Filinvest Development targets 20% annual income growth in 5-year plan

GOTIANUN-LED conglomerate Filinvest Development Corp. (FDC) said it is aiming for at least 20% annual growth in net income over the next five years.

"What we've announced is a four- or five-year plan of at least 20% annual growth," FDC President and Chief Executive Officer Rhoda A. Huang said during a media roundtable last week.

This year, the FDC is hoping to reach or exceed the company's pre-pandemic net income of P12 billion, she said.

In 2023, FDC's attributable net income climbed by 58% to P8.9 billion as total revenues and other income increased by 31% to P92.8 billion.

According to Ms. Huang, the previous operating year saw robust growth across all business lines, attributing the performance to a renewed focus on business fundamentals. FDC reported revenue and other income growth in its banking segment at 35%, real estate at 20%, hospitality at 77%, power at 35%, and sugar at 16%.

Ms. Huang also said that FDC is "well-positioned" to take advantage of improving economic data.

"When you look at controlled inflation, interest rates are coming in, there is a drive in terms of a consumer-led economy. I think it is very positive," she said.

On Monday, the Bangko Sentral ng Pilipinas maintained its benchmark interest rate at 6.5% for a fourth consecutive meeting. The country's inflation rate rose to 3.7% in March, up from 3.4% in February, driven by elevated food prices.

"We're well-positioned. Despite the high interest rates, the ability to sell, in terms of sales and revenue for Filinvest Land, Inc. (FLI), there is still a shortfall in available housing in the low to medium segment," Ms. Huang said.

"We see greater receptivity below the P3.6 million price range," she added.

She also noted that the conglomerate is keeping an eye on certain risks, such as US interest rates and geopolitical tensions.

The company has allocated between P20 billion and P25 billion for its capital expenditure (capex) budget this year. It invested P13 billion in capex in 2023.

FDC Chief Finance Officer Brian T. Lim has said that 60% of the budget would be allocated to real estate, 15% to renewable energy, another 15% to hospitality, with the remaining 10% allocated to other businesses. FDC's ongoing renewable energy projects include a 20-megawatt (MW) solar energy project in Misamis Oriental and a 12-MW solar energy project in Cebu.

FDC's expansion in the hospitality segment includes the ongoing construction of the 200-room hotel in Baguio City under the Grafik brand, which will open in the first quarter of 2025.

FDC is also renovating and expanding its Crimson Mactan Hotel, according to Ms. Huang.

Aside from FLI, FDC is engaged in real estate through Filinvest Alabang. The conglomerate also has presence in the power sector via FDC Utilities, Inc., as well as in the hospitality business with Filinvest Hospitality Corp.

At the same time, the holding company is involved in the banking sector through East West Banking Corp., as well as in the sugar and infrastructure sectors.

FDC shares were last traded on April 8 at P5.51 per share. — **Revin Mikhael D. Ochave**

Telcos poised for strong first-quarter results — analysts

By Ashley Erika O. Jose
Reporter

LISTED telecommunications and information and communications technology (ICT) companies may post strong financial results for the first quarter but may face challenges related to cybersecurity and industry changes, according to analysts.

"The Philippines is undergoing a notable transformation marked by a strategic pivot towards digital services. Looking ahead, the industry faces looming threats that could impact short-term profitability. Despite these challenges, there are several factors that could drive sustained growth," Globalinks Securities and Stocks, Inc. Head of Sales Trading Toby Allan C. Arce said in a Viber message on Wednesday.

For the first quarter of the year, listed telco and ICT companies are likely to sustain growth mainly due to their innovative and diversified services, he said. "Continued innovation and diversification into digital services beyond traditional telecommunication offerings could attract new customers and increase revenue streams."

Companies' efforts to ramp up its infrastructure investments and improvement of broadband coverage are also catalysts for growth, he noted. "Reforms aimed at fostering an environment conducive to foreign investment (align) with the industry's aggressive rollout of 5G (fifth-generation) technology."

"This push for advanced connectivity promises to revolutionize communication infrastructure within the country, enhancing the overall digital experience for consumers and businesses alike," he added.

For Cristina S. Ulang, head of research at First Metro Investment Corp., the expansion of 5G and migration pose risks to companies and contribute to a somewhat bleak outlook for the sector.

"Telcos' growth is limited by high market saturation and affordability issues facing 5G migration," she said.

For Regina Capital Development Corp. Head of Sales Luis A. Limlingan, telcos will sustain their growth as the industry is less sensitive to the impact of volatile macroeconomic conditions.

"Companies will likely sustain the growth they have experienced from the last few years, since these industries are less sensitive to the headwinds the market has been experiencing," he said.

Mr. Arce from Globalinks noted that the industry is likely to face impacts from cybersecurity challenges and various changes within the sector.

