Keynote Speech

Philippine Breakfast Interaction with Investors

RALPH G. RECTO
SECRETARY OF FINANCE

Davos, Switzerland
January 22, 2025

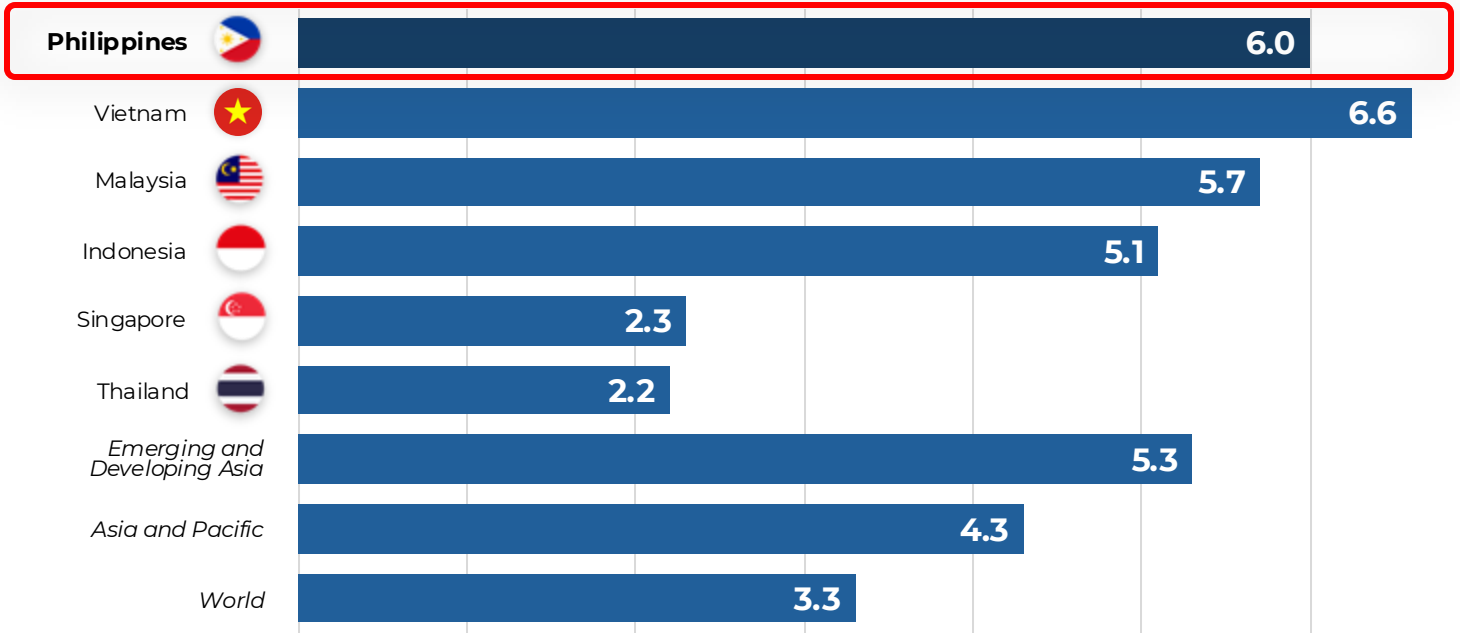
If you are looking for a place to grow your business and make more money:

CHOOSE THE PHILIPPINES

And we will make it happen.

