Philippine Stock Exchange index (PSEi) 5,961.99 ▼56.50 PTS. ▼0.93%

FRIDAY, OCTOBER 27, 2023 BusinessWorld

PSEi MEMBER STOCKS

AC	Ayala Corp.	P603.00	-P1.00	-0.17%
ACEN	ACEN Corp.	P5.25	+P0.05	+0.96%
AEV	Aboitiz Equity Ventures, Inc.	P46.40	-P0.90	-1.9%
AGI	Alliance Global Group, Inc.	P10.14	-P0.74	-6.8%
ALI	Ayala Land, Inc.	P26.80	-P1.00	-3.6%
BDO	BDO Unibank, Inc.	P128.50	-P0.50	-0.39%
BLOOM	Bloomberry Resorts Corp.	P9.10	-P0.20	-2.15%
BPI	Bank of the Philippine Islands	P98.90	-P0.10	-0.1%
CNPF	Century Pacific Food, Inc.	P28.20	+P0.20	+0.71%
CNVRG	Converge ICT Solutions, Inc.	P8.38	+P0.18	+2.2%
DMC	DMCI Holdings, Inc.	P9.45	-P0.05	-0.53%
EMI	Emperador, Inc.	P20.80	+P0.05	+0.24%
GLO	Globe Telecom, Inc.	P1,769.00	-P10.00	-0.56%
GTCAP	GT Capital Holdings, Inc.	P552.00	+P2.00	+0.36%
ICT	International Container Terminal Services, Inc.	P199.50	-P1.50	-0.75%
JFC	Jollibee Foods Corp.	P209.20	-P5.40	-2.52%
JGS	JG Summit Holdings, Inc.	P35.90	-P1.10	-2.97%
LTG	LT Group, Inc.	P8.50	-P0.28	-3.19%
MBT	Metropolitan Bank & Trust Co.	P52.00	——	
MER	Manila Electric Co.	P352.20	-P7.80	-2.17%
MONDE	Monde Nissin Corp.	P8.51	+P0.23	+2.78%
NIKL	Nickel Asia Corp.	P5.35	-P0.06	-1.11%
PGOLD	Puregold Price Club, Inc.	P26.90	+P0.10	+0.37%
SCC	Semirara Mining and Power Corp.	P30.05	-P0.10	-0.33%
SM	SM Investments Corp.	P805.50	-P8.50	-1.04%
SMC	San Miguel Corp.	P103.40	-P1.60	-1.52%
SMPH	SM Prime Holdings, Inc.	P30.00	-P0.10	-0.33%
TEL	PLDT Inc.	P1,227.00	-P4.00	-0.32%
URC	Universal Robina Corp.	P110.00	-P2.00	-1.79%
WLCON	Wilcon Depot, Inc.	P19.80	+P0.16	+0.81%

SC tells Pasay court: Resolve common train station dispute

THE SUPREME COURT (SC) has ordered a Pasay City court to resolve a dispute involving the construction of a common train station that would connect separate rail systems in front of the Trinoma mall, which was originally supposed to be in front of the SM North EDSA mall.

Its order to the Pasay City Regional Trial Court Branch 111 involved SM Prime Holdings, Inc. (SMPHI) and entities handling the rail systems — Metro Rail Transit Corp. (MRT) and the Light Rail Transit Authority (LRTA).

In a resolution dated March 15 and made public on Oct. 26, the tribunal lifted an injunction on the station's construction but said that doing so was moot since SMPHI had reported that the station's construction had started.

"This is a judicial admission that is binding upon SMPHI, without need for further proof. At any rate, the aforesaid admission of SMPHI itself renders the present petition for injunction moot," the tribunal said.

"Here, further proceedings would be of no practical value because there is no longer any substantial relief to which SMPHI would be entitled and or would otherwise be negated by the denial of the petition."

In a 2017 agreement, SMPHI, the LRTA, and the Department of Transportation (DoTR) agreed to compromise on a common station plan acceptable to all parties, after the High Court told them to do so.

The tribunal said the parties have yet to finalize or implement the plan for the common station.

The entities had agreed to "facilitate the immediate development, construction, and operation of a Unified Station/Grand Central Station."

"While judicial policy strongly encourages compromise, the court cannot allow the supposed negotiations to indefinitely stay hanging in the air and continue to clog the docket of the court, without any clear showing that it would ever come to fruition," the High Court said.

In 2009, SMPHI and the LRTA signed a deal that involved SMPHI agreeing to help finance a common station that would be built in front of SM North EDSA by earmarking P200 million for its construction. Funding was delivered to the LRTA that same year.

Under the agreement, SMPHI was granted naming rights over the common station.

Two years later, the LRTA and the DoTR, formerly known as the Department of Transportation and Communications (DoTC), signed a separate agreement assigning the latter as the lead implementing agency for the project.

