



FIRST METRO
INVESTMENT CORPORATION

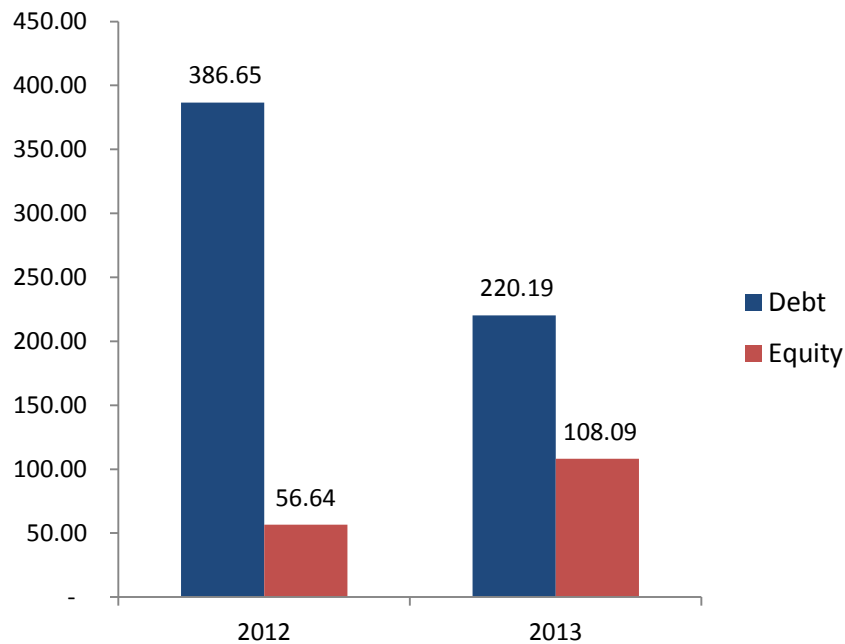
Metrobank Group

Mid-Year Economic Briefing

Corporate Debt Market, Corporate Issuances
and Growth Industries

Capital raising May 2013 YTD

Amounts Raised (from Jan to May)

