

Philippine Stock Exchange index (PSEi)					6,606.36	▼42.87 PTS.	▼0.64%	TUESDAY, JULY 30, 2024 BusinessWorld	
PSEi MEMBER STOCKS									
AC Ayala Corp. P593.00 +P2.00 +0.34%	ACEN ACEN Corp. P5.24 -P0.08 -1.5%	AEV Aboltiz Equity Ventures, Inc. P35.50 -P0.05 -0.14%	AGI Alliance Global Group, Inc. P8.90 +P0.27 +3.13%	ALI Ayala Land, Inc. P30.05 -P0.90 -2.91%	BDO BDO Unibank, Inc. P136.50 -P4.00 -2.85%	BLOOM Bloomerry Resorts Corp. P8.42 +P0.04 +0.48%	BPI Bank of the Philippine Islands P122.10 -P0.90 -0.73%	CNPF Century Pacific Food, Inc. P34.45 +P0.95 +2.84%	CNVRG Converge ICT Solutions, Inc. P11.20 -P0.04 -0.36%
DMC DMCI Holdings, Inc. P11.22 +P0.10 +0.9%	EMI Emperador, Inc. P18.60 —	GLO Globe Telecom, Inc. P2,126.00 +P18.00 +0.85%	GTCAP GT Capital Holdings, Inc. P575.50 -P14.50 -2.46%	ICT International Container Terminal Services, Inc. P353.00 +P3.00 +0.86%	JFC Jollibee Foods Corp. P227.00 -P0.60 -0.26%	JGS JG Summit Holdings, Inc. P27.10 -P0.70 -2.52%	LTG LT Group, Inc. P9.78 +P0.12 +1.24%	MBT Metropolitan Bank & Trust Co. P68.00 -P1.10 -1.59%	MER Manila Electric Co. P390.00 +P5.00 +1.3%
MONDE Monde Nissin Corp. P9.00 -P0.25 -2.7%	NIKL Nickel Asia Corp. P3.30 —	PGOLD Puregold Price Club, Inc. P25.90 -P0.10 -0.38%	SCC Semirara Mining and Power Corp. P33.40 +P0.15 +0.45%	SM SM Investments Corp. P907.00 -P10.00 -1.09%	SMC San Miguel Corp. P96.80 +P0.80 +0.83%	SMPH SM Prime Holdings, Inc. P29.25 -P0.15 -0.51%	TEL PLDT Inc. P1,493.00 +P8.00 +0.54%	URC Universal Robina Corp. P119.00 +P1.00 +0.85%	WLCON Wilcon Depot, Inc. P17.90 +P0.10 +0.56%

Philippine Airlines seeks \$500M for three more Airbus aircraft

By Ashley Erika O. Jose
Reporter

FLAG CARRIER Philippine Airlines (PAL) said it is in talks with financial institutions to secure approximately \$500 million in funding for the acquisition of three additional Airbus aircraft.

“These three that we ordered are just options. It is for our buffer,” PAL President and Chief Operating Officer Stanley K. Ng told *BusinessWorld* on Tuesday.

This additional aircraft purchase is on top of the nine A350-1000s planned by the company, Mr. Ng said, adding that, overall, PAL is now ordering 25 aircraft.

“Maybe half a billion [for these three], more or less around that. We are talking to the banks right now for the funding,” Mr. Ng said.

“For the buffer, it will be by 2025,” he said, when asked about the expected arrival of the additional three Airbus A350s.

Deliveries for the nine A350-1000s are scheduled until 2027 and will be operated on nonstop services from Manila to North America, including the East Coast and Canada.

In April, PAL said that it was targeting to purchase 13 A321 New Engine Options (NEOs).

These aircraft will start arriving next year and continue through to 2028, he said.

For 2024, the flag carrier has allocated \$450 million, or more than P25 billion, to fund its capital expenditure this year, which includes fleet expansion amid growing demand.

Mr. Ng said the company is optimistic about reaching its expected rise in passenger volume of around 20% by yearend.

Last year, the airline company carried a total of 14.7 million passengers, marking a 58% increase from the 9.3 million passengers recorded in 2022.

Data provided by the company showed that it managed to mount a total of 105,294 flights last year,



REUTERS FILE PHOTO

35.8% higher than the 77,533 total flights in 2022.

“We have plans in the pipeline for new routes, domestically and in some regions. We are exploring it,” he said.

PAL is also set to operate non-stop Manila-Seattle flights three times a week beginning Oct. 2.

Aside from Seattle, which the company considers a promising market, the airline is also looking to explore more Asian and domestic destinations. However, some long-haul flights it plans to operate will be on hold for now until the arrival of its aircraft order.

Razon-led NEPC secures Marcos’ approval for Central Negros franchise

NEGROS Electric and Power Corp. (NEPC) has received approval from President Ferdinand R. Marcos, Jr. for its franchise to manage and operate the electricity distribution system in Central Negros, the Razon-led company announced on Tuesday.

