

Philippine Stock Exchange index (PSEi)

6,881.97

▼ 81.25 PTS.

▼ 1.16%

FRIDAY, MARCH 22, 2024

BusinessWorld

PSEI MEMBER STOCKS

AC Ayala Corp. P632.00 -P17.50 -2.69%	ACEN ACEN Corp. P3.80 -P0.05 -1.3%	AEV Aboitiz Equity Ventures, Inc. P47.00 ---	AGI Alliance Global Group, Inc. P9.99 +P0.19 +1.94%	ALI Ayala Land, Inc. P31.60 -P0.75 -2.32%	BDO BDO Unibank, Inc. P154.20 -P0.30 -0.19%	BLOOM Bloomerry Resorts Corp. P11.04 -P0.36 -3.16%	BPI Bank of the Philippine Islands P121.50 -P1.00 -0.82%	CNPF Century Pacific Food, Inc. P35.30 -P0.25 -0.7%	CNVRG Converge ICT Solutions, Inc. P9.35 -P0.03 -0.32%
DMC DMCI Holdings, Inc. P11.70 +P0.20 +1.74%	EMI Emperador, Inc. P18.60 +P0.64 +3.56%	GLO Globe Telecom, Inc. P1,749.00 ---	GTCAP GT Capital Holdings, Inc. P670.00 -P9.00 -1.33%	ICT International Container Terminal Services, Inc. P318.40 -P25.60 -7.44%	JFC Jollibee Foods Corp. P264.20 -P0.80 -0.3%	JGS JG Summit Holdings, Inc. P35.70 +P0.15 +0.42%	LTG LT Group, Inc. P9.62 -P0.17 -1.74%	MBT Metropolitan Bank & Trust Co. P65.80 +P0.80 +1.23%	MER Manila Electric Co. P364.00 +P5.20 +1.45%
MONDE Monde Nissin Corp. P10.30 -P0.02 -0.19%	NIKL Nickel Asia Corp. P4.05 +P0.05 +1.25%	PGOLD Puregold Price Club, Inc. P25.95 -P0.05 -0.19%	SCC Semirara Mining and Power Corp. P34.95 +P0.25 +0.72%	SM SM Investments Corp. P980.00 ---	SMC San Miguel Corp. P105.00 +P1.50 +1.45%	SMPH SM Prime Holdings, Inc. P32.60 -P0.55 -1.66%	TEL PLDT Inc. P1,338.00 -P31.00 -2.26%	URC Universal Robina Corp. P103.00 +P0.60 +0.59%	WLCON Wilcon Depot, Inc. P17.98 -P0.22 -1.21%

SMC studying MPIC's Indonesian assets for merger

SAN MIGUEL CORP. (SMC) said it anticipates finalizing the planned joint venture with Metro Pacific Investments Corp. (MPIC) in the coming months, pending the evaluation of its tollway arm's Indonesian assets.

"We will finalize this very soon, maybe in the next few months. The reason why I cannot say 'yes' entirely is we need to evaluate the Indonesian tollway, but Indonesia's economy is very promising," SMC President and Chief Executive Officer Ramon S. Ang told reporters last week.

SMC and MPIC have been in discussions regarding a possible joint venture for a toll road business.

MPIC Chairman, President and Chief Executive Officer Manuel V. Pangilinan is hoping to complete and publicly list the planned merger with SMC within the year.

"It will be a significant company in the Philippines with starting EBITDA (earnings before interest, taxes, depreciation, and amortization) of around P50 billion," he said in February.

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

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

PT Nusantara Infrastructure owns infrastructure concessions in both the western and eastern portions of Indonesia. It operates businesses in transportation, toll roads, com-

munication, and distribution networks.

In 2019, MPTC announced that it had purchased a significant share of PT Jasmarga Jalanlayang Cikampek, the concessionaire of the Sheikh Mohamed Bin Zayed Elevated Toll Road, which is a 38-kilometer flyover aimed at decongesting traffic in Jakarta.

"I think the Indonesian tollway [assets] should be good, but as I have said, I do not know the details. We cannot agree on something we don't know," Mr. Ang said.

Among the considerations and issues being evaluated for the possible merger is that both companies will have to go to Congress to apply for a franchise for their operations, according to MPIC's Mr. Pangilinan.

Mr. Ang said he is confident that securing the necessary approvals from the government will not be a problem for the two parties.

"For as long as your intentions are good, it will be easy to put forward in Congress," he said.

MPTC has announced that it is deferring its initial public offer-

ing plans to 2025 as the company weighs its options to form a joint venture with SMC.

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**

Mining companies seen to post mixed results this year

By **Sheldeen Joy Talavera**
Reporter

LISTED mining companies are expected to deliver mixed results this year, buoyed by global demand for essential metals but weighed down by regulatory and environmental uncertainties, according to analysts.

