

Philippine Stock Exchange index (PSEi)

6,161.89

▼ 26.33 PTS.

▼ 0.42%

FRIDAY, NOVEMBER 10, 2023

BusinessWorld

PSEI MEMBER STOCKS

AC Ayala Corp. P627.00 -P3.50 -0.56%	ACEN ACEN Corp. P5.16 -P0.03 -0.58%	AEV Aboltiz Equity Ventures, Inc. P48.90 +P0.10 +0.2%	AGI Alliance Global Group, Inc. P10.50 -P0.26 -2.42%	ALI Ayala Land, Inc. P28.95 -P0.55 -1.86%	BDO BDO Unibank, Inc. P133.80 -P1.20 -0.89%	BLOOM Bloomerry Resorts Corp. P9.82 +P0.13 +1.34%	BPI Bank of the Philippine Islands P104.10 +P0.30 +0.29%	CNPF Century Pacific Food, Inc. P28.05 -P0.70 -2.43%	CNVRG Converge ICT Solutions, Inc. P8.77 -P0.03 -0.34%
DMC DMCI Holdings, Inc. P9.16 +P0.06 +0.66%	EMI Emperador, Inc. P20.80 -P0.05 -0.24%	GLO Globe Telecom, Inc. P1,773.00 +P1.00 +0.06%	GTCAP GT Capital Holdings, Inc. P538.00 -P14.00 -2.54%	ICT International Container Terminal Services, Inc. P208.60 +P1.60 +0.77%	JFC Jollibee Foods Corp. P216.40 -P2.00 -0.92%	JGS JG Summit Holdings, Inc. P38.10 -P0.90 -2.31%	LTG LT Group, Inc. P9.10 +P0.05 +0.55%	MBT Metropolitan Bank & Trust Co. P52.40 -P0.85 -1.6%	MER Manila Electric Co. P365.00 -P4.00 -1.08%
MONDE Monde Nissin Corp. P8.38 +P0.11 +1.33%	NIKL Nickel Asia Corp. P5.24 -P0.21 -3.85%	PGOLD Puregold Price Club, Inc. P28.00 ---	SCC Semirara Mining and Power Corp. P29.50 +P0.20 +0.68%	SM SM Investments Corp. P821.00 +P4.00 +0.49%	SMC San Miguel Corp. P102.90 -P0.10 -0.1%	SMPH SM Prime Holdings, Inc. P31.40 -P0.40 -1.26%	TEL PLDT Inc. P1,245.00 +P7.00 +0.57%	URC Universal Robina Corp. P113.00 +P0.80 +0.71%	WLCON Wilcon Depot, Inc. P20.30 +P0.20 +1%

Japan's Marubeni backs Maynilad's planned IPO

By **Revin Mikhael D. Ochave**
Reporter

TOKYO, Japan — Marubeni Corp. is committed to investing in Maynilad Water Services, Inc. ahead of the water concessionaire's planned public listing, an official of the Japanese conglomerate said.

"We, as Marubeni, will continue to contribute to Maynilad for their improvement and including the initial public offering (IPO), which is expected in a few years' time," Marubeni Environmental Infrastructure Department Gen-

eral Manager Kazuaki Shibuya said during a media briefing in the Japanese capital last week.

He was responding to questions on Marubeni's plans as Maynilad prepares for its market listing.

"In time, I hope Maynilad will contribute to Marubeni's profit. We are willing to continue our business in the Philippines. That's our commitment," Mr. Shibuya added.

Marubeni has a 20% stake in Maynilad after Pangilinan-led Metro Pacific Investment Corp. (MPIC) and Consunji-led DMCI Holdings, Inc. sealed an agreement in 2013.

MPIC has a 53% stake in Maynilad while DMCI has 25%.

The commitment made by Marubeni comes as Maynilad targets to hold an IPO by 2026 as part of its revised concession agreement and the franchise signed with the government.

Maynilad is the water and wastewater service provider for the west zone of Metro Manila and some nearby areas.

Ramoncito S. Fernandez, Maynilad president and chief executive officer, said in a separate briefing that the water provider still has "enough leverage" to absorb more debt, but maintained that an IPO is needed at a certain point.

"Moving forward, at a certain point, we will need the IPO to

continue growing and continue investing," Mr. Fernandez said.

"As of today, up to a certain point, I think the next three years, we have enough leverage left. Our balance sheet can absorb additional debt. That's why we have been tapping the debt market for the last two to three years," he added.

Mr. Fernandez disclosed the possibility that MPIC's Metro Pacific Water Investments Corp. (MPW) would be folded into Maynilad before the IPO.

"Ideally, the growth story of Maynilad should include MPW before we list. That's the ideal setup and both parties are working towards that," Mr. Fernandez said.

"Our enterprise valuation is targeting P31 billion in capital expenditure next year. The water provider previously announced that it was aiming to spend P163 billion on infrastructure projects from 2023 to 2027.

"It will be spent within [the] next five years. P22 to P26 billion this year and P31 billion for next year. That's the target," Mr. Fernandez said.

