Philippine Stock Exchange index (PSEi) 6,483.28 ▼ 110.52 PTS. ▼ 1.67%

WEDNESDAY, AUGUST 2, 2023
BusinessWorld

PSEi MEMBER STOCKS

AC	Ayala Corp.	P611.50	-P1.50	-0.24%
ACEN	ACEN Corp.	P5.01	-P0.11	-2.15%
AEV	Aboitiz Equity Ventures, Inc.	P52.05	-P2.45	-4.5%
AGI	Alliance Global Group, Inc.	P12.50	-P0.06	-0.48%
ALI	Ayala Land, Inc.	P27.65	-P0.45	-1.6%
AP	Aboitiz Power Corp.	P36.00	——	
BDO	BDO Unibank, Inc.	P144.00	-P2.00	-1.37%
BPI	Bank of the Philippine Islands	P112.30	-P2.20	-1.92%
CNVRG	Converge ICT Solutions, Inc.	P9.20	-P0.70	-7.07%
DMC	DMCI Holdings, Inc.	P9.50	-P0.04	-0.42%
EMI	Emperador, Inc.	P21.40	-P0.10	-0.47%
GLO	Globe Telecom, Inc.	P1,870.00	-P48.00	-2.5%
GTCAP	GT Capital Holdings, Inc.	P540.00	-P2.00	-0.37%
ICT	International Container Terminal Services, Inc.	P206.00	-P4.20	-2%
JFC	Jollibee Foods Corp.	P253.60	-P7.40	-2.84%
JGS	JG Summit Holdings, Inc.	P41.55	-P1.60	-3.71%
LTG	LT Group, Inc.	P9.55	-P0.02	-0.21%
MBT	Metropolitan Bank & Trust Co.	P58.00	-P0.65	-1.11%
MER	Manila Electric Co.	P340.00	-P7.00	-2.02%
MONDE	Monde Nissin Corp.	P8.20	-P0.05	-0.61%
MPI	Metro Pacific Investments Corp.	P4.85	-P0.01	-0.21%
PGOLD	Puregold Price Club, Inc.	P27.85	-P0.15	-0.54%
SCC	Semirara Mining and Power Corp.	P29.50	-P0.05	-0.17%
SM	SM Investments Corp.	P904.50	-P10.50	-1.15%
SMC	San Miguel Corp.	P109.00	——	
SMPH	SM Prime Holdings, Inc.	P32.50	-P0.75	-2.26%
TEL	PLDT Inc.	P1,305.00	-P15.00	-1.14%
UBP	Union Bank of the Philippines	P74.50	+P0.10	+0.13%
URC	Universal Robina Corp.	P122.00	-P4.00	-3.17%
WLCON	Wilcon Depot, Inc.	P21.70	-P0.25	-1.14%

Aboitiz, partner offer $1.8B for Coca-Cola in PHL

ABOITIZ Equity Ventures, Inc. (AEV) said on Wednesday that it plans to jointly acquire Coca-Cola Beverages Philippines, Inc. (CCBP), in partnership with Coca-Cola Europacific Partners PLC (CCEP) for $1.8 billion.

"AEV's proposed acquisition of CCBP, with CCEP, offers a great opportunity to co-acquire an established, well-run business with attractive profitability and growth prospects," it said in a regulatory filing.

The company said that along with CCEP, it had entered into a non-binding letter of intent with The Coca-Cola Co. to acquire 100% ownership of its local unit.

It added that the proposed acquisition would be at an enterprise value of $1.8 billion on a debt-free cash-free basis, in line with Coca-Cola's intent to divest its bottling operations.

The company said the proposed transaction would result in CCEP taking majority ownership or 60%, with AEV owning the remaining 40%.

Once completed, the acquisition would build on the company's diversification goals to enter the branded consumer goods market, it added.

"AEV would be well positioned to support CCBP's growth ambition given the synergies that can be generated from [the company's] other businesses," it said.

The companies are expecting to close the transaction at the end of 2023, subject to the receipt of certain governmental and regulatory approvals, including clearance from the Philippine Competition Commission.

"There is, therefore, no certainty at this stage, that the proposed acquisition of CCBP will be completed, and as such, further updates will be provided in due course," the company said.

AEV added that the proposed acquisition is also subject to the approval of the companies' boards of directors, the signing of the definitive agreement, and the completion of the confirmatory due diligence.

During the second quarter, AEV posted an 18% decline in consolidated net income to P6.5 billion due to a P62-million nonrecurring loss driven by foreign exchange losses from the revaluation of US dollar cash and liquid financial instruments.

In the first half, the company reported a net income of P10.5 billion, down 11% from P11.8 billion in the same period last year.

