



**Presentation to the
Ceramic Industry Club of Asean**

July 29, 2011

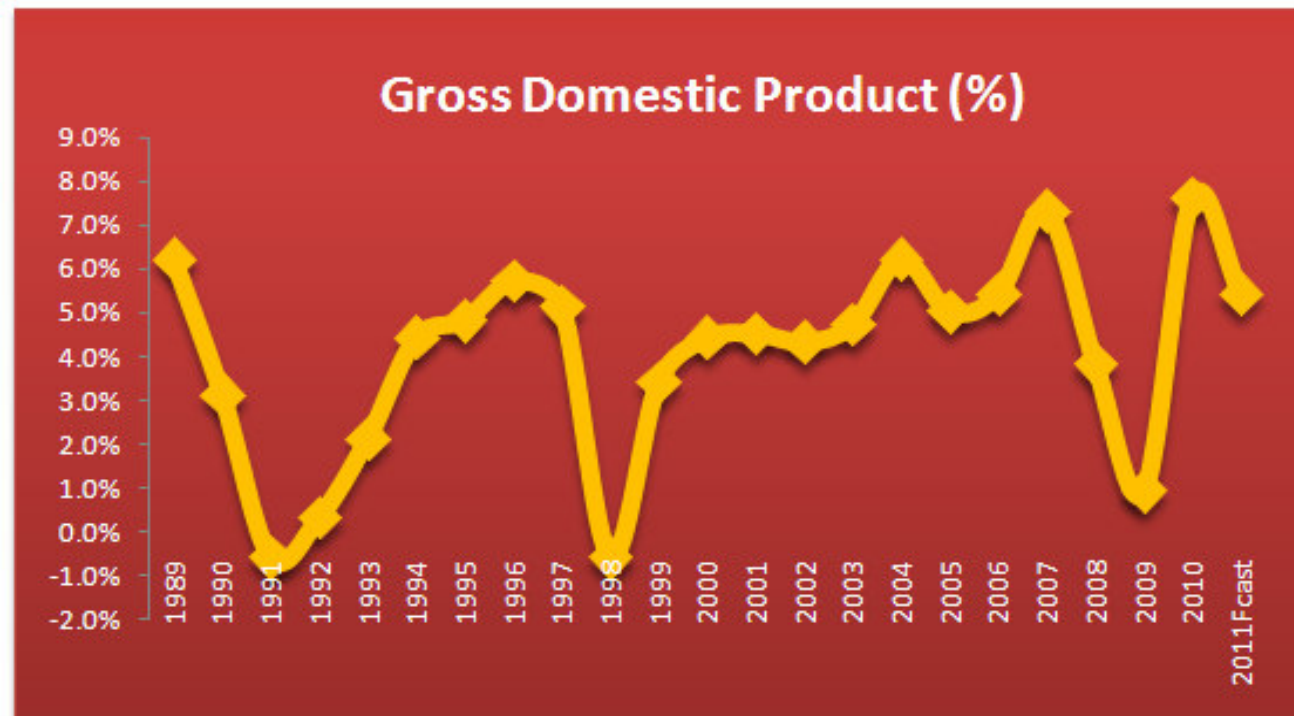
Presentation Outline:

- ** The Philippine Economy in a snapshot**
- ** Philippine Real Estate/ Property Market**
- ** Philippine Ceramic Tile Industry**

The Philippine Economy



The prospects for the Philippine economy remain favorable as the fundamentals for a strong domestic-led expansion are still in place.

