Philippine Stock Exchange index (PSEi) 6,557.09 ▼157.24 PTS. ▼2.34%

THURSDAY, NOVEMBER 14, 2024
BusinessWorld

PSEi MEMBER STOCKS

AC	Ayala Corp.	P620.00	-P37.00	-5.63%
ACEN	ACEN Corp.	P4.20	-P0.10	-2.33%
AEV	Aboitiz Equity Ventures, Inc.	P34.40	+P0.40	+1.18%
AGI	Alliance Global Group, Inc.	P8.70	-P0.28	-3.12%
ALI	Ayala Land, Inc.	P28.80	-P1.45	-4.79%
BDO	BDO Unibank, Inc.	P138.10	-P3.90	-2.75%
BLOOM	Bloomberry Resorts Corp.	P6.12	-P0.74	-10.79%
BPI	Bank of the Philippine Islands	P135.00	——	
CNPF	Century Pacific Food, Inc.	P40.70	-P0.30	-0.73%
CNVRG	Converge ICT Solutions, Inc.	P16.20	-P0.24	-1.46%
DMC	DMCI Holdings, Inc.	P10.60	-P0.08	-0.75%
EMI	Emperador, Inc.	P18.18	+P0.08	+0.44%
GLO	Globe Telecom, Inc.	P2,060.00	——	
GTCAP	GT Capital Holdings, Inc.	P629.50	-P20.50	-3.15%
ICT	International Container Terminal Services, Inc.	P380.00	+P2.00	+0.53%
JFC	Jollibee Foods Corp.	P258.00	+P3.00	+1.18%
JGS	JG Summit Holdings, Inc.	P21.85	-P0.60	-2.67%
LTG	LT Group, Inc.	P9.99	-P0.15	-1.48%
MBT	Metropolitan Bank & Trust Co.	P70.90	-P2.30	-3.14%
MER	Manila Electric Co.	P450.00	-P25.00	-5.26%
MONDE	Monde Nissin Corp.	P9.18	-P0.52	-5.36%
NIKL	Nickel Asia Corp.	P3.17	-P0.15	-4.52%
PGOLD	Puregold Price Club, Inc.	P29.30	-P0.60	-2.01%
SCC	Semirara Mining and Power Corp.	P31.20	-P0.40	-1.27%
SM	SM Investments Corp.	P876.00	-P24.00	-2.67%
SMC	San Miguel Corp.	P87.00	-P0.40	-0.46%
SMPH	SM Prime Holdings, Inc.	P26.10	-P0.90	-3.33%
TEL	PLDT Inc.	P1,300.00	-P35.00	-2.62%
URC	Universal Robina Corp.	P79.50	-P5.90	-6.91%
WLCON	Wilcon Depot, Inc.	P14.22	-P0.88	-5.83%

MPTC targets 50-50 split in tollway merger with SMC

By Ashley Erika O. Jose
Reporter

METRO PACIFIC Tollways Corp. (MPTC) is aiming for a 50-50 division in its planned merger with San Miguel Corp. (SMC), a company official said.

"For us, the 50-50 split is a very ideal scenario... It's a balancing act. Our preference from our side is 50-50," MPTC Senior Executive Vice President Arrey A. Perez told reporters on Wednesday.

He said the company plans to leverage its international assets, with reports suggesting a 90-10 division favoring Ang-led SMC in the expected tollway merger.

"Whatever it takes to make that happen — the 50-50 — if we're going to include the international assets, we will include. For now, our mandate is to have a 50-50 arrangement," Mr. Perez said.

The merger is unlikely to happen within the year, he also said.

"These things take time. These are huge assets. When you do a merger, you have to set your house in order."

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Currently, MPTC is studying the valuation of the companies, Mr. Perez said, adding that the company is not in a hurry to conclude the planned merger.

"At the end of the day, it's all about arriving at a fair valuation of their tollway portfolios to justify their respective stakes in the merged entity," Chinabank Capital Corp. Managing Director Juan Paolo E. Colet said in a Viber message on Thursday.

"A 90-10 split favoring SMC over MPTC would feel more like a takeover than a merger. In such a structure, SMC would gain overwhelming control, leaving MPTC with limited influence on major decisions, especially given that SMC's extensive tollway assets significantly outweigh those of MPTC," Globalinks Securities and Stocks, Inc. Head of Sales Trading Toby Allan C. Arce said in a Viber message.

Mr. Arce said in a 50-50 split scenario, balanced control would be retained and would allow both companies to leverage their strengths equally and allow both operations to benefit significantly through their strategic alignment.

He said a 50-50 merger is also expected to boost investor confidence as it would be seen as a stronger alliance by market investors.