"Several catalysts are expected to propel industry growth, including the ongoing expansion of the country's digital economy and the swift implementation of 5G technology," he said. "Despite these positive prospects, the industry faces a potential obstacle in the form of cybersecurity attacks, which may persist and escalate in the coming years."

"This push for advanced connectivity promises to revolutionize communication infrastructure within the country, enhancing the overall digital experience for consumers and businesses alike," he added.

In 2023, Pangilinan-led PLDT Inc. saw its attributable net income more than double to P26.61 billion from P10.49 billion previously on lower expenses and higher top line.

The company's combined revenues expanded by 3% to P210.95 billion from P204.36 billion in the same period in 2022, while the its gross expenses declined by 24% to P158.47 billion from P209.43 billion previously.

Ayala-led Globe Telecom, Inc. recorded a core net income of P18.92 billion, 1.3% lower than the P19.17 billion in 2022 due to lower revenues.

Globe saw full-year service revenues of P162.33 billion, marking a 4.5% increase compared to the P107.52 billion recorded a year earlier.

Despite the recorded lower core net income in 2023, Globe is expecting low-to-middle digit revenue growth driven by its business segments.

For 2023, Converge recorded a 22.3% climb in its net income to P9.1 billion as consolidated revenues climbed by 5% to P35.4 billion.

DITO CME Holdings Corp. has yet to release its 2023 financial results.

DALI aiming to expand presence in Luzon with 950 stores by yearend

LOCAL discount grocery chain DALI has announced plans to expand its presence in Luzon, aiming to have up to 950 stores by the end of the year.

"We're only going to stay in Luzon for now…, (and) we're probably going to hit about 900 (to) 950 stores by the end of this year," Anja Grote Westrick, director of strategic supply chain and ESG officer at DALI operator Hard Discount Philippines, Inc., told reporters on Tuesday.

DALI is a discount grocery chain that currently has over 250 branches in the Philippines, providing competitive pricing in local neighborhoods.

"The whole discount principle is you have a limited assortment, but the products that you have in your assortment are selling at high volume," Ms. Westrick said.

DALI also targets to open in June its sixth distribution center in Naic, Cavite, a town about 50 kilometers south of Manila.

"On every store, there's a certain limit in terms of sales, so you need to expand in terms of stores as much as possible so that you generate volume," Ms. Westrick said.

"When you go out to the countryside, it's not that much… so there, people are more used to taking a tricycle to the store. And there, you can spread out the stores a little bit more," she added.

When asked about the provinces where the new DALI branches will be set up this year, Ms. Westrick said that they would be established "everywhere where we are now… it's just picking the spots in between."

The majority (around 60-70%) of DALI's products are locally manufactured, while several others are imported from Malaysia, China, and Europe.

In March, Singapore-based growth equity firm Venturi Partners announced a $25-million investment for the expansion of DALI.

This marked the company's second investment in the Philippines, following its investment in the grab-and-go coffee chain PICKUP COFFEE the previous year. — **Beatriz Marie D. Cruz**

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SC affirms arbitral ruling against CJH DevCo in John Hay ecozone dispute

THE Supreme Court (SC) has upheld an arbitral ruling directing CJH Development Corp. (CJH DevCo) to vacate the 247-hectare portion of the John Hay Special Economic Zone (John Hay SEZ) that it rented from the Bases Conversion and Development Authority (BCDA).

The SC en banc, through Justice Japar B. Dimaampao, upheld a decision from the Philippine Dispute Resolution Center, Inc. (PDRCI) that found CJH DevCo and BCDA to have breached their obligations under their agreement.

The decision ordered "mutual restitution where parties revert to their original position prior to the execution of the agreement as far as practicable."

It added that CJH DevCo should return the leased property with the improvements to BCDA.

BCDA should refund to CJH DevCo the rent it paid, amounting to more than P1.42 billion, the SC said.

The SC also said that the Commission on Audit did not commit "grave abuse of discretion" when it dismissed CJH DevCo's money claim "pending resolution of the BCDA petition before the court."

BCDA, which holds and administers former US military bases for alternative productive uses, and CJH DevCo had entered into a lease agreement where the latter was awarded a 247-hectare portion following the transformation of Camp John Hay into the 625-hectare John Hay SEZ. — **Chloe Mari A. Hufana**

EU's new tech laws seen boosting user base for small browsers

INDEPENDENT browser companies in the European Union (EU) are seeing a spike in users in the first month after EU legislation forced Alphabet's Google, Microsoft, and Apple to make it easier for users to switch to rivals, according to data provided to Reuters by six companies.

The early results come after the EU's sweeping Digital Markets Act, which aims to remove unfair competition, took effect on March 7, forcing big tech companies to offer mobile users the ability to select from a list of available web browsers from a "choice screen."

Browsers are software that help users connect to the internet and are traditionally offered by big technology companies like Apple and Google for free in exchange for tracking which websites consumers visit and selling advertisement to them.

