

Who wants to buy an oil company?

These days, it's hard to imagine how it was during the oil boom of yesteryears. Oil flowed like the gold rush and money was easy. Even stock market investors became instant multi-millionaires when oil companies went public.

However, the days of the oil boom are now a distant memory, no thanks to the deep impact of COVID-19 on our economy and the rest of the world. Gone are the days when money was easy and oil sold like gold, at least for now.

Here in the Philippines, the big boys have shut down their refineries – Chevron, Shell and Petron.

Times are hard indeed, especially with demand from retail oil consumers down and the jet fuel business also in bad shape because of the slump in air travel.

Phoenix petroleum

It's so uncertain nowadays that Dennis A. Uy or DAU of Davao is willing to sell a stake in his flagship business Phoenix Petroleum, the oil company which rose like a phoenix from just a trading business.

DAU, perceived to be among President Duterte's favorite tycoons, is willing to have his stake diluted to 51 percent from around 67 percent, or so I heard.

But who in his right mind would buy or buy into an oil company at this time especially with the recovery for the oil industry moving at a very slow pace?

Phoenix, like other companies, has a significant amount

of liabilities.

According to its 2019 annual report, it has total liabilities of P65 billion, of which P38 billion are interest-bearing loans and borrowings considered as current liabilities.

Surprisingly, however, there are or there were interested investors in related industries who are said to be interested in Phoenix. I heard that the Delgado Group and retail tycoon Lucio Co are among the interested investors.

DAU will not confirm nor deny these names, even jesting that I should add foreign investors to my list of interested parties.

What is certain, for now, is that times are difficult for everyone and businesses have been unloading some assets to raise funds or maximize opportunities.

Last year, DAU's Udenna sold its 50 percent stake in LPG company South Pacific Inc. DAU received a good offer, banking sources told me.

"The offer was generous, so DAU eventually accepted," said a source. The generous offer amounted to several billions, much higher than Udenna's original investment of P1 billion.

But this doesn't mean Dennis Uy has exited the LPG business. DAU still has his own LPG business in Manila and in Vietnam, which are growing fast.

Back to Phoenix, the oil firm implemented major steps in strengthening its balance sheet through a comprehensive financial management program amidst the challenges of the COVID-19 pandemic.

"It has been a turbulent year, but we have been making headway in our engagements with creditors, and are ending the year with renewed strength and positivity. We are making significant progress in ensuring the company's long-term viability as a business to come out a healthier and stronger enterprise after this pandemic," Phoenix Petroleum president Henry Albert Fadullon said earlier.

Shell, Petron not selling

As for the other oil firms, they are not selling stakes, at least for now.

Shell expects to turn in a profit this year, a source familiar with the matter said. Insiders are optimistic the company is fairly in good shape despite the challenges.

Tycoon Ramon Ang, likewise, said Petron is not for sale when I asked him about it.

Independent oil firms

Will the independent oil companies or the smaller oil firms consider merging given the challenging environment?

Existing players don't believe so. They say it's only Phoenix that is willing to sell a stake.

Perhaps, most will ride out the challenges and wait for the oil boom to return.

Realistically, it will take a long time before the oil industry recovers as it will depend largely on the recovery of the economy.

Like others, the oil industry needs help from the government to survive. For one, a more intensified crackdown on oil smuggling is needed.

Even before COVID-19, the local oil industry has always faced big challenges – smuggling, cheaper imports, new taxes and volatile crude prices.

But the biggest challenge really is oil itself.

The Philippines does not have its own oil resources except for a few wells with insignificant amounts of oil.

Unlike our peers in the region who have strong government support for the oil industry and which regularly explore for oil, the Philippines is simply not drilling often enough to find that pot of gold – or oil – in our territories.

And in the slightest chance we ever find more, China may just beat us to it. But that's another story.

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EYES WIDE OPEN



IRIS GONZALES

Metrobank nets P13.8 B in 2020

Metropolitan Bank & Trust Co (Metrobank) earned P13.8 billion last year despite booking huge provisions for bad loans as a strategy to better prepare for the risks associated with the pandemic.

In a statement, Metrobank said income before provisions increased by 26 percent to P61.8 billion in 2020. The bank booked provisions of P40.8 billion, resulting in a full year net income of P13.8 billion.

