



SEC News Service

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Competition bill to get priority when session resumes

BY CATHERINE N. PILLAS

THERE is still hope for the passage of the proposed competition bill as Sen. Paolo Benigno Aquino IV vowed to push the bill in the Senate in response to the urging of the Philippine Chamber of Commerce and Industry (PCCI) to give priority to the bill when Congress resumes session in May.

"We are preparing the committee report and trying to get the inputs of all stakeholders. We intend to conduct one more hearing in May and we plan to file the committee report before the adjournment," Aquino said in a text message.

On the part of the House of Representatives, Speaker Feliciano Belmonte Jr., who filed the Philippine Fair Competition Act, likewise confirmed plans to prioritize the bill come May.

The PCCI, in a statement, called for swift action on the competition policy law.

PCCI President Alfredo Yao said it is needed if the Philippines is to maximize the benefits of the Association of Southeast Asian Nations (Asean) economic integration by 2015.

"The economy needs a competi-

tion law to upgrade the country's competitiveness and maximize the benefits of integrating the economy with those of other Asean economies by 2015. If we give our neighbors a difficult time to do business here, they will also give us a hard time accessing the Asean market of 600 million consumers," Yao said in a statement.

The committee report on the bill is expected to be filed by June in the Senate. It is also still in the committee-hearing stage in the House of Representatives.

Dr. Cielito F. Habito, a former socioeconomic planning secretary, cited these common business practices that restrict fair competition: certain malls limit sites for competing ATM brands in their premises; micro, small and medium enterprises are discouraged by big banks from borrowing, insisting on documents while easily lending to large companies; and farmers are penalized by high shipping costs because of the lack of competition in the shipping industry.

According to Habito, if such practices are halted, there will be a level playing field for small and medium enterprises, and more foreign investments may come in.

IMI moves to delay IPO plan, again

By VG CABUAG

AYALA-LED Integrated Micro-Electronics Inc. (IMI) has again delayed its plan to hold an initial public offering (IPO) as the company says current market condition does not favor the implementation of the said fund-raising measure.

IMI President and Chief Executive Officer Arthur Tan said the company has discussed the issue with the Securities and Exchange Commission (SEC) and the regulator concurred with the decision.

Tan said IMI will continue to pay the necessary penalty for not proceeding with the IPO. It also promised the SEC to

pursue the said IPO as soon as possible.

"We feel that the current market was not fair to the current shareholders. If we went ahead and tried to comply by issuing new shares, that will dilute the current shareholders at a market price that it is being given. The global economy is just returning and we see the numbers as it is going up," Tan said.

IMI was listed in January 2010 by way of introduction. The said measure requires the company to conduct an IPO a year after. Tan said the company couldn't comply with the regulatory requirement in 2011 as the world markets were still reeling from the effects of the bankruptcy declaration made by investment bank

Lehman Brothers Holdings Inc., which fell in 2008. Since 2011, IMI has been paying the necessary penalties for not holding the programmed IPO.

"We tried to comply at different stages," Tan said. He added that the company cannot guarantee that it can hold an IPO next year as this decision will inevitably depend on the global market condition.

"The SEC looked at our current market, which is the Philippines and other markets abroad. The Philippines is doing well, but the Philippine portion of our operation only contributes 25 percent of our revenues. [About] 75 percent is [coming from] outside, from countries like China, Europe, the US and Japan," Tan said. IMI

reported a net income of \$10.5 million last year, nearly double than the previous year's \$5.6 million as the company's businesses expand in Europe.

Its Chinese operations, on the other hand, had been on a slump due to the slowing Chinese economy. For 2014, the company expects to spend \$27 million for capital expenses, an increase from the \$21 million in allotted in 2013.

The main components of these expenditures—to be funded by a combination of internally generated funds and debt—are for building extensions and improvements, purchase of equipment for new projects, various machineries restorations and innovation and strategic investments.

