

# SEC News Service

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JULY 2, 2014

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# Market declines; BPI leads gainers

**STOCKS** fell Tuesday amid thin trading at the start of the third quarter, following overnight losses on Wall Street with the release of data showing an economic slowdown in the Chicago area.

The PSEi, the 30-company benchmark, shed 17 points, or 0.3 percent, to close at 6,826.61 on value turnover of P5 billion.

The heavier index, representing all shares, also lost 9 points, or 0.2 percent, to settle at 4,096.49, as losers outnumbered gainers, 101 to 75, with 41 issues unchanged.

BDO Unibank Inc., the country's largest bank, emerged as

the most active stock with value turnover of P887 million. It fell 0.5 percent to P93, a day after it announced it would acquire Real Bank, a Quezon City-based savings bank with 24 branches.

Bank of the Philippine Islands, the third largest bank by assets, was the biggest gainer among the 20 most active stocks, as it rose 0.9 percent to P91.80.

Energy Development Corp. gained 0.5 percent to P6.33, while Alliance Global Group Inc. added 0.3 percent to P29.20. Property developer Ayala Land Inc. rose 0.3 percent to P30.60.

Meanwhile, Asian markets closed mixed Tuesday, after data showed Chinese manufacturing activity picked up last month, while Tokyo was boosted by a weakening yen.

Tokyo jumped 1.08 percent, or 164.10 points, to finish at 15,326.20. Sydney dipped 0.37 percent, or 19.85 points, to 5,375.9 and Seoul fell 0.16 percent, or 3.21 points, to 1,999.00.

In late trade, Shanghai was marginally higher while Hong Kong and Bangkok were closed for public holidays.

The Bank of Japan said its quarterly Tankan survey of business confidence had edged down in April-June—the first dip in 18 months—after consumer spending was hit by a sales tax hike.

The closely watched report, a reading of large manufacturers, fell to plus 12 from plus 17 in the previous three months. It also marks the first decline since Prime Minister Shinzo Abe took office in late 2012.

However, while the study showed weakening business sentiment, traders took heart from data showing firms raised their combined investment plans for the financial year ending March to a 7.4-percent increase from a previous 0.1 percent rise forecast in the March survey. **With AFP**

## Del Monte raising P125m

FRUIT grower and canner Del Monte Pacific Ltd. is raising P125 million from the sale of its shares in the stock market.

Del Monte said in a disclosure to the stock exchange it filed an application with the Securities and Exchange Commission to sell 5.5 million common shares at P22.84 apiece.

"The new shares will be listed and quoted on the main board of the Philippine Stock Exchange. Further, the company will also be applying for the listing and quotation of the new shares on the main board of the Singapore Exchange Securities Trading Limited," Del Monte said.

BPI Capital is the sole underwriter for the offering.

Del Monte reported a net income of \$16.1 million in 2013, down 50 percent from \$32.2 million in 2012, even as revenues climbed 7 percent to \$492.1 million from a year ago.

The decline in net income was attributed to the one-time transaction fee from the recently completed acquisition of Del Monte Foods' consumer food business in the US. Del Monte Pacific purchased the consumer food business from Del Monte Corp. for \$1.675 billion.

Jennifer B. Austria

## ERRATUM

Notice is hereby given that the Securities and Exchange Commission Notice in the matter of the Registration of Securities of **Del Monte Pacific Limited** published yesterday, 1 July 2014, on page B5 should read "Notice is hereby given that on 20 June 2014, a sworn Registration Statement filed with the Securities and Exchange Commission on behalf of Del Monte Pacific Limited for the registration of 5,500,000 Ordinary Shares at an Offer Price of up to P22.84 per shares for an aggregate amount of One Hundred Twenty Five Million Six Hundred Twenty Thousand Pesos (P125,620,000.00) . . ." and not as published.

MT - July 2, 2014

## PH shares slip on caution ahead of June CPI data

PHILIPPINE shares slipped on Tuesday as investors turned cautious ahead of the release of inflation data later this week although the main index managed to stay above the 6,800-point mark.

In a phone interview, First Grade Finance Inc. managing director Astro del Castillo said the market was "flat and directionless" because everyone wanted to play safe ahead of the June inflation data.

The government is set to announce the June inflation numbers on Friday, July 4.

"Even on the regional side, the inflation data of other markets are also starting to spike up and this could put pressure on interest rates," Del Castillo said.

