DAILY REPORT

MANDARIN SECURITIES CORPORATION

August 15, 2023

Market Commentary

➡ **<u>The View:</u>** The PSEi plunged by 76.72 points or 1.20% and ended at 6,329.19 to kick off the week. The benchmark index fell through to the 6,300-level as lingering concerns over the Philippines' disappointing 2Q2023 gross domestic product (GDP) result continued to weigh on investors. Market sentiment also bore additional burden from further signs of weakness in China's property sector. In the US, the 3 main indices rebounded following a losing week. The Dow inched up by 0.07%, while the S&P500 and the Nasdaq Composite rose by 0.58% and 1.05%, respectively. The July retail sales data is due today (US time) and will be closely watched by investors for insights on consumer sentiment amidst the continuing high interest rate environment. Meanwhile, European markets also posted some small recovery from selloffs last week. However, the worrying data from China could likely dampen prospects for a continued rally. Europe's earnings season has almost reached its end, so the focus is likely to shift back to economic developments both foreign and domestic. In the Asia-Pacific front, markets largely fell. Hong Kong's Hang Seng led the losses in the region with an almost 2% drop. Real estate stocks led the decline after China's July credit data showed a massive decrease in borrowings of both businesses and households. Japan's Nikkei went down by 1.27% ahead of the release of its 2Q2023 GDP figure today, and its July inflation data on Friday. In the local bourse, Mining&Oil (+0.60) was the lone sector to go up. Property (-2.13%) and Holding Firms (-1.58%) had the biggest losses. In the main index, SMPH (-4.29%), AGI (-4.02%), and MONDE (-3.83%) were the worst performers among 18 laggards. On the other end, SCC (+3.33%), URC (+1.46%), MPI (+1.00%) had the biggest gains while the rest of the 10 gainers had sub-1% additions. The market's value turnover rose by 20% to PHP4.58 billion, while total foreign activity went up by 18% to PHP4.03 billion. Net foreign sell was higher by 21% at PHP361.26 million. The Philippine Peso closed 46.5 cents weaker at PHP56.78 against the US dollar. It almost dropped to the PHP57-level after an intraday low of PHP56.99. On a positive note, the Bangko Sentral ng Pilipinas (BSP) is trying to quell worries about the local currency, citing the narrower policy differential with the US Federal Reserve (Fed) after the latter's 25-bps hike last July as the main reason of the decline. BSP Governor Eli Remolona also stated that the Philippine Peso is the 4th least depreciated currency in the region so far. For today, the PSEi could be due for a rebound after falling by 3.08% in the last 3 sessions. However, a significant rally may be less possible due to further weakened market sentiment due to concerns over China's property sector.

PSEI INTRADAY

INDICES

Index	Prev	Last	% Chg
PSEi	6,405.91	6,329.19	-1.20%
All Shares	3,430.19	3,397.89	-0.94%
Financial	1,908.54	1,899.66	-0.47%
Industrial	8,993.73	8,972.26	-0.24%
Holding Firms	6,065.90	5,969.99	-1.58%
Property	2,675.78	2,618.75	-2.13%
Services	1,552.96	1,532.79	-1.30%
Mining & Oil	9,849.30	9,908.30	0.60%

TOP 10		BOTTOM 10	
SCC	3.33%	SMPH	-4.29%
URC	1.46%	AGI	-4.02%
MPI	1.00%	MONDE	-3.83%
ACEN	0.78%	TEL	-3.04%
MER	0.71%	AEV	-2.92%
GTCAP	0.38%	DMC	-1.89%
UBP	0.27%	AC	-1.82%
PGOLD	0.18%	SM	-1.76%
MBT	0.17%	LTG	-1.68%
BPI	0.09%	ICT	-1.57%

Stock Picks

Stock	Date	Initial Price	Current Price	Return since Recommendation: Stock	Return since Recommendation: PSEi
TEL	3/13/20	1,029.00	1,275.00	23.91%	9.24%
CNPF	3/13/20	13.10	26.20	100.00%	9.24%
FGEN	9/23/20	24.80	20.00	-19.35%	7.41%
AP	9/23/20	25.55	35.80	40.12%	7.41%
BDO	11/17/20	92.60	141.80	53.13%	-8.51%
BPI	11/17/20	83.00	113.90	37.23%	-8.51%
MBT	11/17/20	44.35	57.30	29.20%	-8.51%
SECB	11/17/20	103.90	82.00	-21.08%	-8.51%
CNVRG	6/13/22	22.50	9.17	-59.24%	-2.13%
ALI	6/13/22	30.05	29.05	-3.33%	-2.13%
SGP	6/13/22	12.06	8.06	-33.17%	-2.13%
Ave. Return				13.40%	-0.65%

MARKET DATA

Market Volume	716,166,416
Market Turnover (Value)	4,578,659,940
Foreign Buying	1,833,394,233
Foreign Selling	2,194,652,063
Net Foreign Buy / (Sell)	(361,257,830)

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Economic Developments

- **Profit of Philippine banks rises to PHP179 billion in the first half.** In the first half of the year, Philippine banks saw their earnings surge by 25% as the non-performing loan (NPL) ratio improved in June, reversing a 5-month upward trend. According to preliminary data from the Bangko Sentral ng Pilipinas (BSP), the combined net income of banks operating in the country reached PHP178.5 billion between January and June, marking a significant increase from last year's PHP143.12 billion. Over the 6-month period, the industry's total operating income spiked by 56.2% to PHP736.16 billion, driven by a 17% rise in net interest income and a 41% increase in interest earnings. While the non-interest income of Philippine banks dipped by 7.7% to PHP107.94 billion in the first semester due to reduced earnings from the sale of other assets and a decline in trading income, earnings from fees and commissions experienced almost a double-digit growth. The BSP's key policy rate adjustments, which raised the benchmark interest rate to 6.25% to address inflation and stabilize the peso, appear to have supported the sector's stability. BSP Governor Eli Remolona Jr. noted that the Philippines' robust banking system contributed to the country's quicker recovery from the COVID-19 pandemic compared to its regional neighbors, with the gross domestic product growth accelerating to 7.6% in 2022. *(Philstar)*