Business

Mario F. Fetalino Jr., Asst. Editor □ e-mail: moneytribune@yahoo.com

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PCCI seeks passage of competition laws

Time is running out for Congress to pass a competition law that would prevent anti-competitive business practices, abuse of market power and anti-competitive mergers and other unfair trade practices.

"We hope that when it goes back to work for its May 5 to June 13 session, the 16th Congress would give top priority to approving competition bills now pending before it" said PCCI president Alfredo Yao.

"The economy needs a competition law to upgrade the country's competitiveness and maximize the benefits of integrating the economy with those of other Asean economies by 2015.

"If we give our neighbors a difficult time to do business here, they will also give us a hard time accessing the Asean market of 600 million consumers."

Citing that competition law will promote a more open environment for investments, innovation and pricing, and will level the playing field for new entrants and current investors wishing to expand or diversify their investments

in the domestic market, Yao stressed, "A competition law would be a landmark legislation whose significance to the economy would be underscored once the AEC and other economic partnership agreements come into play."

In the Senate and the House of Representative, the pending bills have gone through first reading.

These are in public hearing and consultation stages.

Shepherding the bills are Senator Bam Aquino in the Senate and Representative Mark Villar in the House of Representatives.

Cielito Habito, an advocate for a competition law and former economic planning secretary, has cited examples depicting restrictive business practices that have given rise to the need for a competition law.

In a seminar-workshop on competition policy and law organized for legislative staff by the PCCI, the USAID-TRADE (Trade Related Assistance for Development), the House Committee on Trade and Industry and the Senate Committee on Trade, Commerce and

Entrepreneurship, Habito cited how small retailers are threatened at being cut off from supply deliveries by giant manufacturers if the stores continue to sell soap produced by livelihood producers.

Certain malls limit sites for competing ATM brands in their premises.

Micro, small and medium enterprises are discouraged by big banks from borrowing insisting on documents while easily lending to large companies. Farmers are penalized by high shipping costs because of the lack of competition in the shipping industry.

Habito said that if such restrictive business practices or the potential for market abuse are controlled, small and medium enterprises would have a level playing field to compete, more foreign investments previously deterred from entry would come in, and companies become more efficient, produce at the lowest possible cost and pass on savings to buyers.

PCCI has been leading the campaign for a competition law and for independent regulatory authority to enforce the legislation.

SingTel, Samsung forge partnership

The SingTel Group and Samsung yesterday unveiled a suite of joint initiatives designed to bring a seamless and richer mobile data experience for customers.

To be progressively launched by entities in the SingTel Group – SingTel in Singapore, Optus in Australia, AIS in Thailand, Airtel in India and Africa, Globe Telecom in the Philippines and Telkomsel in Indonesia – these initiatives cut across many areas such as marketing, content and technology.

This collaboration will help differentiate the entities' services and improve their competitiveness.

Paul O'Sullivan, CEO Group Consumer, SingTel said, "Our partnership with Samsung demonstrates SingTel Group's ability to leverage its combined scale and deliver exclusive offerings to our over half a billion customers across the region."

DJ Lee, president and head of Global Sales and Marketing of Mobile Communications Business, Samsung Electronics said, "This unique partnership with SingTel Group is important for us to reach a broader audience across the markets we operate in.

Samsung, together with SingTel Group, a visionary group of operators, aims to bring better and a more complete set of products and services to our consumers."

Moon Soo Kim, president and CEO of Samsung Asia added, "As mobile usage grows in the region, Samsung will continue to work hand-in-hand with partners like SingTel to bring more innovative technology and services to consumers in the market."

Initiatives under this partnership include a retail collaboration program, direct carrier billing, regional mobile app development challenge and direct access to selected apps.

Expert to SMEs: Try 'coopetition'

By Ed Velasco

Small and medium-sized enterprises (SMEs) can better play the new rules of the Association of Southeast Asian Nations single market by "gearing up and changing their ways."

This is the advice of former National Economic and Development Authority director general Cielito Habito as he laid out the best way for SMEs to penetrate the Asean Economic Community (AEC).

