Philippine Stock Exchange index (PSEi) 6,410.48 ▲154.74 PTS. ▲2.47%

THURSDAY, DECEMBER 14, 2023 BusinessWorld

PSEi MEMBER STOCKS

AC	Ayala Corp.	P681.00	+P30.00	+4.61%
ACEN	ACEN Corp.	P4.46	+P0.03	+0.68%
AEV	Aboitiz Equity Ventures, Inc.	P50.00	+P1.25	+2.56%
AGI	Alliance Global Group, Inc.	P10.00	+P0.13	+1.32%
ALI	Ayala Land, Inc.	P32.80	+P1.30	+4.13%
BDO	BDO Unibank, Inc.	P130.40	+P3.70	+2.92%
BLOOM	Bloomberry Resorts Corp.	P10.10	——	
BPI	Bank of the Philippine Islands	P101.50	+P0.70	+0.69%
CNPF	Century Pacific Food, Inc.	P33.25	+P0.15	+0.45%
CNVRG	Converge ICT Solutions, Inc.	P8.23	+P0.46	+5.92%
DMC	DMCI Holdings, Inc.	P9.30	-P0.03	-0.32%
EMI	Emperador, Inc.	P20.70	-P0.05	-0.24%
GLO	Globe Telecom, Inc.	P1,705.00	+P3.00	+0.18%
GTCAP	GT Capital Holdings, Inc.	P560.00	+P20.00	+3.7%
ICT	International Container Terminal Services, Inc.	P229.20	-P5.20	-2.22%
JFC	Jollibee Foods Corp.	P245.00	+P9.00	+3.81%
JGS	JG Summit Holdings, Inc.	P39.20	+P1.45	+3.84%
LTG	LT Group, Inc.	P8.74	-P0.06	-0.68%
MBT	Metropolitan Bank & Trust Co.	P50.95	+P0.70	+1.39%
MER	Manila Electric Co.	P380.00	+P8.20	+2.21%
MONDE	Monde Nissin Corp.	P8.00	+P0.01	+0.13%
NIKL	Nickel Asia Corp.	P5.10	+P0.05	+0.99%
PGOLD	Puregold Price Club, Inc.	P26.80	-P0.10	-0.37%
SCC	Semirara Mining and Power Corp.	P28.50	-P0.25	-0.87%
SM	SM Investments Corp.	P875.00	+P43.00	+5.17%
SMC	San Miguel Corp.	P112.00	-P1.90	-1.67%
SMPH	SM Prime Holdings, Inc.	P34.15	+P1.35	+4.12%
TEL	PLDT Inc.	P1,266.00	+P15.00	+1.2%
URC	Universal Robina Corp.	P118.60	+P2.40	+2.07%
WLCON	Wilcon Depot, Inc.	P19.98	+P0.08	+0.4%

PHL ranked among laggards in governance, ESG

By Revin Mikhael D. Ochave
Reporter

THE Philippines has kept the 11th spot but at a lower overall score in a ranking of 12 Asia-Pacific countries on their performance in corporate governance (CG) and environmental, social, and corporate governance (ESG).

The 2023 CG Watch biennial survey by nonprofit association Asian Corporate Governance Association (ACGA) showed that the Philippines maintained its previous ranking in 2020, besting only Indonesia. The survey looked into the countries' market performance and practices.

According to the report, the Philippines scored 37.6 in the 2023 ranking, down from a score of 39 in 2020, citing the country's policy focus being "elsewhere" and the securities regulator's "lacks resources."

Australia secured the top spot with a score of 75.2, followed by Japan at 64.6, Singapore at 62.9, Taiwan at 62.8, Malaysia at 61.5, India at 59.4, Hong Kong at 59.3, Korea at 57.1, Thailand at 53.9, and China at 43.7.

The rankings were based on seven categories, namely: government and public governance; regulators on funding, capacity building, and reform, and enforcement rules; listed companies; investors; auditors and audit regulators; and civil society and media.

ACGR data showed that the Philippines scored higher in categories such as government and public governance at 29 versus 28 in 2020; CG rules at 48 from 45; investors at 25 from 21; and auditors and audit regulators at 62 from 60.

However, the country scored lower in terms of regulators at 25 from 27; listed companies at 48 from 55; and civil society and media at 33 from 36.

"Our goal in CG Watch is to give a diagnosis of the health of CG systems across APAC (Asia-Pacific). More than 20 years after the Asian Financial Crisis there is no doubt that most of the region is in better shape. We hope our scores and rankings help each market to pinpoint next steps for improvement," ACGA Secretary General Jamie Allen said.

Meanwhile, a separate survey done by Hong Kong-based capital markets and investment group CLSA Ltd. showed that the Philippines ranked last among the 12 APAC countries in terms of the CLSA CG score.

The Philippines came out with a score of 49.3 in the 2023 CLSA CG ranking, lower than the 50.5 score in 2020.

