



# SEC News Service

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## More US investors convinced PHL brims with opportunities

BY RECTO MERCENE  
& CATHERINE N. PILLAS

**M**ORE investors from the United States are now seriously considering doing business in the Philippines after hearing leading Filipino private-sector figures talk about a country brimming with numerous investment opportunities.

"A growing number of American investors are convinced that with its unprecedented economic growth, the Philippines will be a good place for their investments," Ambassador

Jose L. Cuisia Jr. said at the end of a successful weeklong private sector-led investment road show that visited Houston, Atlanta and Philadelphia.

Meanwhile, a high-level business mission from the United States, organized by the US-Asean Business Council, has arrived in Vietnam on the first leg of its Asean tour. Its next stop is the Philippines. The delegation is composed of chief executive officers and high-level executives from nine US companies and will be accompanied by US Secretary of Commerce Penny Pritzker. Both she and the delegation

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are scheduled to confer with President Aquino. Cuisia said investors heard the positive projections made by noted economist Dr. Bernardo Villegas of the University of Asia and the Pacific, who led the private-sector delegation from Manila that participated in the third Philippine Private Sector-Led Investment Roadshow.

In his presentations, Villegas, dubbed the "Prophet of Boom," described the Philippines economy as being at a "tipping point," citing the positive investment climate in the Philippines, which he predicts would grow up to 15 percent in the next 10 years.

"The 2014 road show could not have been scheduled at a better time, now that the Philippines is considered one of the best-performing economies in Asia," Villegas said. "The Philippines is now regarded as an investment haven by international investors."

"There is no more any need to prophesy. It is a reality—the Philippines is booming," the economist said. He added that the sustainability of the high growth rates is assured because of the institutionalization of the reforms that have taken place over the past 25 years, particularly during the first four years of President Aquino who implemented a policy of transparency and good governance.

"The economy is showing so much potential and there are numerous sunrise industries to look out for, developing sectors which are increasingly contributing to the economy of the Philippines. These include agribusiness, mining, automobiles, education, the triple T's: transport, telecom and tourism, and the four F's: food, fashion, furniture and fun," Villegas said.

His optimism was shared by the other members of the private-sector delegation—Alfredo Austria, president of DMCI; Rainerio Borja, president of Expert Global Solutions Philippines; Martin Pascual, director of Pascual Laboratories; and Benjamin Philip Romualdez Jr., president of the Chamber of Mines of the Philippines.

During the roadshow, Austria gave a detailed and compelling presentation on the attractive investment opportunities for American investors in real estate, construction, infrastructure, engineering and architectural services.

"There is a resurgence in the industrial sector. While in the past 10 years there were problems selling industrial lots, we found that industrial estates sold out lots last year alone," Austria said. "This sudden uptake requires new development of manufacturing zones to meet increasing demand from manufacturers seeking to set up in the Philippines," he said.

the health and wellness consumption of the Philippines was good for pharmaceutical companies and health-service providers. He also mentioned the growth in research in genomics, herbal and natural products, marine biodiversity and stem cell.

According to him, the Philippines is well-placed in expanding its pharmaceutical and biotech industries given its access to the Asean market of over 600 million people. Pascual added that the country has also done an excellent job in protecting intellectual-property rights and has no compulsory licensing requirements.

Prospects also remain bright for the information technology and business-process management industry, which according to Borja, is expected to create more than 1.3 million direct employment opportunities and reach \$26 billion in revenues by 2016.

Borja said the IT-BPM industry is growing at a rapid rate of 25 percent annually, not only because of the scalable educated talent pool available in the Philippines but also because of the country's cost competitiveness, excellent infrastructure, government support, public-private partnerships and the industry's proven track record.

In his presentation, Romualdez saw potentials in the mining industry following the signing of the Comprehensive Agreement on the Bangsamoro between the Philippine government and the Moro Islamic Liberation Front.

"It is a step in the right direction and will bring us closer to developing the mining potential of Mindanao," he said. "The mining sector will likely contribute up to 2 percent of GDP if mining projects would be approved and implemented." Based on the large turnout and positive response of American corporate executives and investors during the business forums of the road show, Cuisia said he was optimistic there would be more American investments pouring into the country.

"Trade between the Philippines and the US has grown from \$13 billion in 2009 to \$15 billion in 2010, and up to \$22 billion in 2011. We are definitely on the right track," the country's top diplomat in Washington said.

In Philadelphia Cuisia and the delegation, accompanied by Consul General Mario de Leon, Deputy Consul General Zaldy Patron, First Secretary and Consul Lilibeth Almonte-Arbez and Trade Representative Michelle Sanchez, also met with city officials and members of the local business community as well as the Filipino-American Community, particularly the Philippine-American Chamber of Commerce of Philadelphia and South

and Brad Baldia.

Philadelphia Mayor Michael Nutter met with the Philippine delegation to emphasize his city's interest in exploring more trade and investment relations with the Philippines. Other officials present were Councilman David Oh; Chairman Ken Wong and Nina Ahmad of the Commission on Asian American Affairs; Deputy Secretary Will Muskens; and Rob Wonderling of the Greater Philadelphia Chamber of Commerce.

After speaking at the business forum held at the University of Pennsylvania and sponsored by Ayala Land, the Philadelphia Multicultural Affairs Congress and the Wharton Lauder institute, members of the delegation had eight one-on-one meetings with US companies that are seriously pursuing business in the Philippines.

Cuisia said he expected the road show not only to further improve trade and economic ties with the US but also mobilize the Filipino-American community to play an active role in the growth of the Philippine economy.

Evan Greenberg, chairman of the board of the US-Asean Business Council and chairman and president, and CEO of ACE Ltd., explained the purpose of the US business delegation's tour of Asean thus: "The ongoing and direct engagement of US CEOs with Asean's public and private-sector leaders is vitally important to exchanging views, identifying common objectives, and expanding opportunities for two-way trade and investment."

