The Philippines - Reforming To Grow

Having experienced "exponential economic growth" over the past decade, the Philippines is "poised for increased momentum", according to global consultancy giant McKinsey. The new government of President Ferdinand Romualdez Marcos Jr. is firmly committed to accelerating that momentum. President Marcos, who assumed office in June 2022, has committed the country to achieving upper-middle-income status within the next few years, and has therefore placed achieving broad-based growth at the heart of his programme. To achieve this, his government has put a strong emphasis on reform to boost the investment environment

"For investors, doing business in the Philippines is an opportunity to reap the benefits of a vibrant economy," said President Marcos at a visit to the New York Stock Exchange in September 2022. "We recently enacted policies to further liberalise our economy and welcome more foreign investment to our shores. First, we passed legislation to lower corporate income tax rates and rationalise fiscal incentives. Second, we reduced the minimum paid-up capital requirements for foreign retailers and foreign startups bringing in advanced new technology. And third, we now allow full foreign ownership of companies providing public services, such as telecommunications, shipping, air carriers, railways, subways, airports, and toll roads."

Bongbong Marcos
President

The government is determined further to open the economy up to high-value business, with a focus on job creation, digital infrastructure, and research and development. President Marcos has underlined the mutual benefits of investments in the Philippines - generating more jobs and driving a better quality of life for Filipinos, while giving businesses the opportunity to participate in one of the world's fastest-growing economies. The Philippine economy is expected to grow by 6.5%-7.5% this year, and achieve expansion of 6.5%-8.0% annually between 2023 and 2028, according to official statistics. In the wake of the covid-19 pandemic, trade is growing at double-digit figures, while the government is taking the opportunity to lower the debt-to-GDP ratio, with an eye to long-term macroeconomic stability and credit ratings upgrades that will strengthen the country's financing position.

These policies will help the Philippines capitalise on its huge natural strengths: a large pool of skilled labour, a huge domestic market, and a location amidst some of the world's fastest-growing and strongest economies.

"It is our belief that the Philippines is the smart investment choice and the best time to do business with us is now," said President Marcos. "We have grand opportunities, the timing, the window of opportunities for investment, and especially in capital intensive investments in the Philippines which is what we need now. We believe the time is now."

Century Properties - Riding the Philippines' Real Estate Wave

Forecasting economic growth of 6.7% for 2022, the International Monetary Fund has praised the Philippines for its "comprehensive set of policy responses" to the covid-19 pandemic, noting the country's financial stability and flexible fiscal stance.

The rapid growth of one of Asia's biggest economies is driving the expansion of the real estate sector. Global property company Colliers expects the supply of residential units nationwide to increase by 20% in 2022, with rents and values also due to rise as demand ticks upwards.

Award-winning developer Century Properties is poised to ride this wave and is perfectly positioned for foreign investors and other partners looking to play a part in the Philippines' property story.

"We are the property developer of choice for international buyers looking for investment opportunities, as well as expatriates moving to the Philippines," says Century Properties executive chairman Jose Antonio. "We're looking for foreign partners in segments such as solar homes, where we're seeking new technology. We're also keen on finding partners to develop eco-homes. We need technology transfer to build even faster on our market in which supply still outstrips demand. We are open to all partnerships and are constantly building relationships."

Century Properties' knowledge of the local laws and nuances of the domestic market, and experience abroad, makes it the ideal B2B partner for international businesses looking at property in the Philippines. The company has built its name for reliability and executing high-quality projects using the best architects and designers, and continually innovating.

Jose Antonio
Chairman

Century is also known for delivering homes for all segments of society, from luxury apartments to units for the average buyer. Its subsidiary PHirst Park Homes focuses on first-time buyers, with price points around $30,000 to $80,000 - a part of the market with particularly strong demand, where it has five or six projects active in any given year.

"Whenever I go into a project I look into the macroeconomic conditions," says Antonio. "The macroeconomic condition in the residential market is such that there is still an unserved market of people that need homes, particularly first-time buyers. Overall, there's been a 6.6 million unmet housing demand in the past ten years."

Antonio founded the company in 1986, just a week before the People Power Revolution overthrew the government. Since then, it has ridden out various crises, and emerged stronger. It is now looking into new areas of business such as estate development that encompasses new segments of the real estate market, including ones that have emerged post-pandemic, deploying technology including drones to survey agricultural land, and deploying environment-friendly tech through partners.