If this is done, the traditional "*kanya-kanya*" (individualistic) mindset will be abandoned and embrace clustering and "coopetition (combination of cooperation and competition)."

Coopetition, or cooperative competition, is a term that means to cooperate with each other to reach a higher goal than each one could achieve individually.

In his official report e-mailed to select entities, Habito, chief of party for USAID's Trade-Related Technical Assistance for Development, said local enterprises should take advantage of the government's strategy of industry clustering and facility-sharing.

Clustering can be a platform particularly for weaker SMEs to become more competitive not just in the AEC market but also in the global market, said Habito.

The approach involves developing the backward and forward linkages across the supply chain of a business in a geographic area to increase overall competitiveness and raise export prospects.

Trade Secretary Gregory Domingo, meanwhile, reported his department established some 600 clusters of SMEs, like those in the coffee industry in small communities last year, and plans to form 800 more this year.

Large enterprises can also lend their support to SMEs by including them in their production chains for a more inclusive growth, said Habito.

He also advised SMEs to change their perspective on regional integration and see it as an opportunity to intensify intra-Asean trade and take a greater part in regional production networks or value chains.

He took note of the increasing complementary nature of intra-regional trade and how the manufacture of intermediate goods in the Asean has ballooned in the last decade.

This, he said, could lead to increased manufacturing activity between the Philippines and its Asean neighbors.

RP stock market to hit 7,000 level this year

The Philippine equities market is expected to hit the 7,000-level this year on optimism over the country's stable macroeconomic fundamentals and robust earnings growth.

In an annual San Miguel Corporation-Economic Journalists Association of the Philippines seminar held here, chief strategist at Banco de Oro Unibank Jonathan

Ravelas said fundamentals remain stable, with the country's economy expected to grow 6.75 percent in 2014, slightly lower than last year's 7.2 percent.

Ravelas also sees a low inflation rate of 3.5 percent, with the peso trading within the P43.50 per dollar by year-end.

He is optimistic earnings growing at least eight to 10 percent

this year, reflecting the 50 basis points increase in key policy interest rates.

"There will be some adjustments based on the earnings so the first-quarter numbers are very critical. If it remains positive based on the fourth quarter earnings... then we will probably see the stock market moving there," he said.

Ravelas said earnings can rise at a high of 15 to 20 percent.

The benchmark Philippine Stock Exchange index already breached the 6,600-mark on April 10, its highest level for this year.

The index, however, retreated the following day on profit-taking.

"I think we will still hit the 6,700- to 7,000-level (in 2014)," he further said.

Alaska Milk Corp., RFC ink partnership

Alaska Milk Corp. (AMC) recently announced a stronger partnership with Royal Friesland Campina (RFC), the leading dairy company in The Netherlands.

The link up was bared during a media conference that tackled nutrition specifically for infants, children, pregnant women and mothers at the Solaire Grand Ballroom last April 8.

The predecessor entity to RFC was the original foreign partner with the Uytensu milk business in 1972 and their increased investment in AMC is part of the group's goal to build the business in the Philippines and the region.

RFC is increasing its stake from about 8.1 percent to 68.9 percent via a purchase of the shares held and controlled by the Uytensu Family, the founders and controlling shareholders of AMC.

In compliance with regulatory requirements, Friesland Campina will launch a tender offer for the remaining outstanding publicly traded shares.

AMC president Wilfred Steven Uytensu will continue to lead the company's management team as head and chief executive officer and will continue as director of the company.

With this acquisition, Friesland

Campina adds a market of approximately 100 million consumers to its existing consumers' base.

The transaction strengthened Friesland Campina's position in Asia, which is a strategic growth area for the dairy multinational.

Friesland Campina is already present in Thailand, Indonesia, Malaysia, China, Vietnam, India, Hong Kong and Singapore.

It also raised Friesland Campina's Consumer Products International annual global revenues from approximately 2.5 billion euros to early 2.7 billion euros.

