Philippine Stock Exchange index (PSEi) 6,308.95 ▲24.58 PTS. ▲0.39%

TUESDAY, DECEMBER 5, 2023 BusinessWorld

PSEi MEMBER STOCKS

AC	Ayala Corp.	P661.00	+P2.00	+0.3%
ACEN	ACEN Corp.	P4.69	-P0.07	-1.47%
AEV	Aboitiz Equity Ventures, Inc.	P49.00	+P1.10	+2.3%
AGI	Alliance Global Group, Inc.	P9.62	-P0.12	-1.23%
ALI	Ayala Land, Inc.	P31.05	+P0.05	+0.16%
BDO	BDO Unibank, Inc.	P131.70	+P0.20	+0.15%
BLOOM	Bloomberry Resorts Corp.	P9.55	-P0.05	-0.52%
BPI	Bank of the Philippine Islands	P106.00	+P0.30	+0.28%
CNPF	Century Pacific Food, Inc.	P31.30	+P0.35	+1.13%
CNVRG	Converge ICT Solutions, Inc.	P8.12	-P0.20	-2.4%
DMC	DMCI Holdings, Inc.	P9.29	-P0.01	-0.11%
EMI	Emperador, Inc.	P20.80	-P0.10	-0.48%
GLO	Globe Telecom, Inc.	P1,727.00	+P2.00	+0.12%
GTCAP	GT Capital Holdings, Inc.	P552.00	-P6.00	-1.08%
ICT	International Container Terminal Services, Inc.	P228.80	+P8.80	+4%
JFC	Jollibee Foods Corp.	P245.00	+P1.00	+0.41%
JGS	JG Summit Holdings, Inc.	P39.00	——	
LTG	LT Group, Inc.	P8.75	+P0.05	+0.57%
MBT	Metropolitan Bank & Trust Co.	P50.50	-P0.95	-1.85%
MER	Manila Electric Co.	P367.00	-P3.00	-0.81%
MONDE	Monde Nissin Corp.	P8.30	+P0.13	+1.59%
NIKL	Nickel Asia Corp.	P5.14	-P0.14	-2.65%
PGOLD	Puregold Price Club, Inc.	P27.70	+P0.10	+0.36%
SCC	Semirara Mining and Power Corp.	P29.20	+P0.20	+0.69%
SM	SM Investments Corp.	P823.50	-P1.50	-0.18%
SMC	San Miguel Corp.	P108.90	+P0.90	+0.83%
SMPH	SM Prime Holdings, Inc.	P33.35	+P0.30	+0.91%
TEL	PLDT Inc.	P1,276.00	+P6.00	+0.47%
URC	Universal Robina Corp.	P113.80	-P0.20	-0.18%
WLCON	Wilcon Depot, Inc.	P20.25	-P0.05	-0.25%

ACEN partners with US firm for local RE projects

ACEN Corp. has cleared another partnership with a US-based company to develop renewable energy projects in the Philippines.

In a disclosure to the stock exchange on Tuesday, the listed energy company said its executive committee had approved a proposed tie-up with BrightNight APAC B.V. to establish a local renewable energy (RE) platform.

According to ACEN, the partners aim to "develop, construct, and operate utility-scale renewable energy projects in the Philippines, subject to, among others, execution of final definitive documents."

The company did not disclose details of the RE platform that it seeks to establish.

BrightNight APAC is wholly owned by BrightNight LLC, which is designed to provide utility and commercial and industrial customers with "clean, dispatchable renewable power solutions."

BrightNight has developed a renewable power portfolio of 2.7 gigawatts of alternating current (GWac) across the Philippines, India, Australia, and Bangladesh.

Of the total, 1 GWac is under development in the Philippines.

"This partnership in the Philippines, once completed, will be the second GW-scale renewable energy platform investment partnership between ACEN and BrightNight in APAC (Asia-Pacific)," ACEN said.

In March, ACEN signed a partnership with BrightNight to develop, construct, and operate large-scale hybrid wind-solar and "round-the-clock" renewable power projects in India.

Currently, ACEN has approximately 4,430 megawatts of attributable capacity spanning the Philippines, Vietnam, Indonesia, India, and Australia.

At the local bourse on Tuesday, shares in ACEN declined by seven centavos or 1.47% to close at P4.69 apiece.

Meanwhile, ENEX Energy Corp. said in a separate stock market disclosure that the Department of Energy had granted the request of the listed company's subsidiary to extend the deadline to drill a well under Service Contract 55 (SC 55) by 18 months.

The subsidiary — Palawan55 Exploration and Production Corp. — has a contract with the government to explore an area in offshore west Palawan within a set timeline.

