



# SEC News Service

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# Petron raising funds to fuel expansion, \$2-B refinery

BY LORENZ S. MARASIGAN

**T**HE largest oil refiner in the country is building a war chest to finance the firm's expansion plans, which include the construction of a \$2-billion refinery in Bataan.

In a filing with the local bourse, Petron Corp. Vice President Joel Angelo C. Cruz said the firm's board of directors approved on Thursday the public offering of preferred shares worth P7 billion, with an oversubscription option of up to P3 billion.

Details of the transaction were not immediately identified in the disclosure. The San Miguel Corp. subsidiary is investing roughly \$2 billion in its Refinery Master Plan Phase 2 (RMP-2) venture. The project is expected to be completed by

early next year.

RMP-2 allows Petron's 180,000-barrel-per-day Bataan refinery to run at full capacity, converting current negative-margin fuel oil into higher-value fuels, such as gasoline, diesel and petrochemicals. This increase in local production helps ensure the country's supply security, since it lessens dependence on imported fuels.

Petron has been building up its retail and logistics network to complement its RMP-2 project. The company currently has 2,200 service



ANG: "Once RMP-2 is launched, it will unleash the full potential of our key assets in refining, distribution and retail marketing."

stations, bigger than its two closest competitors combined, and has dozens of stations in the pipeline.

It also has a Logistics Master Plan that further integrates its extensive supply chain with the aim of serving customers' fuel needs in the fastest, safest and most cost-effective means. This project includes the upgrade of existing facilities and the construction of new storage tanks in strategic locations and modernization of trucks, among others.

RMP-2 transforms the Petron Bataan Refinery into one of the most-

advanced facilities in the region in terms of processing and energy efficiency, operational availability and complexity.

This investment will make Petron the only oil company in the country capable of producing locally more stringent and environment-friendly fuels under the Euro-4 standard.

Petron booked a net income of P3 billion in the first semester of the year, 172 percent higher than the P1.1 billion posted in the same period last year, driven by higher sales from both the Philippines and Malaysia.

"Once RMP-2 is launched, it will unleash the full potential of our key assets in refining, distribution and retail marketing," Petron Chairman Ramon S. Ang said.

RMP-2 will also give Petron the unique advantage of being the only local oil company capable of producing the more stringent Euro-4 standard fuels. RMP-2 is slated for full commercial operations by 2015.

## Vista Land raised \$125M from overseas bonds sale

**V**ISTA Land & Lifescapes Inc. on Thursday said it raised some \$125 million from the additional sale of its guaranteed notes due 2019 in the offshore market.

The company said the debt also carries a yield of 7.45 percent and sold by its unit VLL International Inc., a firm incorporated on the Cayman Islands. VLL International will issue the notes on September 11 at an issue price of 102 percent of their principal amount, plus accrued interest from April 29, 2014, when the first series of the company's \$225-million bonds was sold. The additional debt will form part of the bonds that the company issued in April.

"The net proceeds from the issuance will be used to finance the company's capital expenditures and for general corporate purposes," Vista Land said in a statement.

It added that the company already applied with the Singapore Exchange Securities Trading Ltd. for the listing of the said debt. DBS Bank Ltd. acted as the sole global coordinator and sole

lead manager of the issuance. The company said it received demand of more than \$300 million for the new offer.

Also in April, the company launched a tender offer for its existing \$150-million bonds that carried an 8.25-percent rate maturing in 2015. Holders of some \$103.76 million worth of bonds, or about 69 percent, accepted its offer. The rest of the bondholders decided to keep their paper until it becomes due.

Vista Land is famous for its affordable-housing brands Camella and Palmera subdivisions, which, at the moment, comprised some two-thirds of the company's portfolio. Each unit in these subdivisions costs no more than P4 million. The company earlier reported a P2.8-billion net income for the first semester of the year, some 12 percent higher than last year's P2.5 billion.

Vista Land, controlled by the Villar family, said its revenues grew 14 percent to P11 billion from last year's P9.7 billion. Reservation sales also grew 10 percent to P25.9 billion.

- VG Cabuag

# Aboitiz Power's P10-B fixed-retail bonds offer oversubscribed

BY LORENZ S. MARASIGAN

**T**HE power generation company of the Aboitiz Group completed on Thursday the offering of its P10-billion fixed rate retail bonds, the firm said in a disclosure to the local bourse.

Aboitiz Power Corp. said the bonds were well received by both institutional and retail investors during the offer period. This resulted in an order book that was 2.4 times oversubscribed.

"The strong investor demand enabled Aboitiz Power to trigger the oversubscription option, and issue the bonds up to the maximum issue size of P10 billion," the company said in the filing.

The debt papers were issued simultaneously in two series: the Series A bonds due in 2021 with a fixed interest rate of 5.205 percent per annum, and the Series B bonds due in 2026 with a fixed interest rate of 6.1 percent per annum.

The offer period for the bonds was from August 29 to September 3.

The bonds will be listed on the Philippine Dealing & Exchange Corp. BPI

Capital Corp. acted as sole issue manager and lead underwriter for the transaction.

BDO Capital & Investment Corp., First Metro Investment Corp., and Land Bank of the Philippines acted as co-lead underwriters, while China Banking Corp. and PNB Capital and Investment Corp. acted as participating underwriters to the issue.

Proceeds of the bond issuance will be used to replenish working capital, partially fund ongoing projects and utilized for other general corporate purposes.

The holding company for the Aboitiz Group's investments in power generation, distribution, retail and power services, earlier said it will pour in as much as P80 billion in investment this year.

The amount forms part of the company's bold move to add 2,000 mega-



**A LIFELONG LEGACY OF PASSION FOR BETTER WAYS** Jon Ramon Aboitiz (right), chairman of Aboitiz Equity Ventures Inc., speaks to some of the 90 delegates of the three-day Ninth Aboitiz Future Leaders Business Summit inside the Don Ramon Aboitiz ancestral house in Cebu City on August 14. Jon shares how Don Ramon, his grandfather and founder of the Aboitiz Group, always believed that the biggest fortune he had was his word and reputation. The Aboitiz patriarch said, "Money can be lost and can be recovered but once your name and reputation is lost, one's word is worthless and one is truly finished."

watts (MW) to its portfolio in the next five years. At present, the company's power-generation capacity has reached 2,300 MW.

