



# SEC News Service

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# Pacific Online to sell treasury shares

By VG CABUAG

**L**OTTO equipment provider Pacific Online Systems Corp. (POSC) on Wednesday said it will sell part or all of its treasury shares. The company said it will sell the shares at prevailing market prices. POSC shares on Wednesday ended higher by P0.02 to close at P15.28. The company holds about 356.04 million shares as of end-March.

Pacific Online is the equipment provider for the Philippine Charity Sweepstakes Office's (PCSO) lotto operation in the Visayas and Mindanao. It also holds an exclusive contract to provide equipment for PCSO's Keno operation that holds draws every five minutes.

The company earlier said its profit may to climb to P400 million by year-end after it suffered a decline last year as a result of the devastation caused by Typhoon Yolanda. Chairman Willy

Ocier said the company's revenues dropped by about P200 million when the super typhoon hit central Philippines in November last year.

He said although the equipment are covered by insurance, company operations were affected as when the communities that support its business had to focus on rebuilding.

"We're busy rolling out terminals. I think it's 300 to 400 terminals...because we lost terminals as a result of

Yolanda. Some areas in Tacloban, for example, have yet to recover," Ocier said. POSC said it is spending P300 million for capital expenditures, mainly to re-establish the damaged network within the affected areas as well as to expand the lotto and Keno systems.

POSC reported that net income during the period dropped to P325.05 million from the previous year's P418.38 million. Revenues, meanwhile, were flat at P1.6 billion.

## Cityland to issue 170M shares as stock dividends

**R**EAL-ESTATE firm Cityland Development Corp. (CDC) will be issuing 170,092,420 shares for distribution as dividends.

The property developer informed the Philippine Stock Exchange on Wednesday that the stockholders have approved and ratified the 5-percent stock dividends to be taken from the firm's unissued capital stock.

Using the unappropriated retained earnings of the corporation as of end last year, the stock dividends will be paid on July 29 to stockholders on record as of July 3. Fractional shares will be settled in cash from the company's retained profits based on the par value.

As of December 31, 2013, total stockholders' equity of CDC stood at P6.133 billion

compared with P5.748 billion in the previous year. In the first three months of 2014, overall stockholders' equity reached P6.219 billion, 1.41-percent higher than 2013 year-end balance of P6.132 billion due to comprehensive income of P85.31 million and other adjustments of P1.05 million.

CDC is a listed company engaged in the acquisition and development of land sites for residential, office, commercial, institutional, and industrial uses.

The property developer's projects include medium to high-rise office, commercial, and residential condominiums located in the cities of Manila, Makati, Mandaluyong and Pasig; and residential subdivisions and farmlots in Bulacan and Cavite. *Roderick L. Abad*

## Harbor Star reports P271-M Q1 profit

**H**ARBOR Star Shipping Services Inc. (HSSSI) has recorded a growth of 31 percent in overall service income to P270.7 million in the first quarter of 2014 from P207 million in the same period last year.

This improved performance resulted from strong financial results of the firm's towing service, which realized revenues of P47.5 million in March of this year compared with P6.7 million last year, and P26.4-million hike in net revenues from harbor assistance.

Salvage services income, however, declined to P16.7 million from last year's P19.8 million, down 16 percent year-on-year. The company's resulting income before tax grew by 23 percent to P55.6 million from P45.1 million in the previous year.

Because of the income created during the first quarter of this year, retained earnings also increased from P309.2 million to P360.5 million as of March 31.

HSSSI has appropriated P21.18 million of the P309.2-million retained profits for the year ending December 31, 2013 for regular cash dividends at P0.035 per outstanding common share to stockholders on record as of June 17 and payable on July 11.

The company, which listed on October 30, 2013 is involved in ocean towage, commerce and navigation in the carriage of goods and passengers by water upon the oceans, seas, sounds, lakes, rivers, canals, bays, harbors, and other waterways between the various ports of the country and between such ports and other ports overseas.

## Region's SMEs move to boost competitiveness

**R**EPRESENTATIVES from 150 small and medium enterprises (SMEs) in Association of Southeast Asian Nations (Asean) attended a one-day workshop on Tuesday in Kuala Lumpur to learn more about boosting their regional and global competitiveness using e-commerce platforms and tools.

Leaders from large United States firms such as Baker & McKenzie, eBay, Google, Paypal and UPS shared information focusing on leveraging e-commerce platforms and payment tools, maximizing international shipping and delivery services, the legal aspects of cross-border e-commerce, as well as strengthening global market presence through online marketing.

