Philippine Stock Exchange index (PSEi) 6,124.57 1.77 PTS. ▼0.02%

MONDAY, SEPTEMBER 18, 2023 BusinessWorld

PSEi MEMBER STOCKS

AC	Ayala Corp.	P622.50	+P3.00	+0.48%
ACEN	ACEN Corp.	P4.84	-P0.15	-3.01%
AEV	Aboitiz Equity Ventures, Inc.	P45.70	-P1.55	-3.28%
AGI	Alliance Global Group, Inc.	P12.52	-P0.02	-0.16%
ALI	Ayala Land, Inc.	P27.80	+P0.65	+2.39%
AP	Aboitiz Power Corp.	P31.70	+P0.10	+0.32%
BDO	BDO Unibank, Inc.	P129.50	+P0.50	+0.39%
BPI	Bank of the Philippine Islands	P108.00	-P2.00	-1.82%
CNVRG	Converge ICT Solutions, Inc.	P8.70	-P0.30	-3.33%
DMC	DMCI Holdings, Inc.	P10.46	+P0.04	+0.38%
EMI	Emperador, Inc.	P20.95	+P0.10	+0.48%
GLO	Globe Telecom, Inc.	P1,752.00	——	
GTCAP	GT Capital Holdings, Inc.	P586.50	-P6.50	-1.1%
ICT	International Container Terminal Services, Inc.	P209.00	+P4.00	+1.95%
JFC	Jollibee Foods Corp.	P230.00	+P1.80	+0.79%
JGS	JG Summit Holdings, Inc.	P37.20	-P0.10	-0.27%
LTG	LT Group, Inc.	P8.94	-P0.06	-0.67%
MBT	Metropolitan Bank & Trust Co.	P52.00	-P1.10	-2.07%
MER	Manila Electric Co.	P362.60	-P2.40	-0.66%
MONDE	Monde Nissin Corp.	P8.33	+P0.03	+0.36%
MPI	Metro Pacific Investments Corp.	P5.14	+P0.04	+0.78%
PGOLD	Puregold Price Club, Inc.	P28.30	-P0.70	-2.41%
SCC	Semirara Mining and Power Corp.	P35.00	+P0.50	+1.45%
SM	SM Investments Corp.	P810.00	+P7.00	+0.87%
SMC	San Miguel Corp.	P106.00	+P1.90	+1.83%
SMPH	SM Prime Holdings, Inc.	P29.25	-P0.15	-0.51%
TEL	PLDT Inc.	P1,096.00	-P33.00	-2.92%
UBP	Union Bank of the Philippines	P69.95	+P0.95	+1.38%
URC	Universal Robina Corp.	P115.90	+P0.20	+0.17%
WLCON	Wilcon Depot, Inc.	P22.00	——	

Manila Water plans P1.15-trillion investment

Water company seeks concession agreement extension until 2047

WATER SUPPLY company Manila Water Co., Inc. said it is investing P1.15 trillion between this year and 2047.

This commitment comes as the water supply company seeks approval for the extension of its revised concession agreement (RCA) with the Metropolitan Waterworks and Sewerage System (MWSS).

The east zone concessionaire said it applied for an RCA extension on Aug. 25, as indicated in the company's position paper posted on its official website and accessed on Monday.

"The application seeks the extension of the expiration date of the RCA from July 31, 2037 to July 31, 2047, to coincide with the term of Manila Water's 25-year legislative franchise," the company said.

Specifically, Manila Water hopes to extend the RCA it signed with MWSS on March 31, 2021.

Republic Act No. 11601, which took effect on Jan. 25, 2022, granted Manila Water a legislative franchise for 25 years, extending until 2047.

The franchise provides the company with the privilege to establish, operate, and maintain a waterworks and sewerage system in the east zone service area of Metro Manila and Rizal province.

The company said that the application aligns with Section 5 of the law, which states: "When public interest for affordable water security so requires and upon the grantee's application, MWSS shall be authorized to approve the amendment of the Concession Agreement to extend its term up to the franchise's duration, following appropriate notice and hearing."

In line with the extension application, Manila Water has committed to allocate P1.15 trillion for investments, primarily to ensure the continuous provision of water and wastewater services to its customers in the east zone, it noted.

Of the total, Manila Water plans to allocate P475 billion for the development and maintenance of water facilities from 2038 to 2047 out of the total expenditures.

