

Philippine Stock Exchange index (PSEi)

6,944.71 ▲ 68.19 PTS. ▲ 0.99%

THURSDAY, FEBRUARY 29, 2024
BusinessWorld

PSEI MEMBER STOCKS

AC Ayala Corp. P678.00 -P10.00 -1.45%	ACEN ACEN Corp. P4.16 -P0.02 -0.48%	AEV Aboitiz Equity Ventures, Inc. P53.00 +P2.65 +5.26%	AGI Alliance Global Group, Inc. P10.32 -P0.18 -1.71%	ALI Ayala Land, Inc. P35.00 -P0.10 -0.28%	BDO BDO Unibank, Inc. P153.00 +P5.00 +3.38%	BLOOM Blossom Resorts Corp. P11.22 -P0.40 -3.44%	BPI Bank of the Philippine Islands P125.10 +P3.90 +3.22%	CNPF Century Pacific Food, Inc. P33.50 -P0.10 -0.30%	CNVRG Converge ICT Solutions, Inc. P9.00 -P0.40 -4.26%
DMC DMCI Holdings, Inc. P10.96 -P0.14 -1.26%	EMI Emperador, Inc. P19.54 +P0.02 +0.10%	GLO Globe Telecom, Inc. P1,720.00 -P6.00 -0.35%	GTCAP GT Capital Holdings, Inc. P703.00 -P17.00 -2.36%	ICT International Container Terminal Services, Inc. P289.00 +P4.00 +1.40%	JFC Jollibee Foods Corp. P273.80 +P1.80 +0.66%	JGS JG Summit Holdings, Inc. P41.00 +P1.30 +3.27%	LTG LT Group, Inc. P9.50 -P0.24 -2.46%	MBT Metropolitan Bank & Trust Co. P62.00 -P0.95 -1.51%	MER Manila Electric Co. P390.00 +P18.00 +4.84%
MONDE Monde Nissin Corp. P10.00 -P0.20 -1.96%	NIKL Nickel Asia Corp. P4.54 +P0.04 +0.89%	PGOLD Puregold Price Club, Inc. P27.50 -P0.50 -1.79%	SCC Semirara Mining and Power Corp. P32.30 -P0.45 -1.37%	SM SM Investments Corp. P940.00 +P27.00 +2.96%	SMC San Miguel Corp. P102.10 -P1.10 -1.07%	SMPH SM Prime Holdings, Inc. P31.60 -P0.90 -2.77%	TEL PLDT Inc. P1,313.00 +P16.00 +1.23%	URC Universal Robina Corp. P117.00 +P3.50 +3.08%	WLCON Wilcon Depot, Inc. P21.60 -P0.80 -3.57%

Monzon: PSE still bullish on IPO goals this year

By Ashley Erika O. Jose
Reporter

THE PHILIPPINE STOCK Exchange (PSE) remains optimistic about achieving its target of six initial public offerings (IPOs) this year despite one company set to go public in the first quarter delaying its listing, its top official said.

"I think we can reach; I remain optimistic [about the IPO target]," PSE President and Chief Executive Officer Ramon S. Monzon told *BusinessWorld* on the sidelines of PSE's forum on Wednesday.

"Although CREC (Citicore Renewable Energy Corp.) has deferred, I think as the market is improving, a lot of companies will accelerate their plans," he added.

Last week, CREC announced the deferment of its IPO to the second quarter from March as the company was still weighing offers from various institutions.

"We think that successful listings are typically supported by buoyant market conditions as investors would be more willing to deploy their capital," China Bank Securities Corp. Research Director Rastine Mackie D. Mercado said in an e-mail on Thursday.

The PSE is targeting at least six IPOs and expects about P175 billion worth of capital to be raised in 2024, of which P40 billion will come from IPOs.

"What I fear the most is the timing if they simultaneously list, as there should be an interval. Because, of course, for capital, you do not want too many

companies fighting for one," Mr. Monzon said.

The probability of IPOs regaining momentum this year will likely depend on several market conditions, said April Lynn Lee-Tan, Chief Equity Strategist at COL Financial Group, Inc.

"It depends on market conditions. If prices continue to go up, and volumes pick up, then they can achieve the target. Otherwise, it might be difficult," Ms. Tan said in a Viber message.

In 2023, the benchmark Philippine Stock Exchange index ended at 6,450.04, down by 1.8% from its 6,566.39 close in 2022.

The PSE has said that the stock market is expected to rebound this year once the central bank begins cutting rates and if inflation continues to ease.

For China Bank Capital Corp. Managing Director Juan Paolo E. Colet, the planned IPOs of CREC and OceanaGold Corp. will likely set the benchmark for companies to proceed with their IPOs.

"It would be good to have at least six IPOs this year, but some potential issuers are still on the fence about listing. There are companies who want to see how the announced IPOs of OceanaGold and Citicore Renewable will perform before deciding whether to push through with their listing plans," Mr. Colet said in a Viber message.

Mining company OceanaGold said it aims to publicly list by May in compliance with the company's mining contract.

