

# Manila Water's Q2 profit soars 51.6% to P2.76B

MANILA WATER Co., Inc. reported a second-quarter (Q2) net income of P2.76 billion on Thursday, marking a 51.6% increase from the P1.82 billion reported a year ago, driven by higher revenue during the period.

In a stock exchange filing, the water concessionaire for the east zone disclosed gross revenues of

P8 billion for the April-to-June period, reflecting a 39.9% increase from the P5.72 billion reported last year.

The company's gross expenses saw a slight 12% increase to P3.91 billion for the second quarter, compared to P3.49 billion in the same period last year.

For the January-to-June period, Manila Water's attributable net income grew by 72.9% to P5.05 billion from a previous profit of P2.92 billion.

Gross revenues for the first semester climbed to P15.39 billion, marking a 41.7% rise from the P10.86 billion registered a year ago.

However, the company's gross expenses increased to P7.69 billion in the first half, a 15.6% rise from P6.65 billion in 2022.

Year to date, the total attributable billed volume increased by 2% to 651.8 million cubic meters from 637 million cubic meters the previous year.

For the first half, Manila Water's combined billed connections increased by 3% to 1.31 million from 1.27 million in the same period last year.

At the local bourse on Thursday, shares of the company gained 24 centavos or 1.25%, closing at P19.40 apiece.

Manila Water serves the east zone network of Metro Manila, covering Marikina, Pasig, Makati, Taguig, Pateros, Mandaluyong, San Juan, portions of Quezon City, and Manila, as well as several towns in the nearby Rizal province. — **Ashley Erika O. Jose**

## Nickel Asia sets \$2-M capex per MW for pilot geothermal projects

NICKEL ASIA Corp.'s (NAC) renewable energy subsidiary is allocating approximately \$2 million per megawatt (MW) as a capital expenditure (capex) budget for its pilot geothermal power plants in Biliran and Mindoro.

"Capex, I think... about \$2 million per megawatt is our current estimate," Emerging Power, Inc. (EPI) Chief Operating Officer Noel M. Gonzales said during a briefing on Tuesday.

EPI is currently conducting discharge testing for the 2-MW Biliran Geothermal project, which is projected to begin commercial

operations by the fourth quarter of this year.

The first phase of the Mindoro geothermal power plant is scheduled to commence operations by the second quarter of 2025.

"Currently, we don't plan to participate in GEAP (green energy auction program) for now but it is a pilot program to fully test... show, at least in Biliran, that it can support two megawatts worth of power," he said.

Upon completion, the pilot operations could be expanded to achieve an additional 20 MW or

potentially 50 MW through further drilling works.

"With regards to future expansions, we are looking into that and we'll be looking at fully testing the other existing wells that are in Biliran," Mr. Gonzales said.

In January, NAC's board of directors approved an additional investment of P2.92 billion in EPI through a subscription to more common shares. This will support EPI's operations, cover the operating expenses of its affiliate, Biliran Geothermal, Inc., and provide for the operating

expenses of its unit, Mindoro Power Corp.

For the three months ending in June, NAC reported an attributable income of P776.70 million, marking a 72% decrease from P2.78 billion the previous year, mainly due to lower revenues and higher expenses.

Revenues saw a decline of 14.90% to P6.88 million, while gross expenses increased by 9.37% to P4.77 million.

On Thursday, NAC shares dropped by 45 centavos or 7.88%, closing at P5.26. — **Sheldeen Joy Talavera**

## MMPC sets sights on higher market share — executive

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MITSUBISHI MOTORS Philippines Corp. (MMPC) is targeting an increased domestic vehicle market share by aiming to sell more than 75,000 vehicles during the fiscal year, a company official said on Thursday.

"For the whole fiscal year from April 2023 to March 2024, our target sales is 75,000, but we may be able to exceed that a little bit," MMPC First Vice-President for Sales and Marketing Jack S. Ramirez, Jr. told reporters.

"Our target is 18% market share, but it may reach 18.5%," he added.

Mr. Ramirez said that MMPC sold 43,831 units during the January to July period, representing an increase of more than half compared to last year.

This growth was driven by higher sales of the L300 utility vehicle, Mirage

hatchback, and Mirage G4 sedan, all of which are assembled at the company's Sta. Rosa assembly plant, he noted.

"Our sales volume from January to July is at 43,831 units. This is slightly above our target market share volume of 18%. It is about 18.9%. This is total industry data."

"The L300 sales surged as we made special promotions for micro, small, and medium enterprises (MSMEs), while Mirage G4 and sedan models are targeting first-time buyers and starting families," he added.

Mr. Ramirez also said that MMPC is seeing higher vehicle sales during the "ber" months, noting that the peak of the company's sales performance occurs during this period. — **Revin Mikhael D. Ochave**

## Global Ferronickel income slides nearly 69% to P195M

GLOBAL FERRONICKEL Holdings, Inc. (FNI) saw its attributable net income fall by 68.9% to P195.65 million for the second quarter from P628.63 million a year earlier amid lower revenues and higher costs and expenses.

