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AEV three-month income down 29%

HOLDING firm Aboitiz Equity Ventures Inc. (AEV) posted a 29-percent decline in consolidated net income to P4.9 billion in the first quarter of 2014, translating to an earnings per share value of P0.88 for the said period.

From January to March this year, AEV registered a nonrecurring income of P470.6 million—largely due to a P634-million gain from the sale of some assets resulting from its business rationalization program.

However, foreign exchange losses from the revaluation of the combined dollar-denominated loans and placements which amounted to P163.4 million, affected the profit picture.

Without the nonrecurring gain, core net income declined by 20 percent to P4.4 billion in the first three months of the year.

Among AEV's strategic business units (SBUs), power significantly accounted for 73 percent of the total earnings during the period ending March 31. Its banking, food and property SBUs contributed 16.6 percent, 7.7 percent, and 2.8 percent, respectively. The profit share of Union Bank of the Philippines decreased from P1.8 billion to P730.6 million, down 59

percent year-on-year. Net interest income of the banking unit went up by 25 percent to P2.6 billion, while total other income fell by 66 percent to P1.8 billion. Pilmico Foods Corp.'s first-quarter income contribution for the year rose to P338.6 million from 2013's P325.2 million, up 4 percent.

This was driven by the improved performance of the unit's flour division, which posted a bottom line of P185.6 million.

Property developer Aboitiz Land Inc. infused P121.1 million to the total net profit during the period, 181 percent higher than the P43.1 million recorded last year.

Overall topline of AEV's property SBU for the period hit P664.4 million on the back of full consolidation of the recently acquired Lima Land Inc.

Consolidated assets amounted to P253.4 billion in the first three months of 2014, 3 percent higher than the year-end 2013 level, as cash and cash equivalents grew by 9 percent to P39.4 billion from P36.1 billion.

Combined liabilities stood at P125.5 billion, while equity attributable to equity holders of the parent rose by 5 percent to P101.9 billion.

Roderick L. Abad

Aboitiz Power reports P4.2-B income in Q1

ABOITIZ Power Corp.—the holding company of the Aboitiz Group's investments in power generation, distribution, retail and power services—on Wednesday booked a net income of P4.2 billion for the first three months of the year, 9-percent lower than the reported profit last year.

Core net income, likewise, declined by 3 percent to P4.4 billion at end-March due to the revaluation of consolidated dollar loans and placements which, it said, resulted in unrealized nonrecurring loss of P211.1 million.

The company's generation and distribution businesses each registered lower earnings.

In particular, the power-generation business registered P3.6 billion, 10 percent lower compared with the same period last year. It blamed the higher fuel cost brought about by the implementation of the geothermal resource sales contract for the Tiwi-Makban plants and expiration of Pagbilao power plant's income-tax holiday.

For the first quarter, Aboitiz Power

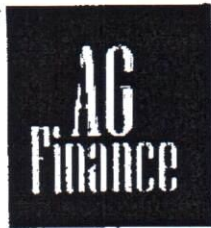
added 14 megawatts (MW) to the Mindanao grid with the start of commercial operations of its Tudaya 1 and 2 run-of-river hydro plants during the period. Construction works are ongoing for the 14-MW Sabangan run-of-river hydro plant and the 300-MW Davao coal plant, both of which are scheduled to be completed in 2015.

For the distribution business, the company posted a 17-percent decline in profit to P618.4 million. Although electricity sales grew by 5 percent to 1,000 gigawatt-hours, this was not enough to offset the higher costs registered by subsidiaries Visayan Electric Co. Inc., Davao Light & Power Co. Inc. and Cotabato Light & Power Co. during the period.

Aboitiz Power is one of the biggest renewable-energy producers in the country. It produces 1,146 MW of renewable energy including the 400-MW Tiwi-Makban geothermal complex in southern Luzon.

The company owns distribution utilities that operate in high-growth areas in Luzon, the Visayas and Mindanao. *Lenie Lectura*

AG Finance net income rose 39.6 % to over P60M in 2013



AG Finance Inc.'s net income increased by 39.61 percent to P60.292 million in 2013 from P43.187 million the year before on the back of its improved microfinance business, it was learned on Wednesday.

AG Finance reported that overseas Filipino workers (OFW) financing surged by 49.68 percent to P112.159 million from P74.930 million in 2012, because of increased loan releases to OFW borrowers.

Interest income rose to P120.82 million in 2013, 46.53 percent higher than 2012's P82.45 million.

"The increase was mainly attributed to the growth in loans, which is in line with [the] management's initiatives to aggressively expand its loan portfolio on a year-on-year basis," AG Finance said.

Salary and emergency loans posted an interest income of P8.20 million, 9.97 percent higher than the P7.46 million posted in 2012.

