

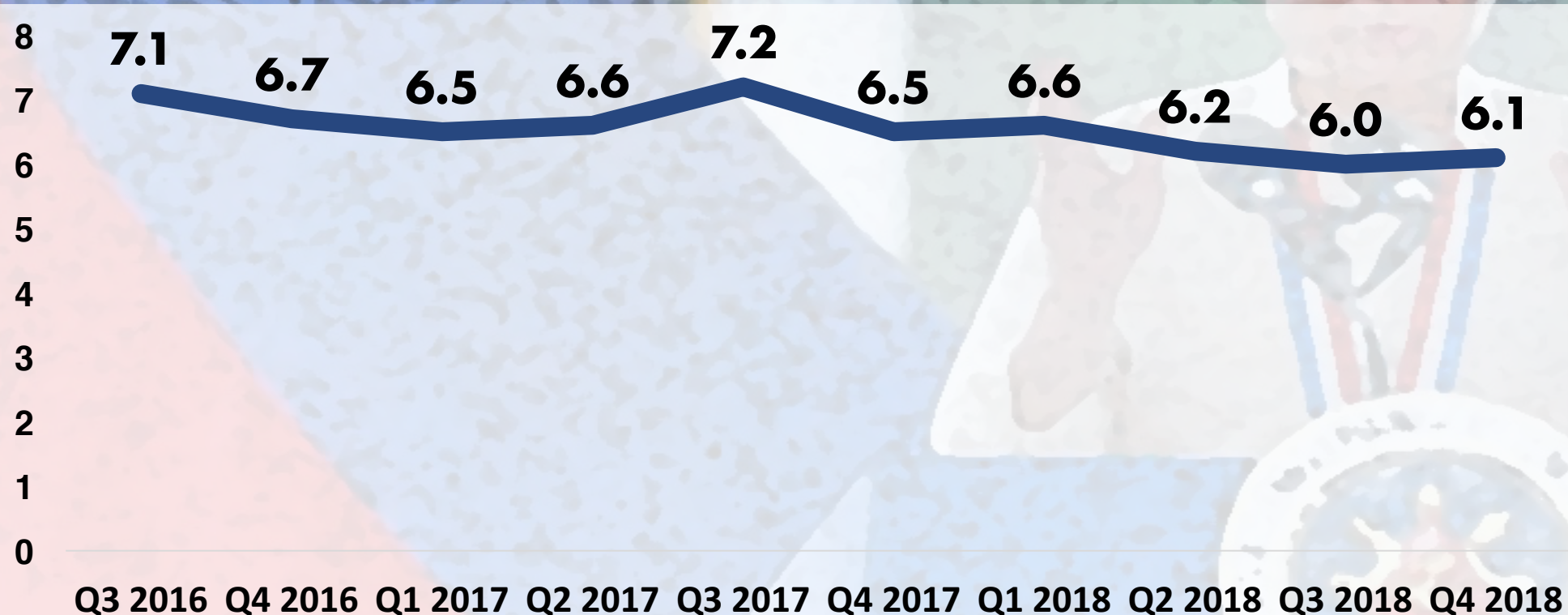
THE OUTLOOK IS BRIGHT

FINANCE SECRETARY CARLOS G. DOMINGUEZ III
WILOCI BUSINESS FORUM
MARCH 8, 2019



OUR ECONOMY IS GROWING AT AN AVERAGE OF 6.5 PERCENT IN THE FIRST 10 QUARTERS OF THE DUTERTE ADMINISTRATION

PHILIPPINES' GDP GROWTH RATES IN THE FIRST 10 QUARTERS OF THE DUTERTE ADMINISTRATION



ROBUST INVESTMENT AND CAPITAL FORMATION RATES

SHARE TO GDP BY EXPENDITURE (%)

	Average Share		
	2017	2018	2010-2017
Capital Formation	25.1	27.0	21.3
A. Fixed Capital	25.0	27.0	21.5
a. Construction	12.3	13.5	11.1
b. Durable Equipment	10.8	11.5	8.4
c. Breeding Stock & Orchard Dev't	1.4	1.4	1.5
d. Intellectual Property Products	0.6	0.6	0.4
B. Changes in Inventories	0.1	0.0	(0.2)