The Philippine Stock Exchange index (PSEi) slipped by 17.70 points or 0.26 percent to 6,826.61, while the

wider all shares shed 9.79 points or 0.24 percent to 4,096.49.

"The market is still on a correction mode after hitting the 6,900-mark, but I expect it to be a brief correction before we break that level again," Miko Sayo, analyst at Nieves Securities Inc., said in a text message.

Only the financial sub-index ended in the green, adding 2.56 points or 0.16 percent to end at 1,634.03.

Among the decliners, holding firms lost 31.59 points or 0.51 percent to 6,211.58 and services dropped 7.18 points or 0.35 percent to 2,044.61.

Mining and oil fell 52.70 points or 0.32 percent to 16,488.76, while property went down by 5.46 points or 0.21 percent to 2,602.14. Industrials

► Shares B2

### SHARES FROM B1

## PH shares slip

dipped by 9.22 points or 0.09 percent to 10,336.01.

A total of 1.9 billion shares were traded on Tuesday, valued at P4.9 billion. Decliners beat advancers 101 to 75, while 41 stocks were unchanged.

Some of the most actively traded stocks were BDO Unibank Inc., down 0.53 percent at P93; Philippine Long Distance Telephone Co., down 0.13 percent at P2,984; Ayala Land Inc., up 0.33 percent at P30.60; and SM Investments Corp., down 1.41

percent at P804.50.

The top gainer on Tuesday was BHI Holdings Inc., whose share price surged nearly 50 percent to P1,237.

In a letter to the stock exchange, the company said it was "not aware of any material information that may affect the value and trading of BH shares."

On Monday, local shares barely budged in the absence of strong leads, although the main index managed to finish in positive territory after meeting stiff resistance at the 6,870-points level. The benchmark index inched up just 2.16 points or 0.03 percent to 6,844.31, while the wider all shares added 2.49 points or 0.06 percent to 4,106.28.

MADELAINE B. MIRAFLOR

## PSE picks NASDAQ OMX technology for trading platform

THE Philippine Stock Exchange Inc. (PSE) has selected NASDAQ OMX technology for its new trading platform which will go online by the middle of next year.

In a statement, PSE said it and NASDAQ OMX have signed an agreement for NASDAQ OMX's industry-leading trading technology, X-stream Trading.

"We are delighted to partner with NASDAQ OMX for this important undertaking," said PSE president and chief executive officer Hans Sicat.

"As the operator of the stock market, we need to ensure that we continue to provide the best and most responsive technology for all our stakeholders, and we believe the solution provided by NASDAQ OMX is consistent with this objective," he added.

As of June 2014, the PSE has 260 publicly listed companies and 134 active trading participants.

Trading in the PSE is from 9:30 a.m. to 3:30 p.m. daily, with a mid-day break of from 12 p.m. to 1:30

p.m. It currently maintains two trading floors, one at the PSE Centre (Tekite), Ortigas Center in Pasig City, and one at its principal office at the Ayala Tower One in Makati City's Central Business District.

Lars Ottersgård, senior vice president for market technology of NASDAQ OMX, said the company is dedicated in supporting PSE as it evolves and expands.

"The Philippines continues to be an important market in Asean, as well as an attractive prospect for regional and international capita—PSE is the heart of its country's market. We look forward to working with them in reaching their business goals and delivering the most widely deployed trading technology on the market," Ottersgård said.

Overall, NASDAQ OMX is home to more than 3,200 listed companies with a market value of over \$8 trillion and more than 10,000 corporate clients.

**MADLAINE B. MIRAFLORE**

■ PEREZ FROM A1

## A layman's dangerous reading of SC's definition of 'capital'

The penalty may be imposed only if the company is found in violation of the 60-40 rule in favor of Filipinos.

Since Due Diligencer failed to find anything either for or against PLDT that the SEC should have posted on its website, it is expanding its poser. This time, it wants to know if the SEC should also apply the SC's ruling on PLDT ownership to other companies engaged in industries where Filipinos should own at least 60 percent of outstanding capital stock.

If the answer is yes, then why has the SEC, led by Chairperson Teresita J. Herbosa, not even made the first step in reviewing the ownership profiles of companies registered with it? The commission's examiners, if the commissioners would allow them, may want to start with the ownership filings posted on the website of the Philippine Stock Exchange by publicly listed companies.