The company's interest income on bank deposits rose 583.60 percent.

Interest expense dropped to P2.90 million, 25.54 percent lower than 2012's P3.90 million.

Other income slightly decreased by 0.99 percent, caused by the decline in processing fees of P3.13 million, countered by the increase in penalties of P2.07 million and unrealized foreign-exchange gain of P960,000.

The company has waived the processing fees for some borrowers, but charged penalties for their pretermination or early loan repayment.

As of end-December, the company's operating expenses amounted to P41.10 million, 46.33 percent higher than 2012's P28.08 million. *Genivi Factao*

MVP: Innovations key to competitiveness in integration

A BUSINESS leader has called on Philippines companies to innovate and improve their competitiveness to prepare for the Association of Southeast Asian Nations (Asean) economic integration by 2015.

"Even before [the Asean integration] happens, Philippines businesses must learn to compete with the rest of [the] Asean without the benefit of protectionist policies from [the] government," Philippine Long Distance Telephone Co. Chairman Manuel V. Pangilinan said during the First Stratbase Thought Leaders Forum held at Manila Polo Club in Makati City recently.

"But certain things are clear: economies of scale, which means big business, greater competitive strength, and a Silicon Valley culture are all imperatives when this integration might happen," Pangilinan said during the forum,

which carried the theme "Transforming Philippine Business and Investments Towards Asean Integration."

Cutting-edge political management, research and advisory firm Stratbase marked its 10th anniversary with the launch of the Stratbase Thought Leaders Forum. The forum is a series of high-level events that gathers key business leaders in intelligent conversations on Philippines development issues, serving as an economic think tank, inspired by the work and achievements of former Stratbase Chairman and current Foreign Secretary Albert F. del Rosario.

According to Stratbase Managing Director Prof. Dindo Manhit, the Thought Leaders series is envisioned to be "the forum" for the country's most brilliant and influential personae to share ideas and explore how to positively respond to critical issues

affecting the country's development toward becoming a prosperous nation.

Pangilinan said Philippines companies should be innovative and bold in raising operational efficiencies, developing new products and services and reaching new markets in Asean.

He said to help companies, "the government must let loose a vibrant and competitive businesses [by] removing exorbitant business taxes, red tape in approval processes, inconsistencies in policies and rules, and populist tendencies which may unwittingly hurt [public] welfare in the long run."

"It is imperative that Philippines business and government work together to ensure that we do benefit from the fruits offered by [Asean] integration," Pangilinan said.

Another distinguished speaker during the forum, Ernest Z. Bower, president and chief executive officer

of top US-Asean consulting firm BowerGroupAsia and concurrently the senior adviser and Sumitro Chair for Southeast Asia Studies and co-director of the Pacific Partners Initiative at the Center for Strategic and International Studies, noted the importance of the alliance of the Philippines and the United States in the Asean integration.

"The two partners need the vision to understand that economic engagement is the foundation of a sustainable security partnership," Bower said.

The event was attended by the prestigious network of Stratbase who are among the most successful and most innovative leaders of Philippines business.

Stratbase is a full service advisory and research firm founded in 2004. Its clients include the Philippines's most prominent corporations and top multinational companies in the country.

Thursday, May 8, 2014

PSE No. 1 index in Asean

BY AMADO P. MACASAET

THE Philippine Stock Exchange is the No. 1 stock market in index for the last three years in the ASEAN region.

In an interview with Business Insight, Hans Sicat, president and chief executive officer of the PSE, said the growth of the market - and the 30-stock index - is fueled by investors who, he said, look positively at the economic indicators notably interest rate, inflation rate and growth of the Gross Domestic Product.

All of these, plus the availability of funds at historical low interest rates, help create

what he describes as a boom that has lasted for quite sometime, punctuated by periodic corrections resulting from profit taking.

The index does not exactly represent strength or stability of the market. According to Sicat, the stock market does not have adequate domestic liquidity that usually makes room for stability.

He admitted that foreign funds, mostly portfolio money, contribute half of liquidity. He said foreign money has so far increased by 50 per cent as in the first quarter of the year. He failed to identify how much of such money is portfolio or "hot money" and how much stays much longer.

Sicat admitted that "hot money" like water, seeks its own level. It moves around all over the stock exchanges of market driven societies of the world.

Nestor Olgado, a retired vice president of Barclays Bank in Manhattan, now living in Connecticut, explained in a telephone conversation "The harsher reality on liquidity is that the market capitalization of the Philippine market is so small, \$255 billion. So small that the capitalization of each of the top 10 US company is about as big as the market capitalization of the Philippine

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Sicat: "The market does not have adequate domestic liquidity that usually makes room for stability"



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PSE

Stock Exchange.”

