Philippine Stock Exchange index (PSEi) 6,458.64 ▼60.12 PTS. ▼0.92%

MONDAY, JUNE 10, 2024 BusinessWorld

PSEi MEMBER STOCKS

Ticker	Company	Price	Change	% Change
AC	Ayala Corp.	P588.50	-P8.00	-1.34%
ACEN	ACEN Corp.	P4.75	-P0.08	-1.66%
AEV	Aboitiz Equity Ventures, Inc.	P38.50	——	
AGI	Alliance Global Group, Inc.	P8.50	-P0.20	-2.3%
ALI	Ayala Land, Inc.	P27.15	-P0.65	-2.34%
BDO	BDO Unibank, Inc.	P136.00	-P3.90	-2.79%
BLOOM	Bloomberry Resorts Corp.	P10.30	-P0.24	-2.28%
BPI	Bank of the Philippine Islands	P119.00	-P0.80	-0.67%
CNPF	Century Pacific Food, Inc.	P34.80	-P0.65	-1.83%
CNVRG	Converge ICT Solutions, Inc.	P10.48	-P0.24	-2.24%
DMC	DMCI Holdings, Inc.	P11.14	-P0.16	-1.42%
EMI	Emperador, Inc.	P18.84	-P0.02	-0.11%
GLO	Globe Telecom, Inc.	P1,994.00	-P10.00	-0.5%
GTCAP	GT Capital Holdings, Inc.	P587.00	-P13.00	-2.17%
ICT	International Container Terminal Services, Inc.	P350.00	-P4.40	-1.24%
JFC	Jollibee Foods Corp.	P228.60	-P1.40	-0.61%
JGS	JG Summit Holdings, Inc.	P29.85	-P0.15	-0.5%
LTG	LT Group, Inc.	P10.00	——	
MBT	Metropolitan Bank & Trust Co.	P68.00	-P1.50	-2.16%
MER	Manila Electric Co.	P360.00	-P3.00	-0.83%
MONDE	Monde Nissin Corp.	P10.70	-P0.02	-0.19%
NIKL	Nickel Asia Corp.	P3.99	——	
PGOLD	Puregold Price Club, Inc.	P24.75	-P0.15	-0.6%
SCC	Semirara Mining and Power Corp.	P32.00	——	
SM	SM Investments Corp.	P847.00	+P7.00	+0.83%
SMC	San Miguel Corp.	P100.20	——	
SMPH	SM Prime Holdings, Inc.	P27.35	-P0.20	-0.73%
TEL	PLDT Inc.	P1,445.00	-P15.00	-1.03%
URC	Universal Robina Corp.	P109.00	+P1.50	+1.4%
WLCON	Wilcon Depot, Inc.	P18.36	-P0.94	-4.87%

IATA sees bigger earnings for airlines this year

By Ashley Erika O. Jose
Reporter

LOCAL airlines are expected to achieve higher growth this year, according to a report by the International Air Transport Association (IATA) projecting sustained earnings for global airlines.

"Airlines continue to shore up their profitability. The expected aggregate net profit of $30.5 billion in 2024 is a great achievement considering the recent deep pandemic losses," IATA Director General William M. Walsh said in an IATA report dated June 3.

Global airlines are destined for growth this year managing to adapt the turbulence brought by the pandemic, said IATA, a trade association of the world's airlines.

This comes after IATA revised its profit forecast for 2024. This new projection will depend on the expected record-high revenues for global airlines and the record-high number of global travelers.

In December, IATA reported that it only expected global airlines to post net profits of $25.7 billion.

In its revised projection, IATA said airlines are now expected to hit net profits of $30.5 billion, while total revenues may reach $996 billion this year, driven by the expected surge in the number of global travelers to 4.96 billion.

Air cargo volumes are expected to hit 62 million tons this year, IATA said, adding that passenger revenues are projected to hit $744 billion, 15.2% higher than $646 billion in 2023.

Local airlines continue to see surging demand for passenger and cargo services, First Grade Finance, Inc. Managing Director Astro C. del Castillo said in a Viber message.