"Other potential IPO candidates, especially the larger ones, are waiting for much better mar-

ket conditions and equity valuations. We need a combination of strong economic growth and lower policy rates to get a more active IPO market," he said.

Earlier this week, Metro Pacific Investments Corp. said it hopes to publicly list its planned joint venture company with San Miguel Corp. within the year.

"So far this year, we've been seeing a pretty strong market, as underpinned by resurgence of foreign fund flows and expectations of policy rate cuts from the US Fed and the BSP (Bangko Sentral ng Pilipinas). As such, we think that the success of prospective IPO listings will closely track how those stories pan out," Mr. Mercado said.

The BSP earlier said that the monetary board may consider cutting borrowing costs in the second

half of this year amid easing inflation, but the central bank still intends to keep rates tight in the first half amid risks to inflation.

Inflation averaged 6% in 2023, marking the second straight year that it breached the BSP's 2-4% target range.

In January, inflation slowed to 2.8%, well within the BSP's 2-4% target, and slower than the 3.9% in December and 8.7% in the same month in 2023.

"We also think that a successful first IPO for the year could lead to a snowball effect as this could mean that investors are now ready to participate in new IPOs. It also remains important for companies who are planning for an IPO to outline their growth strategy to enhance shareholder value," Mr. Mercado said.

SMIC sees more opportunities in provincial areas

SM INVESTMENTS Corp. (SMIC) sees growth opportunities in provincial areas for its core businesses, the company's president said.

"Each of our core businesses will continue to grow, particularly in the provincial areas, whether it be the banking, the property, or the retail. But more importantly, our portfolio companies are where we feel the high-growth sectors will be, and that's where our investments are very focused on," SMIC President and Chief Executive Officer Frederic C. DyBuncio.

Timothy Daniels, SMIC consultant for investor relations and sustainability, said that the conglomerate maintains a cautiously optimistic outlook this year despite its strong financial performance in 2023.

"Looking at 2024, we always use the word 'cautious' before we use the word 'optimistic' because we operate in an environment where things may happen by surprise, and there are external shocks outside the Philippines. But we remain cautiously optimistic," he said.

External risks, such as geopolitical issues, could hamper the conglomerate's growth this year, Mr. DyBuncio said.

"What is more concerning is the impact of whatever external factor there might be in

geopolitics. When that happens, it affects the supply chain, it affects prices of commodities, and then it eventually affects inflation. Those can affect our businesses, but it is really more external driven," he said.

"We don't see any internal issues other than inflation that might affect our businesses," he added.

SMIC aims to grow the revenue contribution of its portfolio investments in the "teens" within the medium term, led by its business interests in renewable energy and logistics.

"We're hoping to be able to continue to grow (the revenue contribution of portfolio investments) in the teens. That is our objective. But again, it grows while the core also improves," Mr. DyBuncio said.

SMIC's portfolio investments accounted for 9% of the P616.3 billion worth of total revenue generated last year.

Mr. DyBuncio said that SMIC is investing more in the renewable energy sector. The conglomerate has a presence in renewable energy through its subsidiary Philippine Geothermal Production Co.

"On the company's geothermal business, we have two producing assets but we do have

six other concessions that we are planning to develop," he said.

In terms of logistics, Mr. DyBuncio said that SMIC is seeking to expand 2GO Group's network across the country.

"We bought two new ships in December and January and we're looking to acquire another one because we really believe that the growth is there," he said.

"Right now, our expansion plans (in the logistics business) are all organic. But we are always open if there is a business out there that we can attach to it as long as it's going to be synergistic to us," he added.

Mr. DyBuncio also said that SMIC is considering the establishment of data centers in the country due to increasing demand.

"We are looking at data centers because we believe that given the advent of artificial intelligence, there will be a greater need for servers to store all of this data," he said.

SMIC recorded a 25% growth in its 2023 net income to P77 billion. Its consolidated revenues climbed by 11% to P616.3 billion led by stronger consumer spending.

On Thursday, SMIC shares rose by 2.96% or P27 to P940 each. — **Revin Mikhael D. Ochave**

CLI eyeing increased capex budget for 2024

CEBU LANDMASTERS, Inc. (CLI) is eyeing to increase its capital expenditure (capex) budget this year to fund the company's major projects, its president said.

"Our capex should be in the region of about last year's; we were at P13 billion. For 2024, we have not concluded that yet, but it will be higher. We are growing," Jose R. Soberano III, president and chief executive officer of Cebu Landmasters, told reporters on the sidelines of a PSE forum on Wednesday.

The company's capex will be funded by a combination of equity and debt, Mr. Soberano said, adding that the company is also banking on its preferred shares offering.

"We have so many projects. We have township projects, let us not forget about reclamation projects, we have big ticket projects and a hotel to complete," Mr. Soberano said.

The company has an ongoing township project in Davao City and Cagayan de Oro. Additionally, it has the Minglanilla Techno Business Park, a 100-hectare reclamation project located in Tulay, Calajo-an, and Tungkil Minglanilla, Cebu.

"Right now, by the middle of this year, we will have four operating hotels in total. We have 10 that will be fully operational by 2026. Six are being completed," Mr. Soberano said.