Antonio sees the Philippine market as ripe for foreign buyers, saying that the slogans "The Philippines is Open for Business" and "You Can Buy an Island in the Philippines Through a Joint Venture" exemplify the opportunities here.

"We want to help strengthen the country's brand, and ensure the Philippines is on the business radar," says Antonio. "Before covid we had 48 consecutive quarters of economic growth, we have a hospitable English-speaking population, and people are always looking to improve. We have a government in place that is willing to implement, and people ready to be led."

CENTURY
PROPERTIES

SM Investments Corporation

Gateway to the Bright Spot of Asia

The Philippines has experienced "exponential economic growth" over the past decade, according to global consultancy giant McKinsey. The consultancy firm says that the country now has an opportunity to "solidify its place as a global economic force". It looks on track to achieve this, with the International Monetary Fund expecting growth of 6.7% in 2022, following an impressive 8.2% expansion in the first quarter of the year.

Consumers are the engines of this economic growth in what is one of Asia's ten most populous markets. McKinsey expects discretionary spending to rise through 2022 as the country emerges from the COVID-19 pandemic, with essential goods expenditure remaining solid throughout. Household final consumption expenditure rose by 8.6% in the second quarter of 2022 and an improvement from the 7.3% growth registered in the same period in 2021.

SM Investments Corporation (SM), the largest consumer-centric business in the Philippines, stands as a gateway to this huge and promising market, with a long and proud track record as a strong partner for major international businesses. SM Prime, its property arm, helped build the world's largest Ikea store for the Scandinavian furniture retail giant, housed within the Mall of Asia Complex and touted as a central business district in Pasay City; other global partnerships across the group include Fedex, Watson's, ACE Hardware, Uniqlo, Alfamart of Indonesia and major private equity firms.

"We're always open to opportunities. Foreign partners and investors consider SM as a proxy for the Philippines who look to the company to know more about the business landscape and the Filipino consumer market," says Frederic C. DyBuncio, SM Investments' President and Chief Executive Officer.

And this market is emerging to be one of the bright spots of the business, with robust consumer demand driving SM's growth in the first six months of 2022. With the Filipino economy opening up, SM saw strong retail performance driving consolidated net income up by 27% to PHP25.5 billion (US$464.1 million), while consolidated revenues rose by 23% to PHP238.5 billion (US$4.34 billion) in the January to June period.

Unfazed by inflation woes, Filipino shoppers trooped to SM malls and stores as soon as mobility restrictions eased this year. After a two-year hiatus brought about by quarantine-driven lockdowns, Filipinos saw the need for drastic wardrobe upgrades. Children had significant growth spurts and soon returned to face-to-face learning, prompting the need to acquire new shoes, bags, other fashion items and school essentials.

The company sees strong momentum in consumer spending, while its retail and property businesses have been driven by increased foot traffic and discretionary spending.

Mr. DyBuncio further said that SM's over 60-year history in the country allows it to feel the pulse of the consumer and know what Filipinos want to buy.

Frederic C. DyBuncio
President

Over the years, SM has innovated and adapted to meet changing consumer needs, even using online platforms and various digital channels to reach customers of every generation.

Shoppers continue to evolve and have become aware too of their responsibilities towards the environment. SM is making it accessible and more convenient for shoppers to spot sustainable choices at The SM Store through SM Green Finds. This line showcases local suppliers' and artisans' resourcefully-made products, supporting communities while reducing the impacts on the environment.

Through this pioneering initiative, SM offers SM Green Finds through its Home, Fashion, and Beauty departments. Its retail affiliates also offer eco-friendly options, made of natural ingredients or produced by social enterprises.

This initiative comes under the company's broader SM Green Movement, which seeks to enable Filipinos with the means to live in the most sustainable possible way, engaging with consumers and employees to promote sustainable products and services. The company stands by three "green pillars": a green planet, green living, and green culture.

The company has always been driven by demand from Filipino consumers in each of the core segments in which it operates - retail, banking, and property. Its values are reflected in putting the needs of customers, shareholders, and the broader community at the heart of its business.

This guiding philosophy has seen SM Investments make sustainability a priority for decades, well before it became a corporate buzzword. By the end of 2022, SM Prime committed that half the energy to be used by its buildings will come from renewable sources. It also allocates 10% of its capital spending for disaster resilient features in its properties. Recently, SM acquired control of Philippine Geothermal Production Company, Inc. which operates two major geothermal steam fields in the country. The acquisition is a testament to its commitment as an environmental advocate by expanding its sustainable investment portfolio.

