

# Iloilo airport original-proponent bid review set for completion by Feb. 21

THE Department of Transportation (DoTr) said it is currently reviewing unsolicited proposals for the upgrade and expansion of Iloilo International Airport, with a Feb. 21 deadline set for completing the evaluation of some proposals.

“As far as the unsolicited proposals are concerned, since the PPP (public-private partner-

ship) code became effective, the unsolicited proposals that have an OPS (original proponent status) will be evaluated under the old rules. Deadlines will have to be met by Feb. 21,” Roberto C.O. Lim, Transportation undersecretary for aviation and airports, told reporters.

Last year, President Ferdinand R. Marcos, Jr. signed a measure

that aims to streamline the framework for PPPs.

The PPP Code, or Republic Act No. 11966, amended the Build-Operate-Transfer (BOT) Law to create a unified legal framework for all PPPs at both national and local levels.

In 2023, Aboitiz Infra-Capital submitted a proposal to develop and improve the

Iloilo International Airport.

“Yes, we did (submit a proposal), but we’re second in line. Another firm has OPS which DoTr and the government issued to,” Cosette V. Canilao, Aboitiz InfraCapital, Inc. president and chief executive officer, said in a Viber message.

In 2019, the unsolicited bid of Prime Asset Ventures Inc. (PAVI)

was granted the OPS for its proposal to operate, maintain, and expand the Iloilo International Airport.

The grant of an OPS gives the original bidder the option to match other bidders who may trigger a Swiss challenge.

The Iloilo provincial government website indicates that PAVI was instructed to submit

documents in compliance with the revised guidelines of the BOT law.

“They need to provide updated submissions to comply with the PPP code so that the department can evaluate it and make modifications and proceed to other parts of the negotiations,” Mr. Lim said. — **Sheldeen Joy Talavera**

# Strong bookings point to further growth in int’l outbound travel

OUTBOUND international travel is expected to grow further this year, based on initial bookings data, which point to the likelihood that such trips will surpass pre-pandemic levels, the chairman of an upcoming travel trade show said.

Cris Aquino, president of Travel Proponents, Inc. (Travelpros) and chairman of the 31<sup>st</sup> Travel Tour Expo (TTE) program committee, said that travel agencies are now handling more bookings than they were before the pandemic.

“The bookings have already gone back. Actually, there are even more Filipinos going outbound compared to pre-pandemic,” Mr. Aquino said on the sidelines of the Philippine Travel Agencies Association’s (PTAA) TTE 2024.

“I think it is because most of them felt deprived during the pandemic or are scared that another pandemic will happen again and they will not be able to travel, or maybe some of them were able to save money during the pandemic, which they are now using to travel,” he said.

He said top international destinations are Japan and South



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OUTBOUND international travel is expected to grow further this year.

Korea. However, he said that there is also increased demand for destinations such as Vietnam, Israel and the surrounding countries, and Turkey.

The PTAA at a pre-event briefing projected travel bookings, domestic and international, to grow 20-25% this year due to pent-up demand that had built up during the pandemic.

According to Mr. Aquino, the domestic destinations receiving

strong interest are Siargao, Boracay, El Nido, and Coron. He said that there might be an increase in demand for Batanes if the weather proves favorable.

Tourism Secretary Maria Esperanza Christina G. Frasco said that PTAA’s role of putting together travel and tour packages “has benefited travel agencies, tour operators, partner airlines, small and medium enterprises and hotels and resorts.”

“I am grateful because by inbound travel we contribute to our economy and by outbound travel our travelers contribute through our travel taxes from which we derive all the tourism infrastructure projects that we’ve managed to do in the short span of a year,” she said.

Meanwhile, Ms. Frasco said that the most prevalent request among travelers is clean and decent restrooms in tourist destinations.

“That is why we plan to build tourist rest areas (TRAs) all over the Philippines. We have managed to inaugurate seven and three more will be inaugurated. And then we’re building 20 more TRAs,” she said.

The TRAs have restrooms, information centers, and *pasalubong* gift centers featuring small- and medium-sized enterprises selling Philippine goods.

“By investing in infrastructure to increase the enhanced overall tourism experience, we can assure that our tourists will stay longer and come back again and again,” she added. — **Justine Irish D. Tabile**

# German, Italian chambers expect rising goods prices due to Red Sea ship attacks

By **Justine Irish D. Tabile**  
Reporter

THE GERMAN-PHILIPPINE Chamber of Commerce and Industry (GPCCI) and the Italian Chamber of Commerce in the Philippines said the re-routing of shipping away from the Red Sea will exert upward pressure on goods prices.

