



A graphic logo for "Invest Philippines" consisting of a cluster of colorful lines (blue, yellow, orange, red) that form a stylized arrow pointing to the right.

INVEST Philippines

Your Business. Our People.



PHILIPPINES

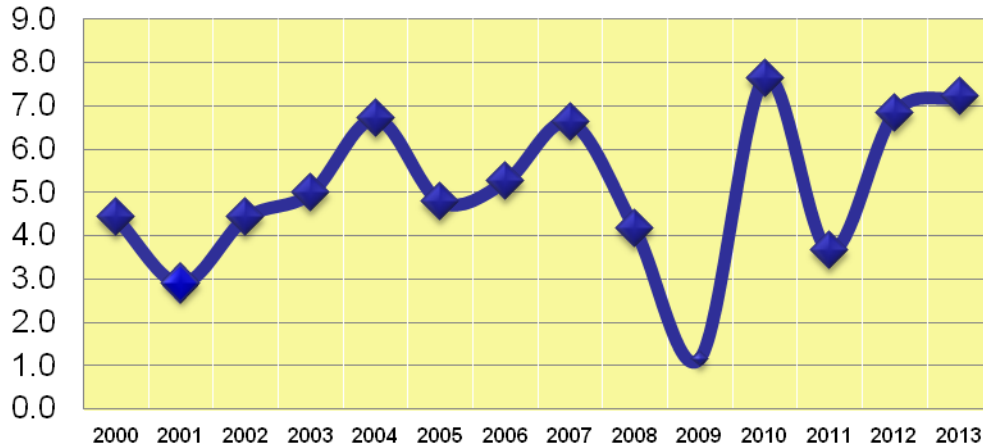
Asia's Rising Tiger



Growing Economy



Sustained Economic Growth

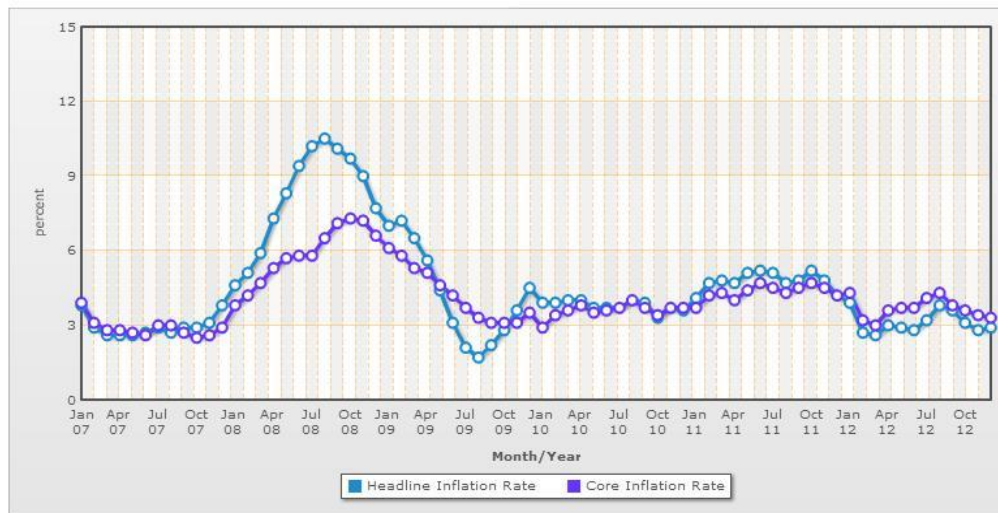


GDP (2013)

7.2%

Headline Inflation (2013)

3.0%



GDP (Jan-June 2014)

6.0%

Headline Inflation (Jan-June 2014)

4.9%



Continuous Inflow of OFW Remittances



2013 A : US\$23.0 Billion
(+7.4% inc vs yr ago)



Jan-June 2014: US\$11.4 Billion
(+5.5% inc vs yr ago)

As of 2013, the Philippines has been ranked as the 3rd biggest recipient of cash remittances from abroad

(World Bank's Migration & Development)



Renewed Global Demand for Products Made in the Philippines



PH Exports Continue to Grow

Merchandise Exports:

2013: US\$56.7 Billion
(8.8% higher than 2012)

Jan-June 2014: US\$29.8 Billion
(7.7% higher than Jan-June 2013)

Service Exports:

2013: US\$21.8 Billion
(+16.2 % higher than 2012)