- **Government eyes PHP80 billion from sale of PAGCOR casinos.** The Philippine Amusement and Gaming Corp. (PAGCOR) is considering privatizing its more than 40 casinos across the country, with potential earnings of up to PHP80 billion from the initiative. PAGCOR Chairman and CEO Alejandro Tengco stated that the move is aimed at increasing the value of the privatized assets. Initially, the Department of Finance estimated that PHP200 billion to PHP250 billion could be generated from the privatization, but this assumed that PAGCOR owns properties. Since PAGCOR primarily leases properties for its casinos, the estimated amount has been revised to a minimum of PHP60 billion to PHP80 billion for licenses, which could increase further through bidding. Currently, PAGCOR has a dual role as both a regulator and operator in the Philippine gaming industry. It oversees and licenses casino gaming while also operating 45 casinos across the country. The move towards privatization aims to separate these conflicting roles, allowing PAGCOR to solely function as a regulator. The privatization plan is expected to be completed by mid-2025, pending the approval of President Marcos. Tengco also mentioned that PAGCOR is projected to achieve 92% of its pre-pandemic revenue figures this year, contributing significantly to nation-building through its earnings distribution to various government bodies. *(Philstar)*

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Economic Developments

➡ **NCR building materials price growth eases in July.** In Metro Manila, the growth of wholesale and retail prices for building materials eased in July, according to the Philippine Statistics Authority (PSA). The construction materials wholesale price index (CMWPI) reported a year-on-year growth of 5.7% in July, marking the lowest since February 2022. This follows June's 5.9% growth rate, and contrasts with July 2022's 8.7% increase. The CMWPI has been on a decline for nine consecutive months since its peak of 11% in October, averaging at 7.4% for the seven months up to July, compared to 7.1% the previous year. The PSA attributed the lower growth rate in July to reduced price growth in key materials such as concrete products and cement (8.4% from 8.9% in June), sand and gravel (3.6% from 4.1% in June), hardware (5.9% from 6.2%), plywood (4% from 4.2%), lumber (4.2% from 5.1%), electrical works (5.5% from 5.9%), painting works (10.3% from 11.2%), plumbing fixtures and accessories/waterworks (3.2% from 3.6%), and doors, jambs, and steel casements (4.6% from 4.9%). The construction materials retail price index (CMRPI) in the National Capital Region also showed a weakening trend, declining to 1.5% in July from 1.9% in June and 7% in the same period last year. *(BusinessWorld)*

Corporate Developments

➡ **International Container Terminal Services, Inc. (ICT).** ICT has reported its unaudited consolidated financial results for the first half of 2023, showing a 10% increase in revenue from port operations to $1.16 billion compared to the same period in 2022. The company's Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) reached $728.88 million, representing an 8% increase year-on-year. Net income attributable to equity holders rose by 7% to $313.80 million, driven by higher operating income, interest income, and lower COVID-19-related expenses. The company's strong performance was partially affected by a nonrecurring impairment of goodwill attributed to Pakistan International Container Terminal (PICT) and increased depreciation and amortization, interest on loans, lease liabilities, and concession rights payable. Excluding the PICT impairment, net income attributable to equity holders would have grown 10% to $324.41 million. Diluted earnings per share increased by 9% to $0.147 in 2023. In terms of operational metrics, ICT handled a consolidated volume of 6,275,837 twenty-foot equivalent units (TEUs) in the first half of 2023, marking a 9% increase compared to the same period in 2022. This growth was mainly attributed to the contribution of MNHPI in Manila and improved trade activities. Despite challenges such as the expiration of the concession contract at PICT and slowdowns in certain terminals, the company's consolidated throughput for the quarter ended June 30, 2023, increased by 9% to 3,173,732 TEUs. ICT's gross revenues from port operations also increased by 10% to $1,164.97 million for the first half of 2023. This growth was due to various factors including contributions from MNHPI and new businesses at IRB Logistica, volume growth, tariff adjustments, and favorable translation impacts. The company's continued focus on cost optimization and cost containment measures contributed to its strong financial performance. The company's outlook remains positive as it continues to expand its operations and pursue container terminal opportunities globally. The estimated capital expenditure for 2023 is approximately $400 million, mainly allocated for ongoing expansions, equipment acquisitions and upgrades, and capital maintenance requirements. *(ICT Disclosure)*