"The outlook for mining companies in FY (financial year) 2024 appears promising, driven by both domestic and global factors supporting growth and expansion," Globalinks Securities and Stocks, Inc. Head of Sales Trading Toby Allan C. Arce said in a Viber message last week.

Essential metals such as gold, nickel, cobalt, copper, and iron are "in demand" due to their importance in renewable initiatives and emerging technologies, he said.

"As the global shift towards these technologies continues, the demand for these metals is expected to remain strong, benefiting mining companies," Mr. Arce said.

Investors consider risks such as regulatory changes, environmental concerns, and global market dynamics when evaluating investment opportunities in the mining sector, he also said.

Regina Capital Development Corp. Head of Sales Luis A. Limlingan said that there is still cautious optimism regarding the performance of mining firms for the year.

"Although favorable commodity prices and regulatory enhancements could boost growth, challenges such as regulatory uncertainties and environmental issues remain significant," Mr. Limlingan said in a Viber message.

For 2023, nickel ore producer Global Ferronickel Holdings, Inc. reported a 19.6% decline in its attributable net income of P1.5 billion while revenues grew by 30.5% to P8.8 billion.

Philex Mining Corp. recorded an attributable net income of P1.02 billion, down 43.3% from the previous year, mainly due to lower revenues from its gold and copper operations. Revenues dropped by 16.3% to P7.73 billion.

Atlas Consolidated Mining and Development Corp. saw a decline of 65% in its

consolidated net income to P1.1 billion as the company repaid loans and prices of copper decreased.

The company's revenues went up by 13% to P19.91 billion last year.

Meanwhile, Nickel Asia Corp. enjoyed a 1.5% increase in its attributable net income to P7.93 billion brought by higher nickel ore prices. Revenues from ore sales dropped by 16% to P21.4 billion.

For the third quarter, Apex Mining Co., Inc. posted an attributable net income of P1.03 billion, higher by 14.4% from the previous year.

Gross revenues rose by 10.7% to P3.04 billion in 2024.

"Bottom line is, mining firms have potential for growth, but they must effectively manage challenges in order to capitalize on opportunities this year," Mr. Limlingan said.

For 2023, the country's metal production by value increased by 4.8% to P249.05 billion driven by the improved prices and higher output, data from the Mines and Geosciences Bureau showed.

OUTLIER

Profit taking drags Ayala Corp. stock price lower

AYALA CORP.'S stock price fell last week after investors took profits amid developments in the conglomerate's subsidiaries.

Ayala Corp. was the seventh most actively traded stock last week, with a total of 1.89 million shares worth P1.23 billion having exchanged hands from March 18 to 22, according to data from the Philippine Stock Exchange (PSE).

Its shares closed at P632 apiece on Friday, down 4.7% week on week. Since the start of the year, the stock has fallen 7.2%.

"Ayala Corp. has been on a waterfall move, mainly dragged by Ayala Land, Inc. (ALI)'s correction. Corporate news that might have added up to the conglomerate's price action this week was Bank of the Philippine Island (BPI)'s divestments of its shares in GoTyme Bank Corp.," Regina Capital Development Corp. Head of Sales Luis A. Limlingan said in an e-mail.

Philippine National Bank Senior Equity Research Analyst Jonathan J. Latuja said in an e-mail that Ayala Corp.'s share price fell for the fourth consecutive week after declining by more than 4% this week, which underperformed the PSE index's gain of 0.9% week on week.

"Likewise, Ayala Corp.'s largest subsidiary, ALI, dropped for the fourth consecutive week and ended 2.5% lower this week," added Mr. Latuja.

Mr. Latuja also said that Ayala Corp. and ALI's share prices dropped on profit taking after the announcement of its fourth quarter and full-year 2023 results.

"Moreover, for 2024 earnings, we project an 8% year on year growth in Ayala Corp's top line," Mr. Latuja said.

Mr. Limlingan saw a low double-digit year-on-year growth in Ayala Corp.'s first quarter in 2024 revenue as well as its net income after taxes (NIAT).

"Based on our models, we are seeing revenue to land

at around P89 billion, while NIAT is just a bit below P12 billion," said Mr. Limlingan.

The attributable net income of the country's oldest conglomerate surged by 39% to P38.07 billion in 2023 from P27.4 billion in 2022.

For Ayala Corp.'s banking segment, BPI's net earnings increased 44% to P51.7 billion in 2023. Total revenues rose by 17% to P138.3 billion due to better net interest and non-interest income.

Last week, in a disclosure to the PSE, BPI said it sold 752,056,290 common shares it gained from its merger with Robinsom Bank Corp. to digital lender GoTyme Bank Corp. at P1.20 per share or P902.47 million in total.