"There are risk factors which we cannot predict or control but could adversely affect our business. Weather events such as changes in rainfall patterns that we experienced in Surigao is one of them," FNI President Dante R. Bravo said in an e-mailed media release.

Nickel ore export revenues fell 8.3% to P1.98 million, which FNI attributed to lower volume shipped and average realized ore price of Surigao mining operations.

Moreover, the company's expenses increased by 15.6% to P1.58 billion from P1.37 billion a year earlier.

Consolidated net income went down by 56.7% to P266.49 million from P615.58 million a year earlier, it said.

"We continue to assess and monitor such factors. Additionally,

our ongoing diversification aims to respond to such risk and ultimately improve FNI's portfolio quality and performance." Mr. Bravo said.

He saw the year-round operations to continue in the Palawan mine brought about by "milder weather" and "a wet season that is not very pronounced."

"As we step up efforts to further diversify, the combined strength of the Surigao and Palawan mines enable us to better

navigate the short-term challenges ahead," he added.

The Cagdianao Mine in Surigao del Norte and the Ipilán Nickel Mine in Palawan, both under FNI's wholly-owned subsidiary Platinum Group Metal Corp., have a combined yearly shipment capacity of 6.5 million wet metric tons (WMT).

This accounts for 15% of the total nickel ore exports in the country in terms of volume. — **Sheldeen Joy Talavera**

### FULL STORY



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### Revenues, from S1/1

Meanwhile, the proposed excise tax on pre-mixed alcohol is pending at the House Ways and Means Committee. The measure is expected to generate P400 million revenues annually in 2024 and 2025, and P500 million in 2026.

The DoF has recently pushed for a tax on pre-packaged foods lacking nutritional value, as well as raising the sweetened beverage excise tax. This is projected to generate additional revenues of P75.7 billion in 2024, P90.7 billion in 2025, and P106 billion in 2026.

The House Ways and Means Committee last week approved a new mining fiscal regime, which is expected to raise P12.4 billion in 2024, P12.9 billion in 2025 and P13.4 billion in 2026.

Last month, the House Ways and Means panel approved a measure that seeks to amend the existing motor vehicle user's charge. It is seen to generate P15.8 billion by 2025 and P31 billion by 2026.

Earlier data from the DoF showed that the implementation of key tax reform laws generated P202.8 billion in additional revenues in 2022. — **Luisa Maria Jacinta C. Jocson**

### Growth, from S1/1

#### GOVERNMENT SPENDING FALLS

PSA data showed government spending contracted by 7.1% in April to June, a reversal of the 6.2% growth in the first quarter and 10.9% a year ago.

This was the first time state spending declined since the 4.1% drop in the second quarter of 2021. This was also the sharpest drop in over 12 years since the 15% contraction in government spending in the first quarter of 2011.

Mr. Balisacan attributed the drop in government expenditures to the absence of election-related spending.

"Government spending will accelerate in the coming quarters to allow us to recover our growth momentum," he said.

Mr. Balisacan told lawmakers later on Thursday that the second-quarter GDP growth would have been higher if there was no underspending. "If the programmed amount would have been spent then GDP would not have been 4.3% but 5.6%," he said.

Private consumption, which historically accounts for three-fourths of the Philippine economy, increased by 5.5%. This was weaker than the 6.4% growth in the first quarter and 8.5% a year earlier.

This was the slowest pace of household spending growth since

the 4.8% contraction in the first quarter of 2021.

Gross capital formation — the investment component of the economy — dipped by 0.04%, ending eight straight quarters of growth. This was a reversal of the 12.6% growth in the first quarter and 17.2% in the second quarter of 2022.

Mr. Balisacan said the second-quarter GDP data reflected the lagged effects of the Bangko Sentral ng Pilipinas' (BSP) aggressive monetary tightening cycle that began in May 2022.

"The lagged effects of the uptick in interest rates last year and early this year, we're feeling that now, especially in investment and household consumption. People postponed their spending," he said.

To tame inflation, the BSP raised borrowing costs by 425 basis points (bps) from May 2022 to March 2023, bringing the key interest rate to a near 16-year high of 6.25%.

Inflation has been on a downturn since peaking at 8.7% in January. Headline inflation slowed for a sixth straight month to 4.7% in July, bringing the seven-month average to 6.8%.

"With the easing of inflation and we continue to aggressively ensure that the deceleration will continue, then the pressure for

BSP to increase further interest rates will be eased," Mr. Balisacan said.

Exports of goods and services grew by 4.1% in the second quarter, faster than the 1% growth in the previous quarter but slower than 4.9% a year earlier.

Imports inched up by 0.4% in April to June from 4.7% in the first quarter and 14.5% a year ago.

Net primary income from the rest of the world surged by 90.6%, higher than 82.4% in the first quarter and 66.8% a year earlier.

Gross national income, the sum of the country's GDP and net income received from overseas, expanded by 8.6%, slower than 10% in the first quarter and 9.4% a year ago.