"The government's focus on boosting tourism and the global 'revenge travel' trend will further benefit the industry. Additionally, the increasing volume of global and domestic trade will be a positive factor," he said.

According to preliminary data from the Philippines Statistics Authority, domestic trade in goods in the first quarter grew by 46.7% year on year to P389.42 billion.

By volume, domestic trade increased by 19.7% to 7.73 million tons in the first quarter, up from 6.45 million tons in the same period a year ago.

"Airline companies are on track for sustained growth and increased profitability in the second quarter of 2024 and beyond. The industry is showing a remarkable recovery, and the future looks promising despite lingering challenges," Seedbox Securities, Inc. equity trader Jayniel Carl S. Manuel said in an e-mail.

For the first quarter, PAL Holdings, Inc., the listed operator of Philippine Airlines, saw its attributable net income decline to P3.6 billion from P4.65 billion, attributed to increased expenses during the period.

For the January to March period, the company's expenses grew to P39.07 billion, marking a 12.7% increase from P34.68 billion in the previous year.

PAL's higher expenses were fueled by its flying costs at P21.15 billion, accounting for the majority of its expenses at 54.1% share of its total spending for the period.

For the first quarter, the company recorded a combined revenue of P45.8 billion, which is 8.5% higher than the P42.21-billion top line logged in the corresponding period last year.

"With the expected increase in passenger volumes... and strategic cost management, airline companies are well-positioned to sustain their growth and boost profitability in the upcoming quarters. The industry's resilience and ability to navigate through economic and geopolitical challenges underscore a positive outlook for 2024 and beyond," Mr. Manuel said.

According to IATA, Asia-Pacific is expected to account for half of the RPK (revenue passenger kilometers) growth in 2024, driven by recovering domestic markets in China, Japan, and Australia. RPK measures the volume of passengers carried by multiplying the number of revenue-paying passengers by the distance traveled in kilometers.

Philippine Airlines has said that it is planning to relaunch routes to Japan this year to accommodate the increasing demand while also expanding its network.

"Without a doubt, aviation is vital to the ambitions and prosperity of individuals and economies. Strengthening airline profitability and growing financial resilience is important. Profitability enables investments in products to meet the needs of our customers and in the sustainability solutions we will need to achieve net zero carbon emissions by 2050," IATA said.

Philippine Airlines has allocated $450 million, or more than P25 billion, for this year's capital expenditures to expand its fleet and meet increasing market demand.

In April, the company said it expects a single-digit growth for 2024 boosted by its capacity expansion.

PAL is scheduled to operate nonstop Manila-Seattle flights three times a week by October. Seattle will be PAL's sixth destination in the US and its eighth in North America, the airline said.

Meanwhile, Cebu Air, Inc., the operator of Cebu Pacific, posted a P2.24 billion attributable net income, more than double the P1.08 billion last year.

For the first three months, its revenues surged to P25.3 billion, marking an 21.2% increase from P20.88 billion previously.

Fuel price volatility are still going to be the major headwinds for the industry, IATA said, citing that fuel is expected to average $113.8 per barrel representing a total fuel cost of $291 billion or 31% of all operating costs.

"Airline prospects have historically been closely linked to global economic trends. Nonetheless, the sector has been largely resilient in the face of inflation, high interest rates," IATA said.

"We generally see a sustained profit recovery for airline companies in the second quarter and first half, underpinned by rising passenger volume and average fares," China Bank Securities Corp. Research Associate Neil Andrew L. Maderaje said in an e-mail.

Mr. Maderaje said the increasing adoption of visa-free entry and electronic visa policies across the region will be an added catalyst supporting international travel demand.

"We also see further improvements in operating capacity as maintenance backlogs continue to ease, and airlines expand their fleets. With respect to costs, stabilizing jet fuel prices should also help support margins," he added.

AboitizPower pushes nonrenewable energy

ABOITIZ Power Corp. (AboitizPower) said diversifying energy sources is needed to support the increasing adoption of renewable energy sources like solar and wind power, which fluctuate in availability based on natural conditions.