"The United States supports the development of small businesses in Asean given their importance to foster economic growth in the region," said the US Ambassador to Malaysia Joseph Y. Yun in his opening remarks. "It is, therefore, important that these businesses take advantage of learning new technologies from multinational companies, giving them the competitive edge and opportunities to enter new markets, regionally and globally."

The Asean entrepreneurs had the opportunity to interact with representatives of multinational companies to build their knowledge of e-commerce techniques, and ask questions about growing their businesses and joining the global supply chain.

While small businesses in Southeast Asia have been key to the region's economic growth, many have not taken full advantage of electronic commerce.

The United States and the US private sector in partnership with the Asean sponsored the ICT-focused workshop through the US-Asean Business Alliance for Competitive SMEs (Business Alliance), a collaborative

effort between the US-Asean Business Council and the US Agency for International Development (USAID).

The Business Alliance, which will eventually hold activities in all 10 Asean member-states, creates activities to provide SMEs an opportunity to learn from successful multinational companies, as well as foster leadership talent for high-potential and high-growth SMEs, and promote strong corporate governance and business ethics.

"In today's world that is driven by development of the latest technology, entrepreneurs in the region must use e-commerce," SME Corp. Chief Executive Officer Dato' Hafsa Hashim said. "Not only will it save time in conducting transactions, e-commerce also increases the efficiency of small business operations and enables them to provide service to a bigger base of customers."

"The world is open for business, and Malaysian SMEs are perfectly positioned to leverage technology and the power of logistics to reach new markets," said Shiumei Lin, UPS vice president for Public Affairs, and vice chairman of the US-Asean Business Council's Asean Committee. "We hope this program will provide the knowledge and best practices to navigate international trade and the world of e-commerce, including the opportunities and challenges associated with going global."

The Business Alliance will conduct other training activities in Jakarta, Singapore and other cities in the region throughout 2014. The Alliance is also working to establish a cloud-based portal to support Southeast Asian SMEs. The workshop in Malaysia was conducted in partnership with the SME Corp. of Malaysia, an agency providing information and advisory services for all Malaysian SMEs.

## SM raises \$350M from bond sale

By JAMES A. LOYOLA

SM Investments Corporation (SM) has raised US\$350 million from a 10-year senior unsecured bond issue for general corporate purposes, including refinancing of existing debts. In a disclosure to the Philippine Stock Exchange, SM said the bonds were priced at a fixed rate of 4.875 percent per annum. This is the company's fourth US-dollar bond issuance since 2009. "The landmark transaction marks the longest-dated USD bond issued by SM and the success of this transaction highlighted the market's confidence in SM's credit story," SM said. The Joint Lead Managers and Joint Bookrunners of this transaction are Citi and Standard Chartered Bank. SM raised P15 billion in April from the issuance of peso-denominated Series E, 7-year retail bonds with a rate of 5.2958 percent per annum and Series F, 10-year retail bonds at 5.6125 percent p.a. The new SM bonds are rated PRS Aaa by Philippine Rating Services Corporation (PhilRatings), the highest rating assigned by PhilRatings, and carry a similar rating to SM's two previous Peso-denominated retail bond issues in 2009 and 2012.

►B-14

## SM raises... ◀B-1

A PRS Aaa rating denotes that such obligations are of the highest quality with minimal credit risk, and that the issuing company's capacity to meet its financial commitment on the obligations is extremely strong.

Proceeds of the bonds shall be utilized by SM to refinance existing debt, including its Series A retail bonds due June 2014.

It will also be used to finance retention payments for the completed construction of a commercial building at the SM Arena - Mall of Asia Complex

and to finance the construction of a warehouse building on its Asinan property in Parañaque City.

The Series E and Series F bonds' issue manager is BDO Capital & Investment Corporation, which is also acting as joint lead underwriter together with BPI Capital Corporation, China Banking Corporation, and First Metro Investment Corporation.

## ADB: East Asia's bond markets bounce back

By EDU H. LOPEZ

**L**ocal and offshore demand for emerging East Asia's local currency bonds is rising again and should continue given strong economic growth prospects in the region, according to the Asian Development Bank's (ADB) latest Asia Bond Monitor.

"Most emerging East Asia bond markets have regained their bounce," said Iwan J. Azis, Head of ADB's Office of Regional Economic Integration. "Thailand's bonds though could buck the trend given recent political upheavals and investors there are likely to be cautious for some time."