He added “the market capitalization (value) of the world’s major stock markets rose to an all-time high of \$63.4 trillion in November 2011.

He explained “portfolio managers ‘are not married to investments in companies. They just want ‘alimony.’”

The contribution of portfolio money to market capitalization is temporary. This kind of money comes in and flies out at will but always for a gain.

Sicat pointed out that the PSE continues to be active in making trading transparent and more important, in introducing new instruments.

The latest, the “exchange traded fund” hatched by Jojo Dispo of First Metro Investment, is picking up rather slowly. Investors in the ETF are not buying into any specific shares of stocks.

They are buying the index of 30 stocks. Sicat said the average daily value of ETF transaction is above

P500,000. He pointed out, however, that the ETF with an assigned par value of P100, has been trading in the neighborhood of an average P110 or 10 per cent above par.

That yield, he said, is not available in so short a time in any formal investment market.

According to Sicat, the Bangko Sentral is willing to help promote the ETF among investors who hardly know anything about it. The ETF is a huge fund in big stock markets of the world. Investments in the fund have run into many billions of dollars.

The consensus among investors who know the ETF like they know the palm of their hands is the fund is the safest instrument. Such safety comes from the fact that while a few of the stocks or shares in the index may periodically fall, the rest could be performing extremely well. That keeps the index solid, less volatile compared to the price of a specific stock.

Aboitiz Equity profits down 29%

ABOITIZ Equity Ventures, Inc., said its profit in the first quarter of 2014 reached P4.9 billion, 29 percent lower than last year, equivalent to an earnings per share of P0.88.

The company said it booked a non-recurring profit of P470.6 million, the bulk of which was due to the recognition of P634 million from the sale of some assets as part of the Aboitiz's business rationalization strategy.

"However, this was partially offset by the foreign exchange loss on the revaluation of consolidated dollar-denominated loans and placements amounting to P163.4 million," the company said.

"Adjusting for these one-offs, AEV's core net income amounted to P4.4 billion, which is 20 percent lower than last year," Aboitiz added.

Out of the total earnings contributions from the company's strategic business units (SBUs), power accounted for 73 percent while the income contribution of the banking, food and land development SBUs were at 16.6 percent, 7.7 percent, and 2.8 percent respectively.

"Since our public listing in 1994, we have created substantial value for our shareholders, as proven by the 61 percent compounded annual growth rate in total return to shareholders over the last five years. We attribute this success to our focused strategy of sticking to our core competencies, executing defined strategies, and the unwavering commitment of a world-class team," said Erramon I. Aboitiz, company president.

PureFoods income hits P870M, up 24%

SAN Miguel Pure Foods Company Inc. (Purefoods) said its profit less minority interest reached P870 million, 24 percent higher than last year's P701.61 million. Consolidated revenues hit P24.2 billion, 5 percent higher than last year's P23.05 billion. Purefoods in a statement said the growth was achieved "on the back of higher volume, better selling prices, and improved efficiencies."

"The commodity businesses grew 9 percent in terms of revenue compared to the same period in 2013, on account of higher volume and better selling prices. Exclusive retail outlets contributed to the volume growth of the segment," Purefoods said.

The company meanwhile said its branded value-added businesses, which carry Purefood's core brands Purefoods, Tender Juicy, Magnolia, and San Mig Coffee, generated a combined revenue growth of 4 percent, mainly driven by the Magnolia Dairy, Fats and Oils and Coffee segments, which posted double-digit growth.

Metro Pacific profit up 32% at P2.3B

METRO Pacific Investments Corp. said its profit less minority interest for the first quarter of the year reached P2.3 billion, 32 percent higher than last year's P1.8 billion last year.

(The company said this quarter's profit carried a non-recurring profit of P101 million.)

Consolidated revenues reached P8.18 billion, up 11 percent higher than last year's P7.37 billion.

The company however is stressing its "core net income," which measures the company's operating results without the effect of one-off items, that hit P2.2 billion from P1.9 billion a year ago, up 15 percent.

"The rise in core net income was due mainly to earnings growth at Metro Pacific Tollways Corp., arising from traffic growth and increased shareholding in Manila North Tollways Corp., growth at Maynilad Water Services, Inc., and Manila Electric Co., due to moderately higher water and

energy volumes sold, and strong organic growth of, and the benefit from new investments in the Hospital group," Metro Pacific said in a statement.

Metro Pacific said that in terms of operating income, Maynilad accounted for P1 billion or 40 percent of total, Meralco contributed P900 million or about 30 percent of the total, while MPTC delivered P600 million or 21 percent of the total.

The hospital group meanwhile contributed P169 million or 6 percent of total.

Manuel V. Pangilinan, Metro Pacific chairman, said the results "reflect continuing improvements in service levels as well as efficiency and financing gains" of Metro Pacific's operating companies.