"This could lead to a more stable post-merger stock performance as shareholders gain confidence in a collaborative, rather than contentious, business integration," Mr. Arce said.

However, Mr. Arce said that a 50-50 ownership structure between the two companies might be difficult to achieve, as they operate differently, which could lead to a decision deadlock.

"In a 50-50, decision-making could be challenging if both parties disagree on strategic directions. Without a dominant party, gridlocks in decision-making could delay critical projects, especially in an industry where timely infrastructure projects are crucial," Mr. Arce said.

In October, MPTC and its units together with Singapore's GIC Pte. Ltd., a global institutional investor, finalized their investment cooperation valued at $1 billion for the acquisition of a 35% stake in PT Jasamarga Transjawa Tol, a major toll road operator in Indonesia.

MPTC is the tollway arm of Metro Pacific Investments Corp., which is one of 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 stake in *BusinessWorld* through the Philippine Star Group, which it controls.

TOPLINE PRESIDENT and Chief Executive Officer Eugene Erik C. Lim

BW FILE PHOTO

Topline says IPO to proceed despite tough market conditions

By Revin Mikhael D. Ochave
Reporter

CEBU-BASED fuel retailer Top Line Business Development Corp. (Topline) will push through with its initial public offering (IPO) despite the local bourse's recent slump, its president said.

"We're already committed to our investors. Even through (tough) market conditions, I think we're still okay in pushing through with the listing," Topline President and Chief Executive Officer Eugene Erik C. Lim said during a media briefing in Makati City on Thursday.

Based on the company's prospectus dated Oct. 31, Topline has set Dec. 12 as its tentative listing date. The offer period will be from Nov. 27 to Dec. 3, while the price will be set on Nov. 18.

Topline's IPO will consist of 3.68 billion primary shares and an overallotment option of up to 368.31 million secondary shares priced at up to 78 centavos apiece.

The company expects to raise up to P2.75 billion in net proceeds, which will be used to build fuel depots in Mactan, Cebu and in Bohol that will have a combined storage capacity of 30 million liters.

A portion of the proceeds will also be earmarked for the acquisition of fuel tankers and tank trucks, as well as the construction of ten service stations for its Light Fuels fuel station chain.

"Market conditions are very tough at the moment, so hopefully they could pull off a successful IPO if they decide to push through this month," Chinabank Capital Corp. Managing Director Juan Paolo E. Colet said in a Viber message.

On Thursday, the bellwether Philippine Stock Exchange Index (PSEi) fell by 2.34% or 157.24 points to 6,557.09. This was the PSEi's lowest in over three months or since the 6,549.27 close on Aug. 8.

Mr. Lim said this as Topline's IPO is looking to capitalize on the P1.38-trillion economy of Central Visayas as well as the 9.02% fuel consumption growth rate in Cebu.

A study by the University of Asia and the Pacific and commissioned by Topline showed that Central Visayas' gross domestic product (GDP) grew by 7.46% year on year, outpacing the national GDP growth rate of 5.5% in 2023.

Central Visayas is also considered the largest regional market outside Luzon with a gross regional domestic product of P1.38 trillion and 6.45% share to total Philippine GDP.

The study likewise showed that diesel consumption in Cebu rose by 8.75% to 542.7 million liters in 2022 from 499 million liters in 2021.

"In our meetings with our investors, we have emphasized our results-driven approach and our rapid growth trajectory. Our IPO will help us pursue our vertical integration strategies in Central Visayas," Mr. Lim said.

Meanwhile, Topline is also launching its mobile-based Light Rewards App, which allows users to receive points for purchases made in Light Fuels stations as well as other retail customer-facing segments of the Topline Group.

The points can be used to redeem discounts, free products, and special offers. Light Rewards allows users to track their points balance and rewards status.

Topline is slated to be the fourth IPO this year, joining gold and copper mining company OceanaGold (Philippines), Inc., and renewable energy companies Citicore Renewable Energy Corp. and NexGen Energy Corp.

Automotive sales drive GT Capital's Q3 income to P7.94B

TY-LED conglomerate GT Capital Holdings, Inc. saw a 22% increase in its third-quarter (Q3) attributable net income to P7.94 billion from P6.5 billion last year, driven by its automotive unit Toyota Motor Philippines Corp. (TMP).

"The (growth) was principally due to the 13% growth in total revenues driven by the 13% growth in the revenue from automotive operations and 15% growth in equity in net income from associates and joint ventures," GT Capital said in a regulatory filing on Thursday.

Third-quarter revenue climbed by 13% to P84.41 billion, while core net income rose by 14% to P7.55 billion.

Costs and expenses increased by 10% to P72.42 billion from P65.61 billion in 2023.

