

Philippine Stock Exchange index (PSEi)					6,689.37	▲ 41.14 PTS.	▲ 0.61%	MONDAY, JULY 15, 2024	
PSEi MEMBER STOCKS									
AC Ayala Corp. P595.00 +P11.00 +1.88%	ACEN ACEN Corp. P4.68 +P0.06 +1.3%	AEV Aboltiz Equity Ventures, Inc. P37.15 +P0.95 +2.62%	AGI Alliance Global Group, Inc. P8.95 +P0.10 +1.13%	ALI Ayala Land, Inc. P30.70 +P1.10 +3.72%	BDO BDO Unibank, Inc. P143.70 —	BLOOM Bloomerry Resorts Corp. P9.30 —	BPI Bank of the Philippine Islands P122.00 -P0.70 -0.57%	CNPF Century Pacific Food, Inc. P35.55 +P0.75 +2.16%	CNVRG Converge ICT Solutions, Inc. P11.26 -P0.18 -1.57%
DMC DMCI Holdings, Inc. P11.08 +P0.04 +0.36%	EMI Emperador, Inc. P18.62 +P0.02 +0.11%	GLO Globe Telecom, Inc. P2,110.00 -P18.00 -0.85%	GTCAP GT Capital Holdings, Inc. P602.00 +P1.50 +0.25%	ICT International Container Terminal Services, Inc. P363.20 -P4.80 -1.3%	JFC Jollibee Foods Corp. P230.00 +P2.60 +1.14%	JGS JG Summit Holdings, Inc. P27.70 —	LTG LT Group, Inc. P9.70 +P0.20 +2.11%	MBT Metropolitan Bank & Trust Co. P68.05 +P0.15 +0.22%	MER Manila Electric Co. P376.40 -P8.60 -2.23%
MONDE Monde Nissin Corp. P9.58 +P0.03 +0.31%	NIKL Nickel Asia Corp. P3.68 +P0.02 +0.55%	PGOLD Puregold Price Club, Inc. P25.50 +P0.20 +0.79%	SCC Semirara Mining and Power Corp. P33.50 +P0.05 +0.15%	SM SM Investments Corp. P900.00 +P20.00 +2.27%	SMC San Miguel Corp. P100.00 —	SMPH SM Prime Holdings, Inc. P29.60 +P0.30 +1.02%	TEL PLDT Inc. P1,549.00 -P16.00 -1.02%	URC Universal Robina Corp. P117.10 +P1.50 +1.3%	WLCON Wilcon Depot, Inc. P17.70 -P0.30 -1.67%

Potential foreign takeover to boost DITO CME — analysts

By Ashley Erika O. Jose
Reporter

THE POTENTIAL acquisition of a majority stake in DITO CME Holdings, Inc. by a foreign group will likely bolster the company's financial health and operational capabilities, according to some analysts.

“Additional equity is very important because DITO's telecommunications business is capital intensive and its operating cash flow remains negative,” China Bank Capital Corp. Managing Director Juan Paolo E. Colet said in a Viber message on Sunday.

In a regulatory filing, DITO CME said there have been no definitive agreements yet regarding the majority takeover of DITO CME.

“The company will make the necessary disclosures and seek the appropriate regulatory approvals if such a transaction is executed, as required by the rules of the Securities and Exchange Commission and the Philippine Stock Exchange,” the company said in a regulatory filing last week.

DITO CME is the operator of DITO Telecommunity Corp.

In 2023, DITO CME said it had entered into a subscription agreement with Summit Telco Holdings Corp. for P3.3 billion, allowing the issuance of 3.3 billion common shares to the company priced at P1 each.

Summit Telco Holdings is a wholly owned unit of Singapore-based Summit Telco Corp. Pte. Ltd., which is an existing shareholder of DITO CME.

Summit Telco Holdings is a newly formed holding company, incorporated in October 2023.

According to DITO CME's regulatory filing in December, Summit Telco Holding's subscription to DITO CME's shares is its first business venture since its incorporation.

Last year, another unrelated third-party company, Xterra Ventures Pte. Ltd., subscribed to DITO CME shares.

Xterra Ventures makes up 3.76%, or 610 million, of the firm's 16.235 billion issued and outstanding common shares, which were placed via private placement out of the company's unissued authorized capital stock.

Summit Telco Corp. now accounts for around 8.14% of DITO CME's outstanding shares, while its unit, Summit Telco Holdings, holds 16.89%, with Udenna Corp. remaining the biggest shareholder with a 54.77% stake but lower than its previous 65.9% stake before the entry of the new investors.

“DITO needs deep-pocketed major shareholders that can provide significant financial support to the company. If it is able to find new investors who can commit the necessary equity funding, then that should be positive for the company in the immediate term,” Mr. Colet said.