"Regulatory uncertainties in respect to certain of our core subsidiaries mean that we are not, for now, providing earnings guidance for the full year," he added.

Jose Ma. K. Lim, Metro Pacific president, said the company anticipates continued volume growth for the rest of 2014.

"But given ongoing uncertainties over regulatory stability for water, road and power prices, it is prudent to defer giving away earnings guidance for the full year at this time," he said.

Maynilad has entered into arbitration over rate-setting last year. Meralco is facing challenges over higher charges imposed by power plant operators and the toll roads business is experiencing delays in scheduled toll adjustments.

Meralco reported that the first quarter performance was a result of the combined effect of a 2-percent increase in energy sales to 7,908 gigawatt hours and significantly higher contributions from Meralco's subsidiaries, offset by the effect of a slight decrease in the distribution rate. The

volume growth was buoyed by sustained healthy demand from the commercial and industrial segments, which grew by 2.2 percent and 5.7 percent, respectively, while cooler temperatures restrained growth in residential demand.

Meralco is fast-tracking its power generation investment to stay ahead of the supply curve, Metro Pacific said.

Maynilad saw a 5-percent increase in the volume of water sold. The number of water connections rose 5 percent to 1.14 million by end of March from 1.09 million a year earlier.

The increase in water sold was achieved even as Maynilad managed to draw 4 percent less water from the Angat Dam, Metro Pacific said.

Non-revenue water dropped to 35.3 percent from 39.9 percent last year year, which was achieved through continuing lead repair program.

IMI Q1 profits jumps to \$5M

INTEGRATED Micro-Electronics Inc. (IMI) said its profit in the first quarter of the year jumped to \$5 million from \$300,000 in the same period in 2013.

Consolidated revenues reached \$205.7 million, 25 percent higher than last year's \$164.8 million.

"The growth is due to improved sales for IMI's operations in China, Europe, and the Philippines," the company said.

IMI China contributed 36 percent to IMI's first quarter revenues, posting \$73.2 million, up 29 percent from last year.

Driven by the expansion of the automotive business in IMI's factories in Eastern Europe, the company's operations in Europe and Mexico posted \$66.9 million in consolidated revenues, a 22 percent increase year-over-year.

The Philippine operation meanwhile benefited

from robust business in the storage device market, posting \$54.7 million in revenues, a 29 percent year-on-year growth.

"With the improving performance of IMI China due primarily to increased demand from customers in the telecommunications infrastructure market, IMI continues on its rapid growth trajectory," said Arthur Tan, IMI president.

"Higher sales and improved production efficiency have amplified the company's profits," Tan added.

IMI's subsidiary PSi Technologies Inc. generated \$10.9 million revenues, up 5 percent from last year driven by strong business with its major customers.

The company's cash position stood at \$61.8 million at the end of March 2014. Current ratio and debt-to-equity ratio are 1.5:1 and 0.5:1, respectively.

Metro Pacific's profit jumps 32%; PLDT seeks 15-hectare lot

By Jenniffer B. Austria

METRO Pacific Investments Corp. said Wednesday net income in the first quarter jumped 32 percent to P2.34 billion from P1.77 billion a year ago, on higher revenues from water distribution, hospitals, tollways and power generation.

Metro Pacific said in a

disclosure to the stock exchange consolidated operating revenues rose 10.8 percent to P8.17 billion from P7.37 billion in the first quarter of 2013, while core net income grew 15 percent to P2.2 billion.

Metro Pacific said in terms of contribution to the company's net operating income, Maynilad Water Services Inc. accounted

for P1 billion or 40 percent of the aggregate contribution while Manila Electric Co. contributed P900 million or 33 percent.

Metro Pacific Tollways Corp. delivered P600 million while the hospital group added P169 million.

Meanwhile, Manuel Pangilinan, who serves as chairman of both Metro Pacific

and Philippine Long Distance Telephone Co., said PLDT was looking for a property south of Metro Manila where the company would build a campus-like headquarters.

Pangilinan said the group planned to purchase 10 hectares to 15 hectares of land in Alabang in Muntinlupa City or in Sta. Rosa in Laguna where the

company would build a campus-like headquarters, similar to those in Silicon Valley in the United States.

"The problem is that we do not have those in Makati or Metro Manila, so you have to move south. So we are talking with some property developers about getting 10 to 15 hectares," Pangilinan told reporters.

Pangilinan, however, acknowledged that more than half of PLDT group's employees live in the northern part of Metro Manila.

"Some people who live in the north, more than 50 percent, have to travel all the way to Alabang or Sta. Rosa. So, we have to do a consensus among the employees," Pangilinan said.