Uytensu reiterated AMC's longstanding mission to provide everyday affordable nutrition to Filipino companies.

"This unwavering commitment is made even stronger as Alaska Milk Corporation partners with Royal Friesland Campina, the Dutch dairy company that has been supplying mothers all over the world with high quality dairy nutrition for over 130 years now," he said.

"Together with RFC, AMC continues to offer essential nutrients from milk at any stage of the people's lives. Mothers can now benefit more from the combined power of our expertise," he added.

Rachelle Ann Quiraba

ABS-CBN net income jumped 25% in 2013

ABS-CBN Corp. reported a 25 percent increase in its net income for 2013 of P2.028 billion, compared to P1.618 billion for 2012.

The company's strong performance came on the back of a 15-percent rise in net revenues of P33.4 billion, compared to P28.9 billion for the previous year.

"Our company's solid financial performance for 2013 was boosted by our dominance in national ratings which allowed us to capture a bigger share of the advertising spending in the country, election-related spending, and various initiatives within the company to be more cost-efficient," said Aldrin Cerrado, the company's chief financial officer.

The company reported that costs and expenses rose 11 percent, slower than the 15 percent revenue growth rate for the year.

Total assets rose to P57.99 billion from P51.3 billion in 2012, while its equity base rose from P19.4 billion in 2012 to P25.9 billion in 2013.

The company said it forged various strategic partnerships in 2013, consistent with its overall plan to bring quality content to its customers through various platforms.

The Filipino Channels agreement with Orbit Showtime Network allowed ABS-CBN to further broaden its reach to Filipinos in the Middle East, adding around 50,000 customers, while the company's partnership with the owners of the Mars Ravelo properties will bring the popular local superheroes to television sets and theaters in the Philippines and overseas.

Skycable continues to dominate the cable TV business with more subscribers than its nearest competitor.

"It has been a busy and productive year, and this year may be even busier," said CFO Cerrado.

"We launched our O Shopping Channel and ABS-CBN Mobile in the fourth quarter of last year.



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Time Running Out For Competition Law - PCCI

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law to upgrade the country's competitiveness and maximize the benefits of integrating the economy with those of other ASEAN economies by 2015. If we give our neighbours a difficult time to do business here, they will also give us a hard time accessing the ASEAN market of 600 million consumers."

Citing that competition law will promote a more open environment for investments, innovation and pricing, and will level the playing field for new entrants and current investors wishing to expand or diversify their investments in the domestic market, Yao stressed, "A competition law would be a landmark

legislation whose significance to the economy would be underscored once the AEC and other economic partnership agreements come into play."

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that have given rise to the need for a competition law.

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at being cut off from supply deliveries by giant manufacturers if the stores continue to sell soap produced by livelihood producers.

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FDC Profit Up 12% To ₱6.5B

By JAMES A. LOYOLA

Filinvest Development Corporation (FDC) posted a 12 percent rise in consolidated net income to ₱6.5 billion last year from the ₱5.8 billion it registered in 2012.

Consolidated revenues increased by 17 percent to ₱34.8 billion in 2013 from ₱29.8 billion in the previous year. FDC Chairman Jonathan Gotianun said the overall robust performance of the FDC group in 2013 was due to the positive results of all its major subsidiaries.

Top line growth was driven by both its real estate operations, largely composed of subsidiaries Filinvest Land, Inc. (FLI) and Filinvest Alabang, Inc., as well as its financial and banking services subsidiary EastWest Bank (EWB).

Together, real estate and financial services contributed 89 percent of total group revenue, or 47 percent and 42 percent, respectively. Sugar operations contributed 8 percent while hotel operations contributed 3 percent of total revenues.

"We look forward to improved performance in the group not only because of the strength of our real estate and banking businesses but also because we are optimistic about the prospects of our other operations," said FDC President Josephine Gotianun-Yap.