The Philippines is among the **fastest-growing economies** in the ASEAN region

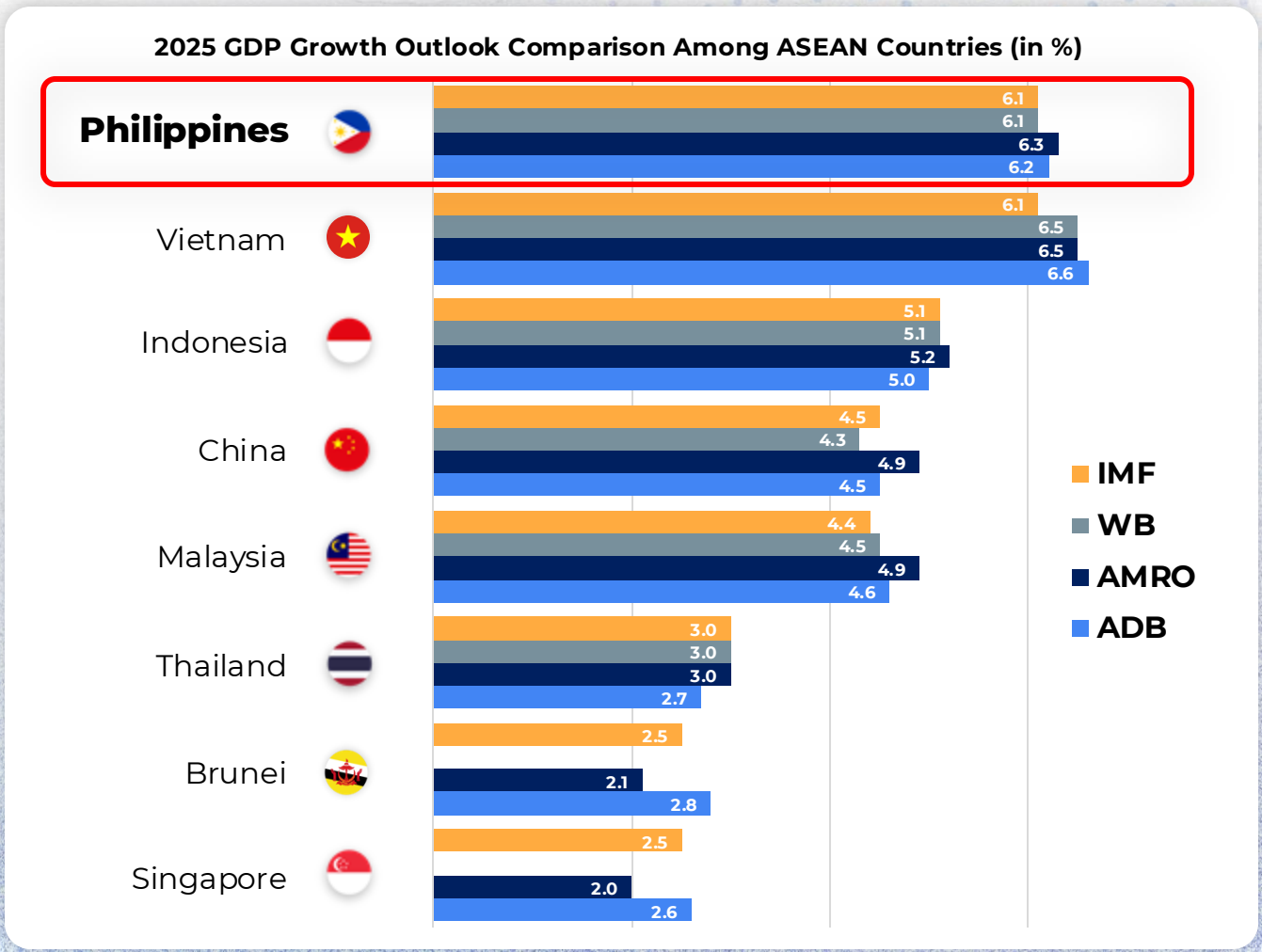
Average GDP Growth Performance of ASEAN in Q3 2022– Q3 2024 (in %)



Sources: Philippine Statistics Authority (PSA), Bangko Sentral ng Pilipinas (BSP), International Monetary Fund (IMF) World Economic Outlook (WEO) October 2024, and various national websites

Note: Average of annual growth rates divided into nine quarters for the period Q3 2022-Q3 2024.

The Philippines will continue to be among the **frontrunners** in ASEAN



Sources: Asian Development Bank (ADB), ASEAN+3 Macroeconomic Research Office (AMRO), World Bank (WB), and International Monetary Fund (IMF)

Our steady progress in fiscal consolidation earned us credit rating and outlook upgrades and a series of affirmations

R&I

A- rating
Stable Outlook
(August 2024)

Japan Credit Rating Agency

A- rating
Stable Outlook
(March 2024)

S&P Global Ratings

BBB+ rating
Positive Outlook
(November 2024)

Fitch Ratings

BBB rating
Stable Outlook
(June 2024)

Moody's

Baa2 rating
Stable Outlook
(August 2024)

Sources: International and regional credit rating agencies

Our refined Medium-Term Fiscal Program ensures a solid fiscal and economic foundation, and a road to more A ratings

Reduce debt-to-GDP ratio and deficit-to-GDP ratio gradually in a realistic manner

(Debt: from 60.1% in 2023 to 56.3% in 2028)

(Deficit: from 6.2% in 2023 to 3.7% in 2028)

Create more and better jobs

Increase people's income

Reduce poverty rate to single-digit or 9% by 2028

We offer **clear, undeniable opportunities** for your investments to **grow and prosper** in our expanding domestic market