Aboitiz Equity's income fell 29% to P4.9b in first quarter

ABOITIZ Equity Ventures Inc., the holding company of the Aboitiz family, said Wednesday consolidated net income fell 29 percent to P4.9 billion in the first quarter from a year ago, on lower profit contribution from power and banking businesses.

AEV's core net income also

declined 20 percent to P4.4 billion in the January-March period from the same period last year.

Power accounted for 73 percent of AEV's earnings, followed by banking with 16.6 percent, food with 7.7 percent and land development with 2.8 percent.

Aboitiz Power Corp., AEV's

power arm, recorded a consolidated net income of P4.2 billion in the quarter ending March 31, down 9 percent year-on-year.

Aboitiz Power's core net income amounted to P4.4 billion, or 3 percent lower mainly on revaluation of consolidated dollar loans and placements which

resulted in an unrealized non-recurring loss of P211.1 million.

The power generation business recorded an income contribution of P3.6 billion in the first three months, or 10 percent lower compared to the same period last year.

"Despite the drop in Aboitiz-

Power's earnings, we remain confident in the company's future growth plans. We remain committed to pursue our business plan, which very much supports the country's growth trajectory," said Aboitiz Power president and chief executive Erramon Aboitiz.

Alena Mae S. Flores

Housing developer 8990 Holdings chalks up higher profit of ₱2.2B

Mass housing developer 8990 Holdings Inc. booked a 29 percent increase in earnings to ₱2.18 billion last year from the ₱1.70 billion recorded in 2012, exceeding its ₱2-billion target.

In a statement, the firm said the higher profit came on the back of strong demand for affordable housing units amid the shortage in the country.

The increase could be traced to the 40 percent jump in gross revenue to ₱5.35 billion last year from ₱3.83 billion in 2012 that was fuelled by increased take-outs of the company's various mass housing projects located in Cavite, Angeles, Iloilo, Cebu and Davao cities.

"One main reason for our growth is that, because of our pre-cast technology, we are able to turnover to our buyers a completed housing unit in as fast as eight days," 8990 Holdings president

Januario Jesus Atencio said.

Atencio reported that the company's low-cost mass housing segment in Cebu, Iloilo, Davao, Pampanga, and Cavite accounted for 87 percent of total revenues posting a 26 percent growth in gross sales to ₱4.67 billion last year from ₱3.7 billion in 2012.

The firm's medium-rise building (MRB) segment accounted for 10.5 percent of total revenues with the ongoing project in Mandaue City in Cebu.

"The sales growth was mainly due to an increase in the number of units sold, supported by the increasing nationwide market acceptance of the company's CTS Gold program," he added.

The CTS Gold program is 8990's innovative in-house financing program that features a 2 percent down payment, 8.5 percent interest rate, and maximum loan terms of 25 years. (JAL)

Weaker income from power, banking cause 29% decline in AEV bottomline

By JAMES A. LOYOLA

Aboitiz Equity Ventures, Inc. (AEV) reported a 29 percent drop in consolidated net income for the first quarter of 2014 to ₱4.9 billion, despite a non-recurring gain, due to weaker earnings from its power and banking businesses.

In a disclosure to the Philippine Stock Exchange, the firm said it booked a non-recurring income of ₱470.6 million in the first quarter of the year.

The bulk of this was due to the recognition of a gain amounting to ₱634.0 million resulting from the sale of some assets as part of the AEV's business rationalization strategy.

However, this was partially offset by the foreign exchange loss on the revaluation of consolidated dollar-denominated loans and placements amounting to ₱163.4 million.

Adjusting for these one-offs, AEV's core net income amounted to ₱4.4 billion, which is 20 percent lower than last year.

Out of the total earnings contributions from the AEV's strategic business units (SBUs), power accounted for 73.0 percent while the income contribution of the banking, food and land development SBUs were at 16.6 percent, 7.7 percent, and 2.8 percent respectively.

Aboitiz Power Corporation (Aboitiz-Power) ended the quarter with an income contribution of ₱3.2 billion, registering a 9 percent decrease when compared to the previous year's ₱3.5 billion.

The lower contribution of its power generation business segment slightly pulled down the consolidated net income of Aboitiz Power Corporation to ₱4.2 billion in the first quarter compared to ₱4.6 billion in the same period a year ago.

The listed firm's core net income had also been down by 3.0 percent to ₱4.4 billion from last year's ₱4.5 billion, mainly because the "revaluation of dollar loans and placements resulted (in) an unrealized non-recurring loss

amounting to ₱211.1 million."

In the first three months, Aboitiz Power reported that the performance of its power generation core business turned a bit anemic, with 10-percent reduction in income contribution. The segment's earnings for the period had been ₱3.6 billion.