This dedication to sustainability has helped put SM Investments clearly on the radar of international investors, which are ever more conscious of ESG requirements and responsibilities. The group has more to offer financial investors; it owns the three largest listed companies in the Philippines: SM Investments, SM Prime Holdings and BDO Unibank, which together comprise about 28% of the value of the main index on the Philippines Stock Exchange.

"Despite the size of our business, we think we're still a growth company," Mr. DyBuncio says. "We're seeing growth in all of our core business and in our portfolio investments, and we believe there are still many untapped regions and markets. The Philippines is the bright spot of Asia, and we are at the heart of that spot."

SM Investments regularly participates in roadshows across the world to promote the country, and meet potential new investors. SM has open and transparent dialogues with 800 to 1,000 investors a year who receive the positive prospects for the Philippines. Mr. DyBuncio sees only a bright future for this growing and youthful nation.

"The key differentiator of the Philippines is our population base," says Mr. DyBuncio. "We have close to 110 million people, it's a very young population and income per capita is rising, so the spending power is there. We have a new administration focused on bringing foreign investors, as it's the key to continued growth. We believe that the market is underserved in many different areas and there's a lot of room for growth. We will continue to invest in the Philippines, because we are confident that the opportunities are here."

BDO Unibank

The bridge into the Philippines for businesses and investors

The Philippines' economy has been growing impressively in recent years, with large sections of the population benefitting from this financial growth. GDP per capita in the country has risen from around US$1,000 a year two decades ago to more than $3,500 in 2021, according to World Bank data. And while the poverty rate is still high, President Ferdinand Marcos Jr, sworn into office earlier this year, is aiming to cut the rate to 9% by the end of 2028, down from around 18% in 2021, according to the Philippine Statistics Authority (PSA).

The banking sector will play an important role in this development. Filipino banks saw assets grow by 7.2% year-on-year at the end of January 2022, according to the country's central bank. Even so, the Philippines is still heavily under-banked, with authorities estimating that more than half of the adult population doesn't have a bank account.

"The Philippines is an under-banked country, and the under-served segment is where the opportunities are," says Nestor Tan, president, CEO and director of BDO Unibank, commonly known as Banco De Oro, the largest commercial bank operating in the country.

BDO started as a commercial bank in 1996, with Tan joining one year later. He would become president in 1998. At the time, BDO was the 18th largest bank in the Philippines, but with the Asian Financial Crisis hitting, authorities pushed for consolidation in the banking sector, which benefited the more agile and ambitious BDO.

"The only option for us was to grow through mergers and acquisitions," says Tan. "We listed on the stock exchange to be able to access capital. The first stage of our development was about building strong products and markets in order to have a competitive advantage despite our size, to build niche-capability one product, one market at a time. We then completed a series of small acquisitions to have a strong distribution network across the country," he adds.

In 2005, BDO realized it had the capability to become a full-service bank, having an opportunity to acquire a government-owned stake in what was then the third-largest bank in the country, Equitable PCI. At the time, BDO was already the fifth largest bank, but it had a stronger business foundations than its rival. It was able to acquire a 34% stake in Equitable PCI, and the following year pushed through a complete takeover.


Nestor Tan
President & CEO

Then, at the height of the 2008 financial crisis, BDO became the largest bank in the country, a position it has maintained ever since. Nowadays it is almost 50% larger than its nearest competitor.

Despite its growth, BDO has maintained its mission to be the preferred bank in every market it serves, with its strong customer focus, out-of-the-box thinking, willingness to challenge its own policies and excellence in execution. "We are guided by our values:our commitment to our customers, to our employees - we provide them an environment where they can grow - to our shareholders, and to a dynamic and efficient organization," says Tan, who adds that while other leading companies now function almost on autopilot, BDO reinvents itself constantly, always planning future transitions in order to maintain its growth.

The bank is now investing heavily in digital offerings, but not at the expense of overall income levels, nor at the expense of growing financial inclusion, which at least initially requires face-to-face contact.