According to the company's website, CLI's operating hotels include Citadines Cebu City and lyf Cebu City, while its Mercure Cebu Downtown is expected to be completed in 2024.

The company is still undertaking the construction of its Abaca Resort Mactan, Citadines Bacolod City, Citadines Paragon Davao, Radisson RED, and Citadines Bacolod City.

Separately on Thursday, the Securities and Exchange Commission (SEC), through its Commission En Banc, approved the issuance of CLI's preferred shares worth up to P5 billion.

The SEC has allowed CLI's planned public offering of up to three million Series A preferred shares with an oversubscription allotment of up to two million preferred shares, priced at P1,000 apiece, pending the company's compliance with certain requirements.

It is said that the company could yield net proceeds of up to P4.96 billion from the offering, which will fund its project developments and capex for real estate plans and other general corporate purposes.

The preferred shares offering, which are perpetual, cumulative, nonvoting, nonparticipating, nonconvertible, and redeemable Philippine Peso-denominated Series, will be issued from March 19 to April 2 and listed on the main board of the Philippine Stock Exchange.

The company has tapped BPI Capital Corp., China Bank Capital Corp., PNB Capital and Investment Corp., and RCBC Capital Corp. as joint lead underwriters for the offer.

At the local bourse on Thursday, shares in the company closed four centavos or 1.46% higher at P2.78 apiece. — **Ashley Erika O. Jose**

D&L Industries net income down 31% in 2023

LISTED oleochemicals and specialty food ingredients manufacturer D&L Industries, Inc. logged a 31% decline in its 2023 net income to P2.3 billion from P3.32 billion in 2022 due to high interest and depreciation expenses associated with the company's Batangas manufacturing plant as well as inflation.

In a regulatory filing on Thursday, D&L Industries said its 2023 sales fell by 23% to P33.5 billion versus P43.49 billion the previous year.

D&L Industries President and Chief Executive Officer Alvin D. Lao said in a virtual briefing that the revenues of its specialty plastics and consumer products businesses rose by 2% and 20%, respectively.

In contrast, he said that the revenue of the company's food ingredients fell by 28% while the oleochemicals segment dropped by 22%.

"While 2023 was challenging on several fronts with incremental expenses from the Batangas plant emerging during a tough eco-

nomical environment, we are encouraged by the gradual ramping up of operations at this new facility and the early signs of economic recovery," Mr. Lao said.

"As of February 2024, our Batangas plant has already reached 175% of our first year export commitment with the Philippine Economic Zone Authority," he added.

For 2024, Mr. Lao said that D&L Industries expects to grow its net income by 10% to 15% as the Batangas plant ramps up production.

"On a macro level, there are at least three catalysts on the horizon to look forward to in 2024 — moderating inflation, prospects of lower interest rates, and the planned implementation of a higher biodiesel blend by July," Mr. Lao said.

"With lower inflation and interest rate prospects, management is more optimistic in 2024. Longer-term, the Batangas plant puts D&L Industries in a very good position to capitalize on global recovery," he added.

He added that a positive outlook for the company is the growth of its high-margin specialty products (HMSP), driven by the new volume coming out of the Batangas plant.

"While 2023 was challenging, green shoots are starting to emerge with HSMP volume growth positive across the board. In the fourth quarter of 2023 alone, HMSP volume was up 40 percent year on year," Mr. Lao said.

The company's manufacturing plant has already fulfilled several orders both for local and export customers. It is undergoing several audit and certification processes to on board more customers.

"D&L Industries' management has a lot of confidence that even though it may take time, this plant will be a huge benefit for the company. With the new plant, the company sees new markets, higher value added products, and deeper innovations that will further push its boundaries," Mr. Lao said. — **Revin Mikhael D. Ochave**

PXP Energy to pursue talks with gov't on petroleum exploration

PANGILINAN-LED PXP Energy Corp. said on Thursday that it would continue to coordinate with the government to resume exploration activities at petroleum blocks in the West Philippine Sea.

"Each of PXP Energy Corp. and Forum Energy Ltd. will continue to coordinate with the government on the possible resumption of activities in both SC (service contract) 72 and

SC 75, and will pursue exploration work in SC 40," the company said in a stock exchange disclosure.

The Recto Bank concession of SC 72 is located in the West Philippine Sea, west of Palawan Island and southwest of the Shell-operated Malampaya Gas Field.

PXP has a total economic interest of 54.36% in SC 72, while Forum

GSEC 101 Limited holds a 70% participating interest. Forum GSEC 101 is a subsidiary of Forum Energy Limited, in which PXP holds a direct and indirect interest of 79.13%.

Meanwhile, PXP holds a 50% interest in SC 75, located in north-west Palawan.

In April 2022, the Department of Energy directed the companies to

suspend their respective exploration activities "until such time that the Security, Justice, and Peace Coordinating Cluster has issued the necessary clearance to proceed."

While waiting for the government's decision, the company said that it would "assess and study other projects in the Philippines." — **Sheldeen Joy Talavera**

FULL STORY



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