Aside from Maynilad, Marubeni has a presence in the Philippines in sectors such as financing and leasing, digital transformation, healthcare, transportation, and construction equipment.

MPIC, which has a majority stake in Maynilad, is one of three Philippine units of Hong Kong-based First Pacific Co. Ltd., the others being Philex Mining Corp. and PLDT Inc.

Hastings Holdings, Inc., a unit of PLDT Beneficial Trust Fund subsidiary MediaQuest Holdings, Inc., has an interest in *BusinessWorld* through the Philippine Star Group, which it controls.

Metro Pacific says to complete Axelum deal by yearend

TOKYO, Japan — Pangilinan-led Metro Pacific Investments Corp. (MPIC) remains keen on acquiring a stake in listed coconut products manufacturer Axelum Resources Corp. despite the challenges faced by the latter.

Chaye A. Cabal-Revilla, MPIC's chief finance officer, said during a media briefing last week that the due diligence for the transaction is still being processed and is aimed to be finished by yearend.

"Yes [we are still interested]. I think from our own perspective and theirs, we want to be able to close it hopefully by the end of the year, subject again to the extended due diligence and them being able to explain their forecast and the results and outcome of their numbers," said Ms. Cabal-Revilla, who is also the conglomerate's risk and sustainability officer.

She said the due diligence for the acquisition has been extended by both parties from the original Oct. 31 deadline since the expected outcome of Axelum's performance in the earlier due diligence "has not happened."

"We did the due diligence early last year towards the end of the year, and early this year also. But through the unfolding of results in 2023, they've been very far from their numbers," Ms. Cabal-Revilla said.

"We have to dig deeper into the assumptions and the key performance indicators," she said. "And then next week, we will have a meeting with them and then we will see their forecast for 2024."

Axelum recently disclosed incurring a net loss of P428 million as of September, reversing its P717.28 million net income a year ago. The company's top line fell 19% to P4.28 billion from P5.31 billion previously.

"The group is still affected by consumer spending in the US which slowed down in 2023. Recession fears rippled across the US economy and weighed on retail consumers who tried to control their spending, thus lower orders for the first half of 2023 as compared [with] 2022," Axelum said in a disclosure.

The company added that while demand for coconut products started to recover in the third quarter, sales for the third quarter were 25% lower than the level in the same quarter in 2022.

In February, MPIC announced that its agriculture unit, Metro Pacific Agro Ventures, Inc. (MPAV) was acquiring a 34.76% stake in Axelum for P5.32 billion, in a bid to strengthen its presence in agribusiness.

MPAV plans to acquire 1.19 billion common shares and 200 million redeemable preferred shares in Axelum.

"This investment into Axelum will mean more income opportunities for coconut farmers, as well as a broader landscape for Philippine agriculture," MPIC Chairman, President, and Chief Executive Officer Manuel V. Pangilinan said.

Meanwhile, Ms. Cabal-Revilla said the deal's valuation is still being finalized "because the company has not met their targets and it will re-forecast their numbers."

"Axelum envisages the US market to be back to pre-pandemic levels. But it has not. Most of Axelum's market is outside the US," Ms. Cabal-Revilla said.

"The US has been a problematic area for them. So, they have to take a look at their sales distribution, their logistical costs, etc. Those are the things that they're taking a look at," she added.

MPIC is one of three key Philippine units of First Pacific, the others being Philex Mining Corp. and PLDT Inc.

Hastings Holdings, Inc., a unit of PLDT Beneficial Trust Fund subsidiary MediaQuest Holdings, Inc., has a majority stake in *BusinessWorld* through the Philippine Star Group, which it controls. — **Revin Mikhael D. Ochave**

Jetti reopens flagship retail station in Pasay

INDEPENDENT oil company Jetti Petroleum, Inc. is resuming the operations of its flagship retail station in Pasay City after temporarily closing it for renovation for almost four years.

"The station shares its location with Jetti's Business Center building, which will be housing several food and retail outlets, making the Jetti Macapagal Station an ideal destination hub for one's fuel needs as well as other services," the company said in a media release.

The oil company reopened its retail station on Thursday at Macapagal Ave. within Pasay City's central business district after closing it in December 2019.

Jetti said that it has invested around P15.5 million for the renovation. It said that the reopening was designed to "suit today's more practical needs" by placing a pump island configuration and providing cashless transactions.

The station also provides an air and water service bay and access to comfort room facilities.

"Jetti Macapagal Station is the company's flagship station and is part of a new design concept that shares the same space with the company's corporate headquarters," Jetti President Leo P. Bellas said. — **Sheldeen Joy Talavera**

FULL STORY



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Now Corp. warns of more cyberattacks next year

THE PHILIPPINES may face more cybersecurity attacks in 2024 and the coming years, an official of Now Corp. said, as he outlined the company's plan to strengthen infrastructure enterprises through cybersecurity solutions.

"Expect more hacking, expect more breaches because we are at the center of a geopolitical crisis. It is not surprising and not possible to deny that we have problems," Mel V. Velarde, chairman of Now Corp., told reporters at a press briefing last week.

