

<i>Philippine Stock Exchange index (PSEi)</i>	6,670.27	▼ 82.85 PTS.	▼ 1.22%	THURSDAY, JULY 25, 2024 BusinessWorld
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AC Ayala Corp. P585.00 -P9.00 -1.52%	ACEN ACEN Corp. P4.85 ---	AEV Aboitiz Equity Ventures, Inc. P36.30 +P0.65 +1.82%	AGI Alliance Global Group, Inc. P8.88 -P0.12 -1.33%	ALI Ayala Land, Inc. P31.20 -P0.40 -1.27%	BDO BDO Unibank, Inc. P143.20 -P2.40 -1.65%	BLOOM Bloomberry Resorts Corp. P8.78 +P0.26 +3.05%	BPI Bank of the Philippine Islands P128.00 -P1.00 -0.78%	CNPF Century Pacific Food, Inc. P32.95 -P0.70 -2.08%	CNVRG Converge ICT Solutions, Inc. P11.00 -P0.14 -1.26%
DMC DMCI Holdings, Inc. P11.02 -P0.18 -1.61%	EMI Emperador, Inc. P18.58 -P0.02 -0.11%	GLO Globe Telecom, Inc. P2,114.00 +P14.00 +0.67%	GTCAP GT Capital Holdings, Inc. P604.00 +P5.00 +0.83%	ICT International Container Terminal Services, Inc. P353.80 -P9.00 -2.48%	JFC Jollibee Foods Corp. P225.00 -P4.00 -1.75%	JGS JG Summit Holdings, Inc. P27.75 -P0.55 -1.94%	LTG LT Group, Inc. P9.62 +P0.03 +0.31%	MBT Metropolitan Bank & Trust Co. P68.95 ---	MER Manila Electric Co. P384.00 +P3.00 +0.79%
MONDE Monde Nissin Corp. P9.20 -P0.10 -1.08%	NIKL Nickel Asia Corp. P3.45 -P0.10 -2.82%	PGOLD Puregold Price Club, Inc. P25.60 -P0.20 -0.78%	SCC Semirara Mining and Power Corp. P33.10 -P0.10 -0.3%	SM SM Investments Corp. P910.00 -P13.00 -1.41%	SMC San Miguel Corp. P97.10 -P2.40 -2.41%	SMPH SM Prime Holdings, Inc. P29.00 -P0.90 -3.01%	TEL PLDT Inc. P1,476.00 -P19.00 -1.27%	URC Universal Robina Corp. P117.90 +P0.40 +0.34%	WLCON Wilcon Depot, Inc. P17.56 -P0.44 -2.44%

Globe Telecom’s tower sales reach P85.2 billion

AYALA-LED Globe Telecom, Inc. said it has generated P85.2 billion from its tower sales after fully transferring some of its tower assets to Frontier Tower Associates Philippines, Inc. (Frontier Towers).

“These tower assets are composed of 84% ground-based towers and 16% rooftop towers,” Globe said in a stock exchange disclosure on Thursday.

The telco has closed the sale of 1,037 towers valued at P13.17 billion, marking the completion of 3,529 towers to be acquired by Frontier Towers.

“This transaction provides us with a higher level of financial flexibility to manage our leverage ratios and effectively address the evolving consumer demands while ensuring sustainable network expansion,” Globe Chief Finance Officer Rizza Maniego-Eala said in a statement.

Overall, Globe has transferred 6,628 towers, generating a total of P85.2 billion, out of the 7,506 towers planned for the sale and leaseback arrangement.

“Our strong commitment to fostering collaborative partnerships is exemplified by the full handover of towers sold to Frontier Towers. We firmly believe that our strategic partnerships with tower companies are pivotal in this competitive market landscape,” Globe President Ernest L. Cu said.

Frontier Towers Chairman and Chief Executive Officer Patrick Tangney said the completion of tower sales allows the company to expand its network in the Philippines and further enhance its capacity to provide digital connectivity.

“With this latest closing, we near the 5,000-tower mark and cement our position as the largest digital infrastructure provider in the Philippines,” Mr. Tangney said.

Frontier Towers is an independent tower company focused on building and operating telecommunication infrastructure, including towers and related assets.

In 2022, Globe signed agreements with MIESCOR Infrastructure Development Corp. (MIDC) and Frontier Towers for the sale of 5,709 telecommunication towers and related passive infrastructure for about P71 billion.

Frontier Towers is set to acquire a total of 3,529 towers for P45 billion, while MIDC will acquire 2,180 towers for P26 billion.

In the same year, it also signed an agreement with PhilTower Consortium, Inc. (PhilTower) for the telco’s 1,350 towers.

Proceeds from this transaction will fund Globe’s capital investments, debt repayments, and improve its balance sheet, the company said.