It has also projected an additional capital expenditure (capex) amounting to P48.1 billion from 2038 to 2043 for the development of the water treatment plant for the Kangan-Agos project, with an estimated capex of P91.1 billion.

The proposed project, which will source water from the Kanan River, is expected to produce 3,000 million liters per day, divided between Manila Water and Maynilad Water Services, Inc.

"With 26 years of improving water and wastewater services, Manila Water is best positioned to continue to serve the East Zone for another 24 years," the company said.

"Manila Water prays for the extension of the RCA to ensure sustainability of reliable service at an affordable cost," it added.

At the same time, the company invited the public to submit comments on its proposed extension.

At the local bourse on Monday, shares of Manila Water went down by two centavos or 0.11% to close at P17.70 apiece.

The water concessionaire serves the east zone network of Metro Manila, covering parts of Marikina, Pasig, Makati, Taguig, Pateros, Mandaluyong, San Juan, portions of Quezon City and Manila, and several towns in Rizal province. — **Sheldeen Joy Talavera**

AgriNurture acquires Aussie firm Freshness First

AGRINURTURE, INC. announced on Monday that it had fully acquired Freshness First Pty, Ltd., an Australian manufacturing company, for a mere one Australian dollar.

AgriNurture said in a stock exchange disclosure that the transaction for the acquisition commenced in 2018.

With this development, Freshness First would become its wholly owned subsidiary, the listed company also said.

The Australian company trades fresh and processed fruits and vegetables and operates under its wholly owned subsidiaries, BSK Pty. Ltd. and Michsul Pty. Ltd., which cater to major institutional clients across Queensland.

AgriNurture said the subsidiaries posted slightly higher revenues as of the first semester despite headwinds brought by the pandemic.

Earlier this year, the company announced its P280-million stock rights offering as part of its target to raise P5 billion for expansion projects.

The company's expansion plans include establishing a 200,000-hectare corn plantation and rolling out food terminals across strategic areas in the country.

It has also announced it would proceed with its plan to raise about $50 million through the issuance of green bonds. This move was previously disclosed but was delayed due to the pandemic and Russia-Ukraine conflict.

Shares in the company remained unchanged at P3 each at the local bourse on Monday. — **Ashley Erika O. Jose**

PAL partners with Expedia for one-stop shop

FLAG CARRIER Philippine Airlines (PAL) announced on Monday a partnership with online travel company Expedia Group, Inc. to launch PAL Holidays, its all-in-one travel platform.

The one-stop booking platform "simplifies and enhances the travel planning process for our passengers," PAL Vice-President for Sales Salvador Britanico said in an e-mailed statement.

PAL's tie-up with Expedia Group, which owns and operates travel fare aggregators and travel metasearch engines, including Expedia.com, Hotels.com, Ebookers, CarRentals.com, and more, will allow the company to reach more travelers.

For the April-to-June period, PAL Holdings, Inc., the airline's parent company, recorded an attributable net income of P6.23 billion, more than double the

REUTERS FILE PHOTO

P2.47 billion in the same period last year, driven by higher revenue for the period, the company's financial report showed.

The company's gross revenue for the second quarter expanded by 34.1% to P45.24 billion from P33.74 billion in the same period last year.

Its attributable net income for the January-to-June period rose to P10.89 billion, more than threefold the P3.56 billion in the same period last year.

Also for the first half, the company saw its gross revenues increase to P87.45 billion, up by 52.4% from P57.37 billion a year ago.

Its passenger revenues, representing the majority of its combined revenues, saw a 73.3% increase to P78.24 billion for the first semester from P45.15 billion previously.

"By partnering with Expedia, we are confident that our customers will enjoy unparalleled access to a superior range of great offers for hotels, experiences, and transport that can go together with the Philippine Airlines flights that they book," Mr. Britanico said.

"PAL Holidays reflects our dedication to providing exceptional travel experiences, and we look forward to serving our customers in a more convenient and efficient way," he added.

The platform, backed by Expedia's White Label Template technology, is designed to allow passengers to have a one-stop shop for flights, hotel accommodation, and transportation bookings, PAL said. — **Ashley Erika O. Jose**

Sale of Steniel shares seen to lift trading suspension

THE proposed sale of secondary shares in Steniel Manufacturing Corp. will enable the company to meet the minimum public ownership requirements and lift its trading suspension, some analysts said on Monday.

Steniel (Netherlands) Holdings B.V. and Greenkraft Corp. are actively selling over a hundred million listed shares in Steniel Manufacturing, as per a regulatory filing by the listed company.

