

Philippine Stock Exchange index (PSEi)

6,530.45

▲ 57.48 PTS.

▲ 0.88%

WEDNESDAY, AUGUST 9, 2023

BusinessWorld

PSEI MEMBER STOCKS

AC Ayala Corp. P622.00 +P9.50 +1.55%	ACEN ACEN Corp. P5.32 -P0.10 -1.85%	AEV Aboitiz Equity Ventures, Inc. P50.30 +P0.35 +0.7%	AGI Alliance Global Group, Inc. P13.00 +P0.66 +5.35%	ALI Ayala Land, Inc. P29.40 —	AP Aboitiz Power Corp. P36.45 +P0.95 +2.68%	BDO BDO Unibank, Inc. P142.40 +P1.40 +0.99%	BPI Bank of the Philippine Islands P115.80 +P2.60 +2.3%	CNVRG Converge ICT Solutions, Inc. P9.37 +P0.17 +1.85%	DMC DMCI Holdings, Inc. P9.60 +P0.10 +1.05%
EMI Emperador, Inc. P21.45 +P0.10 +0.47%	GLO Globe Telecom, Inc. P1,874.00 +P14.00 +0.75%	GTCAP GT Capital Holdings, Inc. P531.00 +P9.00 +1.72%	ICT International Container Terminal Services, Inc. P214.20 +P5.40 +2.59%	JFC Jollibee Foods Corp. P253.00 -P0.20 -0.08%	JGS JG Summit Holdings, Inc. P39.90 +P0.10 +0.25%	LTG LT Group, Inc. P9.50 -P0.05 -0.52%	MBT Metropolitan Bank & Trust Co. P57.65 +P0.90 +1.59%	MER Manila Electric Co. P342.20 +P2.20 +0.65%	MONDE Monde Nissin Corp. P7.90 -P0.20 -2.47%
MPI Metro Pacific Investments Corp. P5.00 +P0.03 +0.6%	PGOLD Puregold Price Club, Inc. P28.25 —	SCC Semirara Mining and Power Corp. P29.90 -P0.10 -0.33%	SM SM Investments Corp. P900.00 +P5.00 +0.56%	SMC San Miguel Corp. P103.70 +P0.30 +0.29%	SMPH SM Prime Holdings, Inc. P32.80 +P0.10 +0.31%	TEL PLDT Inc. P1,324.00 +P20.00 +1.53%	UBP Union Bank of the Philippines P73.00 —	URC Universal Robina Corp. P124.80 +P0.80 +0.65%	WLCON Wilcon Depot, Inc. P22.85 +P0.15 +0.66%

Consumer confidence propels SMIC's income to P36.5B — CEO

SM INVESTMENTS Corp. (SMIC) reported on Wednesday a consolidated net income of P36.5 billion for the first half, reflecting a 32% increase from P27.7 billion in the same period last year.

The results were "driven by solid consumer sentiment on the back of a positive economic environment," SMIC President and Chief Executive Officer (CEO) Frederic C. Dy-Buncio said in a statement.

"Our performance was driven by fundamental demand, without the added benefit of post-pandemic 'revenge spending' that contributed to last year's results," he added.

He noted that the robust consumer confidence was also tied to low unemployment and better inflation environment, setting a strong base for the rest of the year.

The company's consolidated revenues increased by 18% to

P286.3 billion from P242.6 billion in the previous year.

The company's total net earnings for the six-month period came from retail, accounting for 17%; property, accounting for 26%; banking, which made up the bulk at 47%; and portfolio investments, contributing 10%.

SM Retail, Inc. recorded a 21% increase in net income for the period, amounting to P8.4 billion from P7 billion, with revenues also rising by 15% to P188.9 billion from P164.3 billion.

These gains were attributed to increased shopping activity, buoyed by improved employment conditions.

"Consumer spending was notably strong in discretionary categories such as fashion, dining out, and entertainment, reflecting increased spending

power on lifestyle and experiences, underpinned by stronger consumer confidence," Mr. Dy-Buncio said.

Revenues from department stores grew by 27%, specialty retail also increased by 18%, and its food retail segment grew by 10%, boosted by Alfamart reporting a 26% increase in revenue.

As of June 2023, Alfamart had a total of 1,528 stores, while SM Retail and its affiliates added 174 stores, bringing the total retail network to 3,677 stores.