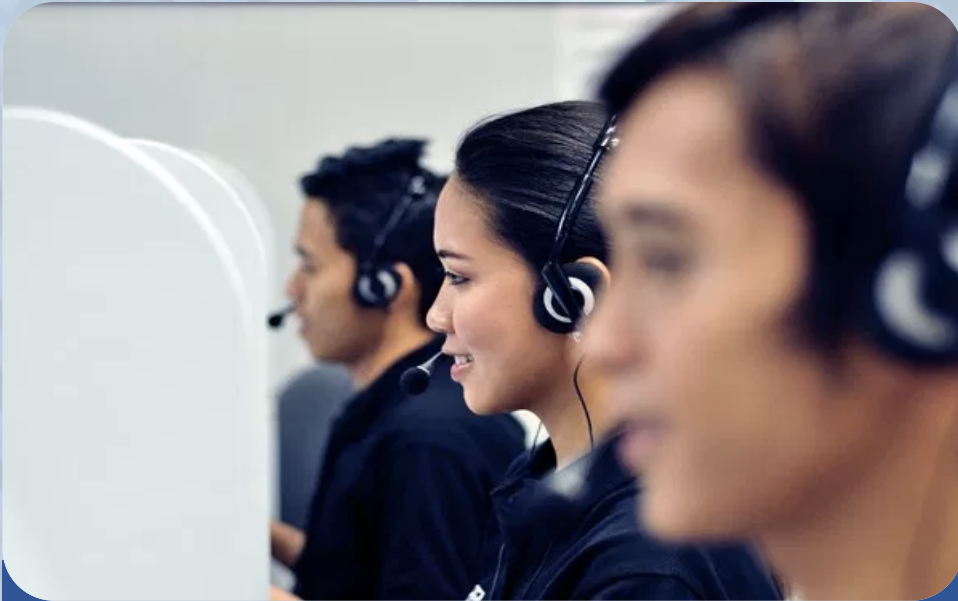
Source: Office of the DOF Chief Economist
*At Current Prices

RISING INVESTMENTS HIGHLIGHT CONFIDENCE IN THE PHILIPPINES' GROWTH PROSPECTS

*Net Foreign Direct Investment (FDI) Flows
(In USD Billion)*



IMPACT OF NEW TAX REFORM LAW ON TAXPAYERS' PERSONAL INCOME



Workers earning **below** **PHP 250,000 (USD 4,500)** **annually** are now **exempted** from paying personal income taxes



Workers earning **above** **PHP 250,000 (USD 4,500)** **annually** are now receiving about **a month's extra take-home pay each year**



JOLLIBEE FOODS CORPORATION

The Philippines' largest fastfood chain and globally recognized brand

**2018 TOTAL SALES:
PHP 153 BILLION**
(+16% growth)

**2018 NET INCOME:
PHP 8.3 BILLION**
(+17% growth)

MCDONALD'S

Jollibee's closest rival in the Philippines.

2018 (Jan-Sep) TOTAL SALES:
PHP 34.4 BILLION
(+12% growth)

Since 2017, McDonald's has opened one store a week mostly outside of Metro Manila.





SAN MIGUEL
FOOD AND BEVERAGE, INC.

SAN MIGUEL FOOD AND BEVERAGE, INC.

*The leading food and beverage
company in the Philippines.*

2018 (Jan-Sep) TOTAL SALES:
PHP 206.6 BILLION
(+14.7% growth)

2018 (Jan-Sep) NET INCOME:
PHP 22.9 BILLION
(+17% growth)



AYALA LAND INCORPORATED

The Philippines' premier and oldest property company engaged in the planning and development of large scale, integrated estates.

**2018 TOTAL SALES:
PHP 162.8 BILLION**
(+17.8% growth)

**2018 NET INCOME:
PHP 29.2 BILLION**
(+16% growth)



SM PRIME HOLDINGS

The Philippines' owner of the biggest and most number of Malls as well as the second largest high rise condominium developer.

2018 TOTAL SALES:
PHP 103.9 BILLION
(+17% growth)

2018 NET INCOME:
PHP 32.2 BILLION
(+17% growth)



Photo Source: Philippine Primer

BDO UNIBANK, INC.

The largest bank in the Philippines in terms of assets.

**2018 TOTAL NET INTEREST INCOME:
PHP 98.3 BILLION**
(+20% growth)

**2018 NET INCOME:
PHP 32.7 BILLION**
(+16% growth)



METROBANK

The second largest bank in the Philippines in terms of assets.

**2018 TOTAL NET INTEREST INCOME:
PHP 68.82 BILLION**
(+12% growth)

**2018 NET INCOME:
PHP 22 BILLION**
(+21% growth)

2018 REVENUE AND EXPENDITURE PERFORMANCE

(In PHP Billions)

Particulars	2017	2018	Year on Year
Revenues	2,473,132	2,850,184	15%
Tax Revenues	2,250,678	2,565,812	14%
Bureau of Internal Revenue	1,772,321	1,951,850	10%
Bureau of Customs	458,184	593,111	29%
Other Offices	20,173	20,851	3%
Non-Tax Revenues	222,454	284,372	28%
Bureau of the Treasury	99,905	114,199	14%
Other Offices	122,549	170,173	39%
Expenditures	2,823,769	3,408,443	21%