CCEP is one of the leading consumer goods companies in the world, serving 600 million consumers. It is listed on Euronext Amsterdam, the NASDAQ Global Select Market, London Stock Exchange, and the Spanish Stock Exchanges, trading under the symbol CCEP.

At the local bourse, AEV shares fell by 4.5% or P2.45 to close at P52.05 apiece on Wednesday. — **Adrian H. Halili**

San Miguel Brewery posts 26% profit growth

SAN MIGUEL Brewery, Inc. (SMB) recorded a 26% increase in its consolidated net income in the first half to P13.5 billion on the back of strong sales figures.

In a statement on Wednesday, the brewing unit of San Miguel Corp. (SMC) also said its consolidated operating income rose 12% to P16.4 billion.

"We continue to see strong demand for our beer products. Through solid marketing strategies and a portfolio mix that gives consumers greater choice, we are able to keep our brands relevant and adapt to changing consumer needs and preferences," SMC President and Chief Executive Officer Ramon S. Ang said.

SMB attributed the profit growth to the positive sales performance of its domestic and international operations, along with a more favorable business environment.

It said consolidated revenues during the period rose 14% to P74.1 billion versus the P65 billion logged a year ago.

SMB's domestic beer volumes rose 9% due to new brand campaigns and offtake-generating programs, while international operations posted 16% higher sales volume carried by the export business and operations in Hong Kong and Thailand.

On Wednesday, SMC shares at the local bourse closed unchanged at P109 per share. — **Revin Mikhael D. Ochave**

Sagittarius Mines secures permit for Tampakan copper-gold project

SAGITTARIUS MINES, Inc. (SMI) said it had obtained a business permit for its copper-gold project from the municipal government of Tampakan after a legal victory.

"SMI has and will always comply with the law and will continue to do the right thing in all of its activities," said SMI's Legal and Compliance Manager Stella Joy Segocio in a media release on Wednesday.

SMI said the Court of Tax Appeals (CTA) granted a preliminary injunction in factor of the company after the "incorrect assessment" by the local government for alleged deficient taxes worth P400 million.

The mining company said it was issued a business permit after paying P24,579 in regulatory and other fees.

Meanwhile, SMI said the provincial board of South Cotabato declared the numerous provisions of Tampakan's Revised Municipal Revenue Code of 2022 as ultra vires or acts beyond its power.

This includes imposing new or increased business taxes on companies operating in Tampakan.

In an e-mail response, Ms. Segocio said the company is on track for its target operations by 2026.

"The refusal of the [local government unit] to grant us a business permit did not affect the activities of SMI. We were able to get a (temporary restraining order) from the first level court and then a preliminary injunction from the CTA so for now, we are still looking at 2026 as our target date," she said.

Under the terms of a Financial and Technical Assistance Agreement, Sagittarius Mines' project covers 25,371 hectares. The project was halted in 2010 after the provincial government's ban on open-pit mining.

The Tampakan project in South Cotabato province is said to be among the largest untapped minefields in Southeast Asia. The site is estimated to contain 15 million tons of copper and 17.6 million tons of gold.

SMI said it has provided social investment projects such as high school and college scholarships, the establishment of health centers and health programs, the provision of water sources, emergency response, and livelihood assistance worth more than P24 million to its host communities. — **Sheldeen Joy Talavera**

Ayala Land posts 41% profit rise, plans project launches

AYALA Land, Inc. (ALI) reported a 41% jump in first-half attributable net income to P11.39 billion, building on its top official's optimism for the rest of the year.

"Given [our] first-half results, we are highly encouraged in terms of the performance of the company," ALI President and Chief Executive Officer Bernard Vincent O. Dy said in a briefing on Wednesday. "Moving forward, we are very hopeful especially as some of the [macroeconomic] challenges start getting addressed."

In the second semester, the listed property developer plans to introduce more projects. He said: "We are going to have more launches and we are going to open new commercial assets in the next six months."

In the first six months, ALI's real estate revenues went up by 23% to P64.52 billion from P52.32 billion in the same period last year.

Revenues from property development went up by 13% to P38.73 billion from P34.14 billion due to higher residential project completion, bookings, and sales of commercial and industrial lots and office units.

Residential revenues increased by 14% to P31.25 billion, while office-for-sale revenues rose by 44% to P2.13 billion. The top line for commercial and industrial lots stood at P5.4 billion.

Sales from residential reservations likewise rose to P58.3 billion, up 18% from the same period last year. This was driven by Alveo's Park East Place in Bonifacio Global City; AyalaLand Premier's Ciela in Carmona, Cavite; Arcilo in Nuvali, Laguna; Parklinks South Tower in Quezon City; and Avida Towers Makati Southpoint.

Additionally, the company's commercial leasing revenues increased by 39% to P20.2 billion from P14.58 billion due to higher occupancy and rents.