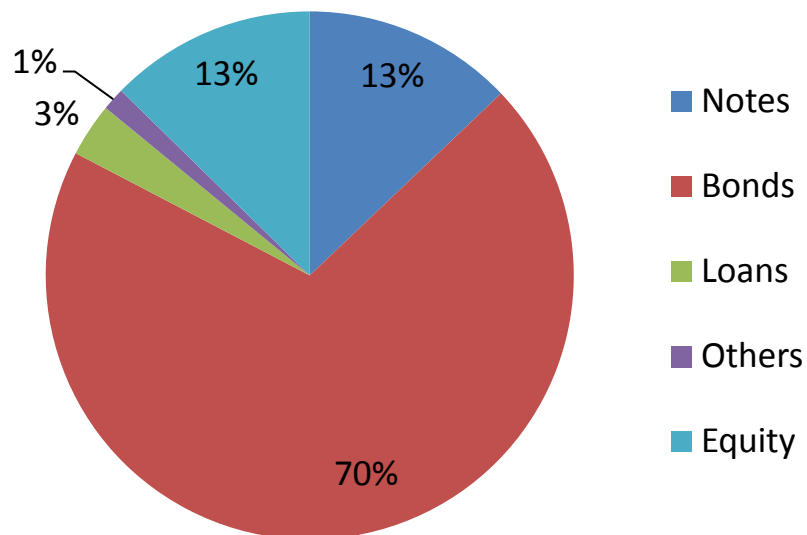


Source: Various

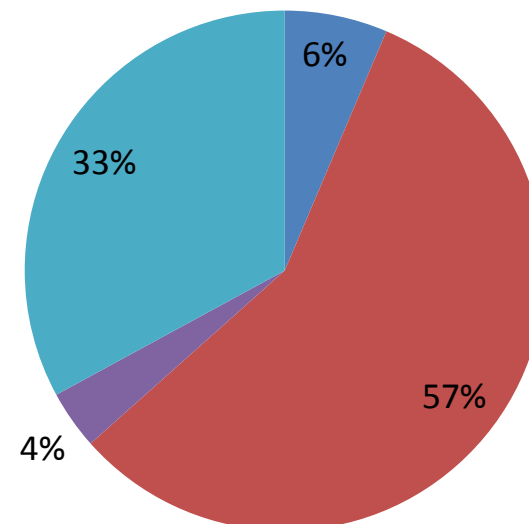
- Total Debt issuances for Jan to May declined to Php220.19 Bn from Php386.65 Bn YoY 2012. The decrease was mainly due to no RTB issuances during the 1st quarter of the year as compared to the Php179 Bn issued last year.
- In equity market, raised Php108.09 Bn, or 93% increase YoY.
- YTD 2013, there has been 3 IPOs and 9 Private Placements for a total of Php108.09 Bn in equity raised.
- For 2013, increase of top-up/private placement transactions as against the previous year.

How it was cut up

May 2012 YTD



May 2013 YTD

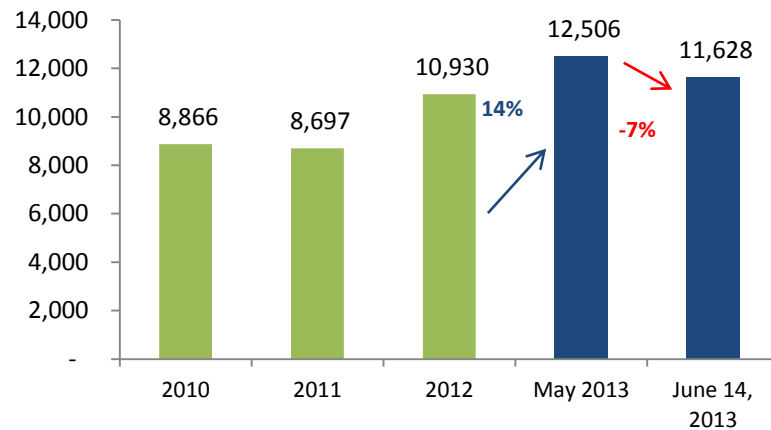


Source: Various

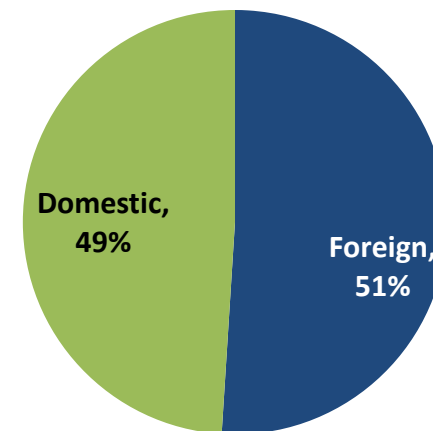
- Equity capital raising increased from 13% to 33%.
- Increase of Top-up/private placement transactions
- Equity raising increased from Php56 Bn to Php108 Bn
- Market debt raising declined from Php386 Bn to Php220 Bn (43%) due to lower Government borrowings which decreased by Php93 Bn or 36%

Recent Developments

Total Market Capitalization (in Php Bn)



