

Philippine Stock Exchange index (PSEi)

6,607.22

▼ 26.44 PTS.

▼ 0.39%

WEDNESDAY, MAY 22, 2024

BusinessWorld

PSEI MEMBER STOCKS

AC Ayala Corp. P619.50 +P5.50 +0.9%	ACEN ACEN Corp. P5.01 +P0.01 +0.2%	AEV Aboltiz Equity Ventures, Inc. P37.80 -P0.10 -0.26%	AGI Alliance Global Group, Inc. P9.25 -P0.05 -0.54%	ALI Ayala Land, Inc. P28.85 -P0.15 -0.52%	BDO BDO Unibank, Inc. P136.00 -P2.00 -1.45%	BLOOM Bloomerry Resorts Corp. P10.80 +P0.12 +1.12%	BPI Bank of the Philippine Islands P124.90 -P0.30 -0.24%	CNPF Century Pacific Food, Inc. P36.00 +P1.00 +2.86%	CNVRG Converge ICT Solutions, Inc. P10.10 -P0.26 -2.51%
DMC DMCI Holdings, Inc. P10.70 -P0.08 -0.74%	EMI Emperador, Inc. P18.10 -P0.08 -0.44%	GLO Globe Telecom, Inc. P1,989.00 -P11.00 -0.55%	GTCAP GT Capital Holdings, Inc. P628.00 -P2.00 -0.32%	ICT International Container Terminal Services, Inc. P354.00 +P7.00 +2.02%	JFC Jollibee Foods Corp. P229.40 -P0.60 -0.26%	JGS JG Summit Holdings, Inc. P33.05 -P0.40 -1.2%	LTG LT Group, Inc. P10.16 -P0.02 -0.2%	MBT Metropolitan Bank & Trust Co. P67.55 -P2.20 -3.15%	MER Manila Electric Co. P374.80 -P2.20 -0.58%
MONDE Monde Nissin Corp. P11.00 -P0.10 -0.9%	NIKL Nickel Asia Corp. P4.32 -P0.14 -3.14%	PGOLD Puregold Price Club, Inc. P24.70 -P0.10 -0.4%	SCC Semirara Mining and Power Corp. P33.00 +P0.95 +2.96%	SM SM Investments Corp. P867.00 +P5.00 +0.58%	SMC San Miguel Corp. P101.80 -P1.00 -0.97%	SMPH SM Prime Holdings, Inc. P28.20 -P0.80 -2.76%	TEL PLDT Inc. P1,420.00 -P16.00 -1.11%	URC Universal Robina Corp. P104.40 -P2.60 -2.43%	WLCON Wilcon Depot, Inc. P19.74 +P0.18 +0.92%

Cebu Pacific may finalize aircraft order by June



CEBUPACIFICAIR.COM
CEBU PACIFIC expects to finalize the supplier for its aircraft order by next month, Cebu Air, Inc. Chairman Lance Y. Gokongwei said.

BUDGET CARRIER Cebu Pacific, operated by Cebu Air, Inc. is expected to announce its supplier for the airline's \$12-billion aircraft order by June, the company's top official said on Wednesday.

"[We have] not yet selected. We will make the announcement, I think, in the next couple of months. Maybe by June," Lance Y. Gokongwei, chairman of Cebu Air, said on the sidelines of the BusinessWorld Economic Forum 2024.

The budget carrier is planning to order more than 100 narrow-body aircraft from Boeing or Airbus valued at roughly \$12 billion based on current list of prices, Cebu Pacific said.

The airline company is nearing the completion of its aircraft order, which is expected to boost its overall fleet amid its plan to increase flight frequencies to serve the growing demand for air travel.

"We are close to the finish line for [our aircraft order]. We have not put a date yet, but we are still

close to the timetable," Alex B. Reyes, chief strategy officer of Cebu Pacific, said separately on the sidelines of an aviation forum.

Mr. Reyes, however, did not say if the company is leaning towards Airbus or Boeing for its planned aircraft order.

Cebu Pacific currently operates a fleet of 73 Airbus and ATR aircraft, which it earlier said will double with its planned order of more aircraft this year.

Last year, Cebu Air said it would lower its fleet growth

rate for 2024 as engine maker Pratt & Whitney (P&W) inspects A320XLR aircraft engines worldwide following suspected issues.

Currently, between 10 to 20 aircraft of Cebu Pacific are parked because of the ongoing issue with global engine maker P&W.

To date, Cebu Pacific flies to 35 domestic and 24 international destinations in Asia, Australia, and the Middle East. — **Ashley Erika O. Jose**

Weak peso brings costs, uncertainty, says Gokongwei

THE PHILIPPINE peso's recent weakness against the dollar will bring cost pressures and additional uncertainty to corporates, according to the top official of listed conglomerate JG Summit Holdings, Inc.

