

Philippine Stock Exchange index (PSEi)

6,410.07

▼48.57 PTS.

▼0.75%

TUESDAY, JUNE 11, 2024

BusinessWorld

PSEI MEMBER STOCKS

AC Ayala Corp. P582.50 -P6.00 -1.02%	ACEN ACEN Corp. P4.79 +P0.04 +0.84%	AEV Aboitiz Equity Ventures, Inc. P38.50 ---	AGI Alliance Global Group, Inc. P8.84 +P0.34 +4%	ALI Ayala Land, Inc. P27.30 +P0.15 +0.55%	BDO BDO Unibank, Inc. P136.00 ---	BLOOM Bloomerry Resorts Corp. P10.28 -P0.02 -0.19%	BPI Bank of the Philippine Islands P118.10 -P0.90 -0.76%	CNPF Century Pacific Food, Inc. P34.70 -P0.10 -0.29%	CNVRG Converge ICT Solutions, Inc. P10.20 -P0.28 -2.67%
DMC DMCI Holdings, Inc. P11.08 -P0.06 -0.54%	EMI Emperador, Inc. P18.76 -P0.08 -0.42%	GLO Globe Telecom, Inc. P1,985.00 -P9.00 -0.45%	GTCAP GT Capital Holdings, Inc. P581.00 -P6.00 -1.02%	ICT International Container Terminal Services, Inc. P341.20 -P8.80 -2.51%	JFC Jollibee Foods Corp. P230.00 +P1.40 +0.61%	JGS JG Summit Holdings, Inc. P29.10 -P0.75 -2.51%	LTG LT Group, Inc. P9.97 -P0.03 -0.3%	MBT Metropolitan Bank & Trust Co. P67.85 -P0.15 -0.22%	MER Manila Electric Co. P365.00 +P5.00 +1.39%
MONDE Monde Nissin Corp. P10.62 -P0.08 -0.75%	NIKL Nickel Asia Corp. P3.95 -P0.04 -1%	PGOLD Puregold Price Club, Inc. P24.80 +P0.05 +0.2%	SCC Semirara Mining and Power Corp. P31.75 -P0.25 -0.78%	SM SM Investments Corp. P848.00 +P1.00 +0.12%	SMC San Miguel Corp. P100.10 -P0.10 -0.1%	SMPH SM Prime Holdings, Inc. P26.70 -P0.65 -2.38%	TEL PLDT Inc. P1,410.00 -P35.00 -2.42%	URC Universal Robina Corp. P105.80 -P3.20 -2.94%	WLCON Wilcon Depot, Inc. P18.32 -P0.04 -0.22%

JV of Meralco unit, PhilTower faces 'more in-depth' antitrust scrutiny

THE Philippine Competition Commission (PCC) on Tuesday said it has started a "more in-depth assessment" of a proposed joint venture (JV) between independent tower companies Phil-Tower Consortium, Inc. (PhilTower) and Miescor Infrastructure Development Corp. (MIDC).

"On May 4, the Commission directed the PCC Mergers and Acquisitions Office to open a Phase 2 review of the transaction due to limited information to fully assess the impact on competition after the Phase 1 review," the antitrust body said in a statement.

The Phase 2 review will encompass several critical areas, according to the PCC. It will validate the nationwide distribution of passive towers, essential for supporting wireless communication equipment leased by mobile network operators.

At the same time, it will examine regulatory monitoring processes and evaluate the duration and terms of contracts between

independent tower companies and mobile network operators.

The review will also assess the timeliness, sufficiency, and likelihood of competitors entering the tower leasing market.

It also aims to verify whether the proposed transaction will result in conglomerate effects.

The antitrust body noted that it is empowered by The Philippine Competition Act of 2015, ensuring that such deals do not substantially lessen competition in the relevant markets and harm consumer welfare.

On Feb. 21, PTCI Holdings Pte. Ltd. (PTCI), Connect Infrastructure (Philippines) Pte. Limited (CIP), and Meralco Industrial Engineering Services Corp. (MIE-SCOR), a subsidiary of power company Manila Electric Co. (Meralco), formally informed the PCC of their intended partnership, the antitrust body said.

The transaction involves the establishment of a joint venture through the acquisition of shares

in a newly formed entity named Pylon Holdings, Corp. (Pylon).

PTCI holds ownership of Phil-Tower via PTCI Assets Holdings, Inc., its domestic holding entity.

Similarly, CIP and MIESCOR jointly manage MIDC, an independent tower company registered with the Department of Information and Communications Technology that provides tower construction, site acquisition, site permitting and erection of towers, and tower management services to telecommunications companies.

The proposed arrangement aims to transfer complete ownership of both PhilTower and MIDC to Pylon.