Metrobank's substantial capital also prompted the bank's board of directors to declare a special cash dividend of P3 per share in addition to the regular dividend of P1 per share.

"Our strategy of early and aggressive provisioning in 2020 has made Metrobank stronger and well-prepared to weather future risks. Despite the events of 2020, our core business remains solid and we remain ready to be a key partner in economic recovery. Our high capital buffer has given us the opportunity to distribute more dividends this year. We will continue monitoring economic conditions and considering strategies that will maintain a balance between strong capital and optimal returns," said Metrobank president Fabian Dee.

The bank's capital ratios

are still among the highest in the industry. Based on December 2020 balance sheet, Metrobank's capital adequacy ratio (CAR) is estimated to move from 20.2 percent to 19.1 percent and Common Equity Tier 1 (CET1) ratio from 19.3 percent to 18.2 percent after dividends. Both measures are still substantially higher than the 11 percent minimum regulatory threshold for CET1 and 10 percent for CAR.

Non-performing loans have been manageable, with an NPL ratio of 2.41 percent from 1.3 percent in 2019. Nonetheless, the bank has set aside P40.8 billion in provisions for

bad loans, four times more than the P10.1 billion provisions booked in 2019. As a result, NPL cover went up to 163 percent from 103 percent in 2019, strengthening the bank's capacity to withstand more bad loans.

The growth in operating income was supported by strong revenues and improving operating efficiency. The 22 percent increase in low cost current and savings accounts (CASA) to P1.3 trillion propelled total deposits to reach P1.8 trillion in 2020, reflecting the bank's solid deposit franchise.

CASA ratio improved to 73 percent from 63 percent a year

ago. Healthy CASA deposit generation helped ease the overall funding cost in 2020 and supported net interest margins which improved by 14 basis points to 3.98 percent. As a result, net interest income rose 11.8 percent from the previous year.

This was achieved amid a 13 percent contraction in gross loans to P1.3 trillion as the economic impact of the pandemic affected business and consumer confidence. Commercial clients trimmed working capital loans and deferred expansion plans, while consumer customers limited spending to essential goods and deferred big ticket

purchases.

Non-interest income expanded by 20 percent, lifted by trading and forex gains of P19.2 billion as the bank optimized its investment portfolio under a record-low interest rate environment.

Growth in operating expenses was kept at four percent to P60.1 billion, underscored by continued efforts to enhance productivity and operational efficiency. Cost-to-income ratio improved to 50 percent from 55 percent previously.

Metrobank ended 2020 as the country's second largest bank with consolidated assets of P2.5 trillion.

DoubleDragon gets OK for P14.7-B REIT listing

By IRIS GONZALES

The Securities and Exchange Commission (SEC) has given the green light to tycoon Injap Sia II's real estate investment trust offering amounting to P14.71 billion.

In its Feb. 16 meeting, the commission *en banc* approved the registration statement of DoubleDragon Properties Corp.'s DDMP REIT which covers 17.8 billion common shares for listing on the main board of the Philippine Stock Exchange (PSE).

DDMP pegged the maximum offer price at P2.25 per piece or a total of P14.7 billion, with the selling shareholders receiving the entire proceeds.

The proceeds shall be reinvested in the Philippines, pursuant to the Revised Implementing Rules and Regulations of Republic Act 9856, otherwise known as the Real Estate Investment Trust (REIT) Act of 2009.

DDMP plans to proceed with the share sale on March 5 to 11 while the listing of the shares is scheduled on March 19, based on the latest timetable submitted to the SEC.

DDMP will offer to the public up to 5.9 billion common shares currently owned by DoubleDragon, Benedict Yujuico and

Teresita Yujuico. The selling shareholders have set aside 594.25 million additional shares for over-allotment.

Assuming the full exercise of the over-allotment option, the new investors will corner 36.67 percent of the issued and outstanding common shares of DDMP.

DoubleDragon will retain a 44.33 percent interest, while Benedict and Teresita Yujuicos will continue to own 9.65 percent and 9.35 percent, respectively.

DDMP's portfolio includes six office towers with retail components within DD Meridian Park in Pasay City. The company's leasing spaces cater to a mix of tenants, such as business process outsourcing companies, government agencies, and corporate locators.

As mandated by law, DDMP shall distribute at least 90 percent of its annual distributable income as dividends.