SM Prime Holdings, Inc. reported a consolidated net income of P19.4 billion for the first half, marking a 37.6% increase from P14.1 billion.

This growth was driven by a 29% increase in revenues, reaching P31.2 billion from P22.5 billion last year.

The company's banking segment, BDO Unibank, Inc., saw a net profit increase to P35.2 billion in the first half.

Net interest income advanced to P89.5 billion, supported by an 8% rise in gross customer loans to P2.7 trillion, while deposit liabilities increased by 12% to P3.3 trillion.

Meanwhile, China Banking Corp. reported a net income of P10.8 billion, marking a 7% improvement compared to the previous year. Its net interest income increased by 16% to P25.5 billion, as its overall income countered the rise in interest expenses.

The company's portfolio investment contributed 10% to its consolidated net income for the period.

SMIC shares closed 0.56% higher at P900 apiece on Wednesday. — **Adrian H. Halili**



Megawide's property arm secures P3-B loan for Quezon City project

MEGAWIDE CONSTRUCTION Corp.'s property unit, PH1 World Developers, Inc., has secured a P3-billion development loan from BDO Unibank, Inc. for its vertical project in Quezon City, its president said on Wednesday.

PH1 World Developers intends to use the loan proceeds for its 45-storey development called My Enso Lofts, according to the company.

"The transaction marks a significant milestone for PH1, giving a seal of approval on the My Enso Lofts' prospects and establishes our company's credit worthiness as a legitimate player in the industry," said PH1 President Ma. Gilda G. Alcantara in a press release.

My Enso Lofts was launched in November 2020 and is expected to be completed by 2026. It will follow the maiden development of PH1 in Taytay, Rizal which is said to be currently at the tail end of turning over.

"PH1 has shown its ability to deliver on its commitments, followed by a healthy take-up of newly launched projects," said Cecile

Tan, lead co-head of institutional banking group at BDO Unibank.

"The company's rich pipeline can potentially anchor a stronger and longer-term business relationship between our organizations that we can further build on," she said.

PH1's other projects include the recently launched Modan Lofts Ortigas Hills, along with projects in Pasig City and Pampanga.

The company also plans to launch a horizontal development in Bulacan through Northscapes San Jose Del Monte, which will mark its first venture into horizontal projects.

Aiming to prioritize energy efficiency, Northscapes will incorporate solar panels, tinted windows, insulated walls, e-shuttles, and solar-powered street lights.

Last month, Megawide announced its intention to acquire the 100% outstanding capital stock of PH1 from Citicore Holdings Investments, Inc. for P5.2 billion. — **Justine Irish D. Tabile**

San Francisco-Manila route sparks optimism for United Airlines, says regional director

UNITED AIRLINES is hopeful about travel demand in the Asia-Pacific region due to the expected interest in its San Francisco-Manila route, a company official said on Wednesday.

"We are very confident that this flight will perform exceptionally well," said Walter Dias, United Airlines' regional director for Greater China, Korea, and Southeast Asia sales, during a briefing.

"Our forecasts are grounded in the current economic conditions and observed travel trends within the region."

Last month, the company unveiled plans to launch daily nonstop direct service between

San Francisco and Manila, set to commence on Oct. 30.

The Manila-San Francisco flight will depart daily at 9:55 a.m. and arrive at 7:20 a.m., using a Boeing 777-300ER, the airline's largest aircraft.

"This route has been a dream of mine for over 20 years. I've always envisioned a trans-continental flight connecting the US mainland to Manila," said Mr. Dias.

He said that the new route would benefit the Philippines, as the San Francisco hub is anticipated to generate significant traffic to the country.

"The San Francisco hub stands as the largest US gateway into Asia. We facilitate over 200 flights

daily to and from San Francisco, connecting to approximately 29 Asia-Pacific destinations," he added.

The new route supplements the airline's existing nonstop service to Manila from Guam and Palau, both of which, according to the airline, have seen strong demand.

"We're very pleased with our load factor. Some days, it even surpasses our expectations," United Airlines Country Manager for Sales-Philippines Pam C. Navarro said.

The San Francisco-Manila route is just one of the 15 planned Asia-Pacific destinations for the airline. The roster includes direct flights

to New Zealand, Australia, Japan, South Korea, Tahiti, Singapore, Shanghai, Hong Kong, and Taipei.

For the upcoming winter period, United Airlines foresees its Asia-Pacific capacity being 50% larger than the combined capacity of the two other major US carriers in the region.