US\$83.2 BILLION GROSS INTERNATIONAL RESERVES

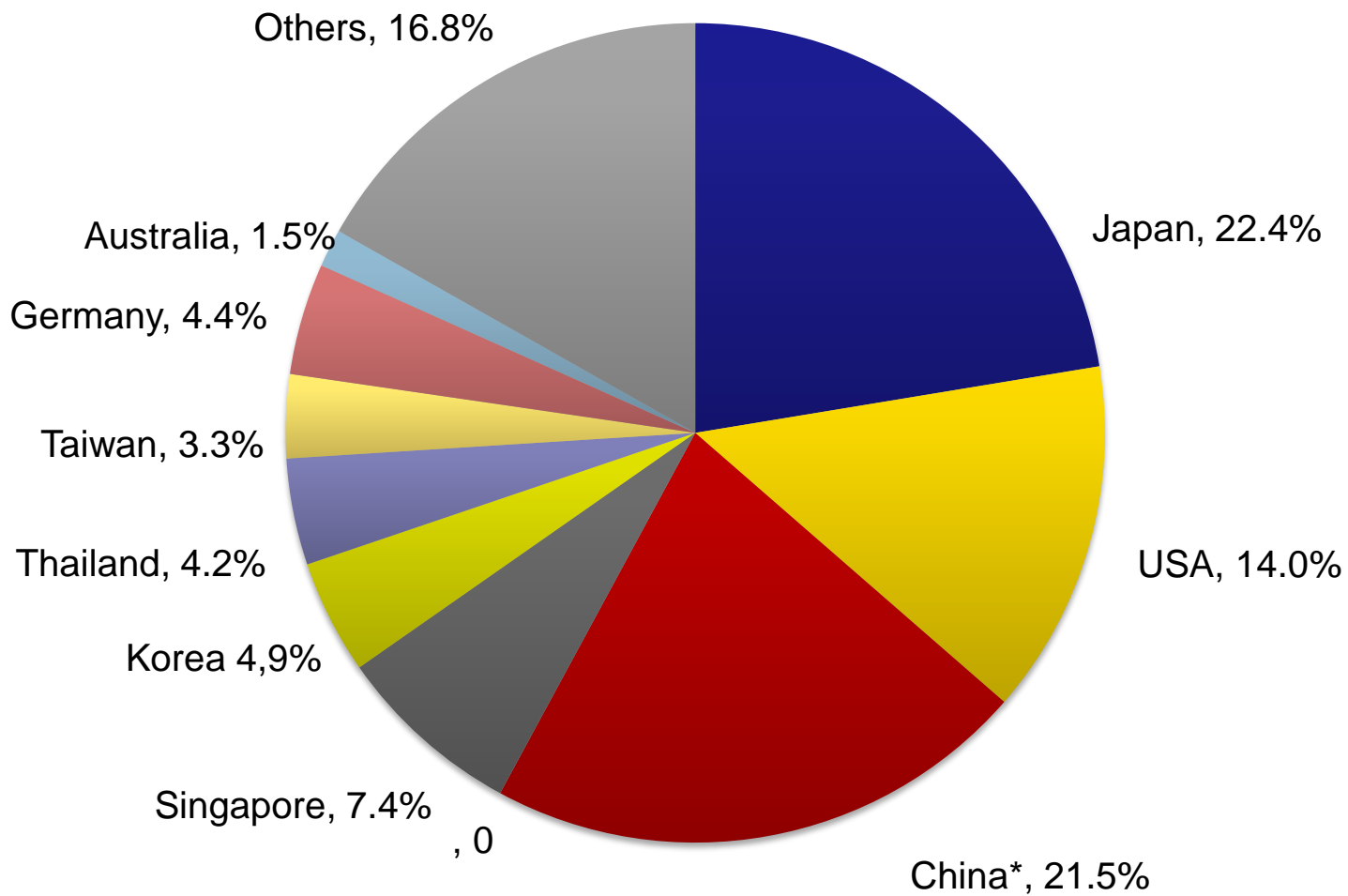
ADEQUATE COVERAGE FOR 12 MONTHS' WORTH OF IMPORTS OF GOODS AND
PAYMENT OF SERVICES AND INCOME IN 2013



Steady Export Growth

2013 Philippine Merchandise Export Performance

Jan-June 2014 Top Export Markets



*including Hong Kong



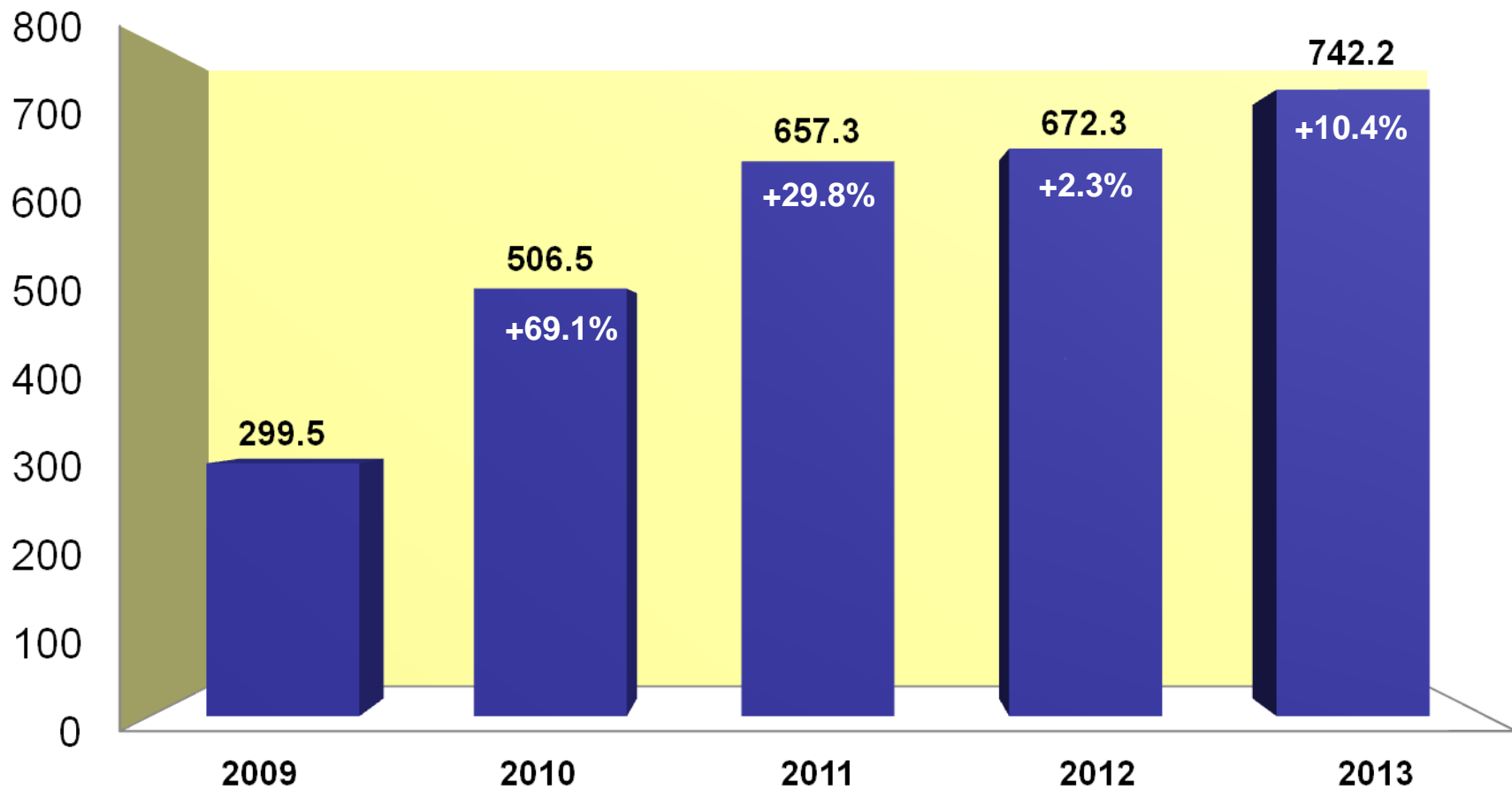
Philippines is now a Preferred Investment Destination



