

Philippine Stock Exchange index (PSEi)

6,593.80

▲ 2.33 PTS.

▲ 0.03%

TUESDAY, AUGUST 1, 2023

BusinessWorld

PSEI MEMBER STOCKS

AC Ayala Corp. P613.00 -P2.00 -0.33%	ACEN ACEN Corp. P5.12 -P0.10 -1.92%	AEV Aboitiz Equity Ventures, Inc. P54.50 +P0.70 +1.3%	AGI Alliance Global Group, Inc. P12.56 +P0.12 +0.96%	ALI Ayala Land, Inc. P28.10 +P0.70 +2.55%	AP Aboitiz Power Corp. P36.00 -P0.05 -0.14%	BDO BDO Unibank, Inc. P146.00 +P0.90 +0.62%	BPI Bank of the Philippine Islands P114.50 ---	CNVRG Converge ICT Solutions, Inc. P9.90 -P0.20 -1.98%	DMC DMCI Holdings, Inc. P9.54 -P0.06 -0.63%
EMI Emperador, Inc. P21.50 +P0.55 +2.63%	GLO Globe Telecom, Inc. P1,918.00 -P2.00 -0.1%	GTCAP GT Capital Holdings, Inc. P542.00 -P3.00 -0.55%	ICT International Container Terminal Services, Inc. P210.20 -P6.80 -3.13%	JFC Jollibee Foods Corp. P261.00 +P6.00 +2.35%	JGS JG Summit Holdings, Inc. P43.15 +P0.10 +0.23%	LTG LT Group, Inc. P9.57 -P0.03 -0.31%	MBT Metropolitan Bank & Trust Co. P58.65 -P1.35 -2.25%	MER Manila Electric Co. P347.00 -P9.00 -2.53%	MONDE Monde Nissin Corp. P8.25 +P0.06 +0.73%
MPI Metro Pacific Investments Corp. P4.86 -P0.01 -0.21%	PGOLD Puregold Price Club, Inc. P28.00 -P1.00 -3.45%	SCC Semirara Mining and Power Corp. P29.55 +P0.70 +2.43%	SM SM Investments Corp. P915.00 +P3.00 +0.33%	SMC San Miguel Corp. P109.00 +P0.10 +0.09%	SMPH SM Prime Holdings, Inc. P33.25 -P0.15 -0.45%	TEL PLDT Inc. P1,320.00 +P10.00 +0.76%	UBP Union Bank of the Philippines P74.40 -P1.60 -2.11%	URC Universal Robina Corp. P126.00 +P3.40 +2.77%	WLCON Wilcon Depot, Inc. P21.95 -P0.90 -3.94%

Financing costs pull down Petron's profit to P6B

PETRON CORP. ended the first half with a consolidated net income of P6.14 billion, the oil company said on Tuesday without disclosing a comparative figure, but citing "rising financing charges due to successive interest rate hikes."

"Our growth strategy is on course as we continue to work on vital programs at our refinery, terminals, and service stations that will ensure our stability, productivity, and sustainability as an oil company," Ramon S. Ang, president and chief executive officer of Petron, told the stock exchange.

In the first half of 2022, the company reported a net income of P7.7 billion. It has yet to report financial figures for the second quarter of this year.

In the first semester of 2023, its consolidated revenues fell by 7.9% to P367.04 billion from P398.52 billion in the same period last year.

Despite the decline, its sales volume rose.

Petron registered a consolidated sales volume of 57.61 million barrels, 12.1% higher than the 51.41 million barrels sold in the same period last year.

"These results demonstrate our proven ability to secure our cash flow and maintain our financial resilience amid changing market conditions," Mr. Ang said.

The company said that for its Philippine operations, sales volume went up by 16% to 34.93 million barrels, attributing the rise to the country's strong demand recovery.

Petron said that it also recorded consistent increases across its business segments, which it said signifies sustained post-pandemic transition.

The company's combined sales volume from its commercial business jumped by 13% in the first six months, while its combined retail sales from the Philippines and Malaysia expanded by 8% year on year.

Petron said the oil price correction, which started in the second half of 2022 due to price volatility brought on by the Russia-Ukraine conflict, continued in the first semester of this year.

"The benchmark Dubai crude hovered around the US\$80-per barrel mark during the said pe-

riod, declining by 22% from last year's first-semester average," Petron said.

The correction in commodity prices resulted in the decline of refining cracks, Petron said. Further, the company said it managed to register a steady consolidated operating net income of P16 billion in the first semester, driven by volume growth and its overall performance.

Meanwhile, Petron said that the ongoing construction of its coco methyl ester (CME) plant will yield better margins for die-

sel and fast-track the utilization of clean alternative fuel brands.

In April, Petron said that it had started the development of a CME plant, which when finished will allow the company to produce its own CME.