Of course, SEC officials may not agree with a layman's reading of a court decision. Being lawyers, they may have different interpre-

DUE DILIGENCER



EMETERIO Sd. PEREZ

tation of a court decision that may be so full of legalese it is beyond this writer's comprehension.

For example, the SEC's five-man body may have a different interpretation of the SC's ruling on the Gamboa-PLDT case that its members may not agree with this writer. But Due Diligencer has been rereading said decision too often that it could not forget a very intriguing portion that deals on the 60-percent minimum Filipino ownership.

"Thus, if a corporation, engaged in a partially nationalized industry, issues a mixture of common and preferred non-voting shares, at least 60 percent of the common shares and at least 60 percent of the pre-

ferred non-voting shares must be owned by Filipinos," the SC said in its ruling written by Associate Justice Antonio Carpio.

Then the SC elaborated: "In short, the 60-40 ownership requirement in favor of Filipino citizens must apply separately to each class of shares, whether common, preferred non-voting, preferred voting or any other class of shares."

The SC went on: "This uniform application of the 60-40 ownership requirement in favor of Filipino citizens clearly breathes life to the constitutional command that the ownership and operation of public utilities shall be reserved exclusively to corporations at least 60 percent of whose capital is Filipino-owned."

"Applying uniformly the 60-40 ownership requirement in favor of Filipino citizens to each class of shares, regardless of differences in voting rights, privileges and restrictions, guarantees effective Filipino control of public utilities, as mandated by the Constitution."

By its ruling, the SC did not mean adding all the shares whether common or voting or

non-voting preferred shares and dividing the total by the number of shares owned by Filipinos. If the quotient is less than 60 percent, then the ownership ratio of the company is in violation of the law.

To a layman, the SC simply means computing separately each class of shares in a company's outstanding capital stock to determine if Filipinos control at least 60 percent of the common voting shares, 60 percent of the voting preferred shares and 60 percent of the non-voting preferred shares of public utilities.

Due Diligencer hopes it is wrong in concluding that the issuance of preferred shares would not effectively dilute the foreign ownership in a company to the legal limit of 40 percent. If it is right, then the SEC examiners who are underpaid and overworked may have to extend their working hours beyond eight hours in reviewing the ownership profiles of companies to see to it that foreigners should not own more than 40 percent of the outstanding capital of public utilities.

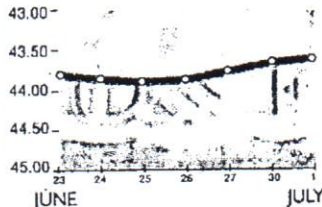
*esdperez@gmail.com*

**INDICATORS**

**PESO-DOLLAR RATE**

July 1, 2014

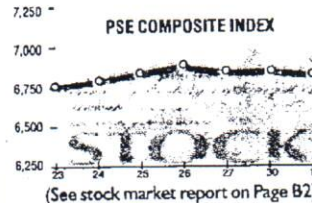
**43.615**



**STOCK MARKET**

July 1, 2014

**↓ 17.70**



(See stock market report on Page B2)

**Stocks end lower**

PHILIPPINE stocks dipped yesterday as investors locked in profits while awaiting guidance on second-quarter earnings, an analyst said yesterday.

The benchmark Philippine Stock Exchange index (PSEi) closed down 0.26 percent, or 17.70 points, to 6,826.61. The broader all-shares index was also down 0.24 percent, or 9.79 points, to 4,096.46.

All subsectors ended lower yesterday, save for financial stocks, which gained 0.16 percent. Leading the decline among subsectors were holding companies (0.51 percent), services (down 0.35 percent) and mining and oil (down 0.32 percent).

Jason Escartin, investment

analyst at F. Yap Securities/2tradeasia.com, said in a report yesterday that some investors might have decided to stay on the sidelines while weighing upcoming second-quarter corporate results.

He pegged immediate support levels at 6,800 to 6,820 while resistance was set at 6,870.

A total of 1.86 billion shares changed hands for P4.99 billion, data from the Philippine Stock Exchange showed. There were a total of 101 decliners against 75 advancers while 41 companies closed unchanged.

Leading the list of most actively traded stocks was BDO Unibank Inc., which dropped 0.50 percent to P93 a share.