All-time high gross national income (GNI) per capita of

USD 4,335 (2023)

Reduced poverty incidence among Filipino individuals to

15.5% (2023)

2024 average inflation rate of

3.2%

well within target, growth momentum strengthened by rate cuts

On track to surpass revenue goal in 2024, revenue effort to reach

16.7%

the highest in 27 years

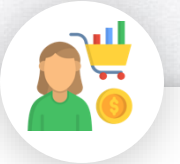
Unemployment rate of

3.2%

in November, the second lowest on record since 2005

Sources: Philippine Statistics Authority (PSA) and Department of Finance (DOF)

The Philippines continues to rise, holding so much potential



The Philippines is projected to be the

13th largest consumer market

by 2030

It will have a total of 79 million consumers in 2030 from 41 million in 2020.

The Philippines is forecasted to be the

14th largest economy

by 2075, overtaking France

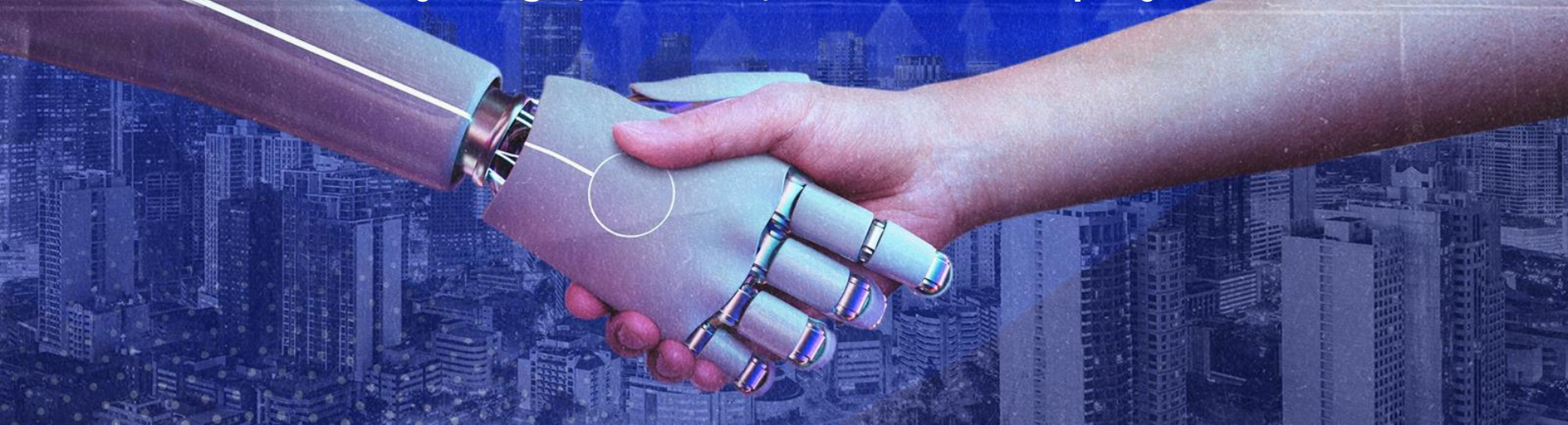
It is currently the 34th largest economy.

Sources: World Bank and Goldman Sachs

The Philippines is the

fastest-growing digital economy in ASEAN region

with USD 31 billion in gross domestic merchandise value in 2024 according to the lastest e-Conomy SEA report titled *"Profits on the Rise, Harnessing SEA's Advantage"* by Google, Temasek, and Bain & Company.



The Philippines is prepared and ready for the Artificial Intelligence-driven future

Expansion of digital infrastructure to reach last-mile communities

- **Philippine Digital Infrastructure Project and National Broadband Program:** Big-ticket digital projects designed to enhance broadband connectivity nationwide, particularly in underserved and remote areas.

Increased oversight over digital businesses

- **Internet Transactions Act:** Aims to enhance safety in e-commerce. These regulations also impose compliance obligations on e-marketplaces and e-merchants alike.
- **VAT on Digital Services Act:** Levels the playing field between local and international digital businesses.