Broken down, revenues from shopping centers climbed by 49% to P10.24 billion from P6.87 billion, office leasing revenues increased by 8% to P5.8 billion from P5.39 billion, and hotels and resorts went up by 79% to P4.16 billion from P2.32 billion.

"Our notable performance in the first half of 2023 reflects the sustained resilience of the property market and strong consumer activity in the geographic areas where we operate," Mr. Dy said in a statement.

"Leveraging the positive momentum of the economy, we will capitalize on market opportunities to enhance our diversified portfolio throughout the rest of the year," he added.

On Wednesday, shares for Ayala Land fell by 1.6% or 45 centavos to close at P27.65 apiece. — **Adrian H. Halili**

Philippines sees lower maiden listings amid rising ASEAN volume

THE LOCAL bourse has faced slower stock market listings during the first half of the year amid inflationary pressures and global influence, SGV & Co. said in a media release on Wednesday.

"The Philippines faced many headwinds at the start of the year. Inflation peaked at 6.1% in the first half of the year while global events continue to impact the local economy which countered the gains from strong domestic demand in 2023," SGV Assurance Partner and Philippines EY Private Leader Kristopher S. Catalan said.

"Unsurprisingly, these, among other factors, influenced the number of IPOs (initial public offerings) the country had this year," Mr. Catalan added.

Only three companies conducted their maiden offering, valued at $77.7 million, on the Philippine Stock Exchange (PSE), according to EY Global IPO Trends Q2 2023.

This was amid the rising volume of IPOs in the Association of Southeast Asian Nations (ASEAN) region, which saw a 26% increase year on year to 82 IPOs.

The PSE recorded eight IPOs during the January-to-June period last year — five were listed on the PSE's main board while three joined the small, medium and emerging board.

In the first half of this year, only Alternergy Holdings Corp., Upson International Corp., and Repower Energy Development Corp. conducted their maiden listing.

Alternergy held its IPO in March, raising P1.62 billion by offering 1.15 billion in primary common shares plus an overallotment option of 115 million shares at P1.28 apiece.

Upson raised P1.5 billion by offering about 625 million common shares, with an overallotment option of 62.5 million common shares, at P2.40 apiece.

Repower, which listed last week, raised P1.15 billion in its IPO of 200 million primary common shares, with an overallotment option of up to 30 million shares, priced at P5 apiece.

Mr. Catalan said the IPO scene in the region "looks promising despite geopolitical uncertainties and stringent regulatory environments."

He said some of the country's regional peers led the way with listings of companies in energy and technology sectors, which thrived during the pandemic and beyond.

In the region, Indonesia saw 45 listings in the six-month period with total proceeds of $2.2 billion.

"Boasting a vast population and robust economic growth, the country is propelled by its rich mineral reserves — vital for green energy production — and strategic privatization of state-owned enterprises," the firm said.

This was followed by Malaysia with 16 IPOs, Thailand with 15 listings, and the Philippines and Singapore with three IPOs each.

"Companies that are planning for IPOs need to prepare early on to demonstrate a sustainable business model, adapt with agility to new technologies and AI (artificial intelligence) applications, and implement sound capital management policies and practices. There are still merits to a well-prepared game plan even [today]." Mr. Catalan said. — **Adrian H. Halili**

Supreme Court affirms Egis Road France's entitlement to reduced tax rate

THE SUPREME COURT has upheld a tax court ruling that said Egis Road France was entitled to a reduced 10% tax rate in the country based on a treaty between France and the Philippines that provided the incentive.

In a resolution dated Jan. 30 and made public on Aug. 2, the tribunal said the French firm held a 99% stake in Egis Road Operations Philippines, S.A. or Egis Road Philippines.

"As the beneficial owner of the shares, Egis Road France may avail itself of the 10% reduced tax rate under Article 10 of the Tax Treaty, as amended," according to the High Court's ruling.

"Above all, it is clear that the dividend payments to Egis Road France met the requisites under the Tax Treaty, as amended."

In 1978, the Philippines and France signed a tax treaty granting a reduced tax rate to French firms to avoid double taxation and fiscal evasion on income tax.

The deal granted a 10% reduction to the tax rate in connection with dividends paid by either a Philippine or French corporation to a resident of the other country.

The case stemmed from Egis Road Philippines' two dividend payments to Egis Road France on May 6, 2010 and Aug. 31, 2010.

The Bureau of Internal Revenue (BIR) had ruled that Egis Road France was disqualified from seeking the reduced tax rate since it filed its tax treaty relief application (TTRA) late.

The High Court disagreed saying the treaty between the Philippines and France did not require the French firm to file its tax treaty application before its transactions to a specific period to avail of the reduced tax rate for dividends. — **John Victor D. Ordoñez**

FULL STORY

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