At the stock exchange, shares in the company gained P14, or 0.67%, to end at P2,114 apiece. — **Ashley Erika O. Jose**

JFC expects payback on S.Korean investment in 5-6 years

JOLLIBEE Foods Corp. (JFC) expects achieving payback on its acquisition of South Korea’s Compose Coffee within five to six years, a company official said.

“Even if we take a very modest growth rate, just based on new franchisees, roughly 30 to 40 new franchisees per month are opening stores. If you just add that in, you get to a decent growth rate. With that growth rate, there’s no reason why, in five to six years, we should not be able to hit payback on this (Compose Coffee),” JFC Chief Financial Officer Richard Shin said in a virtual briefing on Thursday.

“In terms of reaching break-even, because it’s quite lucrative and profitable purely from the cash that it generates, we will likely have a very quick payback. We’re looking at it more from the return on invested capital (ROIC) perspective,” he added.

Earlier this month, JFC announced the acquisition of Compose Coffee for \$340 million to bolster the company’s coffee and tea business. The company expects to complete the acquisition by the first half of August.

Mr. Shin said that JFC has no plans to introduce Compose Coffee in other countries, such as the Philippines and China, as the company is focused on expanding in South Korea.

Compose Coffee had 2,612 stores as of June and is ranked second in the value coffee segment industry in terms of the total number of franchisees, with over 1,900 franchise stores by the end of 2022.

“We see significant growth opportunities just in South Korea. Compose Coffee has an 8% market share. There’s plenty of focus and opportunity. We’re very focused on South Korea for at least the next five years,” he said.

“If there are experienced individuals who would like to explore China as franchisees, we wouldn’t necessarily say no, but we are not investing our capital in that direction. China is a tough market,” he added.

Mr. Shin also said that Compose Coffee will not compete with JFC’s other existing coffee brands, such as The Coffee Bean & Tea Leaf (CBTL), as the latter caters to the premium segment while the former serves the value segment.

“We don’t see it as competition. We actually see it as better synergy and a better portfolio play for us with coffee in South Korea because we now have the value segment, which we don’t have any brands in, and the well-established CBTL,” he said.

At the same time, he said that South Korea is not among the new markets being considered for the Jollibee brand due to differing palates.

“It’s a massive segment, and if Jollibee ever wants to enter South Korea in the fried chicken space, we really have to know what we’re doing because it’s a very different palate. Koreans have a very different palate for fried chicken,” he noted.

“Although we think about it once in a while as a new market entry for Jollibee, South Korea is not necessarily a top priority due to that intense, competitive market. Fried chicken is a bit tougher. We need to do our homework a little more before entering South Korea with Jollibee,” he added.

On Thursday, JFC shares fell by 1.75% or P4, ending at P225 apiece. — **Revin Mikhael D. Ochave**

CIC says Q2 earnings rose on ‘hot weather demand’

LISTED home and building solutions provider Concepcion Industrial Corp. (CIC) said its second-quarter (Q2) consolidated earnings rose two-fold to P541 million, surpassing pre-pandemic levels.

The growth is attributed to “well-executed sales strategies, enhanced customer engagement, and strong market demand fueled by hot weather conditions,” CIC said in a stock exchange disclosure on Thursday.

Including its associate Concepcion Midea, Inc. (CMD), CIC’s second-quarter net sales rose by 46% to P7.7 billion.

“CIC achieved a significant milestone in the second quarter. We have surpassed our pre-pandemic performance and set new records for sales and earnings. The hot weather worked in our favor, allowing us to solidify our market position and demonstrate the effectiveness of our strategies, delivering on our commitments to stakeholders,” CIC Chief Finance and Operating Officer Rajan Komarasu said.

Net sales of CIC’s consumer business grew by 42% to P4.6 billion due to strong demand for household products.

“Air conditioning product sales rose 43% due to increased demand during the hot summer, while refrigeration product sales grew by 44%, fueled by strong demand for light commercial products and no-frost refrigerators. Laundry product sales recovered in the second quarter, posting a 49% increase compared to last year,” it said.

Net sales of CIC’s commercial business increased by 25% to P1.4 billion, led by stronger heating, ventilation, and air conditioning equipment sales.

For the first half, CIC said its consolidated earnings doubled to P726.7 million. Net sales, including CMI, rose by 41% to P12.7 billion.

“This year has been a testament to the principle that ‘opportunity meets preparation,’ and together, we have seized that opportunity with outstanding results,” CIC Chief Executive Officer Isaias Ariel P. Fermin said.

“We prepared meticulously, focusing on channel execution, innovation, quality, and customer service. We were ready to meet the natural demand for our products,” he added.

CIC shares were unchanged at P12.30 per share on Thursday. — **Revin Mikhael D. Ochave**

Pangilinan: Ayala’s LRT-1 stake talks hit ‘valuation gap’

METRO Pacific Investments Corp. (MPIC) may reconsider acquiring Ayala Corp.’s stake in Light Rail Transit Line 1 (LRT-1) due to unresolved valuation issues, according to its chairman.