BDO prides itself on undertaking considerable due diligence before making strategic moves, but once it makes a decision it goes in full force. The bank now has around 10 different business lines, each one a leader or close second in its field. It also benefits from being a fast-growing entity operating in a growth market, with net income levels and return on equity the same or better than the best in its sector, and the bank growing to as much as1% market share per year in key areas.

At the same time, BDO remains open to partnerships, particularly with companies that can give it access to new markets, products or technology. It remains the only bank in the Philippines with an international desk, and a strong push towards cross-border investments. "We are the bridge to the Philippines," Tan says, adding that they've been able to build different businesses, each of which he would characterise as 'Number 1' in their own rights.

Tan sees the Philippines as an increasingly exciting business destination for companies and institutions, with the cost of living and cost of doing business relatively low, a strong education system, and a good workforce of English speaking professionals. "The other thing that people don't appreciate is that the local market is emerging, we're now at more than US$3,000 per capita income, which is the inflection point for consumption and the growth in the economy," he says. "There is now strong local demand, as well as plenty of international opportunities."

BDO Unibank

Integrated Micro-Electronics, Inc.

A Global Electronics Manufacturing Leader

Listing tailwinds including tax cuts, infrastructure spending, and accommodative monetary policy, global accountancy giant Deloitte has given a vote of confidence in the Philippines' economy. The rising Asian champion has seen pro-business reforms and stimulus packages to promote investment in the wake of the covid-19 pandemic under successive presidents. Amendments to the Foreign Investment Act passed in 2019 make it easier for foreign investors to own Philippine SMEs, while changes have also been made to laws governing sectors including utilities and retailing to attract more international capital.

As Deloitte has noted, manufactured goods are a major export earner for the Philippine economy. Industry as a whole contributes around 30% of GDP. The government expects the manufacturing sector to grow by a striking 10% in 2022, and it has launched a raft of initiatives to maintain this momentum. Growth has been supported by foreign direct investment, which overall hit an all-time high in 2021.

Integrated Micro-Electronics, Inc. (IMI) is a prime example of an electronics manufacturing business that has capitalised on the many competitive advantages of the Philippines to grow a global presence. An electronics manufacturer and technology solutions provider, it serves industries including the automotive sector, where it ranks among the top ten of the world's electronics manufacturing services (EMS) business. The company has 20 manufacturing plants across the globe with presence in ten countries , and is proud of its international outlook, making it an ideal partner for companies worldwide.

"We're always open to all kinds of partnerships, from joint ventures through contractual agreements to technology collaboration," says Arthur R. Tan, IMI's CEO. "We are proud to be based in the Philippines, but our business is more global than domestic. Our management team is international, with business experience in a diverse range of cultures, and they know how to combine best practices to ensure we are a strong partner wherever we go. We've been in the sector 42 years and are able to work with both Western and Asian companies, with their different strategies and cultures. It's always better when value systems are aligned."

The company's global experience means that it can easily adapt to the needs of partners, both in terms of strategy and its broad product portfolio. Tan emphasises IMI's "nurturing" approach, rooted in the Filipino culture, that it takes to partners, shareholders, and clients, as well as its focus on innovation.

Tan joined IMI in 2001, at a pivotal time for the company. Founded by Arturo

Arthur R. Tan
CEO

Carlos as a contract manufacturer at a time when the Philippines lagged behind Taiwan and South Korea in the industry, the business grew rapidly and was acquired by Ayala Corporation, the country's largest and oldest conglomerate. With a switch to a focus on electronics, Japanese clients like Panasonic became a mainstay. IMI benefitted from the resulting knowledge and technology transfer, with 6000 operators trained in Japan under the auspices of the company's Japanese partners; this also gave the Philippine business a lot of exposure to Japanese business culture.

But by the early 2000s, Japanese companies had changed strategy and provided less business. When Tan took over he immediately masterminded a turnaround, with geographical diversification in manufacturing facilities, and leveraging IMI's unique manufacturing capability to build a presence in high-value, technology-intensive niches. This has boosted revenue from \$70m-\$100m annually when Tan joined to \$1.3bn last year. Now IMI is aiming to double this to more than \$2bn in the next five years.

"I had a much more global perspective; I said we need to make products more in line with where the market was going, from digitalisation of telecoms to the automotive and industrial sectors," says Tan. "In the automotive sector, there are so many first-time buyers to target in Asia."

