



Investors may benefit from SMGP bond exchange, says CreditSights

FINANCIAL RESEARCH FIRM CreditSights has maintained its outperform recommendation on San Miguel Global Power Holdings Corp. (SMGP), highlighting the company's long-term prospects and perpetual bond yields exceeding 7%.

The research firm views the current yields as appealing amid an improving credit outlook, revival of funding access, and reduced risks of perpetual bond extensions, supported by earlier and current exchange and tender offers, CreditSights said in a report authored by analysts Lakshmanan R, Jonathan Tan Jun Jie, and Nicole Chua.

SMGP is set to issue a new unrated perpetual non-call 5.25-year bond with a minimum annual coupon of 8%.

This issuance aims to fully or partly redeem its existing unrated \$176-million 5.95% bonds due in May 2025, \$351-million bonds due in October 2025, and \$593-million 5.7% bonds due in January 2026 through concurrent exchange and tender offers.

The research firm estimates the fair value of the new perpetual non-call 5.25-year bond at current treasury 5.25-year + 358 basis

points (bps) or 7.9%, expecting the bond to price at 8.125%, with potential to tighten by 22 bps to their fair value estimate in the secondary market, CreditSights said.

CreditSights advised investors to trade their old SMGP bonds for new ones. For bonds due in May 2025, investors will receive the face value of the bond plus an extra 1.5% in cash, and for bonds due in January 2026, they will get the face value of the bond.

CreditSights said this exchange may provide attractive returns over time and noted an improved outlook for SMGP's long-term financial health, which supports its recommendation.

For May 2025 bondholders who are not comfortable with SMGP's longer-term credit outlook, CreditSights advised tendering the bonds at \$101.

For October 2025 bondholders, it recommended holding onto the bonds if they are uncomfortable with the long-term outlook.

CreditSights said SMGP's move to issue new perpetual bonds and manage its existing debt reflects its approach to improving its financial stability and credit profile. — **Shelden Joy Talavera**

JOLLIBEE Foods Corp. (JFC) expects to finalize the \$820.2-million acquisition of Hong Kong-based restaurant Tim Ho Wan by January 2025, according to its chief financial officer (CFO).

"Beginning January, this (Tim Ho Wan) brand and business of 80+ stores will be a subsidiary of JFC, so the ownership change will be January," JFC CFO Richard Shin said during a recent virtual media briefing.

"What we're doing from now until January is all the legal matters that need to be done, things like landlord consent, etc.," he added.

Mr. Shin said that JFC's return on invested capital is expected to improve following the transaction.

"This brand represents the lead brand in our fourth pillar, Chinese cuisine. What we've seen is that Cantonese cuisine, whether it is dim sum, barbecue meat, or wok-fried dishes, which Tim Ho Wan now has all three, the taste profile

of this brand will resonate very well across geographies," Mr. Shin said.

Earlier this month, JFC announced that it would acquire full ownership of Tim Ho Wan after buying the remaining 8% stake held by other investors in Titan Dining LP (Titan Fund) for \$820.2 million or more than P890 million.

The ownership and management of Tim Ho Wan will then be transferred to JFC subsidiary Jollibee Worldwide Pte. Ltd. (JWPL) from Titan Dining LP (Titan Fund).

Prior to the deal, JWPL has held a 92% participating interest in Titan Fund since January 2024.

Mr. Shin said JFC is sticking to its expansion and growth plans in China despite the recent sales decline.

"It's a challenge. But we've always said, until other markets appear, we have three key markets as our priority markets and that's the Philippines, the US, and China, for very different reasons. We are going to stay in the Chinese-cuisine space," Mr. Shin said.



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"People still need to eat, and when people do eat, they're making choices that are different in terms of price points. That's where we're going to go," he added.

JFC previously said that third-quarter same-store sales growth in China declined by 12.1% due to continued weak consumer spending.

The fastfood giant has presence in China through the Yonghe King, Hong Zhuang Yuan, and Tim Ho Wan brands. It also has presence in Hong Kong and Macau through the Jollibee brand.

"I'm very confident that China is not one that you just write off

because we're in the Chinese low-value sector," Mr. Shin said.

For the third quarter, JFC grew its attributable net income by 15.3% to P2.81 billion as revenue rose by 10.1% to P67.73 billion. System-wide sales increased by 13.2% to P98.48 billion.

The company increased its store network by 42.8% to 9,598 as of the end of September, with 3,340 domestic stores and 6,258 international branches.

On Wednesday, JFC shares rose by 2.47% or P6.60 to P274 per share. — **Revin Mikhael D. Ochave**

EEI board OKs 20M preferred share issuance

EEI CORP. is tapping the capital market to raise more funds to help clear the company's debts and fund its upcoming projects, the listed construction company said on Wednesday.

In a stock exchange disclosure, EEI said its board of directors had approved the issuance of 20 million preferred shares priced at 50 centavos apiece from its unissued preferred shares.

The company said that the shares will be offered via a private placement with RCBC Trust Corp. as its investment manager.

Proceeds from the capital raising will strengthen the company's balance sheet and

will also pay its working capital loans, the company said.

EEI said net proceeds from these will also fund the company's future projects, as well as general and working capital requirements.

The company said the preferred shares will be cumulative, non-voting, non-participating, non-convertible, and redeemable shares, adding that the shares are perpetual unless EEI decides to redeem the shares seven years from issuance.

For the third quarter, EEI incurred an attributable net loss of P31.75 million from an

attributable net income of P406 million in the same period last year due to lower revenues for the period.