The Philippines **boasts the most favorable demographics**, making us your strategic demographic partner

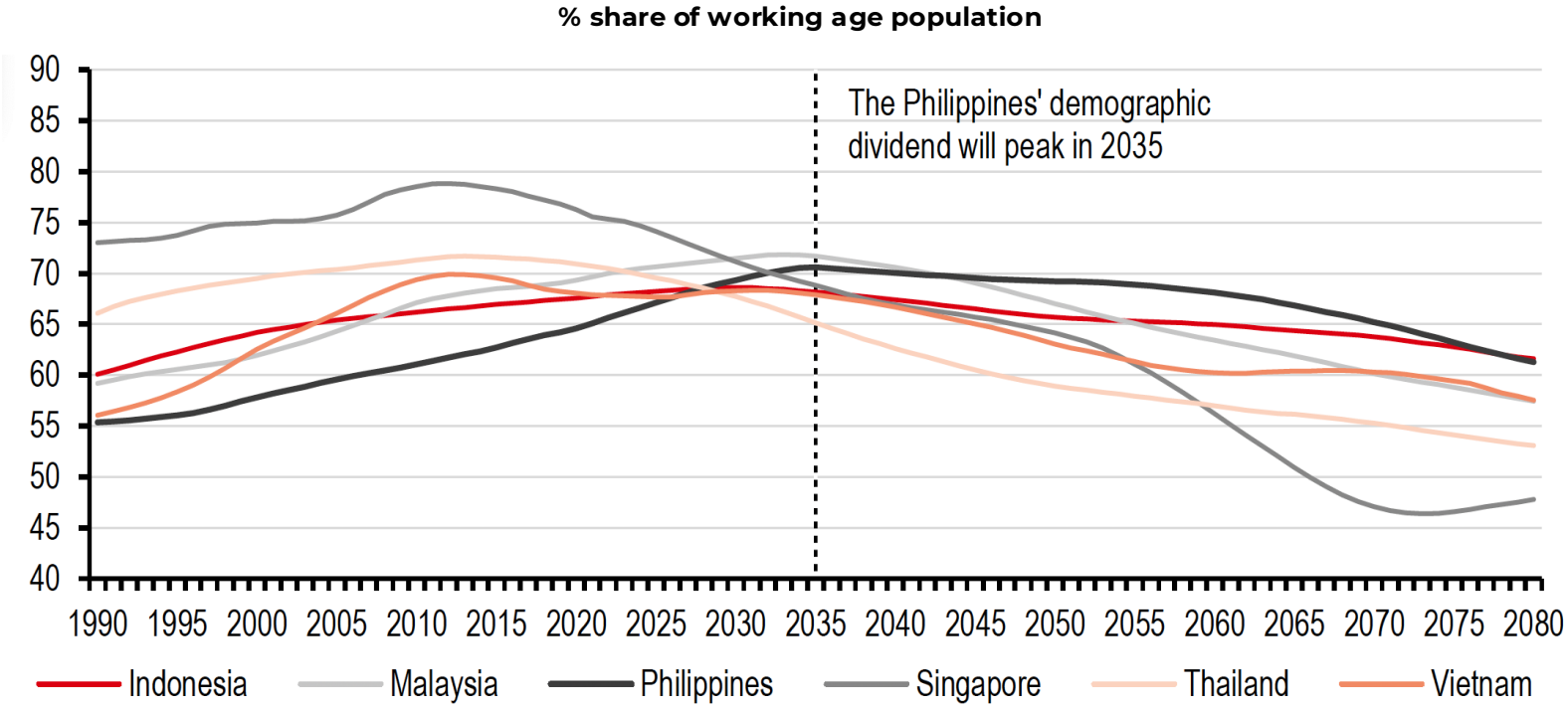
Median Age of Select Countries

Japan	49.0
Europe	42.2
Thailand	39.7
China	39.1
United States	38.0
Australia	37.8
Singapore	35.1
Vietnam	32.4

Brunei	31.8
Malaysia	30.1
Indonesia	29.8
Myanmar	29.5
India	28.1
Cambodia	25.8
Philippines	**25.3**

Source: United Nations Revisions of World Population Prospects 2024

The Philippines has the strongest demographic tailwinds among ASEAN



Sources: UNPOP and HSBC

We are continuously upskilling our workforce through our

Artificial Intelligence Strategy Roadmap

to harness their talents to fully power up your forward-looking industries.

The Philippines ranks among the leaders in Artificial Intelligence adoption

86% of knowledge workers in the country utilize AI in their daily tasks.

This surpasses the global average of 75% and even the regional average of 83%.