The company specified that the main contributing factor to income decline had been "higher fuel cost brought about by the implementation of the Geothermal Resource Sales Contract (GRSC) for the Tiwi-MakBan (Makiling-Banahaw) plants" – a steam supply deal it inked with Philippine Geothermal Production Company (PGPC), a joint venture company of the Sy Group and American firm Chevron.

Conversely, the company indicated that the power generation units' share to bottom-line outcome could have been heftier "if not for the expiration of the Pagbilao plant's income tax holiday."

Ford Phils. posts 60% growth in April sales

Ford Philippines yesterday claimed it posted all-time best monthly performance with April retail sales soaring 60 percent year-on-year to 1,764 units and bringing its total January-April sales to 5,456 units against 3,786 units in the same period last year.

Based on its statement, the company's record April performance was led by continuing strength in demand for the Ranger, Everest and Fiesta nameplates, with Ford's momentum being given another boost from the recently launched all-new EcoSport, which delivered an all-time best monthly sales performance for any Ford nameplate in the Philippines.

"These all-time monthly record sales performances are being driven by the terrific customer response to our

segment-leading Ford vehicles, which now includes the tremendously popular all-new EcoSport," said Kay Hart, managing director, Ford Philippines. "The product-led transformation of our business continues to build momentum with each new global Ford vehicle that we introduce."

In its first month of availability, the all-new EcoSport is living up to expectations for defining a whole new vehicle segment – the compact, urban SUV – delivering a Ford monthly retail sales record of 694 units.

The Ford Ranger continued to demonstrate its strong appeal as the most versatile pickup truck in the market with April retail sales increasing 16 percent year-over-year to 480 units. Year-to-date sales of the Ranger have

now jumped 85 percent to 2,100 units.

"The rugged appeal and overall capability of this extraordinary pickup continue to appeal to a wide range of customers and their respective work and lifestyles in the Philippines. The Ranger truly defines a new benchmark for pickup trucks in performance, capability, and quality," said Hart.

Ford's popular Everest family SUV continues to be a hit, with April retail sales soaring 117 percent year-over-year to 319 units. Year-to-date sales of the Everest have increased more than 24 percent to 1,067 units.

The sporty Ford Fiesta is contributing to the record monthly performances with year-to-date sales that have gained nearly 18 percent from the same period last year to a total of 823 units.

Pure Foods' Q1 profit surges to ₱870 M

By JAMES A. LOYOLA

San Miguel Pure Foods Company Inc. (SMPFC), the food subsidiary of diversified conglomerate San Miguel Corporation, reported a 24 percent increase in its first quarter attributable net income to ₱870 million. In a disclosure to the Philippine Stock Exchange, the firm said it posted strong first quarter results on the back of higher volume, better selling prices, and improved efficiencies. SMPFC's consolidated revenues for the first three months of the year reached ₱24.2 billion, a 5 percent increase over the same period last year. The company is confident it can sustain this growth momentum. Its Commodity businesses posted 9 percent revenue growth compared to the same period in 2013, on account of higher volume and better selling prices. Exclusive retail outlets contributed to the volume growth of the segment. The Branded Value-Added Businesses, which carry SMPFC's core brands Purefoods, Tender Juicy, Magnolia, and San Mig Coffee, generated a combined revenue growth of 4 percent, mainly driven by the Magnolia Dairy, Fats and Oils and Coffee segments, which posted double-digit growth. Meanwhile, its international business in Indonesia sustained its recovery with the introduction of new products. The export business also showed continuous growth with the expansion to new territories and markets. Meanwhile, SMPFC said its board of directors has approved the declaration of cash dividends for preferred shareholders of the Company as of record date of May 22, 2014, at ₱20.00 per share. Payment date is June 3, 2014.

Nickel Asia earnings surge to ₱594M on one time gain

By JAMES A. LOYOLA

Nickel Asia Corporation reported that its attributable profit reached ₱593.7 million in the first quarter of the year, almost six times the ₱100.3 million reported during the same period in 2013 due to a one-time gain.

In a disclosure to the Philippine Stock Exchange, the firm said Earnings before interest, tax, depreciation and amortization (EBITDA) amounted to ₱794.7 million compared to ₱653.7 million in the prior year.

"This year is significant for the company being the first full year of operation of the new Taganito plant. With LME nickel prices currently holding at above \$8.00 per pound, we hope to see THPAL's performance improving in the coming months," said NAC president Gerard Brimo.

Net of the none cash and one-time gain of ₱416.6 million, NAC's core income during the first quarter of 2014 stood at ₱177.1 million.

NAC's net income for the first quarter of 2014 is inclusive of a non-cash gain of ₱416.6 million.

This one-time gain represents the Company's share of the revaluation by its 60 percent-owned subsidiary, Rio Tuba Nickel Mining Corporation (RTN), of its 10 percent ownership in the adjacent processing plant under Coral Bay Nickel Corporation (CBNC).

