

Nickel Asia’s income drops 24.2%, hopes boost from new mines

NICKEL ASIA Corp. saw its third-quarter attributable net income drop by 24.2% to P1.44 billion from P1.9 billion a year ago due to lower sales.

Revenues fell by 8.01% year on year to P7.69 billion from P8.36 billion due to the lower sale of nickel ore and limestone, the company said in a disclosure on Wednesday.

The company said the sale of ore and limestone decreased to P7.09 billion, 6.6% lower compared to P7.59 billion in the same period a year ago.

Revenues from services dropped 48.6% to P296.94 million from P577.68 million the prior year.

Meanwhile, revenues from its power generation rose 53.6% to P296.76 million from P193.18 million last year.

Nickel Asia Chief Executive Officer Martin Antonio G. Zamora expects the operation of mines in Palawan and Eastern Samar to boost revenues in the coming years.

“This year, we achieved our objective of operating Manicani in Eastern Samar and Bulanjao in Palawan. We are optimistic that these new nickel mines will drive volume and revenue growth in the coming years,” Mr. Zamora said in a separate press release.

He said that Nickel Asia has completed infrastructure enhancements in Dinapigue, Isabela, “paving the way for higher production.”

Nickel Asia owns five mines: Rio Tuba in Palawan, Taganito and Tagana-an in Surigao del Norte, the Cagdianao mine in Dinagat Islands, and the Dinapigue mine in Isabela. These are operated by its subsidiaries.

The company extracts saprolite, which is shipped to Japan and China for the processing of ferronickel and nickel pig iron. It also mines limonite ore, which is processed in Coral Bay and Taganito processing projects.

Meanwhile, the company’s energy subsidiary Emerging Power, Inc. is targeting to achieve a renewable energy capacity of one gigawatt by 2028, as part of its sustainability initiatives.

“By the second quarter of next year, Greenlight Renewables Holdings, Inc., our joint venture with Shell Overseas Investments B.V., will complete construction of the first phase of its solar project in Leyte, with an initial capacity of 120 megawatts peak (MWp),” Mr. Zamora said.

He added that the first phase of the CAWAG solar project in Subic, Zambales will begin operations by the fourth quarter of next year. It has a capacity of 70 MWp.

Nickel Asia shares fell 0.9% or three centavos to close at P3.32 apiece on Wednesday. — **A.H. Halili**

Ayala Corp. president banking on new units to drive growth

AYALA Corp. is banking on its new business units for sustainability and growth, as its nine-month net income has been supported by its core businesses, according to its president.

“We continue to manage our younger businesses to get them to sustainable trajectories in the near term. We strive to build a simpler, more collaborative, and more connected Ayala,” Ayala Corp. President and Chief Executive Officer (CEO) Cezar P. Consing said in a statement to the stock exchange on Wednesday.

Mr. Consing said this as Ayala Corp. recorded a 5% increase in its nine-month net income to P34 billion.

Core net income rose by 19% to P36.7 billion, led by its core units Bank of the Philippine Islands (BPI), Ayala Land, Inc. (ALI), Globe Telecom, Inc., and AC Energy & Infrastructure Corp.

“Ayala’s growth is being sustained by the strong performances of our core businesses,” Mr. Consing said.

For the banking segment, BPI saw a 24% increase in net income to P48 billion as total revenue surged by 25% to P125.8 billion. Net interest income rose by 22% to P93.9 billion, while noninterest income climbed by 32% to P31.9 billion.

Operating expenses grew 22% to P59.4 billion due to higher manpower, technology, marketing, and volume-related costs.

The property business led by ALI recorded a 15% increase in net income to P21.2 billion on resilient property demand and robust consumer activity. Revenue jumped by 27% to P125.2 billion.

Property development revenues increased by 34% to P76.6 billion on higher bookings across all residential segments, while residential reservation sales increased by 17% to P100.5 billion

due to strong demand in the pre-market segment.

Leasing and hospitality revenues rose by 8% to P33.2 billion, while revenue from service businesses surged by 54% to P12.8 billion.

For the telecommunications segment, Globe recorded a 6% increase in net income to P20.6 billion, while core net income surged by 19% to P17.6 billion.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) rose by 7% to P64.9 billion.

The energy segment led by ACEN saw a 24% jump in net income to P8.1 billion, led by newly operational plants that boosted attributable renewable energy. Core attributable EBITDA expanded by 30% to P14.3 billion.

Ayala Healthcare Holdings, Inc. widened its net loss to P417 million due to costs related to the ramp-up of its cancer hospital in Taguig City. Revenue surged by 11% to P6.9 billion.

AC Industrial Technology Holdings, Inc. narrowed its net loss to P5.1 billion on lower impairments. Core net loss widened to P921 million on softer demand in electronics manufacturer Integrated Micro-Electronics, Inc.

Meanwhile, ALI listed its follow-on P8 billion ten-year sustainability-linked bond (SL-Bond) on the Philippine Dealing & Exchange Corp., which has an original interest rate of 6.1334% per annum.

The recent listing brings ALI’s total SL-Bond issuance to P14 billion. The bonds are linked to specific sustainability performance targets.