SMPH argued that the LRTA and the DoTC suddenly stopped the station's construction and complained that it had not been informed of plans to change the construction site to Trinoma, which the DoTC confirmed in a 2014 bulletin.

SMPHI had asked a Pasay City regional trial court to implement a temporary restraining order (TRO) against the station's construction in the new site in front of Trinoma, which the court denied.

That same year, the firm asked the Supreme Court to grant its plea for a TRO, saying that not even the government can violate a valid contract and that the P200 million it had delivered to the LRTA should have been used for a common station in its original location.

The SC granted the petition for an injunction, halting the transfer of the common station.

The DoTC argued that the transfer of the common station's location was "made for the best interest of the public," claiming that the transfer would save the government P1.22 billion since the Trinoma location was more convenient.

"Considering the parties' protracted negotiations, and the absence of even a faint showing that the parties are attempting to comply with the supposed conditions precedent... the court could only conclude... they are no longer minded coming to any compromise agreement which would write finish to their 9-year-old case," the High Court said. **— John Victor D. Ordoñez**

Belle's nine-month income up 20% to nearly P2B

LISTED real estate developer and gaming operator Belle Corp. logged a 20% increase in its net income for nine months to September due to the improved operation of its gaming business units.

In a regulatory filing, Belle said its net income climbed to P1.97 billion for the January-September period from P1.64 billion in the same period a year ago.

"This increase in bottomline figures is mainly attributable to the improved operation of the group's gaming business units for the period," Belle said.

Its consolidated revenues as of the third quarter climbed 1% to P4.30 billion from P4.27 billion last year amid gaming revenues' higher share.

"The increase in revenues was mainly brought about by the improvements in the group's gaming business units due to a more open economy in 2023 and the lifting of quarantine and capacity restrictions as the coronavirus disease 2019 (COVID-19) situation in the country became more controlled and manageable," the company said.

According to Belle, revenues from the share of subsidiary Premium Leisure Corp. (PLC) in the gaming earnings of City of Dreams Manila increased 24% to P1.8 billion.

However, revenues from the lease of the land and buildings of the City of Dreams Manila integrated resort and casino complex fell 4% to P1.5 billion.

Belle also said that revenues from Pacific Online Systems Corp. increased 40% to P502.4 million from P358.1 million last year.

Pacific Online, which is 50.1%-owned by PLC, leases online betting equipment to the Philippine Charity Sweepstakes Office for lottery operations.

"Belle's real estate sales and property management activities at its Tagaytay Highlands complex contributed revenues of P500.1 million as of third quarter of 2023, which was P406.4 million lower than its revenues as of the third quarter of 2022 of P906.5 million," the company said.

Belle is among the portfolio investments of Sy-led holding firm SM Investments Corp., which also has a stake in mining firm Atlas Consolidated Mining and Development Corp., local bakeshop Goldilocks, and Philippine Geothermal Production Co.

On Oct. 27, Belle shares at the local bourse closed unchanged at P1.15 apiece. **— Revin Mikhael D. Ochave**

Real Steel taps TotalEnergies ENEOS for solar rooftop

REAL STEEL Corp. (RSC) is partnering with a Singapore-based renewable energy company to build a 16.8-megawatt-peak rooftop solar photovoltaic (PV) system in its manufacturing facility in San Simon, Pampanga.

"By implementing the largest rooftop solar PV system in the Philippines, we are accelerating the production of lower carbon, high-quality steel products for the Philippine market," William T. Chen, chief finance officer of RSC, said in a media release over the weekend.

The company said it had inked the deal with TotalEnergies ENEOS for the project, which is aimed at significantly reducing operational expenses and the carbon footprint of its high-speed rolling mill.

TotalEnergies ENEOS is a joint venture between French energy and petroleum company Total Energies and Japanese oil company ENEOS.

With over 22,000 solar modules to be installed, the PV system will generate 26,000 megawatt-hours of renewable electricity annually, which will lead to "substantial cost savings" for the facility, RSC said.

The project would also reduce the company's carbon emissions by approximately 12,800 tons of carbon dioxide per year equivalent to planting 200,000 trees. **— Sheldeen Joy Talavera**

FULL STORY

Read the full story by scanning the QR code <http://rb.gy/an4li>

OUTLIER

BDO slips after central bank's decision on off-cycle rate hike

BDO Unibank, Inc. inched down last week after the central bank raised its key rate by 25 basis points (bps), which came amid news of the bank's third-quarter results and its sale-and-leaseback deal with oil company Phoenix Petroleum Philippines, Inc.

A total of 11.26 million BDO shares worth P1.44 billion were traded from Oct. 23 to 27, data from the Philippine Stock Exchange (PSE) showed, making it the second most actively traded stock for the week.

The Sy-led bank's share price finished at P128.50 apiece, 0.7% lower than its Oct. 20 close of P129.40 each.