Among the goals of the mission is to promote two-way trade and investment that would benefit US companies and create employment on both sides of the Pacific, according to a statement.

US-Asean Business Council President and CEO Alexander Feldman, underlining the importance of Asean and engaging in continuous dialogue with member-nations, said: "The US has more foreign direct investment in Asean than it does in the BRIC countries [Brazil, Russia, China and India] combined; continuing to grow those investments, as well as opportunities, for American exports will take continued, personal attention from the highest levels of US business and government, and that's why the council has made engagement at the CEO level one of our core priorities."

Companies participating in the delegation include ACE, UL, AES, General Atlantic, Marsh & McLennan Companies, Mead Johnson Nutrition, Qualcomm and Rio Tinto. Ambassador John Negroponte of McLarty Associates will also join the delegation in

# DoubleDragon set to develop themed complex in Pasay City

By VG CABUAG

**D**OUBLEDRAGON Properties Corp. on Monday said it will develop a complex of buildings for the business-process outsourcing (BPO) companies, a commercial area and serviced apartments in an area near the SM Mall of Asia complex in Pasay City.

The company said in a disclosure to the Philippine Stock Exchange that it signed a memorandum of agreement

with Carto Meridian Development Corp. to develop "The Meridian Park," a 4.75-hectare land area.

The said area is situated at the corner of Roxas Boulevard and Edsa.

The company said it will launch the master plan and start of construction of the first phase of the project by the fourth quarter and will fully develop the area by 2020.

"The first phase of the project to be called 'DoubleDragon Cyber Campus' will have about 90,200 square meters

[sq m] in total floor area," the company said in a statement

The buildings will be leased out to BPO companies and will have arcaded commercial retail spaces at the ground floor. The first phase of the development is expected to generate about 12,000 jobs. "This major development is located in one of the most prime areas in Metro Manila. Almost all vehicles going to and from SM Mall of Asia will pass by the Meridian Park," the company said.

The SM group owns close to a third of DoubleDragon's community mall operations arm under the Citymall brand.

The company said it plans to make the said development one of the most iconic and prominent landmarks in the area.

DoubleDragon said once the entire complex is completed, it will have some 334,000 sq m in total floor area and is expected to generate over P1.6 billion in annual rental revenues for the joint-venture firm that will be created for this purpose.

# PSE issues trading suspension on Belle

**T**RADING of Belle Corp. shares were suspended on Monday after the company voluntarily asked the Philippine Stock Exchange (PSE) for a one-day trading halt as it will reorganize its gaming assets under a separate listed entity.

The trading halt of its shares is expected to be lifted on Tuesday after the announcement.

Belle said it will transfer 100-percent ownership in Premium Leisure Amusements Inc. (PLAI) and 34.5-percent equity in Pacific Online Systems Corp. to unit Sinophil Corp., also a listed company.

PLAI is part of the consortium that holds the license from the Philippine Amusement and Gaming Corp. for City of Dreams Manila to be operated by Melco Crown Philippines.

Pacific Online, on the other hand, holds the exclusive license to distribute

equipment for the lotto operation in the Visayas and Mindanao.

"Belle will retain direct ownership of the land and building of City of Dreams Manila, from which it will continue to receive rental income," the company said.

It will also retain direct ownership and continue to develop other assets, such as properties in the Tagaytay Highlands and Midlands complexes, including surrounding residential and leisure assets of over 800 hectares of currently undeveloped land.

Belle will take over Sinophil's nongaming assets as the firm will now focus on gaming activities.

These include membership shares in Tagaytay Midlands Golf Club Inc., a parcel of land located within the Aseana Business Park at the Manila Bay Reclamation Area, several parcels of land in The Parks at Saratoga Hills within the

Tagaytay Midlands Complex and undeveloped land located within Tanauan, Batangas.

"The terms of the corporation's acquisition of Sinophil's nongaming assets will still be subject to further negotiations between the corporation and Sinophil," it added. Belle will also participate in a private placement transaction and subscribe to approximately 24.7 billion common shares of Sinophil which will be issued out of a 27.5-billion increase in the authorized capital of the latter. The said increase will be up for approval by its stockholders and also by the Securities and Exchange Commission.

"The reorganization is expected to be completed on or about August 2014," the company said. Belle, a company partly controlled by the Sy family, owns half of the \$1.2-billion

City of Dreams Manila casino in Entertainment City. The company said that its net income for the first three months of the year fell to P309.9 million, about 60 percent less than the previous year's P777.8-million profit as a result of last year's infusion of its partner Melco Crown Entertainment Ltd.

"Excluding such one-time income, Belle's consolidated net income for the first quarter of 2013 would have been approximately P113 million and consolidated net income for the first quarter of 2014 would have, thus, been higher by approximately P196.9 million" or a 174-percent increase, the company said.

"Belle is responsible for the land and building. Then Melco Crown is responsible for the operation, as well as the fit-out," Armin Antonio Raquel Santos, Belle executive vice president for integrated resorts, said.

# D&L expects \$1-B market capitalization in two years

**D**&L Industries Inc. on Monday said it wants to become a \$1-billion company by market capitalization within two years on the back of consistent earnings.

Alvin Lao, D&L executive vice president and chief financial officer, said there are offshore investors who place their money only on companies capitalized at \$1-billion and above.

Reaching that level of market capitalization allows the company to take in more investors and broaden its shareholder base, the official said.

At the moment, D&L has a market capitalization of about \$750 million, Lao said. Based on data from the Philippine Stock Exchange, it has market capitalization of P32.67 billion, with a public float of 31.6 percent. Lao, however, said it would be a tall order for the company to achieve this market capitalization this year.

"This means we need to grow market capitalization by 33 percent—a tall order for one year. Maybe in two years, we can reach it," Lao said at

the sidelines of the company's stockholders' meeting. Lao said D&L continues to ride on the strong growth of the Philippines economy and the company's income is increasing at a much faster rate since most of its products, such as food additives and other chemicals for products, are geared to the consumer market.

