Philippine Stock Exchange index (PSEi) 6,891.49 ▼21.72 PTS. ▼0.31%

MONDAY, FEBRUARY 26, 2024 BusinessWorld

PSEi MEMBER STOCKS

AC	Ayala Corp.	P707.00	-P3.00	-0.42%
ACEN	ACEN Corp.	P4.20	-P0.01	-0.24%
AEV	Aboitiz Equity Ventures, Inc.	P49.05	+P0.85	+1.76%
AGI	Alliance Global Group, Inc.	P10.60	-P0.18	-1.67%
ALI	Ayala Land, Inc.	P35.60	-P1.60	-4.3%
BDO	BDO Unibank, Inc.	P149.50	-P4.10	-2.67%
BLOOM	Bloomberry Resorts Corp.	P11.40	——	
BPI	Bank of the Philippine Islands	P121.10	+P1.10	+0.92%
CNPF	Century Pacific Food, Inc.	P35.45	+P0.75	+2.16%
CNVRG	Converge ICT Solutions, Inc.	P9.95	+P0.17	+1.74%
DMC	DMCI Holdings, Inc.	P10.86	——	
EMI	Emperador, Inc.	P19.64	——	
GLO	Globe Telecom, Inc.	P1,734.00	-P6.00	-0.34%
GTCAP	GT Capital Holdings, Inc.	P724.00	-P6.00	-0.82%
ICT	International Container Terminal Services, Inc.	P278.00	-P1.00	-0.36%
JFC	Jollibee Foods Corp.	P267.00	+P2.80	+1.06%
JGS	JG Summit Holdings, Inc.	P39.80	+P0.20	+0.51%
LTG	LT Group, Inc.	P9.74	+P0.16	+1.67%
MBT	Metropolitan Bank & Trust Co.	P61.85	+P0.65	+1.06%
MER	Manila Electric Co.	P373.00	+P4.00	+1.08%
MONDE	Monde Nissin Corp.	P10.48	+P0.24	+2.34%
NIKL	Nickel Asia Corp.	P4.67	+P0.07	+1.52%
PGOLD	Puregold Price Club, Inc.	P27.95	——	
SCC	Semirara Mining and Power Corp.	P32.30	-P0.25	-0.77%
SM	SM Investments Corp.	P916.50	+P8.50	+0.94%
SMC	San Miguel Corp.	P104.00	-P2.30	-2.16%
SMPH	SM Prime Holdings, Inc.	P32.80	-P0.40	-1.2%
TEL	PLDT Inc.	P1,294.00	+P4.00	+0.31%
URC	Universal Robina Corp.	P113.20	-P0.80	-0.7%
WLCON	Wilcon Depot, Inc.	P22.40	-P0.10	-0.44%

MPIC: Public listing for toll road firm with SMC possible this year

PANGILINAN-LED Metro Pacific Investments Corp. (MPIC) is hoping to complete and publicly list its planned joint venture with San Miguel Corp. (SMC) within the year.

"We are at the stage where we are exchanging information about our tollways. [It is] looking good, in combination, it will be a significant company in the Philippines with starting EBITDA (earnings before interest, taxes, depreciation, and amortization) of around P50 billion," MPIC Chairman, President, and Chief Executive Officer Manuel V. Pangilinan told reporters on Monday.

Last year, Mr. Pangilinan described the possible joint venture as a potential candidate for listing on the Philippine Stock Exchange (PSE).

"This is doable. It is not a very complex business. So, with the commitment of both parties, I do not see why we cannot do it within the year," he said on Monday.

The valuation of the planned joint venture company also includes Metro Pacific Tollways Corp.'s (MPTC) Indonesian assets.

"That assumes it includes at least our Indonesian assets. That still will be discussed with them," he said.

MPIC's tollways unit MPTC, through Metro Pacific Tollways Asia, holds 76.31% share in PT Nusantara Infrastructure in Indonesia.

Aside from securing the approval of its foreign shareholders, Mr. Pangilinan has said that among the issues that need to be addressed for the possible merger are that both companies will have to go to Congress to apply for a franchise for their operations.

MPTC had earlier announced that it would defer its initial public offering to 2025, citing the company's intention to weigh its options amid a plan to form a joint venture company with SMC.

To recall, MPIC said it was planning to list its tollways unit MPTC on the stock market after the parent firm's delisting from the PSE in October.

"We look forward to what regulatory approvals may be needed from Indonesia and the Philippines. We are simply exchanging information now so we will have an idea of the tollways. It is good to have significant companies for listing," he said.

MPIC is one of the 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 share in *BusinessWorld* through the Philippine Star Group, which it controls. — **Ashley Erika O. Jose** *with a report from* **Sheldeen Joy Talavera**

A Brown raises P1.44B from share offering

A BROWN Co., Inc. (ABCI) announced on Monday that it had successfully raised P1.44 billion through a follow-on offering as part of its fundraising efforts.