Favorable Investment Climate

BOI-PEZA Approved Investments

In PHP bn





Top chipmakers in the Philippines



TIPI



Philips



Fairchild



Samsung



Analog



Sanyo



On Semi



Rohm



Largest Global HDD producers in the Philippines



Hitachi



Toshiba



Fujitsu



NEC



Most Popular Expansion Destination

PHILIPPINES

49%

VIETNAM

19%

SINGAPORE

15%

THAILAND

11%

MYANMAR

6%

INDONESIA

3%



Philippines is Gaining Global Competitiveness



Ease of Doing Business in the Philippines

World Bank
Ease of Doing Business
Report 2014

+30

Out of 189 countries:
From #138 to 108

World Economic Forum
(2013/2014)
Global Competitiveness Index

+6

Out of 148 countries:
From #65 to 59

Economic Freedom of the
World
(2013 Annual Report)

+5

Out of 152 countries:
From #61 to 56

2013 Index of Economic
Freedom

+10

Out of 177 countries:
From #107 to 97



Appreciation of Investment Environment

	Philippines	Indonesia	Thailand	Vietnam	India
Less Linguistic / Communication Problems	69.2	6.8	9.7	7.0	30.6
Easy to hire local staff (General Worker/Staff/Clerk)	58.0	21.0	14.3	33.3	15.3
High Quality of Employees (General Worker)	19.6	3.8	6.7	13.2	3.8
Easy to hire local staff (Specialist/Engineer/Middle-Manager)	17.5	0.8	4.2	6.7	7.5
High Quality of Employees (Specialist/Engineer)	15.4	1.9	5.1	7.7	7.8
High Employee Retention Rates	14.7	8.7	6.4	11.5	1.9
Tax Incentives (Corp Tax Holidays, etc.)	34.3	4.2	15.9	18.9	5.0



Appreciation of Investment Environment

Country \ Item	CIT	Operator		Staff		Electricity		Infra Structure	Logis-tics	Procure ment	Living Environ-ment	Domestic Market
		Wage	Recruit	Wage	Recruit	Quality	Price					
Philippines	●	▲	●	▲	●	●	×	▲	▲	×	●	▲
Thailand	▲	×	×	×	×	●	●	●	●	●	●	●
Indonesia	×	×	●	×	▲	●	●	×	▲	●	●	●
Vietnam	×	●	▲	▲	▲	▲	●	▲	▲	×	▲	▲
Cambodia	●	●	●	●	▲	▲	×	×	▲	×	▲	×
Myanmar	●	●	●	●	●	×	▲	×	×	×	×	×

● --- GOOD

▲ --- FAIR

× --- BAD

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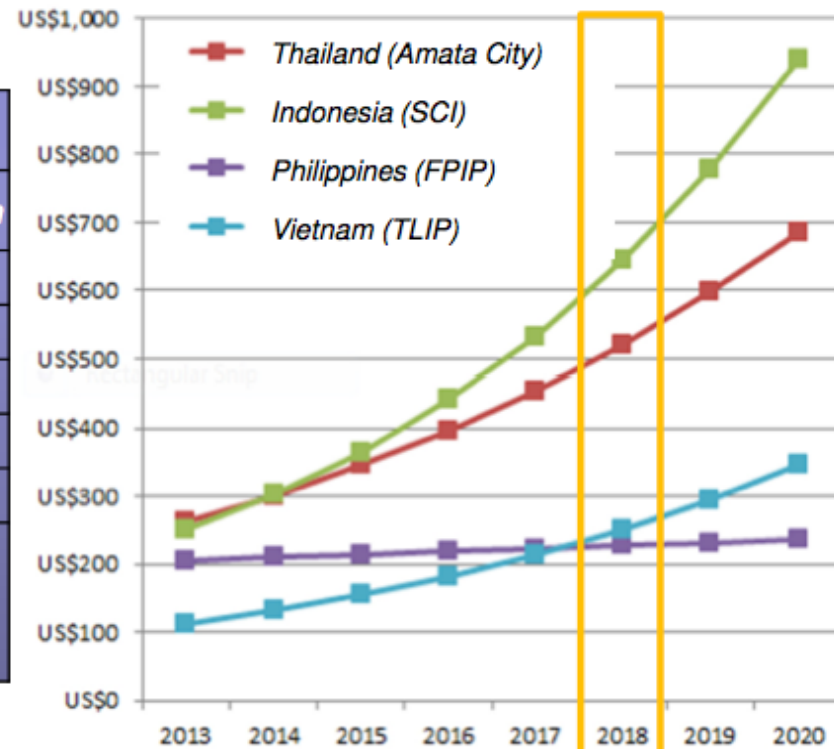