Petron is the operator of the refinery in the country that provides 40% of local petroleum requirements. Its refinery in Bataan produces 180,000 barrels per day.

At the local bourse on Tuesday, shares in the company shed six centavos or 1.62% to end at P3.64 each. — **Ashley Erika O. Jose**

Meralco seeks replacement power for San Miguel's terminated supply deal

By Ashley Erika O. Jose
Reporter

SAN MIGUEL Global Power Holdings Corp. has terminated its power supply agreements with Manila Electric Co. (Meralco), the electricity distributor said, as it was forced to procure supply from other generators.

"We reported earlier that the 330 megawatts (MW) that is being supplied by Sual power plant was already terminated effective midnight of July 24, that was after they sent a notice of termination last July 17," Jose Ronald V. Valles, Meralco's first vice-president and head of its regulatory management, said in a virtual briefing on Monday.

This came after a resolution issued by the 13th Division of the Court of Appeals (CA) favored San Miguel Energy Corp. (SMEC) and South Premiere Power Corp. (SPPC).

SPPC is the administrator of the natural gas-fired power plant in Ilijan, Batangas while SMEC is the administrator of the coal power plant in Sual, Pangasinan. The two are subsidiaries of San Miguel Global Power, the power arm of San Miguel Corp.

Mr. Valles said that immediately after receiving the notice of termination, the electricity distributor sought replacement capacity from power generators.

"We immediately looked for a replacement capacity from different power suppliers and we've written several power suppliers, most of them or all of them declined. Only one responded — that is San Miguel," Mr. Valles said.

He said SMC, through SPPC, is offering the output of its Ilijan gas plant, which has resumed operations with the entry of liquefied natural gas (LNG).

"San Miguel made an offer. It's the one on the table, that is Ilijan for the 330 MW. If we are able to sign that and are able to get approval from the ERC (Energy Regulatory Commission) then we can implement that immediately," Mr. Valles said.

If the ERC approves the emergency power supply agreement (EPSA), its term will be until March 25, 2024, Mr. Valles said.

Under the contract, SPPC can source either from coal or gas and then eventually shift to LNG, Mr. Valles said, adding that the power utility giant has yet to calculate the rate impact on consumers considering the costlier LNG.

"We have not received any advice from Meralco or SMEC on the termination of their PSAs. Note that ERC, through OSG (Office of the Solicitor General), also filed a motion for reconsideration of the CA decision within 15 days from receipt, so the decision has not yet become final and executory," Ms. Dimalanta said in a Viber message on Tuesday.

The CA ruling issued in June was the latest development in the case involving both units of San Miguel Global Power — SPPC and SMEC — and Meralco.

In 2022, the parties jointly filed a rate hike petition with the ERC. However, the commission denied the petition, saying this had no basis as the PSA is a fixed-rate contract.

San Miguel Global Power's rate hike petition stemmed from losses incurred by its units SPPC and SMEC at a combined P15 bil-

lion. The rate increase was meant to recover part or P5 billion of the units' losses.

Meanwhile, Mr. Valles said Meralco is awaiting the go-signal from the ERC before conducting a competitive selection process (CSP) for the 1,800 MW of capacity it lost from other units of SMC.

In March, Meralco announced that two subsidiaries of San Miguel Global Power — Excellent Energy Resources, Inc. (EERI) and Masinloc Power Partners Co. Ltd. (MPPCL) — had terminated their PSA with Meralco.

The contracts were terminated after their PSA application went past the date during which it should have been approved by the ERC.

"For the 1,800 MW that was being supplied by Excellent Energy for 1,200 and 600 by Masinloc, both of those contracts have been terminated by San Miguel both on the lapse of [the] six-month period under the PSA. They sent us a notice of termination," Mr. Valles said.

He said Meralco is awaiting the ERC's action on the termination of the contracts as the regulator needs to approve the termination.

"The ERC has advised us to await their approval of the termination," Mr. Valles said, adding that "the moment we receive that approval from the ERC then we will proceed with the CSP for the 1,800 MW, the ToR (terms of reference) is ready for publication."

Ms. Dimalanta said the ERC is scheduled to deliberate the contract's termination within this month.

FULL STORY

Read the full story by scanning the QR code or by typing the link <<http://bit.ly/47g1V0v>>



Cebu Landmasters sells out Davao City residential units

CEBU Landmasters, Inc. (CLI) has fully sold out all units in its residential development in Davao City, it said on Tuesday, calling it another "robust market absorption of projects."

In a regulatory filing, the company said all 546 studio and one-bedroom units in its P2.5-billion Mindara Residences development had been snapped up within days after market introduction.