"Addressing VRE's (variable renewable energy) weaknesses solely with energy storage systems can increase the system cost, hence necessitating the utilization of other generation technologies — even nonrenewables — to make up for the production fluctuations of VREs like solar and wind and provide sufficient operating reserves," the company said in a statement on Monday.

AboitizPower Corporate Services Officer Carlos Ramon C. Aboitiz said that renewable energy should be viewed as a "part of the energy mix" and "not the lone and primary solution."

He also said that there is a tendency to rely on an "incomplete accounting" of how VRE is appraised.

The cost of renewable energy is only captured in the levelized cost of electricity (LCoE) when the sources are available, he said. LCoE is a measure that integrates all the relevant costs of power generation in a project's timeline, according to the Department of Energy.

A full accounting incorporates the costs of running the power grid reliably 24/7, which will consider the price of the technologies and capacities used to fill the demand gap and minimize the intermittencies of VRE, the company said.

"Often, we hear pronouncements that renewables are cheaper than their fossil fuel counterparts. And when paired with the understanding that they are also cleaner, this results in a 'zero-downside' conclusion that we should immediately shift from fossil fuels to renewables," Mr. Aboitiz said.

"[But] LCoE does not provide an apples-to-apples comparison," he added.

Mr. Aboitiz said that balancing the priorities of energy security, affordability, and decarbonization are challenged by "the lack of economic alternatives to fossil fuels today; the expanding demand for energy; and the absence of a constructive, fact-based dialogue in supporting sustainable and equitable progress."

Meanwhile, he said that the Philippines seems to lack the human capital and supporting capital markets for its own research and development within the country.

"We need to define the problem better because if we define the problem poorly we risk wasting a lot of capital and energy and not achieving the progress that we aspire to achieve," Mr. Aboitiz said.

"While we act concurrently, let's strive to, through candid and fact-based conversation, figure out what the real problem is and understand the constraints of the solutions we have today," he added. — **Sheldeen Joy Talavera**

Filinvest Hospitality banking on new offerings

GOTIANUN-LED Filinvest Hospitality Corp. (FHC) is banking on its new hotel and food and beverage (F&B) offerings to support the company's growth plans.

The expected launch of the Grafik Pine House Baguio in the first quarter of 2025 will be the first property under the company's new hotel line called Grafik Collection, FHC said in a statement to the stock exchange on Monday.

Grafik Pine House Baguio is located within Camp John Hay in Baguio City. It sits on a 5,700 square-meter property and will have over 200 rooms, various dining outlets, a spa, and meeting areas.

The building's structural phase has been completed and is now scheduled to have a topping off ceremony this month.

FHC is the hospitality arm of the Gotianun family's listed holding company Filinvest Development Corp. (FDC).

"After a strong 2023, we're confident in full tourism recovery in 2024, showcasing the lasting appeal of the Philippines. As the Filinvest Group sets its sights on faster growth and making a positive impact on Philippine tourism and nation-building, our hospitality business aims to be a significant contributor to its overall plan," FHC's First Senior Vice-President Francis Nathaniel C. Gotianun.

FHC is also conducting renovations at its Crimson Mactan hotel in Cebu. Among the new offerings is the Azure Beach Club, a modern beachfront space that allows for sophisticated escapism while listening to music and enjoying cocktail concoctions.

The hotel also opened a Japanese restaurant, AKA, that offers omakase, kaiseki, and à la carte menu.

FHC is also banking on its Quest Hotel brand, with branches in Cebu, Clark, and Tagaytay. It offers facilities and personalized service to cater the needs of business groups.

The company's Timberland Highlands Resort in San Mateo, Rizal also opened a new bike park in the first quarter, catering to mountain bike enthusiasts and those seeking to experience nature within the city.

FHC's hospitality portfolio covers seven hotels ranging from high-end five-star properties under the Crimson brand to Quest hotels and Timberland which serve the mid-priced leisure markets.