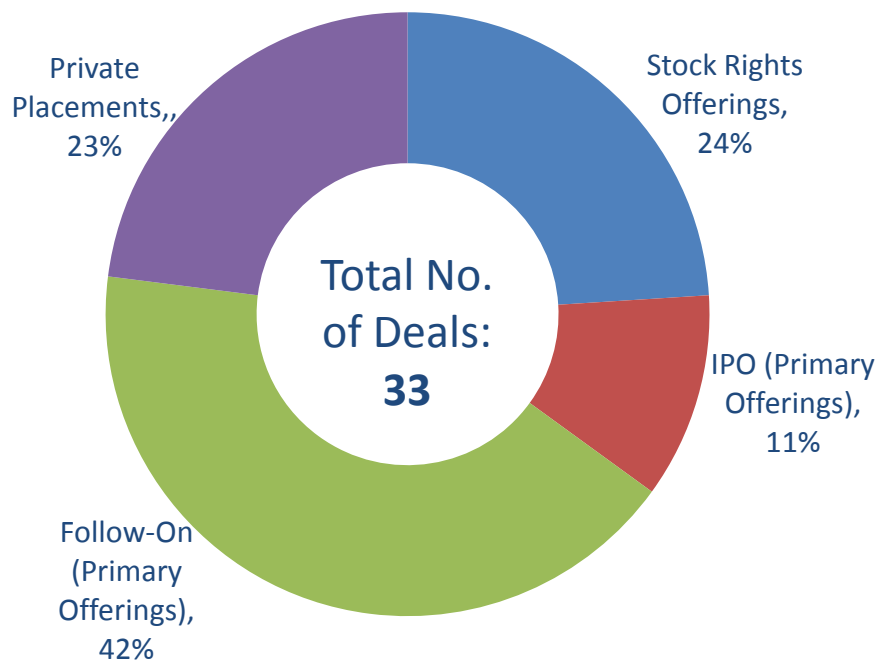
Share of Foreign to Total Trading (as of June 14, 2013)