Despite the recent improvements, the Asia Bond Monitor warns that markets could still be jolted by the ongoing tapering in US quantitative easing, the slowdown in economic growth in the People's Republic of China (PRC) or moves by the European Central Bank to counter the threat of deflation. Only by taking the lead in implementing better regulation and oversight of the financial system can Asia mitigate these risks.

Emerging East Asia comprises China, Hong Kong, Indonesia, Republic of Korea, Malaysia, the Philippines, Singapore,

Thailand and Viet Nam.

Bond yields—which fall as demand increases—declined in most economies in the first four months of the year, dropping most in Indonesia, Thailand, and Viet Nam.

ADB noted that investors in Thai bonds are now on the sidelines and yields could rise going forward. Meanwhile, yields in the Philippines went up in January through April amid rising inflation.

The markets also continue to grow in size with \$7.6 trillion in bonds outstanding in the nine economies at the end of March, up 2.1% on the quarter and 9.5% higher than a year earlier.

Viet Nam's was the fastest growing market on a quarterly basis while Indonesia's market grew fastest on an annual basis.

Thailand had \$281 billion in outstanding baht-denominated bonds as of the end of March, 1.2% more than at the end of December 2013 and 5.7% more than at the end of March 2013.

The report said the region also continues to see encouraging developments within the bond markets. It points to China's recent decision to auction CNH15 billion worth of sovereign bonds in Hong Kong as part of its efforts to internationalize the renminbi.

# PH bond market grows fastest

BY ANGELA CELIS

**T**HE Philippines continues to have the fastest growing corporate bond market in the emerging East Asian region in the first quarter of the 2014, expanding 27.9 percent year-on-year, the Asian Development Bank said.

In its latest Asia Bond Monitor released yesterday, the ADB said that the Philippines corporate bond market surged 15 percent from the previous quarter to \$15 billion in the first three months of the year.

The Manila-based agency said that a lot of companies continued to tap the bond market in the first quarter of 2014.

"Firms continued to raise funds in 1Q14 in anticipation of a sustained rise in interest rates as a result of quantitative easing tapering and growing inflation concerns," the ADB said.

"Firms with diversified operations and banks were the lead issuers of debt in 1Q14," it added.

The ADB report said that the local currency bonds outstanding among the top 30 corporate bond issuers in the Philippines reached P612 billion at the end of the first quarter of 2014, representing 90 percent of total corporate bonds outstanding.

See PH ▶ Page A4

## PH BOND MARKET

	Outstanding Amount (Billion)						Growth Rate (%)			
	1Q13		1Q14		1Q14		1Q13		1Q14	
	PHP	US\$	PHP	US\$	PHP	US\$	q-o-q	y-o-y	q-o-q	y-o-y
<b>Total</b>	4,008	98	4,469	101	4,429	99	(1.4)	12.5	(0.9)	10.5
Government	3,476	85	3,877	87	3,749	84	(1.8)	11.5	(3.3)	7.8
Treasury BRs	290	7	321	7	293	7	5.4	8.3	(8.7)	1.2
Treasury Bonds	3,073	75	3,440	77	3,340	75	(2.4)	12.8	(2.9)	8.7
Others	113	3	116	3	116	3	0.0	(10.7)	0.0	2.1
Corporate	532	13	592	13	680	15	1.1	19.8	15.0	27.9

(-) negative, LCY = local currency, q-o-q = quarter-on-quarter, y-o-y = year-on-year.

FROM PAGE A1

## PH

Ayala Land is the top issuer of local currency bonds in the Philippines, with outstanding domestic bonds of P49.9 billion.

This is followed by San Miguel Brewery and Ayala Corp. with P45.2 billion and P40 billion worth of outstanding local currency bonds, respectively.

Notable local currency bond issuers in the first quarter of 2014 alone include JG Summit Holdings, which issued a total of P30 billion.

Other corporate issuers for the period include Metrobank, MCE Leisure, PLDT, Filinvest Development, Manila North Tollways, Toyota Financial Services, and ABS-CBN.

The growth in the corporate bond market outpaced growth in the government bond market on a quarter-on-quarter basis.

The Bureau of the Treasury rejected most of its auctions for Treasury bills in the first quarter and awarded less than its targeted amount in other auctions as investors sought higher yields on rising inflationary expectations.

"The government bond market contracted 3.3 percent on quarter to \$84 billion due to less issuance of government securities amid relatively low demand, as market players remained cautious over the quantitative easing program in the US and rising inflation," the report said.

Year-on-year, the government bond market saw an

increase of 7.8 percent.