In a letter dated Dec. 1, the Energy department said "(given that SC 55 is currently still on force majeure, Palawan55 shall have a total of twenty-three (23) months (the five [5] months remaining plus the 18-month extension) from the lifting of force majeure to drill the committed well."

The department earlier found a basis to place SC 55 under force majeure from Dec. 6, 2022 until such time that a clearance to proceed with exploration activities in the West Philippine Sea has been issued by the government. — **Sheldeen Joy Talavera**

Panlilio retires as PLDT president and chief executive

ALFREDO S. Panlilio is stepping down as president and chief executive officer of PLDT Inc. effective Jan. 1, 2024 as he retires for health reasons, the telecommunications company said on Tuesday.

After Mr. Panlilio's retirement, PLDT Chairman Manuel V. Pangilinan will concurrently hold the vacated posts until such time as a new president and chief executive officer is appointed, the company said.

"I would like to thank Al profusely for his service and his loyalty and wish him the very best. I also enjoin everyone to support a smooth transition within the PLDT Group at this critical juncture of its corporate life," Mr. Pangilinan told the stock exchange.

PLDT said its board had also accepted Mr. Panlilio's resignation as president and chief executive of its wireless subsidiary Smart Communications, Inc.

PLDT credited Mr. Panlilio for being instrumental in steering the group "during the challenging times of the COVID 19 pandemic and enabling PLDT to sustain profitability and industry leadership in that difficult period."

"With Mr. Panlilio at the helm, PLDT received various citations from both local and international organizations for pioneering brand, corporate social responsibility, cybersecurity, network, and sustainability initiatives," it said.

Meanwhile, Mr. Panlilio will remain as director of PLDT, Smart, and MediaQuest Holdings, Inc., the company said, adding that he will also retain his role as chairman of Maya Bank, Inc. and Bonifacio Communications Corp.

He will also remain the director of Multisys Technologies Corp.; and MultiPay; and president of MVP Sports Foundation, trustee of Asian Carriers Conference, and member of the Management Association of the Philippines.

Pangilinan-led PLDT reported P9.43 billion in attributable net income for the third quarter, down 12% from P10.71 billion a year earlier, citing a challenging economic environment.

In the third quarter, the company's combined revenues rose by 1.9% to P52.32 billion from P51.35 billion in the same period last year.

At the local bourse on Tuesday, shares in the company closed P6 or 0.47% higher to end at P1,276 apiece.

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. — **Ashley Erika O. Jose**

AirAsia parent plans potential IPO for Philippine operations

By Ashley Erika O. Jose
Reporter

CAPITAL A Berhad, the parent firm of AirAsia Philippines, said it would continue to expand its funding sources including through an initial public offering (IPO) for its operations in the Philippines.

In a media release, the Malaysian multinational company said fund-raising efforts are continuing after the group secured debt financing amounting to $179 million from Bangkok Bank and Citibank.

"The impending revenue bond of $200 million from the international credit market will be the first capital raise earmarked for the expansion of the airline, which will be followed by an equity raising including potential IPO issuance for AirAsia Philippines," the group said.

The company said it expects its lease liabilities to be restructured by December, adding that the group recorded revenues of 4.2-billion Malaysian ringgit.

"In the coming months, the Group anticipates making significant announcements regarding asset disposals and public listings, positioning the company on a solid foundation for future growth," it said.

"As we approach the final quarter, we are expecting a revenue upswing, exceeding pre-pandemic levels. This optimistic outlook is based on robust travel demand during the peak season, which enables us to command premium fares and boost ancillary income," said Bo Lingam, chief executive officer of AirAsia's aviation group.

The financial performance of AirAsia Philippines and the overall market conditions are among the factors that could affect investors' appetite for the planned IPO of AirAsia Philippines, analysts said.

"AirAsia Philippines has a strong track record of profitability, and investors may be attracted to its low-cost business model. However, the airline is also facing challenges from rising fuel costs and increased competition," Globalinks Securities and Stocks, Inc. Head of Sales Trading Toby Allan C. Arce said in a Viber message.

The aviation industry is still recovering from the pre-pandemic levels and some investors may still be cautious about investing in airlines, Mr. Arce said.

"However, the Philippine aviation market is expected to grow in the coming years, driven by increasing tourism and a growing middle class," he said.

According to the Department of Tourism, the country welcomed 4.82 million international visitors as of November, which exceeded its target for 2023 at 4.8 million.

"The ultimate success of the IPO will depend on the overall market conditions and the airline's ability to execute its growth strategy. It's a challenging time for an IPO for AirAsia Philippines, but it's not impossible," Mr. Arce said, citing inflation and interest rates, which are also factors that could affect investor appetite.