GPCCI President Stefan Schmitz told *BusinessWorld* that logistics prices are already rising as shipping lines increase their rates to avoid the Red Sea, a key shortcut for Suez Canal traffic, because of attacks on cargo ships by Yemeni rebels.

“We are looking at about anything, depending on shipping line, 10 to 14 days additional. So we’re talking about millions of dollars per journey and the carriers will not carry the burden, so that means that will go to the (price consumers pay),” Mr. Schmitz said in a chance interview. He added that price increases will vary by product.

“I think (the price impact) will be noticeable to say the least,” he added.

He said that most of the carriers have indicated plans to collect added charges due to the need to take a longer route rounding the Cape of Good Hope in southern Africa.

Mr. Schmitz said the chamber still waiting on how businesses will react to European plans to send in naval vessels to protect shipping.

“We are yet to see whether vessel owners are going to take that offer and change routing. It is still hanging, and with the amount of vessels that we’re seeing going each way, if it’s over tomorrow, then the effect may not be noticeable, but if it

prolongs then surely it will be noticed,” he added.

Germany was the 12<sup>th</sup> largest trading partner of the Philippines in 2022, with total trade amounting to \$4.71 billion in 2022, according to the Department of Trade and Industry.

Of the total, \$2.78 billion are Philippine exports to Germany, while \$1.93 billion are imports from Germany.

Electronics are the top Philippine export to Germany.

The Suez Canal, on the northern end of the Red Sea, accounts for around 12% of global trade or 30% of overall global container traffic.

Italian Chamber of Commerce in the Philippines Executive Director Lorens Ziller said the chamber expects transport costs to double due to the crisis.

“The logistics cost is going to increase to transport goods from Asia to Europe because (shipping companies) said they will not use the canal because of the issues in the Red Sea,” Mr. Ziller said.

“Therefore, we will see an increase in transport costs. I think a container will cost up to \$5,000 and that definitely will make things more expensive, those that go from east to west and the other way around,” he said.

He said that this will be an almost double increase from \$3,000 per container pricing prior to the crisis.

Mr. Ziller said that among the products that the Philippines exports to Europe are raw materials like coconut oil and microchips.

“We have seen that the number one export product (of the Philippines) is microchips, and this makes up the majority of the export and even that is going to be affected right now,” he added.

# Indian market for PHL goods seen at \$566.92M

THE Department of Trade and Industry’s (DTI) Export Marketing Bureau (EMB) urged exporters to expand their presence in India, a potential market for Philippine goods which the EMB estimates at \$566.92 million.

In a statement, the Philippine Exporters Confederation, Inc. (Philexport) said the EMB Assistant Director Jhino Ilano pitched India to exporters, citing that market as an opportunity to be pursued.

Philexport, quoting Mr. Ilano, who was speaking at a

briefing organized by the EMB, said: “There is an opportunity for us to really make our exports higher than what we are importing.”

Mr. Ilano estimated an unrealized market of \$436.96 million for machinery and electronic equipment exports to India, and an unrealized market of \$3.94 million for processed food.

“The best thing to sell to them would be food. Because the major observation is this: people in India are not actually fond of cooking food for themselves be-

cause they are very busy (with work to) maintain a certain lifestyle,” he said.

Meanwhile, Mr. Ilano said that Philippine exporters could also unlock a potential of \$1.4-million Indian export market for personal care and beauty products.

“Indian consumers actually believe that coconut oil has a more moisturizing effect than a usual lotion. So this would tell you that coconut is a very good product that can be sold in the Indian market. Coconut is con-

sidered the tree of life here in the Philippines because nothing is wasted,” he said.

“For Indian color cosmetics, the market is expected to grow stronger than other beauty products. So coloring in terms of the hair, for the skin, they are very fond of it,” he added.

“We have lots of products that would have great potential but sometimes our farming is just focused primarily on specific products so we really need to look at what products can actually sell,” he said. — **Justine Irish D. Tabile**

## OPINION

# Transforming bold vision into a successful IPO journey

(First of two parts)

As the economy continues to recover, many entrepreneurs are contemplating how to raise funds through an initial public offering (IPO) and level up their game. Chief executive officers (CEOs) envision growth and set new goals such as investing for innovation, increasing brand awareness, and improving their companies’ credit worthiness.

