

Philippine Stock Exchange index (PSEi)

6,613.36

▼ 34.44 PTS.

▼ 0.51%

MONDAY, AUGUST 12, 2024

BusinessWorld

PSEi MEMBER STOCKS

AC Ayala Corp. P601.00 -P7.00 -1.15%	ACEN ACEN Corp. P5.40 -P0.05 -0.92%	AEV Aboitiz Equity Ventures, Inc. P32.65 +P0.05 +0.15%	AGI Alliance Global Group, Inc. P8.85 -P0.27 -2.96%	ALI Ayala Land, Inc. P30.10 +P0.10 +0.33%	BDO BDO Unibank, Inc. P139.60 -P4.40 -3.06%	BLOOM Bloomberg Resorts Corp. P7.98 +P0.08 +1.01%	BPI Bank of the Philippine Islands P118.70 +P0.70 +0.59%	CNPF Century Pacific Food, Inc. P34.95 +P0.95 +2.79%	CNVRG Converge ICT Solutions, Inc. P11.76 -P0.24 -2%
DMC DMCI Holdings, Inc. P11.00 -P0.08 -0.72%	EMI Emperador, Inc. P18.70 --	GLO Globe Telecom, Inc. P2,312.00 +P16.00 +0.7%	GTCAP GT Capital Holdings, Inc. P592.00 -P11.00 -1.82%	ICT International Container Terminal Services, Inc. P365.00 +P7.20 +2.01%	JFC Jollibee Foods Corp. P231.00 --	JGS JG Summit Holdings, Inc. P25.20 --	LTG LT Group, Inc. P9.92 -P0.14 -1.39%	MBT Metropolitan Bank & Trust Co. P69.00 +P1.50 +2.22%	MER Manila Electric Co. P390.00 -P1.60 -0.41%
MONDE Monde Nissin Corp. P9.34 -P0.24 -2.51%	NIKL Nickel Asia Corp. P3.18 -P0.17 -5.07%	PGOLD Puregold Price Club, Inc. P26.80 +P0.20 +0.75%	SCC Semirara Mining and Power Corp. P31.75 -P0.25 -0.78%	SM SM Investments Corp. P910.00 -P20.00 -2.15%	SMC San Miguel Corp. P98.50 -P1.40 -1.4%	SMPH SM Prime Holdings, Inc. P29.00 -P0.50 -1.69%	TEL PLDT Inc. P1,594.00 +P33.00 +2.11%	URC Universal Robina Corp. P99.80 -P0.30 -0.3%	WLCON Wilcon Depot, Inc. P17.80 -P0.10 -0.56%

JG Summit sees 43% profit rise on margins, equity earnings

GOKONGWEI-LED conglomerate JG Summit Holdings, Inc. saw a 43% increase in its first-half attributable net income to P14.8 billion from P10.38 billion a year ago, driven by margin improvements in core businesses, higher equity earnings from investments in Manila Electric Co. (Meralco), and gains from the merger between the Bank of the Philippine Islands (BPI) and Robinsons Bank.

First-half consolidated revenue rose by 15% to P187.8 billion from P163.4 billion last year on rising demand for tourism and recreation, along with increased petrochemical operations, as well as higher food and beverage sales volumes, JG Summit said in a statement to the stock exchange on Monday.

JG Summit doubled its core net income after taxes to P18.1 billion.

"We continue to post overall top line growth despite the lingering effects of inflation which dampened consumer sentiment. We have seen a divergence of results from our operating units with the strong demand for travel and leisure benefiting our air transport and real estate businesses," JG Summit President and Chief Executive Officer Lance Y. Gokongwei said.

"Our food and beverage unit continues to deliver higher sales volumes, but product mix has changed into lower price point categories, while increased plant utilization in our petrochemicals unit pulled up revenues in the first half. Coupled with our initiatives to drive productivity

and better operating leverage, we have now seen improvements in margins," he added.

Mr. Gokongwei said the conglomerate is aiming to sustain momentum in the remaining months of the year.

"As we move to the second half, we hope to sustain this momentum with the expected decline in inflation that in turn could ignite the sequential rebound in consumer demand," he said.

"We will continue to execute our commercial strategies to drive top line growth while implementing overall operational discipline to ensure we sustain the year-on-year recovery in core net income and margins," he added.

The food segment, Universal Robina Corp., had a flat first-half net income at P6.6 billion on lower foreign exchange gains and higher impairment losses. Revenue rose by 3% to P80.7 billion as business units saw higher sales volumes.

Core profits grew by 5% to P6.3 billion as higher tax provisions watered down the improvement in operating profits. The food and beverage company recently decided to exit its business in China to redeploy its resources to higher-growth markets.

On the real estate and hotels business, Robinsons Land Corp. (RLC) saw a 9% increase in first-half net profit to P6.5 billion due to the increase in minority share in its real estate investment trust company, RL Commercial REIT, Inc., following a block placement in April.