**STOCKS/B2**

**Stocks end lower**

From page B1

This was followed by Philippine Long Distance Telephone Co. (down 0.13 percent to P2,984), Ayala

Land Inc. (up 0.33 percent to P30.60), SM Investments Corp. (down 1.41 percent to P801.50),

and DMCI Holdings Inc. (down 0.27 percent to P73.80). Miguel R. Camus

## PSE taps Nasdaq OMX to replace trading system

THE PHILIPPINE Stock Exchange Inc. (PSEI), the operator of the country's only stock exchange, has tapped Nasdaq OMX to implement a new trading system starting mid-2015, a statement on Tuesday showed.

The agreement involves Nasdaq OMX's X-stream Trading technology, which will replace the current platform used for trading of equities and exchange traded funds.

The PSE is currently using PSEtrade—the trademark for the NSC V900 platform of NYSE Technologies—that it started using in mid-2010.

That system, in turn, replaced the MakTrade system used by the bourse in the 1990s.

"We are delighted to partner with Nasdaq OMX for this important undertaking," Hans B. Sicat, PSE President and CEO, said in the statement.

"As the operator of the stock market, we need to ensure that we continue to provide the best and most responsive technology for all our stakeholders and we believe the solution provided by Nasdaq OMX is consistent with this objective," he added.

Nasdaq OMX's exchange technology, including trading, clearing, CSD and market surveillance systems, is in operation in over 100 marketplaces across the United States, Europe, Asia, Australia, Africa and Middle East. *Miguel R. Camus*

# Pancake House buys Max's

## P4-B deal paves way for food firm's backdoor listing

By Miguel R. Camus

LISTED Pancake House Inc. has sealed a deal to purchase 20 companies of the Max's Group of Companies for P4.05 billion.

The agreement paves the way for the backdoor listing of the Max's Group, which acquired a controlling stake in the Lorenzo family's casual dining chain operator early this year.

Pancake House said in a stock exchange filing Tuesday that its management, now led by its CEO, Robert Trota, was buying Max's units that include the operator of the Max's restaurants across the country as well as the group's franchising and bakery interests.

Trota, also president of Max's Group, initially said in March that Max's would keep both entities separate businesses, although the announcement yesterday was widely expected, analysts said.

"This transaction leverages the operational synergies of both

groups, creating a bigger, more integrated and efficient organization," Pancake House said in its stock exchange filing on Tuesday.

Also part of the deal are The Real American Doughnut Co. Inc., which brought in the Krispy Kreme franchise from the United States, and Fresh Healthy Juice Boosters, which brought in Jamba-Juice.

Other companies that were included are No Bia Inc., Room Ventures Corp. and Trota Gimenez Realty Corp.

Pancake House Max's officials did not immediately respond to an INQUIRER request to elaborate.

Pancake House said it would first need the approval of the Securities and Exchange Commission to expand its capital to complete the transaction.

It would acquire the companies by issuing shares valued at P4.05 billion, the filing showed.

The price will be P15 per share if issued before the record date for the stock dividend approved by share-

holders in January and P7.50 per share, if issued after the record date, the filing added.

Pancake House was established in 1974 and made its name serving Filipino and American comfort food staples adjusted to local tastes under the Pancake House brand.

It has since expanded into new brands, mainly through acquisitions, and its previous management said it was keen on buying more companies, before the surprise announcement of a sale to Max's late last year.

It had a total store network of 305 at the end of 2013, mainly Pancake House and Yellow Cab, followed by Teriyaki Boy, Le Coeur de France, The Sizzlin' Pepper Steak and Dencio's.

The Max's Group, considered a Filipino heritage brand, which started in 1945, has about 150 stores in the country and overseas, a previous statement showed.

# SAP to increase investment in PH

By Amy R. Remo

GERMANY-BASED SAP AG is investing significantly in the Philippines to expand its operations and set up a regional hub that will lead company efforts to tap prospective opportunities across the Asia-Pacific.

In a briefing yesterday, SAP Philippines Inc. managing director Darren Rushworth explained that the decision to set up a hub was due partly to the availability of a skilled labor force and the relatively competitive costs of doing business here.

"Another factor is that we have a lot of business opportunities, that we cannot continue to pursue the old way. We have a lot of opportunities in a lot of countries and it doesn't make sense anymore to hire another thousand sales people because it's not productive. We need to scale up. So instead of hiring people in every

## Software giant unveils plan to set up local hub to serve region

country, we've decided to invest in a hub in Manila which will be leading our sales efforts in new territories in new areas," Rushworth explained.

"The idea is to provide a more scaleable sales engine across Southeast Asia and the Asia-Pacific, and we've chosen the Philippines to be the base for that," he added.