By 2032, the airline expects to receive delivery of 700 new narrow and wide-body aircraft, building upon its fleet of 770 aircraft at the end of 2022.

"Over the next eight or nine years, approximately 700 new aircraft will be integrated into our fleet. This is an exciting development," said Mr. Dias. — **Justine Irish D. Tabile**

DMCI Holdings Q2 income falls 9% to P8.24 billion

DMCI HOLDINGS, Inc. on Wednesday reported a 9% decline in attributable net income for the second quarter (Q2) to P8.24 billion, down from P9 billion last year.

This decrease was attributed to reduced contributions from the company's coal, nickel, and construction businesses, DMCI said in a statement.

"Our bottom line was supported by the strong recovery of our power and water businesses," DMCI Chairman and President Isidro A. Consunji said.

"Despite double-digit drops in coal and nickel prices, as well as decreasing construction volumes, we achieved our second-highest Q2 performance ever," Mr. Consunji added.

The company's total revenue slipped by about 2% to P36.96 billion from P37.7 billion last year, with higher electricity sales offsetting the impact of weaker commodity prices and fewer construction achievements.

The major contributors during the three-month period were Semirara Mining and Power Corp. (SMPC), DMCI Project Developers, Inc. (DMCI Homes), and Maynilad, accounting for 92% of total core income.

Contributions from Semirara Mining and Power to the company's net income



DMCI HOMES

declined by 5% to P5.8 billion from P6.1 billion, primarily due to weaker coal selling prices.

However, this was largely offset by higher coal shipments, power generation, electricity sales, and average selling prices.

SMPC reported a 5% decrease in net income to P10.19 billion from P10.78 billion due to reduced domestic coal sales.

DMCI's residential unit, DMCI Project Developers Inc. (DMCI Homes), saw an 8% increase in contributions to P1.4 billion from P1.3 billion the previous year, driven by higher finance and other income. Net income also increased by 6% to P1.41 billion from P1.32 billion.

DMCI affiliate Maynilad contributed P474 million, marking a 21% increase from P393

million, due to improved billed volume, customer mix, and average effective tariff.

The affiliate's net income grew by 34% to P2.18 billion from P1.63 billion the previous year.

DMCI Mining Corp. contributed P250 million to the company's bottom line for the period, reflecting a 51% decline from the P510 million in the previous year.

This decline was mainly due to lower selling prices and foreign exchange gains, coupled with higher costs. Net income decreased to P708 million from P1.09 billion the previous year.

DMCI Power Corp.'s net income contribution for the quarter increased by 13% to P231 million from P205 million, supported by higher electricity sales and lower fuel costs.

Net income also jumped by 12% to P231 million from P205 million the prior year.

Furthermore, due to slower construction progress, fewer projects, and delays in major projects, D.M. Consunji, Inc.'s contributions dropped by 73% to P139 million from P516 million last year.

D.M. Consunji's net income for the quarter decreased to P216 million from P650 million in the same period last year.

DMCI Holdings shares closed 1.05% higher at P9.60 apiece on Wednesday. — **Adrian H. Halili**

Court of Tax Appeals affirms denial of Carmen Copper's value-added tax refund claim

THE COURT of Tax Appeals (CTA) has upheld its decision to reject Carmen Copper Corp.'s tax refund claim of P11.4 million, which was said to represent the excessive value-added tax (VAT) on the company's purchases of goods, services, and imports for the year 2015.

In a 19-page decision dated Aug. 2, the CTA full court said the firm failed to prove its entitlement to the amount and that the amount could be traced to zero-rated sales.

"Petitioner (Carmen Copper) was not able to prove that it is entitled to a refund in cash in the amount of P11,393,494.01, representing its excess and unutilized input VAT on purchases of goods and services, and importation

of goods, for the first quarter of 2015," the tax tribunal said.

The court also noted that its Second Division did not misuse its discretion in rejecting the company's refund claim.

In 2017, former Assistant Revenue Commissioner Teresita M. Angeles partially granted Carmen Copper's claim in the amount of P48.78 million of its initial P60.17 million claim for 2015.

Under the country's tax code, zero-rated sales are transactions made by VAT-registered taxpayers that do not translate to any output tax.

If a sale is subject to 0% VAT, the term "zero-rated sale" must also be written on the company's official invoices. — **John Victor D. Ordoñez**