"When we did our IPO [initial public offering] in 2012, we were priced as a manufacturing company. However, we are increasingly being priced as a consumer company which has a higher price-to-earnings ratio," Lao said. D&L derives 70 percent of its business from the food industry, such as the fats used by fast-food companies to cook the french fries, while the remaining 30 percent is mainly from supplying raw materials for the durable goods sector. The company also announced it will pay regular cash dividend of P0.10 per share, plus special dividend of P0.10 per share to shareholders of record at the close of business on June 18.

SEE "D&L," B2

## D&L. . . CONTINUED FROM B1

In total, shareholders will receive P0.20 dividends per share, working out a dividend yield of 2.2 percent based on a close of P9.15 on May 30. This year's declared dividends of P714 million is a 33-percent increase from last year and translates to a payout ratio of 51 percent based on the 2013 total net income of P1.4 billion. The company said earlier net income reached P377 million, a 20-percent jump from the previous year's P314 million. Sales, on the other hand, grew by 34 percent to P3.1 billion from last year's P2.3

billion as the company continues to veer away from low-margin products to concentrate on those that have higher returns.

High margin specialty products accounted for 64 percent of the group's overall sales for the period and low margin commodities accounted for 36 percent, the company said. Higher commodity prices, however, pulled down its gross profit margin to 18.4 percent from last year's 19.2 percent, while net income margin was also down at 2.2 percent from 13.6 percent. *VG Cabuag*

## Pepsi reports 20% growth in 2013 sales

**P**EPSI-COLA Products Philippines Inc. (PCPPI), at the recent annual stockholders' meeting, reported that sales volume growth reached 20 percent, which is consistent across every geographic operating group.

Revenues surged to P26.4 billion, reflecting a 16-percent growth from P23 billion in 2012.

Meanwhile, income from operations reached P1.3 billion, up by 6 percent from P1.2 billion reported in the previous year. Net income climbed to P903 million, another 6-percent growth from P849 million in 2012.

PCPPI said this strong topline result was achieved despite a modest industry-wide growth, a highly competitive landscape, and a final quarter that was marred by natural disasters. "Amid all these, Team PCPPI kept a laser-like focus on expanding its product offerings and strengthening its distribution footprint throughout the country. Together with productivity in manufacturing costs and operating expenses, this drive resulted in growth

in operating profit and net income, while allowing our earnings before interest, taxes, depreciation and amortization margin to stay at a healthy 13 percent," PCPPI President Eurqan Ahmed Syed said.

In keeping with its long-term growth strategy, PCPPI continued to invest in capacity expansion and distribution assets such as containers, trucks and coolers. Capital expenditures reached P4.2 billion in 2013, up by 33 percent from P3.1 billion in the previous year.

To meet the rising demand, the company invested significantly in its manufacturing facilities, including a new plant in Santo Tomas, Batangas, which is expected to be operational in the latter half of 2014.

"We remain optimistic about the country's consumption story at the back of robust economic growth. We will continue to invest in the long-term future of our business, keeping in view the needs and aspirations of our Filipino consumers," Syed said.

## Chemrez sees 2014 profit to grow in double digits

CHEMREZ Technologies Inc. expects profit to grow in double digits this year, driven by a brisk volume sales growth in the oleochemical business, an official said. The company—which is a leading manufacturer of resins, oleochemicals and specialty products in the country—posted P308 million in net income and P4.3 billion in revenue last year, up 26 percent and 12 percent, respectively, from a year ago.

“Our first-quarter income was up by 39 percent but we are expecting for the whole year [this will] be up [in the] mid-teens. We are doing better than expectations. Definitely, better than last year,” said Chemrez Chief Financial Officer Alvin Lao after the company’s stockholders’ meeting on Monday. Revenue, he said, is “likely to grow [in the] mid-teens.” The company’s outlook for the year does not include the impact of a government mandate to increase the biodiesel blend from 2 percent to 5 percent.

“We are not yet assuming additional revenues from the increase in the biodiesel blend. We are just relying on our business segments,” Lao said.

He said the company has yet to receive word from the government when the Biofuels Act of 2006 will be fully implemented. Under the said law, the biodiesel-fuel blend may be increased taking into account considerations such as domestic supply and availability of locally sourced biodiesel.

Since 2009, biodiesel has been blended at 2 percent with diesel fuel.

“We are optimistic that the government will eventually announce the timetable to increase the blend. We are eagerly anticipating the timetable. In the meantime, growth will come from oleochemicals, a chemical derived from vegetable oil, which is a form of biodiesel. This is something which has been growing,” Lao said.

Meanwhile, the company declared a cash dividend of P0.06 per share, as well as a special cash dividend of P0.06 per share. Shareholders on record as of June 18 are entitled to both the regular and special cash dividends, which will be payable on June 30.

“Chemrez Technologies is highly committed on driving shareholder value. With the strong results in 2013, the company continues to generate solid returns for shareholders,” the company said. Since 2007 Chemrez have spent P274 million on share repurchase and would have paid P1.15 billion in dividends, for a total of P1.43 billion in total capital returned to shareholders.

Chemrez is 34-percent owned by D&L Industries, a Filipino company engaged in product customization and specialization for the food, plastics and aerosol industries.

*Lenie Lectura*

## Cirtek Holdings declares stock, cash dividends

**L**ISTED Cirtek Holdings Philippines Corp. (CHPC) will be issuing stock and cash dividends in the next few months.

As per the firm's regulatory filing on Monday, the board of directors approved the declaration of 10-percent stock dividends equivalent to 28,021,765.4 shares, which will be entitled to all investors on yet to be announced record and payment dates. Also green lighted is the distribution of a cash dividend of \$0.00214 per share, or a total of \$600,000, based on CHPC's overall 280,217,654 outstanding shares of stock.