According to Rushworth, the Philippines, being a hub, will serve as a central team covering multiple countries in the region. This will be made up of sales and business development personnel as well as technical consultants.

In setting up this hub, SAP Philippines will be setting up a call center that will

take care of the sales support requirements across the region, and a shared services facility that will provide back-office support for SAP companies across the world.

"We're setting up several things. One is a call center which is more sales oriented, to service Asia-Pacific and we're calling it Project Nucleus. The idea for that is, it's a small thing to start with. This year we're looking to hire 50 people and we've had about half of those on board already today. But we'll expand that, probably double that [number to 100] next year," Rushworth explained.

"We've also decided to invest in a shared services facility for our finance

and human resources. We already have shared services for our global HR in the Philippines and we'll continue to grow and invest in those areas," he added.

The said hub will be located in Ortigas Center, where SAP expects to move in by end August this year.

Meanwhile, SAP has also tapped Shore Solutions as its channel partner authorized to resell SAP cloud solutions including SuccessFactors, the leading provider of cloud-based human capital management (HCM) software.

According to Shore CEO Darcy Lalonde, they will initially target the business process outsourcing companies as potential clients for SuccessFactors, which is currently being used by a number of local firms, conglomerates and multinational companies in the country engaged in consumer goods and manufacturing industries.

# Business

Marlo F. Fetalino Jr., Asst. Editor □ e-mail: [moneytribune@yahoo.com](mailto:moneytribune@yahoo.com)

Wednesday, July 2, 2014

## Market of 60M borrowers make microfinance a good business

By Ed Velasco

A leading expert in microfinance yesterday invited banks to have a broader look at the market that is very big but only very small percentage is being served due to very difficult and complicated credit underwriting.

The expert said the microfinance market has an estimated 60 million customers or 60 percent of the population, a number that can easily shadow all the number of depositors of all bank classifications.

She said that it's about time this market is served so that the biggest number of sectors will be served by the banking community.

This sector is the class C, D and E of the society, the lowest in the social pyramid scale.

"Microfinance indeed has a very unique credit underwriting process. Microfinance is a lucrative product. However, banks need to have the necessary skills set and expertise to enter this market, otherwise they could lose their shirt," Lourdes Jocelyn Pineda, president of Rizal Microbank, told *The Daily*

*Tribune* in an interview.

It is a source of financial services for entrepreneurs and small businesses lacking access to banking and related services.

The two main mechanisms for the delivery of financial services to such clients are: (1) relationship-based banking for individual entrepreneurs and small businesses; and (2) group-based models, where several entrepreneurs come together to apply for loans and other services as a group.

Loan amounts in this banking service usually range between

P5,000 to P20,000 with interest ranging from two percent to four percent depending on the tenor.

The amount is far less than the loan being sought by micro, small and medium enterprises (MSMEs) that usually start at P50,000.

"More than 60 percent of our population are classified as C, D and E and actually present a huge potential market for any bank, provided they have the expertise to enter this segment," Pineda added.

She said the biggest challenge for any bank that will concentrate

on this offer is the underwriting because huge portion of the 60 percent in this category have no audited financial statements, identification papers and proof of address.

These documents are the most common being sought by commercial banks that usually approve loans by the hundreds of millions of pesos.

"Most of our banks are well-versed in serving the A and B markets but very few have the skills set to go down the market," the banker added.

## Del Monte to sell P125M shares

DEL Monte Pacific Limited said it is raising P125.6 million in 5.5 million new shares at P22.84 per share.

"The new shares will be listed and quoted on the main board of the Philippine Stock Exchange and on the mainboard of the Singapore Exchange Securities Trading Limited," the company said.

The company earlier announced to shareholders that it is set to embark on a fund raising activity in the latter part of the year to finance its acquisition of US based affiliate, Del Monte Foods, Inc. early this year.

Luis F. Alejandro, Del Monte chief operating officer, said the company looks expects to complete regulatory approval in the Philippines for the earlier-announced preferred shares sale.

Del Monte will also be raising funds through a rights offer.

The bridge loan will be refinanced over the sec-

ond half of this year through rights offers, preferred shares, and a medium term loan of \$100 million, said Alejandro.

At the company's briefing in June, company officials said the proceeds of the share and rights sale will be used to service the \$630 million bridge financing that the company tapped.

Del Monte in January said it sourced the loan from BDO Unibank, Inc., and Bank of the Philippine Islands.

The preferred share sale amount to \$350 million while the rights offer amounts to \$180 million.