Among major economic sectors, services expanded by 6%, weaker than the 8.4% a quarter earlier and 9.2% a year ago.

Agriculture growth slowed to 0.2%, from 2.2% in the first quarter and matched the pace a year earlier.

The industry sector expanded by 2.1%, slowing from 4% in the previous quarter and 6.3% in the same period a year ago.

Services made the largest contribution to GDP growth with 3.7 percentage points, followed by industry (0.6 point) and agriculture (0.01 point).

Mr. Balisacan said the economy is more resilient and could withstand both external and domestic headwinds.

"We firmly believe that the prospects of the Philippine economy remain strong and positive," he said.

#### GLOOMY OUTLOOK

With the weaker-than-expected second-quarter growth, analysts said it is unlikely for the Philippines to achieve its 6-7% growth target this year.

"We expect continued weakness in the near term as elevated interest rates and weak global demand weigh on the economy," Gareth Leather, senior Asia economist at Capital Economics, said in a note.

He revised the full-year GDP growth forecast to 4.5% from 5.5%, as he expects consumption and investment to remain muted.

"Higher borrowing costs and uncertainty about demand prospects are likely to curtail investment activity in the near term," Mr. Leather said.

ING Bank N.V. Manila Senior Economist Nicholas Antonio T. Mapa said the latest GDP data were disappointing as the slowdown was evident in all major sectors.

"This was the slowest pace of expansion since 2011, with growth momentum slowing due

to a challenging global landscape, price pressures, lackluster fiscal stimulus and elevated borrowing costs," he said in a note.

ANZ Research economist Debalika Sarkar said private consumption is expected to further slow as rates remain high and pent-up demand continues to fade.

"Moreover, the uncertainty in the agricultural sector due to weather-related shocks could put nearly 22% of employees at risk of unemployment/underemployment. This scenario implies fiscal policy will need to be expansionary in the coming quarters," she said in a note.

China Banking Corp. Chief Economist Domini S. Velasquez said the full-year target is unlikely to be achieved "unless we see a sudden reversal in spending and improvements in investments."

In a note, HSBC Global Research ASEAN economist Aris Dacanay said growth would likely remain weak in the second half due to subdued global demand. He forecasts 5.3% GDP growth for 2023.

"We expect households to rein in consumption as they begin building their savings back up after three years of dipping into their savings," he said in an e-mail. — **Mariadel Irish U. Catilogo**

## CONCEPCION TO SCALE UP MSME ACCESS TO MENTORSHIP, MONEY AND MARKETS WITH HELP OF LGUS



Go Negosyo's 3M on Wheels holds free entrepreneurship mentoring, as well as assistance on finding sources of capital and potential business opportunities. The regular, mall-based event has received the support of the national government as well as the local government units and business organizations wherever it is held across the country.

Go Negosyo founder Joey Concepcion said there will be more free entrepreneurship mentoring events coming this year as micro-small and medium enterprises (MSMEs) continue to be a major driver of economic growth for the Philippines.

This comes as Go Negosyo holds the year's biggest entrepreneurship mentoring event this Saturday, August 12, at the SM Megamall in Mandaluyong City. Already, thousands of active and aspiring entrepreneurs have pre-registered online to be mentored by veteran entrepreneurs and some of the country's top business executives at Go Negosyo's popular free entrepreneurship mentoring event, 3M on Wheels.

"We will scale up and expand 3M on Wheels to more areas across the Philippines, and in partnership with LGUs," said Joey Concepcion, founder of Go Negosyo.

Saturday's event is expected to be among the biggest 3M on Wheels event held by the non-profit Go Negosyo. "We're expecting entrepreneurs from all kinds of backgrounds," said Concepcion. Among those who are expected to attend is a 76-year old aspiring entrepreneur from Bulacan, and a housewife who is selling goods using the video sharing platform TikTok.

One of the event's highlights will be a discussion from a panel of experts from some of

the country's leading digital platforms who will share how small entrepreneurs can maximize technology and use it to their advantage. "Digital platforms have really been a game-changer for many MSMEs. They can promote their products on social media, deliver via the transport and shipping apps, and receive payments or pay suppliers using the digital payments platforms," Concepcion said.

The main event, however, will be the one-on-one mentoring the attendees will receive from veteran entrepreneurs. Active and aspiring entrepreneurs will be mentored by Go Negosyo's pool of seasoned entrepreneurship mentors, with more top business executives joining the event to offer advice and coaching.

In addition, there will be booths offering potential on-the-spot business opportunities for attendees, while representatives of government agencies will be present to offer assistance in securing documentation and regulatory requirements for small businesses.

Previously known as Mentor Me on Wheels, 3M on Wheels is the expanded, mall-based free entrepreneurship event conducted nationwide by Go Negosyo. 3M on Wheels promotes entrepreneurship by assisting active and aspiring entrepreneurs gain access to the three M's essential to successful entrepreneurship, namely access to Money, Markets and Mentorship.