Seedbox Securities, Inc. equity trader Jayniel Carl S. Manuel said a change in majority shareholders might boost confidence, citing the financial struggles of its current majority shareholders.

“While DITO CME has stated that no definitive agreements have been made, the substantial interest shown by Summit Telco suggests potential significant developments,” he said in an e-mail on Monday.

He said additional capital from foreign investors would help ensure sustained financial support for DITO CME, allowing it to achieve long-term growth and competitive advantages in the market.

“Additional equity from a major shareholder like Summit Telco [Holdings] is crucial for DITO CME. The telecommunications sector requires substantial capital investments for network expansion, technology upgrades, and service enhancements,” Mr. Manuel said.

For his part, BDO Capital & Investment Corp. President Eduardo V. Francisco does not anticipate a major buyout of DITO's stake.

“[I] don't think it (the majority takeover) will happen. They bought less than three billion shares, and I think the total is almost 20 billion,” Mr. Francisco said in a Viber message.

Earlier this year, the company said it was setting aside up to P30 billion for capital expenditures this year, mainly for the network rollout of its unit, DITO Telecommunity.

For the first quarter, DITO CME saw its attributable net loss widen to P4.11 billion from P336.67 million in the comparable period a year ago, despite posting higher gross revenues for the period.

PHL semiconductor exports outlook grim for 2024 — SEIPI

PHILIPPINE exports of semiconductors and electronics are expected to decline this year amid soft demand, the Semiconductor and Electronics Industries in the Philippines Foundation, Inc. (SEIPI) said on Monday.

SEIPI President Danilo C. Lachica said that while there are positive indicators, projections suggest that the industry's exports may still decrease compared to last year's figures.

“We're still on a 10% contraction projection, although there are signs of improvement... because if you project it throughout the year, if you linearize it, it's at \$45 billion, which is still lower than \$46 billion in 2023,” he said at a forum.

He said that although some industry groups project double-digit growth, it will not be the same case for the Philippines due to its product mix.

“Because of our product mix in the Philippines compounded by the inventory correction, we're even hoping we can just reach our 2023 levels, but conservatively, when we talk to our board members, the big multinationals, the projection is a 10% contraction,” he said.

“One of the major reasons is inventory correction, and we haven't really completely dissipated the excess inventory last year,” he said.

“Next is the product mix; if you are supplying to Nvidia and Broadcom, you can expect double-digit growth, but because of what we have here, which resulted from the previous administration's initiative to do incentives rationalization, we lost a lot of opportunities in terms of investment in new products,” he added.

Mr. Lachica said that the Philippines was not able to secure investments in new products, which is why the country was stuck with legacy products.

He added that the demand for the country's electronic products could also be impacted by the Trump assassination attempt, but noted that the US is still a top electronics export destination.

“I don't really see it having a major impact right now unless it worsens or escalates because the US is still a major export destination, accounting for around 10%,” he said.

“The problem is that we still do not have a trade agreement with them. And because there's this trade agreement compliance, some of the products being made here have restrictions in the US. So, we've even actually lost some customers because we don't have that,” he added.

AirAsia PHL logs 3.86 million passengers driven by millennial, Gen Z demand

LOW-COST carrier AirAsia Philippines said it has recorded 3.86 million passengers as of July, with strong demand from millennials and Generation Z driving its passenger seat sales.

“AirAsia MOVE app was able to market the airline's monthly promos and reach millions worldwide,” AirAsia Philippines said in a statement on Monday.

In the Philippines alone, AirAsia booked a total of 1.1 million seats under its promo seat sales from January to July, of which almost the majority, or a total of 820,000, are Gen Zs and millennials.

Millennials were born from the early 1980s to the late 1990s, while Gen Zs include those born from 1995 to 2004.

“Millennials and Gen Zs are tech-savvy... Technology always plays an important role in their decision-making, 70% of online and over-the-app bookings for the first half of 2024 came from millennials and Gen Z's,” AirAsia Philippines Communications Head Steve F. Dailisan said in a statement on Monday.

For six months to early July, AirAsia Philippines has flown a total of 3.86 million passengers, compared to 3.87 million in the first semester of 2023.

Last year, AirAsia Philippines logged a total of 6.6 million passengers.

In April, AirAsia Philippines said that it was planning to expand its domestic routes by adding more direct flights to popular destinations like Boracay.

The airline also aims to capitalize on the increased weekly seating capacity between the Philippines and South Korea by introducing new routes to South Korea and possibly increasing its existing capacity. — **Ashley Erika O. Jose**

NEA says Q2 loans to electric cooperatives hit P873M

THE National Electrification Administration (NEA) said it has disbursed loans totaling P873.31 million to 21 electric cooperatives as of the second quarter (Q2).