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Corporate Developments

- **Globe Telecom, Inc. (GLO).** During the first half of 2023, the GLO achieved a 2% increase in consolidated service revenues, reaching a record PHP80.4 billion. This growth was driven by steady data revenue expansion in both mobile and corporate data sectors, as well as strong contributions from non-telco services, accounting for 3.5% of total gross service revenues. Data revenues made up 82% of the total for the first half of the year, with mobile data revenues growing by 5% compared to the previous year. Despite challenges such as inflation and shifting market trends, GLO maintained its positive trajectory in mobile business, broadband, and digital solutions. Furthermore, GLO has invested PHP37.7 billion in capital expenditure for the first six months of the year, primarily focused on data requirements. The company expanded its infrastructure, with 542 new cell sites and 5,087 mobile sites upgraded to LTE, catering to the increasing data demands of customers. In its 5G efforts, GLO deployed 356 new 5G sites across the Philippines, achieving 97.44% 5G outdoor coverage in the National Capital Region. The company's digital solutions platforms, including fintech arm Mynt, continued to exceed expectations, contributing significantly to overall profitability. Although facing macroeconomic challenges, GLO remains optimistic about sustaining its leadership in mobile and its commitment to delivering reliable connectivity. The company is aligned with the UN Sustainable Development Goals, and its ongoing network expansion aims to drive economic growth and innovation. Despite a changing landscape, GLO's focus on digital solutions and connectivity positions it well for future growth. The company has adjusted its 2023 outlook due to prolonged macroeconomic challenges. The service revenue growth projection for the year has been revised from "mid-single digit growth" to "mid-to-low single digit growth" compared to 2022 levels. This shift accounts for extended inflationary pressures affecting consumer purchasing power and the continued decline in the legacy broadband business. The company's full-year guidance now incorporates the impact of SIM Card registration, which has resulted in over 99% of revenue-generating subscribers. The EBITDA margin is expected to remain in the low 50s. Additionally, the 2023 capital expenditure (capex) budget will stand at approximately $1.3 billion, reflecting a reduction of over 30% from 2022 levels. This adjustment aligns with the company's focus on optimizing capital deployment and achieving sustainable free cash flow. The decrease in Purchase Order (PO) issuances for the year, down to $600 million, follows strategic investments made in the last four years during a streamlined permitting regime to expand the mobile and fiber network. This capex reduction is expected to continue in the coming years, with capex potentially dropping to $1.0 billion by 2024, all while maintaining network quality and customer experience. *(GLO Disclosure)*

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Corporate Developments

- **Metro Pacific Investments Corporation (MPI).** MPI has reported a 36.6% increase in attributable net income for the second quarter of the year, reaching PHP5.22 billion. This rise in net income is attributed to double-digit revenue growth. The firm's gross revenues for the quarter amounted to PHP15.23 billion, marking a 15.7% increase from PHP13.16 billion in the same period the previous year. The first-half attributable income for the year stood at PHP10.22 billion, rising by 7.6% from the previous year, supported by the acquisition of Landco Pacific Corp. MPI's core net income also saw a 33% jump for the first half of the year, reaching PHP9.9 billion. The company's Executive Vice-President and Chief Financial Officer, June Cheryl A. Cabal-Revilla, stated that the firm is on track to exceed its full-year core profit target, which is set at PHP16.1 billion. The company is confident in its ability to surpass this goal due to the strong performance of its core businesses. The company's core businesses, including power, toll roads, and water, contributed significantly to its strong performance. Chairman, President, and Chief Executive Officer (CEO) Manuel V. Pangilinan noted that the company's robust performance reflects significant volume increases and operational efficiencies in these core sectors. MPI's overall top line for the first half of the year increased by 20.9% to P29.37 billion compared to PHP24.29 billion in the same period the previous year. MPI's various subsidiaries also demonstrated growth. Manila Electric Company (MER) reported a 47% rise in consolidated core net income, driven by contributions from Meralco PowerGen Corporation. Metro Pacific Tollways Corp. (MPTC) saw a 7% increase in core net income, although it noted a slower growth due to higher concession amortization and other factors. Maynilad Water Services, Inc. posted a 45% higher core net income due to lower amortizations and higher effective tariffs. Despite positive results, the company's other businesses reported a net loss of PHP1.2 billion, primarily due to the impact of the ongoing pandemic on the ridership capacity of Light Rail Manila Corp. MPI's healthcare business, Metro Pacific Health Corp., expanded its network of hospitals through acquisitions. Additionally, the company is preparing to list core businesses like Maynilad and MPTC on the stock exchange. *(MPI Disclosure)*

- **Alliance Select Foods International, Inc. (FOOD).** FOOD achieved consolidated net revenues of USD 26 million during the first six months of the year, marking a notable double-digit rise compared to the same period last year. This growth was attributed to higher selling prices and increased sales to both European and Asian customers. Although gross profit saw a significant 33% increase year-on-year, reaching $1.7 million, it was tempered by escalating input costs and supply chain challenges. Earnings before interest, taxes, depreciation, and amortization (EBITDA) remained stable at $0.3 million. However, the company recorded a consolidated net loss of $574 thousand for the first semester, although this was an improvement over the $620 thousand net loss reported in the corresponding period last year. The bottom line was affected by elevated finance costs and currency translation impacts. FOOD's President and CEO, Jeoffrey P. Yulo, expressed satisfaction with the heightened production efficiency that contributed to the company's top-line growth. Despite ongoing market and economic uncertainties, FOOD remains optimistic that its ongoing projects will help address these challenges. Yulo emphasized that the company would continue to prioritize the execution of operational and marketing strategy initiatives. *(FOOD Disclosure)*

