

Philippine Stock Exchange index (PSEi)

6,605.30

▼88.53 PTS.

▼1.32%

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BusinessWorld

PSEi MEMBER STOCKS									
AC Ayala Corp. P590.00 -P1.50 -0.25%	ACEN ACEN Corp. P5.21 -P0.28 -5.1%	AEV Aboitiz Equity Ventures, Inc. P35.45 -P0.10 -0.28%	AGI Alliance Global Group, Inc. P9.12 -P0.02 -0.22%	ALI Ayala Land, Inc. P28.90 -P0.50 -1.7%	BDO BDO Unibank, Inc. P140.80 -P2.90 -2.02%	BLOOM Bloomberry Resorts Corp. P8.15 -P0.07 -0.85%	BPI Bank of the Philippine Islands P121.70 -P3.10 -2.48%	CNPF Century Pacific Food, Inc. P33.50 -P1.20 -3.46%	CNVRG Converge ICT Solutions, Inc. P11.20 -P0.46 -3.95%
DMC DMCI Holdings, Inc. P11.30 -P0.18 -1.57%	EMI Emperador, Inc. P18.62 +P0.06 +0.32%	GLO Globe Telecom, Inc. P2,218.00 +P56.00 +2.59%	GTCAP GT Capital Holdings, Inc. P605.00 +P5.00 +0.83%	ICT International Container Terminal Services, Inc. P350.00 -P10.00 -2.78%	JFC Jollibee Foods Corp. P229.40 -P3.40 -1.46%	JGS JG Summit Holdings, Inc. P27.45 -P0.60 -2.14%	LTG LT Group, Inc. P9.96 -P0.08 -0.8%	MBT Metropolitan Bank & Trust Co. P68.35 P0.35 0.51%	MER Manila Electric Co. P390.00 —
MONDE Monde Nissin Corp. P9.40 +P0.10 +1.08%	NIKL Nickel Asia Corp. P3.33 -P0.09 -2.63%	PGOLD Puregold Price Club, Inc. P26.05 -P0.25 -0.95%	SCC Semirara Mining and Power Corp. P33.20 -P0.50 -1.48%	SM SM Investments Corp. P901.00 -P6.00 -0.66%	SMC San Miguel Corp. P99.00 +P1.00 +1.02%	SMPH SM Prime Holdings, Inc. P29.20 -P0.35 -1.18%	TEL PLDT Inc. P1,503.00 -P36.00 -2.34%	URC Universal Robina Corp. P115.00 -P2.00 -1.71%	WLCON Wilcon Depot, Inc. P16.70 -P0.60 -3.47%

Ayala, MUFG investments to boost GCash's planned IPO — analysts

By Ashley Erika O. Jose

Reporter

THE FRESH investments by Ayala Corp. (AC) and Japan's Mitsubishi UFJ Financial Group (MUFG) in Globe Fintech Innovations, Inc. (Mynt) may help enhance GCash's operational capabilities and stimulate investor interest in its planned initial public offering (IPO), according to analysts.

"The investments from Ayala Corp. and Japan's MUFG are expected to propel GCash to new heights by accelerating its growth and innovation, enhancing its service capabilities, and solidifying its position as a leading fintech (financial technology) player in the Philippines' digital economy," First Grade Finance, Inc. Managing Director Astro C. del Castillo said in a Viber message on Sunday.

G-Xchange, Inc. is the operator of GCash. The parent firm of GCash, Mynt, is an affiliate of Ayala-led telecommunications company Globe Telecom, Inc.

In a stock disclosure on Friday, Ayala Corp., through its unit AC Venture Holdings Corp., announced it is increasing its ownership in Mynt by acquiring an additional 8%, raising its overall share to 13%, for P286.4 billion.

It also noted that Ayala Corp.'s board of directors approved the transaction on July 30.

"AC's strategic priority is to rationalize its portfolio and reallocate capital to clear business winners. The increased stake in Mynt allows AC to further benefit from GCash's success and strong long-term growth potential," Ayala Corp. said.

Separately, Mynt said it has also secured funding from Japan's MUFG, more than doubling its valuation to \$5 billion from its \$2-billion valuation in the 2021 funding round.

"This strategic move underscores confidence in GCash's business model and highlights the increasing importance of fintech solutions in promoting financial inclusion in the region," Mr. Del Castillo said.

Mynt said MUFG, through its unit MUFG Bank, Ltd., has also entered into a binding agreement to invest in Mynt, acquiring an 8% stake in the company.

"We are thrilled to welcome MUFG as a new strategic partner. With their global expertise and reach within the financial inclusion space, they will be instrumental in further expanding GCash's social impact, especially to the underserved," Mynt President and Chief Executive Officer Martha Sazon said.