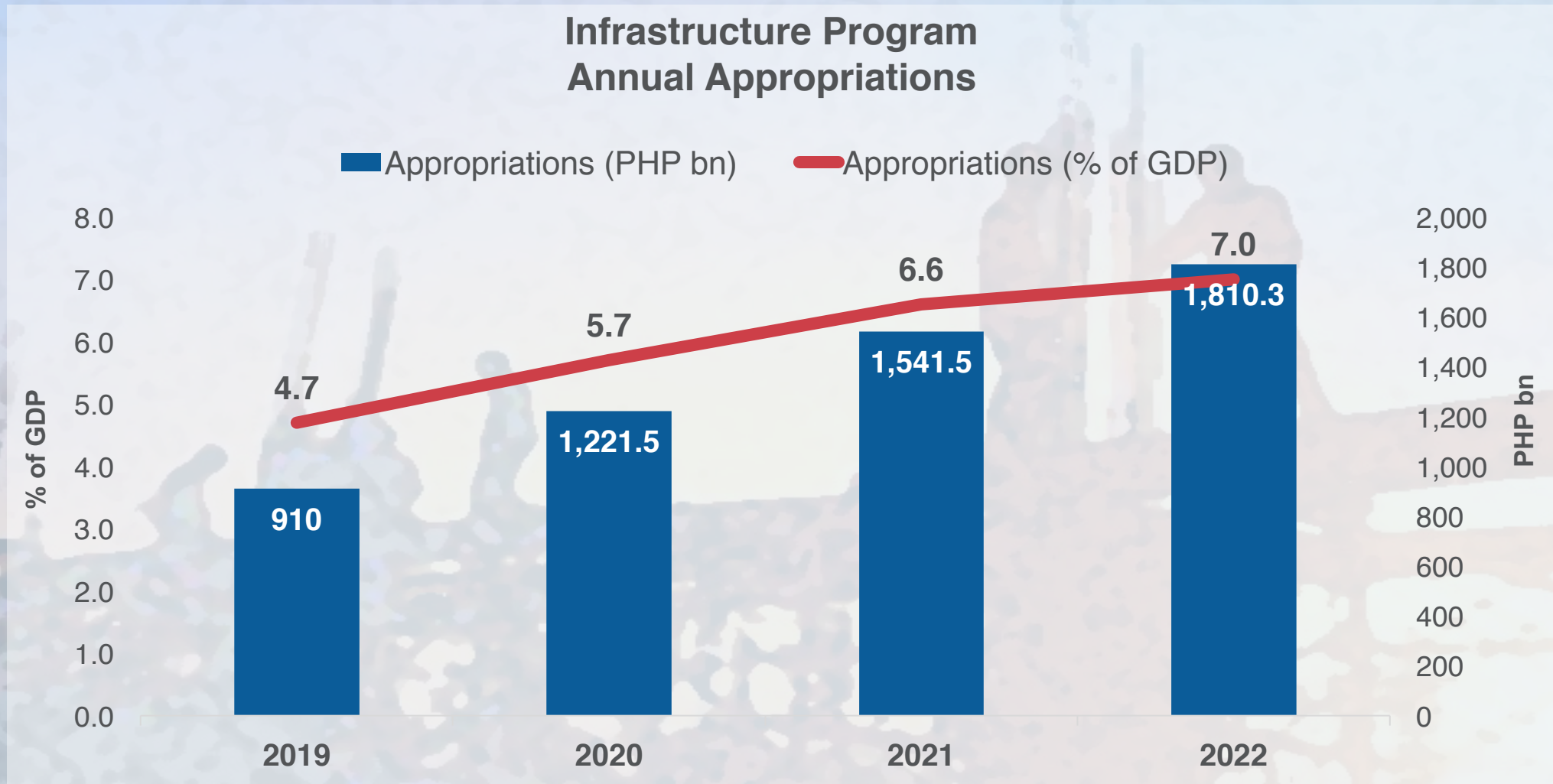
As % of GDP	2017	2018
Revenue Effort	15.6%	16.4%
Tax Effort	14.2%	14.7%
Expenditure Effort	17.9%	19.6%

DUTERTE ADMINISTRATION'S AGGRESSIVE INFRASTRUCTURE SPENDING

***National Government Cash Disbursements
Infrastructure and Other Capital Outlays (in PHP Billion)***

Particulars	AQUINO ADMINISTRATION (2010H2-2016H1)	DUTERTE ADMINISTRATION (2016H2-2018)
Actual	1,568.80	1,636.42
% of GDP	2.3%	4.0%
Program	2,008.20	1,628.86
Actual as % of Program	78.12%	100.47%

RAPID ADMINISTRATIVE RESPONSE FOR INFRASTRUCTURE DEVELOPMENT



Source: Department of Budget and Management



BUILD BUILD BUILD



MORE RAILWAYS,
MASS URBAN
TRANSPORT, AIRPORTS
AND SEAPORTS



MORE BRIDGES
AND ROADS



NEW AND BETTER
CITIES

HYBRID PUBLIC-PRIVATE PARTNERSHIP (PPP) SCHEME

The government undertakes the projects using **BUDGET ALLOCATIONS, ODA** and **FUNDS RAISED FROM BOND FLOTATION.**