The additional capacity will be sourced from the 300-MW coal-fired power plant of AP Therma South Inc. in Davao, targeted to be completed next year. This power facility could be expanded by another 30 MW.

Also, another 300 MW will be coming

from the coal-fired power plant of Therma Visayas in Cebu. The capacity of this facility could be expanded by 150 MW.

The company is also eyeing an expansion by 400 MW of the Pagbilao coal plant in Quezon.

Aboitiz Power also recently won in the auction of the 153.1-MW Naga plant in Cebu. Also, the power firm is banking on the planned 600-MW coal-fired power plant of RP Energy in Subic.

## Paxys raises P1.6B for sale of shares held by unit's minority investors

BY RODERICK L. ABAD

**B**USINESS-PROCESS outsourcing (BPO) company Paxys Inc. is raising over P1.6 billion for the sale of its equities to its subsidiary.

Paxys NV has made a tender offer of P3.20 each of the equities of its parent company held by minority stockholders. In a copy of the Notice to Stockholders of Tender Offer provided with the Philippine Stock Exchange (PSE), the latter said the buyer is acquiring up to 517,690,828 common shares representing 45.07 percent of its outstanding capital stock.

The offer is related to Paxys's goal to give its minority shareholders the chance to monetize their investment and divest their interests. For two years, the company has been finding alternatives to redeploy the cash reserves of the Paxys Group being held by the buyer. But to date, there are still no definite or attractive opportunities that have been identified nor are there any solid plans or proposals at present that relate to or will cause corporate transaction, such as "merger, reorganization or liquidation," engaging the company and its units, as well as transfer of the group's "material amount of assets."

The combined assets of Paxys comprised mostly of cash and such funds are placed in short-term money market investments. The ongoing tender offer ends on September 29, but the period may be extended by Paxys NV, subject to the prior approval of the Securities and Exchange Commission. Security Bank Corp., the latter's principal bank, said the buyer has available funds for the offer's full implementation. Payment will be crossed at the PSE on or before October 8. The settlement date shall be not later than October 13.

Paxys Inc. and its subsidiaries are involved investment holding; BPO; call-center business that offers an integrated mix of call-center solutions, including inbound and outbound teleservicing; and e-mail and Web-based tools transcription, editing and proofreading services.

For the first half of the year, the group's net income amounted to P6.2 million, favorable by P49.6 million compared to a net loss of P43.4 million incurred the previous year.

Earnings before interest, taxes, depreciation and amortization is higher during the period in review by 123 percent mainly because of lower loss from operations and interest earned.

## Calapan Ventures to change name to reflect nationwide scope

By VG CABUAG

**W**ATER-UTILITY firm Calapan Ventures Inc. said it changed its corporate name to Philippine H2O Ventures Corp. in a move to reflect its geographical presence in the country and not just in a small town in Luzon.

The name change already took effect at the Philippine Stock Exchange on Thursday, while its stock trading symbol of H2O remains the same.

Company officials said earlier the firm need to change its name to reflect the geographical presence of its nationwide business and not just in Calapan, a town in Oriental Mindoro where the company first started its operations. Aside from Calapan water concessions, it has contracts in Kalinga and Agoo, La Union.

Jolly Ting, the company's chairman and CEO, earlier said the company is still in discussions with

Maynilad Water Services Inc., the concessionaire of the West Zone of Metro Manila, a year after the two firms announced a possible deal.

"Talks are still ongoing. If there will be a meeting of minds, it can happen. But it is still premature to talk about it," Ting said.

Calapan's board has earlier allowed Ting to talk with interested third parties for a possible merger or acquisition, joint venture or any other arrangements that can enhance the company's value.

Ting said despite talks of a possible merger, the company is still continuing its capital expenditures to enhance its services in its concession areas.

The company said it will spend P500 million as capital expenditures for the year, as it will expand its existing water concession in Mindoro and start ground works for its new water concession in Agoo, La Union.

This year's expenditures was more than ten times higher than last year's P46 million.

Some P150 million will go for the company's expansion of its Calapan water concession where the company is managing the 141.7 liters per second (LPS) water system in the town.

The rest of the P350 million will be spent for unit Metro Agoo concession, which plans to put up a 180 LPS water supply for the municipality. Construction is planned to start at the year with the Agoo project expected to be operational by next year, Ting said.

The company said it may tap a term loan from the Development Bank of the Philippines to fund part of the capital expenditures, while the rest will come from bank loans.

At the moment, the company has 13,726 subscribers from its Calapan and Tabuk concessions and billed volume of 3.29 million cubic meters.

## Macay Holdings to acquire ARC Holdings for right to RC Cola

**M**ACAY Holdings Inc., owned by former Ambassador Alfredo Yao, on Thursday said its board approved the acquisition of ARC Holdings Inc. in a move to consolidate all the licensing and trademark of the RC Cola brand in the Philippines under one roof.

"The board further authorized the president, Antonio Panajon, to negotiate, execute and sign such agreements, papers and other documentation pursuant to such acquisition," the company said in its disclosure to the Philippine Stock Exchange.

ARC Holdings is the holder and trademark licenses of Royal Crown Cola Inc., owner of the RC Cola brand, in the Philippines.

The company did not state how much it will buy ARC Holdings. Yao, however, controls both Macay and ARC Holdings.

The company earlier said it sees the need to expand in Northern Luzon, the Visayas and Mindanao for its primary product RC Cola, a soft drink becoming popular in far-flung areas outside of Metro Manila and the country's key cities.

"On the short term, our plan is to expand the core business. I think you've seen the areas we have not covered yet. I think based on your observation, RC is not as big as Coke. That's very obvious. And therefore there's a huge potential. Because if you have a growing population,

naturally you have to grow with it," Panajon said earlier.

