

## Macroeconomic News

Foreign direct investment (FDI) is on track to exceed 2019 levels as net inflows reached USD8.58bn (+4% y-y) in the first 11 months of 2024, accounting for 95.3% of the USD9.0bn BSP forecast. The Department of Finance (DOF) said investors were drawn in by reforms that have made the Philippines a more attractive investment destination, such as: 1) the CREATE MORE Act which will improve ease of doing business, upgrade the tax code, and clarify the value-added tax refund rules; 2) the Real Property Valuation and Assessment Reform Act which will enhance transparency and accountability in real estate transactions; 3) the rationalization of the mining fiscal regime which establishes clearer, more stable tax policies for the mining sector; and 4) the Capital Markets Efficiency Promotion Act that is set to increase competitiveness of the capital markets. The Philippines' recent exit from the FATF grey list could further boost the country's investment profile and credit rating.

## Bonds

**Local:** Local yields dipped lower, following US Treasury movement overnight, as deteriorating consumer confidence ignited worries on US growth.

**Global:** US Treasury yields declined amid concerns over an escalating trade war and weakening economic growth.

## Equities

**Local:** The PSEi rebounded to 6,114.96 (+1.3% d-d) yesterday on bargain hunting following reports of strong corporate earnings.

**Global:** Global stock markets mostly traded higher (S&P 500 +0.02% d-d, FTSE 100 +0.7% d-d, but Nikkei 225 -0.2% d-d) as investors continue to monitor corporate results, economic data trends and trade policy developments. Hong Kong's Hang Seng jumped 3.3% after a budget announcement to develop the city into an artificial intelligence hub.

## Sector and Company News

**PAGCOR bets on hefty growth in 2025 PH gaming revenue.** The Philippine Gaming and Amusement Corp. (PAGCOR) is expecting total gaming revenues to grow by as much as 17% in 2025 on the back of a strong e-gaming sector, which is now expected to "match" the top line of brick-and-mortar casinos in the next two to three years. Data showed the local gaming sector's gross gaming revenue (GGR) grew 24.81% y-y in 2024, with income from e-games surging 309.2% to PHP135.7bn. Bulk of the GGR still came from licensed casinos after contributing PHP201.8bn to the total receipts, albeit down by 2.72% y-y. PAGCOR CEO Alejandro Tengco said the regulator expects the industry's GGR to reach between PHP450bn and PHP480bn in 2025, from PHP410.5bn in 2024. *Source: Inquirer*

**MEG FY24 attributable earnings up 8% y-y on higher revenues across segments.** MEG reported 4Q24 attributable earnings of PHP5.0bn (-3% q-q, -6% y-y), bringing FY24 profits to PHP18.7bn (+8% y-y). FY24 consolidated revenues increased 17% y-y to PHP81.7bn as: 1) real estate sales increased 19% y-y to PHP51.0bn (with 4Q24 revenues steady at PHP13.1bn, +1% q-q, -4% y-y) on continued construction progress and sale of existing inventory; 2) mall revenues also rose 19% y-y to PHP6.3bn supported by higher foot traffic and consumer spending; 3) office topline climbed 7% y-y to PHP13.4bn boosted by new leases translating to higher revenues in 4Q24 (+19% y-y to PHP3.3bn); and 4) hotel receipts surged 34% y-y to PHP5.1bn attributed to the resurgence of MICE (Meetings, Incentives, Conventions, Exhibitions) activities and travel rebound. However, the recognition of FX and impairment losses drove interest and other charges higher (+54% y-y to PHP1.1bn in 4Q24, +29% y-y to PHP6.6bn in FY24), and dragged bottomline growth. *Source: PSE Edge*

**Commentary:** MEG's FY24 results were in line with our estimates (~101% of FY24F earnings). We shall obtain more information from management. We currently have a Buy rating on MEG.

## Rates

	Last %	bps chg
1Y PHP GS	5.77	-0.4
5Y PHP GS	5.91	-0.2
10Y PHP GS	6.12	-0.3
1Y UST	4.12	-0.1
5Y UST	4.08	-4.6
10Y UST	4.26	-3.8

## Currencies

	Last	% chg
USD/PHP	57.88	+0.1%
EUR/USD	1.05	+0.3%
USD/JPY	149.10	-0.05%

## Commodities

	Last	% chg
Dubai crude <small>USD/bbl</small>	72.42	-2.5%
Natural gas <small>USD/MMBtu</small>	3.91	-6.4%
Coal <small>USD/mt</small>	102.40	+0.4%
Gold <small>USD/t oz</small>	2,916.39	+0.05%
Copper <small>USD/mt</small>	9,363.85	0.0%
Nickel <small>USD/mt</small>	15,123.63	0.0%

## Equities

	Last	% chg
PSEi	6,144.96	+1.3%
Net foreign <small>PHPmn</small>	166.13	
Value traded <small>PHPmn</small>	5,306.53	
S&P 500	5,956.06	+0.02%
NASDAQ	21,132.92	+0.2%
EURO STOXX 50	5,527.99	+1.5%
FTSE 100	8,731.46	+0.7%
CSI 300	3,959.94	+0.9%
HANG SENG	23,787.93	+3.3%
NIKKEI 225	38,142.37	-0.2%