To be taken from the company's retained earnings, the amount will be paid to share owners on record as of June 16 in Philippine peso one day before the payment date on July 7. For the first three months ending March

31, CHPC's combined revenues amounted to \$11.2 million, 7 percent higher than the \$10.5 million in the same period in 2013.

This was mainly attributed to the strong sales of the company's Multichip, Discrete and Hermetics divisions, which increased by 31 percent, 23 percent and 35 percent, respectively.

Net income, likewise, hiked by 7 percent to \$1 million in the first quarter of this year from \$960,000 for the same three-month period last year. From January to March, the firm's shareholders' equity declined by 0.6 percent to \$30.4 million versus \$30.5 million for the period ending December 31, 2013.

The slight decrease was due to a reduction in retained earnings as a result of cash dividends paid in the first quarter of this year.

*Roderick L. Abad*

# PH, Thai stocks buck Asian downtrend

MOST Southeast Asian markets fell on Monday, but Philippine and Thai shares bucked the trend.

The Philippine Stock Exchange index (PSEi) was up 62.75 points to 6,710.40, a 0.94 percent hike. The broader all shares index was up 30.72 points to 4,028.29, a 0.77 percent drop.

Gainers edged losers 105 to 62, with 47 stocks unchanged. Trading turnover reached P7.03 billion.

Shares have fallen a combined 2.1 percent in the past two sessions on weaker-than-expected economic growth data, but Jun Calaycay, Accord Capital Equities Corp. trader said the two-session slump "attracted enough buying activity to lift the PSEi higher."

Most actively traded Security Bank Corp. was up P1.20 to P125. Ayala Land, Inc. was up P0.65 to P30.65. Bank of the Philippine Islands was up P1.15 to P85.65.

SM Investments Corp. was down P7 to P779. BDO Unibank, Inc. was down P0.50 to P87.90. Megaworld Corp. was down P0.05 to P4.65.

Philippine Long Distance Telephone Co. was up P58 to P2,878. Alliance Global Group, Inc. was up P0.90 to P30.55. LT Group, Inc. was up P0.18 to P15.

Thai shares have been lifted by buying from domestic institutions and retail investors as the military government moved to restart public spending

and make delayed subsidy payments to rice farmers.

Moody's on Monday affirmed Thailand's Baa1 sovereign rating, saying the country's fundamental credit strengths were strong enough to weather cyclical pressures on the economy and recurring bouts of political instability.

Other equities markets in the region fell, with Malaysia's stock index losing 0.6 percent, and Vietnam's benchmark VN Index dropping 0.87 percent on profit-taking after hitting a near-four-week high on Friday.

Singapore's Straits Times Index was almost unchanged, and Indonesia's Jakarta SE Composite Index edged down 0.28 percent.

## D&L reports 51% cash dividend

D&L yesterday said it will pay total cash dividend of P714 million this year, representing 51 percent of the company's P1.4 billion profit last year.

Alvin Lao, D&L chief finance officer, said that the company is committed to paying regular dividend equivalent to 25 percent of income.

The company said that the cash dividend will be equivalent to P0.20 per share, divided into P0.10 regular cash dividend and the other P0.10 as special cash dividend.

It will be paid on June 30 to shareholders as of June 18.

This year's dividend represents a 33.45 percent increase over last year's P535 million.

The increased dividend payout is "a way for the company to take care of its minority shareholders," according to Lao.

The company is bullish of its prospects as it benefits from the economic improvement of the company that will enable it to post "mid to high teens" growth in its profit.

About 70 percent of its sales are consumer-related goods mostly used by food companies to produce their own products.

In the first quarter of the year, D&L said 64 percent of its sales were derived from high margin specialty products, normally food ingredients used by another company for their own end-products.

This has led the market to value the company similar to a consumer-related firm with the company now priced at 20x its earnings ratio compared to its IPO days when it was being priced at 14x — a valuation applied to a manufacturing firm, according to Lao.

D&L is confident it can hit a market capitalization of \$1 billion in two years time should its business continue to grow compared to its current market cap of \$750 million.

"This means we need to grow market capitalization by 33 percent—a tall order for one year," he said.

D&L Industries is a Filipino company engaged in product customization and specialization for the food, plastics, and aerosol industries. The company's principal business activities include manufacturing of customized food ingredients, specialty raw materials for plastics, and oleochemicals for personal and home care use.

## Singaporean investors to pursue case vs Alliance

THE Singaporean investors in listed Alliance Select Foods International, Inc. said yesterday they would pursue their case against officials of the food firm, even as a local court junked their petition for a temporary restraining order (TRO) on an earlier management decision that allowed the entry of new investors into the firm.

Singaporean investors Dr. Albert Hong Hin Kay, and Ms. Hedy Yap-Chua said that while their TRO was denied, the Regional Trial Court of Pasig City was set to hear the petition from the minority bloc, which they led, for an injunction to quash the entry of newcomer Strong Oak Inc.

"Contrary to insinuations from the opposing camp, the injunction would proceed as planned," said the three in a statement.

They asserted that the injunction case was the "more important part of the complaint."

The two Singaporean investors filed a complaint against the controlling officers and directors of the canning company—George SyCip, Jonathan Dee, Alvin Dee, and Ibarra Malonzo. SyCip is an independent director of Alliance Select, who sits as Alliance Select's board chair.

They were accusing the four officials of "railroading minority shareholders to open the boardroom door to Strong Oak," now the second biggest stockholder in Alliance Select with a 27.8-percent stake.

Hong and Chua said they were informed on the entry of Strong Oak only an hour before the majority bloc made it 'irrevocably' official.

"In doing so the respondents breached several provisions outlined by the Securities and Exchange Commission (SEC) in conducting board meetings and obligations of directors," the Singaporeans said.

Hong and Chua also said that SyCip, the Dees, and Malonzo were parties to two other criminal cases they filed, accusing them of stonewalling the majority bloc in their pursuit for transparency amid massive financial losses in Alliance Select.