The new investments signify confidence in the growth trajectory of GCash, Chinabank Capital Corp. Managing Director Juan Paolo E. Colet said.

In January, the electronic wallet platform said it is working to be ready for its IPO target.

"The entry of MUFG has a halo effect on Mynt that could boost its future IPO. The expectation is that the IPO will be priced higher than the latest valuation of \$5 billion," Mr. Colet said.

He said that these investments could enhance investor interest, potentially positioning GCash's planned IPO as the largest in the Philippines.

"Assuming they decide to list in the local market. However, the higher valuation also bolsters the view that it might make more sense for Mynt to list in a major stock market abroad where there is better liquidity and appreciation for high-growth fintech companies," Mr. Colet said.

Mr. Del Castillo said the move is a strategic investment that could bolster market appetite and drive confidence in GCash's plans to list on the stock exchange.

"The strategic investments in GCash by both companies are likely to significantly enhance investor confidence in the company's potential for a successful IPO by bolstering its credibility, financial strength, growth prospects, and overall market perception," he said.

At the local bourse on Friday, shares in Globe climbed P56, or 2.59%, to end at P2,218 apiece.

OUTLIER

ICTSI shares up on new equipment news, Q2 earnings prospects

RAZON-LED International Container Terminal Services, Inc. (ICTSI) was the most actively traded stock last week, with its share price rising following news of the commissioning of three new cranes and the commencement of its Berth 8 expansion at its Manila terminal.

Data from the Philippine Stock Exchange showed that ICTSI was the most actively traded stock in terms of value turnover, with P2.84 billion worth of 8.04 million shares exchanging hands from July 29 to Aug. 2.

The listed port operator's shares closed at P350 each on Friday, 1.4% lower than its July 26 close of P355. Year to date, the stock has increased by 41.8%.

Rastine Mackie D. Mercado, research director at China Bank Securities Corp., said that positive global macroeconomic trends, such as expectations of a soft landing for the US economy and the prospects of interest rate cuts from the US Federal Reserve and the Bangko Sentral ng Pilipinas, have supported the listed port operator's price action this week.

Similarly, Jeff Radley C. See, head trader at Mercantile Securities Corp., noted that bullish sentiment has lifted the index, as the US Fed is likely to begin rate cuts in September 2024.

"The [second-quarter] earnings report is what investors are anticipating that the company will be reporting good earnings," Mr. See said in a Viber message.

Last week, the Enrique K. Razon, Jr.-led company saw developments including the full operation of its three new quay cranes at Manila International Container Terminal (MICT).

In a statement, MICT Chief Executive Officer Christian L. Lozano said that this acquisition is a significant step for MICT's expansion and modernization. The addition of quay cranes will enable more efficient handling of cargo loads, leading to faster vessel turnaround times and improved operations overall.

ICTSI also stated that the commissioning of these three cranes demonstrates MICT's commitment to providing the highest levels of port services and enhancing the terminal's capacity to handle the growing demands of modern container shipping.

MICT is one of the three terminals in the Port of Manila and has the largest quay crane fleet with 18 units. The additional cranes have improved operational efficiencies, allowing the terminal to

better manage peak periods and high cargo volumes, ensuring smoother and more predictable operations for all stakeholders, ICTSI also said in its statement.

Additional reports show that the Manila terminal has begun the second phase of its Berth 8 expansion, which will include building a 300-meter wharf and a 10-hectare container yard. Upon completion, the expansion will increase MICT's capacity by 200,000 twenty-foot equivalent units (TEUs) to 3.5 million TEUs.

Berth 8 will be equipped with three quay cranes to efficiently handle ultra-large container vessels with capacities of up to 18,000 TEUs. These new cranes are scheduled to arrive in 2027, ICTSI said.

"The second phase of development for MICT's Berth 8 will increase the terminal's throughput capacity by 6%, which should further support ICT's thrust to expand volumes," Mr. Mercado said in an e-mail.

He added that the commissioning of three new quay cranes should benefit ICTSI in terms of operational efficiency, increased volume, and potential margin improvements.

In the first quarter, ICTSI reported a 35.7% year-on-year rise in its attributable net income to \$209.88 million. Its consolidated revenues also grew by 15.4% to \$685.19 million.

Mr. Mercado estimates that core earnings for the full year 2024 will reach \$740 million.

Expectations of continued earnings growth, resulting from volume expansion and robust yields per TEU amidst upward tariff adjustments across its global terminals, could entice investors to consider the port operator, Mr. Mercado said.

"Capacity expansion through either organic or M&A (merger and acquisition) opportunities (i.e., Durban terminal in South Africa, MICT), and attractive dividend prospects given expectations of earnings growth" can also be considered by investors.