Revenue rose by 8% to P20 billion as the rental incomes of the property developer's malls, offices, hotels, and logistics outpaced the decline in the recognized revenues for the residential segment.

RLC's malls division maintained its occupancy rate at 93%, while the offices business improved to an 86% occupancy rate with the expansion of existing business process outsourcing tenants.

The airline business led by Cebu Air, Inc. recorded a 5% drop in its first-half net income to P3.5 billion due to foreign exchange losses as well as the absence of the mark-to-market gains recognized last year on convertible bond derivatives. Cebu Air operates budget carrier Cebu Pacific.

Revenues grew by 18% to P51.4 billion while earnings before interest, taxes, depreciation, and amortization climbed by 39% to P13.3 billion as fuel prices were steady during the period.

"Cebu Air also solidified its domestic market leadership at 54% share, while international routes saw 32% more passengers in the first half compared to the previous year. These were accomplished through aircraft upgrades, additional routes, and increased flight frequencies," JG Summit said.

The petrochemicals business led by JG Summit Olefins Corp. (JGSOC) posted a P7.4-billion net loss for the first half on higher financing costs and additional depreciation from the completed plant expansion project.

Revenue surged by 80% to P25.5 billion on increased plant operations and higher sales volumes across all products, as well as more targeted selling and more disciplined pricing.

"JGSOC continues to work on its business-wide transformation project, with initiatives already producing various wins such as higher premiums on booked volumes, continued strong sales momentum, more strategic spending on maintenance, and a reduction in spare part inventories," JG Summit said.

JG Summit saw a mixed performance across its core investments.

The share of JG Summit in Meralco's income rose by 26% to P5.8 billion led by higher sales volume on commercial activities and residential demand due to higher temperatures.

Equity earnings from Singapore Land Group grew by 15% to P1.3 billion as the hotel business posted a robust performance, led by the full operations of the Pan Pacific this year, along with increases in the company's rental income.

Dividends received by JG Summit from PLDT Inc. for the first half declined by 22% to P1.1 billion on the lack of special dividends declared in 2023.

Following the effectiveness of the merger between BPI and Robinsons Bank at the start of the year, JGS received its first cash dividends from BPI at P1.98 per share, totaling P373 million.

On Monday, JG Summit shares were unchanged at P25.20 per share. — **Revin Mikhael D. Ochave**

Utilities, toll roads boost MPIC's profit to P12.5B

PANGILINAN-LED Metro Pacific Investments Corp. (MPIC) recorded a 23% increase in its first-half net income to P12.5 billion from P10.2 billion last year on higher contributions from its utilities and toll roads subsidiaries.

First-half operating revenue rose by 22% to P35.76 billion from P29.37 billion last year, MPIC Chief Financial, Risk, and Sustainability Officer Chaye A. Cabal-Revilla said in a media briefing on Monday.

MPIC's first-half consolidated core net income rose to a new record high of P12.5 billion compared with P9.9 billion a year ago.

Among businesses, the power segment took up P10.1 billion of total net operating income, followed by the toll roads segment at P3.2 billion, and the water segment at P2.5 billion.

Better financial and operating results from MPIC's holdings generated a 20% increase in contribution from operations to P14.8 billion, driven by strong growth in energy sales at Manila Electric Co. (Meralco), billed volumes at Maynilad Water Services, Inc., and traffic on the toll roads complemented by higher tariffs.

"Our power, toll roads, and water business continued to deliver double-digit growth in earnings on the back of strong volumes and the impact of long-overdue tariff adjustments," MPIC Chairman, President, and Chief Executive Officer Manuel V. Pangilinan said in the briefing.

On the power segment, Meralco grew its first-half net income by 26% to P22.4 billion. Revenue increased by 6% to P23.75 billion as energy sales rose by 9% to 26,954 gigawatt hours.

For the toll roads business, Metro Pacific Tollways Corp. (MPTC) saw a 25% increase in core net income to P3.4 billion. Toll revenue rose by 18% to P15.4 billion, led by a combination of toll rate increases and traffic growth in all markets.

During the first half, average daily vehicle entries in the Philippines rose by 7% to 693,175, while Vietnam also saw a 1% increase to 78,390.

Average daily vehicle entries of MPTC's operations in Indonesia declined by 1% to 1,203,631.

On the water business, Maynilad recorded a 29% increase in first-half core net income to P5.6 billion. Revenue increased by 23% to P16.4 billion, reflecting 4% growth in billed volumes and a 19.8% adjustment in tariff in early January.

Meanwhile, Ms. Revilla said the entire Pangilinan group has a capital expenditure budget of about P221 billion, of which P122 billion is earmarked for MPIC.