Appreciation of Investment Environment

Wage Increase from 2009				
	Thailand	Indonesia	Philippines	Vietnam
2009	0%	0%	0%	0%
2010	3%	8%	0%	12%
2011	9%	17%	6%	80%
2012	9%	29%	10%	82%
2013	73%	104%	10%	88%
Annual Increase (average)	15%	21%	2%	18%

Expected Daily Wages

(Based on the actual wage escalation rate for the past 5 years)



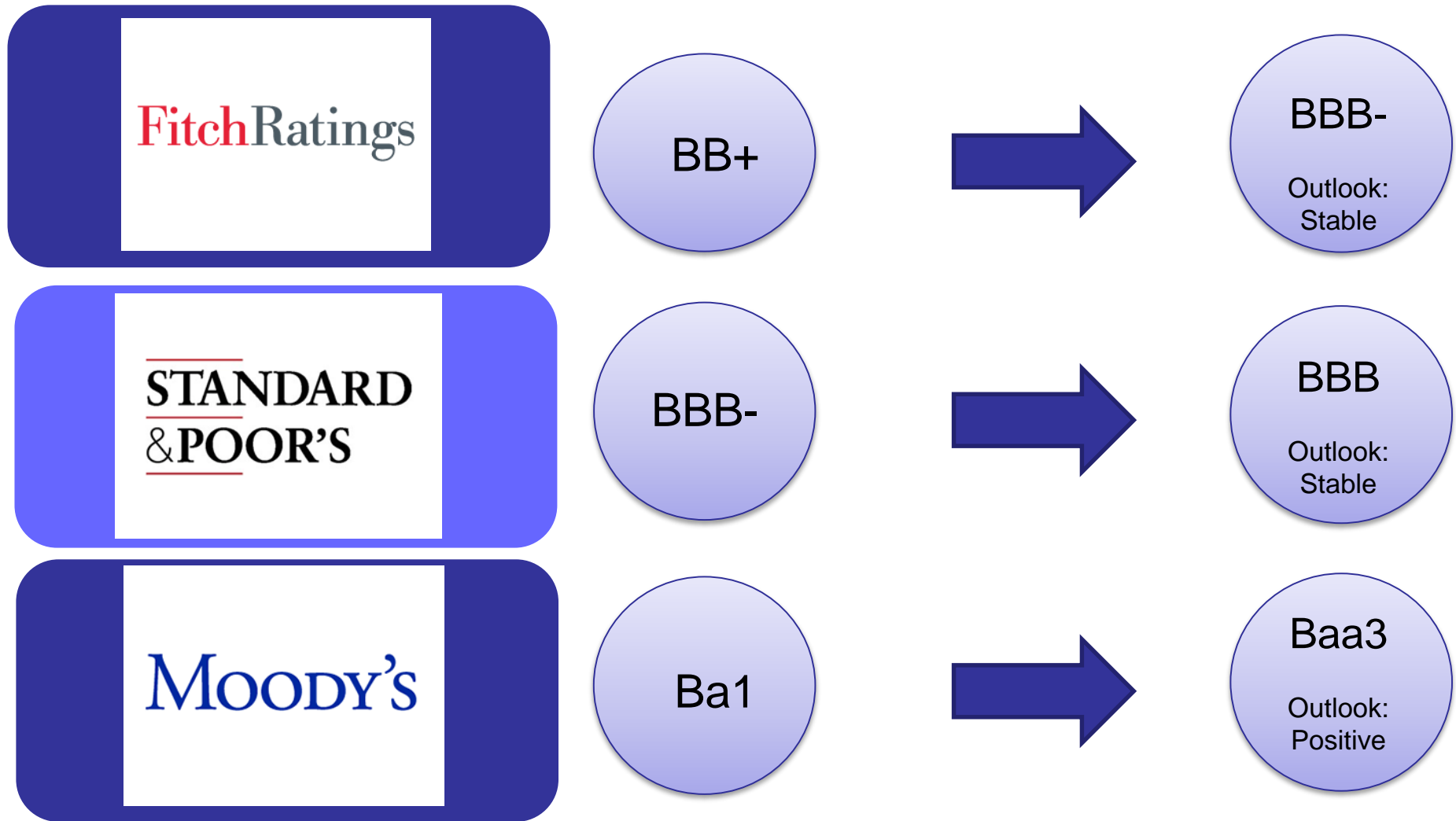
Exchange Rate as of March 8, 2013

(US\$1.00=THB29.7=IDR9,694=PHP40.7=VND20,925)

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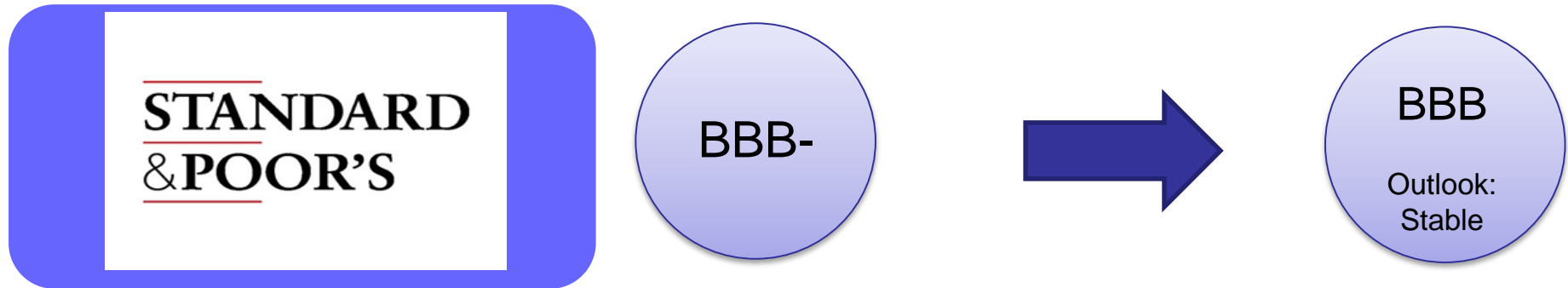