## Local index stock movers

URC	6.0%	Top 5
JGS	4.1%	
SMPH	3.8%	
JFC	3.5%	
BLOOM	2.9%	
ACEN	-0.6%	Bottom 5
GTCAP	-1.0%	
ALI	-1.7%	
EMI	-1.8%	
CNPF	-2.2%	

*Source: Bloomberg, as of 26 Feb 2025*  
*Note: % change vs 25 Feb 2025*

## Sector and Company News

**SM putting up 200 more Alfamart stores.** SM is expanding its minimart business with the planned addition of at least 200 new stores in Luzon this year. Alfamart Philippines Chief Operating Officer Harvey Ong said, “Our continued growth is anchored on the needs of the neighborhoods we serve. We remain committed to strengthening our presence in the underserved areas within Luzon, in order to provide the communities better value and easier access to essential goods.” Alfamart had a total of 2,100 stores as of end 2024 and has successfully expanded across 11 provinces (Cavite, Laguna, Batangas, Quezon, Rizal, Bulacan, Pampanga, Nueva Ecija, Bataan, Pangasinan and Zambales) and 15 cities in Metro Manila. *Source: Philstar*

**ACEN kicks off large-scale battery storage project in Australia.** ACEN Australia has started building a large-scale battery energy storage system (BESS), capable of storing 200 megawatts (MW) of energy for two hours, alongside its 720MW solar project in New South Wales (NSW), Australia. The facility is the first large-scale BESS in the region and is expected to provide on-demand energy to customers in both NSW and Queensland. The company has engaged international energy storage specialist Energy Vault to lead the construction of the project. ACEN Australia’s Head of Construction and Engineering Tim Greenaway said, “We expect the civil and base electrical work for the BESS to begin in the next month or two, in preparation for the delivery of the battery modules in the second half of the year.” *Sources: PSE Edge, BusinessWorld*