"The budget for MPIC is about P122 billion (this year). That does not include the planned acquisition for Metro Pacific Health, that's about P45.5 billion. If you want us to include PLDT Inc., Philex Mining Corp., that's P221 billion budget for 2024," she said.

In July, MPIC's Metro Pacific Agro Ventures announced its entry into agreements to acquire Universal Harvester Dairy Farms, Inc., which operates under the Bukidnon Milk Co. brand. The company produces fresh milk, flavored milk, yogurt, and cheese products, with presence primarily focused on key cities in Visayas and Mindanao.

Meanwhile, Mr. Pangilinan is expecting to sustain MPIC's performance for the second half.

"With MPIC continuing to maintain a low cost of capital in a rising interest rate environment, the company is poised to maintain its strong growth trajectory for the rest of the year," Mr. Pangilinan said.

"The job for the second half is to exert our efforts to substantially achieve the same kind of earnings we've seen in the first half," he added.

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. — **Revin Mikhael D. Ochave**

MWPV enters P1.4-B bulk water partnership

MANILA Water Philippine Ventures, Inc. (MWPV), a Manila Water subsidiary serving areas outside Metro Manila, said it has partnered with Canlubang Sugar Estate (CSE) for a P1.4-billion bulk water supply project aimed at enhancing water accessibility across additional towns in Laguna.

"We are committed to delivering this crucial project with unwavering integrity, efficiency, and a steadfast focus on enhancing the quality of life of customers within our Laguna Water concession area," Manila Water Chief Operating Officer and MWPV President Melvin John M. Tan said in a statement on Monday.

The 25-year bulk water supply project aims to deliver 17 million liters per day of potable water from Matang Tubig Spring to Laguna Water, MWPV's concessionaire in Laguna province.

The project involves the rehabilitation of the Matang Tubig Spring (MTS) as a water

source and the construction of a 13-kilometer water transmission line that will link the MTS Source Upper Box to the Laguna Wellfield Reservoir in LTI Annex, Biñan.

The project will be implemented by MWPV's construction arm, Manila Water Infratech Solutions, and will be managed and operated by its unit Estate Water.

The start of operations is expected two years after the start of construction, which is set for this year.

"The importance of water cannot be overestimated as an essential and finite resource for the people and nation, and this must be protected and made sustainable. And this is our responsibility," CSE President Jose Ramon Yulo said.

"With the partnership of the Manila Water group and their expertise, and in partnership also with the community, the government, and

the Yulo family, we strive to bring this project to fruition," he added.

Manila Water President and Chief Operating Officer Jose Victor Emmanuel A. de Dios said that Laguna Water is working hard to replicate the company's best practices in the east zone and offer the same quality of service to customers in Laguna.

"We will make this work. We always strive to ensure water reliability to areas we serve within and outside Metro Manila," Mr. De Dios said.

Manila Water serves the east zone network of Metro Manila, covering parts of Marikina, Pasig, Makati, Taguig, Paterson, Mandaluyong, San Juan, portions of Quezon City and Manila, and several towns in Rizal province.

MWPV houses the 20 domestic subsidiaries of the Manila Water Group. — **Sheldeen Joy Talavera**

SMC's first-half income jumps to P33.5B on strong segment performance

ANG-LED conglomerate San Miguel Corp. (SMC) grew its first-half net income by 66% to P33.5 billion, carried by higher profits across its business segments.

First-half consolidated revenue rose by 15% to P789 billion, led by business units Petron Corp., San Miguel Global Power Holdings Corp. (SMGP), San Miguel Infrastructure, San Miguel Food and Beverage, Inc. (SMFB), and Ginebra San Miguel, Inc. (GSMI), SMC said in an e-mailed statement on Monday.

Operating income increased by 22% to P85.1 billion on higher margins in the power business and lower raw material costs in the food business.

"Our strong first-semester performance shows the resilience of our businesses even in a challenging market. We expect this positive momentum to

continue throughout the year and deliver sustained value to all our stakeholders," SMC Chairman and Chief Executive Officer Ramon S. Ang said.

On the food and beverage business, SMFB grew its first-half net income by 6% to P20 billion. Consolidated sales increased by 4% to P19.2 billion, while earnings before interest, taxes, depreciation, and amortization (EBITDA) increased by 5% to P33.9 billion.

San Miguel Brewery, Inc. saw a 1% increase in consolidated revenue to P75.1 billion on higher sales volume, while GSMI recorded an 18% increase in sales to P30 billion.

San Miguel Foods had a 3% sales increase to P87.8 billion, led by the double-digit revenue growth in prepared and packaged foods along with "resilient" poultry sales.

On the power segment, SMGP grew its first-half operating income by 56% to almost P23 billion, while EBITDA rose by 45% to P30.1 billion on improved margins from contracted volumes and contribution of higher-margin ancillary service