The offering involved Series B and C preferred shares, which were subsequently listed on the Philippine Stock Exchange, ABCI said in a regulatory filing.

The offering was oversubscribed by 1.44 times the base amount, it also said.

The company issued a total of 7,431,750 Series B preferred shares and 6,941,000 Series C preferred shares, which were listed on Feb. 23.

ABCI's offering originally comprised 10 million preferred shares, including Series B and C, priced at P100 apiece, with an oversubscription option for an additional five million shares.

The proceeds from the offer would be used for the development of ABCI's residential projects in Luzon and Mindanao, land banking efforts, and general corporate purposes, the company said.

"The Series B and Series C preferred shares have a dividend rate of 8.25% and 8.75% per annum, respectively. The offering was well received by the investor community allowing the dividend yields to be priced at the low end of the range," it added.

The company tapped PNB Capital and Investment Corp. as the lone issue manager and bookrunner as well as the lead underwriter for the offering.

For the first nine months, A Brown logged a 21% increase in its net income to P484.5 million as its revenue climbed by 24% to P1.1 billion.

The completion of the company's electron beam (e-beam) and cold storage facility in Tanay, Rizal is slated for next month, with anticipated earnings contributions this year. E-beam technology is an economical option for commercial sterilization methods and is used in various agricultural products and medical devices.

ABCI is a Mindanao-based property developer that has various interests in other sectors such as power generation, public utilities, and agribusiness.

On Monday, ABCI shares rose by 1.52% or one centavo to 67 centavos apiece. — **Revin Mikhael D. Ochave**

Meralco: Strong sales boost core income to P37B

MANILA ELECTRIC Co. (Meralco) saw a 37% increase in its core net income to P37.1 billion in 2023, driven by strong energy sales and power generation, the company said on Monday.

"Meralco's 2023 performance has exceeded expectations... This year, we expect to move forward with our long-term goal of achieving sustainable energy security through our investments in utility scale power generation projects, including exploring the possible adoption of nuclear energy in the country," Meralco Chairman and Chief Executive Officer Manuel V. Pangilinan said in a statement.

Consolidated revenues rose by 4% to P443.6 billion, driven by the higher sales volumes in the company's higher distribution business.

Energy sales volume improved by 4% to 51,044 gigawatt-hours (GWh), said Betty C. Siy-Yap, Meralco's senior vice-president and chief finance officer.

Higher energy sales were seen in the residential and commercial volumes, she said.

The commercial segment reached 17,403 GWh in 2023, up 9% due to "strong business recovery," particularly in the demand from hotels and leisure sectors.

The residential segment saw a 4% increase to 17,781 GWh, attributed to higher usage of cooling appliances amid El Niño.

Sales volume in the industrial segment slipped by 1% to 14,113 GWh as the semiconductor industry posted a negative year-end sales.

"We also saw very strong contributions from our generation driven by continued contribution of Pacific Light Power Limited in Singapore and San Buenaventura Power Limited," Ms. Yap said at the briefing.

Singapore-based Pacific Light, a subsidiary of Meralco PowerGen Corp. (MGen), reported that its core net income grew by 34% to P16.2 billion.

San Buenaventura Power Ltd. Co. booked a core net income of P2.5 billion, down 30% while Global Business Power Corp. managed to turn around its last year's core net loss of P2.7 billion to P505 million.

MGen's renewable energy arm, MGen Renewable Energy, Inc., reported a core net income of P67 million, up by 132%.

Meanwhile, Jose Ronald V. Valles, Meralco's first vice-president and head of its regulatory management, said that two companies withdrew their bids for the 260-megawatt (MW) procurement.

"I understand that today was the date of submission of the bid but the two bidders have withdrawn their expressions of interests and therefore resulted in failed bidding," he said.

He said that the company would report to the Department of Energy and request a second round of bidding.

To recall, 1590 Energy Corp. (1590 EC) and San Roque Hydropower, Inc. (SRHI) had expressed interest to participate in the 260-MW bidding.

1590 EC owns and operates the 225-MW diesel power plant in Bauang, La Union. It is owned by Vivant Energy Corp., a wholly owned subsidiary of listed Vivant Corp.

SRHI, formerly known as Strategic Power Development Corp., is a subsidiary of San Miguel Global Power Holdings, serving as the administrator of the 345-MW San Roque hydroelectric power plant through an independent power producer administrator agreement.

Meralco has launched the biddings for the 260-MW peak requirement and 400-MW baseload requirement as it expects power demand to increase in the summer months.

Meralco's controlling stakeholder, Beacon Electric Asset Holdings, Inc., is partly owned by 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. — **Sheldeen Joy Talavera**

Nickel Asia cancels plans for two mine sites in Davao Oriental

Nickel Asia Corp. (NAC) has canceled plans to be the exclusive contractor for two mine sites in Davao Oriental, the listed mining company announced on Monday.