The completed projects are then passed on to **PRIVATE PARTNERS** for **MANAGEMENT** or even **ACQUISITION.**

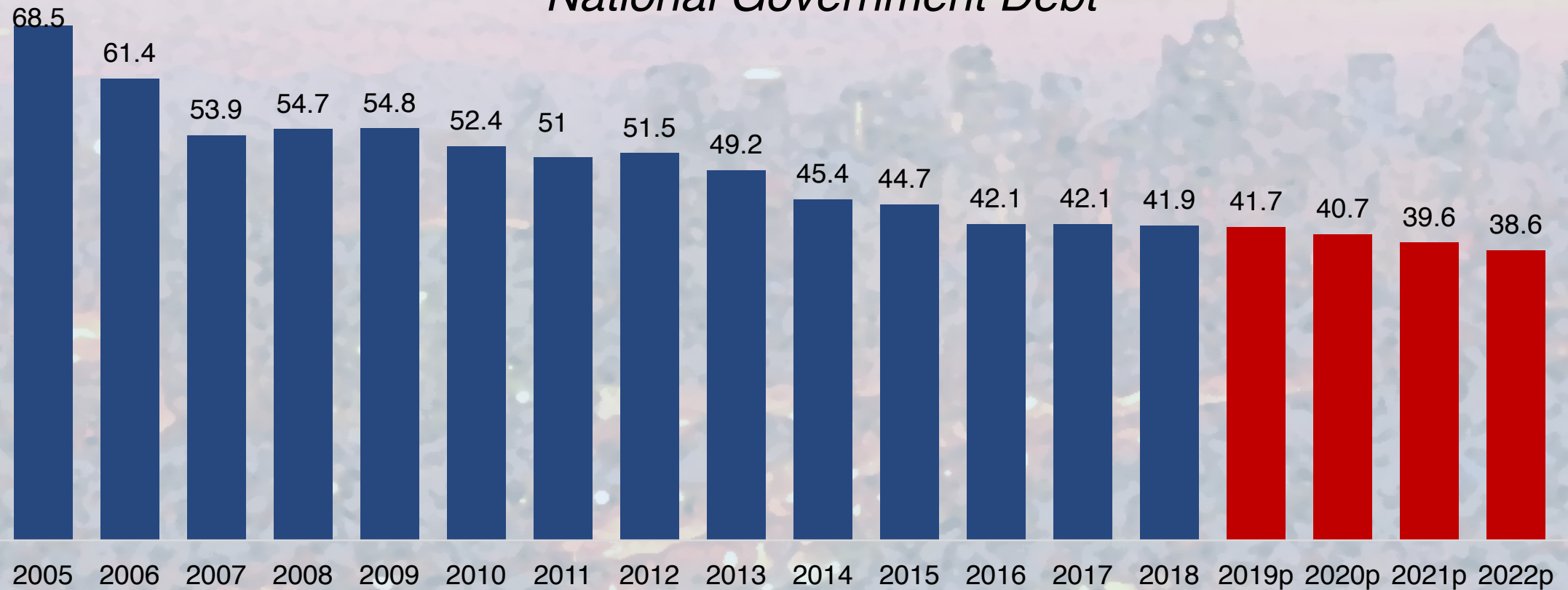
THE FINANCING WE AVAILED OF ARE SOFT LOANS AT THE LOWEST POSSIBLE INTEREST RATES AND THE LONGEST POSSIBLE TERM ARRANGEMENTS

Estimated Debt Load of Current and Pipeline Project Loans from China and Japan as Against the Total Debt