She added that "construction of

our 405 MW power plant in Mindanao is in full swing and is expected to be the third major leg of the group by 2016. The FDC strategy is to employ our business experience and strength to nurture these nascent operations to help them become full contributors to the group."

FLI reported that its net income grew 14 percent in 2013 to ₱4.0 billion over ₱3.5 billion in 2012 while net income at EWB increased by 13 percent in 2013, on the back of growth in its core businesses.

Revenues in financial and banking services grew 28 percent to ₱14.6 billion from ₱11.4 billion in 2012. This was largely driven by interest income, which increased by 27 percent to ₱9.8 billion.

Sugar sales and other income grew 12 percent to ₱2.8 billion from ₱2.5 billion partly because of increased capacity due to investments in improvements in efficiency.

Hotel revenues and other income increased by 40 percent to ₱1.0 billion in 2013. This was the result of both an increase in occupancy rate and an increase in room rate of Crimson Mac-tan as well as the addition of Crimson Alabang which was formally launched on March 21, 2013.

The hotel group recently broke ground in Boracay for its latest addition to the luxury Crimson brand.

Filinvest's net profit rises 12% to ₱6.5b

FILINVEST Development Corp., the holding company of the Gotianun family, said net income in 2013 grew 12 percent to ₱6.5 billion from ₱5.8 billion in 2012, on the robust performance of core businesses.

FDC said in a statement consolidated revenues increased 17 percent in 2013 to ₱34.8 billion from ₱29.8 billion in the previous year, on higher income contribution from real estate and banking units.

FDC chairman Jonaihan Gotianun attributed the overall robust performance of the group to the positive results of all major subsidiaries.

Top line growth was driven by both real estate operations, composed of subsidiaries Filinvest Land Inc. and Filinvest Alabang Inc., as well as its financial and banking services subsidiary EastWest Bank.

Real estate contributed 47 percent to total revenues of the group while banking and financial services accounted for 42 percent. Sugar operations also contributed 8 percent while hotel operations contributed 3 percent of total revenues.

"We look forward to improved performance in the group not only because of the strength of our real estate and banking businesses but also because we are optimistic about the prospects of our other operations," said FDC president and chief executive Josephine Gotianun-Yap.

"Construction of our 405-MW power plant in Mindanao is in full swing and expected to be the third major leg of the group by 2016. The FDC strategy is to employ our business experience and strength to nurture these nascent operations to help them become full contributors to the group," Yap said. **Jennifer B. Austria**

SM Investments cites benefits of merging property assets

SM INVESTMENTS Corp. stressed the opportunities in real estate in the Philippines following its recent merger of property assets under mall developer and now property conglomerate SM Prime Holdings Inc.

SM Investments officials cited the benefits of the landmark merger in 2013 that transformed SM Prime into one of Southeast Asia's largest property companies. SM Prime today has shopping malls, residences, offices, hotel and convention centers and leisure facilities.

SM Investments vice chairman Teresita Sy-Coson said in a recent forum by the Fund Managers Association of the Philippines at the SMX Convention Center in Taguig City that the SM Group had been "particularly active" with developments across all its core businesses in banking, retail and property which is indicative of the Philippine economy's growth story.

"The reason why we merged the residences, malls, hotel, commercial, leisure and other landbank under SM Prime was to

create a property company that is strong and well-positioned for the future," Coson said.

She added SM had faith in the growth of the emerging Philippine property sector. "The strength of SM has always been to create and leverage synergies across all businesses and this merger does that for our property units. As a result, we can do larger and more long-term integrated master planned developments and more lifestyle cities," Coson said.

SM Prime vice president for finance Teresa Reyes-Agsalud,

meanwhile, said as a result of the merger, SM Prime was in a position to pursue its next phase of growth. SM Prime now had access to a significantly larger land bank of over 900 hectares and real estate assets of \$13.8 billion as of end-December 2013.

"The bigger scale and enhanced capabilities will allow SM Prime to unlock revenue synergies within the group as well as pursue larger and more attractive opportunities in the market," Agsalud said.