The two recently filed a "derivative suit" accusing SyCip, the Dees, Malonzo, and three other officers of "deliberately mismanaging and siphoning company finances to their personal gain."

In this particular case, investigators uncovered a series of troubling transactions

between Alliance Select and numerous Dee-owned subsidiaries, as well as other suspect companies—including multimillion-dollar payments to BSJ Fishing and Trading Inc., said the two.

BSJ is chiefly owned and controlled by a certain Lope Jimenez with a 58.4-percent share, and was also a shareholder in Alliance Select.

The two alleged in their case that from 2008 to 2011, Jonathan Dee and the rest of the respondents funneled P685.3-million in company funds to the Jimenez-owned firm without prior approval from the rest of the Alliance board.

During this three-year period, Jimenez also owned 4.2 percent of Alliance Select, raising concerns about conflicts of interest from directors in the minority bloc.

The case also moves to install an interim management committee to oversee the finances of Alliance Select.

According to the complainants, the suit aims to stop the company from hemorrhaging through dubious transactions that are 'grossly' disadvantageous to its overall financial health.

# Bargain hunting lifts stock market

STOCKS advanced on bargain hunting Monday, with blue chips leading the market rally.

The Philippine Stock Exchange index gained 62.75 points, or nearly 1 percent, to 6,710.40. Gainers beat losers, 105 to 62, with 47 issues unchanged.

The rest of Asian markets rose Monday, buoyed by record closes on Wall Street, as investors await US employment figures this week and possible European easing measures.

The dollar gained in Asia while weak Japanese data weighed on the yen. The euro continued to face pressure before this week's

European Central Bank board meeting, which many expect will see an easing of monetary policy.

Ayala Land Inc. climbed 2.2 percent to P30.65, while sister firm Bank of the Philippine Islands, the third-biggest lender, gained 1.4 percent to P85.65.

Philippine Long Distance Telephone Co., the largest telecommunications firm, added 2.1 percent to P2,878. Alliance Global Group Inc. of tycoon Andrew Tan surged 3 percent to P30.55.

Robinsons Retail Holdings Inc. of retail tycoon John Gokongwei advanced 5.4 percent to P66.90, while DMCI Holdings Inc. climbed 5.2 percent to P74.95.

D&L Industries Inc., which is into production of food ingredients and specialty raw materials for plastics and oleochemicals, jumped 7 percent to P9.79.

D&L said Monday that it would pay regular cash dividend of P0.10 per share, plus a special dividend of P0.10 apiece to shareholders of record as of June 18, 2014.

DoubleDragon Properties Corp., a company owned equally by fastfood retail tycoon Tony Tan Caktiong and businessman Edgar Sia II, surged 7 percent to P9.84. DoubleDragon said it signed an agreement to develop a 4.75-hectare property at the corner of Edsa and Macapagal Avenue in Pasay City into a mixed-use development.

DoubleDragon said in a disclosure it signed a joint venture deal with Carto Meridian Development Corp. to develop the "The Meridian Park" project, which is envisioned to become a themed complex of buildings for business process outsourcing companies, corporate offices and serviced apartments. DoubleDragon will have a 70-percent stake in the joint-venture company.

Tokyo, meanwhile, closed 2.07 percent up, or 303.54 points, to finish at a two-month high of 14,935.92, while Seoul climbed 0.35 percent, or 7.04 points, to 2,002.00.

Sydney rose 0.47 percent, or 25.95 points, to 5,518.50.

Financial markets in Hong Kong, China, Taiwan and New Zealand were closed for public holidays. **With AFP**

## D&L eyeing market capitalization of \$1b

FOOD ingredient manufacturer D&L Co. Inc. is aiming to reach a market capitalization of \$1 billion over the next two years on sustained income and sales volume growth.

D&L executive vice president and finance chief Alvin Lao said in an interview after the annual stockholders' meeting that reaching the \$1-billion market capitalization would make the firm among the major companies in the Philippines.

D&L's market capitalization stands at \$750 million, following a steady rise in the company's share price from an initial public offering price of P4.30 in 2012.

Lao said the share price had been going up because the company was being priced as a consumer-related stock, instead of a manufacturing firm.

He said 70 percent of the business

was related to food ingredients, while 30 percent was for the supply of raw materials for the durable goods industry.

"When we did our IPO in 2012, we were priced as a manufacturing company. However, we are increasingly being priced as a consumer company which has a higher price-to-earnings ratio," Lao said.

He said D&L also rose on the strong Philippine economy, which was spurring faster growth in consumer spending. D&L has posted higher sales volumes of food, plastics and aerosol products to consumer and durable foods manufacturers.

"Growth will also come on the back of our introduction of variations of existing products as well as the development of entirely new products because of our strong R&D capability," Lao said.

Despite the lower-than-expected

domestic economic growth during the first quarter of the year, Lao remains optimistic the company will still be able to hit its target of mid-teen growth in net income for 2014.

D&L, meanwhile, said it would pay a regular cash dividend of P0.10 per share, plus a special dividend of P0.10 apiece to shareholders of record as of June 18, 2014.

Payments will be made on June 30, 2014.

Shareholders will receive a total of P0.20 in dividends per share, resulting in a dividend yield of 2.2 percent based on the closing price of P9.15 on May 30.

The dividends of P714 million were 33 percent higher from last year's and translate into a payout ratio of 51 percent based on the 2013 net income of P1.40 billion. **Jennifer B. Austria**

## Belle transfers assets

BELLE Corp., a property company controlled by tycoon Henry Sy, said Monday it is reorganizing all gaming assets under subsidiary Sinophil Corp.

Belle said in disclosure to the stock exchange its board of directors approved a corporate re-organization plan, in which Belle would inject its 100-percent ownership of Premium Leisure Amusements Inc. and its shares representing 34.5 percent of Pacific Online Systems Corp. into Sinophil.

