

Philippine Stock Exchange index (PSEi)

6,511.93

▼30.53 PTS.

▼0.46%

FRIDAY, MAY 10, 2024

BusinessWorld

PSEI MEMBER STOCKS

AC Ayala Corp. P587.00 +P4.50 +0.77%	ACEN ACEN Corp. P4.51 -P0.03 -0.66%	AEV Aboltiz Equity Ventures, Inc. P39.75 +P0.50 +1.27%	AGI Alliance Global Group, Inc. P9.60 -P0.30 -3.03%	ALI Ayala Land, Inc. P27.20 -P0.65 -2.33%	BDO BDO Unibank, Inc. P138.80 -P3.00 -2.12%	BLOOM Blossom Resorts Corp. P10.18 -P0.02 -0.2%	BPI Bank of the Philippine Islands P122.20 -P0.80 -0.65%	CNPF Century Pacific Food, Inc. P35.50 -P0.70 -1.93%	CNVRG Converge ICT Solutions, Inc. P8.79 —
DMC DMCI Holdings, Inc. P10.72 -P0.18 -1.65%	EMI Emperador, Inc. P18.40 +P0.02 +0.11%	GLO Globe Telecom, Inc. P1,790.00 +P18.00 +1.02%	GTCAP GT Capital Holdings, Inc. P620.00 -P8.00 -1.27%	ICT International Container Terminal Services, Inc. P345.60 -P8.40 -2.37%	JFC Jollibee Foods Corp. P222.00 +P2.20 +1%	JGS JG Summit Holdings, Inc. P31.70 +P0.50 +1.6%	LTG LT Group, Inc. P10.04 +P0.02 +0.2%	MBT Metropolitan Bank & Trust Co. P68.70 +P0.20 +0.29%	MER Manila Electric Co. P374.00 +P1.20 +0.32%
MONDE Monde Nissin Corp. P11.30 -P0.40 -3.42%	NIKL Nickel Asia Corp. P4.17 -P0.03 -0.71%	PGOLD Puregold Price Club, Inc. P24.20 -P0.30 -1.22%	SCC Semirara Mining and Power Corp. P31.55 -P0.45 -1.41%	SM SM Investments Corp. P880.00 +P3.00 +0.34%	SMC San Miguel Corp. P104.70 +P0.70 +0.67%	SMPH SM Prime Holdings, Inc. P26.75 -P0.20 -0.74%	TEL PLDT Inc. P1,405.00 +P50.00 +3.69%	URC Universal Robina Corp. P110.00 +P1.30 +1.2%	WLCON Wilcon Depot, Inc. P18.46 +P0.46 +2.56%

Possible SCTEx stake seen to strengthen MPTC's planned IPO

THE offer from the Pangilinan-led Metro Pacific Tollways Corp. (MPTC) to acquire the government's stake in the Subic-Clark-Tarlac Expressway (SCTEx) may help attract more investors to the company's planned merger with San Miguel Corp. (SMC), analysts said.

"SCTEx is an attractive infrastructure asset, especially given the development in the areas it serves, so gaining full ownership of the government's revenue stake at a reasonable price should significantly enhance MPTC's tollways portfolio," said Juan Paolo E. Colet, managing director of Chinabank Capital Corp., in a Viber message on Sunday.

This comes after the Bases Conversion and Development Authority (BCDA) expressed its willingness to sell its 50% stake in SCTEx to the tollways unit of Metro Pacific Investments Corp. (MPIC) for at least P20 billion.

"On our end, in order to consider it, our balance of debt to JICA (Japan International Cooperation Agency) is around P20 billion. So, we would want at least that amount to ensure our debt is covered for the next few years, ensuring payment to the foreign

lender. That would be the starting point," BCDA President and Chief Executive Officer Joshua M. Bingcang told reporters last week.

"So if P20 billion, that is only the capital. We want something more for the government, for the public. Normally, how much returns you would want when you have an investment made. You aim for a 100% or even a doubling of your investments," he added.

Earlier this month, MPTC announced the deferment of its initial public offering (IPO) to 2025, citing the need to weigh its options amid plans to form a joint venture (JV) company with SMC.

MPIC anticipates signing an agreement with SMC by the second quarter, merging the companies' tollway units, which is described as a significant company to be listed on the Philippine Stock Exchange.

"It would also be a valuable addition to the future combined tollways platform of MPTC and SMC and should create a better narrative for an IPO," Mr. Colet added.

Currently, negotiations to acquire the government's stake in SCTEx are ongoing, with Mr. Bingcang hoping for a conclusion next month, emphasizing

that the government is inclined to sell "at the right price."

"Government transactions regarding infrastructure, whether in construction or operations, should always be based on economic terms rather than financial proceeds, though they are somewhat related," said Nigel Paul C. Villarete, senior adviser on public-private partnership at Technical Advisory Group Libra Konsult, Inc., in a Viber message on Sunday.