Year to date, the stock's price grew by 21.6%.

Analysts said that while the latest earnings results of the listed bank elicited some positive reaction from the market, significant developments such as geopolitical tensions and the off-cycle 25-basis-point rate hike of the Bangko Sentral ng Pilipinas (BSP) primarily drove the stock.

"Higher interest rates generally impact equities negatively as investors flee to yield plays," said Rachelleen A. Rodriguez, research analyst at Maybank Investment Banking Group-Philippines, in an e-mail.

She added that the impact of the rate hike for banks will be that funding costs reprice faster than loans.

Additionally, she said that while the third-quarter performance of BDO came out ahead of her estimates, the market did not significantly react, "which in our view is a result of the noise from several factors including tensions in the Middle East, and the territorial disputes of Philippines and China in the West Philippine Sea."

Last week, the central bank delivered an off-cycle rate hike ahead of its Nov.16 meeting as it weighed the impact of rising inflation amid upside risks.

The Monetary Board raised its target repurchase rate to 6.5% for the first hike in seven months, bringing the cumulative rate increases since May 2022 to 450 bps.

This was also the highest in 16 years or since the 7.5% in May 2007.

BSP Governor Eli M. Remolona, Jr. said the move to resume monetary tightening was based on the central bank's latest baseline projections that "point to an elevated inflation path over the policy horizon as upside risks continue to manifest."

News reports said Phoenix was looking at entering into a sale-and-leaseback agreement with BDO to restructure the oil company's debts.

Phoenix expects to raise at least P9 billion from the proposed sale and leaseback of its assets via a deal with the banking giant.

This arrangement is intended to reduce the oil company's debt and prevent its credit deterioration without hindering business operations, Ms. Rodriguez said.

"Moreover, we expect the sale to be only a small fraction of the actual amount of the said assets, and should Phoenix be unable to repurchase the assets, BDO will have a gain as the assets' value is far greater than their loan exposure to Phoenix," she added.

In the third quarter, BDO recorded a 16.5% increase in its attributable net earnings to P18.7 billion from P16.06 billion the prior year.

For the January-to-September period, its attributable net reached P53.9 billion, higher by 34.8% from P40 billion previously.

Ms. Rodriguez expects the bank's full-year net income to hit P67 billion, accounting for 80% of her full-year forecast.

"We expect still strong growth in BDO's core lending business, which will continue to be driven by high margins, as well as strong fees to be sustained in [the fourth quarter]," she said.

She added that investors should "buy" or consider BDO "as we continue to believe it is best positioned to capture the growth in the economy given its size, lending appetite, strong clientele, and well-balanced mix of digital and branch expansions."

Mercantile Securities Corp. Head Trader Jeff Radley C. See said that due to the high rates set by the BSP, investors might choose BDO to invest in.

He said that last week, BDO had been trying to stay above P128.

"Next week, the stock might move sideways with a bearish bias due to the geopolitical tension that is happening globally," he added.

He placed BDO's support levels at P121.60 and P114.60 while its resistance levels at P132.20 and P135.80. **— Abigail Marie P. Yraola**

Cebu Pacific says biggest aircraft purchase to be completed by early 2024

CEBU PACIFIC is expecting to complete its biggest aircraft purchase by early 2024, the company's president said.

"We have just released the RFP (request for procurement) to Airbus and Boeing. We hope the entire process will end by the first quarter of next year," Alexander G. Lao, president and chief commercial officer of Cebu Pacific told reporters last week.

The budget carrier is planning to order over 100 narrow-body aircraft from Boeing or Airbus worth roughly $12 billion based on the current list of prices, Mr. Lao said.

"We are excited. It is such a big commitment, it will be the largest order in Philippine aviation history," he added.

Cebu Pacific currently operates a fleet of 73 Airbus and ATR aircraft, which it earlier said will double with its planned order of more aircraft.

It is anticipating 76 aircraft in its fleet this year before expanding to 91 aircraft by 2024.

Earlier, the company's listed operator Cebu Air, Inc. said it would lower its fleet growth rate for 2024 as engine maker Pratt and Whitney (P&W) inspects A320/321 NEO aircraft engines worldwide following suspected issues.

Cebu Air reported a profit of P2.67 billion in the second quarter after a significant boost in passenger revenues, turning around from the P1.89-billion net loss incurred in the same period last year.

From April to June, the company recorded P22.67 billion in gross revenues, marking a 62.3% increase from last year's P13.97 billion.

Passenger revenues, totaling P15.84 billion, constituted the majority of Cebu Air's second-quarter top line, reflecting an 86.3% increase compared with last year's P8.51 billion.

To date, the low-cost carrier flies to over 30 local destinations and 25 international destinations across Asia, Australia, and the Middle East. **— Ashley Erika O. Jose**