PLAI is part of the consortium that holds the gaming license for City of Dreams Manila, which would be operated by Melco Crown Philippines in the Entertainment City project.

"Belle will retain direct ownership of the land and building of City of Dreams Manila, from which it will continue to receive rental income. It will also retain direct ownership and continue to develop its other assets, principally its properties in the Tagaytay Highlands and Midlands complexes, including surrounding residential and leisure assets of over 800 hectares of currently undeveloped land," Belle said. **Jennifer B. Austria**

**MOODY'S WARNS:**

# Threats to Asean growth may come from within

BY MAYVELIN U. CARABALLO REPORTER

SIX of the biggest economies in the Association of Southeast Asian Nations (Asean) are generally insulated against global risks but challenges arising from local politics and mounting household debt can pose the biggest threats to growth, global credit rating agency Moody's Investors Service warned in a recent statement.

Moody's was referring to Singapore, the Philippines, Malaysia, Indonesia, Vietnam and Thailand as the six biggest economies of Asean.

The rating agency expects no severe impact on the region from

global risks such as a slowdown in capital inflows as investment funds find their way back to the United States where the Federal Reserve's tapering move boosts the prospects of higher interest rates. "While tighter global credit

conditions will result in slower growth across the emerging economies, Asean economies generally should continue to perform well," said Moody's Investors Service's chief credit officer for Asia Pacific, Michael Taylor.

Taylor said these Asean economies are "less susceptible than most emerging markets to a slowdown in capital inflows, as the US Fed tapering progresses, and their export-oriented focus should benefit from a recovery in the US economy.

However, the ratings agency observed that some domestic risk factors in Asean are increasing, particularly political risks in some countries and the rising level of household debt in several others.

Taylor recognized that rising household indebtedness could

limit regional growth, particularly if the Asean economies weaken, and if unemployment in the region worsens, hurting consumer confidence and disposable incomes.

Political disturbances could undermine credit fundamentals or exacerbate external vulnerabilities, he said.

Meanwhile, Moody's vice president and senior research analyst, Rahul Ghosh, says that while the overall outlook for Moody's-rated Asean corporates and banks is stable, firms could be facing tighter credit conditions.

"Despite their enduring strengths, Asean corporates and banks face a more challenging operating environment in the coming quarters due to tighter credit conditions, a

► **Moody's B3**

■ MOODY'S FROM B1

## Threats to Asean growth may come from within

deceleration in the Chinese economy and the emergence of political risk," Ghosh said.

Ghosh explained that exposure by the Asean countries to Chinese demand has increased significantly over recent years, a prolonged slowdown in China would have a significant

impact on the region's corporates and banks.

Risks for the Asean's banking sector involve a higher debt-servicing burden for households and a correction in asset prices.

At the same time, Moody's noted that the banking sector ex-

hibits strong capital buffers and modest problem loans, factors which should provide sufficient support for their ratings.

Ghosh also said that while the rating trend for non-financial corporates is likely to be mildly negative in 2014 for Asia as a whole, the Asean looks better

positioned than other sub-regions in Asia.

"Refinancing is generally manageable for Moody's-rated Asean corporates, because their debt maturities are well staggered and relatively small when compared with the issuance of previous years," Ghosh added.

## PSEi returns to 6,700 level as Asia gains

GAINS in Asian stocks on Monday helped rekindle buying interest in Philippine shares, sending the main index back to the 6,700-point psychological mark after two days of losses on weaker-than-expected economic data.

"Early trades across Asia showed up in the green after impressive manufacturing data from China tilted the balance of views slightly away from fears of a slowing economy," Accord Capital Equities Corp. analyst Justino Calaycay said.

China's manufacturing activity strengthened to a five-month high in May, Agence France-Presse reported.

On Monday, the Philippine Stock Exchange index (PSEi) added 62.75 points or 0.94 percent to settle at 6,710.40, while the wider all shares gained 30.72 points or 0.77 percent to 4,028.29.

"The two-session slump following the release of Q1 GDP data attracted enough buying activity to lift the PSEi higher through the morning trade," Calaycay explained.

"From what was shaping out to be a sideways move, prices surged at the resumption after lunch, pushing the measure further past the 6700-line," he added.

► Stocks B3

### ■ STOCKS FROM B2

## PSEi returns

All the sectoral indices were back in the green with services recording the largest gain. The services sector advanced 29.31 points or 1.47 percent to 2,018.46, followed by industrials, which gained 98.21 points or 0.97 percent to 10,210.18.

Holding firms climbed 51.23 points or 0.84 percent to 6,122.90, and financials added 11.24 points or 0.72 percent to end at 1,579.42. Mining and oil went up 104.62 points or 0.68 percent to 15,507.69, while properties gained 12.93 points or 0.49 percent to 2,644.61.

Trading volume thinned, with only 874 million shares valued at P7.02 billion changing hands. Advancers beat decliners 105 to 62, with 47 issues unchanged.

Some of the most actively traded stocks were Security Bank Corp., up 0.97 percent at P125.00; Ayala Land Inc., up 2.17 percent at P30.65; Bank of the Philippine Islands, up 1.36 percent at P85.65; SM Investments Corp., down 0.89 percent at P779.00; and BDO Unibank Inc., down 0.57 percent at P87.90.

Given Monday's rebound, the market will search for fresh leads to justify bullish trade, analysts said.

"Investors will remain sensitive to daily movements among global stocks and the influences that guide them as the disappointment over the economic performance fades into the background," Calaycay said.

Philippine shares slumped for two days last week following the announcement of a slower first-quarter gross domestic product result. On Friday, the PSEi lost 29.02 points or 0.43 percent to 6,647.65, while the wider all shares was down 6.52 points or 0.16 percent at 3,997.57.