The country's total local currency bonds outstanding reached P4.429 trillion as of the first quarter of 2014, declining 0.9 percent quarter-on-quarter while increasing 10.5 percent from the previous year.

Meanwhile, the ADB said that local and offshore demand for emerging East Asia's local currency bonds is rising again, and it is expected to continue given strong economic growth prospects in the region.

"Most emerging East Asia bond markets have regained their bounce," Iwan Azis, Head of ADB's Office of Regional Economic Integration, said.

"Thailand's bonds though could buck the trend given recent political upheavals and investors there are likely to be cautious for some time," he added.

Despite the recent improvements, the ADB report warns that markets could still be jolted by the ongoing tapering in US quantitative easing, the slowdown in economic growth in the People's Republic of China, or moves by the European Central Bank to counter the threat of deflation.

Only by taking the lead in implementing better regulation and oversight of the financial system can Asia mitigate these risks.

Emerging East Asia is defined as the PRC; Hong Kong, China; Indonesia; Republic of Korea; Malaysia; Philippines; Singapore; Thailand; and Viet Nam.

## Globe buys IT affiliate

GLOBE Telecom Corp., the country's No. 2 wireless provider, said yesterday it has acquired 100 percent of Asticom Technology Inc. (Asticom), the information and technology subsidiary of its parent firm, Ayala Corp.

In a disclosure to the Philippine Stock Exchange (PSE), Globe said it had signed an agreement with Azalea Technology Inc. (Azalea) and SCS Computer Systems (SCS) to acquire their entire ownership stake in Asticom.

Asticom is 49% owned by Azalea, a wholly owned subsidiary of Ayala Corp., and 51% owned by SCS, a subsidiary of Singapore Telecom, which is also a minority shareholder in Globe Telecom.

Globe's acquisition of Asticom is in line with its strategy to expand its business operations in the information technology space, Globe said.

Asticom is a systems integrator and information technology service provider to domestic and international markets.

For the first quarter of 2014, Globe posted a net income of P 2.9 billion, up 350% from P656 million profit for the same period last year.

Globe said the income surge was largely driven by strong revenues of its mobile and broadband business.

Globe Group's consolidated service revenues for the first quarter improved by 9% to P23.2 billion from P21.4 billion for the same period last year. Revenue growth remained broad-based with the continued strong performance from all business segments.

## Globe acquires Asticom

By Lailany P. Gomez

GLOBE Telecom Inc. said Wednesday it signed an agreement to acquire Asticom Technology Inc. in a bid to expand its information technology business.

Globe said it would acquire 100 percent of Asticom Technology from Azalea Technology Inc., a unit of Ayala Corp. and SCS Computer Systems, a subsidiary of Singapore Telecom.

Both Ayala Corp. and Singapore Telecom are also major shareholders in Globe Telecom.

Asticom, a system integrator and IT services provider to domestic and international markets, is 49 percent owned by Azalea and 51 percent owned by SCS.

Globe president Ernest Cu earlier said the company was poised to sustain better performance this year on the back of lower depreciation and growth of core businesses, boosted by the \$700-million massive modernization program which replaced old cell sites.

It said at least \$530 million was earmarked for network and IT modernization while up to \$270 million was allotted for various business-as-usual activities such as investments in submarine cable and fixed line data, and broadband capacity upgrades.

# Stock market falls; EDC, First Gen rise

THE stock market retreated Wednesday on profit-taking and amid concerns a slump in government spending will deepen the economic slowdown.

The Philippine Stock Exchange index dropped 34.27 points, or 0.5 percent, to 6,766.57 on a value turnover of P6.61 billion. Gainers, however, beat losers, 99 to 74, with 47 issues unchanged.

The rest of Asian markets mostly fell on Wednesday after two days of healthy gains, while investors also took their lead from Wall Street's retreat from record highs.

The dollar edged higher against the yen as a recent batch of upbeat data boosted confidence in the global economy, while the euro faced selling pressure ahead of an expected easing of monetary policy by the European Central Bank.

The Philippines posted a

budget surplus of P80.9 billion in April, the biggest excess since at least June 1994, the Finance Department reported Wednesday, citing a 6-percent drop in spending due to lower interest expenses. The data show expenditures, after debt payments, grew just 0.5 percent after an average 14-percent increase in the first quarter, according to Joey Cuyegkeng, an economist at ING Groep NV.

"Government spending has actually collapsed and it doesn't look good for second-quarter gross domestic product," Cuyegkeng said. "The peso could depreciate further. Portfolio investors may opt to cash in at the moment."