"In their notification to the PCC, the parties emphasized the complementary nature of PhilTower and MIDC's businesses," the agency said.

"By combining their geographic footprints and diverse capabilities, the new entity would be able to offer mobile network operators

a broader network coverage of towers," the PCC added.

In a disclosure in February, Meralco said the partnership seeks "to meet the growing demand for 4G and 5G mobile network infrastructure across the Philippines."

"MIDC cannot make a comment on the PCC decision at this time while Phase 2 review is still ongoing," the tower company said in a statement on Tuesday.

"We, at MIDC, are committed to following regulatory procedures and working with the PCC to ensure a thorough review," it added.

PhilTower was also asked to comment.

Meralco's controlling stakeholder, Beacon Electric Asset Holdings, Inc., is partly owned by PLDT Inc.

Hastings Holdings, Inc., a unit of PLDT Beneficial Trust Fund subsidiary MediaQuest Holdings, Inc., has an interest in *BusinessWorld* through the Philippine Star Group, which it controls. — **J.I.D. Tabile**

San Miguel firm on double-digit growth target for this year

SAN MIGUEL Corp. (SMC) President and Chief Executive Officer Ramon S. Ang said the conglomerate is sticking to its double-digit growth target for the year despite economic uncertainties.

"As you can see in the first quarter results of San Miguel Group, we are growing double-digit on revenue and operating income," Mr. Ang said during a virtual annual stockholders' meeting on Tuesday.

"We will stick to the target of continuing to grow at least double-digits for year 2024," he added.

For the first quarter, SMC's attributable net income fell by 94% to P509 million, mainly due to foreign exchange losses.

Its consolidated revenue improved by 13% to P392.7 billion, while operating income increased by 15% to P40.5 billion.

Mr. Ang also said that SMC's Metro Rail Transit Line 7 (MRT-7) project is already about 80% complete.

MRT-7 will have 14 stations. It will run from Quezon City to San Jose del Monte, Bulacan, and is projected to carry 300,000 passengers daily in its first year, and up to 850,000 passengers daily in its 12th year.

SMC is financing the construction and will operate the 23-kilometer commuter rail system after signing a 25-year

concession agreement with the government.

Last year, the Transportation department said that MRT-7 would begin operations by 2025.

Mr. Ang added that SMC will assume operation of the Ninoy Aquino International Airport (NAIA) by September.

"We are supposed to take over the operation of NAIA on Sept. 18," Mr. Ang said.

In March, the consortium led by SMC and the Philippine government signed a concession agreement for the P170.6 billion NAIA rehabilitation project that will improve the airport's capacity by 77% to 62 million passengers annually.

The consortium, comprised of San Miguel Holdings Corp.; RMM Asian Logistics, Inc.; RLW Aviation Development, Inc.; and Incheon International Airport Corp., has been given a 15-year concession that can be extended for another 10 years.

Mr. Ang also said the construction of SMC's New Manila International Airport Project in Bulacan "is progressing very well."

The Bulacan airport project will have at least four parallel runways, a terminal and a modern and interlinked infrastructure network that has expressways and railways. — **Revin Mikhael D. Ochave**

Empire East eyeing further acquisitions for future development projects — president

LISTED Empire East Land Holdings, Inc. said it is open to acquiring additional properties for development to bolster its already substantial 426 hectares of land holdings.

"We possess 426 hectares of land and remain open to acquiring more properties for development, ensuring sufficient projects for the next five to seven years," Empire East President and Chief Executive Officer Anthony Charlemagne C. Yu said during the company's virtual annual stockholders' meeting on Tuesday.

"The company is constructing 11 towers as of Dec. 31, 2023, and will commence construction on four more, totaling 15 towers in simultaneous construction," he added.

He said the company's projected capital expenditure of at least P25 billion over the next

four to five years underscores its confidence in the Philippine market, which is "rich with opportunities for expansion."

He also advised consumers to consider buying real estate, highlighting its ability to protect against inflation through benefits like increasing property values.

"While inflation is present, it is relatively controlled compared to previous years, allowing for optimism about economic stability. Real estate property is a very good hedge against inflation. It is really time to buy," he said.

"By staying responsive to evolving market demands, we sustain our competitive edge and drive sustainable value for the residential segment we cater," he added.

The country's inflation rate rose to 3.9% in May from 3.8% in April due to faster price

increases of housing, water, electricity, gas, other fuels, and transport.

For the first quarter, Empire East recorded a 14.7% increase in consolidated net income to P236.1 million as consolidated revenue rose by 5.9% to P1.4 billion.

The company is engaged in building mid-cost housing developments, including condominiums, house and lot units, and commercial properties. So far, it has finished constructing 118 condominium towers in Metro Manila and multiple subdivisions in South Luzon.