The company said it plans to eat the market share of Pop-cola in the Philippines, a brand owned by Coca-Cola but has been rapidly losing presence in the provinces.

The company is also looking at acquisitions to grow the business on other consumer-related market, but it prefers to maximize the opportunities in the beverage segment, officials said. Yao, the company's chairman, said Macay's franchise for RC Cola allows the company to reach out to other Asean markets, especially with the scheduled opening of the integrated regional economy bloc by 2015. *VG Cabuag*

# Philippines' sukuk debut unlikely in 'near term'

THE PHILIPPINES is not likely to jump anytime soon on the Sukuk bond bandwagon that now counts non-Islamic financial hubs London and Hong Kong, according to Moody's Investors Service.

In a report titled "Sovereign Sukuk: Issuance Rises as New Governments Enter Islamic Capital Markets" released yesterday, the global ratings agency said it expects governments to issue approximately \$30 billion of Islamic bonds, or sukuk, this year to expand the size of the market to around \$115 billion by yearend.

"The year 2014 has become a landmark year for sovereign sukuk, with the UK issuing its inaugural sukuk, and with Hong Kong and South Africa expecting to conclude sales in September 2014," Khalid Howladar, Moody's Global Head for Islamic Finance, said in a statement accompanying the report.

"All three are major non-Islamic countries, and the transactions indicate a significant change in the potential size, depth and liquidity of this market," he pointed out.

Sukuk issuances by national governments account for more than 36% of the \$296 billion in outstanding sukuk as of July 2014, Moody's estimated.

The agency added that it expects many new sovereign issuers to continue to enter the market in the next two years, citing global investors' growing comfort with relatively complex Islamic financial instruments; increasing financing needs from some sukuk-issuing countries; and the desire for stronger investment links with the faster growing economies in the Gulf and Asia.

Aside from Hong Kong and South Africa, at least eight other governments - Luxembourg, Morocco, Tunisia, Egypt, Jordan,

Oman, Bangladesh, and Kenya - have expressed strong intentions to issue sukuk and are likely to do so in the near term, the agency said.

On the other hand, the Philippines, as well as Australia, Russia, Azerbaijan, and South Korea, "have shown moderate interest in the sector but are unlikely to issue in the near term."

## NO TIMETABLE

Sought for comment, National Treasurer Rosalia V. de Leon said the government is still considering tapping the sukuk market to diversify funding. "[B]ut we have no definite timetable," she said.

The Philippines has shown interest in selling a debut sovereign sukuk after it successfully brokered a peace deal with Muslim rebels.

A Bloomberg report last July quoted Ms. de Leon as saying

the country may offer "token amounts" of Islamic bonds before President Benigno S.C. Aquino III ends his term in June 2016.

Asked if the delay in the drafting of the Bangsamoro Basic Law is causing the government to hold the issuance of the Islamic financial instruments, Ms. de Leon said: "[There is] no relation."

Malacanang failed to meet its August deadline of submitting the draft Bangsamoro Basic Law to Congress. The government now wants to submit the draft law by Sept. 13.

The Bangsamoro Basic Law, the intended outcome of the Comprehensive Agreement on the Bangsamoro inked between the government and the Moro Islamic Liberation Front last March 27, serves to establish a new political region in Mindanao where the poorest Filipinos live. — **Daryll Edisson D. Saclag**

## AIG covers merger risks

THE American International Group, Inc. (AIG) is betting on the emergence of a domestic market for mergers and acquisitions (M&As)-related insurance products, amid heightened M&A prospects in an integrated Southeast Asian market.

"The really exciting thing for us right now is writing policies in places where nobody has ever written them before," AIG Asia Pacific Mergers & Acquisitions Manager Michael Turnbull told a media briefing yesterday. "That's why we're here [in the Philippines] - because it's a real trend that we're seeing, and it's something that we're hoping to see more and more across the region."

Mr. Turnbull pointed to a nascent local market for Warranty and Indemnity Insurance - a type of insurance product covering risks associated with M&As - as he admitted that AIG had recently made its first sale of such a policy in the Philippines. Mr. Turnbull declined to disclose any further details about that transaction, citing a confidentiality agreement.

"No other [insurers] are able to write in the Philippines at the moment," Mr. Turnbull said. "Three years ago... I was the first [Warranty and Indemnity Insurance] underwriter in Asia for anybody. Some market competitors have followed suit," Mr. Turnbull claimed. "They've realized that there are quite big opportunities here."

He said AIG has been writing 50 to 60 policies a year in the Asia

Pacific region for the mentioned product, which insures either the buyer or the seller in a private company M&A transaction.

Commenting on how the impending ASEAN economic integration affects the business, Mr. Turnbull said "certainly the expectation is increased economic activity, and that is consistent with what we're seeing in terms of the submissions that we get across our desk."

### FUNDS EYE M&A DEALS

Private equity funds and hedge funds — which Mr. Turnbull said is a huge market for the insurance product — have shown interest in the Philippines when it comes to M&A transactions. "They are a significant part of our market in the markets where we have got more experience," he said, "but I think we're going to see more of that as well around this part of the world."

"Aggressive" funds have been scouting for "infrastructure type industries, health care, education, manufacturing - that would be the main ones," according to Mr. Turnbull.

Mr. Turnbull's comments reflect a trend seen in the local market earlier this year, when Singaporean sovereign wealth fund GIC Pte Ltd as well as Malaysia's state Investor Khazanah Nasional Bhd and global private investment firm TPG bought into Philippine conglomerates. —

**Raymund Luther B. Aquino**

Friday, September 5, 2014 **A2**

## **Aboitiz completes P10B bond sale**

ABOITIZ Power Corp. said it has completed its P10 billion bond sale. The bonds, with maturities of seven and 12 years, carried a coupon rate of 5.205 percent and 6.100 percent, respectively, paid quarterly. The sale ran between August 29 and September 3.

