

Macro Movements: Philippine Q2 GDP growth at 4.3%; August inflation rises to 5.3%

Philippine GDP target growth rate remains attainable despite economic slowdown

- ▶ The Philippine economy experienced a slowdown in the second quarter of 2023, with GDP growth at 4.3%, declining from 7.5% in the same period last year and 6.4% in the previous quarter. This unexpected deceleration fell below the forecasted 6%, marking the slowest growth rate in over two years.
- ▶ To achieve the target growth rate of 6% to 7%, the country's GDP must grow by at least 6.6% in the second half of 2023. Finance Secretary Benjamin Diokno believes the government's target growth is attainable through aggressive monetary policy tightening and measures to mitigate rising food prices. The resulting lower inflation is expected to help stimulate private spending.

Philippine headline inflation rose to 5.3% in August

- ▶ Headline inflation for August reached 5.3%, which landed closer to the upper limit of the Bangko Sentral ng Pilipinas' projected range of 4.8% to 5.6%. This pushes the year-to-date average to 6.6%, which exceeds the government's target inflation range of 2.0% to 4.0% for the year.
- ▶ The rise in inflation was primarily due to the price hikes of rice, vegetables, and fish, caused by supply disruptions due to weather disturbances. Non-food also contributed to the uptick as transport inflation accelerated, driven by higher domestic petroleum prices.

Industry Insights: DITO receives new capital; PLDT expands data center business

DITO Holdings Corp. welcomes three new investors

- ▶ Summit Global Ltd is the third investor to receive shares in DITO Holding Corp within a span of a month, following recent similar sales to Summit Telco Corp. and Xterra Ventures Pte. These recent moves are part of the company's strategy to raise equity for the expanding capital-intensive telecommunications firm.
- ▶ DITO CME, the parent company, issued 1.59 billion, 610 million, and 2.24 billion shares all issued at a price of PHP 1.00 per share to Summit Telco, Xterra Ventures, and Summit Global, respectively. After the recent sales, DITO CME still maintains a 72.9% ownership stake in DITO Holding Corp.

PLDT targeting 25% growth in its data centers

- ▶ PLDT plans to add 5 new data centers to its existing 10 data centers to attract hyperscalers to establish a presence in the Philippines.
- ▶ PLDT is in the process of constructing its 11th data center on a five-hectare lot in Sta. Rosa, Laguna, with an expected capacity of 14MW by 2024, expandable to 50MW upon full operation. Meanwhile, the company's 12th data center is in the initial stages of location sourcing, considering either South Luzon or North Luzon, with a planned capacity of 100MW.

Market Movers: Philippine companies part of Forbes Asia watch list; Maynilad planning for 2025 listing

9 Philippine companies included in the annual watch list of Forbes Asia

- ▶ Forbes Asia has released its third edition of the "100 to Watch List", which highlights small companies and startups on the rise across the Asia-Pacific (APAC) region. The list encompasses 13 APAC countries and territories represented across 11 categories, including biotechnology and healthcare, e-commerce and retail, and finance.
- ▶ The Philippines ranked 5th in terms of the number of included companies, following Singapore, Hong Kong, China, and Indonesia. The Philippine companies included in the list are Edamama, Kindred, Kraver's Canteen, Packworks, Peddlr, SariSuki, Shoppable Business, Sprout Solutions, and TANGGapp.

Maynilad considering \$1B IPO

- ▶ Maynilad can potentially raise \$750M to \$1B through an initial public offering (IPO). While the specifics of the offer are still subject to change, the Philippine water and wastewater services provider could achieve a valuation of up to \$4B, potentially making it the largest IPO since 2021.
- ▶ The company is currently in the stage of evaluating proposals from financial advisers, with a tentative plan to list in 2025.