Credit Ratings Confirm Trust in Economy





Credit Ratings Confirm Trust in Economy



*“...We now believe [that] the ongoing reforms to address shortcomings in structural, administrative, institutional, and governance areas **will endure beyond the current administration.** . . .*

*In turn, we believe the resulting gains in government revenue generation, spending efficiency, and the improvements in public debt profile and investment environment **will at least be preserved in the medium term under the next administration.**”*

STANDARD & POOR'S RATING SERVICES, 8 MAY 2014



Strengthened Governance and Anti-Corruption Measures

Transparency International (2013)
Corruption Perceptions Index

+11

Out of 177 countries:
From #105 to 94

World Bank (2012)
Government Effectiveness Indicator

+1

Out of 215 countries:
From #57 to 58



**Filipinos are dependable,
hardworking, resilient**



People – Our Greatest Asset



- 12th largest population in the world – 100 million
- 3rd largest English-speaking country
- 93% literacy rate
- Over 40 Million labor force
- 24 yrs old average worker
- 23 yrs old median age



- Set to become the world's 16th largest economy, up 27 places from today
- One of the new emerging countries due to favorable demographics and strong economic fundamentals

~ HSBC's "The World in 2050" Report ~



- Asia's friendliest country
- 8th World's friendliest country

~ HSBC World Explorer Survey 2011 ~



Rich Talent Pool

- Educated and English Proficient
- Excellent Creativity
- Fast Learning Curve
- Highly Adaptable to Other Cultures
- High Level of Commitment and Loyalty
- Excellent Work Ethic
- Respect for Intellectual Property

Over 530,000 college graduates per year:

- IT-Related & Math, Engineering, Architecture 115,000
- Business, Accounting & Related Fields 120,000
- Medical & Natural Sciences 70,000
- Others 70,000





Investing in the Philippines

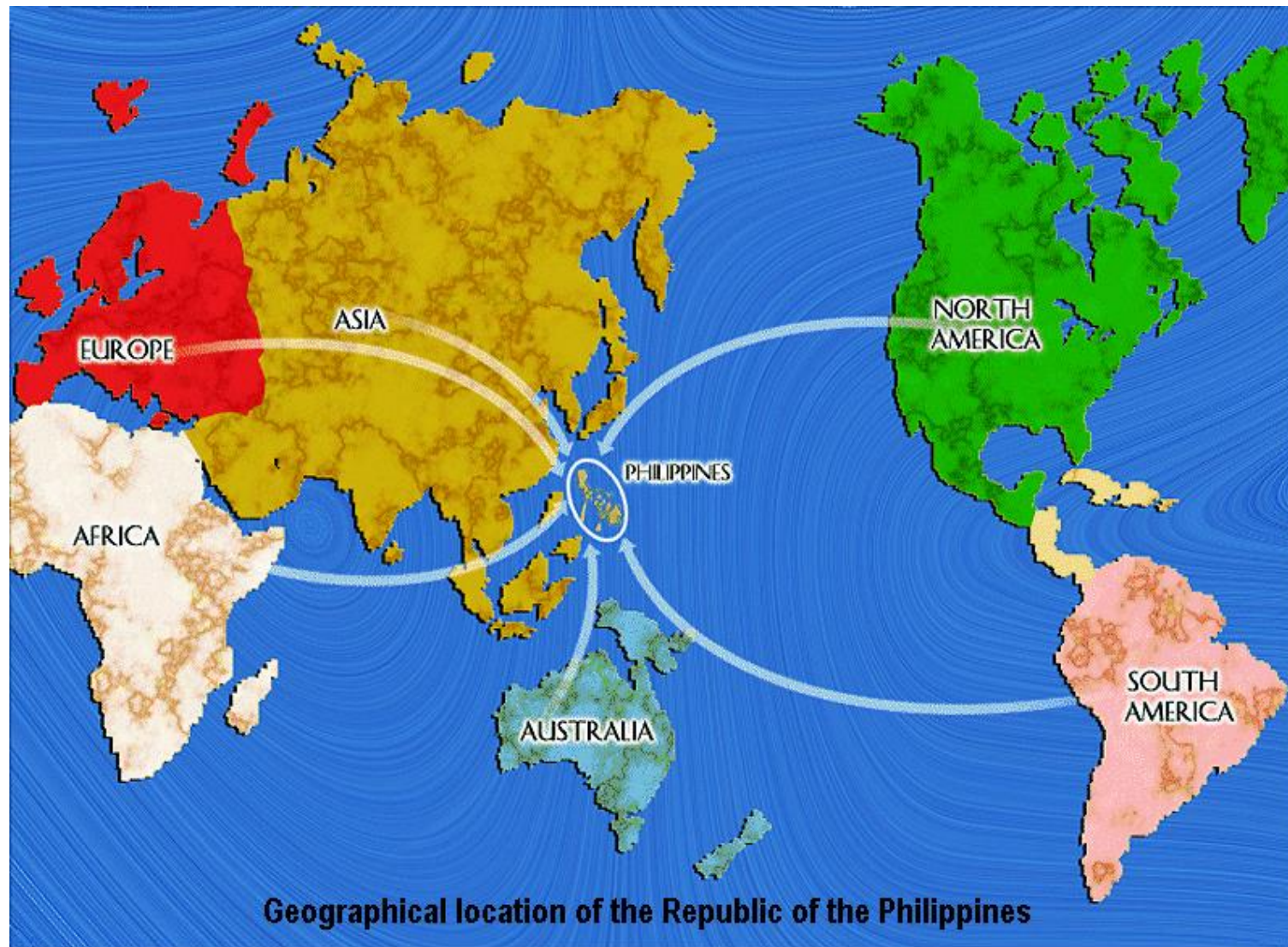
- ✓ The Philippines is a ready market
- ✓ Global acceptance of the Philippines as an investment destination
- ✓ The Philippines is gaining competitiveness
- ✓ Filipinos are dependable, hardworking,
resilient