The distributable income refers to the company's net income as adjusted for unrealized gains and losses/expenses and impairment losses, and other items in accordance with internationally accepted accounting standards. It excludes proceeds from the sale of the REIT's assets that are reinvested in the REIT within one year from the date of the sale.

Typhoons bring down rice inventory by 13%

By LOUISE MAUREEN SIMEON

The country's rice inventory declined in January as an effect of the consecutive typhoons that hit Luzon at the tail end of 2020.

Latest data from the Philippine Statistics Authority (PSA) showed that total rice inventory reached 2.33 million metric tons (MT) in the first month of the year, 13 percent lower than the 2.68 million MT in the same period last year.

The current inventory is also 15.7 percent lower than the previous month's 2.77 million MT.

Based on the average daily consumption of Filipinos of 32,000 MT, the current inventory is sufficient for 73 days.

Households had more than half of total inventories at 55.3 percent, while commercial warehouses held about 29.6 percent. Supplies from the National Food Authority depositories cornered 15.1 percent of the total.

On a monthly basis, rice stocks across

all sectors showed declines in inventories.

Households, commercial, and NEA depositories decreased by 20 percent, 13 percent, and 0.1 percent, respectively.

Meanwhile, the average wholesale price of well-milled rice stood at P37.37 per kilogram as of the second week of January, 0.2 percent higher than the week ago and 0.9 percent higher year on year.

Its average retail price, however, decreased by 0.7 percent to P40.93 per kilo while week-on-week prices inched up 0.1 percent.

The wholesale price of regular-milled rice was P33.33 per kilo, down 0.1 percent while its average retail price was P36.14 a kilo.

Local farmers, on the other hand, continue to see a steady increase in farm gate prices for several weeks already.

The average farm gate price of palay slightly went up by 0.1 percent to P16.72 per kilo.

It also picked up by 4.6 percent from the P15.99 per kilo year on year.



NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

NOTICE IS HEREBY GIVEN that the annual meeting of stockholders of **ROXAS HOLDINGS, INC.** will be conducted virtually via <https://asm2021.rhi.com.ph/> on Wednesday, **March 17, 2021 at 10:00 o'clock in the morning** with the following Agenda:

- (1) Call to Order
- (2) Certification of Notice and Quorum
- (3) Approval of the Minutes of the Annual Meeting of Stockholders held on June 4, 2020
- (4) Presentation and Approval of the Annual Report to Stockholders
- (5) Ratification of All Acts and Resolutions of the Board of Directors and Management
- (6) Election of the Board of Directors
- (7) Appointment of External Auditor and Fixing its Remuneration
- (8) Other Matters
- (9) Adjournment

The Board of Directors has fixed the close of business on January 8, 2021 as the Record Date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting of Stockholders.

Given the current circumstances, stockholders may only attend the meeting by remote communication, by voting in absentia, or by appointing the Chairman of the meeting as proxy.

Duly accomplished proxies shall be submitted on or before March 5, 2021 to the Office of the Assistant Corporate Secretary at the 14F Net One Center, 26th St. cor. 3rd Avenue, Bonifacio Global City, Taguig, Metro Manila or by email to: corporatesecretary@rhi.com.ph. Validation of proxies is set for March 10, 2021 at 2:00 p.m.

Stockholders intending to participate by remote communication should notify the Corporation by email to corporatesecretary@rhi.com.ph on or before March 5, 2021.

Stockholders may vote electronically in absentia, subject to validation procedures.

The explanation on the Agenda items and the procedures for participating in the meeting through remote communication and for casting their votes in absentia are set forth in the Information Statement.

Copies of the Information Statement and Management Report, the Annual Report of the Company and other pertinent documents necessary under the circumstances are available in the Company's website and PSE Edge.

In compliance with the SEC Advisory dated May 6, 2015, a copy of the Interim Unaudited Financial Statements of the Company as of and for the quarter ended December 31, 2020 with Management Discussion and Analysis shall be posted in the website of the Company, as may be available under the SEC rules. A hard copy of the same Interim Unaudited Financial Statements will be provided to any requesting shareholder, free of charge, as soon as said Interim Unaudited Financial Statements becomes available.

(sgd.) AIMEE E. PEDAYO
Assistant Corporate Secretary

February 17, 2021