NEA, a government-owned corporation under the Energy department, has allocated P447.98 million to fund capital expenditure projects for 15 electric cooperatives.

Seven electric cooperatives received P412 million in working capital, it said in a statement on July 12.

These borrowers are Marinduque Electric Cooperative, Inc., Camarines Sur II Electric Cooperative, Inc., Camarines Sur III Electric Cooperative, Inc., Capiz Electric Cooperative, Inc., Camotes Electric Cooperative, Inc., Negros Oriental I Electric Cooperative, Inc., and Northern Davao Electric Cooperative, Inc.

Bohol I Electric Cooperative, Inc. borrowed a P13.33-million calamity loan for the rehabilitation of the Janopol Mini-Hydro

Power Plant, which was previously damaged by Super Typhoon Odette in 2021.

“The NEA has been offering financial assistance to [cooperatives] through its Enhanced Lending Program,” it said.

The program consists of regular, calamity, and concessional loans, standby and short-term credit loans, single-digit system loss loans, renewable energy loans, and modular generator set loans.

Earlier this month, NEA launched its national command center to help monitor and manage the operations of the 121 electric cooperatives nationwide.

Republic Act No. 9136, or the Electric Power Industry Reform Act of 2001, tasks NEA with overseeing missionary electrification and providing financial, institutional, and technical assistance to electric cooperatives. — **Sheldeen Joy Talavera**

Preliminary data from the Philippine Statistics Authority showed that electronics exports totaled \$3.56 billion in May, representing a 5.1% decrease from the \$3.75 billion seen in the same month last year.

This brought exports of electronic products in the first five months to \$17.64 billion, up 12.7% from the \$15.65 billion seen a year prior.

However, Mr. Lachica said that SEIPI's board is due to revisit its industry projection by the fourth quarter.

“We will let you know if we see an upsurge, as we usually adjust (our projections) by the fourth quarter after the orders for the Christmas season come in. But right now, the demand is still soft,” he said.

According to Mr. Lachica, the demand for Philippine electronic products is still soft due to inventory correction and product mix.

However, besides the volatility in US elections, he said that the Philippines should be more concerned with what it is doing within its shores.

In particular, he said that SEIPI welcomes the government revisiting the Corporate Recovery and Tax Incentives for Enterprises Act to remove the value-added tax on constructive exports and restore the 5% gross income earnings and the autonomy of the Philippine Economic Zone Authority (PEZA).

Mr. Lachica said that restoring the autonomy of PEZA will help in investment promotions as it will not be “impeded” by the Fiscal Incentives Review Board. — **Justine Irish D. Tabile**

SEC targets expedited integration of corporate sector in sustainability efforts

THE Securities and Exchange Commission (SEC) said it targets to expedite the integration of the corporate sector into sustainability initiatives.

On Monday, the SEC inaugurated the Sustainable Enterprise Collaboration Network (eSECnature), which seeks to connect corporations, government entities, multilateral organizations, and civil society groups to enhance and broaden corporate involvement in sustainability efforts.

The campaign also seeks to fast-track the country's attainment of the United Nations Sustainable Development Goals.

“Through this network, we aim to unite organizations both in the public and private sectors to collaborate in developing best practices, new ideas, and successful strategies toward our vision of a sustainable capital market and business sector,” SEC Chairperson Emilio B. Aquino said during the launch event.

“We believe that the adoption of sustainable practices will have a significant impact on improving the state of our capital markets and, more importantly, the economy. As we see more companies comply with environmental, social, and

governance standards, we can look forward to the entry of more investments into the country that can further drive our economic growth,” he added.

The eSECnature campaign also strives for digital enablement to reduce the corporate sector's overall carbon footprint.

Members of the network will also push for collaboration and participation in knowledge-sharing activities and policy advocacy initiatives to help integrate and adopt sustainable practices in their operations.

The members of the network will also work toward ensuring the ethical

and responsible conduct of business operations and advocacies, reducing their carbon footprint, and supporting the digitalization, zero-contact, and paperless initiatives of the government.

Meanwhile, the SEC is scheduled to launch five new digital initiatives this week to streamline stakeholders' transactions in line with the commission's sustainability efforts.

SEC's existing digital platforms include the electronic simplified processing of applications for company registration, its subsystem for one-day submission

and e-registration of companies, electronic filing and submission tools, and an electronic system for payment to SEC.

These services automated the SEC's processes in company registration, report submission, and payment of fees.

Other SEC digital initiatives include the electronic SEC universal registration environment, electronic SEC education, analysis and research computing hub, SEC API marketplace, electronic registry application for market participants, and SEC check app 2.0. — **Revin Mikhael D. Ochave**