"We see current support at P349, while resistance is at P370," Mr. Mercado said.

For Mr. See, technically speaking, "the chart made a bearish divergence as the price continues to rise but RSI (relative strength index) indicator is showing a decrease in strength."

He pegged support levels at P388 and P315, while resistance levels at P360, and 373, respectively. — **Abigail Marie P. Yraola**

BW ONE-ON-ONE

AI governance key for businesses amid rising ethical, copyright concerns — IBM Philippines

By Aubrey Rose A. Inosante

Reporter

PHILIPPINE COMPANIES need reliable artificial intelligence (AI) models to address rising copyright and ethical issues, making AI governance essential to ensure tools remain safe and ethical, according to Aileen Judan-Jiao, president and country general manager of IBM Philippines.

"It's the responsible use of AI. It needs to be trustworthy. If AI gives you insight, you need to know the source," Ms. Jiao said in an interview with *BusinessWorld*.

She said this concern was raised because the licensing of open-source AI models often lacks clarity regarding how these models were trained and how the data was cleaned and filtered for hate, abuse, and profanity.

"We have open-sourced our AI models. It's named Granite. We have published where we trained the model," Ms. Jiao said.

In May, IBM open-sourced Granite, a family of AI models purpose-built for business. These models can perform text summarization and content generation tasks. Before training the model, it searches for and removes duplication, employs URL blocklists, and filters for "objectionable" content and document quality. It also uses sentence splitting and tokenization techniques. IBM has an AI Ethics Board as well.

Ms. Jiao added that using public data for private and commercial use could violate intellectual property rights and profit off content produced by generative AI.

"This is why we say governance in AI is so important. That's a core mission of our platform for WatsonX. That is the area for AI governance," she said.

"There are very good possibilities for AI. It does not come without risk, just like any technology, but there are key ways to mitigate those risks," she said, noting that bias, such as gender bias, may occur in any AI model.

Instead, she advised being aware, doing due diligence on why to trust AI, and refraining from selling AI-generated content with privacy tags. She said if someone is developing AI models for larger businesses, "we say, don't just be an AI user; be an AI value creator."

"AI must be solving a problem. Be clear on what problem you want to solve that will really drive value for you so that you don't run into issues like, 'it will replace this person.' Then you're just automating for the sake of automating," she added.

Her outlook remains that AI will be part of the upscaling process. "You may not like it today, just like the pandemic, but it will be everywhere. Trust that IBM will be at the forefront. We will continue to upscale, re-skill, and provide new roles for us," she said.

MORE WOMEN IN TECH
Ms. Jiao was the first home-grown Filipina president and country general manager of IBM, having risen through the ranks from a systems engineer in 1992 at IBM Philippines.

She also said that her first tech job, supporting laser printers for multinational tech company, came after graduating with a Computer Science degree from Ateneo de Manila University.

"It was quite an unusual role for women in technical positions to rise all the way up because, apparently, you stay and become a developer..." she said.

Apart from being part of the board of trustees for the Philippines Business for Social Progress and Philippine Business for Education, Ms. Jiao also chairs the Makati Business Club's Women-in-C-suite committee and is a member of the Filipina Chief Executive Officer circle.

She said, among its goals is to give exposure to those women who don't have a nurturing environment like IBM, don't have the policies, and are unaware of how to start.

"Diversity and inclusion are very close to IBM's heart, and they are for me as well," she said, noting she became a "testament" to taking unconventional paths where tech and high executive jobs are mostly offered to men.

Heading IBM, an international company where executive-level positions are often presumed to be filled by foreign nationals, earned her the over-

riding comment from employees that it can be done after her promotion to the top job.

Over 60% of senior leaders in IBM Philippines across different functions are women, she said. However, she noted that IBM does not hire for the sake of diversity metrics, but based on skills and credentials.

She said that while the challenge of work-life balance for women in the technology industry is in the past, the current challenge lies in ensuring that a hybrid work environment achieves the same business outcomes.

IBM facilitates mentorship that is not bound by geography; Ms. Jiao currently mentors an employee in China. It also encourages its workers, as a minimum, to learn about hybrid cloud and AI strategies, regardless of their role.

"You can learn different domains, different industries, different technologies, and different levels. Earn your own certifications if you want to, on your own time. It's all about your learning," she said.

Pushing for more inclusion, IBM partnered with various educational institutions, offering free online courses for thousands of learners. In February, the Department of Labor and Employment announced that it signed a partnership with IBM in 2023 to offer beneficiaries the SkillsBuild platform, focusing on customer support, data analysis, and other high-demand skills required in the digital economy.

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