The company's growth outlook will gladden its investors; the company is listed in the Philippines. The lack of major peers on the local stock exchange can make performance comparisons difficult, but Tan says that the stock is undervalued given its pipeline of projects, financial stability, and blue-chip client list.

With innovation and sustainability at the forefront of its strategy, IMI is well-placed for the future of electric and autonomous vehicles. Tan says that in the future, every autonomous car produced will have an IMI-made part. The company is already working with all the world's leading EV manufacturers.

"We bring both innovation and sustainability, either specifically in the manufacturing process, or on the product definition side, or how to enhance the reliability of the product," Tan says.

Tan has long seen the company's skills pool as its leading driver of added value, and underlines the strength of the Filipino workforce - educated, flexible, hard-working, and English-speaking. He points out that Filipinos work across the world, many of them managers and business leaders running businesses, offices, and factory floors; and many of these senior figures are women. He is confident that this entrepreneurial, outward-looking country has a bright future.

"We have an opportunity with the new government to send a clear message to the world that you can make long-term investments here, and we will honour our commitments," Tan says. "The country has come a long way to make it easier for foreign investors to come to this country and make a success of it."

IMI

Cebu Landmasters

Seizing real estate opportunities with the Filipinos in mind

Cebu Landmasters Inc. (CLI) is at the forefront of the dynamic Philippines real estate sector, as the leading developer in the Visayas and Mindanao (VisMin) regions. The fast-growing company that started in 2003 with now more than 100 projects, leads VisMin - a high growth area attractive for investments due to the business opportunities, infrastructure development and economic potential of the region.

"Cebu Landmasters is a fully integrated developer with projects ranging from residential, hotels, commercial, mixed-use and townships," says CLI chairman and CEO Jose R. Soberano. "The company has a well-diversified portfolio: present in all market segments from socialised housing, economic, mid- and high-end."

Housing demand in the Philippines remains robust, significantly exceeding supply across the country where the backlog is close to 7 million housing units growing 14-20% annually. This is true especially in the VisMin region where the backlog due to the lack of quality affordable housing. To address this need, CLI developed "Casa Mira,'' a best-selling economic housing and condominium brand that provides More for the Filipino Family - more space, more amenities and more value. CLI has over 17 Casa Mira communities with over 20,000 units in major cities in the region and will continue to expand. Sales take up of these projects are exceptional, with most projects nearly sold out within a month of launch.


JOSE SOBERANO III
Chairman & CEO

Priding itself on being a customer-centric, hands-on company, CLI's competitive advantage includes a strong focus on customer service through all the stages of the real estate journey. An agile and fast-growing organisation with unique expertise in land acquisition, planning, sales and operations, gaining high market demand and being the preferred developer of stakeholders.

CLI is also gearing up for the tourism's rebound and seizing the lack of quality hotels in the region. Hence, adding in their portfolio a total of 10 new hotels and resorts in addition to its operational hotel, bringing its total keys to 1,433 by 2025. CLI taps renowned international hotel chains to run its hotel operations namely, Accor, Radisson and Ascott.

The listed company has also expanded to large-scale projects such as mixed-use estates, reclamation and townships to further grow its landbank, recurring income business and contribute to economic growth of the region.

With an emphasis on the environment at the core of its business, CLI focuses on sustainable townships and eco-friendly projects that will benefit the community.

The company was listed on the Philippine Stock Exchange in 2017, and since then has expanded its landbank beyond Cebu to be present in 16 key cities in the region. It has ramped up its net income from Php767m on the eve of the IPO in 2016 to Php2.6bn in 2021. By H2 2022, the company's assets had grown to Php75bn.

"This performance has helped ensure that CLI retains the confidence of its partners, being supported by the biggest banks and financial institutions in the Philippines," says Soberano.

Indeed, the Philippine Rating Services Corporation (PhilRatings) recently assigned an issue credit rating of PRS Aa plus, with a stable outlook, for CLI's proposed bond issuance of Php8bn. PhilRatings has also upgraded the issue credit rating for CLI's outstanding Series A to C corporate notes worth P5bn.

"In a growth region with untapped markets, there are more real estate opportunities for CLI to fill," says Soberano. "Infrastructure development is also moving to the south and will further unlock land values. We will be at the forefront of these developments as we carry out our mission of building with the Filipinos in mind."