— **Revin Mikhael D. Ochave**

FULL STORY



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Privacy body seeks GCash users’ help in probing unauthorized transactions

THE National Privacy Commission (NPC) has issued a call to individuals who may have been affected by unauthorized transactions on the GCash platform.

“We urge individuals who may have been affected by this incident to reach out to the NPC through info@privacy.gov.ph and provide relevant information to assist with our investigation,” the NPC said in a statement on Wednesday.

According to the agency, it received an e-mail from GCash on Nov. 11 stating that “there was no data leakage or personal data breach” in the incident, which involved unauthorized transactions.

“Although GCash has stated that there was no compromise of customer credentials or data in the incident, the NPC will still conduct an independent investigation in line with its mandate to administer and implement the Data Privacy Act of 2012,” said the NPC.

It said that the investigation will verify GCash’s reports and ensure the electronic wallet’s accountability in protecting users’ personal information.

However, the privacy body said that its authority is focused on the protection of personal data; thus, monetary concerns should be directed to the appropriate financial regulatory agency.

On Monday, the Bangko Sentral ng Pilipinas (BSP) said that it would investigate the incident after several GCash users reported unauthorized deductions from their accounts.

The probe aims to identify possible vulnerabilities and review the e-wallet’s compliance with regulations and policies, the BSP said.

GCash said in a statement on Sunday that it had fixed the system issues that caused the incident.

“GCash has completed the necessary wallet adjustments for its affected users,” it said.

“Rest assured that customer accounts are safe, and customer account security will always be our top priority,” it added. — **J.I.D. Table**

Capital Markets and Banking: A Complementary Approach to Funding

Over the last five years, on average, private corporations have raised around PHP341.6 billion and PHP65.4 billion annually from the domestic public debt and equity capital markets, respectively.

To put things in context, however, the Philippine Banking System’s gross loan book stood at around PHP13.4 trillion at the start of the year, with an estimated PHP1.3 trillion in new loans yearly. With the annual growth of banks’ loan book already larger than the entire corporate bond market, a recurring question that we have been receiving from potential first-time issuers is: Is it worth it?

Is it worth it to write a prospectus, which on average runs to hundreds of pages, hurdle the regulatory process, and subsequently provide periodic reports to regulators and continuing disclosures to the public?

We have seen that it can be.

We believe that the capital markets generally provide more attractive pricing and offer diversified funding sources — by how much, of course, would vary per issuer. In a base case scenario, we estimate that pricing could even be as much as 10% cheaper for debt at today’s market compared to customary bank loans for a mid-sized public issuance. While capital market securities have more parties and fees to pay than a bank or syndicated loan, bond issuers can benefit from tighter pricing and longer tenors with no loan amortization.

Public debt also diversifies a company’s lenders, allowing for the participation of pension funds, insurance companies, and the general public. This allows companies to preserve and utilize bank lines more efficiently for transactions that may have tighter timing and/or require a higher degree of certainty.

For equities, the transparent reporting, increased liquidity, and public participation generally lead to price discovery that is higher than



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what can be found in the private market. While this again may vary across issuers, the equity nature of the instrument shares both risk and return to the public and provides flexibility to issuers to explore promising (but likely riskier, longer-term) projects that may not have been feasible if solely funded by debt. It is this flexibility provided by equity instruments that gives issuers

“dry powder” to pursue their growth aspirations.

After listing, funding options are not only limited to the cash raised during the Initial Public or even Preferred Share Offering. The valuation visibility, as well as the increased capital base, usually allows listed companies better access to the debt market and the ability to issue shares in lieu of cash

for acquisitions. The enhanced public profile afforded by listing not only to the company, but also to its plans, makes it a good platform to attract key investors and potential business partners as well.

As discussed above, for many of the clients we talk to, they generally require both a banking and capital market solutions, which may not

necessarily be mutually exclusive. A good financial advisor can help develop your capital market road map to plan your debt and equity future issuances.

At this point, most potential issuers are understandably interested and proceed to asking about the regulatory requirements. As a start, we tell them that the nuanced regulatory process is essential, and that regulators should be viewed as their partners. It is essential because a baseline framework is necessary to respect capital, or OPM (colloquially, other people’s money).

The regulatory framework has become very dynamic as well. With the inclusion of frameworks for Real Estate Investment Trusts (REITs), shelf registration, perpetual preferred shares, and sustainable bonds, as well as a faster regulatory timeline, there certainly is room to innovatively grow the domestic capital markets. We work closely with the SEC, PSE, and PDEX to help improve reporting and disclosures to protect the investors and also ensure success for our clients.

As of the end of 2023, for example, a total of roughly around PHP93.2 billion has been raised via green bonds, while about PHP84.3 billion was raised from REIT issuances. Shelf registration has likewise become a staple for regular issuers considering the convenience it affords by not going through the full registration process each time.

At BDO Capital & Investment Corporation, we believe that capital market issuances complement banking relationships and should form part of any company’s financial arsenal. We are excited to work with potential issuers and help them navigate the richly complex but promising future of the Philippines’ capital market landscape.

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