"The bonds were well received by both institutional and retail investors during the offer period resulting in an order book that was 2.4 times oversubscribed. The strong investor demand enabled Aboitiz Power to trigger the oversubscription option," the company said.

BPI Capital Corp. acted as sole issue manager and lead underwriter for the transaction. BDO Capital & Investment Corp., First Metro Investment Corp. and Land Bank of the Philippines acted as co-lead underwriters, while China Banking Corp. and PNB Capital and Investment Corp. acted as participating underwriters to the issue. The bonds will be listed on the Philippine Dealing & Exchange Corp.

Aboitiz Power said the proceeds will be used to partially finance its capital spending to boost its power portfolio, particularly the 400 megawatt (MW) pulverized coal-fired plant expansion in Pagbilao, Quezon; the 60 MW Manolo Fortich Hydropower plant in Bukidnon; the 300 MW Cebu Coal project; the 300 MW Davao Coal Project; and the 14 MW Sabangan Hydropower Plant project in Mt. Province.

Aboitiz Power president Erramon Aboitiz earlier said the company is investing P80 billion for the year to ramp up its power portfolio to 2,000 MW in five years, venturing into both greenfield and brownfield projects.

## Vista Land to issue \$125M new notes

VISTA Land and Lifescape, Inc. is set to issue \$125 million in new notes that will be consolidated with the \$225 million notes it issued in April this year.

The new borrowing carries a similar coupon of 7.45 percent and will mature in 2019, issued by unit VLL International, Inc. (VLLD).

"VLLI will issue the additional notes on or around 11 September 2014 at an issue price of 102.000 percent of their principal amount plus accrued interest from 29 April 2014, the issue date of the original notes, to the settlement date, representing a yield to maturity of 6.935 percent," the company said.

"The net proceeds from the Issuance will be used to finance the company's capital expenditures and for

general corporate purposes," it added.

Vista Land said VLLI is applying with the Singapore Exchange Securities Trading Limited (SGX-ST) for the listing and quotation of the additional notes on the SGX-ST.

DBS Bank Ltd., the sole global coordinator and sole lead manager of the issuance, distributed approximately 91 percent of the issuance outside the Philippines "to a broad range of international investors after receiving over \$300 million in demand."

Vista Land earlier said it and its five subsidiaries will guarantee the additional debt.

Vista Land earlier said it is spending P21 billion for the year.

## Paxys ready for voluntary delisting

PAXYS Corp. is ready to delist itself should it fall below the minimum public ownership once it completes its scheduled tender offer.

The company in a regulatory filing said its unit Paxys NV's tender offer for the company's shares which started last Monday will run until September 29.

"If as a consequence of the tender offer, the public ownership of Paxys falls below the minimum prescribed by the PSE, Paxys will have to apply for voluntary delisting with the PSE prior to the PSE instituting voluntary delisting," the company said in its regulatory filing with the Securities and Exchange Commission.

The tendered shares will be crossed at the Philippine Stock Exchange not later than October 8, with brokerage firm AB Capital Securities, Inc., as the tender offer agent.

The Australian unit Paxys NV, earlier offered to acquire all minority shares of the company at P3.20 apiece.

The mother company said it has endorsed the tender offer to give shareholders the opportunity to enjoy the

cash of the company that is held under Paxys NV.

"The directors of Paxys have endorsed this proposal. They believe that the minority shareholders should be given this option mainly because Paxys has been looking at various alternatives for about two years now to redeploy the cash reserves of the Paxys Group (which are substantially held by Paxys N.V.), and as of date, there are still no definite or attractive opportunities that have been identified," Paxys said.

The tender offer comes after the company was said to have considered the possibility of exiting the Philippine Stock Exchange.

"As of date, the consolidated assets of Paxys consists mostly of cash and these funds are placed in short-term money market investments," the company added.

Paxys NV is listed Paxys' vehicle for its Australian business process outsourcing operation through Paxys Australia Pty. In 2012, it sold all its interest in the business to SmartGroup Investments Pty., Ltd.

# BIR's alphalist rules challenged before SC

By JAMES A. LOYOLA

**T**he Philippine Stock Exchange and the Bankers Association of the Philippines yesterday asked the Supreme Court to declare as unconstitutional a revenue regulation requiring withholding agents to submit a list of payees on income payment subject to creditable and final withholding taxes.

The petition is for Certiorari and Prohibition with application for temporary restraining order or writ of preliminary injunction to bar the Finance Department, Bureau of Internal Revenue and Securities and Exchange Commis-

sion from implementing the regulations known as the BIR's alphalist rules. The petition seeks to declare unconstitutional Revenue Regulation 01-14, Revenue Memorandum Circular 05-14, and SEC Memorandum Circular 10-14 which prohibit the reference to PCD Nominee as the payee of dividend payments made by listed companies.

Petitioners claim that RR 1-2014, RMC 5-2014 and SEC MC 1-2014 violate their right to due process. They pointed out that the requirement for listed companies to disclose the payees of dividends is unreasonable because under the current capital market structure, compliance of listed companies with

the subject regulations is dependent on the voluntary and accurate disclosure of third parties.

Failure or refusal of third parties to provide the required information to listed companies will result in listed companies' failure to comply with the regulations and render listed companies criminally, civilly, and administratively liable under the Tax Code and the Securities Regulation Code.

"This constitutes a violation of listed companies' and their officers' constitutional right against deprivation of liberty and property without due process," said the Philippine Stock Exchange.

They also noted that there was no

prior notice and hearing involving affected market participants and that the requirement to disclose the payees of dividends is void for being vague.

This is because, in prohibiting listed companies and brokers from naming PCD Nominee as the payee, the regulations

►B-12

## BIR's alphalist...

◀B-1

effectively compel listed companies and brokers to speculate which should be considered as the payee for purposes of complying with the regulations, again at the risk of incurring administrative and criminal liabilities under the Tax Code and Sections the SRC.

Petitioners also cited that the SEC is not authorized to issue circulars implementing

or interpreting tax laws or issuances.