Some of its projects include San Lorenzo Place, The Paddington Place, Kasara Urban Resort Residences, and Pioneer Woodlands.

Empire East shares were unchanged at P0.143 apiece on Tuesday. — **Revin Mikhael D. Ochave**

MWSS, concessionaires finish P3.17-B tunnel at Ipo Dam

By **Sheldeen Joy Talavera**
Reporter

METROPOLITAN Waterworks and Sewerage System (MWSS) and its concessionaires have finished a tunnel excavation as part of the Angat Water Transmission Improvement Project (AWTIP), paving the way for rehabilitating other tunnels, company officials said on Tuesday.

The 6.40-kilometer-long raw water conveyance tunnel is the fifth tunnel in Norzagaray, Bulacan. It will carry raw water supply of approximately 1,642 million liters per day (MLD) from Ipo Dam to the Bigte basin.

"The benefit of our Tunnel No. 5 is we will be able to increase delivery [of water] to La Mesa [Dam] and prevent leakages. That is one of the [issues] that we are addressing, to be able to recover leakages from old tunnels," MWSS Administrator

Leonor C. Cleofas told reporters in Filipino on Tuesday.

MWSS and its concessionaires, Maynilad Water Services, Inc. and Manila Water Co., Inc., led a ceremonial tunnel boring machine breakthrough for the AWTIP on Tuesday.

Maynilad and Manila Water equally shared the project cost of P3.17 billion.

The AWTIP will provide operational flexibility to the raw water transmission system during the maintenance or repair of the existing tunnels, especially Tunnel No. 1 that was constructed in 1939.

The project also aims to improve reliability, operational flexibility, and water security in the Umiray-Angat-Ipo-La Mesa raw water conveyance system.

The system is serving 90% of the 20 million population in the whole service area of MWSS, Ms. Cleofas said.

She said that once the tunnel boring machine is removed, there

will be the construction of an intake structure to transport water from Ipo Dam to Bigte basin.

"We need to have redundancy and to meet the increasing demand of water in Metro Manila," she added.

MWSS and its concessionaires selected China International Water and Electric Corp. as the project contractor and DOHWA Engineering Co., Ltd. as the consulting firm.

Patrick Lester N. Ty, chief regulator at the MWSS Regulatory Office, said that the project is already included in the rate-basing and will not cause additional charge in water bills.

In 2022, the MWSS board approved the implementation of higher rates on a staggered basis for five years starting in January 2023.

Mr. Ty said that the rehabilitation of Tunnel Nos. 1, 2, and 3 will begin once the reliability of Tunnel Nos. 4 and 5 have been determined.

"Of course, this is worth it... What if we would have a problem in one of our tunnels, we would need to fix that... Our tunnels are already more than 50 years, these need to be rehabilitated," he said in Filipino.

The 6.3-kilometer Tunnel No. 4 was completed in 2020 and was able to carry 1,600 MLD of water into the delivery system.

WATER ALLOCATION

Ms. Cleofas said that MWSS is requesting 52-cubic-meter-per-second (cms) water allocation for June 16 to June 30 from the National Water Resources Board (NWRB).

"We want to be assured that there will be no water interruption. But even if we would be given 50 [cms], there would be no water interruption," she said.

The NWRB has approved the 51 cms water allocation for June 1 to June 15. MWSS normally draws 50 cms from Angat Dam.

PLDT Inc. inches closer to finalizing \$1-B data center sale — Pangilinan

PLDT Inc. is now proceeding with the sale of 49% of its data center business to a foreign company for more than \$1 billion, the company's chairman said.

"We are talking to the final bidder at this stage; we have agreed the valuation with them," PLDT Chairman and Chief Executive Officer Manuel V. Pangilinan told reporters on the sidelines of the company's annual stockholders' meeting on Tuesday.

"There are a few issues, and there are still a number of open points to be negotiated and agreed upon," he added.

To recall, PLDT has been in talks to sell up to 49% of its data center business, ePLDT, Inc., to Japan's Nippon Telegraph and Telephone (NTT), which valued its data center at \$1 billion.

"I can't disclose the name, but somebody you know," Mr. Pangilinan said.

He said the company is expecting to settle some negotiations with the company and finalize the agreement by July.

"In the next few weeks, we should be able to finalize and convert those discussions into a binding term sheet. By July, we should have a binding term sheet with this particular investor," he said.

With this development, the company will not proceed with its planned real estate investment trust (REIT) listing for ePLDT.

In May, Mr. Pangilinan said its data center unit might opt for a REIT

listing if its negotiations with a foreign entity for its data center sale would not push through.

To date, PLDT, through its subsidiary ePLDT, has 11 data centers, including the 50-megawatt hyperscale data center in Sta. Rosa, Laguna, which is expected to be completed by July.

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. — **A.E.O. Jose**

