

On the Rise: ADB maintains optimistic GDP projections

ADB reports robust investment and consumption spurred Q1 2023 GDP growth

- ▶ According to the Asian Development Bank (ADB), the Philippines witnessed year-on-year GDP growth of 6.4% in Q1 2023, powered by strong investment and private consumption.
- ▶ Despite a slump in net exports, growth was sustained by rising employment, expanding production and retail sales, as well as robust private and public construction. Service sectors such as tourism, business process outsourcing, and information services exhibited strong growth. ADB's GDP growth projections for 2023 and 2024 stand firm at 6.0% and 6.2% respectively.

Policy Perspectives: President highlights economic growth in SONA; World Bank applauds pandemic measures

President Ferdinand Marcos Jr. reports on economic progress in second SONA

- ▶ In his second State of the Nation Address (SONA), President Marcos Jr. highlighted the robust economic performance of the Philippines, citing a substantial 7.6% growth rate in 2022.
- ▶ He stressed the government's commitment to developing infrastructure, transitioning towards renewable energy (with the goal of having 50% renewables in the energy mix by 2040), improving the education sector, and initiatives aimed at alleviating hunger.

World Bank praises Philippine government's COVID-19 response

- ▶ The World Bank lauded the Philippines for its robust and timely response to COVID-19, noting that its targeted social assistance measures effectively shielded an estimated 1.8 million Filipinos from severe economic hardship, thus preventing a significant increase in poverty rates.
- ▶ A macro-micro simulation model by the World Bank demonstrated the effectiveness of these measures, suggesting that despite a GDP drop in 2020, poverty would have soared to 23.5% without the emergency COVID-19 aid.

Cyber Shift: Digital payments see significant uptick, Alibaba Cloud forecasts increase in corporate cloud migration

BSP Reports digital payments made up 42.1% of all transactions in 2022

- ▶ The Bangko Sentral ng Pilipinas (BSP) reports that digital payments in the Philippines reached 42.1% of all transactions by the end of 2022, a substantial leap from the 30.3% recorded in 2021.
- ▶ As part of the BSP's Digital Payments Transformation Roadmap, the country aims to achieve a digitalization target of 50% of payment transactions by volume and 40.1% by value by 2023. This digital shift is largely fueled by the increasing adoption of digital payment platforms that facilitate quick and safe methods to transfer and receive funds to and from different bank and e-money accounts.

Alibaba Cloud expects Philippine firms to fully adopt cloud operations by 2025

- ▶ A recent survey by Alibaba Cloud indicates that 85% of Philippine enterprises are planning to transition their operations fully to the cloud by 2025. The accelerated shift is driven by the proliferation of data centers in the country and the push from the government for digital migration.
- ▶ Consultancy giant Arizton Advisory & Intelligence values the country's data center market at USD 298M as of 2021 and forecasts it will grow by an average of 13% annually, reaching USD 635M by 2027.

Deal Highlight: CVC Capital secures majority stake in The Medical City (TMC)

CVC Capital to acquire a 60% stake in TMC for USD 270M

- ▶ CVC Capital Partners is set to acquire a 60% stake in TMC's Philippine operations, a prominent healthcare institution known for its wide reach across the country, through the purchase of new and existing shares valued at USD 270M. TMC's extensive portfolio includes operations in Clark, Pangasinan, Iloilo, South Luzon Hospital and Medical Center in Laguna, and the Medical Arts Tower in Pasig City. Its CEO and Chair shall retain their board positions post-acquisition, while CVC Capital holds 8 of the 15 board seats.
- ▶ This deal paves the way for expansion and improvement in TMC's hospital services. It follows CVC Capital's recent investments in local businesses such as Fast Logistics and Landers Superstore chain, strengthening its portfolio in the region.