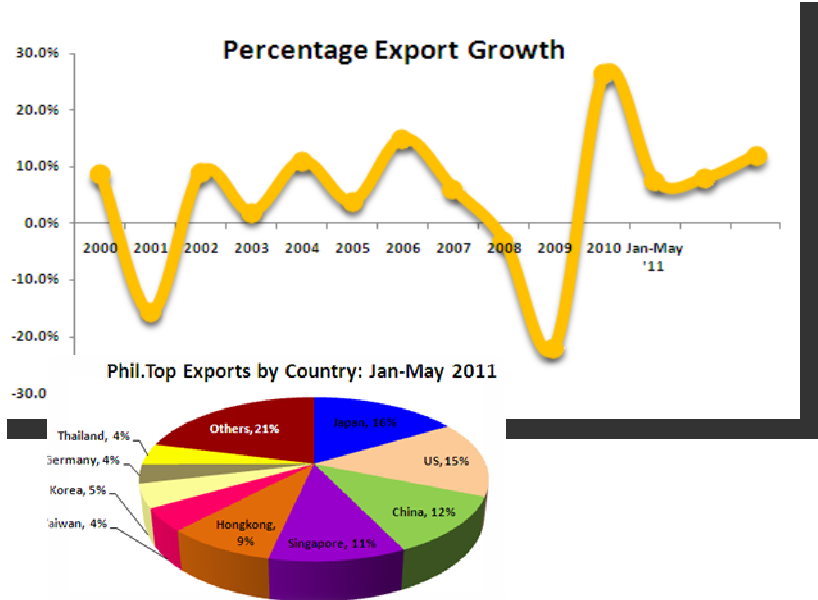
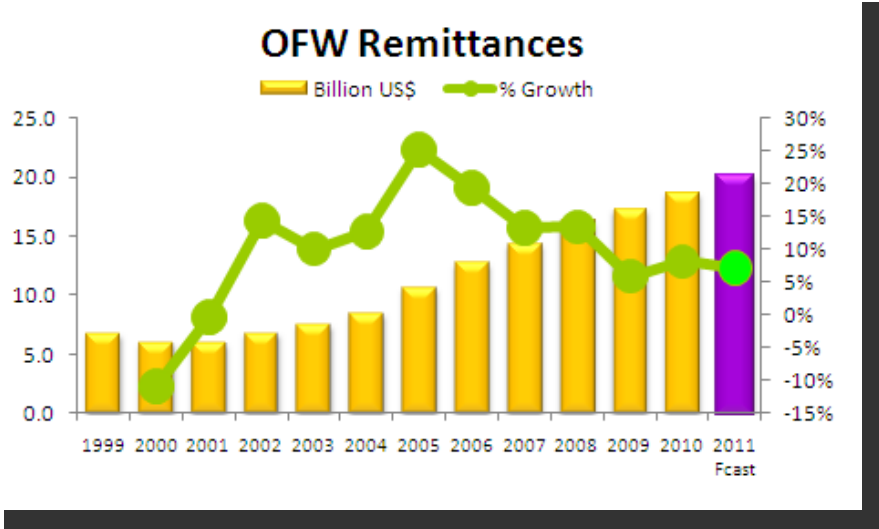


The Philippine Economy

The economy's growth drivers...

OFW remittances maintained positive growth despite political unrest in the MENA states and disaster in Japan. However, the growth in remittances is showing a slow down.