	2018	Including Scheduled until 2022
China	0.65%	4.5%
Japan	8.90%	9.5%

SUSTAINED DECLINE IN DEBT-TO-GDP RATIO

National Government Debt



Source: Bureau of the Treasury

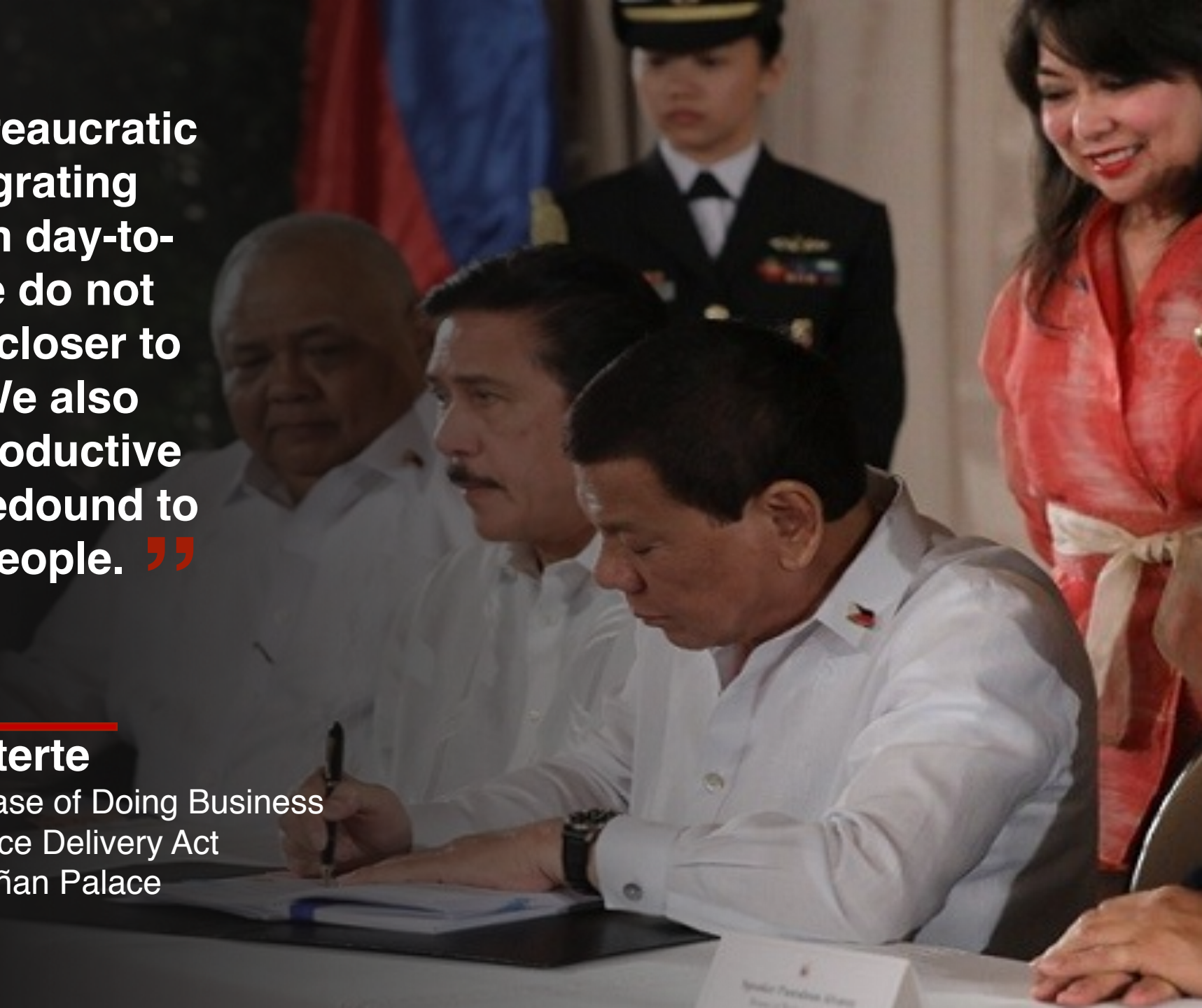
A composite image featuring three individuals. On the left, a woman in a white nurse's uniform with a stethoscope. In the center, a man in a white hard hat and an orange safety vest over a blue shirt. On the right, a man in a white business shirt and dark sunglasses. The background is a blurred mix of blue and white.