“We now have the law. It’s time to walk the talk,” NEPC President and Chief Executive Officer Roel Z. Castro said in a statement.

Mr. Marcos signed Republic Act No. 12011 on July 26, just before it would have automatically lapsed into law.

The legislation, which originated in the House of Representatives, was introduced by Representatives Joseph Stephen S. Paduano, Jose Francisco B. Benitez, Juliet Marie D. Ferrer, and Greg G. Gasataya.

The bill was approved by the House of Representatives on Feb. 21, amended by the Senate on May 20, and then returned to the House for further concurrence on May 22, before being submitted to the Office of the President.

NEPC is a joint venture between Primelectric Holdings, Inc. and Central Negros Electric Cooperative.

Its franchise covers power services to cities like Bacolod, Silay, Talisay, and Bago, as well as the municipalities of Murcia and Don Salvador Benedicto.

NEPC is a sister company of distribution utility More Electric and Power Corp. (MORE Power), which serves Iloilo City.

NEPC and MORE Power are units of Primelectric controlled by Enrique K. Razon, Jr.

NEPC said it has allocated an initial capital of P2 billion for a five-year plan “to rehabilitate and modernize the electric infrastructure, aiming to establish a robust distribution system.”

“We seek your continued support and cooperation as we commence the five-year journey of continuous rehabilitation to enhance the system and minimize instances of unscheduled power interruptions,” Mr. Castro said.

NEPC said it will apply for a certificate of public convenience and necessity from the Energy Regulatory Commission to commence commercial operations. — **Sheldeen Joy Talavera**

Meralco eyes larger nuclear energy deployment

MANILA Electric Co. (Meralco) is exploring the possibility of deploying both small modular reactors (SMRs) and conventional nuclear reactors to help meet the government’s target of generating 1,200 megawatts (MW) of nuclear energy by 2032, a company official said.

“If the government has this plan to have 1,200 megawatts of nuclear (energy) by 2032, micro-modular (reactor) is not enough. We need to look into SMR and maybe conventional nuclear,” Meralco Executive Vice-President and Chief Operating Officer Ronnie L. Aperocho said during a briefing on Monday.

Under the Clean Energy Scenario of the Department of Energy’s Philippine Energy Plan for 2030-2050, nuclear energy is projected to have an installed capacity of 1,200 MW by 2032, 2,400 MW by 2035, and 4,800 MW by 2050.

“We think that nuclear power plant is part of that infrastructure for us to really address the power problems in the country,” Mr. Aperocho said.

Meralco Chairman and Chief Executive Officer Manuel V. Pangilinan said that the deployment of SMRs and micro-modular reactor (MMRs) might be pushed back from the target.

“It turned out to be more difficult than anticipated..., so the timetable for deployment of SMR or MMR could be moved back as far as 2032, 2035,” he said.

An MMR unit or “nuclear battery” can “safely and reliably” provide up to 45 MW of high-quality heat, delivered into a centralized heat storage unit, according to Meralco.

“One or more MMR nuclear batteries combine their heat in the heat storage unit, from where electric power or superheated steam can be extracted through conventional means to meet a wide range of power requirements, from tens to hundreds of MW,” the power distributor said.

Mr. Aperocho said that the company is seeking to meet “a lot of leading players in

the nuclear energy industry” in the United States, Canada, and South Korea to explore partnerships.

Meralco First Vice-President and Head of Networks Froilan J. Savet said that some company officials will travel to Ontario, Canada, to sign a memorandum of understanding (MoU) for sending scholars to study nuclear engineering.

“As part of that trip also, we are going to Illinois to sign an MoU with the University of Illinois because we’re going to send two scholars on nuclear engineering,” he said.

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 Media-Quest Holdings, Inc., has an interest in *BusinessWorld* through the Philippine Star Group, which it controls. — **Sheldeen Joy Talavera**

Metro Manila office space take-up jumps in 1st half

THE METRO MANILA office net take-up in the first half of 2024 has already surpassed the full-year performance of 2023, buoyed by return-to-office mandates and office expansion, according to global real estate services firm Santos Knight Frank.

The office sector net absorption of 281,000 square meters (sq.m.) in the first half of 2024 was approximately 125% higher than the full-year take-up of 125,000 sq.m. in 2023.

“Return-to-office mandates and office expansions, supported by offshoring operations, have led to a doubling of demand in the office market,” Santos Knight Frank Chairman and Chief Executive Officer Rick Santos said during a press briefing on Tuesday.

Information technology and business process management sectors and the government led the office transactions during the period.

Occupier Services & Commercial Agency Senior Director Morgan McGilvray reported that Metro Manila had an average rental rate of P1,022, a vacancy rate contracted to 18.9%, and an existing supply of 8.5 million sq.m. in the first half of 2024.