Source: Microsoft Philippines and LinkedIn's 2024 Work Trend Index

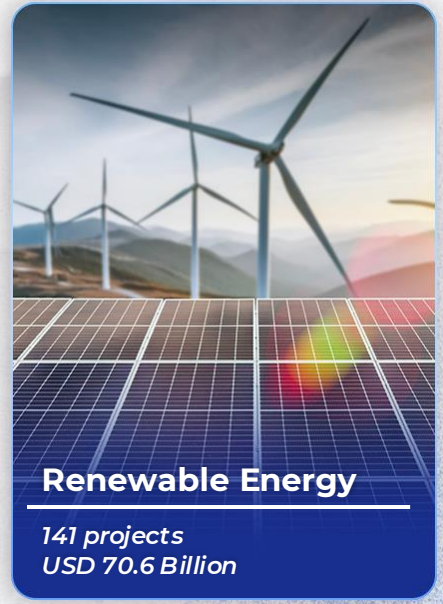
Under President Ferdinand R. Marcos, Jr.'s leadership, the Philippines is now more

open, liberalized, and ready for the world than ever before

176 projects worth **USD 77.64 Billion**

GREEN LANE CERTIFIED

As of December 26, 2024

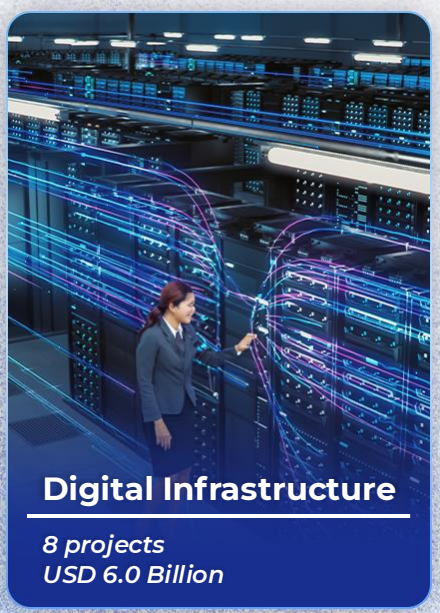


Renewable Energy

141 projects
USD 70.6 Billion

Food Security

23 projects
USD 245.8 Million



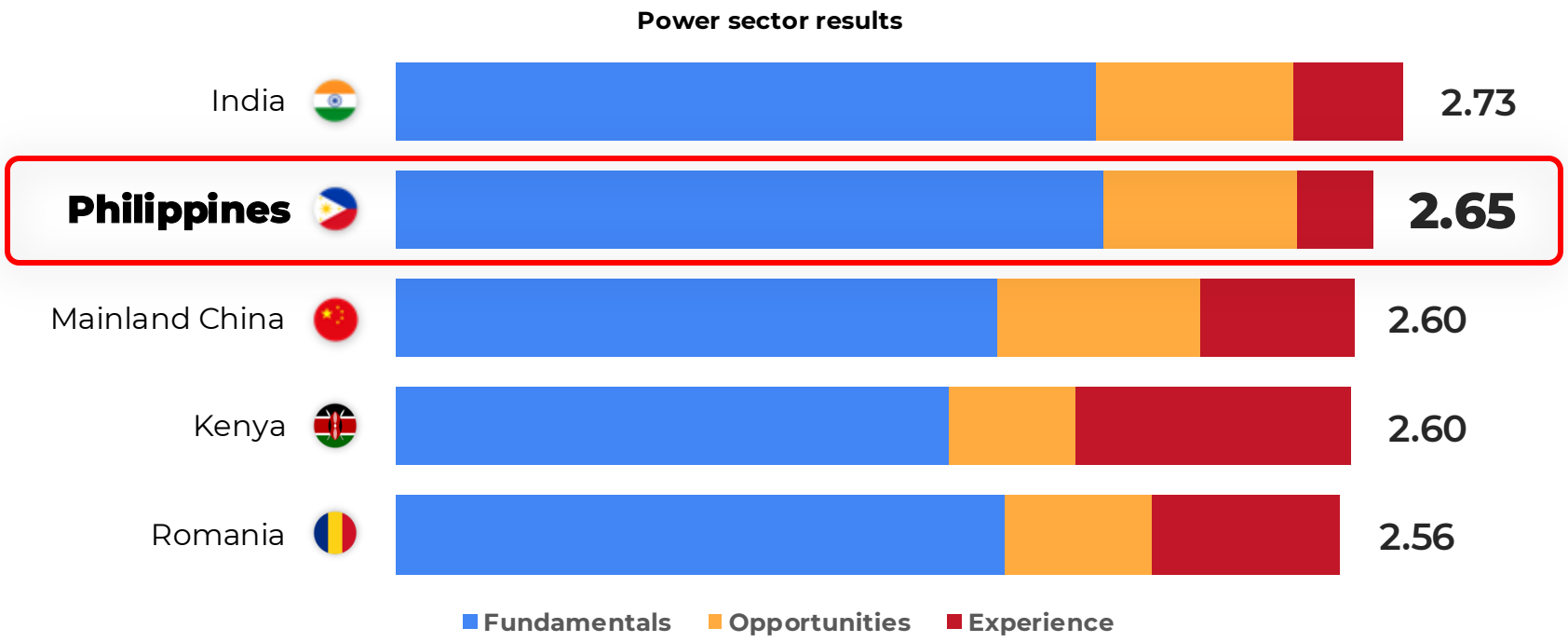
Digital Infrastructure

8 projects
USD 6.0 Billion

Manufacturing

4 projects
USD 631.3 Million

The Philippines ranks the **second most attractive emerging market** for renewable energy investment



Note: Maximum score is 5. Fundamentals, opportunities and experience are the parameters that add up to a market's overall score for clean power. Between them, they encompass over 100 indicators, or individual data inputs collected by Climatescope researchers.

Source: BloombergNEF

We are **100 percent open to foreign ownership** of high-impact public services such as

- ✓ **telecommunications**
- ✓ **toll roads**
- ✓ **airports**
- ✓ **shipping**

Through our **Public-Private Partnership (PPP) Code**, we have created a stable and predictable framework for PPPs, particularly in

infrastructure development.

The Build Better More Program features 186 big-ticket infrastructure projects worth USD 164 Billion

Physical connectivity
135 projects
USD 142.2 Billion

Health
5 projects
USD 1.6 Billion

Water Resources
29 projects
USD 12.4 Billion

Digital Connectivity
4 projects
USD 3.1 Billion

Agriculture
9 projects
USD 3.6 Billion

Other Infrastructure
2 projects
USD 361.5 Million

Power and Energy
1 project
USD 172.7 Million

Education
1 project
USD 517.9 Million

SCAN TO VIEW THE LIST OF PROJECTS

Source: National Economic and Development Authority (NEDA), As of August 2024

The Luzon Economic Corridor is a perfect hub for investors

Subic Bay, Zambales

Clark, Pampanga

Manila

Batangas

CREATE MORE offers investors access to an **attractive, streamlined, and cost-effective investment environment**

Improves ease of doing business by enhancing provisions of the Tax Code, as amended by the CREATE Act