Geopolitical tension may fuel more cyberattacks, he said, citing that the ongoing conflict in the West Philippine Sea may escalate cyber risks.

He added that the majority of the country's networks remain untrusted making them prone to attacks as cyberattacks are becoming more sophisticated.

The Philippines has been hit the most by cyberattacks among its Southeast Asian peers this year, according to a recent report released by Palo Alto Networks.

Twenty-nine percent of Filipino organizations have reported an increase in cybersecurity-related incidents of 50% or more, with 51% saying that they are at high risk from threats, according to the report.

This year alone, several government agencies have experienced cyberattacks. For instance, the Philippine Health Insurance Corp. was hit by a Medusa ransomware where more than 600 gigabytes worth of its members' data were obtained.

The listed telecommunications company said together with affiliate Now Telecom Co., Inc., it launched end-to-end solutions to combat threats to physical and digital infrastructures.

"Deploying untrusted hardware and software including sensors and devices without rigorous vetting can open the door for unauthorized surveillance on both sensitive enterprise data and individuals, effectively turning what should be a protective measure into an unintended self-inflicted breach," said Rene L. Rosales, president of Now Telecom.

Now Telecom has business operations in telecommunications, media and technology.

The companies' "Technologies on Demand Assist You" or TODAY is a cyber threat assessment program designed to identify and address vulnerabilities in private and public sectors. — **Ashley Erika O. Jose**

OUTLIER

Monde Nissin rises on Q3 data, support for alternative meat

MONDE NISSIN Corp.'s share price went up last week amid a strong third-quarter (Q3) revenue report and its commitment to absorb the losses of its subsidiary.

Data from the Philippine Stock Exchange (PSE) showed a total of 28.49 million shares worth P228.76 million were traded from Nov. 6 to 10, making the stock the 16th most actively traded in the local market last week.

Shares in the Betty T. Ang-led food manufacturer rose by 6.1% week on week to P8.38 per share on Friday from its P7.90 finish on Nov. 3.

Year to date, the stock's price declined by 24.4%.

Analysts said Monde Nissin's shares last week were driven mostly by the company's third-quarter income report and its commitment to shoulder future impairment losses of its alternative meat company, Quorn Foods.

"This provided investors with something to cheer about. As in the previous quarters, Monde's earnings had declined due to its challenged meat alternative business and lower volumes for some of its product categories," Philstocks Financial, Inc. Research and Engagement Office Mikhail Philippe Q. Plopenio said in an e-mail.

In the third quarter, Monde Nissin recorded a 68.2% increase in its attributable income to P2.3 billion from P1.4 billion last year. Its consolidated revenues rose by 15.7% to P20.5 billion from P17.7 billion in the same period a year ago.

Meanwhile, earnings from its alternative meat business declined by 4.2% to P3.6 billion as of September due to the challenging retail market in the United Kingdom.

In a company disclosure, the controlling family shareholders said that they decided to extend "meaningful financial support" to cover future impairment losses capped at up to 12% of Monde Nissin's outstanding shares amounting to 2.156 billion shares.

"This financial support by myself and the family shareholders comes after listening to and reflecting on the concerns that some of our shareholders have expressed about the current challenges in the

meat alternative category which are impacting our business in the United Kingdom," Chief Executive Officer Henry Soesanto said. Despite the headwinds, analysts expect upbeat market sentiment but anticipated Quorn to drag the company's bottom line performance in the fourth quarter.

"We expect margin improvements in [the fourth quarter] for the company as they are able to acquire key commodities at favorable prices. The company's Asia-Pacific business is expected to sustain volume recovery under the noodle division, which saw volumes decline in the same period last year due to the controversy surrounding its Lucky Me! Brand," Manuel Antonio M. Castro, equity analyst at Regina Capital Development Corp. said in an e-mail.

Globalinks Securities and Stocks, Inc. Head of Sales Trading Toby Allan C. Arce expects the company's net income attributable to the parent firm to dwindle by about 3.2% in the fourth quarter to P2.2 billion.

"Monde Nissin's cost of goods sold increased by 17.7% in the third quarter of 2023, due to higher prices for raw materials and packaging. This trend is likely to continue in the fourth quarter, as inflationary pressures remain high. For the full year, Monde Nissin's net income attributable to parent is estimated to reach P7.2 billion," Mr. Arce said in an e-mail.

Headline inflation slowed to 4.9% in October from 6.1% in September and 7.7% in the same period last year, well below the 5.1-5.9% forecast of the Bangko Sentral ng Pilipinas for the month.

Mr. Arce placed Monde Nissin's support and resistance prices this week at P7.81 and P8.75, respectively.

Regina Capital Development Corp.'s Mr. Castro pegged the stock company's support and resistance levels at P7.9 and P8.6, respectively.

"For Monde Nissin's, our initial support and resistance are pegged at the P8.21 and P9.62 levels, respectively," said Philstocks Financial, Inc.'s Mr. Plopenio. — **Mariedel Irish U. Catilogo**