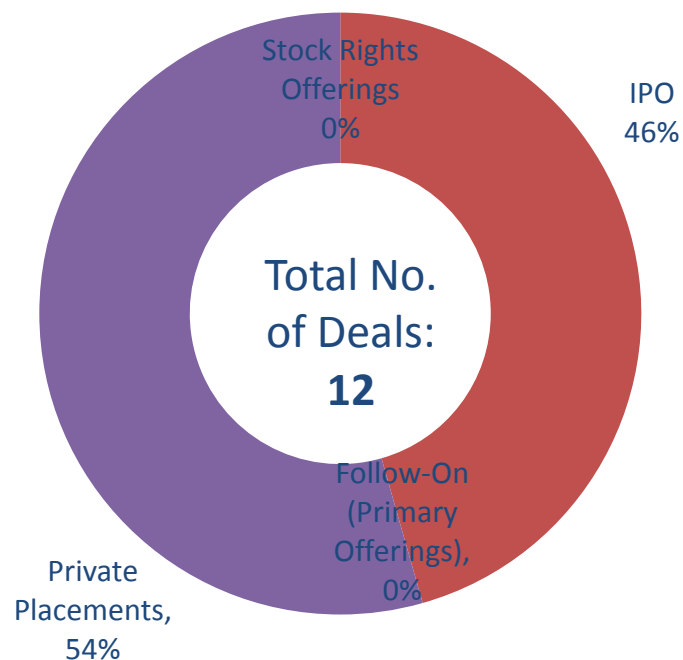
Source: PSE Website

How it was cut up – Equity

Share to Total Capital Raised end-2012

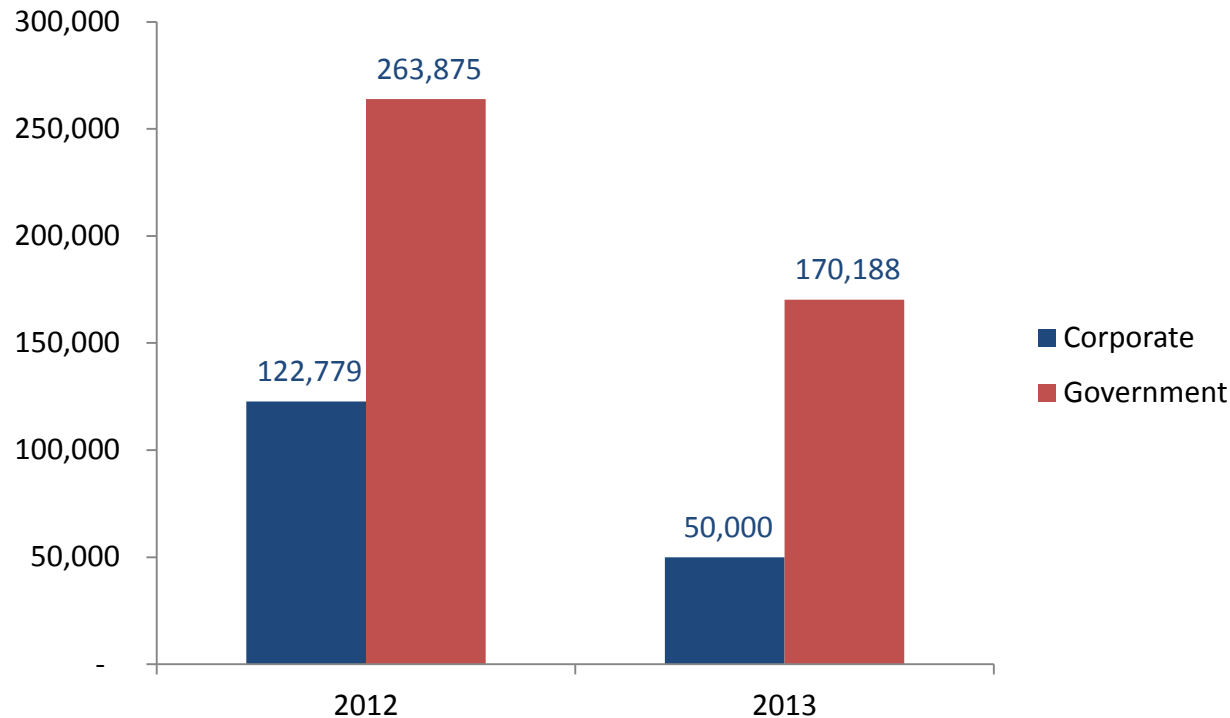


Share to Total Capital Raised May 2013



Source: PSE, various

How it was cut up – Debt



Source: FMIC Estimates

- Corporate debt issuances decreased by Php72 Bn or 59% while Government issuances decreased by Php93 Bn or 36%.
- Decrease maybe traceable to the transit due to new BIR memo 14-2012 Companies tended to shift from debt to equity capital raising to take advantage of the market.

Key FMIC deals for the period



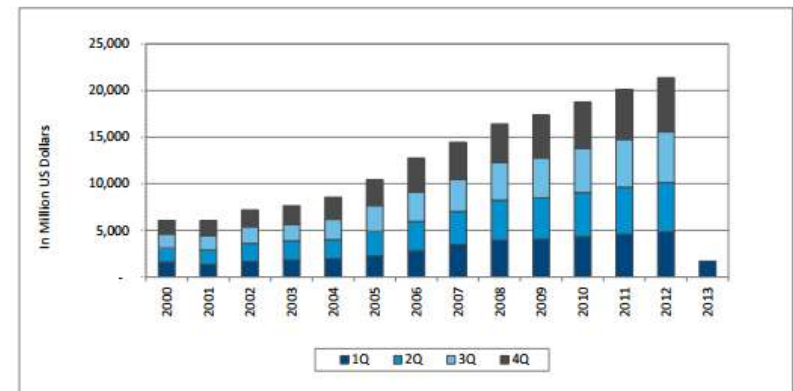
Date	Issuer	Transaction		Role
		Instrument	Amount (PHP Bn)	
June 3	SM Development Corporation	Notes	6,200	Sole Arranger & Bookrunner
May 31	Cosco Capital	Top up Placement	16,800	Joint Domestic Lead Manager
May 20	Megawide	Top up Placement	2,370	Joint Domestic Lead Underwriter
May 17	Asia United Bank	IPO	7,600	Joint Domestic Lead Underwriter
March 27	Beacon Assets Holdings Inc	Notes	17,000	Joint Arranger and Bookrunner
March 7	Toledo Power Corporation	Project Finance	7,000	Lead Arranger
February 27	GT Capital Holdings, Inc	Bonds	10,000	Issue Manager
February 22	Megawide	Notes	4,000	Sole Arranger
February 19	Philippine Business Bank	IPO	3,190	Joint Domestic Lead Underwriter