The Philippine Advantage



Strategic Business Location





Strategic Business Location



- Critical entry point to over 600 million people in the ASEAN Market.
- Natural gateway to the East-Asian economies.



Living / Lifestyle Environment



Democratic Country



Second home to expatriates.
Openness to varied cultures.
Widespread global outlook.



Affordable Luxuries



Tourism.
“More Fun in the Philippines”



Robust Infrastructure



Airports

- 9 International
- 20 Domestic

Railways

- 3 connecting railways across Metro Manila

Highways

- Subic-Clark-Tarlac Expressway (SCTEX)
- North Luzon Expressway (NLEX)
- STAR Tollway and Cavite Expressway (CAVITEX)
- Tarlac-Pangasinan-La Union Expressway (TPLEX)

Ports

- Manila
- Batangas
- Subic
- Cebu

**Total of 12 roll-on/ roll-off ports





Competitive Investment Incentives

INCENTIVE	BOI (Executive Order No. 226, as amended)	PEZA (Republic Act No. 7916, as amended)	CDC / SBMA (Republic Act No. 7227 – Bases Conversion Devt Authority)
Income Tax Holiday (ITH)	4 – 6 years (max of 8 years)		<ul style="list-style-type: none"> Exempted from all local and national taxes - value-added taxes, franchise taxes, excise and ad valorem taxes)
ITH Bonus	3 years provided the firm meets certain conditions		
Special Tax Rate of 5% on Gross Income		Special Tax Rate of 5% on Gross Income	
Importation of Capital Equipment, Spare Parts and Supplies	0% duty-free	Tax and Duty-Free	
Wharfage Dues and Export Tax, Duty, Impost and Fees	Exempted		None
Simplification of Customs Procedures	Available		
Employment of Foreign Nationals	<ul style="list-style-type: none"> Foreign nationals may be employed in supervisory, technical or advisory positions within 5 years from a project's registration, extendible for limited periods. The positions of president, general manager, and treasurer or their equivalents, of foreign-owned registered firms may be retained by foreign nationals for a longer period. All foreign employees may bring with them their spouses and unmarried children under 21 years of age. 		