Alejandro in an interview said the preferred shares sale will be limited to Filipino investors while the rights offer will have a Singapore component.

Del Monte is listed in both the Philippine Stock Exchange and the Singaporean Exchange.

# Security Bank's P10-billion bond float



Lito U. Gagni

## MARKET FILES

**T**HE P10-billion bond float of Security Bank Corp., the No. 1 universal bank in terms of return on investments, presents another investment instrument in the market and allows for a maturity in the country's capital market that only knows savings and time deposits, the stock market, and special deposit accounts with the Bangko Sentral ng Pilipinas (BSP). With a projected 5.375-percent interest rate that is to be paid quarterly, the bond float would provide a better option for investors who may want to diversify their income stream from their bank deposits and stock-market plays.

Analysts from stock-brokerage houses are optimistic about the bond float, which would end its book-building on Thursday, July 3, after a huge take-up in interest in the Visayas and Mindanao when the bond float was started on June 19. The rise in interest in the bond float could be partly attributed to the bank's projected increase in income, thanks to its conservative branch expansion of 10 each year from its go-go expansion of 54 in both 2012 and 2013.

This means that the bank would have lower operating expenses from 2015 onward, when the effect of its bond float would kick in. The bank will use the proceeds from the bond float to increase its earnings from its loan portfolio. Secu-

rity Bank officials have earmarked the notes for their loan-building to grow its income, which, for the last five years, have earned the lender a compounded annual growth rate of 24 percent.

This growth rate for its total assets and loan portfolio is much higher than the banking industry's rate of 15 percent for total assets and 14 percent for loan portfolios. But what gives optimism to the success of the bank notes is that the lender's strategy has been rooted in conservative notes. This is why its financial metrics is tops in the industry with its lowest nonperforming loan (NPL) ratio.

Asset quality, as reflected in the NPL ratio, further improved to 0.6 percent at yearend, lower than

the banking-industry average NPL ratio of more than 1 percent as of last December. Security Bank's NPL reserve cover of 256 percent is also higher than the industry average. The bank's capital adequacy ratios (CARs) remained strong, with total CAR of 16.3 percent and Tier 1 CAR of 14.7 percent.

The bond float actually complies with the BSP's new directive in connection with the central bank's compliance with the new Basel 3 guidelines, part of a worldwide protocol to make banks' capital strong enough to withstand financial shocks, such as those that shook the industry during the 2008 economic crisis. The BSP issued the directive two years ago—and is expected to take effect this year—to let the banks prepare for Basel 3. Higher bank capital is needed to insulate a bank from losses in the event of a financial meltdown.

BSP Governor Amando M. Tetangco Jr. had sought for the increase in bank capitalization, saying, "The transition to Basel 3 standards is an important step toward further strengthening the banking system." It is on this aspect that the bond float is getting rave reviews from analysts from stock brokerage houses, since it provides a diversification route for investors who want to look at other investment instruments in the market.

Set for sale in minimum denominations of P500,000 and increments of P10,000, Security Bank's

bond float is seen to be lapped up by investors, because the lender's financial metrics has been recognized by award-giving bodies for financial houses. With a deposit base of P206 billion, a capital of P41 billion and low-cost deposits (in terms of current and savings accounts) of P130 billion, the bank is well-positioned to grow further.

The fact that analysts have given the thumbs-up sign to the bond float reflects their high regard for the bank's road map to greater growth. The huge expansion in the bank's branch network from 2012 to 2013 provides the kind of banking strategy that is envied by its peers. One analyst said the bank's shift in focus—from relying on booking volatile trading gains to generating a recurring earnings base via interest income and fee-based activities (read: loans and investment banking)—has prepared it to build a more stable earnings base.

So far, the bank has exhibited a kind of conservative approach in growing its income, such that its NPLs, or the number of its problem accounts, is one-third less than the industry average. For investors, the bond float would be a sure bet, especially since the bank has been tedious in scrutinizing bank-loan applications, opting for a less aggressive stance, which is what a bank should take, given the big bets that went awry.

E-mail: hugagni@yahoo.com.

## PSEi DOWN ON FIRST TRADING DAY OF H2

**S**HARE prices went down during the first trading day of the second half of the year, as expectations that the government will announce a higher-than-expected inflation figures in June kept investors' appetite in check.

The benchmark Philippine Stock Exchange index (PSEi) shed 17.70 points to 6,826.61, while most subindices were down.