Select Sectors

Consumer / Retailing

- Retail remains the fastest growing sector as record Overseas Foreign Worker (OFW) remittances, rising incomes, all help drive retail sales growth.
- Retail industry hit P1.42 trillion in 2012. The industry is eyeing a double digit growth this year due to the robust outsourcing sector, strong remittance inflows and 2013 being an election year.
- Philippines January to April remittances rose 5.7% YoY.

OFW Remittances



Source: Bangko Sentral ng Pilipinas

* as of January 2013

Infrastructure - Some headway in the PPP (rail and airports) and Public sector initiated infra projects

- The Department of Budget and Management (DBM) reported that from January to April, infrastructure spending of the national government hit Php75.2 Bn, rising nearly 45% from Php52 Bn in the same period last year.
 - Mainly for road projects and partly the construction of irrigation systems, classrooms and other educational facilities, and hospitals and health centers
 - Excludes PPPs: Daang Hari, NAIA Expressway, National Orthopedic, Mactan Airport, LRT 1 Extension, CALA, Rehabilitation of the Angat Hydro-Electric Power Plant Auxiliary Turbines 4 and 5; Automated Fare Collection System
- Under the Philippine Development Plan 2011 to 2016, the Aquino administration is aiming for a 22 percent investment rate of GDP by 2016 and growth averaging to 7-8 percent a year. The country's investment-to-GDP ratio stood at 19.7 percent last year, only slightly higher than the 19.1 percent in 2011.
- Indonesia's investment rate stood at 33 percent in 2011, while that of Thailand and Malaysia at 27 percent and 24 percent, respectively.

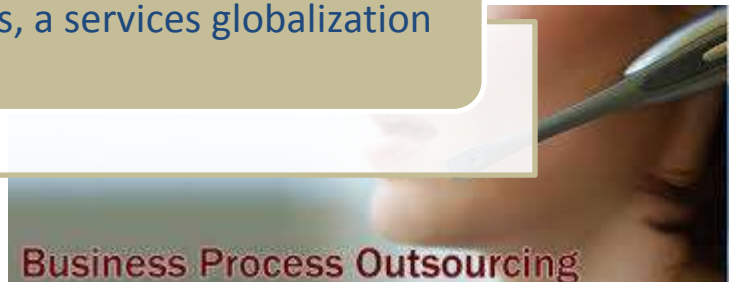
Business Process Outsourcing

The IT-BPO and global in-house center industry in the Philippines has grown at an annual rate of 30% over a decade, faster than the growth of the global offshore service markets. (BPAP)



In 2012 alone, it generated \$13.5 billion in revenues, 22 percent higher than the \$11 billion in 2011. (BPAP)