Economic growth in the three

months through March slipped below 6 percent for the first time in nine quarters, official data showed last week. GDP increased 5.7 percent after a 6.3-percent gain in the previous period.

SM Investments Corp. of retail tycoon Henry Sy declined 1.4 percent to P773, while Ayala Land Inc., one of the biggest property developers, slumped 3.6 percent to P30.60.

Globe Telecom Inc., the second-largest telecommunications firm, fell 1.6 percent to P1,692.

Energy Development Corp. of the Lopez Group, the biggest producer of geothermal power, rose 2.2 percent to P6.13, while parent First Gen Corp. climbed 1.9 percent to P21.30.

Low-cost house builder 8990 Holdings Inc. jumped 7.8 percent to P8.56, while Nickel Asia Corp., the largest nickel producer, gained 2.7 percent to P28.50.

With Bloomberg, AFP

## PH is Asia's fastest-growing bond mart

By Jennifer Ambanta

THE Philippines remains the fastest-growing corporate bond market in East Asia despite higher inflation in the past few months, the Asian Development Bank said Wednesday in the latest issue of *Asia Bond Monitor*.

Debt papers in the region expanded 15 percent in the first quarter of 2014 to \$15 billion year-on-year.

ADB said a lot of Asian companies continued to tap the bond market in anticipation of higher

domestic interest rates and rising inflation, as the US Federal Reserve pursued a quantitative easing program. Diversified companies and banks were the lead issuers of bonds in the first quarter of 2014.

"The government bond market contracted 3.3 percent quarter-on-quarter to \$84.0 billion due to less issuance of government securities amid relatively low demand, as market players remained cautious over the quantitative easing program in the US and rising inflation," the report said.

Local and offshore demand for emerging East Asia's local currency bonds is rising again and should continue given the strong economic growth prospects in the region but uncertainty in Thailand may affect investor confidence.

"Most emerging East Asia bond markets have regained their bounce," said Iwan Azis, head of ADB's office of regional economic integration. "Thailand's bonds though could buck the trend given recent political upheavals and investors there are likely to be cautious for some time."

## Philippines fastest growing corporate bond market in East Asia

THE Philippines continues to have the fastest growing corporate bond market in the emerging East Asia region, expanding by 27.9 percent year-on-year in the first quarter of 2014, Manila-based lender Asian Development Bank (ADB) said.

In the latest Asia Bond Monitor report, ADB said that the total outstanding local currency (LCY) corporate bond market of the Philippines during the quarter reached \$15 billion from the \$13 billion recorded a year ago.

The lender pointed out that firms continued to raise funds in the first quarter in anticipation of a sustained rise in interest rates as a result of quantitative easing tapering and growing inflation concerns.

"Firms with diversified operations and banks were the lead issuers of debt in the first quarter of 2014," the ADB report stated.

The report also noted that growth in the corporate bond market outpaced that in the government bond market.

During the quarter, the government bond market contracted 7.8 percent year-on-year to \$84 billion from \$85 billion.

The lender traced the contraction to relatively low demand for government securities, reflected by market players' caution over the quantitative easing program in the US and rising inflation in the Philippines.

The government bond market comprises outstanding fixed-income instruments issued by the

Philippine government and government-controlled companies.

Overall, the total of outstanding LCY bonds in the Philippines reached \$99 billion in the first quarter of 2014, a 10.5 percent increase from the \$98 billion recorded in the same period in 2013.

The Asia Bond Monitor report provides market summaries of the emerging East Asia region, which includes China, Hong Kong, Indonesia, South Korea, Malaysia, the Philippines, Singapore, Thailand, and Vietnam.

The ADB report noted that the outstanding size of the emerging East Asian LCY bond market for the entire region reached \$7.6 trillion at end-March, up 9.5 percent year-on-year.

► **Growing B3**

### ■ GROWING FROM B1

## PH fastest growing bond

The lender said that local and offshore demand for emerging East Asia's local currency bonds is rising again and should continue given strong economic growth prospects in the region.

Most emerging East Asia bond markets have regained

their bounce," said Iwan Azis, head of ADB's Office of Regional Economic Integration. Despite the recent improvements, however, the report warns that markets could still be jolted by the ongoing tapering in US quantitative easing, a slowdown in economic growth in China, or moves by the European Central Bank to counter the threat of deflation in the Eurozone.

Only by taking the lead in implementing better regulation and oversight of regional financial systems can Asia mitigate these risks, the report added.