RTN's equity in CBNC was subsequently declared as property dividends to NAC during the period in review. As a result, NAC's ownership in CBNC increased from an indirect 6 percent to a direct 10 percent interest.

During the first quarter, NAC also recognized ₱11.7 million in equity income from its 22.5 percent investment in Taganito HPAL Nickel Corporation (THPAL). This represents the company's share of the \$1.4 million earnings reported by THPAL during the said period.

The plant produced 5,250 tons of contained nickel in the form of mixed sulfides, while shipments amounted to 5,734 tons. The plant operated at about 70 percent capacity, with minor repairs and fine-tuning continuing throughout the quarter at the newly commissioned plant.

Total revenues during the comparable first quarter periods increased from ₱1.40 billion in 2013 to ₱1.70 billion in 2014. Higher revenues were achieved despite lower prices when compared to the same period last year.

NAC sold an aggregate 2.65 million wet metric tons (WMT) of nickel ore in the first three months ended March 31, 2014, as compared to 1.74 million WMT in the same period last year.

The 52 percent increase in shipments is mainly due to the start of regular ore deliveries to the new Taganito processing plant.

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AEV earnings dip on weak power, banking units

By Doris C. Dumlao

Aboitiz conglomerate also hit by forex losses in 1st quarter

CONGLOMERATE Aboitiz Equity Ventures Inc. posted a 29-percent year-on-year decline in its first quarter net profit to P4.9 billion, due to lower earnings contribution from its power and banking businesses.

Excluding non-recurring items, AEV's core net income in the first three months amounted to P4.4 billion, 20 percent lower than the level last year.

AEV booked a first-quarter non-recurring income of P470.6 million as the company booked gains amounting to P634 million from the sale of some assets. However, this was partially off-

set by the foreign exchange losses on the revaluation of consolidated dollar-denominated loans and placements amounting to P163.4 million.

Out of AEV's total earnings contributions, power accounted for 73 percent while the income contribution of the banking, food and property units were at 16.6 percent, 7.7 percent and 2.8 percent, respectively.

Energy unit Aboitiz Power Corp. posted a 9 percent year-on-year decline in first quarter profit to P3.2 billion. The power generation business

declined by 10 percent on higher fuel costs brought about by the implementation of the geothermal resource sales contract for the Tiwi-Makban project. AEV said its generation group's income contribution for the quarter could have been higher if not for the expiration of the Pagbilao power plant's income tax holiday.

On the other hand, the power distribution group's income contribution for the first quarter decreased by 17 percent as the increase in sales was not enough to offset higher costs regis-

tered by Visayan Electric Co. Inc., Davao Light & Power Co. Inc. and Cotabato Light & Power Co. during the period. The group's year-to-date gross margin on a per kilowatt-hour basis declined to P1.53 from P1.63 a year ago.

Meanwhile, Union Bank of the Philippines' income contribution for the first quarter decreased by 59 percent year-on-year to P730.6 million.

AEV's non-listed food subsidiary, Pilmico Foods Corp., on the other hand, posted a 4 percent year-on-year

increase in first quarter income contribution to P338.6 million. This was attributed to the strong performance of the flour division, which registered a net income of P185.6 million year-on-year on improved margins. The farms business grew by 19 percent on higher sales volume and average selling price. The feeds division was muted by higher input costs.

Property unit Aboitiz Land Inc. grew its net income by 181 percent year-on-year to P121.1 million. The growth was due to the 100 percent consolidation of Lima Land Inc., resulting in the industrial segment becoming its main revenue contributor.

Ford's PH vehicle sales hit record in April

By Amy R. Remo

FORD GROUP Philippines posted record high monthly vehicle sales of 1,764 units in April, reflecting a 60 percent increase compared to the number of units sold in the same month last year.

This brought Ford Philippines' sales to 5,456 units during the first four months of 2014.

In a statement, Ford Philippines managing director Kay Hart noted that the company's all-time monthly record sales performances are being driven by

the "terrific customer response" to its segment-leading Ford vehicles, which now included the all-new EcoSport.

"The product-led transformation of our business continues to build momentum with each new global Ford vehicle that we introduce," Hart added.

According to Ford Philippines, the record high sales in April was led by the strong demand for the Ranger, Everest and Fiesta nameplate. This sales momentum was further boosted with the launching of the all-new EcoSport earlier this year. In its first month of availability, the EcoSport hit

record sales of 694 units.

"The extraordinary response to the EcoSport confirms that consumers truly appreciate what this all-new compact SUV delivers," Hart explained.

The Ford Ranger also continued its market appeal with April sales increasing 16 percent year-on-year to 480 units. The Ranger's 2014 sales have now jumped 85 percent to 2,100 units.