On real estate business, ALI's net income rose 32% to P24.5 billion in 2023 driven by resilient property demand and heightened consumer activity fueled revenue expansion.

Property development revenues increased by 14% to P92.3 billion, while reservation sales improved by 9% to P113.9 billion.

ALI shares closed at P31.60 apiece on Friday, down 2.5% week on week.

For Ayala Corp.'s energy business, ACEN Corp. saw a decline in its reported net income to P7.4 billion in 2023 from P13.1 billion in 2022. The company's consolidated revenues rose by 4% to P36.5 billion.

Meanwhile, Globe Telecom, Inc., Ayala Corp.'s telecommunications business, net income declined 29% in its 2023 net income to P24.6 billion due to the one-time gain on the partial sale of its data center business in 2022.

"Ayala Corp. is currently hovering around its support level, and we hold a bullish bias for the upcoming week, although the potential rebound for this stock may not be as robust due to anticipated low trading activity during the holy week. Meanwhile, we plot the resistance at P647 per share," said Mr. Limlingan. — **Lourdes O. Pilar**

Airline fuel surcharge unchanged for April

THE Civil Aeronautics Board (CAB) has retained the airline fuel surcharge at Level 6 for April.

The Civil Aeronautics Board has announced that the airline fuel surcharge, which is added to the base fare, will remain at Level 6 next month.

At Level 6, the domestic passenger surcharge ranges from P185 to P665, while the international surcharge ranges from P610.37 to P4,538.40.

"Airlines wishing to impose or collect fuel surcharge for the same period must file its application with this office on or before the effectivity period, with fuel surcharge rates not exceeding the above-stated level," CAB Executive Director Carmelo L. Arcilla said in an advisory.

A fuel surcharge may be collected by airlines based on the movements in jet fuel prices,

based on a benchmark known as MOPS (Mean of Platts Singapore).

The applicable conversion rate for April is P56.01 to a dollar, CAB said.

Flag carrier Philippine Airlines (PAL) said it will focus on-time performance as it expects higher passenger volume next month.

"Passenger loads remain high amid the current peak

travel season. We are grateful for the continued customer loyalty and support. We remain focused on maintaining our on-time performance and schedule reliability," PAL Spokesperson Cielo C. Villaluna said in a Viber message.

BusinessWorld also reached out to Cebu Pacific and AirAsia but has yet to receive comments as of the deadline. — **Ashley Erika O. Jose**

Ports repurposing for offshore wind may cost \$80M

THE Department of Transportation (DoTr) said repurposing ports for offshore wind development will cost around \$80 million.

"Right now, we are doing the freight flow analysis that will eventually lead to a roadmap of ports development all over the Philippines," Elmer Francisco U. Sarmiento, Transportation undersecretary for the maritime sector, said on the sidelines of a ports and logistics forum last week.

The DoTr has started the study, Mr. Sarmiento said, adding that the agency expects to release the roadmap for ports development in the next two to three years.

"We have started the [freight flow analysis], maybe it will be completed [soon] hopefully. Our roadmap for port development, maybe in two to three years," he said.

Freight flow surveys are part of the study to determine if ports are suitable sites for offshore wind development.

The Department of Energy (DoE) and the DoTr are leading agencies tasked in ports repurposing to advance offshore wind development in the Philippines.

Ports will play a crucial role in offshore wind development as their supply chains, infrastructures and other components will be transported from mainland to offshore sites.

"We are studying offshore port development. It is very expensive, our estimate is that it goes up to \$80 million," he said.

The DoTr said they have identified at least nine potential ports for the offshore wind project. These are: Philippine National Oil Co. Energy Supply Base Port, Mabini, Batangas; Port Irene, Cagayan; Iloilo Commercial Port Complex, Iloilo City; Pulpandan Seaport, Negros Occidental; Port of Currimao, Ilocos Norte; International Container Terminal's Bauan International Port, Bauan, Batangas; Calabanga Provincial Port, Camarines Sur; and Bulalacao Port, Mindoro Oriental.

Earlier, the Energy department said it was still studying recommendations for candidates as the 10th port for offshore wind development.

To date, the Energy department has awarded a total of 82 offshore wind energy service contracts, with a potential capacity of 63,000 megawatts (MW) or 63 gigawatts (GW).

Based on the Philippine Offshore Wind Roadmap, the country has an estimated potential of 178 GW in offshore wind resources.

The Philippines is expecting its first offshore wind project to be completed by 2028, with at least 10 offshore wind projects at a capacity of more than 6,000 MW expected to generate power in the next four years.

Offshore wind resources are expected to help the Philippines reach its goal of increasing the share of renewables to 35% by 2030 and 50% by 2040. — **Ashley Erika O. Jose**