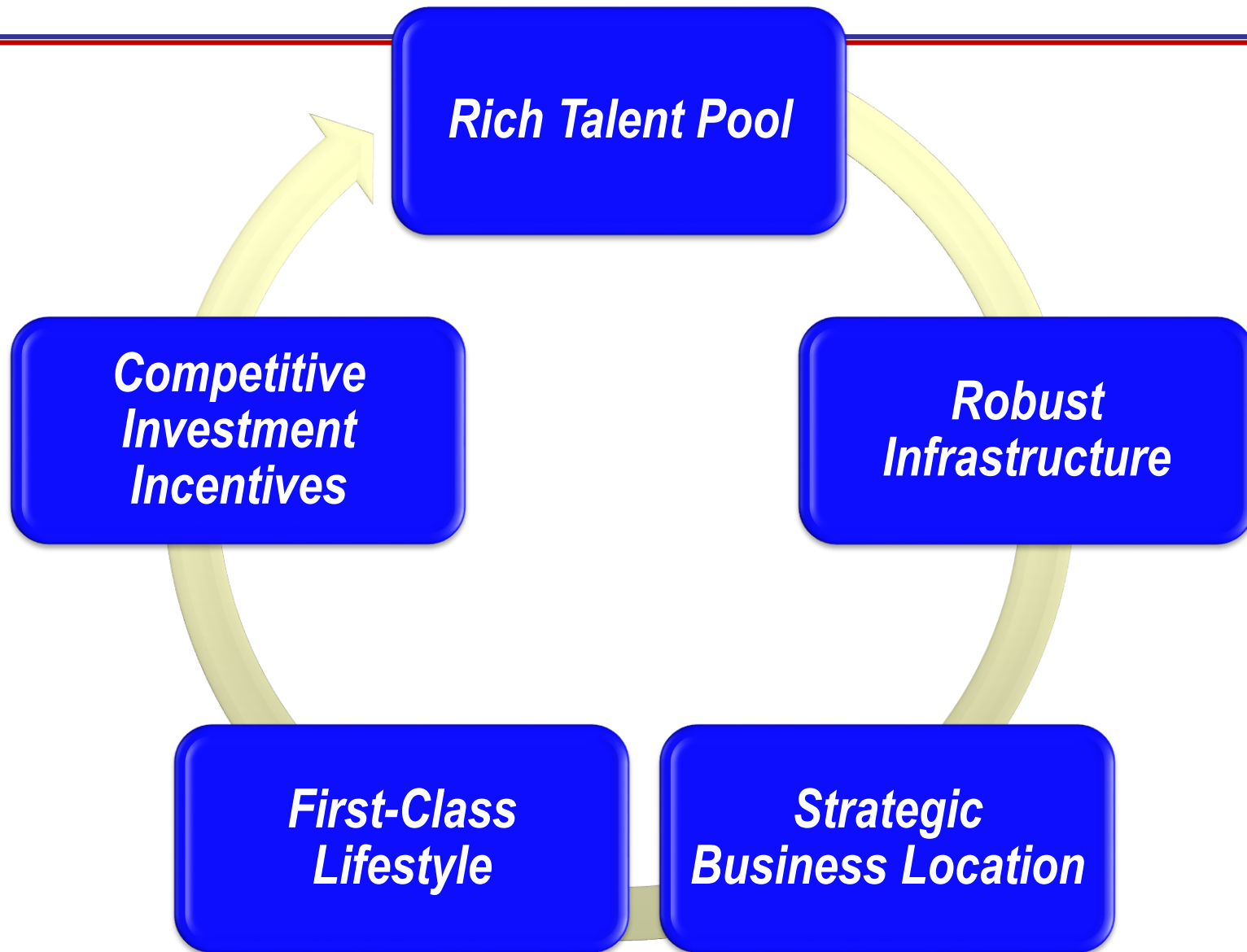
Comparative Investment Incentives

Comparison of Incentives		Corporate Income Tax		Import Duty for Machinery
		Tax Rate	Income Tax Holiday (ITH)	
Philippines	<i>PEZA-Registered Companies (Export-oriented Companies)</i>	<i>5% of Gross Income</i>	<i>4 ~ 8 years</i>	<i>Exempted</i>
Vietnam	<i>Manufacturing</i>	<i>22%</i>	<i>None</i>	<i>Exempted</i>
Thailand	<i>Zone 1</i>	<i>30%</i>	<i>3 years</i>	<i>50% reduction of import duty on machinery that is subject to import duty of not less than 10%</i>
	<i>Zone 2</i>	<i>30%</i>	<i>7 years</i>	
	<i>Zone 3</i>	<i>30%</i>	<i>8 years</i>	<i>Exempted</i>
Indonesia	<i>Manufacturing</i>	<i>25%</i>	<i>None</i>	<i>Exempted</i>
China	<i>Manufacturing</i>	<i>25%</i>	<i>None</i>	<i>Exempted only for Hi-Tech Industry</i>

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The Philippine Advantage





Investment Opportunities



Investment Priorities Plan 2013

I. Preferred Activities

Regular List:

- Agriculture/ Agri-business and Fishery
- Creative Industries/Knowledge-Based Services
- Shipbuilding
- Mass Housing
- Iron and Steel
- Energy
- Infrastructure
- Research and Development
- Green Projects
- Motor Vehicles
- Strategic Projects
- Hospital /Medical Services
- Disaster Prevention, Mitigation and Recovery Projects

II. Export Activities

- Manufacture of export products
- Services exports
- Activities in support of exporters

III. Mandatory List

IV. ARMM List





Investment Priorities Plan 2013

I. Preferred Activities

Regular List:

- **Agriculture/ Agri-business and Fishery**
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- **Activities in support of exporters**

III. Mandatory List

IV. ARMM List





Investment Opportunities

SECTOR	FACTORS CONSIDERED	
IT/BPM	Inclusion in National Investment Plan	PIPP 2010-2014: Yes IPP 2013 : Yes
	Global Market Opportunity	<ul style="list-style-type: none"> • Demand for IT-BPM and GIC services Expected to more than double by 2016 to approx US\$ 122 billion in demand for BPM alone • Non-voice, complex service is the fastest developing segment
	Availability of Local Competencies (Proof Concept)	Availability for different verticals: 1/Banking, finance services, insurance (75+ companies); manufacturing, distribution & retails (50+); telecom/hi-tech (40+); travel; (25+); energy (+15); media (+15)
Shipbuilding	Inclusion in National Investment Plan	PIPP 2010-2014: Yes IPP 2013 : Yes
	Global Market Opportunity	<ul style="list-style-type: none"> • Big opportunity in the export market • Shipyards in major shipbuilding countries are often fully booked for new orders • Expansion of existing shipbuilders to neighbouring countries • Shift of shipbuilding to Asia
	Availability of Local Competencies (Proof Concept)	Hanjin; Tsuneishi; Keppel; Austal



Investment Opportunities

SECTOR	FACTORS CONSIDERED	
Manufacturing	Inclusion in National Investment Plan	PIPP 2010-2014: Yes IPP 2013 : Yes
	Global Market Opportunity	<ul style="list-style-type: none"> • Investors seeking alternative locations • Rising labour costs in Pan-Asia / Industrial peace • ASEAN, FTAs: potential markets • Consistent top recipients of foreign investment commitments
	Availability of Local Competencies (Proof Concept)	<ul style="list-style-type: none"> • Classics (copper ores & copper; electronic, processed food, rubber products, automotive parts) • Emerging Champions (aerospace parts & components, chemicals, machinery parts)



Investment Opportunities

SECTOR	FACTORS CONSIDERED	
Agribusiness	Inclusion in National Investment Plan	PIPP 2010-2014: Yes IPP 2013 : Yes
	Global Market Opportunity	<ul style="list-style-type: none"> • Large export market, especially for specialized food products, arising from FTAs (PH food exports comprise of only 5% of ASEAN-6 total) • Expanding Halal market • Growing opportunity in natural organic farming (due to shift in preference for healthy options)
	Availability of Local Competencies (Proof Concept)	<ul style="list-style-type: none"> • Mindanao has great potential to feed Luzon and to export • About 35% of the labor force is in agriculture • Has been free from foot-and-mouth disease & avian flu that plagued other country-supplies for hog and livestock • Available models of large agribusiness ventures harnessing small local farmers (SMC, Nestle, CP Foods) and achieving development and peace in Mindanao (Unifrutti & La Frutera)