“We talked to them before, but there’s a bit of a gap in valuation, and I do not know how we can bridge it,” MPIC Chairman, President, and Chief Executive Officer Manuel V. Pangilinan told *BusinessWorld* recently.

In February, MPIC said it was exploring the possibility of acquiring Ayala’s stake in LRT-1, following Ayala’s divestment plan announcement.

According to Mr. Pangilinan, MPIC’s interest in acquiring Ayala’s stake was driven by the potential opportunity to participate in the planned auction for the Metro Rail Transit Line 3 (MRT-3).

The Transportation department is also evaluating MPIC’s unsolicited proposal to integrate the operations of MRT-3 and LRT-1.

Earlier this year, Ayala expressed optimism about completing its \$1-billion divestment plans within 2024.

Ayala intends to raise \$1 billion by divesting its shares in water and infrastructure assets.

The company hopes to close the sale of its 35% stake in LRT-1 within the year to realign its portfolio in property, telecommunications, and energy.

MPIC, through its unit Metro Pacific Light Rail Corp., holds 35.8% stake in Light Rail Manila Corp. (LRMC), the operator of LRT-1.

The remaining shares in LRMC are owned by Sumitomo Corp. at 19.2% and Philippine Investment Alliance for Infrastructure’s Macquarie Investments Holdings (Philippines) Pte. Ltd. at 10%.

MPIC is one of the 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 share in *BusinessWorld* through the Philippine Star Group, which it controls. — **Ashley Erika O. Jose**

Aboitiz Equity Ventures core profit decreases marginally in 2nd quarter

CEBU-BASED conglomerate Aboitiz Equity Ventures, Inc. (AEV) reported a core net income of P6.4 billion for the second quarter.

This figure represents a 1% decline from P6.5 billion in the same period last year, the conglomerate said in a regulatory filing on Thursday. The complete financial statement has not yet been made available.

Meanwhile, the conglomerate’s consolidated net income for the quarter was P6.6 billion, a 2% increase year over year.

“Power accounted for 65% of the total net income contributions from AEV’s strategic business units (SBU) for the first half of the year, while food and beverage accounted for 20%,” it noted.

“Net income contributions from financial services, real estate, and infrastructure SBUs were at 18%, 3%, and -5%, respectively,” AEV added.

The conglomerate saw a 10% increase in its consolidated net income to P11.5 billion for the first half, compared with P10.5 billion last year.

Excluding a nonrecurring net gain of P83 million, AEV logged a 2% increase in its core net income for the period, reaching P11.4 billion, up from P11.1 billion in 2023.

Aboitiz Land, Inc. reported a 14% increase in its first-half consolidated net income, reaching P445 million, up from P389 million in 2023.

“This was attributable to higher revenues from the newly launched phases in Pristina and Priveya in 2023, along with additional revenues from higher spot sales and more units sold for the first half of 2024,” the conglomerate said.

The first-half net income contribution from AEV’s food and beverage segment reached P2.8 billion, up more than 15 times from P181 million last year.

The food and beverage segment includes Pilmico Foods Corp., Pilmico Animal Nutrition Corp., Pilmico International Pte. Ltd., which houses Gold Coin Management Holdings Pte. Ltd. and Coca-Cola Beverages Philippines, Inc. (CCBPI).

“This was primarily driven by the food group’s flour and agribusiness divisions, which continued to benefit from stabilizing commodity prices and strategic selling prices adjustments, and fresh contributions from CCBPI, which AEV acquired on Feb. 23,” the conglomerate said.

Aboitiz Power Corp. contributed P9.1 billion to the conglomerate’s first-half net income, down 2% from P9.3 billion last year.

On a stand-alone basis, the company’s net income dropped 4% to P17.1 billion due to the recognition of depreciation and interest for subsidiary GNPower Dinginin Ltd. Co.’s Unit 1 and Unit 2.

First-half earnings before interest, taxes, depreciation, and amortization (EBITDA) rose 8% to P36.3 billion due to higher generation portfolio margins.

Union Bank of the Philippines, Inc. posted a 23% decline in its first-half net income contribution, falling to P2.5 billion.

The company recorded a stand-alone net income of P5.1 billion for the first half, down 17% from P6.1 billion last year.

Aboitiz InfraCapital, Inc. reported a P312 million loss for the period, a reversal from the P334 million profit last year, due to higher interest expenses from the company’s increased debt for expansion.

Meanwhile, AEV’s share in the net loss of Republic Cement & Building Materials, Inc. reached P407 million, down 10% from a P452 million loss last year.

“Although margins improved as a result of lower costs for the first half of 2024, relative to the first half of 2023, Republic Cement still incurred a loss as sales volume and selling prices still declined year on year due to weak market demand for cement,” the conglomerate said.

On Thursday, AEV shares rose 1.82% or 65 centavos, ending at P36.30 apiece. — **Revin Mikhael D. Ochave**