"Our analysis of CG scores by thematic characteristics revealed that gender-diverse firms have the highest CG scores, followed by privately-owned enterprises, large caps and manager-run companies; while state-owned firms score the lowest," CLSA said.

CLSA reveals CG winners and losers by sector and examines CG scores by corporate characteristics as well as CG's relationship with broader ESG scores and shareholder value creation.

"The Asian region is characterized by extreme weather events, shifting demographics and geopolitical uncertainties. Now more than ever it has become increasingly crucial to comprehend the connection between effective corporate governance, ESG, and shareholder returns," CLSA Head of Sustain Asia Research Seungjoo Ro said.

Sought for comment, SEC Commissioner McJill Bryant T. Fernandez said via Viber message that the regulator has been consistent in promoting corporate governance and protecting minority investors, through policies and regulations consistent with international best practices.

"This can be attested by, among others, the recognitions from both domestic and international bodies, as well as engagements with stakeholders here and abroad," he said.

He added that the SEC "was neither consulted nor interviewed" about the report.

"To be circumspect, the Commission will go over the entire report and commits to provide substantive comments thereon soonest," he said.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said that greater emphasis on ESG compliance is needed since it has been linked to good business practices.

"Global and local regulators have already encouraged compliance with ESG standards for both issuers and investors even before the pandemic, which somewhat disrupted business, market, and other economic activities," Mr. Ricafort said in a Viber message.

"There should be greater emphasis on ESG compliance as this has become one of the important considerations by foreign investors in recent years, as ESG compliance is tied to good business practices," he added.

Mr. Ricafort added that corporate regulators should have more funding to support more ESG compliance initiatives.

"More funding is needed to bankroll more ESG compliance initiatives amid limited financial resources of the government due to budget deficits especially since the pandemic," Mr. Ricafort said.

ACEN signs P11-B sustainability-linked loan facility

AYALA-LED ACEN Corp. inked an P11-billion sustainability-linked loan facility with the Asian Development Bank (ADB) and the Bank of the Philippine Islands (BPI) to finance solar projects.

"This financing is not just a loan; it is a clear testament of our unwavering commitment to our sustainability ambitions as we set the stage for accelerated growth in the renewables sector," ACEN President and Chief Executive Office Eric T. Francia said in a stock exchange disclosure on Thursday.

He said that the loan is an "instrumental step" for the company's ambitious target of reaching an installed energy capacity of 20 gigawatts by 2030.

Corazon G. Dizon, chief finance officer of ACEN, said that the loan "aligns with our priorities and enables us to consistently invest in sustainable energy infrastructure towards our net zero transition goal."

The company also said that the facility supports its aspiration to "become the largest listed renewables platform in Southeast Asia and will contribute to the development of solar projects."

In a separate disclosure, ACEN said that it had subscribed to 22.33 million common shares with a par value of P1 per share or a total par value of P22.33 million of its subsidiary Belenos Energy Corp.

It also subscribed to 200.93 million redeemable preferred shares with a par value of P1 or a total par value of P200.93 million.

The subscription will be issued out of the increase in the authorized capital stock of Belenos, which is ACEN's special purpose vehicle for development projects in the Philippines.

In total, ACEN's subscription is valued at P223.25 million with an initial payment of P25 million.

"The acquisition will allow ACEN to have a significant ownership in Belenos and is meant to implement Belenos' investment into a potential renewable energy project," ACEN said.

The company also said that it had joined as a member of global group Powering Past Coal Alliance (PPCA) at the Conference of the Parties or COP28.

"It is an opportune time for ACEN to join PPCA. As ACEN continues to lead pioneering initiatives such as the world's first market-based Energy Transition Mechanism and the recently announced Transition Credit pilot, there is much benefit to connecting with the PPCA network to further these innovative transition initiatives," Mr. Francia said.

With the induction, ACEN will commit to a "healthier, cleaner planet, marking a significant stride in the global movement towards a sustainable future," it said.

To date, ACEN has around 4,430 megawatts of renewable capacity spread across the Philippines, Vietnam, Indonesia, India, and Australia.

On Thursday, shares of the company rose by three centavos or 0.68% to P4.46 apiece. — **Sheldeen Joy Talavera**

MPTC eyes expansion of expressway in Cebu

METRO Pacific Tollways Corp. (MPTC) is considering an expansion of the Cebu–Cordova Link Expressway (CCLEX) that will connect to major city roads in Metro Cebu, the company's president said.

"We are looking at Cebu not as a new [project] but as an extension of CCLEX. We need a connection to the city road. On the other side — because what we only did was the bridge — there is no connection to the airport [and] to local roads. We need to connect to local roads," Rogelio L. Singson, president and chief executive officer of MPTC, told reporters on the sidelines of a forum.

The 8.9-kilometer CCLEX connects Mactan Island through Cordova town to the mainland of Cebu through south road properties.

"We're just finalizing it with the DPWH (Department of Public Works and Highways) to get the alignment," Mr. Singson said.

The company is also considering a joint venture to pursue the plan and other arrangements, Mr. Singson said.