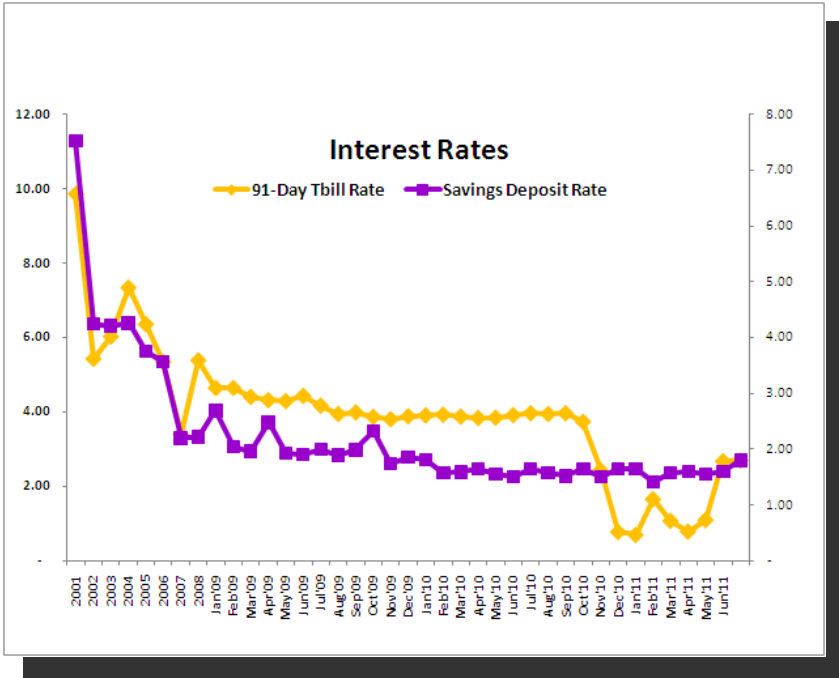
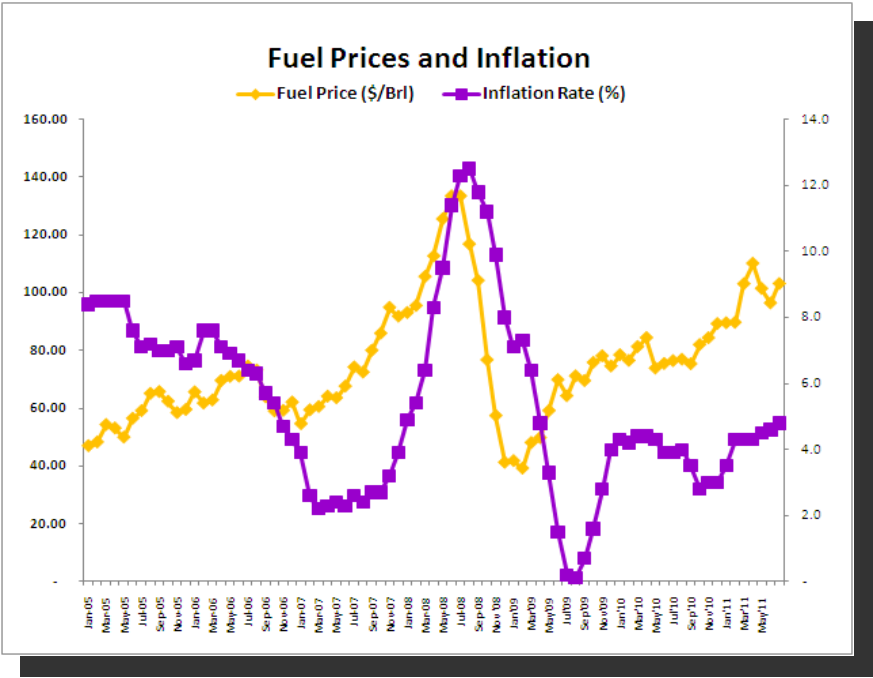
Exports eased up but is seen to recover due to potential boost in exports as Philippine companies and workers take part in the reconstruction of affected areas of the Japan tsunami disaster.



The Philippine Economy

Fuel prices continue to increase causing inflation to escalate. **Inflation** remains a major concern as fuel prices is projected to continue to accelerate.

With an elevated inflation forecast, the country's Central Bank is seen to tighten its monetary policy and raise **interest rates** to better manage inflation expectations.