For the first nine months, GT Capital saw a 6% decline in attributable net income to P21.72 billion from P23.09 billion last year.

"The decrease was principally due to the absence of significant property sales realized by the parent company and Federal Land, Inc. in 2024, offset by the 10% growth in revenue from automotive operations and 8% growth in equity in net income of associates and joint ventures," it said.

Nine-month revenue grew by 5% to P235.16 billion, while core net income dropped by 8% to P21.4 billion.

Costs and expenses increased by 7% to P202.28 billion versus P188.65 billion in 2023.

"We attribute the strong performance of GT Capital in the first nine months of the year to the favorable macroeconomic environment. In particular, the stable gross domestic product (GDP), slower inflation, and easing monetary policies during the period drove our core businesses above last year's record levels," GT Capital President Carmelo Maria Luza Bautista said.

"We are hopeful that this momentum will be sustained through the rest of the year, supported by the seasonal holiday spending and overall positive market outlook," Mr. Bautista added.

For the banking segment, Metropolitan Bank & Trust Co. (Metrobank) recorded a 12.4% increase in its nine-month net income to P35.7 billion on asset expansion, recovery in noninterest income, and improved asset quality.

Net interest income climbed by 11% to P85.7 billion. Gross loans increased by 15.6%, as commercial loans climbed by 16.6% and consumer loans grew by 12.3%.

The automotive business led by TMP saw a 12% growth in nine-month net income to P12.2 billion after selling 159,088 units, up by 10.3% from last year.

Sales rose by 9.9% to P178.94 billion, while gross profit increased by 13.9% to P25.5 billion amid higher purchases of the Vios, Wigo, Hilux, and Innova models.

For the property segment, Federal Land recorded a 65% decline in nine-month attributable net income to P652.1 million, while revenue fell by 27.6% to P9.54 billion.

The company posted a 25.7% drop in real estate sales to P5.3 billion, while reservation sales fell by 33% to P12 billion.

Pangilinan-led Metro Pacific Investments Corp. (MPIC) recorded a 28% increase in core net income to P20.8 billion. GT Capital has a 15.6% stake in MPIC.

MPIC's holdings delivered a 21% increase in contribution from operations to P24.3 billion.

AXA Philippines Life and General Insurance Corp. saw a 1.9% decline in net income to P2 billion. It generated a 16% increase in consolidated life and general insurance gross premiums to P22.6 billion.

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.

On Thursday, GT Capital shares fell by 3.15% or P20.50 to P629.50 per share. — **Revin Mikhael D. Ochave**

Manila Water's third-quarter income jumps 44.3% to P3.19 billion

RAZON-LED Manila Water Co., Inc. saw its third-quarter attributable net income jump by 44.3% to P3.19 billion from P2.3 billion a year ago, buoyed by higher revenues and customer demand growth.

The east zone water concessionaire's gross revenues for the third quarter grew by 18.6% to P9.19 billion from the previous year's P7.75 billion, according to its financial statement.

Gross expenses, on the other hand, increased by 7.9% to P4.21 billion from P3.9 billion last year.

For January to September, Manila Water posted an attributable net income of P10.49 billion, higher by 39.5% from last year's P7.52 billion.

Despite the cost of services and expenses increasing by 4% to P8.8 billion, revenues rose by 19% to P27.5 billion.

"Tariff adjustments for its East Zone Concession and several of its Non-East Zone Philippines (NEZ-PH) businesses continued to provide strong top line support to the robust growth in customer demand," the company said.

Manila Water said the implementation of approved tariff adjustments in the east zone and in several domestic subsidiaries was further supported by the stable 3% consolidated growth in billed volume.

Earnings before interest, taxes, depreciation, and amortization for the first nine months improved by 26% to P19.2 billion.

At Manila Water's east zone concession, revenues grew by 20% to P21.8 billion. Beyond the east zone concession, the Laguna, Clark, Boracay, and Estate Water contributed a combined revenues of P6.5 billion, up 23%.

Moreover, NEZ-PH recorded earnings of P908 million, higher by 89%.

Despite posting higher profit for local operations, its international business accounted for lower share, largely due to the lower contributions from Thailand and Vietnam.

"When we set out on our path to recovery and growth three years ago, we knew fully well that the road ahead would not be easy," Manila Water President and Chief Executive Officer Jose Victor Emmanuel A. de Dios said.

"We understood that sacrifices would need to be made at the onset, so that we can establish a robust structure and adopt practices that will result in sustainable efficiencies in our operations, better, more reliable service to our customers, and a more disciplined view of how we pursue growth," he added.

For the nine months ending in September, Manila Water's capital expenditures reached P16.7 billion, with the east zone concession accounting for 90% of the total at P15.1 billion. — **Sheldeen Joy Talavera**