The company generated P3.14 billion in gross revenue for the third quarter, 27.8% lower than the P4.35 billion previously.

For the July-to-September period, EEI's gross expense went down by 0.5% to P3.64 billion from P3.66 billion last year.

At the stock exchange on Wednesday, shares in the company closed nine centavos, or 2.37% lower, at P3.71 apiece. — **Ashley Erika O. Jose**

Upskilling for the Philippine Energy Transition: The AboitizPower-JERA Talent Exchange Program

Strategic partners Aboitiz Power Corporation (AboitizPower) and Japan's JERA Co., Inc. (JERA) are working to further the energy transition within their own countries through innovation, collaboration and growth.

The companies have launched a talent exchange program aimed at bridging operational and technical gaps while fostering cross-cultural collaboration and continuous learning. This initiative goes beyond skills development as it is also about shaping future leaders and strengthening the partnership between the two companies.

A SHARED VISION

After AboitizPower signed a Memorandum of Understanding (MoU) with JERA in 2023, its talent exchange program became one of the strategic initiatives that helps build talent capability for existing AboitizPower thermal plants and future technology builds.

The program is in line with AboitizPower's growth strategy and the Philippines' broader energy transition goals, with JERA, Japan's largest power generation company, bringing a wealth of experience and technical expertise.

Then Deputy Plant Manager Marlon Silang of GNPowr Mariveles Energy Center, along with then Planning and Outage Manager



Jeremiah Cayondong, Jun Carlo Luchavez and Marlon Silang (2nd to 4th from left) are the first Filipino batch of the AboitizPower-JERA talent exchange program, receiving training and experience at Japan's Hekinan Thermal Power Station.

Jun Carlo Luchavez of Therma South, Inc. and then Distributed Control System and Control & Instrumentation Specialist Jeremiah Cayondong of Therma Visayas, Inc. were part of the first batch of engineers chosen for the exchange program. They were assigned to JERA's Hekinan Thermal Power Station, Japan's largest coal-fired power plant, producing a baseload of 4,100 megawatts.

Likewise, three Japanese engineers from JERA were assigned to AboitizPower and were given opportunities to exchange techniques

and knowledge in plant operations, as well enhance their English communications skills through continuous engagement.

AboitizPower team members may be nominated for the program by their managers or identified by senior plant management, depending on the program's structure. The nomination

to give me more knowledge that I can use in my career," Marlon shared.

UPSKILLING FOR A SUSTAINABLE FUTURE

AboitizPower believes in a balanced approach to the energy transition; one that supports the shift to a greener future while meeting the Philippines' growing energy demands. To navigate the energy transition successfully, the company recognizes the importance of investing in its workforce. It empowers team members to acquire the skills needed for emerging energy systems, driving innovation and ensuring competitiveness in a dynamic energy market.

A highly skilled workforce is fundamental to achieving a sustainable energy future. By providing opportunities to learn from global industry leaders, AboitizPower team members become better equipped with the latest knowledge and best practices, strengthening the company's foundation for the future.

"It [widens] your perspective [to] outside of the Philippines. You learn how to cope with uncomfortable situations. You learn to accept and



(L-R) Filipino engineers' Jeremiah Cayondong, Marlon Silang and Jun Carlo Luchavez learned Japanese prior to being sent to Japan for the AboitizPower-JERA talent exchange program.

THE IMPORTANCE OF EXCHANGE PROGRAMS

Exchange programs like the AboitizPower-JERA initiative are crucial for broadening the perspectives of participants, letting them embrace new cultures, adapt to change, and build networks that enhance organizational capabilities.

"The key difference of the exchange program is the immersive cultural experience. It's an opportunity to learn firsthand how things are done in a different country, which you can't get from traditional training programs," Jun said.

"Being exposed to JERA's advanced technology and extensive experience opens up fresh perspectives that would normally take years to acquire. This program accelerated our learning and helped us see the future of energy firsthand," Marlon added.

Currently, four new team members have been sent for the second batch of the AboitizPower-JERA talent exchange program, where they are assigned to the Hekinan Thermal Power Station and the Futtsu Thermal Power Station.

The AboitizPower-JERA Exchange Program stands as a powerful example of how strategic partnerships and continuous learning can propel the energy workforce forward. As these two companies continue to work together, their shared vision promises to shape a more sustainable future for the industry.



Batch 2 participants of the AP-JERA talent exchange program — (L-R) Nessandro R. Duyan, Leslie Abbyjill E. Ticon, Jackylou P. Cabalejo and Oliver B. Castro — arrive at the JERA corporate office.



Together with their families, a send-off party was held for Marlon, Jun and Jeremiah as they concluded their one-year exposure at JERA.

process begins with submitting a detailed key talent review form, highlighting their qualifications, interests, and how they would benefit from the experience. The process encourages open discussions between talents and their team leaders about career aspirations, ensuring they are well-prepared even before the nomination process begins.

"I saw the assignment in JERA as an opportunity for growth. I [knew] this exchange program would open new opportunities. It was an opportunity

embrace new cultures, and by doing so, you'll see and learn why they do things this way. You learn to adapt to change," Jeremiah said.

After their time in JERA, the three were promoted in AboitizPower's different generation companies. Jeremiah is now a Project Engineer Manager in Therma Luzon; Jun became a Senior Maintenance Manager in Therma Visayas; while Marlon is set to become the Generation Manager of GNPowr Mariveles Energy Center Ltd. Co. next year.