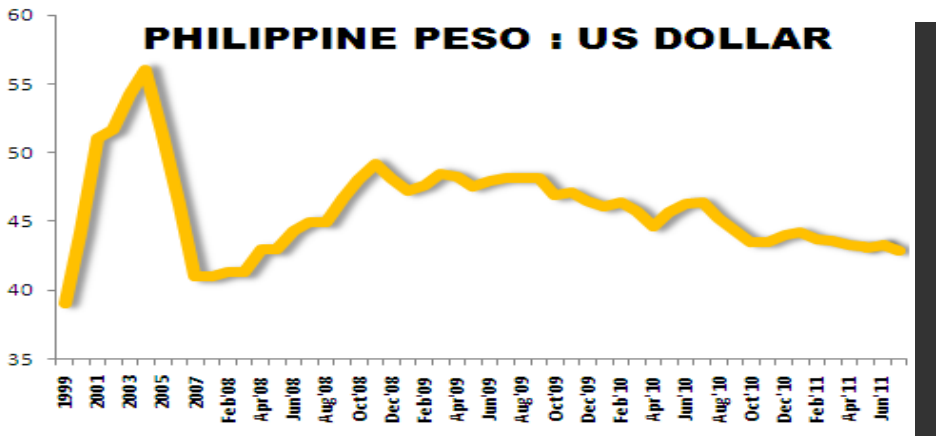


The Philippine Economy

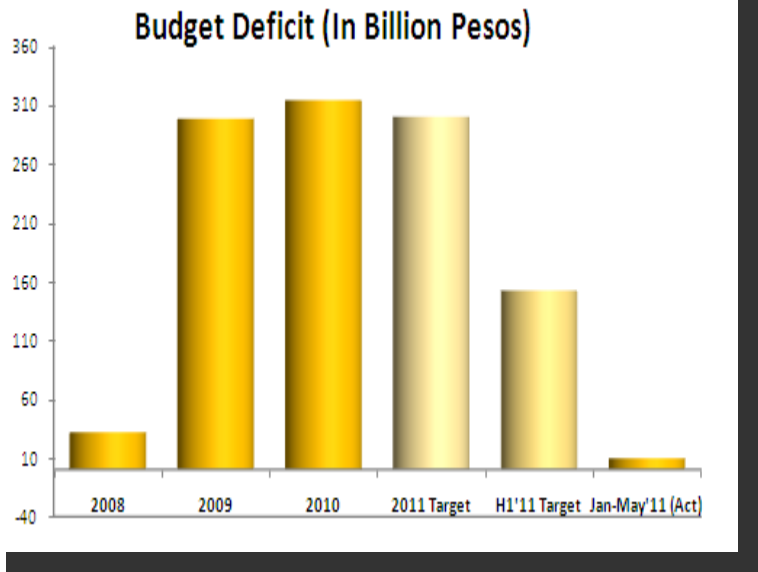
Foreign inflows from investments continue to come in. And Gross International Reserves (GIR) was able to sustain its increase.

With strong dollar inflows to support the peso, businesses expect a continuing appreciation of the peso against the dollar. The Philippine Central Bank may also allow further currency appreciation to contain price pressures.

Meanwhile, the Philippines' debt rating have been raised to Ba2 from Ba3 as the country was able to reduce its budget deficit.



Philippine Report to CICA
July 29, 2011



The Philippine Economy

The general economic outlook improved markedly. However, the Philippines must sustain the reform momentum in order to catch up with its regional competitors, improve employment opportunities, and alleviate poverty.

Philippine Real Estate/ Property Market

The Real Estate sector is a major contributor of growth and is currently at a high point. The government's policy outlook and provision of infrastructure, along with an improved availability of credit have benefited the Real Estate sector.

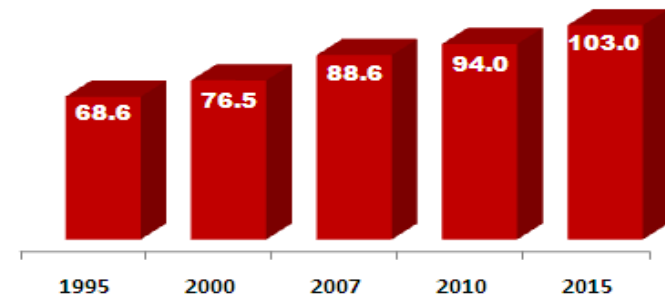
Among the growth drivers of the industry are:

Residential housing

There is continuous demand for residential housing brought about by the rapid population growth of the country. In addition, demand for residential housing is fuelled by low interest rates, accessible financing scheme and prudent lending standards.



Population Count (In Million)



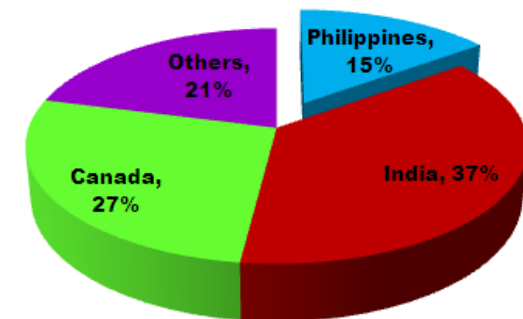
Philippine Real Estate/ Property Market

Business Process Outsourcing (BPO)

The BPO industry in the country is experiencing a boom and the Real Estate sector is benefiting from it due to the increasing demand from the office building sector.

World Bank has ranked the Philippines as the 3rd largest BPO player in the world.