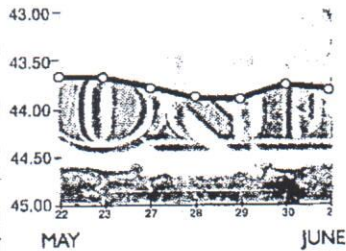
MADELAINE B. MIRAFLORE

**INDICATORS**

**PESO-DOLLAR RATE**

June 2, 2014

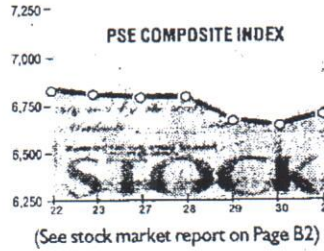
**43.800**



**STOCK MARKET**

June 2, 2014

**▲ 62.75**



(See stock market report on Page B2)

**Stocks up on US, China news**

MOST local stocks rebounded yesterday as investors took their cue from a firmer China manufacturing gauge alongside upbeat US stocks.

The main-share Philippine Stock Exchange index (PSEi) added 62.75 points or 0.94 percent to close at 6,710.40, ending the two-day slump seen since the government reported a lower-than-expected first-quarter gross domestic product (GDP) growth of 5.7 percent.

All counters were up but the biggest gainer was the services sub-index, which rose 1.47 percent.

There were 105 advancers, which beat 62 decliners, while 47 stocks were unchanged. Value turnover amounted to

P7.03 billion.

Among PSEi stocks, the biggest gainers were DMCI (+5.19 percent) and AGI (+3.04 percent) while Ayala Land and PLDT both surged more than 2 percent. BPI, LT Group, Ayala Corp., ICTSI, Aboitiz Power and Metrobank also contributed to the day's gains, all advancing by more than 1 percent.

Outside of PSEi stocks, the notable gainers included Security Bank (+0.97 percent), the day's most actively traded stock, which is embarking on a preferred shares offering to existing shareholders. This is seen to provide leeway in attracting foreign investors.

*Doris C. Dumlaog*

# Belle to spin off gaming assets into unit Sinophil

## Stakes in casino project, online betting

By Doris C. Dumlao

LEISURE estate and gaming firm Belle Corp. is set to spin off key gaming assets—including the stake in upcoming gaming hub City of Dreams Manila and online lotto equipment operator Pacific Online Systems Corp.—into dormant holding firm Sinophil Corp.

This will transform Sinophil into an investment holding arm for gaming-related assets of Belle, which is majority owned by the group of tycoon Henry Sy.

The reorganization of Sinophil was expected to be completed by August this year, Belle said in a statement yesterday.

The board of Belle and Sinophil approved yesterday a reorganization plan for Sinophil to take on the gaming business and interests of the group. Belle went on a voluntary trading halt yesterday ahead of the announcement of material information that could affect its stock price. Sinophil had likewise gone on volun-

tary trading suspension since Friday.

Under the plan, Belle will inject its 100-percent ownership of Premium Leisure Amusements Inc. (PLAI) as well as its 34.5-percent stake in POSC into Sinophil.

PLAI is part of the consortium that holds the Philippine Amusement and Gaming Corp. license for City of Dreams Manila to be operated by Melco Crown Philippines and located at the Pagcor-led Entertainment City complex in Roxas Blvd.

Belle will retain direct ownership of the land and building of City of Dreams Manila, from which it will continue to receive rental income. It will also retain direct ownership and continue to develop its other assets, principally its properties in the Tagaytay Highlands and Midlands complexes, including surrounding residential and leisure assets of more than 800 hectares of undeveloped land.

PLAI was acquired by Belle from the SM group in 2011.

Belle has a gaming partnership

with Macau's Melco Crown Entertainment to put up and operate City of Dreams Manila. This entertainment complex is expected to start operations by October this year. The complex is envisioned to provide visitors with an exceptional world-class gaming and entertainment experience, international standards of retail, food and beverage and hotel amenities alongside diverse lifestyle and entertainment offerings.

"City of Dreams Manila", carrying the same brand as Melco's existing entertainment hub in Macau, will have hotel towers offering 950 rooms, including VIP and five-star rooms, 20,000 square meters of gaming space, up to 365 gaming tables and 3,300 slot machines. The gaming component was upgraded from the original allocation of just 240 gaming tables and 1,450 slot machines.

Pacific Online, on the other hand, leases online betting equipment to the PCSO for the latter's lottery operations.

## No mismanagement, says Alliance Select chief exec

THE CHIEF executive officer of Alliance Select Foods International Inc., a listed firm which is currently embroiled in a deep shareholder squabble, has refuted charges of mismanagement and self-dealing pressed by a group of irate Singaporean shareholders.

In a statement, Alliance's Jonathan Dee said the origin of Alliance as a joint venture company to be funded to the extent of 70 percent by a Thai investor and 30 percent by the Dee family with the objective of operating the tuna canning business of an old entity First Dominion group of companies, was "never a secret."

Arguing against allegations of "less than arms-length dealing" made by the Singaporean group represented by Hedy Yap-Chua, Dee said the Regional Trial Court of Pasig City itself had approved, and together with the court-appointed rehabilitation receiver, had supervised the implementation of the 2003 amended rehabilitation plan. This plan expressly provided for the incorporation of Alliance as a joint venture company.

The rehabilitation plan separately provided for the source of payments by the First Dominion group to its creditors, Dee said. Coming into the business, Dee said the Thai investor was fully aware that the investment was part of the rehabilitation plan. He said the transaction was not a "bailout" but the "devolution" of First Dominion's business in-

to the joint venture company for its use of its "production-ready and market-accredited food processing plant in General Santos City."

Before it came into financial difficulties because of the Asian financial crisis and downturn of the Philippine economy in mid-1997, Dee noted that First Dominion was the largest tuna processor in the Philippines and the second largest in Asia in terms of installed production capacity. But in 1998, the group was hit by the Asian financial crisis as the decline of the peso vis-à-vis the US dollar resulted in foreign exchange losses.

