Pacific Online acquiring 37.5% stake in HHR Philippines

PACIFIC ONLINE Systems Corp. is acquiring a 37.5% stake in electronic gaming platform software and service provider HHR Philippines, Inc. (HHRPI) for P150 million to grow its online gaming presence.

The two groups signed an investment agreement on Jan. 29, Pacific Online said in a regulatory filing on Thursday.

Under the deal, Pacific Online subscribed to 81,000 HHRPI common shares, equivalent to a 37.5% stake, worth P150 million, which will be paid in three tranches.

"Through this investment in HHRPI, the corporation will be expanding its presence in the online gaming business through a company licensed by the Philippine Amusement and Gaming Corp. (PAGCOR)," Pacific Online said.

"The new capital to be infused by the corporation into HHRPI, on the other hand, will be utilized by the latter to fund its expansion activities," it added.

HHRPI is a PAGCOR-licensed software and professional service provider of electronic gaming platforms for land-based and online gaming operators.

It is also a holder of a PAGCOR gaming license for online gaming under the brand "Buenas."

Pacific Online has business interests in the provision and management of online lottery systems, terminals, and software for the Philippine lottery gaming industry.

The company is a gaming unit of Belle Corp., which is engaged in resort development and gaming.

For the first nine months, Pacific Online saw a 98% decline in net income to P3.76 million from P228.24 million a year ago. Revenue declined by 17% to P388.4 million.

Pacific Online shares were last traded on Jan. 28 at P4 apiece. — **Revin Mikhael D. Ochave**

JG Summit says petrochemicals unit on indefinite shutdown

GOKONGWEI-LED JG Summit Holdings, Inc. said its petrochemicals unit, JG Summit Olefins Corp. (JGSOC), is now on an indefinite commercial shutdown amid "unfavorable global market conditions."

"Given persisting unfavorable market conditions in the global petrochemical industry, JGSOC is now on an indefinite commercial shutdown," JG Summit said in a statement on Thursday.

"JGSOC continues to evaluate various options to mitigate the adverse effects of challenging market conditions and will make the appropriate decision in due course," it added.

JG Summit said that JGSOC will continue to sell its existing product inventory during the commercial shutdown.

The conglomerate added that the liquefied petroleum gas operations of JGSOC's unit, Peak Fuel Corp., will continue.

In November last year, JG Summit infused up to P17.1 billion into JGSOC to cover maturing obligations.

This as JGSOC widened its net loss for the first nine months of 2024 to P11.4 billion amid "unfavorable global market conditions."

In January last year, JGSOC inaugurated a P150-billion expanded petrochemical facility in Batangas City.

The company markets its petrochemical products to over 30 countries. Some of its products include the olefin raw materials ethylene and propylene, which are used as feedstock for downstream polyethylene and polypropylene polymer plants.

Market analysts said that JG Summit should consider exiting the petrochemicals business amid the surging losses.

"Unless market conditions change significantly to make the company profitable, they should consider exiting that business," China Bank Capital Corp. Managing Director Juan Paolo E. Colet said in a Viber message after being sought for analyst comment.

According to Mr. Colet, JGSOC's indefinite commercial shutdown is the "best decision" under the circumstances as it has been a "heavy drag" to JG Summit.

"After years of massive losses and no clear prospects for a sustainable turnaround, there was really no other rational choice but an indefinite shutdown," he said.

"This should be ultimately positive for JG Summit as the group can now channel more time and resources to their other businesses," he added.

AP Securities, Inc. Research Analyst Jose Antonio B. Cipres said that JG Summit should instead shift its capital expenditure budget to other profitable segments.

"Exiting the business is something worth considering at this point in time given the current state of continued losses," he said in a Viber message.

"Not sure as to how long the earnings would continue to be dragged, but it's safe to assume that losses should start coming down by the first quarter this year," he added.

Aside from petrochemicals, JG Summit is engaged in agro-industrial and commodities, real estate and hotel, air transportation, and banking.

For the first nine months, JG Summit saw a 16% increase in net income to P17.9 billion as revenue climbed by 10% to P277 billion.

JG Summit shares fell by 0.12% or two centavos to P17.28 apiece on Thursday. — **Revin Mikhael D. Ochave**

ICTSI unit in Melbourne invests in hybrid container carriers to raise capacity

RAZON-LED International Container Terminal Services, Inc. (ICTSI), through its unit Victoria International Container Terminal (VICT) at the Port of Melbourne, has purchased four new hybrid automatic container carriers to expand its capacity.

The new carriers are set for delivery within this year and will help increase its capacity to 1.5 million twenty-foot equivalent units (TEUs) per year, the listed port operator said in a media release on Thursday.

These new carriers, purchased from Kalmar, a provider of heavy material handling equipment and services, will each feature a twin-box lifting capacity of up to 60 tons and hybrid technology with lithium-ion batteries for energy recovery.

This technology contributes to a 40% increase in energy efficiency and about a 50-ton carbon dioxide (CO2) emission reduction per carrier annually.