The regulations also violate the Data Privacy Act as it requires broker dealers to disclose sensitive personal information of investors to listed companies – not to government or public authorities – without providing for any mechanism to protect the privacy of such information.

# PH-EITI wants full disclosure by mining firms

BY CHINO S. LEYCO

**T**he government and some advocacy groups are proposing for a legislative measure that will mandate all entities engaged in extractive industries in the Philippines to divulge key information about their operations, including revenue, tax and royalty.

At the Philippine Extractives Industries Transparency Initiative (PH-EITI) forum late Wednesday, the groups, including the Department of Finance (DOF), are keen on proposing a bill that will require mining and oil companies to disclose their revenue, tax and royalty reports.

Mary Gay Ordenes, PH-EITI national coordinator, explained they want to improve the industries' openness and accountability in managing the country's natural resources through transparency among stakeholders and players.

Currently, oil and mining companies have the right not to disclose their revenue, tax and royalty reports to the government, aside from the Bureau of Internal Revenue (BIR), unless they signed an EITI waiver.

PH-EITI is tasked to ensure commitment of all stakeholders to transparency, produce regular reports with contextual information about the extractive industries and ensure players' compliance to environmental protection as well as responsible operation.

PH-EITI is being headed by the finance secretary with five government representatives, five business group representatives and five civil society organization representatives as members

"We want it to become mandatory," Ordenes said. "We want to make our annual report comprehensive, because what's the point of coming up with a report that would only reveal a partial

picture."

"We want to reap the full benefits of the EITI process because there's a lot of effort being put into this and our ideal situation is to get 100 percent compliance," she added.

To date, only 40 out of 51 companies engaged in extractive industries have agreed to the full disclosure to tax payment and credit to the PH-EITI.

Meanwhile, Finance Assistant Secretary Maria Teresa Habitan said the three new companies have categorically said that they will not cooperate with the PH-EITI. These firms are Philodrill Corp., Citinickel Mines and Development Corp. as well as AAM-PHIL

Natural Resources Exploration and Development Corp.

Finance Secretary Cesar V. Purisima has been relentless in his appeal to the other companies that have not signed a waiver as well as other companies that have not engaged with EITI to cooperate with the government.

"The mining industry will have to be win-win. A win for those engaged in mining, a win for those hosting it, a win for the employees engaged in mining and a win for the government. We have to find a way to develop mining for the benefit of our people," Purisima said.

# Aboitiz Power wraps up bond offer, raises ₱10 billion

By **MADÉLAINE B. MIRAFLORES**

Aboitiz Power Corporation (Aboitiz Power) has wrapped up its first bond sale for the year, raising as much as ₱10 billion intended to bankroll its capital needs for the year as well as its expansion plans.

A disclosure to the Philippine Stock Exchange on Thursday showed that Aboitiz Power was able to raise ₱10 billion from its bond offer which had been deferred several times because of compliance issues with the Securities and Exchange Commission (SEC).

"The bonds were well received by both institutional and retail investors during the offer period resulting in an order book that was 2.4x oversubscribed,"

Aboitiz Power told the local bourse.

The company further said that strong investor demand enabled it to trigger the over-subscription option, and issue the bonds up to the maximum issue size of ₱10 billion.

The bonds were issued simultaneously in two series: the Series A bonds due on 2021 with a fixed interest rate of 5.205 percent per annum, and the Series B bonds due on 2026 with a fixed interest rate of 6.100 percent per annum.

With a twelve-year tenor, the Series B bonds has one of the longest tenors among the corporate bond issuances for 2014. The offer period for the Bonds was from August 29, 2014 to September 3, 2014.

"The proceeds of the bonds issu-

ance will be used by Aboitiz Power to replenish working capital, partially fund ongoing project, and for other general corporate purposes," the company earlier informed the exchange through a disclosure.

In its filing with the SEC, Aboitiz Power specified that the proceeds from the offer will particularly be divided to fund its 400-megawatt (MW) Pulverized coal-fired plant expansion in Pagbilao, Quezon; the 60MW Manolo Fortich Hydropower plant in Bukidnon; the 300MW Cebu Coal project; the 300MW Davao Coal Project; and the 14MW Sabangan Hydropower Plant project in Mt. Province.

The lead arranger and underwriter of the bonds is BPI Capital Corp.

## **Aboitiz Power raises ₱10b**

**By Alena Mae S. Flores**

ABOITIZ Power Corp. said Thursday it raised P10 billion from the sale of fixed-rate retail bonds to finance power projects and other capital expenditures.

The company said it issued the bonds simultaneously in two series, with Series A bonds due 2021 carrying a fixed interest rate of 5.205 percent per annum and the Series B bonds due 2026 with a fixed interest rate of 6.1 percent.

"With a 12-year tenor, the series B bonds has one of the longest tenors among the corporate bond issuances for 2014," the company said in a disclosure to the stock exchange.

The bonds were well-received by both institutional and retail investors during the offering period, resulting in an order book that was 2.4 times oversubscribed. The offer period for the bonds was from Aug. 29 to Sept. 3, 2014.

"The strong investor demand enabled Aboitiz Power to trigger the over-subscription

option, and issue the bonds up to the maximum issue size of P10 billion," it said.

The bonds will be listed on the Philippine Dealing & Exchange Corp.

BPI Capital Corp. acted as sole issue manager and lead underwriter for the transaction. BDO Capital & Investment Corp., First Metro Investment Corp., and Land Bank of the Philippines acted as co-lead underwriters while China Banking Corp. and PNB Capital and Investment Corp. were participating underwriters.

The board of Aboitiz Power approved the issuance of the peso-denominated fixed-rate retail bonds up to the aggregate amount of P10 billion in June this year.

"Proceeds of the bond issuance will be used to replenish working capital, partially fund ongoing projects, and for other general corporate purposes," the company said.

Aboitiz Power president Erramon Aboitiz earlier said the company was looking at investing up to P80 billion in greenfield and brownfield projects across the country this year.