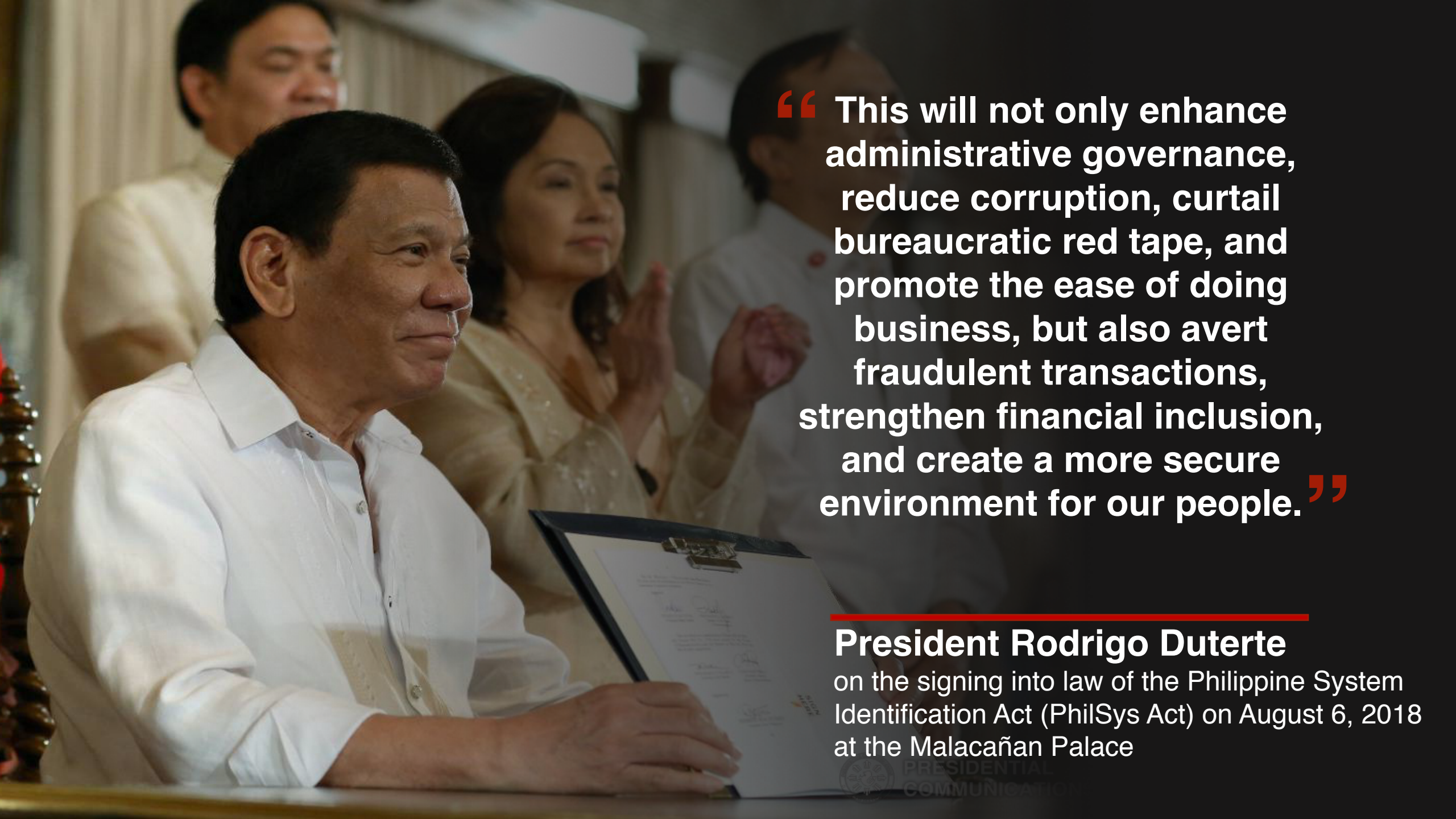
**THIS ADMINISTRATION WILL MAKE SURE THAT
FILIPINOS ARE NOT DISADVANTAGED**

“ By automating our bureaucratic processes and integrating online mechanisms in day-to-day transactions, we do not just bring our people closer to their government. We also forge a vibrant and productive relationship that will redound to the benefit of the people. ”

President Rodrigo Duterte

on the signing into law of the Ease of Doing Business and Efficient Government Service Delivery Act on May 28, 2018 at the Malacañan Palace




A photograph of President Rodrigo Duterte in a white shirt, seated at a desk and signing a document. He is looking to his right. In the background, several other people are visible, some of whom are clapping. The setting appears to be an official ceremony.

“ This will not only enhance administrative governance, reduce corruption, curtail bureaucratic red tape, and promote the ease of doing business, but also avert fraudulent transactions, strengthen financial inclusion, and create a more secure environment for our people. ”

President Rodrigo Duterte

on the signing into law of the Philippine System Identification Act (PhilSys Act) on August 6, 2018 at the Malacañan Palace

A photograph showing two people in business attire shaking hands over a desk. A laptop is open on the desk, and there are some papers and a pen nearby. The background is slightly blurred, showing a green plant.

“ Collectively, the amendments are aimed at encouraging entrepreneurship and the formation of new businesses, improving the ease of doing business in the country, promoting good corporate governance, increasing protection afforded to corporations and stockholders, and deterring corporate abuses and fraud. ”

SEC Chairperson Emilio B. Aquino said in a statement on the signing into law of the Revised Corporation Code