MAYVELIN U. CARABALLO

## Govt confident economy to get back on target after Q1 slowdown

THE government remains confident that the Philippine economy will recover in the remaining quarters of 2014 following the slower-than-expected 5.7 percent growth it recorded in the first quarter of the year.

On the sidelines of the 1st EU-Philippines Business Dialogue held in Makati City on Wednesday, Socioeconomic Planning Secretary Arsenio Balisacan expressed his confidence that the economy can grow as much as 6.8 percent in each of the remaining

three quarters of the year to achieve at least the lower end of the full-year growth target of 6.5 percent to 7.5 percent.

"Our country has grown faster than that before. Why not? Especially as we get our recovery [and] reconstruction efforts going on stream, all these projects coming in, and the private sector [is] quite aggressive," Balisacan said to reporters.

Balisacan, who is also the National Economic and Development Authority (NEDA) Director

General, noted that the lingering effects of Super Typhoon Yolanda on the economy, particularly in the supply chains of goods, are slowly settling down.

The NEDA chief explained that the impact of the natural calamity went beyond the affected areas through supply chain disruptions, wherein the movement of goods to typhoon-affected areas created temporary shortages in other parts of the country.

► **Confident B3**

### ■ CONFIDENT FROM B1

## Govt confident

Balisacan also foresees construction and manufacturing as the main growth drivers for the remainder of the year.

"What will happen now is, even though capital bases of Yolanda-affected areas are now lower because of the destruction of assets, the reconstruction and rehabilitation will support the growth. Reconstruction and rehabilitation in the next three quarters should offset the lower growth in the first quarter," he said.

Manufacturing continues to grow at a higher rate than the average for the country, although it was lower in the first quarter than in the first quarter of 2013, Balisacan said.

Balisacan explained that the government remains focused on the revival of the manufacturing sector given its potential for innovation, value adding, and backward linkage with the agriculture sector, the main source of livelihood for the poor.

"At the same time, we continue to support priority sectors that contribute positively to quality employment and increased productivity," he added.

MAYVELIN U. CARABALLO

# BUSINESS Times

THURSDAY  
June 5, 2014

## PH shares retreat on profit-taking, economic concerns

PHILIPPINE shares retreated on Wednesday on profit-taking following two days of gains, as investors fretted about the country's growth outlook and the timing of a possible rate hike by the central bank.

Early gains seen in the morning vanished by the afternoon session and the main index eventually fell below the psychologically important 6,800-point level.

The Philippine Stock Exchange index (PSEi) retreated 34.27 points or 0.50 percent to 6,766.57, while the wider all shares lost by 7.13 points or 0.18 percent to 4,061.83.

"Early gains were wiped out by the noon close, however, as investors

took note of a downward revision of the growth forecast for the country," said Justino Calaycay, analyst at Accord Capital Equities Corp.

Calaycay was referring to JP Morgan's revised growth outlook for the Philippines.

From a previous forecast of 6.6 percent growth this year, the US financial services giant cut its 2014 gross domestic product forecast for the Philippines to 6.0 percent following the disappointing first-quarter GDP results.

"It [JP Morgan] likewise did not rule out the possibility that the BSP [Bangko Sentral ng Pilipinas] will move on interest rates within the year," Calaycay added.

Although majority of the sectors remained in the green, two sectoral indices shed some points. Property lost 59.12 points or 2.21 percent to 2,622.64, while holding firms were down 28.53 points or 0.46 percent to 6,170.81.

Among the gainers, mining and oil was up 176.01 points or 1.14 percent to 15,645.50, while financials gained 5.60 points or 0.35 percent to 1,602.53. Industrials rose 10.51 points or 0.10 percent to 10,357.22, while services gained 1.47 points or 0.07 percent to 2,035.04.

Trading volume on Wednesday stood at 1.2 billion shares valued

► Shares B3

### ■ SHARES FROM B2

## PH shares

at P6.6 billion. Advancers outnumbered decliners 99 to 74, while 47 issues were unchanged.

Some of the most actively traded stocks were Philippine Long Distance Telephone Co., up 0.07 percent at P2,890.00; Metropolitan Bank and Trust Co., unchanged at P85.65; BDO Unibank, Inc., up 1.23 percent at P90.40; Energy Development Corp., up 2.17 percent at P6.13; and Universal Robina Corp., unchanged at P153.30.

"Amid the strong market rebound, market performance over the past four days has exhibited strong volatility. Taking this into consideration, we recommend investors to stay alert when the market approaches resistance levels," brokerage DA Market Securities, Inc. said.