## Vista Land sells \$125-m bonds

PROPERTY developer Vista Land & Lifescapes Inc. said Thursday it successfully raised \$125 million from the issuance of additional dollar-denominated debt.

Vista Land said in a disclosure to the stock exchange off-shore unit VLL International Inc. reopened the 7.45 percent guaranteed notes due 2019 with the issuance of \$125 million, which would be consolidated and form a single series with the \$225 million debt raised in April.

The \$125-million dollar-denominated debt was issued at an issue price of 102 percent of their principal amount plus accrued interest from April 29, the issue date of the original notes, representing a yield to maturity of 6.935 percent.

The notes issuance was well received by international investors with demand reaching over \$300 million, it said.

Vista Land investor relations head Brian Edang earlier said the company was looking to raise a minimum of \$75 million with the actual size depending on the demand. The net proceeds from the issuance will be used to finance the company's capital expenditures and for general corporate purposes, Vista Land said Jennifer B. Austria

## Petron okays ₱10-b preferred shares sale

OIL refiner and distributor Petron Corp. said Thursday its executive committee approved a plan to sell up to P10 billion worth of preferred shares to fund capital expenditures.

Petron, a company controlled by San Miguel Corp., said in a disclosure to the stock exchange its executive committee, pursuant to the authority delegated by the board, approved on Thursday the public offering of preferred shares amounting to P7 billion, with an oversubscription option of up to P3 billion.

Petron is currently embarking on the \$2-billion refinery master plan 2, which would allow the full conversion of the Bataan refinery's fuel oil production to higher-margin products such as gasoline and diesel.

This would enable the facility to maximize its 180,000 barrel-per-day production capacity and ensure fuel supply for the country's growing demand. Fuel demand in the country rose 5 percent in 2013 and is expected to accelerate in the coming years.

Petron posted a net income of P3 billion in the first half, up from P1.1 billion over the same period last year, on the back of higher sales in both Philippine and Malaysian operations.

Combined sales increased 8 percent to 43.1 million barrels in the six-month period from 39.8 million barrels last year.

This translated to consolidated sales revenues of P258.2 billion, or 18 percent higher than P218.8 billion in the first half of 2013.

**Alena Mae S. Flores**



# Market retreats on profit-taking

**STOCKS** closed marginally lower Thursday on profit-taking following a healthy rally across the region the previous day, while Wall Street provided another tepid lead despite an upbeat assessment of the US economy.

The Philippine Stock Exchange Index lost 1.91 points, or 0.03 percent, to 7,204.11 on a value turnover of P11.78 billion. Losers beat gainers, 99 to 76, with 52 issues unchanged.

Ayala Land Inc., a major property developer, dropped 1.6 percent to P33.15, while International Container Terminal Services Inc., the biggest port operator, slipped 0.5 percent to P113.50.

SM Investments Corp. of retail tycoon Henry Sy Sr. fell 0.6 percent to P803, while Puregold Price Club Inc. of tycoon Lucio Co tumbled 3

percent to P34.75.

Philippine Long Distance Telephone Co., the largest telecommunications firm, bucked the trend, gaining 0.6 percent to P3,460, while Robinson's Retail Holdings Inc. of retail and airline tycoon John Gokongwei rose 2.2 percent to P64.

Security Bank Corp. advanced 1.5 percent to P132, while Energy Development Corp., the biggest geothermal steam producer, climbed 1.5 percent to P7.32.

Tokyo, meanwhile, retreated 0.33 percent, or 52.17 points, to 15,676.18 and Sydney fell 0.44

percent, or 24.8 points, to close at 5,631.3 while Hong Kong was flat in the afternoon.

Seoul ended 0.25 percent higher, adding 5.06 points to 2,056.26 and Shanghai jumped 0.80 percent, or 18.24 points, to 2,306.86.

A strong set of US manufacturing figures that added to a slew of upbeat data on the world's top economy helped regional markets higher Wednesday, and pushed the dollar above 105 yen for the first time since January.

However, traders took a breather Thursday after Wall Street shrugged off another positive report.

The Federal Reserve said in its Beige Book report that the US economy is growing steadily, with little sign of a change of pace, while businesses are generally more optimistic about the future. **With AFP**

## Asean integration to trigger mergers

THE Association of Southeast Asian Nations economic integration next year will trigger mergers and acquisitions among Asian companies, an international non-life insurance company said Thursday.

AIG (Philippines) Insurance country manager Michael Turnbull said in the past year, the operations of AIG in the Asia-Pacific region expanded from Hong Kong and Singapore to Japan, South Korea, China, Malaysia and the Philippines.

Turnbull said his company insures companies involved in mergers and acquisitions against problems that might stem from breach of warranties.

The company delivers an average of 50 to 60 policies in

the Asia-Pacific region. "We were able to deliver one policy for the Philippines this year," Turnbull said.

He said AIG Philippines received more inquiries in the last two years from different multinational companies interested in the local market.

"Most of them, they wanted to gain presence in the Philippine market because their competitors were here, while others were just interested," Turnbull said.

Turnbull said AIG had a minimum premium of \$100,000 and a payout limit of \$50 million.

He said AIG was interested to handle mid-size to large-scale acquisitions in the Philippines,

in the range of \$400,000 to \$500,000.

The AIG offers insurance to either the seller or the buyer or both, depending on the nature of the deal. "If it is a seller insurance, we protect the seller from any losses caused by, for example, fraud in the deal. Or the other way around," Turnbull said.

He said AIG insures companies against tax, financial statements, litigations, compliance, intellectual property rights, and other issues that might arise in the next 18 months up to seven years, depending on the policy.

Turnbull said in the Asia-Pacific region one in every seven clients came back to claim benefits. **Jennifer Ambanta**

## Vista Land boosts dollar bond offer by \$125-M

VLL International Inc. (VLL), the foreign investment unit of Villar-led Vista Land and Lifescapes Inc., is set to raise \$125 million more through an additional debt sale, which will be consolidated to form a single series with the \$225 million older bonds issued on April 29.

The additional bonds will boost the company's dollar-denominated debt to \$350 million.