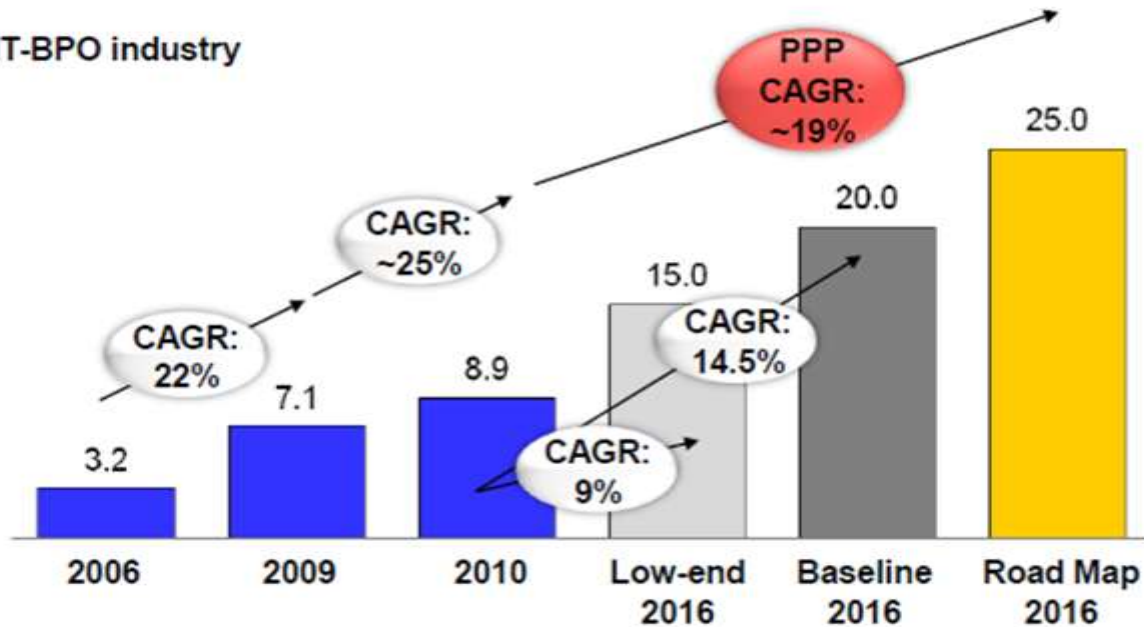
Manila and Cebu were ranked No. 3 and No. 8, respectively, in the 2013 Top 100 Outsourcing Destinations published by Tholons, a services globalization and investment advisory firm. (DTI)



Select Sectors

15-20% CAGR over next 5 years expected

Philippines IT-BPO industry
US\$ billion



% of GDP	2.7%	4.5%	4.8%	6.0%	7.0%	9.0%
Direct employment	240K	423K	525K	680K	900K	1.3M
Indirect employment	600K	1100K	1325K	1700K	2250K	3.2M

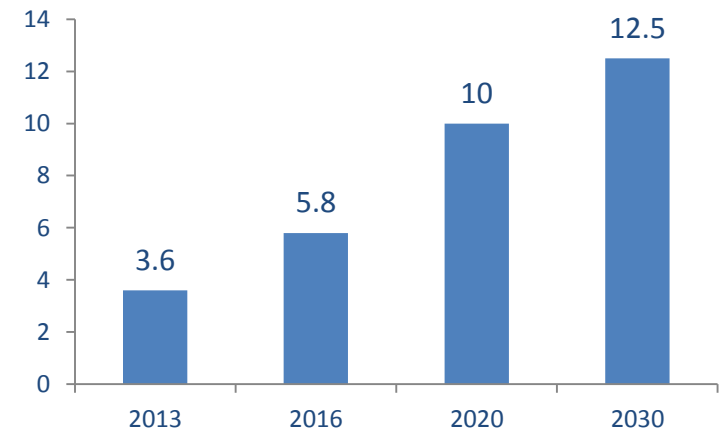
Sources: BPAP data; Everest analysis; World Bank and IMF projections

Select Sectors

Property Sector

- ✓ While there is a concern regarding a property bubble, housing backlog estimated at 3.6 Min units (15% or 540K estimated to be mid-end)
- ✓ Demand drivers are young affluent first home buyers, provincial-based buyers and OFWs
- ✓ Meanwhile, bank limit on property exposure resulting in real estate companies to develop alternatives.

Projected Housing Backlog



Source: Philippine Development Plan, Subdivision and Housing Developers Association

Manufacturing Resurgence?