"As business people, we don't like any abrupt changes. The weakening of the peso in the last few days is a little bit fast," JG Summit President and Chief Executive Officer Lance Y. Gokongwei said at the sidelines of the BusinessWorld Economic Forum 2024 in Taguig City on Wednesday.

"The exchange rate moving down, of course, for a certain of our industries is negative. Definitely, anything abrupt creates more uncertainty and some cost pressures. A lot of the inputs we use are imported — fuel especially," Mr. Gokongwei added.

The peso ended at P58.27 per dollar on Tuesday, which was its weakest close in over 18 months.

On Wednesday, the local unit rebounded by 21 centavos to P58.06 per dollar.

SUPPORT FOR PETROCHEMICAL INDUSTRY

Meanwhile, Mr. Gokongwei said government support is needed to boost the operations of JG Summit's petrochemical subsidiary JG Summit Olefins Corp. (JGSOC), which has been hampered by high oil prices and overcapacity.

"We need to work with the government. We need to develop a manufacturing policy

to support vital industries in the Philippines, including the petrochemical industry," he said.

"Petrochemicals are the building blocks essential to the manufacture of goods that we use in our daily lives, such as food packaging, clothes, electronic gadgets, vehicles, furniture, appliances, medicines, and a whole lot more. A stable and thriving domestic petrochemical industry will guarantee a steady supply of critical manufacturing ingredients to scale up our manufacturing competitiveness that, in turn, will generate more jobs and create prosperity," Mr. Gokongwei added.

In January, JGSOC inaugurated a P150-billion expanded petrochemical facility at Batangas City.

JGSOC posted a wider net loss of P3.3 billion in the first quarter from P2.7 billion last year as a result of higher interest expenses, depreciation on new facilities, and foreign exchange losses.

According to Mr. Gokongwei, JGSOC's operations have been affected by surging oil prices following tensions in Europe, as well as Chinese exports.

"I think we're really facing double whammy of increasing input prices because of very high oil prices, partially driven by the war in Ukraine. But secondly, there's rampant overcapacity, including exports out of China for petrochemicals," he said.

"It's the single largest investment we've made at P150 billion. We do need support and assistance from the government, particularly in looking at illegal dumping and other unfair trade measures," Mr. Gokongwei added.

Asked on his projection for JGSOC's recovery, Mr. Gokongwei did not provide a specific timeline but said they will work through the "very tough time" they're currently experiencing.

"We will work through it. But it's not going to be easy. It's a long-term investment, as they say," he said.

On the other hand, Mr. Gokongwei said Robinsons Land Corp. (RLC) is scheduled to open more properties, such as the five-storey upscale Opus Mall at Bridgetowne District, Quezon City in July.

He also noted the scheduled launch of GBF Towers 1 and 2 office buildings, both in Bridgetowne, as well as the progressive opening of NUSTAR Resort & Casino in Cebu by the third and fourth quarters.

Mr. Gokongwei also serves as RLC's chairman, president, and CEO.

"We're trying to grow across all fronts. We have various businesses spanning malls, offices, hotels, logistics, and destination estates," he said.

On Wednesday, JG Summit fell by 1.2% or 40 centavos to P33.05 per share. — **Revin Mikhael D. Ochave**

WMPC awaits ERC approval for new contract

ALSONS POWER Group's Western Mindanao Power Corp. (WMPC) is waiting for approval from the Energy Regulatory Commission (ERC) for its new contract as its fuel supply is set to run out in the coming weeks.

WMPC, its diesel power plant in Zamboanga City, will be exhausting its fuel supply in the coming weeks and may need to stop its operations after its non-firm ancillary services procurement agreement (ASPA), which enabled it to provide power supply to the city, expired on April 25, Alsons said in a statement on Wednesday.

Ancillary services are tapped by grid operators to support the transmission of power from gen-

erators to consumers to maintain reliable operations.

Under a non-firm ASPA, power plants are not guaranteed to provide ancillary services to the power grid at all times, Alsons said.

In April 2023, the National Grid Corporation of the Philippines (NGCP) awarded WMPC a new firm ASPA, but its implementation is currently on hold pending approval from the ERC.

"Unless the ERC approves our ASPA, we will lack the necessary funds to recover our losses and procure fuel for the continued operations of WMPC," WMPC Vice-President and Business Manager for Plant Operations Jose Luis R. Angco said.

He said the company may incur "unrecoverable losses" without an approved and acceptable ASPA, which would affect its ability to replenish its fuel stock.

According to Alsons, Zamboanga is 270 kilometers away from the nearest base load power station and without the power support that only WMPC can provide, the voltage in the city will drop to unsustainable levels. This may lead to power fluctuations or outages, especially during peak hours, it said.

"Currently, WMPC operates as a must-run unit participating in the Wholesale Electricity Spot Market. However, this setup is not sustainable," Mr. Angco said.

He said the company may incur significant losses when the

plant may be dispatched for voltage correction at a reduced rate of between P3-6 per kilowatt hour.