In a statement, VLL said the additional \$125 million worth of bonds will be issued on September 11, with a 6.935 percent annual interest rate, while the annual interest rate for the earlier \$225 million bonds is at 7.54 percent.

"DBS Bank Ltd., the sole global coordinator and sole lead manager of the issuance, distributed approximately 91 percent of the additional notes to a broad range of international investors after receiving over \$300 million in demand," VLL said.

The UK-based Vista Land unit is planning to list the debt notes on the Singapore Exchange Securities Trading Limited.

Vista Land Investor Relations Head Brian Edang said the \$125 million additional debt sale would be for the firm's P21.6 billion capex for the second half of the year, while the previous \$225 million was earmarked for debt refinancing.

Vista Land already spent 48 percent or P10.4 billion of the allotted capex in the first six months of the year. It has spent P2.6 billion for land acquisition, P2.1 billion for land development, and P5.7 billion for construction.

The additional bond securities will be coming from, and will be guaranteed by, Vista Land and its subsidiaries Brittany Corp., Crown Asia Properties, Inc., Camella Homes, Inc., Communities Philippines, Inc., and Vista Residences, Inc.

Vista Land's net income for the first half of the year jumped 14 percent to P2.8 billion in the first half from P2.5 billion a year ago. The company said it is "on track" with its whole year target of "double digit growth" in net income and revenues.

Launched in July, Vista City is the firm's flagship project for the next few years. It is a 1,500-hectare central business district development in Las Piñas, 500 hectares of which or 45,000 units of residential households were already developed as of June.

Incorporated in 2007, Vista Land primarily deals in the real estate business, mostly in the low and middle cost segments, and has lately been working to diversify into the hotel business.

KRISTYN NIKA M. LAZO

# Petron to raise P10B via shares offer

BY KRISTYN NIKA M. LAZO REPORTER

**P**ETRON Corp. is set to raise P10 billion from the sale of preferred shares for the company's expansion projects.

In a statement, the company said its board of directors approved the sale of P7 billion worth of preferred

shares to the public, with an over-subscription option of P3 billion. Earlier, Petron said it will focus

on its \$2-billion Refinery Master Plan, 2 (RMP-2), which can convert Bataan refinery's fuel oil production to higher quality and environment-friendly gasoline and diesel. This is the company's biggest project to date, aiming to boost its daily fuel production by 180,000 barrels more.

The company posted a net profit of P3 billion in the first semester, up

from P1.1 billion a year earlier on the back of higher sales volume. Revenue rose 18 percent to P258.2 billion from P218.8 billion, supported by the company's strong Philippine and Malaysian operations.

As of end-June, the company had 2,200 gas loading stations in the country.

In Malaysia, it rebranded 380 out of 550 service stations that it

acquired in 2011. It also opened 10 new stations in Malaysia.

Petron's subsidiaries are: New Ventures Realty Corp., Petrogen Insurance Corp., Overseas Insurance Corp., Ltd., Petron Freeport Corp., Petron Marketing Corp., Limay Energen Corp., Petron Singapore Trading Pte. Ltd., Petron Global Ltd., Petron Finance (Labuan) Ltd., and Petron Oil & Gas Mauritius Ltd.

## Aboitiz Power's P10-B bond offer 2.4 times oversubscribed

ABOITIZ Power Corp., the listed power generation unit of the Aboitiz Group, completed its fixed-rate retail bond sale on Thursday, raising P10 billion in fresh funds to partly finance its power projects.

"The bonds were well received by both institutional and retail investors, resulting in an order book that was 2.4 times oversubscribed," Aboitiz said in a statement.

The P10 billion funds raised came from the P5 billion initial bond offer and the P5 billion oversubscription

option. The offer period was from August 29 to September 3.

"The strong investor demand enabled Aboitiz Power to use the oversubscription option, and issue the Bonds up to the P10-billion maximum offer," the company added.

The bonds were divided into two series: Series A bonds due 2021 with an annual 5.205 percent interest rate, and Series B due 2026, with interest rate of 6.1 percent per annum.

Aboitiz Power appointed BPI Capital Corp. as the sole issue manager and

lead underwriter. Co-lead underwriters were BDO Capital & Investment Corp, First Metro Investment Corp, and Land Bank of the Philippines, while the participating underwriters were China Banking Corp. and PNB Capital and Investment Corp.

The company said it plans to list the bonds on the Philippine Dealing & Exchange Corp.

The power firm recorded a 7-percent decline in first-half net income to P6.8 billion from the year-earlier P7.3 billion. The drop was mainly due to the

cost of ongoing projects, as well as the "implementation of the Geothermal Resources Sales Contract for the Tiwi-Makban plants and weaker ancillary performance of the Magat plant."

Aboitiz Power has ongoing works for the 14-megawatt (MW) Sabangan run-of-river hydro plant and 300-MW Davao coal plant. It expects to begin construction of its 400-MW Pagbilao expansion, 300-MW Cebu Coal, and 68-MW Manolo Fortich projects in the next few months.

**KRISTYN NIKA M. LAZO**

## Macay acquires RC Cola trademark owner ARC Holdings

MACAY Holdings Inc., the listed firm of businessman Alfredo Yao, was given the green light to acquire lock, stock and barrel ARC Holdings Inc., which owns RC Cola's trademark license in the Philippines.

Macay's board of directors, led by President Antonio Panajon, approved on Wednesday the company's takeover of ARC Holdings.

"The proposed transaction will fully consolidate under Macay all the licensing, trademark and related

rights currently held by ARC Holdings on the RC Cola brand," the firm said in a disclosure to the Philippine Stock Exchange. The terms and conditions of the agreement, however, have yet to be finalized.

ARC Holdings holds the trademark licenses of Royal Crown Cola Inc., which owns the rights to the trademark of RC Cola in the Philippines.

Macay said its acquisition of ARC Holdings "will have no effect on the nature of the business, opera-

tions, and/or capital structure" of the company.

Macay's other beverage unit, Zest-O Corp., will remain as a separate business entity.