The sale would raise its public float to 22.26%, China Bank Capital Corp. Managing Director Juan Paolo E. Colet said in a Viber message.

"As a step toward lifting the trading suspension on the company's shares, it is a bit of good news to minority shareholders, but what is crucial is the final execution of the sale," Mr. Colet said.

Steniel Manufacturing Corp. has identified the two parties as the selling shareholders in connection with the sale of a combined 130 million listed shares.

The company said that both Steniel Netherlands and Greenkraft are discussing the terms of the sale with an unrelated prospective buyer, according to a disclosure to the stock exchange.

This move follows the suspension of trading in Steniel Manufacturing shares by the Philippine Stock Exchange (PSE) due to the company's public float falling to 13%, which is below the PSE's minimum requirement of 20%.

"The sale is in line with the company's action plan to increase its public ownership. By converting the 130 million shares of Steniel Netherlands and Greenkraft to public-owned shares through the sale transaction, STN's free float level should increase," Unicapital Securities, Inc. Senior Equity Research Analyst Carlos Angelo O. Temporal said.

The company did not disclose additional information about the move, but it said that the parties have not yet agreed to and executed the relevant deeds for the sale of shares.

"The company shall inform the Exchange as soon as the parties have agreed and executed the relevant deeds of absolute sale of share," Steniel Manufacturing said.

Incorporated in 1963, Steniel Manufacturing and its subsidiaries engage in the business of manufacturing, processing, and selling various paper products, paperboard, and corrugated carton containers. — **Ashley Erika O. Jose**

Think tank warns of financial risks in San Miguel Global Power's fossil fuel expansion

SAN MIGUEL Global Power Holdings Corp.'s (SMGPH) fossil fuel expansion is seen facing financial risks, particularly with its transition to liquefied natural gas (LNG), according to the Institute for Energy Economics and Financial Analysis (IEEFA), a US-headquartered think tank.

The volatile fossil fuel prices make the company's expansion of coal and natural gas-fired power capacity susceptible to financial issues, the think tank said in an e-mailed statement on Monday.

SMGPH, a wholly owned subsidiary of San Miguel Corp., controls 4,719 megawatts (MW) of operational power capacity.

BusinessWorld contacted SMGPH for comments.

In its report, IEEFA cited the 2022 financial year operating results of SMGPH's key power plants, which showed that higher fuel costs for coal and natural gas resulted in lower operating income.

"In IEEFA's assessment, SMGPH fell short across all major performance metrics compared with top competitors in the Philippine power market," IEEFA energy finance analyst Hazel Ilango said.

"And while SMGPH's earnings have shown improvement in the first half of 2023, ongoing challenges in meeting its financial obligations persist," she added.

Of its projects in the pipeline, the company aims to complete 1,900 MW of new coal capacity and 1,313 MW of new gas-fired capacity by 2025, with more than 10,000 MW of proposed gas-fired capacity.

IEEFA projected the company's energy mix to be 46% coal, down from 62% in June last year. Meanwhile, natural gas is expected to have a higher contribution of 28%, up from 25% previously.

Renewable energy and battery electric storage system capacity are projected to contribute 15% and 11%, respectively.

The think tank said the company's shift from coal to LNG could "worsen the situation" as LNG is a more expensive fuel than coal and is expected to remain costly.

"SMGPH does not have any active long-term LNG supply contracts, meaning it could remain entirely exposed to extreme volatility in global LNG spot markets," IEEFA said.

"Finally, none of SMGPH's existing or proposed LNG-to-power plants have power offtake contracts beyond 2024 that might ensure long-term recovery of fuel costs. This presents a significant risk to the company's financial well-being," it added.

IEEFA also said that the company may aim to raise additional capital with the backing of SMC but may struggle to access affordable capital markets due to its "weak financial profile, tight funding conditions, and fossil fuel-focused strategy."

Another option for addressing financial challenges is to continue trying to pass all fuel costs through to end users through legal or regulatory channels, the think tank added.

"As the largest power generation company in the Philippines, SMGPH should be well positioned to benefit from the country's accelerating shift to renewable energy," IEEFA LNG/Gas research lead Sam Reynolds said.

"But without an immediate, material pivot to renewables, IEEFA believes the company is at risk of locking in financial instability caused by overexposure to volatile fossil fuel prices," he added. — **Sheldeen Joy Talavera**