"Mindara Residences' remarkable sales reflect the invaluable trust of end-users and investors in CLI projects, inspiring us to uphold our commitment to serve our markets by providing them with quality developments," CLI Chairman and Chief Executive Officer Jose R. Soberano III said.

Unit prices ranged from P3.1 million to P8.8 million with floor areas spanning 22 square meters (sq.m.) to 43 sq.m.

The company said the site's north and south towers cover a 3,698-sq.m. area within LPU Town Davao, a university township located a few meters away from Davao International Airport and major establishments.

"Mindara Residences serves as the perfect abode for a dynamic life-

It is envisioned as an urban community where residents, including young professionals, thrive in the comforts of nature and are inspired by the vibrant sensibilities of culture," the company said.

The area features "garden-inspired" amenities, including roof decks, pocket gardens, a leisure pool, and a shared podium for retail spaces and basement parking.

The project is set to be completed by 2028.

CLI currently has more than 100 projects in various stages of development in 16 cities in the Visayas and Mindanao areas, with another P29.75 billion worth of projects in the pipeline.

The company stated earlier that it is planning to launch about 19 projects within the year.

During the first quarter, the company posted an attributable net income rose 10% to P888 million due to the strong performance of its business units.

Its consolidated revenues went up by 33% to P4.78 billion from P3.59 billion the previous year.

On Tuesday, CLI closed higher by 1.53% or four centavos to P2.65 per share. — **Adrian H. Halili**

From coal to gas, MGen readies Atimonan plant's conversion

MERALCO POWERGEN Corp. (MGen), the power generation arm of Manila Electric Co. (Meralco), expects to convert its coal-fired power plant project in Atimonan to one that runs on gas by October.

"For the Atimonan [project], the amendment on the ECC (environmental compliance certificate) is ongoing and we hope to convert the coal to gas by October of this year," said Jaime T. Azurin, president and chief executive officer of MGen.

Meralco has said that its subsidiary is eyeing additional power supply in line with ongoing developments in its project in Atimonan, Quezon province.

"We are still waiting for Meralco's CSP (competitive selection process) guidelines and hopefully it could happen early next year and that is the time that Atimonan will bid," Mr. Azurin said.

The company is also considering bringing in partners for the project as long as it will be able to keep a majority stake, Manuel V. Pangilinan, chairman and chief executive officer of Meralco, told reporters.

Meralco, through Atimonan One Energy Inc., (AIE), is working on the development of a natural gas-fired combined cycle gas turbine power plant project.

AIE, a wholly owned subsidiary of MGen, is the developer of the coal-fired power plant. According to its website, the company is building the plant with two 600-megawatt identical units.

MGen has said that AIE has been certified by the Department of Energy as an energy project of national significance, allowing expedited permits and reviews by local and national government agencies.

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 MediaQuest Holdings, Inc., has an interest in BusinessWorld through the Philippine Star Group, which it controls. — **Ashley Erika O. Jose**

Megaworld enters joint venture with Finnish firm SuperPark United

MEGAWORLD Corp.'s retail and commercial arm Megaworld Lifestyle Malls has signed a joint venture deal with Finnish firm SuperPark United to bring its indoor activity brand SuperPark into the country.

In a press release on Tuesday, the company said it would operate SuperPark Philippines outlets through a joint venture company, Megapark Philippines, Inc.

The company added that deal is a "multi-million peso" partner-

ship that plans to initially put up two locations within Megaworld's properties.

The company is planning to open branches of the activity center within the 18.5-hectare Eastwood City in Quezon City and in the 50-hectare McKinley Hill in Taguig City.

"This joint venture with an iconic global leisure concept will provide a new leisure and recreation destination for those who live, work, and play in Megaworld townships," said Graham

M. Coates, who heads Megaworld Lifestyle Malls.

"This is in line with our continuing efforts to promote our townships as tourism destinations that host one-of-a-kind attractions for people of all ages," Mr. Coates added.

The two locations are planned to have three purpose-built themed areas that would offer 20 unique activities.

"One of the key features of SuperPark is the Adventure Area, where toddlers can ex-

plore and adults can be kids again. Activities include an award-winning multi-story playground with obstacles, climbing structures, toddler's ball game, and digital wall," the company said.

Additionally, the location would also offer a Game Arena with sports-themed activities such as basketball, football, cycling, running, dodgeball, digital parkour experience, and a "one-of-a-kind freeform mixed-reality game."

The locations will also have Freestyle Hall, which would have trampolines with mixed-reality games, airbag, freedrop, and digital climbing walls.

SuperPark United is a global indoor activity park operator that handles the SuperPark brand. It has several locations in Finland, China, Malaysia, Kuwait and Singapore.

At the local bourse on Tuesday, Megaworld shares fell by 0.49% or a centavo to P2.04 apiece. — **Adrian H. Halili**