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Corporate Developments

- **Alliance Global Group, Inc. (AGI).** AGI displayed remarkable financial performance in the first half of 2023, effectively surpassing its pre-pandemic levels. Net income for this period surged by a substantial 19%, reaching PHP14.2 billion compared to the previous year's PHP12.0 billion. This achievement was driven by an impressive 20% growth in consolidated revenues, which climbed to PHP99.1 billion from PHP82.6 billion, attributed to the sustained recovery of mobility and consumer spending across all AGI's business segments. In the second quarter of 2023, AGI maintained its upward trajectory, with consolidated revenues marking an 8% year-on-year increase to PHP48.8 billion. Net income also experienced a growth of 7% YoY, reaching PHP7.1 billion. Furthermore, attributable profit stood at PHP4.6 billion, reflecting a 5% YoY increase. Kevin L. Tan, AGI's CEO, acknowledged the group's strong performance despite global and local economic challenges, as well as heightened competition in the market. The company's various business arms, including Megaworld Corporation (MEG), Emperador Inc. (EMI), and Golden Arches Development Corporation (GADC), have collectively contributed to this robust financial performance, showcasing AGI's diversified portfolio and adaptability to changing market dynamics. MEG benefited from the economic rebound, reporting a 34% increase in net income to PHP7.9 billion in the first half of the year. Consolidated revenues grew by 17% YoY to PHP32.0 billion, with real estate sales contributing 60% of the total. MEG's office rental income also saw a 4% YoY increase to PHP6.3 billion. In the same period, EMI, a major brandy and whisky company, recorded an 11% rise in consolidated revenues to PHP31.1 billion. Despite the increased popularity of premium whisky brands, rising expenses impacted overall margins, leading to a 9% drop in attributable net income to PHP4.7 billion. McDonald's Philippines, operated by Golden Arches Development Corporation (GADC), posted total revenues of PHP20.2 billion for the first half, reflecting a 31% YoY increase. *(AGI Dislcosure)*

- **DigiPlus Interactive Corp. (PLUS).** PLUS has continued its strong momentum by achieving a 51% increase in net income in the second quarter of the year. This growth was primarily driven by the success of its digital retail gaming segment, notably BingoPlus, which introduced new digital game products like ArenaPlus. Revenues for the second quarter increased by 15% to PHP4.8 billion, and EBITDA also saw a significant surge of 48% to PHP755 million. PLUS has experienced a solid turnaround, achieving a net income of PHP1.1 billion in the first half of the year, a remarkable improvement from the PHP257 million net loss during the same period in the previous year. The company's strategic transformation, focusing on the rapid digitalization trend, led to the launch of BingoPlus, a licensed digital platform for entertainment. This platform has evolved into a community hub, generating revenue for the government, and supporting charitable initiatives. Additionally, PLUS launched ArenaPlus, a licensed digital sportsbook streaming local and international sporting events live. As of July 2023, the company boasts a total registered user base of over 20 million across its BingoPlus and ArenaPlus platforms. The company plans to continue introducing innovative digital products to expand its entertainment offerings to Filipino consumers. PLUS also established a dividend policy, aiming to distribute 20% to 30% of its latest audited consolidated core net income to shareholders, subject to regulatory guidelines and the company's financial requirements. *(PLUS Disclosure)*

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Corporate Developments

- **AREIT, Inc. (AREIT).** AREIT has reported strong financial results for the semester. It recorded total revenues of PHP2.97 billion, marking a 26% increase year-on-year. EBITDA reached PHP2.10 billion, reflecting a 23% rise year-on-year due to stable operations. Net income registered at PHP2.04 billion, showing a 27% increase year-on-year, excluding the net fair value change in investment properties. The occupancy rate of AREIT's properties stood at 98% by the end of the semester. During a recent board meeting, AREIT's Board of Directors approved a declaration of PHP0.53/share in cash dividends from second-quarter operations, which represents a 2% increase from the previous quarter. This announcement brings the total dividends for the first half of 2023 to PHP1.05/share, indicating an 8% increase year-on-year. AREIT recently filed the Deed of Exchange involving flagship offices and malls valued at PHP22.48 billion, including properties in the Makati Central Business District, such as One Ayala Avenue East and West BPO Towers, Glorietta 1 and 2 mall wing, BPO buildings at Ayala Center, and MarQuee Mall in Angeles, Pampanga. This infusion will significantly expand AREIT's gross leasable area and Assets Under Management (AUM), reflecting a substantial growth in its portfolio. As AREIT marks its third anniversary since its listing on the Philippine Stock Exchange in August 2020, it has showcased consistent growth in operations and dividends. Dividends have increased by 89% over the past three years, reflecting the company's positive performance and ongoing expansion efforts. *(AREIT Disclosure)*

- **Filinvest REIT Corp. (FILRT).** FILRT has maintained its dividend declaration level for the third quarter of 2023. During a meeting held on August 10, 2023, the FILRT Board of Directors approved a dividend declaration of PHP0.071 per outstanding common share, matching the amount of the previous two quarters. With this declaration, year-to-date dividends reach PHP0.213 per outstanding common share, translating to an annualized yield of 8.5% based on the preceding day's market price, surpassing the industry average. FILRT's President and CEO, Ms. Maricel Brion-Lirio, stated, "Our commitment remains firm in delivering steady dividends and attractive returns to our investors." She highlighted FILRT's recent accomplishments, including signing leases for over 7,200 square meters of office space and finalizing discussions for an additional 8,400 square meters expected in the next quarter. Furthermore, FILRT has renewed and signed new leases totaling 17,500 square meters this year, and 72% of expiring leases for 2023 have been renewed. The company's Weighted Average Lease Expiry (WALE) stands at 6.9 years, with a first-half occupancy of 84%, surpassing the market average of 81%. In the first half of 2023, FILRT achieved a net income of PHP561 million driven by rental and other revenues of PHP1.58 billion. Despite challenges faced by the office leasing sector due to changing work setups, FILRT is resilient and heading towards recovery. The company aims to diversify its tenant mix with traditional tenants and co-working locators while maintaining a commitment to sustainability and eco-efficient assets to attract tenants aligned with its sustainability goals. *(FILRT Disclosure)*