On Tuesday, local stocks rose in line with firmer Asian bourses following positive manufacturing data from China and the United States.

The PSEi settled at 6,800.84 on Tuesday, up 90.44 points or 1.35 percent, while the wider all shares rose 40.67 points or 1.01 percent to 4,068.96.

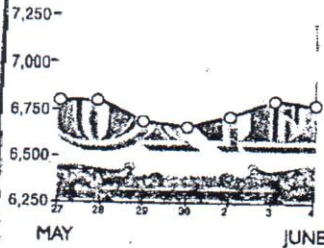
MADELAINE B. MIRAFLOR

# INDICATORS

## PESO-DOLLAR RATE

June 4, 2014

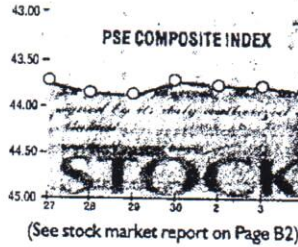
**43.870**



## STOCK MARKET

June 4, 2014

**↓ 34.27**



(See stock market report on Page B2)

### PSEi falls below 6,800

THE LOCAL stock barometer slipped below 6,800 yesterday as investors pocketed gains after a two-day rebound.

The main-share Philippine Stock Exchange index (PSEi) shed 34.27 points or 0.5 percent to close at 6,766.57.

The decline was led by the property counter (-2.2 percent) as well as the holding firms (-0.46 percent) sub-index while other counters firmed up.

The main index opened strongly but lost steam before mid-day. Value turnover amounted to P6.6 billion. Despite the decline in the main index, investors scouted for bargains from the broader market. As such, there were 99 advancers that edged out 74

decliners while 47 stocks were unchanged.

Ayala Land (-3.62 percent) led the PSEi lower alongside SM Investments (-1.4 percent), Globe Telecom (-1.63 percent), Ayala Corp. (-0.16 percent) and Alliance Global Group (-0.82 percent).

On the other hand, Energy Development Corp. (+2.17 percent) was among the index gainers alongside BDO (+1.23 percent) and First Gen Corp. (+1.91 percent).

Other notable gainers outside the PSEi were HOUSE (+7.81 percent) and Nickel Asia (+2.7 percent).

Dealers said the recent rally indicated that the market had now digested the news of a

PSEI/ B2

## PSEi falls below 6,800

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slower-than-expected first quarter Philippine gross domestic product growth rate. But amid the strong market rebound, market performance over the past days had exhibited strong volatility, local stock-

brokerage DA Market Securities said. "Taking this into consideration, we recommend investors to stay alert when the market approaches resistance levels."

DA Market said the selling mood

might continue to linger as the market neared the near-term resistance levels at 6,800, 6,830 and 6,900. On the other hand, it said there was an established support at 6,650. — Doris C.

Dumlao

# SM Investments raises \$350M from sale of 10-year bonds

## Unsecured IOUs priced at 4.875% a year

By Doris C. Dumlao

SY FAMILY-LED SM Investments Corp. has raised \$350 million from an offering of 10-year US dollar-denominated bonds, the longest bond issue of its kind issued by the country's largest conglomerates.

The \$350 million in senior unsecured bonds were priced at a fixed rate of 4.875 percent a year, cheaper than the 5.125-percent initial price guidance for the 10-year offering.

"This landmark transaction

marks the longest-dated US dollar bond issued by SM and this is also the company's fourth US dollar bond issuance since 2009," SMIC disclosed to the Philippine Stock Exchange yesterday.

"The success of this transaction highlighted the market's confidence in SM's credit story," the disclosure added.

Citi and Standard Chartered Bank acted as joint lead managers and joint bookrunners.

Proceeds from the offering are in-

tended to be used for general corporate purposes, including refinancing of existing debts.

The last time SMIC tapped the international bond market was in 2012 when it issued \$500 million in seven-year bonds at a coupon rate of 4.25 percent a year.

SMIC is the dominant player in Philippine retailing, banking and property businesses. Property unit SM Prime Holdings Inc. is a leading property player in Southeast Asia in terms of market capitalization.

## CNPF posts P320M net profit in first quarter

LEADING canned food manufacturer Century Pacific Food Inc. (CNPF) posted a net profit of P320 million in the first quarter, its first three months of operation under a new corporate set-up.

The first-quarter net profit was achieved on the back of P4.5 billion in revenues, which accounted for 21 percent of its full-year target, CNPF disclosed to the Philippine Stock Exchange.