On August 29, Macay's beverage subsidiary ARC Refreshments Corp. said it junked its plan to acquire two bottling facilities of Zest-O -- one in Kaybiga, Novaliches and the other in Canlubang, Laguna. Instead, the RC Cola maker is opting for lease arrangements in the two facilities

to ramp up beverage production.

Earlier, Macay said it plans to fully transform the company into a beverage consumer firm through its units ARC Refreshments and Zest-O.

Macay's first-half net income more than doubled to P841.49 million from P381.15 million a year earlier, while its revenues also advanced 42 percent to P5.166 billion from P3.622 billion during the same period last year.

**KRISTYN NIKA M. LAZO**

# Market succumbs to profit taking

By RICHMOND S. MERCURIO

The Philippine Stock Exchange index (PSEi) retreated for the first time this week as it succumbed to profit-taking but still managed to stay slightly above the 7,200-level.

The PSEi on Thursday slipped 0.03 percent or 1.91 points to close at 7,204.11, snapping a three-day winning streak, while the broader all shares gained by a moderate 0.09 percent or 3.90 points to 4,256.89.

Dediners outpaced advancers, 99 to 76, ending the latter's three consecutive session dominance, while 52 stocks did not change. Turnover value

went up to P11.78 billion from P12.74 billion the previous trading day.

"With US stocks failing to hold on to gains which pushed it to fresh record highs, optimist lost one leg even as the other was propped up by positive developments in Ukraine. August inflation provided another leg for the market to stand up on but profit-taking took precedence, snapping the PSEi's three-day run," said Jun Calaycay Jr., analyst at Accord Capital Equities Corp.

Calaycay, however, said the drop was not that significant as Philippine market's macro-fundamentals remain strong.

"Optimism won't be going away for long," he said.

Abroad, the S&P 500 slipped 0.1 percent on Wednesday and the Nasdaq Composite dropped 0.6 percent as US shares were pulled down by Apple Inc. due to concerns over a hacking controversy.

Asia Pacific markets closed generally higher driven by hopes of a ceasefire in Ukraine.

# Vista Land raises \$125-M fresh capital

Property firm Vista Land & Lifescapes Inc. has raised \$125 million in fresh capital from the additional issuance of dollar-denominated notes by subsidiary VLL International Inc. (VLLI).

The real estate unit of the Villar family intends to utilize the amount to finance its capital expenditures and for general corporate purposes, it said in a disclosure to the Philippine Stock Exchange yesterday.

Vista Land said approximately 91 percent of the additional notes were distributed outside of the Philippines to a broad range of international investors after demand reached over \$300 million.

DBS Bank Ltd. served as the sole global coordinator and sole lead manager of the issuance.

VLLI is set to issue the additional notes on or around Sept. 11 at an issue price of 102 percent of their principal amount plus

By **RICHMOND S. MERCURIO**  
accrued interest from the issue date of the original notes, which represents a yield to maturity of 6.935 percent.

The additional dollar-denominated notes, upon issuance, will be consolidated with the existing \$225-million senior guaranteed notes that carry an interest rate of 7.45 per annum issued in April 29 and due 2019.

Vista Land said the fresh notes are guaranteed by the company and its subsidiaries Brittany Corp., Crown Asia Properties Inc., Camella Homes Inc., Communities Philippines, Inc., and Vista Residences Inc.

VLLI, a wholly-owned subsidiary of Vista Land incorporated in the Cayman Islands, will be listing the notes the Singapore Exchange Securities Trading Ltd.

For this year, Vista Land has allocated

P21 billion for capital expenditures, 22 percent more than last year's P17.2 billion.

The Villar-led property firm is also planning to invest at least P50 billion over the next five years to develop 1,500-hectare Vista City in southern Metro Manila.

Vista City will be an integrated urban development that will combine lifestyle retail concepts, prime office space, a 100-hectare university town, themed residential developments and leisure components which will cover portions of Muntinlupa, Las Piñas, Bacoor in Cavite and San Pedro in Laguna.

Aside from Vista City, Vista Land will also be starting in November its initial venture into office space development through a P1.5-billion tower in Bonifacio Global City. The tower is expected to be completed in the second quarter of 2016.

# Aboitiz Power wraps up P10-B bond offer

By IRIS C. GONZALES

Aboitiz Power Corp. the power generation arm of the Aboitiz Group, completed yesterday its offering of fixed-rate retail bonds worth P10 billion.

In a disclosure to the Philippine Stock Exchange AboitizPower said the bonds will be issued in two series: Series A maturing on 2021 with a fixed interest rate of 5.205 percent per annum and Series B maturing on 2026 with an interest rate of 6.100 percent.

Proceeds would be used to partially finance the company's new power generation projects, replenish working capital, and for other general corporate purposes.

"The Bonds were well received by both institutional and retail investors during the offer period resulting in an order book that was 2.4 times oversubscribed," AboitizPower said.

Strong investor demand for the bonds prompted AboitizPower to trigger its oversubscription option and issue the bonds up to the maximum size of P10 billion.

The company offered the bonds from Aug. 29 to Sept. 3, with BPI Capital Corp. as sole issue manager and lead underwriter.

BDO Capital & Investment Corp., First Metro Investment Corp., and Land Bank of the Philippines acted as co-lead

underwriters while China Banking Corp. and PNB Capital and Investment Corp. acted as participating underwriters to the issue, which will be listed on the Philippine Dealing & Exchange Corp.

The bonds earlier received the highest rating from local debt watcher Philippine Rating Services Corp. (PhilRatings), which assigned a PRS AAA issue credit rating.

According to PhilRatings, obligations rated PRS Aaa are of the highest quality with minimal credit risk, with the issuer having an "extremely strong" capacity to meet its financial commitment.

PhilRatings took into account the company's sustained high levels of cash and cash flows in relation to debt service requirements, its conservative capital structure which may accommodate additional debt and is supported by healthy growth in retained earnings, diversified portfolio with good growth prospects and experienced management team.