He noted that as the vacancy rate approached 20%, rental rates tend to soften.

Makati City had the highest asking rent at P1,256, with a 20.7% vacancy rate and a supply of 1.5 million sq.m. during the first half.

Taguig followed with an asking rent of P1,250, a 14.5% vacancy rate, and a supply of 2.3 million sq.m.

“Makati still has the biggest section of prime-grade buildings, and we’re also seeing some of the higher rents for new buildings in Makati that are generally close to EDSA and along Ayala Ave,” Mr. McGilvray said.

Alabang had an average rent of P788, with a 23.8% vacancy rate and 500,000 sq.m. of supply during the period. Quezon City recorded a rent of P823, with a 27.8% vacancy rate and a supply of 1.4 million sq.m.

Ortigas had an average rent of P820, with a 22% vacancy rate and a supply of 1.6 million sq.m.

Meanwhile, the Bay Area had a rent of P972, with a 23.2% vacancy rate and a supply of 1.2 million sq.m.

“The Metro Manila office market remains tenant-favorable, with rents exhibiting marginal decline,” he said.

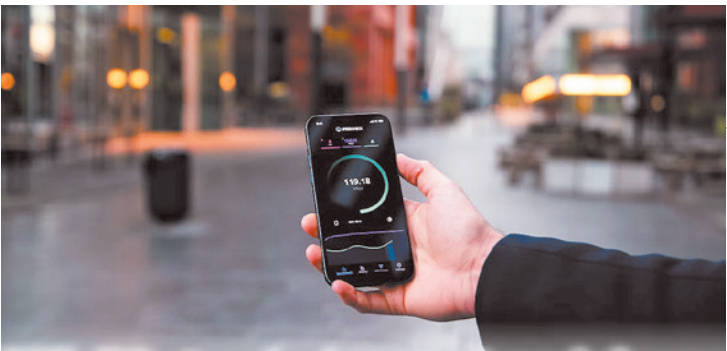
Mr. McGilvray said the year-to-date completion of around 127,000 sq.m. of office space brings the total Metro Manila supply to 8.5 million sq.m.

There will be 299,000 sq.m. of new office projects completed within the second half of the year, with another 360,000 sq.m. expected from 2025 to 2027.

The firm expects the Philippines to remain one of the most competitive offshoring hubs in the Asia-Pacific (APAC), driven by a young talent pool, affordable operating costs, and a robust supply of office spaces, Mr. Santos said.

In Knight Frank’s five-point comparison of APAC offshoring hubs, the Philippines stands out as the most well-rounded, topping in terms of workforce demographics and scoring well in business costs, skills, growth dynamics, and commercial real estate value.

Mr. McGilvray added that Metro Manila was the third most affordable location in Asia Pacific, with downward rental adjustments in older prime offices bringing down the average prime office occupancy cost to \$27.90 per square foot per year. — **Aubrey Rose A. Inosante**



FREDERIK LIPFERN/UNSPASH

PHL 5G stand-alone network faces performance challenges — Ookla

THE PHILIPPINES’ fifth-generation (5G) stand-alone (SA) network performance worsened in the second quarter (Q2) despite surpassing that of its select Emerging Asia-Pacific (EMAP) peers, according to Ookla.

In its report, Ookla said that the Philippines recorded a median 5G SA download speed of 375.40 megabits per second (Mbps) for Q2, leading the EMAP region for that period.

5G SA networks are a specific kind of 5G mobile network that functions without relying on 4G LTE infrastructure. These networks are designed to fully leverage the benefits of 5G technology, offering numerous advantages and enabling advanced features that earlier network generations cannot support.

For comparison, India reported a median 5G SA download speed of 298.44 Mbps, while Thailand recorded 223.61 Mbps for the same period.

However, the Philippines’ median 5G SA download speed decreased year on year from 446.98 Mbps in Q2 2023. India and Thailand also saw declines in 5G SA speeds, with median speeds falling from 436.3 Mbps and 263.99 Mbps, respectively, in 2023.

Regarding median upload speeds, the Philippines trailed behind Thailand in the second quarter, with Thailand achieving 24.81 Mbps, while the Philippines and India recorded 22.77 Mbps and 15.96 Mbps, respectively.

Ookla reported that Globe Telecom, Inc. continues to expand its 5G outdoor coverage, reaching approximately 97.44% as of the first half of 2024.

“Countries in EMAP have experienced a more substantial decline in 5G SA network performance compared to Q2 2023,” Ookla said.

“The fast coverage expansion and continued adoption have likely increased the load on 5G SA infrastructure, putting pressure on the operators to scale up network capacity in the future to at least maintain a similar performance level,” Ookla said.

Ookla anticipates continued growth in the adoption of 5G SA across Southeast Asia, India, and the US, driven by the demand for more reliable connectivity. — **Ashley Erika O. Jose**