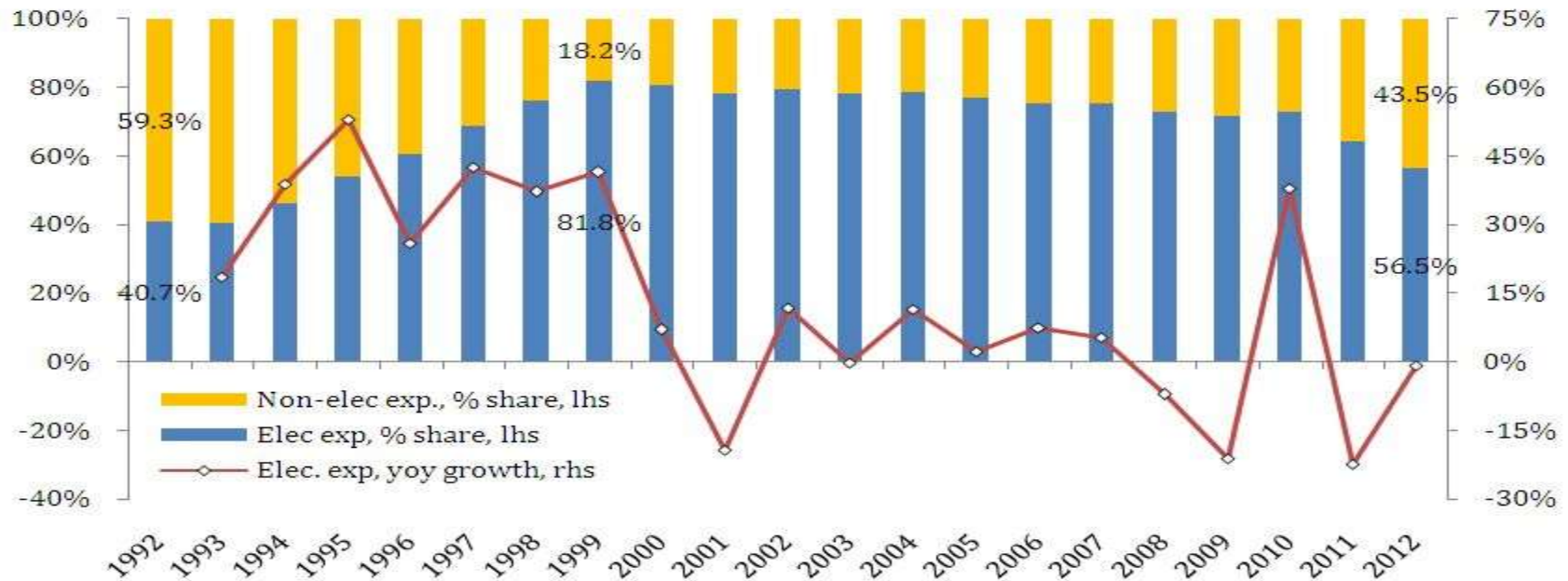
- Philippine Manufacturing grows by 9.7% in Q1-2013, compare to 6% in the same quarter last year
- Manufacturing is still the largest sector of the Philippine economy at 21% of GDP.

First Quarter 2013	
TOP CONTRIBUTORS TO GROWTH OF MFG.	
Food Manufactures	5.1
Radio, television and communication equipment and apparatus	4.0
Chemical & chemical products	1.0
Basic metal industries	0.8
Machinery and equipment except electrical	0.3

Contribution to growth
Source: NSCB

Manufacturing industry

Manufacturing exports distribution



Source: NSO; Electronic Products+Other Electronics

- While semiconductors and electronics dominate our export, the contribution by non electronic/semiconductor exports is increasing. Food manufacturing is growing.

What we expect for the balance of the year

New bonds issuance as a result of increased liquidation via SDA in July and November this year & the BIR Memo 14-2012

For equity market transactions, still fundamentally healthy although timing will be key for new issues

For M&A, continuing consolidation theme (including due to AFTA), especially for next tier companies

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