## Stock Coverage

Company	Ticker	Rating	Mkt Cap (USD mn)	Last Price 26-Feb-2025	Target Price	Upside/Downside	d-d % change	YTD % change	52-week low	52-week high	Div Yield FY25F
<b>Banking</b>											
BDO Unibank	BDO	Not Rated	13,470	147.90			2.4%	2.7%	127.00	169.00	
Bank of the Philippine Islands	BPI	Buy	12,021	132.00	168.00	27.3%	1.5%	8.2%	108.40	149.60	3.6%
Metropolitan Bank & Trust Company	MBT	Buy	5,749	74.00	93.00	25.7%	2.1%	2.8%	59.30	82.60	6.8%
Security Bank Corporation	SECB	Buy	950	73.00	112.00	53.4%	1.4%	-16.1%	60.00	99.30	4.1%
<b>Conglomerates</b>											
Aboitiz Equity Ventures Inc.	AEV	Buy	3,213	33.50	49.00	46.3%	1.1%	-2.5%	31.20	53.00	4.7%
Alliance Global Group, Inc.	AGI	Buy	1,061	6.90	13.50	95.7%	1.9%	-23.3%	6.00	10.62	2.2%
Ayala Corporation	AC	Buy	6,248	580.00	930.00	60.3%	2.4%	-3.2%	544.00	740.00	1.1%
DMCI Holdings, Inc.	DMC	Neutral	2,638	11.50	11.50	0.0%	0.9%	6.3%	10.00	12.62	7.5%
GT Capital Holdings, Inc.	GTCAP	Buy	1,934	520.00	870.00	67.3%	-1.0%	-21.0%	495.00	743.00	1.0%
JG Summit Holdings, Inc.	JGS	Buy	2,297	17.68	34.40	94.6%	4.1%	-14.0%	14.20	41.00	2.4%
LT Group, Inc.	LTG	Neutral	2,150	11.50	10.30	-10.4%	-0.2%	9.5%	9.18	11.84	6.1%
San Miguel Corporation	SMC	Neutral	3,459	84.00	94.80	12.9%	0.0%	-2.3%	65.20	110.00	1.7%
SM Investments Corporation	SM	Buy	16,486	781.00	1,150.00	47.2%	0.9%	-13.1%	769.00	1,010.00	1.1%
<b>Consumer</b>											
Century Pacific Food	CNPF	Neutral	2,365	38.65	45.00	16.4%	-2.2%	-7.9%	31.55	45.50	1.2%
D&L Industries	DNL	Buy	716	5.80	7.60	31.0%	-1.4%	-4.8%	5.70	7.00	3.8%
Emperador Inc.	EMI	Neutral	3,300	12.14	17.20	41.7%	-1.8%	-32.8%	11.26	19.64	2.0%
Jollibee Foods Corp	JFC	Buy	5,181	268.00	315.00	17.5%	3.5%	-0.4%	211.00	279.60	0.9%
Monde Nissin Corporation	MONDE	Buy	2,446	7.88	12.10	53.6%	-0.3%	-8.4%	6.65	11.90	4.0%
Puregold Price Club	PGOLD	Buy	1,393	28.00	39.20	40.0%	0.7%	-9.2%	22.55	34.45	3.7%
Robinsons Retail Holdings, Inc.	RRHI	Buy	907	36.85	55.00	49.3%	1.2%	2.4%	33.75	41.60	4.9%
San Miguel Food and Beverage Inc.	FB	Buy	5,318	52.10	65.00	24.8%	-1.7%	-1.2%	43.00	57.30	3.1%
Shakey's Pizza Asia Ventures	PIZZA	Buy	204	7.00	12.00	71.4%	0.0%	-12.4%	7.00	10.26	0.5%
Universal Robina Corporation	URC	Buy	2,627	71.00	140.00	97.2%	6.0%	-10.1%	57.80	120.80	4.9%
Wilcon Depot, Inc.	WLCON	Neutral	574	8.10	17.30	113.6%	1.6%	-43.4%	7.88	22.40	3.5%
<b>Property</b>											
Ayala Land	ALI	Buy	5,690	22.50	38.00	68.9%	-1.7%	-14.1%	22.30	38.95	2.6%
Filinvest Land Inc.	FLI	Neutral	267	0.69	0.70	1.4%	-1.4%	-5.5%	0.62	0.88	6.6%
Megaworld	MEG	Buy	1,007	1.79	3.00	67.6%	2.3%	-12.7%	1.72	2.36	4.7%
Robinsons Land	RLC	Buy	1,007	12.10	27.00	123.1%	-0.3%	-9.0%	12.00	17.10	4.1%
SM Prime Holdings	SMPH	Buy	12,171	24.40	42.00	72.1%	3.8%	-3.0%	21.85	33.55	0.4%
Vista Land & Lifescapes	VLL	Buy	333	1.52	2.00	31.6%	0.0%	2.7%	1.41	1.85	9.0%
<b>REITs</b>											
AREIT, Inc.	AREIT	Buy	2,190	39.50	44.00	11.4%	1.4%	4.1%	32.65	42.00	6.8%
Citicore Energy REIT Corp.	CREIT	Buy	356	3.15	3.90	23.8%	0.3%	3.3%	2.62	3.23	6.8%
MREIT, Inc.	MREIT	Buy	868	13.50	18.00	33.3%	0.0%	1.2%	12.30	14.04	8.4%
RL Commercial REIT, Inc.	RCR	Buy	1,691	6.23	7.00	12.4%	2.3%	6.5%	4.93	6.29	6.9%
<b>Power &amp; Industrials</b>											
Aboitiz Power Corporation	AP	Buy	5,085	40.85	45.00	10.2%	-0.1%	8.4%	32.40	44.50	5.6%
ACEN Corporation	ACEN	Buy	2,152	3.14	6.50	107.0%	-0.6%	-21.5%	3.04	6.00	2.5%
First Gen Corporation	FGEN	Buy	1,037	16.70	22.00	31.7%	0.6%	3.6%	16.04	20.50	2.4%
Intl Container Terminal Services	ICT	Buy	11,888	340.00	472.00	38.8%	0.0%	-11.9%	283.00	446.00	4.3%
Manila Electric Company	MER	Buy	9,598	493.00	572.00	16.0%	1.6%	1.0%	345.00	508.00	5.5%
Manila Water Company, Inc.	MWC	Buy	1,355	30.20	35.00	15.9%	1.5%	11.9%	19.28	30.95	6.1%
Megawide Construction Corp.	MWIDE	Buy	79	2.28	3.70	62.3%	-0.9%	-6.2%	2.26	3.22	-
Semirara Mining and Power Corporation	SCC	Neutral	2,775	37.80	35.30	-6.6%	0.9%	8.3%	28.75	38.10	7.9%
<b>Mining</b>											
Nickel Asia Corporation	NIKL	Neutral	578	2.40	3.40	41.7%	-1.6%	-31.2%	2.17	4.60	3.3%
<b>Telecom</b>											
Converge ICT Solutions Inc.	CNVRG	Buy	2,111	16.82	19.60	16.5%	2.4%	4.2%	8.29	18.38	2.2%
Globe Telecom	GLO	Buy	5,661	2,270.00	2,860.00	26.0%	-0.3%	3.9%	1,710.00	2,472.00	4.8%
PLDT Inc.	TEL	Buy	5,180	1,388.00	1,950.00	40.5%	1.7%	7.2%	1,245.00	1,624.00	6.9%
<b>Tourism</b>											
Bloomerry Resorts Corporation	BLOOM	Buy	713	3.60	10.70	197.2%	2.9%	-21.4%	3.37	12.00	4.2%
Cebu Air	CEB	Buy	334	31.00	48.30	55.8%	0.6%	9.7%	26.00	38.00	-
MacroAsia Corporation	MAC	Buy	167	5.11	7.40	44.8%	0.8%	-6.1%	3.90	7.81	4.0%

Sources: BDO Securities estimates, Bloomberg

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