Clarifies VAT rules to address concerns on VAT incentives availment

Enhances the tax incentive competitiveness through better and more competitive incentive packages

Strengthens governance and accountability in the grant and administration of incentives

Clarifies transitory rules for registered business enterprises (RBEs)

Simply put, CREATE MORE was carefully designed to

- make **MORE** money for you
- create **MORE** high-quality jobs for our people

CREATE MORE offers a very competitive and attractive incentive package

- Provides Registered Business Enterprises (RBEs) with the option to choose between the Special Corporate Income Tax (SCIT) of 5% or the Enhanced Deductions Regime (EDR) right from the start of their commercial operations
- Extends the SCIT and EDR incentives of up to 17 or 27 years
- Allows labor-intensive projects to apply for an extension of incentives for another 5 or 10 years
- Allows high-value domestic market enterprises with significant investment capital and exports to avail of VAT incentives

Under the expanded EDR:

- Reduces corporate tax rate to 20% from 25%
- Doubled the additional deduction for power expense to 100%
- Allows 50% additional deductions for reinvestments in the tourism industry and expenses related to the conduct of trade fairs or trade missions
- Maximizes the benefits of the Net Operating Loss Carry-Over (NOLCO) by changing the reckoning period from "year of loss" to the "last year of the project's income tax holiday (ITH) entitlement period"

More reforms in the Philippine capital markets are underway

Reduction

of the tax on stock transactions from

0.6% to just 0.1%

Harmonization and simplification

of our tax structure on passive income, financial products, and its transactions

The Marcos, Jr. administration has strong collaboration with the **private sector.**

We are ticking every box, covering every front, to ensure that the Philippine economy offers

the best for the world.

And here’s our promise: The moment you step in, we will let you experience a home that

nurtures your long-term growth and success.

SEE YOU VERY SOON

IN THE PHILIPPINES!

Keynote Speech

Philippine Breakfast Interaction with Investors

RALPH G. RECTO
SECRETARY OF FINANCE

Davos, Switzerland
January 22, 2025