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Corporate Developments

- **Shakey's Pizza Asia Ventures, Inc. (PIZZA).** PIZZA has reported strong performance for the first half of the year, maintaining its growth trend from the comparable period in 2022. During the 6-month period, the company's systemwide sales surged by 51% to reach PHP8.8 billion, driven by sustained growth from the first quarter. The group's same store sales also grew by 27%, with its full-service restaurant businesses recording a same-store sales growth (SSSG) of 20%. In the second quarter alone, sales increased by 11%. This impressive revenue growth was aided by both healthy foot traffic and the company's network expansion strategy, which saw the opening of 164 net new stores and outlets during the six months, with 79 openings in the second quarter of 2023. Despite a slight decrease in gross margin by 3.5 percentage points due to higher commodity prices, PIZZA reported a substantial 45% year-on-year increase in gross profit for the first half of 2023. Effective management of operating expenses helped mitigate the impact on the bottom line. As a result, net income experienced a remarkable surge of 96% to PHP489 million, leading to an expansion of net profit margins by 100 basis points to 7.1%, even amid a challenging cost environment. *(PIZZA Disclosure)*

- **Max's Group, Inc. (MAXS).** MAXS has reported a net income of PHP246 million for the first half of 2023, surpassing its 2019 performance by 54%. The group's system-wide sales have returned to pre-pandemic levels, reaching PHP9.2 billion across both company-owned and franchised stores in its global network, achieving 95% of its 2019 performance despite some store closures during the pandemic. Sales increased by over PHP1 billion or 14% compared to the first half of 2022, translating to revenues of PHP5.9 billion, a 17% increase from the previous year. The strong performance in the first half of 2023 was primarily driven by Max's Restaurant and Pancake House, rebounding from a challenging first quarter of the previous year. Yellow Cab Pizza and Krispy Kreme also continued to perform well with strong brand equity. The international segment also showed healthy operations, with a combined 6% growth in system-wide sales across Asia, North America, and the Middle East. Despite challenges posed by commodity price increases, the group's strategic business models implemented during the pandemic positively impacted margins. The tight business strategies cushioned the impact of challenges, leading to a gross profit of PHP1.9 billion or a 33.0% margin, a significant improvement of over 500 basis points compared to 27.7% in 2019. MAXS' consistent execution of customer-centric strategies and tested business models has helped mitigate the effects of commodity hikes and global economic challenges. MAXS' earnings before interest, taxes, depreciation, and amortization (EBITDA) and net income margins remained stable for the period. In addition to its restaurant brands, MAXS expanded its presence in the business-to-business (B2B) space, supplying restaurant-quality food to various locations, including supermarkets and convenience stores, as part of its efforts to tap into the promising food retail category alongside its core restaurant and commissary businesses. *(MAXS Disclosure)*

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Corporate Developments

- **D.M. Wenceslao & Associates, Incorporated (DMW).** DMW achieved a net income of PHP913 million in the first half of 2023, driven by significant growth in residential earnings and stable rental earnings. This impressive result reflects a 24% year-on-year increase compared to the 1H2022 net income of PHP734 million, which included a land sale. Residential revenues surged by 51% to PHP704 million, attributed to the recognition of incremental units for revenue, ongoing construction progress, and increased sales take-up. On the other hand, rental revenues, including those from land, buildings, and other sources such as CUSA and parking fees, grew by 6% to PHP1.2 billion. This segment constituted 58% of total revenues and was driven by new land and building leases. Despite challenges in the Philippine property sector, DMW is capitalizing on emerging opportunities. Office space demand, particularly from both traditional and emerging industries, has risen significantly, boosting the company's office leasing activities. Additionally, investor-driven demand has bolstered sales in the residential MidPark as anticipation grows for major developments and infrastructure in Aseana City. The forthcoming flagship project, Parqal, is also expected to benefit from the increasing foot traffic in the mall segment. *(DMW Disclosure)*

- **Alsons Consolidated Resources Inc. (ACR).** ACR has reported a substantial increase in net earnings for the first half of 2023. The net earnings soared by 70%, reaching PHP1.17 billion, compared to PHP689 million in the same period of 2022. Notably, second-quarter net earnings for 2023 also surged by 65%, totaling PHP605.28 million compared to PHP364.93 million in the second quarter of 2022. The company's net income attributable to the parent experienced significant growth, with a 91% increase in the first half of 2023, reaching PHP346.14 million from PHP180.68 million in the previous year's equivalent period. ACR's robust financial performance was accompanied by higher revenues. In the first half of 2023, the company recorded revenues of PHP6.9 billion, a rise from PHP5.4 billion in the first half of 2022. Similarly, second-quarter revenues for 2023 reached PHP3.6 billion, compared to PHP2.73 billion in the second quarter of 2022. A significant driver of revenue and income for ACR is the 210 mega-watt Sarangani Energy Corporation (SEC) baseload power plant, which supplies power to key areas in Mindanao. Another contributing factor is the 100 MW Western Mindanao Power Corporation (WMPC) diesel plant, which stabilizes the power grid in the Western Mindanao Region. ACR is focusing on expanding its renewable energy capacity in the coming years, with multiple renewable energy facilities in the pipeline. The company's upcoming projects include the 14.5 MW Siguil Hydro power plant, set to begin operations by the end of the year, and hydro and solar power projects in Zamboanga del Norte with a combined capacity of up to 37.8 MW. Furthermore, a hydro power project in the Bago River in Negros Occidental with a potential capacity of up to 42 MW is also in the plans. As Mindanao's pioneering private-sector power generator, ACR currently operates four power facilities with a total capacity of 468 MW, serving millions of people across the region. *(ACR Disclosure)*