St. Luke's Medical Center

Putting the Philippines on the map of healthcare and medical tourism

The economy of the Philippines is on an upward trajectory, growing by 7.4% year-on-year in the second quarter of 2022. This is slightly down compared to its first-quarter growth, but still the second-fastest growing economy in Asia, according to the country's Economic Planning Secretary–with its full-year GDP predicted to rise by 6.5-7.5%.

At the same time, the country is increasingly seen as a healthcare destination, with cutting-edge medical facilities catering to local and international markets. According to the Medical Tourism Association and the International Healthcare Research Center, the Philippines ranks eighth in the world when it comes to medical tourism destinations.

Among the institutions pushing the country's reputation as a healthcare destination is St. Luke's Medical Center (SLMC), recognized as the leading and most respected healthcare institution in the Philippines. St. Luke's began as a free dispensary clinic for the outpatient treatment of the poor in the early 1900s, before being spun off into an independent nonstock, nonprofit corporation governed by a board of trustees in the 1970s.

Over the years, it has grown to become one of the leading hospitals in the Philippines, and was the first to introduce the patient experience journey program along the same lines as leading global hotel chains.


Dr. Arturo S. De La Peña
President & CEO

"This differentiated our service. It caught on and we became known for that," says Dr. Arturo S. De La Peña, president and CEO of SLMC.

SLMC's two medical facilities in Quezon City and Global City are now considered at par with the most advanced hospitals around the world, with its Quezon City hospital being the second hospital in Asia to receive a Joint Commission International accreditation. Combined, the two facilities now have 1,100 rooms, with more than 60,000 annual inpatient admissions, and an average of 2.7 million yearly outpatient consultations performed.

Under De La Peña's watch, St. Luke's has continued to expand, and in recent years has increasingly looked towards a digital transformation, both in areas like digital record keeping, working with US-based Allscripts, and utilizing technologies like apps that can scan patients from their phones to see if they need to come in for a check up.

It also continues to look for new partnerships, from tech companies to international clients, and even manpower from abroad, and has begun partnerships with the UK and Germany to train nurses, who stay in the Philippines for three years before moving to Europe.

"We're now exploring talks with some groups in the US as well," De La Peña says.

Last year St Luke's also started incorporating ESG initiatives into its business strategy, continuing its culture of care. Its management, meanwhile, received approval in 2021 to start building a new hospital near the main airport in Manila, with construction set to begin in 2023.

When it comes to the Philippines, De La Peña sees it continuing to grow as a medical tourism destination, offering the same quality of treatment as in the US and western European but at a fraction of the cost. "We're getting a lot of medical tourists now coming from the Asia-Pacific Islands: Guam, Fiji and American Samoa. They come here because they get the same quality of treatment, but at only 30% of the cost in America," he concludes.

Upson International Corp.

Digital Partner of Choice

Confirming the Philippines' investment grade rating in February 2022, agency Fitch noted the country's strong growth and external buffers, and forecast growth accelerating to 7% in 2023.

This strong macroeconomic backdrop is powering the expansion of the retail sector, which is expected to rise 11.7% between 2022 and 2026, according to research and advisory company Technavio.

Upson International Corp. (Upson), the Philippines' largest IT product retailer, is riding the wave of retail sector boom by bringing to the country some of the world's leading players, including Samsung, HP, Apple, Brother, Vivo, Asus, Acer, and Lenovo.

"We're the digital partner of choice in the Philippines," says Arlene Louisa T. Sy, the newly-appointed president, CEO, and director of Upson, who has been with the company since it was founded. "We are a partner to the Filipino consumer, and we are a partner to the world's biggest brands looking to expand in this market. Our mission is to cater to the untapped parts of the market and to bring digitalization across the Philippines. Brands are welcome to join us in increasing access to technology."

Upson sets itself ahead of the competition by offering a wide range of products at different price points, giving shoppers the ability to choose what is right for them. Established as a distribution company in 1995, the company - then known as Proton Microsystems, Inc. - switched its focus on retailing in 1997, and merged with an affiliate in 2003. It launched its Octagon Computer Superstore brand in 2004, and introduced Micro Valley stores in 2006. The two brands expanded in malls at a time when there were limits on the space that could be taken by individual retailers. Upson International Corp., as it was rebranded in 2017, now has a presence in 16 out of the 17 regions of the Philippines.

Arlene Louisa T. Sy
President & CEO

"We're aggressive with our expansion, but also strategic," says Sy. "We've learned a lot in the past 27 years on how to grow."