On the F&B segment, FHC is also growing its cafe restaurant brand, Baker J, which currently has five branches in Alabang, Clark, Tagaytay, Taguig, and Rizal.

Baker J offers Parisien-baked pastries and coffee accompanied with a diverse range of plated dishes.

For 2023, FHC recorded a 48% jump in its revenue to P2.9 billion led by better occupancy rates, higher average room rates, and increased contributions from its F&B outlets.

FDC stocks were unchanged at P5.42 per share on Monday. — **Revin Mikhael D. Ochave**

DoubleDragon to issue up to P10-B retail bonds

THE BOARD of property developer DoubleDragon Corp. has approved a planned retail bond issuance of up to P10 billion as part of the company's fundraising initiatives.

The proposed bond offering was approved by the company's board on June 7, DoubleDragon said in a statement to the stock exchange on Monday.

DoubleDragon said the planned retail bond issuance has secured a "PRS Aaa" credit rating from the Philippine Rating Services Corp. (PhilRatings).

The rating is the highest rating awarded by PhilRatings, which are given to obligations that are "of the highest quality with minimal credit risk and the issuing company's capacity to meet its financial commitment on the obligations is extremely strong."

DoubleDragon said its total equity is set to breach P100 billion for the first time in 2024.

It added that the upcoming listing of its hotel subsidiary Hotel 101 Global Pte. Ltd. on the NASDAQ Stock Exchange in the United States will "further strengthen" the company's balance sheet.

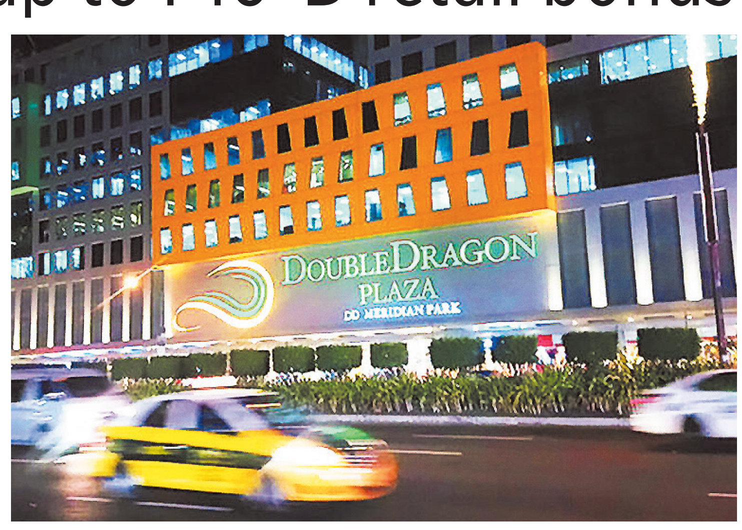
Hotel101 will list on the NASDAQ via a merger with a special purpose acquisition company JVSPAC Acquisition Corp. The merger brought Hotel101's equity value to over $2.3 billion.

The combined entity will be listed on the NASDAQ under the ticker symbol "HBNB."

"DoubleDragon's string of titled investment properties strategically planted in prime locations spread out in Luzon, Visayas, Mindanao, and Overseas serves as its strong underlying solid foundation," the company said.

Hotel101 is targeting to have one million rooms across over 100 countries.

It seeks to have presence in 25 countries by 2026. These include Philippines, Japan, Spain, United States, United Kingdom, the United Arab Emirates, India, China, Thailand, Malaysia, Vietnam, Indonesia, Singapore, Cambodia, Bangladesh, Mexico, South Korea, Australia, Canada, Switzerland, Turkey, Italy, Germany, France, and Saudi Arabia.



BW FILE PHOTO

The hotel operator recently started development on a 680-room hotel in Madrid, Spain. It is also building a 482-room hotel in Hokkaido, Japan.

For 2023, DoubleDragon saw a 23.3% increase in its net income to P15.93 billion as revenue improved by 75% to P24.74 billion.

DoubleDragon shares fell by 4.01% or 50 centavos to P11.98 apiece on Monday. — **Revin Mikhael D. Ochave**