Headline inflation further slowed to 4.1% in November from 4.9% in October on lower prices of food, transport, and restaurant and accommodation services, according to the Philippine Statistics Authority on Tuesday.

November inflation, for the 20th straight month, was still above the 2-4% target.

"Market appetite for airline stocks remains subdued. Interest rates remain elevated and the shares of Cebu Pacific and Philippine Airlines are trading near their 52-week low, so it is not the best time for AirAsia to IPO," China Bank Capital Corp. Managing Director Juan Paolo E. Colet said in a Viber message.

Mr. Colet said that a potential IPO window can open in the second half of 2024 citing expectations of a dovish shift in monetary policy and better growth prospects.

Ayala energy platform urges responsible way of retiring coal plants

AYALA-LED ACEN Corp. has called for a responsible way of replacing traditional power plants with renewable energy sources to avoid supply disruptions.

"Basically, to replace up in a responsible manner the coal, we need renewables — solar and wind — we estimate that this will require a thousand megawatts," ACEN President and Chief Executive Officer Eric T. Francia said during a side event of the United Nation's Conference of the Parties in Dubai.

"But we also need to incorporate energy storage at least four to six hours so as to not negatively impact the grid," he added.

Mr. Francia was referring to ACEN's energy transition program and roadmap for the early retirement of its subsidiary's 246-megawatt (MW) coal-fired power plant in a bid to accelerate energy transition.

"As part of this commitment to 100% renewables, we have to do a responsible divestment of power plants because that was the major asset that was in our portfolio mix," he said.

ACEN's "just energy transition" initiative was developed to outline the early retirement of South Luzon Thermal Energy Corp.'s (SLTEC) coal power plant via technical assistance support from Coal Asset Transition Accelerator in partnership with Climate Smart Ventures.

The 246-MW coal plant in Batangas was the only coal plant in ACEN's portfolio.

Through its program, SLTEC's coal power plant will be decommissioned as early as 2030, which is a decade ahead of its current retirement date.

According to ACEN, the initiative could reduce 15 to 25 years' worth of emissions given that coal plants typically operate for 40 to 50 years.

In July last year, ACEN approved the divestment of all its shares in SLTEC through an energy transition financing, which was expected to secure P3.7 billion in fresh funds.

"I recognize the vast impact of this not only for ACEN, not only for the Philippines but the global landscape," Mr. Francia said.

He said that the energy replacement needs to be done responsibly, especially if it is to accelerate the timeline.

SLTEC's power plant typically generates 1,800 gigawatt-hours of output, Mr. Francia said, which is around 2% of the country's needs.

The energy transition initiative is in line with ACEN's aspiration to reach 20 gigawatts of renewables by 2030, 100% renewable generation by 2025, and net zero greenhouse gas emissions by 2050 or earlier. — **Sheldeen Joy Talavera**

Colliers expects REIT market's expansion and diversification

INVESTMENT MANAGEMENT firm Colliers is expecting the diversification and expansion of the Philippine real estate investment trust (REIT) market, which would be beneficial to the country's property market.

"Moving forward, Colliers sees an aggressive expansion of REIT companies in the Philippines. We even see some firms exploring the feasibility of divesting other asset classes, including business parks and data centers, as well as co-working and co-living facilities," Colliers Director and Research Head Joey Roi Bondoc said in a statement on Tuesday.

"We even recommend that firms explore the viability of infrastructure and renewable energy projects," he added.

With this, Colliers is urging property firms to further test the market as it would bring opportunities from the developing local REIT sector.

"The Philippine REIT market is primed for further diversification and developers should be on the lookout for other assets that can be divested into their REIT companies," Colliers said.

The firm added that REITs and stakeholders should be mindful of the regulatory environment, adding that they should be updated on the proposed amendments to Republic Act No. 9856 or the REIT Law as well as how new measures and provisions would stall or advance the sector.

In March, the House of Representatives approved on third and final reading House Bill No. 7525, which seeks to amend the REIT Law. A counterpart bill in the Senate has yet to be filed.

Some of the proposed amendments under the bill include requiring REITs to reinvest within one year from receipt of proceeds realized by the sponsor or promoter, as well as requiring REITs to submit a reinvestment plan to the Securities and Exchange Commission and Philippine Stock Exchange, and securing an annual certification to prove that they are compliant with their reinvestment plan.

Meanwhile, Colliers said that property developers should assess the ideal portfolio mix that would provide the optimal yield for investors.

"Property firms should consider divesting asset classes that will provide highest dividend to investors based on these asset classes' performance in the market," Colliers said.

"Office and industrial are usually part of developers' portfolio mixes but property firms should also look at other viable assets in the future including retail and hotel," it added. — **Revin Mikhael D. Ochave**