Photo Source: Metro Cebu News



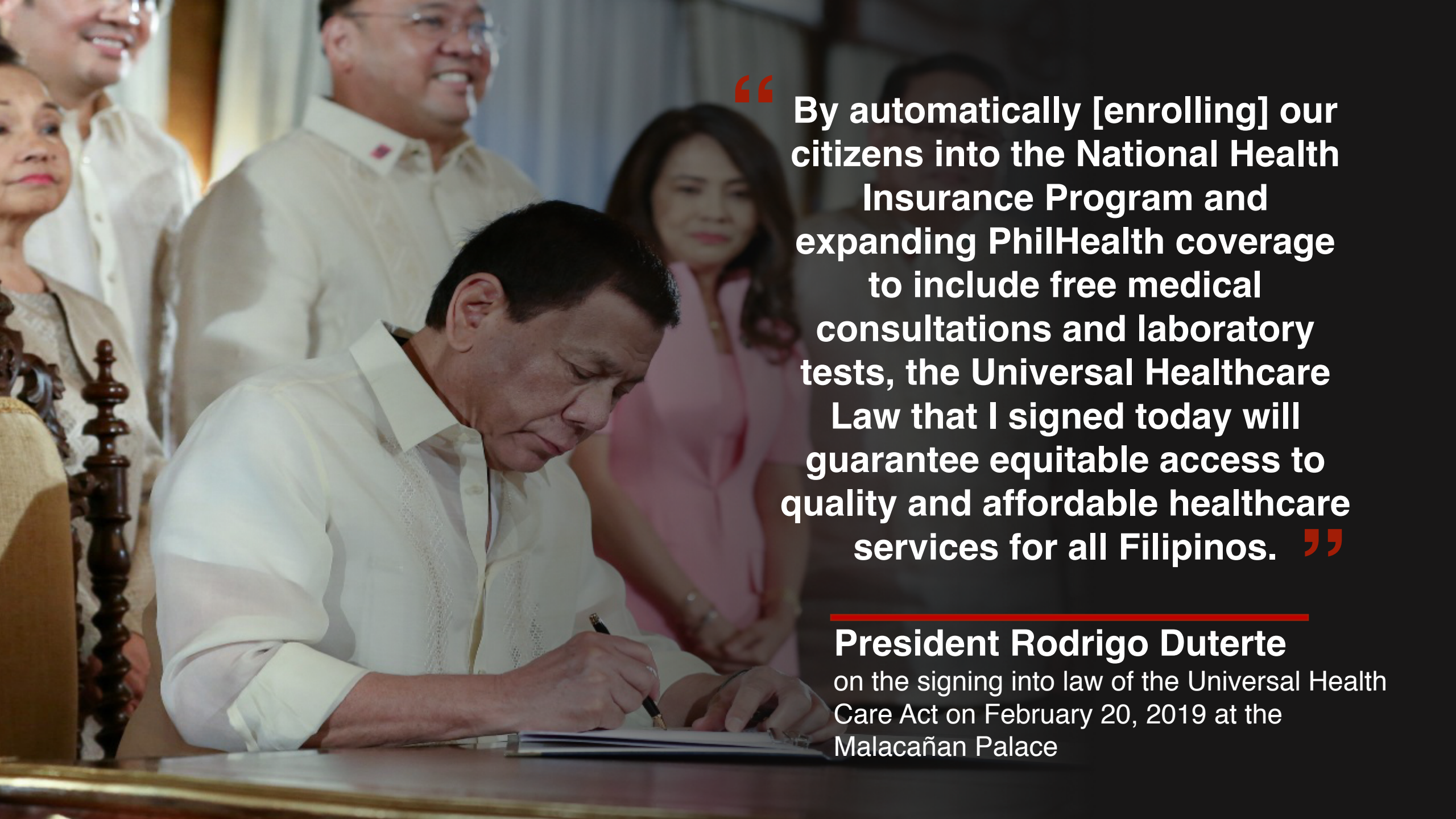
BSP

“...the law bolsters the BSP’s capability to promote the stability of prices and the financial system...

The amendments to the BSP Charter are both timely and attuned to a fast-evolving market landscape. ”

Former BSP Governor Nestor A. Espenilla Jr. said in a statement on the signing into law of Republic Act 11211, or “An Act Amending Republic Act 7653, Otherwise Known as the ‘New Central Bank Act’

Photo Source: Inquirer



“ By automatically [enrolling] our citizens into the National Health Insurance Program and expanding PhilHealth coverage to include free medical consultations and laboratory tests, the Universal Healthcare Law that I signed today will guarantee equitable access to quality and affordable healthcare services for all Filipinos. ”

President Rodrigo Duterte

on the signing into law of the Universal Health Care Act on February 20, 2019 at the Malacañan Palace



“ The Rice Tariffication Law will stabilize rice prices, further push down inflation, and improve the Philippines’ agricultural productivity as well as open the country’s rice market to private traders. This will reduce the pressure of increasing minimum wages as the price of food goes down. ”

Finance Secretary Carlos Dominguez said in a speech before Osaka-based investors at the Philippine Economic Briefing in Osaka, Japan on February 22, 2019

Photo Source: Business World

CONTINUED PURSUIT OF A SIMPLER, FAIRER, AND MORE EFFICIENT TAX SYSTEM FOR ALL

REMAINING PROPOSALS UNDER PACKAGE 1B

This consists of the Motor Vehicle User Charge (MVUC), the lifting of bank secrecy laws, and the automatic exchange of tax information.

PACKAGE 2+ MINING AND SIN TAXES

Increases further the excise tax on both alcohol and tobacco products to provide additional funding for the Universal Health Care (UHC). This also includes increase in the government's share from mining.