"For now, [there is no project cost yet] because it will depend on the alignment as some portions are most likely viaducts and right of ways will run through waterways," he added.

In November, the company said it would postpone its initial public offering plan to 2025 as MPTC weighs its options amid a plan to form a joint venture company with San Miguel Corp.

With this development, MPTC is looking to tap local and foreign banks as it seeks to raise fresh funds after putting its planned market listing on hold.

MPTC is the tollways unit of Metro Pacific Investments Corp., one of three key 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 a majority stake in *BusinessWorld* through the Philippine Star Group, which it controls. — **Ashley Erika O. Jose**

Converge and LBC expand partnership

CONVERGE ICT Solutions, Inc. has teamed up with LBC Express, Inc. to provide connectivity to the latter's operations as part of its expansion plans, the listed telecommunications company said.

"Converge has been a longtime partner of LBC and has helped us expand our network with reliable, full-fiber connectivity," said Alexander Francis Deato, senior vice-president and chief information officer of LBC, in a media release on Thursday.

The company has tapped Converge to fiber-power LBC as part of its expansion plan.

Converge said its previous partnership with LBC involved providing fiber broadband connections to its head office and main hangar, powering almost 40% or about 600 of its 1,500 branches spread across the country.

"We remain committed to our mission of digitally transforming their operations in order to improve their competitive edge and customer service as their business grows," said Jesus C. Romero, senior executive vice-president and chief operations officer of Converge.

The partnership, Converge said, will help address LBC's need for secured and reliable connectivity to support its operations in transport, logistics, and remittance services. — **Ashley Erika O. Jose**

Del Monte Pacific incurs net loss

LISTED Del Monte Pacific Ltd. (DMPL) recorded a net loss in the second quarter of its fiscal year, led by lower sales in the United States and a decline in export receipts.

In a regulatory filing on Thursday, DMPL said it posted an $8 million net loss during the August-to-October period, a reversal of the $50 million net profit last year.

"We faced a tough quarter as lower pineapple supply, higher costs and consumer spending trends impacted our margins and operating performance. In addition, higher interest charges also affected the group's bottom line," DMPL Managing Director and Chief Executive Officer Joselito D. Campos, Jr. said.

"We expect that consumer spending will continue to be curbed by persistently higher living costs, mainly driven by high energy prices and rising borrowing costs. To address challenging market conditions, we will focus on effectively managing our inventory over the next nine to 12 months. Additionally, we will explore opportunities to enhance our capital structure, reduce leverage, and minimize interest expenses," he added.

According to DMPL, it logged a 5% decline in sales to $667.1 million due to 2% lower sales in the US by subsidiary Del Monte Foods, Inc. (DMFI) worth $494.6 million, and lower exports of fresh and packaged pineapple by Del Monte Philippines, Inc. (DMPI).

"DMFI grew its leading market share positions across its core businesses of canned fruit, vegetable and tomato with higher-margin branded retail products increasing as a proportion of overall mix," DMPL said.

In the second quarter, Philippine sales fell 1% to $107.8 million, but were flat in US dollar terms.

"Sales in the culinary and beverage segments experienced growth, driven by the launch of strategic campaigns. Spaghetti sauce's birthday campaign, including the limited edition birthday collectibles, resonated well with consumers as it reinforced Del Monte's value amidst the inflationary environment," DMPL said.

In the first half, DMPL recorded a $22 million net loss compared to the $19 million net profit in the same period a year ago.

DMPL said its sales rose 2% to $1.2 billion led by higher sales in the US but posted a 28% decline in gross profit to $244 million due to higher costs.

Meanwhile, DMPL said it is expecting to deliver higher branded revenue growth for fiscal year 2024.

Amid the uncertainty, the company added that it is implementing various strategies such as optimizing packaging materials, implementing power and fuel initiatives, making investments to enhance efficiency, productivity, and wastage minimization, and introducing product bundling initiatives in distribution centers.

Shares of DMPL at the local bourse fell 70 centavos or 9.46% to P6.70 apiece on Thursday. — **Revin Mikhael D. Ochave**

SM Investments cautious for 2024 as challenges mount

SY-LED conglomerate SM Investments Corp. (SMIC) is cautiously optimistic for 2024 amid challenges posed by geopolitical issues in the West Philippine Sea, according to one of its owners.

SMIC Vice-Chair Teresita Sy-Coson told reporters on the sidelines of an event in Makati City late Wednesday that the conglomerate is "going to be okay" but should always "be watchful" of challenges.

"We're all cautiously optimistic because there is the geopolitical [issue], there is climate change. Many things are not predictable," she said when asked about the outlook for the conglomerate next year.

"Left to ourselves, we're going to do well but there is this geopolitical tension. There are these global uncertainties and the [impact of] climate change. So it's more of that," she added.

According to Ms. Sy-Coson, the ongoing tension in the West Philippine Sea is one of the issues being looked at by the conglomerate. — **Revin Mikhael D. Ochave**

FULL STORY
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