"The Thai investor saw the business opportunity of owning a major tuna operation without having to start from scratch, and seized it by infusing capital in the joint venture company provided for in the amended rehabilitation plan," Dee said.

At no point in Alliance's existence did it come to acquire or "inherit" any debt of the First Dominion group, much less "a total unsecured debt of P2.39 billion," Dee said. Payments to creditors in the rehabilitation proceedings were sourced and made by the First Dominion group independently from Alliance.

Without the existing operations, organization and network of First Dominion, Dee said Alliance would not have come into being. *Doris C. Dum-lao*

Tuesday, June 3, 2014

# Local shares sustain rally

Philippine shares resumed their rally and regained the 6,700 territory yesterday, boosted by buying activity following a two-day slump.

The bellwether Philippine stock exchange index (PSEi) surged 62.75 points or 0.94 per cent to 6,710.40 from Friday's 6,647.65 close.

Jun Calaycay, an analyst at Accord Capital Equities Corp., said the two-session decline following the release of first-quarter gross domestic product data attracted enough buying activity to lift the PSEi higher.

The country's GDP expanded by 5.7 percent in the first quarter

of 2014 from 6.3 percent in the fourth quarter due to lingering impact of natural disasters that hit the country last year, the most notable among them was super typhoon "Yolanda."

"As the disappointment over the economic performance fades into the background, the market will search for fresh leads to justify trades which, given yesterday's rebound, stay bullish.

Investors will remain sensitive to daily movements among global stocks and the influences that guide them," Calaycay said.

He advised investors to buy on dips, noting that "as we have

pejoratively propositioned, buying even more on bigger dips appear to be justified."

All counters were in the positive territory, led by services sector that edged up 1.47 per cent.

Volume of transactions reached 874 million shares valued at P7.03 billion.

Market breadth turned positive with advancers dominating decliners, 105 to 62, while 47 issues were unchanged.

The day's top gainers were led by Integrated Micro-Electronics Inc., APC Group Inc., IP-Egame Ventures Inc., Southeast Asia Cement Holdings Inc. and D&L Industries Inc. **PNA**

## Chemrez Technologies posts P97-M net income

Chemrez Technologies Inc. has earned a net income of 39 percent amounting to P97 million, said executive vice president (EVP) and chief financial officer (CFO) Alvin Lao.

Lao said at their annual stockholder's meeting yesterday the net income came mostly from oleochemical sales, which has a growing market in the Americas, Europe and Asia.

Oleochemicals are chemicals coming from plants and animal fats.

He is optimistic for continued growth as the economy is doing well aside from their increase in exports.

Moreover, the company said the dividends of stockholders would be released on June 30 priced at 12 centavos, comprising of a .06 centavos regular dividend and a .06 centavos special dividend.

The total dividends to be released by Chemrez this year is at P156 million, a 33 per cent increase in comparison to last year.

Despite the increase in dividend earnings and oleochemical sales, the company's biodiesel revenues are going on a downward trend.

Lao said, "Volume was down by 26 percent, this is mostly due to the biodiesel business being not as strong during the first quarter compared to the 1st quarter of last year."

The biodiesel's lack of demand has resulted in Chemrez downsizing on sales of biodiesel to smaller oil companies.

"We have been selling less biodiesel to some of the smaller oil companies. These sales were not making a lot of money from us," Lao said.

Lao assured that they are on standby for the increased biodiesel blend once it is finalized by the Department of Energy (DoE).

However, he explained that if the DoE does not impose the B5 blend by 2015, they would be dependent on their other products.

"It means that we would just be relying more on our other businesses... Our projection is we did assume that there will be additional revenue or profit growth," Lao said.

He also said their plants are continuous, processed one by one, which makes the biodiesel quality much more reliable.

Tuesday, June 3, 2014

## AXA posts 19% hike in first-year premiums

By CHINO S. LEYCO

AXA Philippines recorded ₱508 million in total first year premiums in the first quarter of the year, higher by 19 percent compared with the same period last year.

In a statement, Rien Hermans, AXA Philippines, president and chief executive said the growth in sales is due to strong market acceptance for the three new health products the company launched last January.

"The need for health insurance and protection is greater than ever before. We can see this with how the market has responded to our three new health products: Health Essentials, Health Max, and SME Employee Protection," Hermans said.

"With the rise in the incidence of critical illnesses such as heart disease, stroke, and cancer, and with the rising costs of healthcare, more Filipinos are beginning to understand how important it is to be financially prepared for the unlikely," he added.

In a little more than two months, AXA's health insurance products resulted in sales worth ₱56.3 million, already contributing close to 10 percent of total first year premiums for the quarter.

AXA's performance in terms of total premium income at the end of the first quarter is at ₱3.5 billion, buoyed by the 19 percent increase in FYP and 34 percent increase in renewal premiums, but a little behind last year's performance due to the slowdown in the sales of

single premium.

"The market volatility experienced in the second half of last year has made investors more cautious going into this year, especially those investing in single premiums," Rien said.

Moreover, at the end of the first quarter AXA has sales or Annualized Premium Equivalent (APE) totalling ₱829 million, with 67 percent of the total chunk coming from its bancassurance partnership with Metrobank. Nonetheless, the company's agency business has grown by 25% during the same period.

"We are very bullish about our prospects in 2014. We have a lot of new innovations to look forward to in the next several months in terms of new products and funds, as well as new distribution channels," Rien said.

"This year we will be expanding our business with PSBank, and we will be launching a new online sales portal for life insurance, the first-of-its-kind in the country. Aside from this, we will also be introducing new funds that will give customers access to global markets," he added.

In 2013, AXA's total premium income grew 49 percent to ₱18.3 billion, while sales or APE increased 31 percent to ₱3.6 billion from 2012. The two major distribution channels of AXA improved with Agency sales growing by 47 percent while bancassurance went up by 41 percent as the company improved sales profitability through the business mix.