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Corporate Developments

- **Chelsea Logistics and Infrastructure Holdings Corp. (C).** C demonstrated its positive momentum by generating a PHP188 million operating profit in the second quarter. This marks a significant achievement as it's the first time the company has posted a quarterly operating profit since 4Q2019. The company's EBITDA for the second quarter also saw substantial growth, rising eight-fold year-on-year to reach PHP493 million. On a cumulative basis, the C maintained its positive trajectory with year-on-year improvements in revenues, gross profits, and EBITDA. Revenues for the second quarter increased by 10% year-on-year and 9% quarter-on-quarter to PHP1.869 billion, the highest quarterly revenue since the March 2020 lockdown. Both cargo and passage revenues contributed to this growth, particularly driven by passage revenues which saw a remarkable 51% year-on-year and 33% quarter-on-quarter increase to PHP540 million. The group's freight segment remained the largest contributor to its revenue, accounting for 50% of total revenues in the second quarter. The passage segment also exhibited strong growth, accounting for 27% of total revenues on a cumulative basis. The positive performance was attributed to the reopening of the economy and cost-containment programs. Overall, the C reported a PHP164 million operating profit for the first half of the year, marking a significant turnaround from the loss reported during the same period last year. *(C Disclosure)*

- **EEI Corporation (EEI).** EEI remains a dominant force in the industry, as it takes on a range of upcoming and ongoing infrastructure and property development projects. One significant project is the South Commuter Railway Project (SCRP) Package 7, where EEI is part of a joint venture responsible for constructing a 24-hectare Depot in Banlic, Laguna. This depot will support the operation of an 18-station rail project, aiming to enhance public transport connectivity by linking with existing LRT/MRT lines in Metro Manila and even connecting to the future Metro Manila Subway system. EEI is also deeply involved in the Malolos-Clark Railway Project (MCRP) Package 4, which encompasses the construction of a 6.5 km double-track railway with elevated, at-grade, and underground sections. The company is part of a joint venture for this project that includes the construction of the Clark International Airport Station, road underpasses, Depot Trackway lines, and Service Roads. Additionally, EEI is contributing as a subcontractor to the MCRP Package 5, collaborating with POSCO on earthworks, bridges, utilities, and more. The company is equally active in property development, such as working on high-rise buildings like The Grand Midori Ortigas Tower 2 and The Seasons Residences Tower D. These projects demonstrate EEI's commitment to economic growth, nation-building, and the betterment of communities, reflecting the company's vision to contribute to a better quality of life for both its workforce and the communities it serves. *(EEI Disclosure)*

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Corporate Developments

➡ **SSI Group, Inc. (SSI).** SSI maintained its strong growth trajectory during the second quarter of 2023. The net income for the quarter grew by 30% year-on-year (YoY) to PHP550.3 million, and the net income for the first half increased by an impressive 105% YoY to PHP1.0 billion. The company's revenue for the first half of 2023 reached PHP12.4 billion, marking a 24% YoY increase, while revenue for the second quarter of 2023 stood at PHP6.2 billion, a growth of 11% YoY. This growth was driven by healthy sales from its physical stores, restaurants, and online platforms. The company's emphasis on sales, combined with improved gross profit margins and reduced interest expenses, contributed to its earnings growth during the period. SSI's gross profit margin for the first half of 2023 was 46.4%, compared to 42.1% during the same period in 2022. Similarly, the gross profit margin for the second quarter of 2023 was 47.7%, up from 46.3% in the same period last year. Notably, the company's e-commerce sites, including popular brands like Zara and Gap, contributed to 7.2% of its sales during the first half of 2023. Anthony T. Huang, President of SSI, emphasized the company's renewed focus on exceptional customer experiences and optimized expense management as key drivers behind its robust performance. He also highlighted the company's resilience and adaptability in capitalizing on evolving market conditions to maintain its profitability. *(SSI Disclosure)*

Foreign Developments

➡ **China's economic challenges gather steam as new loans plunge, property fears loom.** China's economy is facing multiple challenges as credit data for July reveals a sharp drop in demand for borrowing among businesses and households. The country's real estate sector remains troubled, with major developer Country Garden teetering on the edge of default. Consumer sentiment is also weak. The data suggests a continuing decline in the property sector, coupled with geopolitical tensions, is contributing to uncertainty and hampering credit demand. The credit demand issue seems to stem from a lack of confidence and trust, with both corporations and households reducing their borrowing. New local currency bank loans in July plummeted by 89% compared to June, falling to 345.9 billion yuan ($47.64 billion), far below the 800 billion yuan predicted by analysts. These numbers are likely to mark a low point, even though policy changes in June could have temporarily influenced demand. China's real estate sector is a significant concern, as many households' wealth is tied up in it. Developer Country Garden's troubles have further highlighted the potential risks, and even though high-yield developers' stresses may not heavily impact the offshore bond market, concerns linger about the spillover effect on investment-grade developers. The country's real estate sector needs to contract by about 10 percentage points to align more closely with the GDP contributions of countries like Japan and South Korea. Despite some government support, the industry's bottoming out process might be prolonged. *(CNBC)*