Hallmark Mining Corp. and Austral-Asia Link Mining Corp. have agreed to terminate Nickel Asia's letter of intent to serve as their exclusive contractor, the company told the stock exchange.

"The parties failed to agree on the commercial terms of the definitive agreements regarding the proposed provision by NAC of its mining contractor services to Hallmark and Austral-Asia," the company said.

Hallmark has a mineral production sharing agreement with the local government covering 4,999.71 hectares located in Mati and San Isidro, Davao Oriental.

Austral-Asia's, on the other hand, spans 5,000 hectares located in Mati and Gov. Generoso, Davao Oriental.

In February last year, Nickel Asia said that the two mining firms had accepted its letter of intent to be the sole and exclusive mining service contractor for Hallmark and Austral-Asia's mineral production sharing agreements.

"The [letter of intent] permits the conduct of a feasibility study to determine the economic and technical viability for NAC to establish a high-pressure acid leach or equivalent mineral processing plant within the... area," the company said.

On Monday, Nickel Asia shares rose by seven centavos or 1.52%, closing at P4.67 per share. — **Adrian H. Halili**

Del Monte Philippines holds firm ground — CreditSights

DEL MONTE Philippines, Inc. (DMPI) remains resilient as its subsidiary considers a US dollar senior perpetual capital securities offering, according to financial research firm CreditSights.

A credit strength of DMPI is its resilience "amid inelastic demand for food," CreditSights said in its analysis e-mailed to reporters on Monday. DMPI is the Philippine unit of Del Monte Pacific Ltd. (DMPL).

DMPI has a "strong market presence and an established household brand in the Philippines," the report noted.

"DMPI operates in the food and beverage sector, which is generally more protected against economic downturns that could adversely affect the company's revenue and profit, though short-term volatility cannot be ruled out due to temporary supply dislocations," CreditSights said.

The issuer of the contemplated offering will be DMPI's subsidiary Jubilant Year Investments Ltd.

CreditSights projected that the offering would yield 7.27%.

DMPL said on Feb. 18 that the possible issuance would be guaranteed by DMPI and Philippine Packing Management Service Corp.

The company added that Jubilant Year engaged UBS AG as the sole global coordinator, lead manager, and bookrunner to arrange a series of fixed income investor meetings and calls.

CreditSights said another credit strength for DMPI is its fully integrated operations, which allow for operational efficiencies and economies of scale.

"This allows DMPI to have more control over the production process and be relatively insulated from supply disruptions and unfavorable raw material costs," it said.

"DMPI has fully integrated its pineapple processing operations in Mindanao, which includes 26,000 hectares of pineapple plantation; pineapple processing facility with production capacity of 700,000 tons of pineapples per annum; frozen fruit processing facility; not-from-concentrate juicing plant; and beverage bottling plant," it added.

The key credit risks faced by DMPI is its "precarious liquidity," the report said.

"DMPI's liquidity is very thin; unrestricted cash as of Oct. 31 stood at P1 billion, well below its short-term debt of P18.7 billion. The company's cash to short-term debt ratio has consistently been below 0.1x in the last three years," it noted.

The credit research company also said that DMPI's cash outflows could worsen due to "high sticky dividend payouts."

"DMPI intends to maintain an annual cash dividend payout of between 33% to 75% of the company's consolidated net income, potentially exacerbating DMPI's already strained free cash flows," it said.

Another credit risk is DMPI's "negative free cash flows amid high capital expenditure," according to CreditSights.

"DMPI incurs sizable capex from the expansion, development, and maintenance of its plantations and production facilities. In addition, DMPI's operational costs have been increasing in the past few years, further pressurizing its net operating cash flow," it said.

CreditSights also mentioned the risk of natural calamities that could affect all or part of DMPI's plantation.

"DMPI's pineapple plantation and production facilities are all located in Mindanao, Philippines. A natural calamity such as a wildfire or hurricane could potentially wipe out a part or a substantial portion of its plantation," it said. — **Revin Mikhael D. Ochave**

Maynilad plans P4 billion for rehabilitation activities

MAYNILAD WATER Services, Inc. said on Monday that it would allocate P4 billion to upgrade and rehabilitate 22 of its existing pumping stations and reservoirs.

Major activities include retrofitting to improve structural resiliency and replacing electronic and electrical equipment for enhanced pump operations, the company said in a statement.

Maynilad also aims to increase reservoir capacity for "better water service reliability" during maintenance activities and emergencies, as well as upgrade the pumps and motors to further boost water pressure.

Maynilad Chief Operating Officer Randolph T. Estrellado said that the maintenance project is part of the company's service enhancement program to ensure sustained water access amid higher water demand.

"It will help to keep the water infrastructure resilient and responsive to the needs of our growing customer base," he said. — **Sheldeen Joy Talavera**

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