In mobile devices that run Android, Chrome browser comes as default and iPhones with Safari, making them the dominant browsers in the market.

Cyprus-based Aloha Browser said users in the EU jumped 250% in March, one of the first companies to give monthly growth numbers since the new regulations came in.

Founded in 2016, Aloha, which markets itself as a privacy-focused alternative to browsers owned by big tech, has 10 million monthly average users and earns money through paid subscriptions, rather than selling ads by tracking users.

"Before, EU was our number four market, right now it's number two," Aloha Chief Executive Officer (CEO) Andrew Frost Moroz said in an interview.

Norway's Vivaldi, Germany's Ecosia, and US-based Brave have also seen user numbers rise following the new regulation.

US-based DuckDuckGo, which has about 100 million users, and its bigger rival, Norway-based Opera are also seeing growth in users, but said the choice screen rollout is still not complete.

"We are experiencing record user numbers in the EU right now," said Jan Standal, vice-president at Opera, which counts over 324 million global users.

CHOSEN ONES

Under the new EU rules, mobile software makers are required to show a choice screen where users can select a browser, search engine and virtual assistant as they set up their phones.

Previously, tech companies such as Apple and Google loaded phones with default settings that included their preferred services, such as the voice assistant Siri for iPhones. Changing these settings required a more complicated process.

Apple is now showing up to 11 browsers in addition to Safari in the choice screens curated for each of the 27 countries in the EU, and will update those screens once every year for each country.

While DuckDuckGo and Opera are offered in Apple's list in all 27 countries, Aloha is in 26 countries, Ecosia is in 13 and Vivaldi in 8.

Google is currently showing browser choices on devices made by the company and said new devices made by other companies running Android operating system will also display choice screen in the coming months.

A Google spokesperson said they do not have data on choice screens to share yet.

As iPhones have a bigger market share than Google-branded phones, the growth for smaller browsers is currently coming at the cost of Safari.

Opera said most of the positive trends are from people making Opera the default browser on their iPhones. But browser companies criticized how Apple and Google rolled out the new features which they described as slow and clunky, and they believe are slowing the migration of mobile users to new browser choices.

Mozilla, which owns Firefox browser, estimates that only 19% of iPhone users in the region received an update in a roll-out that appeared much slower than previous software updates, the company said.

In iPhones, users can see the choice screen only when they click Safari, and then users are shown a list of browsers with no additional information, said Jon Stephenson von Tetzchner, CEO of Norway's Vivaldi.

"The process is just so convoluted that it's easiest for (users) to select Safari or potentially some other known name," he said.

The complicated design has led European Commission to start a noncompliance investigation into whether Apple may be preventing users from truly exercising their choice of services. — ***Reuters***

SEC cautions public vs investing in XM, eToro

THE Securities and Exchange Commission (SEC) has warned the public against investing in XM and eToro, saying these online investment trading platforms are not authorized to sell or offer securities in the Philippines.

In an advisory posted on its website, the SEC said that XM operates as an exchange platform where investors could trade foreign exchange, cryptocurrency contract for difference (CFDs), stocks, metals, and other assets.

The entity's services consist of over 1,000 trading instruments, 24/7 trading of Crypto CFDs, 1000:1 leverage, and bonuses up to $10,500.

XM also reportedly offers a feature that allows the public to copy any and all trades of a "popular trader."

In a separate advisory, the SEC said that eToro offers a crypto exchange that supports trading in more than 30 cryptocurrencies. as well as an exchange for trading commodities, currencies, and indices. It is also an online brokerage platform with a limited selection of stocks and exchange-traded funds.

The entity aims to make "trading accessible to anyone, anywhere and reduce the dependency on traditional financial institutions."

According to the SEC, both platforms launched promotional campaigns on social media to entice investors, including Filipinos, to engage in trading activities.

The two platforms allow Filipinos to create user accounts on their platform for the purpose of "investing and trading unregistered investment products," the commission said.

The SEC warned that those who act as salesmen, brokers, dealers or agents, representatives, promoters, recruiters, influencers, endorsers, and enablers of XM and eToro could face a maximum fine of P5 million or 21-year imprisonment, or both, under the Securities Regulation Code.

"In view thereof, the public is hereby advised to exercise caution before investing in these kinds of unregistered online investment platforms and their representatives," the SEC said.

"In dealing with these unregistered platforms, the commission reiterates its advisory entitled advisory against dealing with non-registered foreign entities, organizations, and corporations," it added.

In an e-mailed statement, eToro said it is "regulated by financial regulatory authorities in multiple jurisdictions around the world."

"We take our legal and regulatory obligations very seriously. eToro has no local presence in the Philippines, and we do not actively promote or market our services in the Philippines," it added.

BusinessWorld also reached out to XM but did not to receive a response by the deadline. — **Revin Mikhael D. Ochave**