The sale of the government's stake in SCTEx would provide funds that could be allocated to new future projects, he noted.

"However, the economic analysis should include possible incremental economic benefits from future extensions of the expressway, as well as other expressways that may follow," he added.

The timing of monetizing the stake is crucial, said Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort, who suggested that it could contribute more to the national government's coffers or help reduce its debts as part of fiscal reform measures.

"A simple divestment that will net BCDA, maybe P20 billion — if there is a buyer. The logical buyer is also MPTC, now in a JV

with SMC. There is no compelling financial reason to buy. I see no benefits to motorists," said Rene S. Santiago, former President of the Transportation Science Society of the Philippines.

BCDA currently earns P2 billion from SCTEx, with a debt service of only P1 billion, Mr. Bingcang said.

The 93.7-kilometer SCTEx connects the Clark Freeport and Special Economic Zone, the Subic Bay Freeport Zone, and the Central Techno Park in Tarlac.

According to BCDA's website, the management, operations, and maintenance of SCTEx were turned over to NLEX Corp. in 2015.

Under its 30-year concession agreement, the two parties have a 50:50 revenue-sharing agreement, Mr. Bingcang said.

MPTC is the tollways unit of Metro Pacific Investments Corp., one of 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 stake in *BusinessWorld* through the Philippine Star Group, which it controls. — **Ashley Erika O. Jose**

OUTLIER

SM Prime shares fall despite Q1 earnings, energy agreement

SHARES in SM Prime Holdings, Inc. dropped last week despite a robust first-quarter (Q1) earnings report and a strategic partnership to address the country's energy crisis.

Data from the Philippine Stock Exchange (PSE) showed 57.68 million shares worth P1.17 billion exchanged hands from May 6 to 10, making the listed property developer the sixth most actively traded stock in the local bourse last week.

Shares in the Sy-led property developer finished trading at P26.75 on Friday, 2.4% lower than a week earlier. For the year, the stock fell by 18.7%.

Luis A. Limlingan, head of sales at Regina Capital Development Corp., said that price action movement in the financial markets has been primarily driven by the earnings season and significant economic indicators data such as gross domestic product (GDP) and consumer price index (CPI).

He added that there have been speculations about how the results of the MSCI rebalancing will impact the constituents of various indices, both positively and negatively.

Despite a good earnings report, Jeff Radley C. See, head trader at Mercantile Securities Corp., said that sentiment in the property sector remains bearish due to the high-interest-rate environment.

However, Mr. See noted that investors remain optimistic about a potential rate cut by the US Federal Reserve later this year.

In the first quarter, the Philippine economy expanded by 5.7%, faster than the 5.5%

in the previous quarter but slower than a year earlier. Inflation in April quickened for the third straight month to 3.8%, still settling within the Bangko Sentral ng Pilipinas' (BSP) 2-4% target range.

Meanwhile, the central bank's Monetary Board maintained its policy rate at 6.5%, nearly a 17-year high, after hiking benchmark interest rates by 450 basis points from May 2022 to October 2023.

SM Prime reported steady growth in the first three months of 2024. Attributable net income grew by 10.8% to P10.46 billion from P9.44 billion a year earlier. Consolidated revenues also increased, reaching P30.72 billion, up 7.3% against P28.63 billion in the same three months last year.

Additionally, SM Prime signed an agreement with MORE Power Iloilo, the main electric distribution utility in Iloilo City, last April 30 for the Interruptible Load Program. This partnership will help alleviate the severe energy crisis affecting the Visayas grid in the Philippines.

The agreement was a timely and critical move to address the current energy crisis in the country.

Mr. Limlingan said that investors are now looking forward to BSP's future guidance on policy rates as the price has reflected the impact on earnings. He added that the listed property developer is already a major index member and has shown solid earnings growth despite the challenging environment. — **Abigail Marie P. Yraola**

Cebu Landmasters eyeing Cavite for expansion

LISTED property developer Cebu Landmasters, Inc. (CLI) is considering a development venture in Cavite as it prepares for its entry into the Luzon market, its chief operating officer said.

"Definitely, a lot of landowners are knocking on our doors. We need to filter this out well, but we're eyeing a Cavite development. Camarines Sur was our original exploratory area. Now, Cavite is coming in strong," CLI Chief Operating Officer Jose Franco B. Soberano said during the company's virtual investors and analysts briefing last week.

"Once it is more firm and definite, we will disclose it. But it is this year. Our office will

open very soon in the Makati area. We're excited to see how well our projects will perform," he added.

CLI's first Luzon project is in Naga City under its Casa Mira economic housing brand, which is expected to launch in the second half of this year.

The company has been aiming to enter the Luzon property market to boost its nationwide presence.