"These new hybrid carriers are part of our expansion plan, which will increase our capacity to 1.5 million TEUs annually. This investment demonstrates our commitment to customer focus, innovation, and sustainability, ensuring we can meet the growing demand for our services while minimizing our environmental impact," said VICT Chief Executive Officer Bruno Porchietto.

VICT, which started operations in 2017, is a unit of ICTSI in Melbourne, Australia. It is a fully automated container terminal servicing large vessels.

Last year, VICT logged five million TEUs since its operations began. ICTSI said previously that this will fuel its commitment to further invest in the terminal to accommodate the increasing demand for shipments. — **Ashley Erika O. Jose**

E-gaming drives PAGCOR income to P16.76B

THE Philippine Amusement and Gaming Corp. (PAGCOR) said it more than doubled its net income for 2024 to P16.76 billion from P6.81 billion in 2023, driven by growth in the e-gaming sector.

"The continuous growth of the e-games sector is the key driver of PAGCOR's record-breaking performance," PAGCOR Chairman and Chief Executive Alejandro H. Tengco said in a statement.

"It reflects the increasing popularity of digital gaming platforms and the transformative impact of technology on the industry."

PAGCOR data showed gaming operations and license fees stood at P97.52 billion.

The e-games and e-bingo sectors accounted for 50.03% of gaming revenues, equivalent to P48.79 billion.

Meanwhile, PAGCOR revenues jumped by 41% to a record-high P112 billion in 2024 from P79 billion a year ago.

BW FILE PHOTO

"Although the Philippine Offshore Gaming Operations (POGOs) ceased in December 2024 on orders of the President, the sector still contributed P2.99 billion, or 3.07%, to gaming revenues."

During his State of the Nation Address in July, President Ferdinand R. Marcos, Jr. ordered that all POGOs be shuttered by end-2024.

"Our 2024 revenues allowed us to support more government programs and other nation-building initiatives," Mr. Tengco said.

PAGCOR's contribution to nation-building also rose by 37.61% to P68.2 billion from P49.56 billion in 2023.

It also remitted P46.32 billion to the Bureau of the Treasury, which was 33.39% higher than its remittance in 2023. — **Aubrey Rose A. Inosante**

Fed,
from S1/1

John Paolo R. Rivera, a senior research fellow at the Philippine Institute for Development Studies, said the Fed's latest decision and signals could prompt the BSP to remain cautious and keep rates higher for longer.

"A premature rate cut could weaken the peso and drive inflationary pressures, especially given the country's reliance on imported goods and energy," he said via Viber.

"If the Fed delays its easing, the BSP may hold off on rate cuts to maintain interest rate differentials and prevent capital outflows," he added.

The BSP began its rate-cutting cycle in August last year, ahead of the Fed, and delivered a total of 75 bps worth of reductions. This brought the benchmark to 5.75% by end-2024.

BSP Governor Eli M. Remolona, Jr. has signaled further easing this year as the current policy rate is still in "restrictive territory," but cited that rate cuts will likely be implemented in "baby steps."

"Also, a prolonged high-rate environment in the US strengthens the US dollar, which could put depreciation pressure on the peso, raising import costs and inflation," Mr. Rivera said.

"This can also result in capital outflows from the Philippines as investors seek safer, higher-yielding US assets."

The Development Budget Coordination Committee expects the peso to range from P56-P58 per dollar in 2025 and P55-P58 in 2026.

The peso has been under volatility in the past months as the dollar surged on bets of slower-than-expected Fed cuts on expectations of inflationary pressures from Mr. Trump's economic policies.

"Given the Fed's cautious stance, expectations for rate cuts may be pushed further depending on US inflation and job market trends," Mr. Rivera said.

"Overall, the Fed's pause and cautious messaging reinforce the need for careful monetary policy calibration in the Philippines to manage inflation, support economic growth, and maintain peso stability."

Peso,
from S1/1

The BSP expects the Fed to deliver up to 75 bps worth of cuts this year and 25 bps for 2026.

The central bank said the peso depreciated in October and November "due to the broad strengthening of the US dollar after the US Fed signaled that there was no urgency to ease policy rates further."

In 2024, the peso closed at its record low of P59 thrice (on Nov. 21, Nov. 26, and Dec. 19.) It has yet to breach this all-time low, which was first set in October 2022.

"Concerns about the inflationary impact of (US President) Donald J. Trump's economic policies also weighed on the peso," the BSP added.

Mr. Trump has proposed several policies that could stoke inflation, such as stricter import tariffs and tighter immigration measures.

He has pledged tariffs as high as 60% on China, 25% on Mexico and Canada and an up to 10% universal tariff.

The BSP said the recent currency weakness was also influenced by slower gross domestic product (GDP) growth in the third quarter, higher outstanding debt, a wider trade and current account deficit, as well as political uncertainty.

"Nonetheless, the peso's depreciation was partly tempered by sustained structural FX inflows from foreign direct investment and foreign portfolio investment, and higher overseas Filipinos remittances," it added. — **Luisa Maria Jacinta C. Jocson**