In the face of current economic and geopolitical headwinds, rather than asking whether the markets are ready for IPO aspirants, the key question for CEOs pursuing their bold vision is, “What can we do to achieve a successful IPO journey?”

The IPO journey is more than just a financing event — it should be approached as a transformational process. Because this has to be a structured and managed transformation of the people, processes, systems, and culture of an organization, it is crucial for CEOs to perform an IPO readiness assessment and consider the following critical success factors to transform their bold vision into a successful IPO journey.

## EVALUATING STRATEGIC OPTIONS

Even if a company assesses that the current environment is not ideal for fundraising, it can serve as an opportunity to plan and prepare for an IPO or any other strategic transaction. While waiting for significant markets and geopolitical un-

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certainties to settle, executives can embark upon their IPO journey.

Planning for an IPO involves a holistic discussion about the strategic options offered by the capital market. An IPO aspirant needs to design a multi-track approach that covers the options for listing (either direct or dual and secondary listing) as well as other financing methods such as private capital, debt, or a trade sale. Considering an array of exit and funding alternatives in an IPO readiness assessment is critical to achieve flexibility in the timing and pricing of alternatives and to exploit narrow IPO windows.

## EARLY PREPARATION IS KEY

IPO aspirants should begin the IPO readiness process early to allow the pre-listing company to act and operate like a public company at least a year before the IPO. The preparation can start with a comprehensive IPO readiness assessment as a first step, ideally over a 12- to 24-month timeline. The IPO readiness assessment will serve as a diagnostic phase so that CEOs can identify opportunities for the transformation of certain key focus areas.

The IPO readiness process also includes building a strong IPO team with

members from management, the board, and external advisors, among others. External advisors can be composed of bankers, lawyers, auditors, and investor relations advisors.

Assembling a powerful team begins from top management. Institutional investors will look to the CEO, who is mainly responsible for articulating and executing the company’s vision and business strategy, while the chief financial officer (CFO) will likely be focused on investor relations in a public company. A quality management team should also ideally include executives who have experience in IPOs and managing public companies.

## TAKING ON AN INVESTOR’S PERSPECTIVE

A successful IPO can be characterized by a compelling equity story that captures the appetite of institutional investors. Hence, it is vital for CEOs to approach their IPO journey from an institutional investor’s perspective. Institutional investors mainly influence the movement in stock prices and include mutual funds, hedge funds, banks, insurance companies, pension funds, larger corporate issuers and other corporate finance intermediaries.

IPO aspirants need to recognize the need for enhanced corporate governance, recruiting qualified non-executive board members, improving internal controls, and forming a qualified audit committee. This also includes the need

to fine-tune internal business operations through working capital management, proactively addressing regulatory risks and rationalizing the business structure.

Given the increased stakeholder demand for sustainability, IPO candidates must also be able to clearly articulate and demonstrate an embedded environmental, social and governance (ESG) strategy and culture, from climate change mitigation initiatives to promoting board and management diversity.

## STRONG PERFORMANCE TRACK RECORD

Investors usually base their IPO investment decisions on financial factors, especially debt to equity ratios, revenues, return on equity (RoE), profitability and earnings before interest, taxes, depreciation, and amortization (EBITDA). This also includes the capability of IPO candidates to comply with new financial and sustainability reporting standards and securities regulations.

IPO investment decisions may also be based on non-financial factors, including the quality of management, corporate strategy and execution, brand strength and operational efficiency, and corporate governance.

IPO candidates should also focus on profitability and cash flows or articulate a clear path to profitability. They must craft a compelling equity story backed by a strong track record of growth that sets their company apart from their

peers while maximizing value for their stakeholders.

## TRANSFORMATIONAL IPO JOURNEY

Although an IPO is a key turning point in the life of a company, market leaders should not treat an IPO as a one-time financial transaction — they must approach it as one defining step in a complex transformational journey from a private to a public company.

While IPO aspirants need to be cautious given the challenging capital market environment, CEOs must focus on preparing an equity story that addresses the concerns of institutional investors. This transformational process begins with IPO readiness and ample internal preparation, aiming towards a successful IPO journey even with the fleeting market window of opportunity.

The second part of this article will discuss additional elements that can contribute to the success of an IPO journey.

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