CLI has P27.65 billion worth of projects in the pipeline. It earmarked P14.5 billion as a capital expenditure budget this year to support its expansion plans.

For the first quarter, CLI posted a 15% increase in its attributable net income to P978 million as consolidated revenue soared by 31% to P6.26 billion.

"This quarter's notable achievement strongly indicates that we are on track. Our consistently strong sales performance in the preceding years coupled with the significant progress of the construction of our projects are our main contributors to our stellar performance," CLI Chairman and Chief Executive Officer Jose R. Soberano III said in a separate statement.

CLI shares were last traded on May 10 at P2.75 apiece. — **Revin Mikhael D. Ochave**

DMCI Homes expects P13-B revenue from Sonora

DMCI Homes said its three-tower project Sonora Garden Residences in Las Piñas City is expected to generate around P13 billion in revenue.

Sonora Garden Residences, a joint venture between DMCI Homes and Robinson Land Corporation, Inc., consists of the Cadence, Liran, and Stellan towers along Alabang-Zapote Road in Las Piñas City.

"Cadence revenue [alone] is expected around P6 billion," DMCI Vice-President for Project Development Dennis Yap told *BusinessWorld* in an e-mailed statement on Saturday.

He said that the total investment cost for Sonora Garden Residences is estimated at P7 billion.

Following the early inauguration of the amenities and model unit of the 40-storey Cadence on April 23rd, Mr. Yap said that there are currently no final launch dates for the two remaining buildings. Instead, the focus is on the turnover of the first building scheduled for this June.

"This early reveal aims to help investors and home seekers imagine the vibrant community life that awaits them at Sonora

Garden Residences," said DMCI Homes in a press statement.

Sitting on a 1.45-hectare land, Sonora Garden Residences is said to be a resort-inspired haven catering to young professionals and startup families.

"Residents can look forward to enjoying the property's expansive open spaces, lush gardens, and a wide array of resort-inspired amenities, creating an ideal venue for family gatherings, community activities, and leisurely outdoor strolls," the company noted.

It offers one-, two-, and three-bedroom units ranging from 28 square meters (sq.m.) to 83.5 sq.m.

Among the amenities are the lap pool, leisure pool, kiddie pool, basketball court, game and play areas, sky patio, fitness gym, snack bar, and more.

The residential project is near Robinsons Place Las Piñas and Light Rail Transit Line 1 extension stations.

Mr. Yap also stated that end users, upgraders, and investors residing and working in the South area, including Las Piñas, Parañaque, and Cavite, are targeted for this project. — **Aubrey Rose A. Inosante**

Federal Land targets 2030 turnover for The Observatory's Sora Tower

FEDERAL LAND NRE Global, Inc. (FNG) said Sora Tower, the first residential tower of The Observatory township in Mandaluyong, is expected to be turned over by 2030.

"The first residential tower set to rise in the development is Sora Tower, set for turnover by 2030 and promises to usher in a new era of living in the city," the company said in a statement last week.

The Observatory, a 4.5-hectare mixed-use development, broke ground last week and is set to include eight residential towers, retail spaces, and an office building.

Sora, which translates to "sky" in Japanese, will feature 650 units ranging from studios to three-bedroom residences and penthouses, with sizes varying from 28 square meters (sq.m.) to 202 sq.m.

It draws inspiration from the vibrant and bustling Shibuya district in Tokyo, with indoor amenities including a sky lobby, children's

playroom, coworking or business center, fitness gym, entertainment room, and garden lobby, the company said.

Outdoor amenities include the swimming pool and pool deck, children's pool and play area, pet park, lobby garden, and outdoor lounge.

The units are equipped with multi-functional sink modules and adjustable wardrobe shelves, in line with incorporating Japanese efficiency and functionality. They also feature the Genkan, a Japanese entryway concept that includes a porch and doormat for outdoor items like footwear.

FNG said that the design was inspired by the Philippine Eagle and reflects a commitment to sustainability and community living.

Renowned design consultants such as Nikken Sekkei Ltd., Garde Co., Ltd., Magnusson Klemencic Associates, and Pimentel, Rodriguez,

Simbulan & Partners have contributed to creating the planned environment, the company noted.

The prime location of The Observatory provides residents and locators access to major business districts such as Makati, Bonifacio Global City (BGC), and Ortigas through well-connected routes such as EDSA and the BGC-Ortigas Link Bridge.

Additionally, residents are within a five-kilometer radius of essential facilities including Makati Medical Center, Ateneo School of Medicine, Ayala Center, GT Tower International, Asian Development Bank, SM Megamall, St. Luke's Medical Center, and more.

"At The Observatory, we envision more than just a development; we see a nest where urban lifestyles converge to nurture a thriving community," said FNG Vice-Chairman Yusuke Hirano. — **Aubrey Rose A. Inosante**