

Macro Movements: Moody's affirms Philippines' Baa2 rating; S&P maintains 5.8% Philippine growth forecast for 2024

Moody's Rating affirms Baa2 investment grade rating for the Philippines

- ▶ Given the government's recent economic reforms to attract foreign investment, Moody's Rating has maintained the Philippines' Baa2 investment credit rating with a stable outlook. The new government reforms are expected to boost the country's long-term growth, with the economy expanding by 6.3% in the second quarter, up from 5.8% in the previous quarter.
- ▶ In addition, the credit rater expects the country's growth to be supported by steady household spending and lower food prices, alongside increases in investments and exports, which will contribute to further economic expansion. This is further bolstered by the recovery in electronic exports, increases in business process outsourcing revenues, and a rebound in tourism.

S&P Global Ratings maintains a 5.8% growth forecast for the Philippines' GDP in 2024

- ▶ Global rating agency S&P Global Ratings has kept its 5.8% growth forecast for the Philippines' GDP in 2024 and 6.1% for 2025, with hopes for a pick-up in private consumption to be able to meet the government's growth targets. Both forecasts remain below the government's targets of 6%-7% for 2024 and 6.5%-7.5% for 2025.
- ▶ S&P Global Ratings continues to monitor positive developments in consumer spending and the return to normal monetary policy while remaining optimistic about meeting the country's growth forecast. In the meantime, it maintains its lower growth outlook, primarily driven by weaker-than-expected private spending in Q2, which stood at 4.6% compared to 5.5% last year.

Industry Insights: Malampaya invests US\$180M in expansion; SBMA plans five projects worth P41.4B

Malampaya consortium investing an additional US\$180 million to extend production life

- ▶ The Malampaya consortium, led by Prime Energy Resources Development, has tapped Dutch firm Allseas Nederland for an additional US\$180 million investment to link two new wells to the Malampaya Shallow Water Platform. This effort is part of Malampaya's life extension project, following the 15-year license extension granted by President Marcos Jr.
- ▶ The expansion of the country's sole natural gas provider, which supplies 20% of Luzon's electricity needs, is scheduled to commence with the drilling of the new wells by 2025, with immediate energy production expected to begin by 2026.

Subic Bay Metropolitan Authority aims for P41.4 billion investments across five projects by 2028

- ▶ SBMA is planning to expand the logistics capabilities of the Subic Bay Freeport Zone through five projects, with a total cost of P41.4 billion. These projects are targeted for implementation by 2028, before the end of President Marcos Jr.'s presidential term, through public-private partnerships or overseas development assistance.
- ▶ The five projects consist of a P13 billion terminal at Lower Mau, an P11 billion multi-purpose port terminal at Redondo Peninsula, the P10.16 billion Subic Bay Cruise Ship Facility, the P7.02 billion improvement of Subic Bay International Airport, and a P250 million shore power connection for carbon-neutral ports.

Deal Spotlight: Local startups on Forbes Asia's "100 to Watch" list; KKR begins sale of stake in Metro Pacific Hospital Holdings

Philippine local startups Lista, Mober and Zed included in Forbes Asia's "100 to Watch" list

- ▶ Forbes Asia's "100 to Watch" list recently featured several notable local startups, including Lista, a financial management app for individuals and small businesses; Mober, a logistics firm utilizing a fleet of electric vehicles for last-mile deliveries; and Zed, a four-year-old digital bank.
- ▶ Lista raised over US\$5 million in funding and boasts more than 2.5 million app downloads. Mober, meanwhile, received US\$6 million in funding from Clime Capital for fleet expansion and a new charging facility. Finally, Zed was highlighted as the first local digital bank to offer credit card services, securing US\$6 million in seed funding from Valar Ventures.

KKR-led consortium reportedly starts the sale process of 42.5% stake in Metro Pacific Hospital Holdings

- ▶ A report from the Wall Street Journal estimates that KKR's sale of Metro Pacific Hospital's network could be valued at around US\$3 billion. Metro Pacific Hospital Holdings currently operates at least 24 of the country's largest and most modern hospitals, including Makati Medical Center and Manila Doctors Hospital.
- ▶ Historically, KKR acquired a 42.5% stake in Metro Pacific Hospital Holdings for US\$648.5 million in 2019. KKR's investment postponed the hospital network's planned US\$1.6 billion initial public offering, which led Singapore's sovereign wealth fund GIC to restructure its holding and join the consortium.