PACKAGE 3 PROPERTY VALUATION AND TAXES

Broadens the tax base of property taxes of the national and local governments, thereby increasing government revenues without increasing the existing tax rates or devising new tax impositions.

PACKAGE 4 CAPITAL INCOME AND FINANCIAL TAXES

Rationalization of capital income taxation to address the multiple rates and different tax treatments and exemptions on capital income and other financial instruments.

TAX REFORM PACKAGE 2 MAIN HIGHLIGHTS

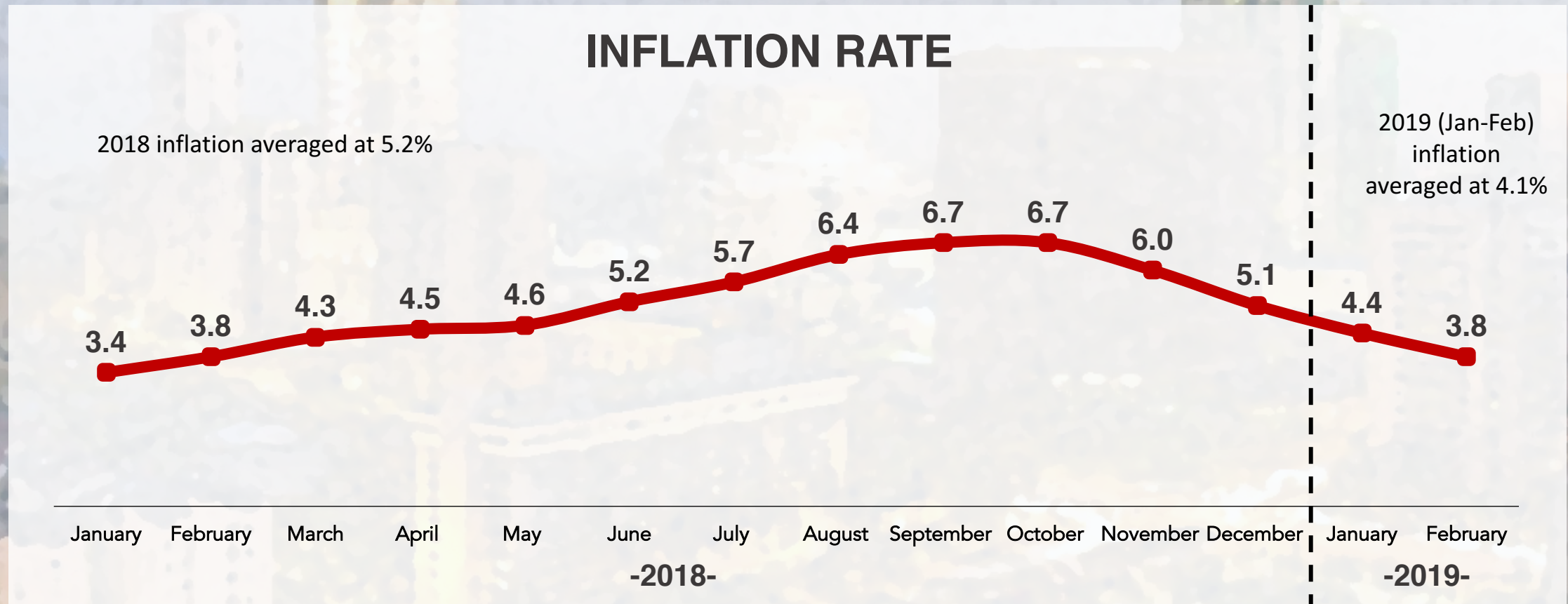
Reduction of corporate income tax rates

This will bring our tax regime closer to the regional average, help us attract investments to fuel our economic growth, and benefit small and medium enterprises that employ the biggest number of Filipinos.

Rationalization of fiscal incentives

This will create a level playing field for our enterprises and attract new players to compete.

INCLUSIVE ECONOMIC GROWTH IS MADE EVEN BRIGHTER BY THE EXPECTED DECELERATION OF OUR INFLATION RATE




Source: Philippine Statistics Authority

An aerial photograph of a city skyline at dusk, featuring several tall skyscrapers and residential buildings. The image is overlaid with a semi-transparent yellow filter. The text is centered over the image.

The Philippines remains one of the
BEST PERFORMING ECONOMIES
in the region and its
OUTLOOK IS STRONG

Photo Source: Justin James Wright (gettyimages)

A group of four young children, likely of Southeast Asian descent, are shown in a close embrace, smiling warmly. The child on the right is wearing a white top with red polka dots. The background is softly blurred, suggesting an outdoor setting. The overall mood is joyful and hopeful.

We aim to bring down poverty incidence from 21.6 percent in 2015 to just **14 PERCENT BY 2022**

Photo Source: Headwaters Relief Organization

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