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Foreign Developments

- **<u>TSMC growth abroad is welcome, Taiwan presidential hopeful says.</u>** The leading candidate for Taiwan's next presidency, Vice President Lai Ching-te, has stated that if elected, he will not prevent Taiwan Semiconductor Manufacturing Co. (TSMC) from building more chip plants in the US or other countries. This move is aimed at enhancing Taiwan's engagement and cooperation with nations worldwide. Lai believes that Taiwan has a responsibility to contribute to the international community with its chip expertise and sees TSMC's expansion as a positive step for Taiwan's economic power. He emphasized that TSMC's base will remain in Taiwan, ensuring that advanced processes remain on the island. TSMC, Taiwan's largest company, has committed to investing billions of dollars to establish chip plants in the US, Japan, and Germany, in part to address concerns about over-reliance on manufacturing in Taiwan. Lai's stance reflects the complexity of Taiwan's position between superpowers, as governments vie to attract chip manufacturing facilities to secure control over critical semiconductor supply chains. The US, in particular, is urging companies to reduce their exposure to China and limit Chinese access to advanced chipmaking technologies, which is prompting Taiwanese firms to relocate manufacturing away from China and increasing the economic distance between Taiwan and China. *(Bloomberg)*

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DAILY REPORT

MANDARIN SECURITIES CORPORATION

August 15, 2023

CASH DIVIDEND SCHEDULE

***Arranged by ex-date**

Ticker	Company	Amount/ Rate	Dividend Type	Share	Ex-date	Record Date	Payment Date
ABA	AbaCore Capital Holdings, Inc.	Php0.01	Cash	Common	06/23/22	06/28/22	TBA
UPSON	Upson International Corp.	Php0.04416	Cash	Common	07/21/23	07/26/23	08/22/23
OPM	Oriental Petroleum and Minerals Corporation	Php0.0005	Cash	Common	07/24/23	07/27/23	08/18/23
GERI	Global-Estate Resorts, Inc.	Php0.01129481	Cash	Common	07/25/23	07/28/23	08/23/23
ACPB1	Ayala Corporation	Php6.56250	Cash	Preferred	07/27/23	08/01/23	08/15/23
AC	Ayala Corporation	Php3.806	Cash	Common	07/27/23	08/01/23	08/17/23
BRNP Series A	A Brown Company, Inc.	Php1.75	Cash	Preferred	07/27/23	08/01/23	08/29/23
PBB	Philippine Business Bank	Php0.35	Cash	Common	07/28/23	08/02/23	08/15/23
HI	House of Investments, Inc.	Php0.05	Cash	Common	08/01/23	08/04/23	09/01/23
SPC	SPC Power Corporation	Php0.20	Cash	Common	08/04/23	08/09/23	08/23/23
MWP2B	Megawide Construction Corporation	Php1.4375	Cash	Preferred	08/11/23	08/16/23	08/29/23
GSMI	Ginebra San Miguel, Inc.	Php0.75	Cash	Common	08/11/23	08/16/23	09/01/23
GSMI	Ginebra San Miguel, Inc.	Php1.75	Special Cash	Common	08/11/23	08/16/23	09/01/23
FB	San Miguel Food and Beverage, Inc.	Php0.40	Cash	Common	08/11/23	08/16/23	09/01/23
FB	San Miguel Food and Beverage, Inc.	Php0.55	Special Cash	Common	08/11/23	08/16/23	09/01/23
ALCPD	Arthaland Corporation	Php7.50	Cash	Preferred	08/11/23	08/16/23	09/04/23
TEL	PLDT Inc.	Php49.00	Cash	Common	08/14/23	08/17/23	09/01/23
SGI	Solid Group, Inc.	Php0.06	Cash	Common	08/15/23	08/18/23	09/15/23
ACEN	ACEN CORPORATION	Php0.04	Cash	Common	08/16/23	08/22/23	09/18/23
TCB2A	Cirtek Holdings Philippines Corporation	US$0.0228125	Cash	Preferred	08/16/23	08/24/23	09/08/23
MREIT	MREIT, Inc.	Php0.2476	Cash	Common	08/17/23	08/23/23	09/14/23
ROCK	Rockwell Land Corporation	Php0.0752	Cash	Common	08/17/23	08/23/23	09/18/23
MFC	Manulife Financial Corporation	CAD 0.365	Cash	Common	08/17/23	08/23/23	09/19/23
RCR	RL Commercial REIT, Inc.	Php0.0978	Cash	Common	08/18/23	08/24/23	08/31/23
MFIN	Makati Finance Corporation	Php0.009944770554	Cash	Common	08/18/23	08/24/23	09/20/23
MER	Manila Electric Company	Php8.52	Cash	Common	08/24/23	08/30/23	09/14/23
TCB2C	Cirtek Holdings Philippines Corporation	Php0.8233	Cash	Preferred	08/24/23	08/30/23	09/14/23
TCB2D	Cirtek Holdings Philippines Corporation	Php0.968825	Cash	Preferred	08/24/23	08/30/23	09/14/23
SLF	Sun Life Financial Inc.	CAD 0.75	Cash	Common	08/24/23	08/30/23	09/29/23
FILRT	Filinvest REIT Corp.	Php0.071	Cash	Common	08/25/23	08/31/23	09/20/23
PRF3A	Petron Corporation	Php17.17825	Cash	Preferred	08/25/23	08/31/23	09/25/23
PRF3B	Petron Corporation	Php17.84575	Cash	Preferred	08/25/23	08/31/23	09/25/23
CROWN	Crown Asia Chemicals Corporation	Php0.04	Cash	Common	08/25/23	08/31/23	09/25/23
TCB2B	Cirtek Holdings Philippines Corporation	US$0.015	Cash	Preferred	08/29/23	09/01/23	09/18/23
URC	Universal Robina Corporation	Php2.12	Special Cash	Common	08/29/23	09/01/23	09/27/23
ALCO	Arthaland Corporation	Php1.7319	Cash	Common	08/30/23	09/04/23	09/28/23
CREIT	Citicore Energy REIT Corp.	Php0.049	Cash	Common	09/06/23	09/09/23	10/04/23

