Capital A Berhad Chief Executive Officer Anthony Francis Fernandes said in a statement on Monday that the company will be putting more investments in the Philippines.

"We have a great logistics business coming — Teleport Philippines, which we think will be great for e-commerce providers in the Philippines to sell their goods all over," Mr. Fernandes said.

"We want to build an engineering company here, on top of Lufthansa Technik's. We would like to bring Asia Digital Engineering (ADE) which is really a fantastic engineering company," he added.

ADE is the engineering arm of Capital A, which provides heavy maintenance, repair, and overhaul services for the group's commercial aircraft.

Capital A is also planning some major changes across its Philippine operations as part of its post-pandemic recovery strategy such as increasing its fleet to sustain route expansion both domestically and internationally.

"Leisure, migration workforce, and small and medium enterprises travel currently comprise pent-up demand for air travel," Mr. Fernandes said, adding that 80% of AirAsia's traffic in Southeast Asia consists of shorter trips and low-cost travel.

"With this, we'd like to further connect the Philippines to other ASEAN destinations," he said. — **Justine Irish D. Tabile**

CTA affirms ruling on Maersk's refund claim

THE COURT of Tax Appeals (CTA) has upheld its ruling that granted part of Maersk Global Services Centers (Philippines), Ltd.'s refund claim in the amount of P32.52 million representing its excess input value-added tax traced to its zero-rated sales for the year 2016.

In a 12-page decision dated June 7 and made public on June 8, the CTA sitting en banc said the firm belatedly filed its judicial claim with the CTA Third Division, which did not allow the court to have jurisdiction over the appeal.

"The Supreme Court has also stated that any claim filed in a period less than or beyond then 120+30 [now 90+30] days provided by the NIRC is outside the jurisdiction of the CTA," Associate Justice Catherine T. Manahan said in the ruling.

Under the Tax Code and as amended by the Tax Reform for Acceleration and Inclusion Law, the commissioner of internal revenue (CIR) has 90 days to act on an administrative claim for refund, while the taxpayer may appeal the claim with the CTA within 30 days.

Maersk primarily engages in providing corporate and administrative services for the ocean transportation business of its affiliate, A.P. Moller-Maersk Line A/S, a nonresident foreign corporation based in Denmark.

The firm initially sought a P38.68-million refund and argued that the CTA Third Division made an error when it disallowed some of the sales of the services it made to and paid for by its client, Maersk Line A/S.

Maersk said the documents it submitted had been examined by the court-approved independent certified public accountant, which affirmed that the sales had been paid for.

The CTA full court disagreed with its Third Division's finding and said the legal claims were timely filed. It said while the was a denial letter from the CIR received by Maersk, it was already beyond the mandated period.

It said the firm filed its petition on July 27, two days after the deadline.

In a separate dissenting opinion, Associate Justice Roman G. Del Rosario said the CTA Third Division had jurisdiction over the case and voted for the CTA en banc to resolve the case on its merits.

He argued that Maersk's petition was timely filed, within the period prescribed under the law, which he said was before August 25.

In a concurring opinion, Associate Justice Marian Ivy F. Reyes-Fajardo agreed with the full court's ruling, saying the firm had only up to July 25 to file its appeal. — **John Victor D. Ordoñez**

SPNEC plans private placement to resume trading

SP NEW ENERGY Corp. (SPNEC) is set to conduct a private placement of shares valued at about P3 billion to lift its trading suspension at the Philippine Stock Exchange (PSE).

"We are finalizing the arrangements for the private placement that will get our public float back above 20%," said SPNEC President and Chief Executive Officer Leandro Antonio L. Leviste in a media briefing last week.

Mr. Leviste said that the company will list about 2.12 billion shares to comply with the minimum 20% public float set by the PSE for newly listed companies.

"We are working to increase our public float as soon as possible, and we are hopeful that we can resume trading even prior to achieving the [minimum public float]," he said.

He added that the company had identified a buyer for the shares, but would need to finalize arrangements and documentation for the sale.

Mr. Leviste said the private placement will be conducted as soon as possible, without giving a specific date.

The move after the PSE suspended the trading of SPNEC shares after the company's public float fell below the required 20%.

On June 2, the company said in a regulatory filing that the Securities and Exchange Commission had approved the increase in SPNEC's authorized capital stock to P5 billion, divided into 50 billion common shares with a par value of P0.10 per share, from P1 billion.

The capital hike is in line with the company's move to acquire other solar projects and fund its portfolio expansion. — **Adrian H. Halili**