"We aim to continue providing the necessary ancillary services to support NGCP in ensuring a sustainable power supply in Zamboanga all throughout the year," he said, adding the ASPA approval is crucial for the power plant to continue its operations and allow it to recover costs.

"We evaluated the WMPC ASPA earlier this morning, among others, and expect to issue our action in the next few days," ERC Chairperson and Chief Executive Officer Monalisa C. Dimalanta said in a Viber message on Wednesday when sought for comment. — **S.J. Talavera**

Philippines' top fintech GCash eyes 2025 IPO, chairman says

GLOBE TELECOM Inc.'s popular financial technology (fintech) app GCash may go public in the Philippines next year as it keeps the door open for new investors and an overseas listing.

"We want to do it sooner rather than later. Sometime in 2025 would be the best estimate I can give you," Globe CEO Ernest Cu said in an interview on Wednesday. Mr. Cu chairs Globe Fintech Innovations Inc., or Mynt, the holding company of GCash and the entity that will do the initial public offering (IPO).

While the preference is to go public in the Philippines, Mr. Cu said the group is studying a dual listing, with the second IPO possibly in the US. "The rationale is trying to take advantage of the liquidity in the US market," he said, citing limited trading volumes in the Philippines.

Mr. Cu declined to say the valuation that Globe is seeking for GCash and the amount that the company hopes to raise from the IPO. Mynt was valued at more than \$2 billion after its last funding round in 2021.

While there's no urgency for an IPO since GCash — which has 94 million users — is still growing and profitable, Mr. Cu said the company has "investors who would like to see some liquidity, so we may have to do it at some point."

Globe owns around 35% of Mynt, while China's Ant Group has about 34% stake, Mr. Cu said. Other investors include Warburg Pincus, Bow Wave Capital and Ayala Corp. Ant may hold on to its interest if Globe goes ahead with the GCash IPO, he added.

Ahead of the IPO, GCash has received "a lot of interest" from foreign funds, financial institutions and private investors to invest in the company. "The



BW FILE PHOTO

valuations are good so there's temptation," Mr. Cu said. "We are not ruling it out entirely."

GCash forms part of Globe's drive to become a tech-centric enterprise, diversifying from its maturing core telco business.

"There's this paranoia that we have that one day this will plateau," Mr. Cu said of the company's telco revenue in an interview with Bloomberg TV's David Ingles and Stephen Engle earlier on Wednesday. "Growth all over the world as far as telco revenues have been challenged. I think it's no secret," he added.

Globe reported a 3% increase in first-quarter service revenue to P41.1 billion (\$708 million), the same growth it posted for all of 2023. But Globe's share in Mynt's equity earnings more than doubled to P962 million, representing 11% of its pre-tax income.

The company, which counts Singapore Telecommunications Ltd. and Philippine conglomerate Ayala Corp. as major shareholders, is also looking at sectors like health-care and "others that we can sort of effect through digital means," he said.

"Our fintech business, while profitable and growing tremendously, is still far behind in terms of revenue," Mr. Cu said. — **Bloomberg**

Tokyo Gas finalizes acquisition of 20% stake in Batangas LNG terminal operator

LOPEZ-LED First Gen Corp.'s subsidiary has inked agreements with Tokyo Gas Co., Ltd. to finalize the latter's acquisition of a 20% stake in FGEN LNG Corp., it said on Wednesday.

First Gen LNG Holdings Corp. (FGEN LNG Holdings) executed a shareholders' agreement and share subscription agreement with Tokyo Gas, which will acquire

a minority stake in FGEN LNG, the listed company said in a regulatory filing.

"Once effective, FGEN LNG Holdings will have an 80% shareholding, while Tokyo Gas will have a 20% shareholding in FGEN LNG," First Gen said.

The energy company said the effectiveness of the shareholders' agreement "is conditioned upon a number of conditions

precedent, including the procurement of relevant government approvals."

FGEN LNG, a wholly owned subsidiary of First Gen, is the owner and operator of the interim offshore terminal project located in its parent company's Clean Energy Complex in Batangas City.

"Today, the First Gen Clean Energy Complex houses our Santa Rita, San Lo-

renzo, San Gabriel, and Avion natural gas power stations and we've completed testing and commissioning of our liquefied natural gas (LNG) terminal and floating storage and regasification unit vessel, the BW Batangas," First Gen Chairman and Chief Executive Officer Federico R. Lopez said last week.

FGEN LNG generated revenues of \$8 million and a recurring net loss of

\$20 million in 2023. Meanwhile, Tokyo Gas is one of the largest purchasers of liquefied natural gas in the world with an annual volume of 13 million tons. It has over 63,000 kilometers of gas pipelines serving about 8.8 million customers.

First Gen shares went up by 28 centavos or 1.56% to close at P18.18 each on Wednesday. — **Sheldeen Joy Talavera**