This bottomline level also attained 21 to 29 percent of full-year forecasts by analysts which range between P1.1 billion and P1.5 billion.

"We are confident that the good

performance in the first three months will continue throughout 2014," said Oscar Pobre, CNPF's chief finance officer.

"Historically, the second half of the year performs better as the rainy season, school openings and the Christmas holidays boost sales. We usually see close to 60 percent of our full-year revenues during this period," Pobre added.

For the first quarter, net profit margin was estimated at 7 percent compared to the group's 4-percent margin for the whole of 2013.

"Our full-year (pro-forma) 2013 net income was P744 million. But our first-quarter 2014 net income is

already P320 million. So 2014 will be a big improvement versus 2013," CNPF president Christopher Po said.

CNPF sees favorable materials prices, higher volumes and increased selling prices for branded products as key drivers of the company's financial performance.

About 80 percent of sales came from branded products while the export of private-label tuna products accounted for the balance. Its brands include Century Tuna, 555, Blue Bay, Fresca, Argentina, Swift, Wow, Lucky Seven, Angel, Birch Tree, Kaffe de Oro and Home Pride.

*Doris C. Dumlao*

# Pacific Online set to unload treasury shares

By Doris C. Dumlao

LOTTO equipment operator Pacific Online Systems Corp. is unloading some of its treasury shares to raise at least P250 million in fresh funds for the upgrading and expansion this year of its equipment and terminals.

In a disclosure to the Philippine Stock Exchange on Wednesday, Pacific Online said the company had obtained the authority to sell all or part of its treasury shares at prevailing market prices.

"Pursuant to this authority, the corporation has offered for sale part of its shares held in treasury through the facilities of the exchange," the disclosure said.

Pacific Online has about 277.598 million in outstanding shares versus about 298.33 million in listed shares.

This leaves about 20.73 million in potential treasury shares valued at P316.78 million based on Wednesday's closing price of

P15.28 per share.

Asked about the rationale for the sale of treasury shares, Pacific Online chair and president Willy Ocier said in a text message that the proceeds would be used to fund the upgrade and expansion of the company's lotto equipment and terminals.

Ocier added that P350 million had been budgeted this year for the project.

Apart from raising fresh funds for expansion, the sale of treasury shares will effectively boost Pacific Online's trading liquidity.

Pacific Online is 34.5 percent owned by Belle Corp.

This stake is among those to be spun off by Belle into Sinophil Corp., which will be transformed into the group's gaming investment holding arm.

Belle's interest in the gaming operations of City of Dreams Manila as held by Premium Leisure and Amusement Inc. (PLAI) will also be infused into Sinophil.

Pacific Online is engaged in the develop-

ment, design and management of online computer systems, terminals and software for the Philippine gaming industry.

It brokers technology from global suppliers of integrated gaming systems and leases to Philippine Charity Sweepstakes Office (PCSO) the equipment needed for its online lottery operations in the Visayas and Mindanao.

# PH bond market expanded in Q1, notes ADB

By Paolo G. Montecillo

THE COUNTRY'S bond market continued to grow in the first quarter, driven by companies eager to lock in low borrowing rates amid expectations of rising interest rates in the coming months.

Manila-based multilateral lender Asian Development Bank (ADB) said the ability of Asian companies and governments to continue raising funds by tapping debt markets showed that investors were starting to return to the region.

"Most emerging East Asia bond markets have regained their bounce," ADB Regional Economic Integration head Iwan Azis said.

The ADB's optimism was accompanied by a caveat; the region's financial markets may still suffer from capital flight amid the ongoing normalization from overly-accommodative monetary policies in the United States.

According to the ADB's latest Asian Bond Monitor report, slowing growth in China and Europe, or jitters over political instability in the region as highlighted by the situation in Thailand, could also drive investors away to safer shores.

In the first quarter, the Philippines had the region's fastest-growing corporate bond market, expanding 15 percent quarter-on-quarter and 27.9 percent year-on-year to \$15 billion.

"A lot of companies continued to tap the bond market in anticipation of higher domestic interest rates as the US Federal Reserve continues with its quantitative easing program and amid growing inflation concerns," the ADB said.

The ADB said diversified companies and banks were the lead issuers of bonds in the first quarter of 2014.

In contrast, the government bond market contracted 3.3 percent quarter-on-quarter to \$84 billion as the government issued less securities amid relatively low demand, as market players remained cautious over the quantitative easing program in the United States.