With 188 stores as of end-March, Upson now has its sights set on further expansion. From 2022 to 2026, it plans to open 250 stores or additional retail space of 25,000 sq.m., with an aggressive rollout in the next three years. Online sales will also play an important role. Upson launched its website in 2017 and at the start of the covid-19 pandemic in 2020, formed partnerships with Lazada, Shopee, and Pick.A.Roo to market items through their e-commerce platforms. Additional stores and online sales will be backed by Upson developing its warehouse network to act as distribution hubs.

Investors will have further opportunities to participate in the company's growth, as it filed for an initial public offering of up to PHP 4.88 billion subject to regulatory approvals; the capital raised will support the company's growth momentum. This will go hand-in-hand with the continued expansion of the Philippine economy and tech sector.

"This is an investment destination with huge growth potential," says Sy. "Filipinos are adaptable and embrace the digital transformation. There's so much room for growth in business - and technology is integrated in every business sector."

UPSON INTERNATIONAL CORP.

PRYCE GASES

The fuel behind the Philippines' Rapid Economic Growth

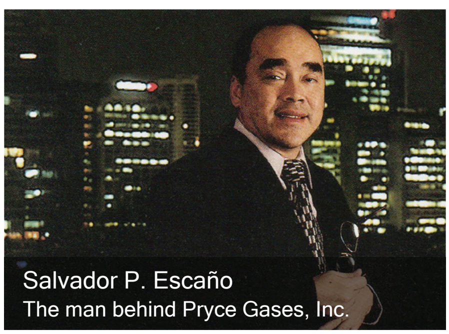
Growing up in Leyte, a poor rural municipality in the Philippines, the life of Salvador Escaño is an intriguing rags-to-riches story. Even as his company, Pryce Gases, Inc.(PGI), has grown into a multi-billion business, he has maintained a humble demeanor and his dedication to uplift the lives of his province-mates remains his inspiration in his pursuit for success.

The checkered story of PGI is proof of Escaño's resiliency. During the Asian financial crises, he fought long, hard legal battles against creditors and opportunists. He somehow survived but this only made him more determined to redeem his name.

Starting his entrepreneurial venture in the early eighties, Escaño pioneered the development of memorial parks in the southern Philippines. He was among the early industrialists who foresaw the potential of Visayas and Mindanao.

Escaño's inquisitive mind kept searching for a market opportunity that he could pioneer and grow. Despite the expansion of Pryce's memorial parks, he craved something more strategic and in line with the growth trajectory of the Philippine economy.

He entered the Liquefied Petroleum Gas (LPG) retail market. As evidence of his business acumen, he built LPG terminals in strategic locations and created a logistics infrastructure that improved customer service quality. The huge capital investment in terminals allowed PGI's market base expansion in the Philippines.



Salvador P. Escaño
The man behind Pryce Gases, Inc.

As Filipino households have grown alongside the economy, LPG consumption has been expanding by 7-10% a year. By end of 2021, the company has 80 LPG refilling plants, nine import terminals, and over 6,000 employees, with a total gas storage capacity of more than 40,000 metric tons. While PGI's main focus is on Liquefied Petroleum Gases (LPG), it is also involved in industrial gases like oxygen, nitrogen, and acetylene.

PGI now accounts for 95% of the group's total revenues. Having overtaken major international players like Shell, Total, and Petronas during the past 15 years or so, it enjoys a 15% share of the domestic gas market and 30% of the infrastructure and distribution network.

With a strong entrepreneurial spirit, Escaño is intending to almost double Pryce's revenue within the next two years, to over US$600 million. He adds, "We have completed our infrastructure logistics, and now we've become more efficient in distribution, more productive in our marketing efforts. Our customers have remained loyal because they believe in the integrity of our products and our fast, reliable, and efficient service."

Escaño considers expanding into Liquefied Natural Gas, but at present, there is still a huge opportunity in LPG. He adds, "Per capita consumption of LPG in the industrialized world averages almost 100kg per year, but in the Philippines, it is still only 15kg." There is undeniable market potential in countries with a customer base of growing populations like Indonesia, India, and the Philippines. This picture of the market landscape is fundamental in determining his next steps because now, more than 30 years on from his modest beginnings, Escaño is thriving and still gearing up to broaden his business.

To know more about PGI, visit www.prycegas.com

PRYCEGAS