Ford's Everest family SUV saw its April sales rising by 117 percent to 319 units. Year-to-date sales of the Everest have increased by more than 24 percent to 1,067 units.

Ayala tech unit posted sharp gains in Q1

GLOBAL electronics manufacturer Integrated Micro-Electronics Inc. (IMI) posted sharp gains in its first-quarter net profit on improved operations in China, Europe and the Philippines.

In the first three months, net profit surged to \$5 million from only \$300,000 in the same period last year, IMI yesterday reported to the Philippine Stock Exchange.

IMI, a unit of the Ayala Group and a leading worldwide provider of electronics manufacturing services, reported a 25-percent growth in rev-

enue to \$205.7 million in the first quarter.

"With the improving performance of IMI China due to increased demand from customers in the telecommunications infrastructure market, IMI continues on its rapid growth trajectory," IMI president Arthur Tan said in a statement. "Higher sales and improved production efficiency have amplified the company's profits."

IMI China contributed 36 percent to the company's first quarter revenue amounting to \$73.2 million—up by 29 percent from last year.

Also, IMI operations in Europe and Mexico registered a 22-percent year-on-year rise in consolidated revenues to \$66.9 million during the same period.

In the Philippines, IMI posted gains of \$54.7 million in revenue—29 percent higher year-on-year.

IMI subsidiary PSi Technologies also reported a 5-percent increase in revenue from that of last year.

The company ended the period with a cash position of \$61.8 million.

Doris C. Dumlao

Metro Pacific registered strong profit growth in first 3 months

INFRASTRUCTURE holding firm Metro Pacific Investments Corp. (MPIC) registered a 32-percent year-on-year increase in its first quarter net profit to P2.3 billion as the company unlocked higher earnings contribution from its water, electricity, tollroad and hospital businesses.

Net profit in the first three months went up by 15 percent to P2.2 billion as the company booked non-recurring gains from the sale of real estate assets.

"All our businesses achieved growth in profitability for the first quarter, helped in large measure by debt refinancing last year," said Jose Ma. Lim, MPIC president and chief executive officer. "We anticipate continued volume growth for the rest of 2014 but, given ongoing uncertainties over regulatory stability for water, road and power prices, it is prudent to defer giving away earnings guidance for the full year at this time."

Maynilad Water Services contributed P1 billion to the company's net operating income, accounting for 40 percent of the aggregate contribution. This represented a modest increase of 2 percent due to moderately higher water volumes sold.

The power business contributed

P878 million to the holding firm—13 percent higher year-on-year.

Tollroad unit Metro Pacific Tollways delivered P600 million in earnings contribution—26 percent higher than that of last year.

MPIC's hospital unit contributed P169 million—20 percent year-on-year.

"All our businesses are fully focused on service quality and operational efficiency, while ... growing our sales and core profitability to improve the lives of all our customers—providing first class medical care, offering safe and efficient road transportation, delivering electricity to power homes and businesses, and piping water to improve consumption and sanitation," said MPIC chair Manuel V. Pangilinan.

"The results for the first quarter reflect continuing improvements in service levels as well as efficiency and financing gains for our operating companies," he added.

On the arbitration case against water regulators, Maynilad president Victorico Vargas said hearings would take place in August and September.

If completed, he said, a decision should be expected by yearend.

Doris C. Dumlao

MMC eyes P683-M offer

Mine firm to fund drilling program, pay off debt

By Ronnel W. Domingo

MANILA Mining Corp. (MMC) yesterday announced plans to offer to existing shareholders some 57 billion of its unissued stock on June 16-20.

The company said in a disclosure that its board of directors approved last March the offering of some 34.17 billion of the company's "A" shares, which are restricted to Filipino shareholders, and 22.76 billion of "B" shares, which are open to foreign investors.

With an offer price of 1.2 centavos per share, MMC is looking at raising some P683 million in fresh capital.

The company said proceeds are meant for use in its drilling program and for working capital, as well as to pay off debt.

An affiliate of Lepanto Consolidated Mining Co., MMC's operations are currently suspended, although it spent a total of P32 million in 2012 and 2013 for the rehabilitation of its mine and tailings pond.

MMC used to produce gold bullion and copper concentrates from the mine it operated in Surigao del Norte until 2001.

The company has a pending application for another renewal of the exploration permit held by its lone subsidiary Kalayaan Copper-Gold Resource Inc., which was first approved in 2007 and renewed in 2010.

Also, it has two existing mining lease contracts for an area in Placer, Surigao del Norte, as well as three mineral production sharing agreements covering areas in Surigao del Norte and Agusan del Norte.

According to MMC's latest annual report, all expenses related to administrative matters and depreciation or depletion will be booked as losses until it is able to restart commercial operations.