BPO Market Share by Country



Retirement Industry



This is a new growth driver of the real estate sector. Investments in this industry are increasing due to strong interest from foreign buyers as well as from Filipinos working/ staying abroad who would like to secure their future.

Philippine Real Estate/ Property Market

Stimulating and making the Philippine real estate market more attractive is the newly implemented *Real Estate Investments Trust (REIT)*.

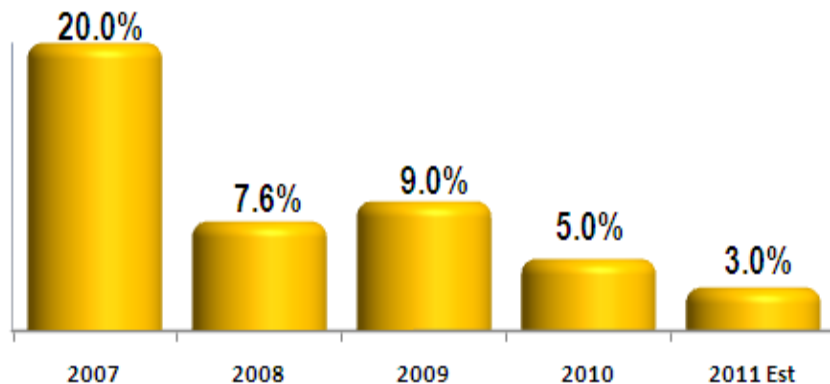
- REIT is expected to increase market liquidity.
- REIT corporations are entitled to several tax incentives.

Philippine Ceramic Tile Industry

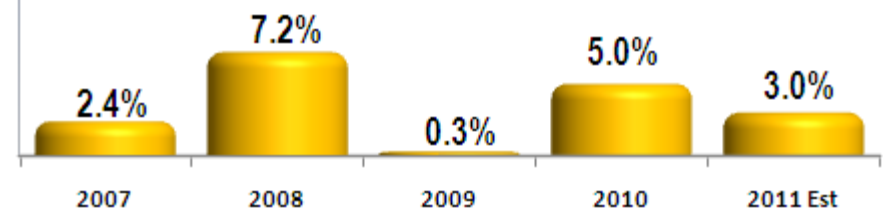
The growth of the Philippine Ceramic Tile Industry is hinged on the growth of the Construction Industry, which is an allied industry of the Property Sector.

- The construction business in the Philippines have posted positive growth and is expected to sustain this positive growth.

Philippine Construction Industry Growth



Philippine Ceramic Tile Market Growth

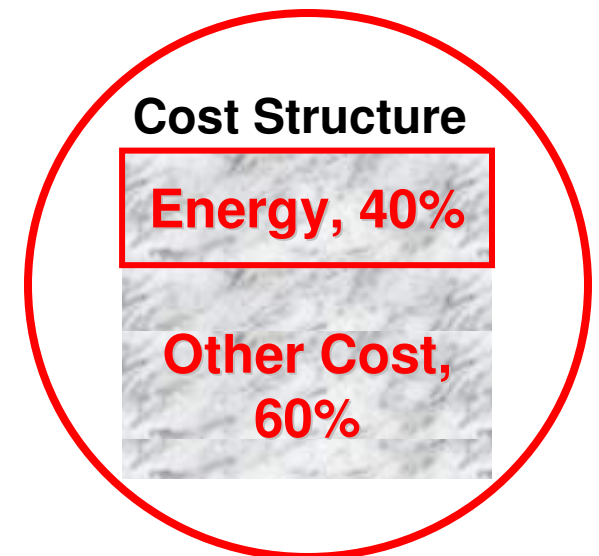


Philippine Ceramic Tile Industry

The Philippine Ceramic Tile Industry have to prepare for the challenges ahead, among which are:

- **Adjustments in trade barriers in relation to the Free Trade Agreements with other countries.**
- **The unpredictable fuel oil prices**

Ceramic tile manufacturing is energy intensive. Energy accounts for almost 40% of the total manufacturing cost of ceramic tiles. Thus, any movement in fuel prices would have significant impact on the operation of tile manufacturers.



Philippine Ceramic Tile Industry

The Philippine Ceramic Tile Industry is prepared to face these challenges and would continue to survive any crisis.