Investment Opportunities

SECTOR	FACTORS CONSIDERED	
IC Design	Inclusion in National Investment Plan	PIPP 2010-2014: Yes IPP 2013 : Yes (if for export)
	Global Market Opportunity	<ul style="list-style-type: none"> • 2012: US\$290 billion market value of semicon & IC design and manufacture sector • Fabless IC design expected to drive growth of sector, to account for 27% in 2014 and 33% in 2017 • Growing demand for outsourcing due to cost saving from labor arbitrage
	Availability of Local Competencies (Proof Concept)	<ul style="list-style-type: none"> • 7 companies in operation: Bit Micro, Xynix Design, Analog, Sanyo, Canon, Lettice Semicon and Rohm • Around 2,000 IC Filipino design engineers in US, EU, Taiwan, Singapore, Japan, Malaysia • Support facilities: PH institution for IC design, Electronics Products Development Center



Investment Opportunities

SECTOR	FACTORS CONSIDERED	
Aerospace	Inclusion in National Investment Plan	PIPP 2010-2014: IPP 2013 : Yes (if for export)
	Global Market Opportunity	<ul style="list-style-type: none"> • Growing aircraft demand (1,600 units/year) and production backlogs • Between 2013-2032 new airplane deliveries expected to reach 35,280 <ul style="list-style-type: none"> – Asia cornering the bulk of the orders with 36% share (12,820 units) • Growing demand for alternative location base with lower cost / high productivity
	Availability of Local Competencies (Proof Concept)	<ul style="list-style-type: none"> • Machining: Moog; DJ Aerospace • Aircraft interior/fit-out: BE Aerospace, Jamco • MRO: Lufthansa; SIA Engineering; Asian Aerospace • Leverage on engineering and skilled workers competencies in related industries (automotive and electronics): <ul style="list-style-type: none"> –Autoparts manufacturing: 207 companies producing over 300 parts & components –Electronics: 963 firms (i.e. Texas Instrument, Philips, Fairchild, Analog Devices, etc)



Investment Opportunities

SECTOR	FACTORS CONSIDERED	
Tourism Infrastructure	Inclusion in National Investment Plan	PIPP 2010-2014: Yes IPP 2013 : Yes
	Global Market Opportunity	<ul style="list-style-type: none"> Sustained increase in tourist arrivals requiring the infrastructure <ul style="list-style-type: none"> 2007: breached the 3 million mark 2012: 4.37 million foreign arrivals Aug 2013: 3.18 million (first time the 3 million mark was achieved in August; usually recorded in the “ber” months) Hosting of major international events in 2014 (WEF East Asia) and 2015 (APEC)
	Availability of Local Competencies (Proof Concept)	<ul style="list-style-type: none"> Availability of high-net worth local real estate developers as partners (e.g. SM, DMCI, Ayala, Megaworld, Robinsons) Supply of architects, engineers and related skills
Infrastructure Development	Inclusion in National Investment Plan	PIPP 2010-2014: Yes IPP 2013 : Yes
	Global Market Opportunity	Centerpiece program of the presents administration
	Availability of Local Competencies (Proof Concept)	Fiscal and Institutional support from the government



Overview of the PPP Pipeline Projects

(by Project Status)

STATUS	Number of Projects	Est. Project Cost (USD)
Awarded	7	1.39 B
Projects under Procurement (For Bid Submission)	3	2.28 B
Projects Approved for Roll-Out	2	657.78 M
For Approval of Relevant Government Bodies	5	2.27 B
For Finalization of Project Structure	2	1.29 B
Projects with Ongoing Studies	12	10.42 B
For Procurement of Consultants	10	TBD
Under Conceptualization or Development	11	TBD
Other Projects for Implementation	3	2.47 B
TOTAL	55	20.78 B*

**This does not include 26 projects with no estimated cost yet.*



Projects for Roll Out in the Next 12 Months

Water Projects

- Bulacan Bulk Water Supply Project
- New Centennial Water Supply Source Project

Airport projects

- Operation & Maintenance (O&M) of the Laguindingan Airport
- Enhanced O&M of the New Bohol (Panglao) Airport
- O&M of Puerto Princesa Airport
- O&M of Davao Airport
- O&M of Bacolod Airport
- O&M of Iloilo Airport

Rail Projects

- O&M of LRT Line-2
- Integrated Luzon Railway Project Phase 1 (North-South Commuter Rail)
- Mass Transit System Loop

Other Projects

- Regional Prison Facilities through PPP
- Integrated Transport System (ITS) Projects – South Terminal
- Motor Vehicles Inspection System
- Laguna Lakeshore Expressway Dike – Calamba-Los Baños Toll Expressway Project



THE PHILIPPINE BOARD OF INVESTMENTS

Your Window to Infinite Opportunities in the Philippines.



•Due diligence assistance

- Information support
- Visit program development & investment briefing
- Business matching

•Business registration facilitation

- Networking with IPU and other government agencies on pre-operational business requirements
- Fast tracking with registration procedures
- Assistance with local government requirements



•Aftercare service

- Presence of government network to quickly respond to concerns
- Regular supervision & monitoring



A graphic element consisting of a cluster of overlapping, colorful lines in shades of blue, yellow, and red, forming a shape that resembles a stylized arrow or a burst of energy.

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