"Some players heeded for other positive leads at home and abroad. Some used expectations of higher consumer prices in June as excuse to lock in profits, while waiting for preliminary guidance on key listed firms' second-quarter earnings," said Jason Escartin, investment analyst at F. Yap Securities.

The government will announce the country's inflation rate by the end of the week, with analysts expecting a rate of 5 percent on the back of the transport-fare hike and increase in food prices.

At the PSE, many subindices were down including the All Shares index that shed 9.79 to 4,096.49. The Industrial index lost 9.22 to 10,336.01; the Holding Firms index fell 31.59 to 6,211.58; the Services index contracted 7.18 to 2,044.61;

SEE "PSEi," A2

### PSEi. • • CONTINUED FROM A8

but the Financials index bucked the trend to gain 2.56 to 1,634.03.

Total volume of trade reached 1.86 billion shares worth P4.99 billion, or lower than the average of about P7 billion. Foreign investors were net buyers at P1.19 billion. Losers overpowered gainers 101 to 75 and 41 shares were unchanged. BDO Unibank Inc. was the day's most traded and shed P0.50 to P93. The Philippine Long Distance Telephone Co. lost P4 to P2,984; Ayala Land Inc. gained P0.10 to P30.60; SM Investments Corp. fell P11.50 to P804.50; DMCI Holdings Inc. decreased P0.20 to P73.80; and Metropolitan Bank and Trust Co. was up P0.10 to P87.50. *VG Cabuag*

# MPIC unit acquires majority stake in Easytrip for P103M

By LORENZ S. MARASIGAN

**T**HE tollways arm of Metro Pacific Investments Corp. has acquired 50-percent interest plus one share in Easytrip Services Corp. (ESC), expanding its business to tollroad equipment development. The deal is said to be worth P103 million.

The stocks acquired by Metro Pacific Tollways Development Corp. (MPTDC) were a combination of 87,000 new shares from the tollroad equipment developer and the purchase of 13,001 shares of Egis Easytrip Services S.A. in ESC.

"The acquisition will allow MPTDC and Egis to combine their exper-

tise in managing and expanding the business of ESC," the listed parent firm said in a disclosure at the stock exchange. Before the transaction, the tollroad equipment development provider was wholly owned by Egis.

ESC acquires and develops equipment and software to facilitate electronic tolling of roads and other

facilities, sells, leases, licenses, installs, operates and maintains such equipment and software, and manages commercial relationships with users of such facilities.

MPTDC is the major shareholder of Manila North Tollways Corp. (MNTC) which operates the 85-kilometer North Luzon Expressway.

The Pangilinan-led tollroad operator is awaiting regulatory approval for its P18-billion connector road project, a thoroughfare that will connect the North and South Luzon expressways. The investment proposal, which was submitted in December last year, was supposed to have been approved in the first quarter of this year. It is facing further delays following a complaint filed by a private entity.

The expressway's project structure is being questioned before the Justice department by the private party which submitted a legal query before the agency in February.

This forced the Toll Regulatory

Board to delay the approval of the group's investment proposal.

The connector road, also known as Segment 10.2, is an eight-kilometer mainline road that will run from C-3 Road in Caloocan City to the Polytechnic University of the Philippines in Santa Mesa, Manila. It will also have 2.6-kilometer port area spur road that will run from C-2 Road to R10 in Tondo, Manila.

Under the amended agreement, Segment 10.2 will be linked to the P11.9-billion two-segment Harbor Link Project, which consists of a P1.9-billion, 2.4-kilometer road linking North Luzon Expressway to MacArthur Highway and a P10-billion, and a 5.65-kilometer road from Mindanao Avenue in Quezon City to Manila North Harbor.

The expressway's completion was initially set in 2016, but with the delayed approval, Metro Pacific Tollways Corp. President Ramoncito S. Fernandez said the group may have to revise the target.

# German fund completes BHI P400-million buy-in deal

Details Category: Companies

Written by Lenie Lectura



LISTED Greenergy Holdings Inc. said on Tuesday it received the full payment for the sale of its 60-percent stake in Biomass Holdings Inc. (BHI) to a German hedge fund, ThomasLloyd Cleantech Infrastructure Fund GmbH, formerly Cleantech Projektgesellschaft mbH.