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MANDARIN SECURITIES CORPORATION

August 15, 2023

CASH DIVIDEND SCHEDULE

***Arranged by ex-date**

Ticker	Company	Amount/ Rate	Dividend Type	Share	Ex-date	Record Date	Payment Date
FJP	F & J Prince Holdings Corporation	Php0.07	Cash	Common	09/06/23	09/09/23	09/27/23
AUB	Asia United Bank Corporation	Php1.00	Cash	Common	09/07/23	09/12/23	09/28/23
PRF4A	Petron Corporation	Php16.76975	Cash	Preferred	09/11/23	09/14/23	10/09/23
PRF4B	Petron Corporation	Php16.99300	Cash	Preferred	09/11/23	09/14/23	10/09/23
PRF4C	Petron Corporation	Php17.71525	Cash	Preferred	09/11/23	09/14/23	10/09/23
SMC2K	San Miguel Corporation	Php0.84375	Cash	Preferred	09/18/23	09/21/23	10/05/23
SMC2J	San Miguel Corporation	Php0.890625	Cash	Preferred	09/18/23	09/21/23	10/05/23
SMC2F	San Miguel Corporation	Php1.27635	Cash	Preferred	09/18/23	09/21/23	10/05/23
SMC2I	San Miguel Corporation	Php1.18790625	Cash	Preferred	09/18/23	09/21/23	10/05/23
CPG	Century Properties Group, Inc.	Php0.006055	Cash	Common	09/26/23	09/29/23	10/13/23
GTPPA	GT Capital Holdings, Inc.	Php11.57475	Cash	Preferred	10/02/23	10/05/23	10/27/23
GTPPB	GT Capital Holdings, Inc.	Php12.73725	Cash	Preferred	10/02/23	10/05/23	10/27/23
8990B	8990 Holdings, Inc.	Php1.375	Cash	Preferred	10/20/23	10/25/23	11/10/23
BRNP Series A	A Brown Company, Inc.	Php1.75	Cash	Preferred	10/26/23	10/31/23	11/29/23
TCB2A	Cirtek Holdings Philippines Corporation	US$0.0228125	Cash	Preferred	11/21/23	11/24/23	12/11/23
TCB2C	Cirtek Holdings Philippines Corporation	Php0.8233	Cash	Preferred	11/23/23	11/29/23	12/14/23
TCB2D	Cirtek Holdings Philippines Corporation	Php0.968825	Cash	Preferred	11/23/23	11/29/23	12/14/23
TCB2B	Cirtek Holdings Philippines Corporation	US$0.015	Cash	Preferred	11/28/23	12/01/23	12/18/23
8990B	8990 Holdings, Inc.	Php1.375	Cash	Preferred	01/24/24	01/29/24	02/10/24

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DAILY REPORT

MANDARIN SECURITIES CORPORATION

August 15, 2023

Stocks Dividends/Property Dividends

Ticker	Company	Amount/Rate	Dividend Type	Share Type	Ex-date	Record Date	Payment Date
PNB	Philippine National Bank	0.156886919 shares of PHC for every 1 share of PNB	Property	Common	05/13/21	05/18/21	TBA
AC	Ayala Corporation	3 ACEN shares per 1 AC common share	Property	Common	05/24/22	05/27/22	01/09/23
ABA	AbaCore Capital Holdings, Inc.	0.0009 PRIDE shares per 1 ABA common share	Property	Common	06/23/22	06/28/22	TBA
GREEN	Greenergy Holdings Incorporated	0.0561786222 share of ANI for every 1 share of the company	Property	Common	06/27/22	06/30/22	TBA
MFIN	Makati Finance Corporation	0.5435056706%	Stock	Common	08/22/22	08/25/22	TBA
LPC	LFM Properties Corporation	60%	Stock	Common	TBA	TBA	TBA
VMC	Victorias Milling Company, Inc.	100%	Stock	Common	TBA	TBA	TBA
UBP	Union Bank of the Philippines	27%	Stock	Common	TBA	TBA	TBA
CEI	Crown Equities, Inc.	10%	Stock	Common	TBA	TBA	TBA
SBS	SBS Philippines Corporation	22%	Stock	Common	TBA	TBA	TBA
CDC	Cityland Development Corporation	2.5%	Stock	Common	07/03/23	TBA	TBA
LAND	City & Land Developers, Incorporated	5%	Stock	Common	07/10/23	TBA	TBA
AUB	Asia United Bank Corporation	50%	Stock	Common	TBA	TBA	TBA
MFIN	Makati Finance Corporation	0.9944770554%	Stock	Common	08/18/23	TBA	TBA
Note: AC	*Sripless shareholders will have a moving payment date for their property dividends*						

Stocks Rights/Follow-on Offering

Ticker	Company	Offer Price	Ratio	Offer Shares	Ex-date	Offer Start	Offer End	Listing Date
MA	Manila Mining Corporation	Php0.01	1:5	51,917,357,741	04/26/22	05/16/22	05/20/22	TBA
ANI	AgriNurture, Inc.	Php1.00	1:2.5	288,000,027	TBA	TBA	TBA	TBA
LC	Lepanto Consolidated Mining Company	Php0.12	1:3.95	16,803,989,391	TBA	TBA	TBA	TBA
PBB	Philippine Business Bank	Php10.00	1:4.6428	50,000,000	03/07/2023	03/10/2023	03/17/2023	TBA

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