"Further to our disclosure [on] April 2, the company wishes to inform the investing public that it has received the total consideration for its interest in Biomass Holdings, Inc.," Greenergy said. A total of 600 million shares were sold to ThomasLloyd at P0.67 apiece worth P400,522,380. Greenergy said proceeds will "generate cash inflow to fund the future investments and acquisitions of the company."

BHI is the joint-venture company of Greenergy and Cleantech for their combined investment in San Carlos Biopower Inc. San Carlos is developing a P3.5-billion, 18-megawatt (MW) bagasse-fired power generation project in San Carlos City, Negros Occidental. The project is expected to be completed by early 2015. BHI acquired a 64-percent equity interest in San Carlos for P667.527 million last year.

The biomass plant will be built alongside the existing San Carlos Bionergy ethanol facility. The main power plant and associated infrastructure will be built on 20 hectares of land. Another 5 hectares will be allocated for fuel storage. The facility will provide electricity in the Visayas amid an increasing demand for power in the region and additional source of income to the local farming community as bagasse, a byproduct of sugar cane, will be used to power the said plant.



# Del Monte to sell additional shares

**L**ISTED food processor Del Monte Pacific Ltd. plans to sell more shares at the Philippine Stock Exchange (PSE).

The company said in its disclosure to the PSE it has filed before the Securities and Exchange Commission an application for the registration and listing of 5.5 million ordinary shares at a maximum offer price of P22.84 each.

At the said price, the company hopes to raise as much as P125.62 million.

"The new shares will be listed and quoted on the main board of the PSE. Further the company will also be applying for the listing and quotation of the new shares on the main board of the Singapore Exchange Securities Trading Ltd.," Del Monte said.

The company is both listed at the Philippine and Singapore stock exchanges.

Del Monte earlier said it plans



to raise more funds by selling additional preferred shares and holding a rights offer, proceeds of the fund-raising efforts will be used to pay for the purchase of US-based Del Monte Foods Inc.

The preferred share sale will amount to \$350 million while the rights offer at \$180 million.

Proceeds of the share and rights sale will be used to service the \$630-million bridge financing the company tapped to pay for Del Monte Foods.

The company is confident of the prospects of the Del Monte Foods acquisition, worth \$1.68 billion, as it will give the Campos-led firm a foothold into the vast US and South American markets.

Del Monte said it may now cross-sell its products between the US and Asia by next year.

Del Monte Foods is expected to comprise 80 percent of Del Monte Pacific's turnover. It reported a net loss of \$42.8 million from January to April, partly as a result of the acquisition, from last year's income of \$6.56 million. Excluding non-recurring items, the company generated an income of \$3.8 million, it said.

"We retained a strong management team in the US who are committed to increase market opportunities and profitability for the iconic Del Monte brand, CEO and Managing Director Joelito Campos Jr., said:

The group expects to generate higher earnings on a recurring basis in 2015 as it drives both top line growth across its key markets in the US, the Philippines and rest of Asia, it said. *VG Cabuag*

## Consortium to start P5.69-B hospital project in 4th quarter

**T**HE consortium between Megawide Construction Corp. and World Citi Inc. will begin the construction of the multibillion-peso modernization project of the Philippine Orthopedic Center (POC) in the fourth quarter this year.

"The construction will break ground probably in September this year," Megawide CFO Oliver Y. Tan said in a chance interview.

The P5.69-billion hospital modernization project, which is intended to provide better health-care services and improve hospital facilities and operations, is set to be completed in 2017.

Under the government's Public-Private Partnership program, the Megawide-World Citi consortium has proposed to build, design

and equip the Orthopedic Center, as well as operate and maintain the hospital within the concession period.

"We are to construct a whole new facility, so it is expected to take us a considerable time," Megawide Chief Marketing Officer Louie B. Ferrer said.

The three-year project will involve the construction of a 700-bed capacity super-specialty tertiary orthopedic hospital within the National Kidney and Transplant Institute compound on East Avenue in Quezon City.

Earlier this year, employees and patients at the Philippine Orthopedic Center filed a petition before the Supreme Court, fearing that the privatization might violate the public's right

to equal access to health services and other social services. Other lawmakers and protest groups also backed up the petition, saying that the government must instead pour funds to hospitals instead of auctioning these off to private firms.

The concession contract between the Department of Health and the private firm was signed in March after the notice of awarded was granted in December 2013.

The transformation will make the hospital the country's primary center for bone and joint diseases at par with global standards.

Aside from the POC modernization, Megawide also won four out seven PPP projects that were auctioned off in the last four years.