POWERCLUB

A MERALCO PUBLICATION | JULY 2016

THE LUMINARIES

TRAFFIC HORRORS
Seeking solutions to Metro Manila's monstrous congestion

ARE YOU NOT ENTERTAINED?
Examining the expanding popularity of arenas and concert venues springing up all over

A BIGGER POWER BASE
A new metropolis is energized by Clark Electric Distribution Corp.

POWER TO THE PEOPLE

With the eyes of the world upon us, the Filipino people chose a new President and a new future. The elections were remarkably well-organized and relatively peaceful. The results were clear and largely conclusive.

I am proud of the role Meralco played in ensuring the smooth conduct of elections within our franchise area. Through an information campaign, we taught election volunteers to prevent the overloading of electrical systems at voting precincts. The Department of Energy also invited us to share our election preparations activities with other private distribution utilities and power cooperatives in Mindanao and Visayas. Our service crews were on standby, along with over 200 generator sets and 400 floodlights as back-up in case of power interruptions.

Regardless of whom you or I voted for, the transparency of the results makes it easier for President Rodrigo R. Duterte to exercise his mandate. Among his many challenges is the need to formulate energy policies that power economic growth.

The fragmented energy sector counts more than 140 distribution utilities in the Philippines, many of which cannot maintain, much less upgrade, their infrastructure. The approval processes for much-needed power plants must be shortened and standardized across the country. Laws must be reviewed to allow increased foreign ownership in the energy industry. A proper framework to encourage renewable energy, balanced with customer interests, must be developed.

To encourage and inspire businesses to work with the new administration in advancing our economy, we continue to advocate our Meralco Luminaries program. This recognizes top small, medium and corporate partners for their contribution to nation building, in partnership with Meralco.

Whatever direction the new administration takes, the expectations of all Filipinos remain high: for a country where opportunity, prosperity, and justice are truly available to everyone.

Alfredo S. Panlilio
Senior Vice President and Head,
Customer Retail Services and
Corporate Communications

LIGHTING THE WAY AHEAD

Every year, we at Meralco honor Outstanding Partners in the public and private sectors through the Meralco Luminaries Awards. With the categories of Commercial and Industrial Corporations, Local Government Units, and Small and Medium Enterprises, the Luminaries Awards celebrate achievement and success.

For 2016, we are pleased to recognize six dynamic companies: Pepsi-Cola Products Philippines Inc., Styrotech Corp., Republic Cement and Building Materials Inc., McDonald's Philippines, International Container Terminal Services Inc., and Ayala Land, Inc.

These companies possess a relentless drive for excellence, contributing to the remarkable growth of our economy and uplifting the lives of Filipinos across the country.

With vibrant business activities and rising living standards come an increasing appetite for live entertainment, events, conventions and exhibitions. This remarkable growth in turn spurs the expansion of state-of-the-art sports stadiums, arenas and convention centers, not just in the number of new venues but also in seating capacity.

But just as in any emerging economy, the downside to the country's rapid growth is Metro Manila's persistent traffic congestion. The Management Association of the Philippines is one of the business organizations tasked to help solve it, with some degree of success. However, it will be up to President Rodrigo R. Duterte's administration to find long-term solutions to this, and other national issues.

It is the success of the last election – in particular, the anticipated peaceful, orderly transfer of power – that keeps me optimistic about solutions to the Philippines's many problems. So long as we work together civilly under the rule of law, we can continue to look forward to a bright future for our country.

Victor S. Genuino
Vice President and Head,
Corporate Business Group

Photography by **Jun Pinzon** Grooming by **Arlene Adto**

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***Erratum:** In the Power Club Q1 2016 issue ("The Big Bosses Cast Their Votes"),* **David Chua** *was named the Chief Operating Officer of Cathay Pacific Steel Corp.; he is the Chief Executive Officer.*

What's inside

The Meralco Luminaries of 2016: Styrotech Corp. Vice President and Chief Operating Officer **Jimmy S. Ting**; *Ayala Land, Inc. President and Chief Executive Officer* **Bernard Vincent O. Dy**; *Pepsi-Cola Products Philippines Inc. President* **Furqan Ahmed Syed**; *International Container Terminal Services Inc. Senior Vice President and Head, Asia Pacific Region* **Christian R. Gonzalez**; *McDonald's Philippines President and Chief Executive Officer* **Kenneth S. Yang**; *and Republic Cement Country Chief Executive Officer* **Don H. Lee**

Decongesting Traffic One Kilometer at a Time

by Cai Ordinario

Metro Manila's horrendous gridlock calls for a multitude of solutions.

As torrents of rain filled the streets, 43-year-old Madel Maputi squirmed in her seat. She was helplessly stuck in an hours-long ride, on a Cavite-bound bus that felt like it had parked on Coastal Road.

Traffic was at a standstill; it took her two more hours to arrive home for a much-needed restroom break, and to be with her children.

Maputi recalls, "Five hours *bago ako nakauwi, mga* 1 a.m. *na. Gusto kong umihi pero hindi pwede. Pagdating ko, tulog na mga anak ko. Gusto ko na mag-*resign *nu'n. Nakakaiyak.*" ("It took me five hours to get home, it was about 1 a.m. already. I needed to urinate but couldn't. My kids were already asleep when I arrived. I felt like quitting my job back then. I could cry.")

Photography by **Dakila Angeles** and **Albert Labrador**
Grooming by **Fennie Tan**

For six years, she has been commuting to her job at the Ortigas Center in Pasig from Imus, Cavite, which through the quickest route is roughly 28 kilometers away via Daang Hari. Her daily ride typically takes five to six hours, depending on the traffic. Leaving home at 7 a.m. would make her late for work, which starts promptly at 9:30 a.m. Leaving work at 6:30 p.m. gets her home at 9:30 p.m. or later.

"'*Yung bunso, minsan nakakatulog na hindi kumakain kasi, gusto, kasabay ako. Mahirap din*," Maputi laments. ("It's difficult; sometimes my youngest child falls asleep hungry, waiting to have dinner with me.")

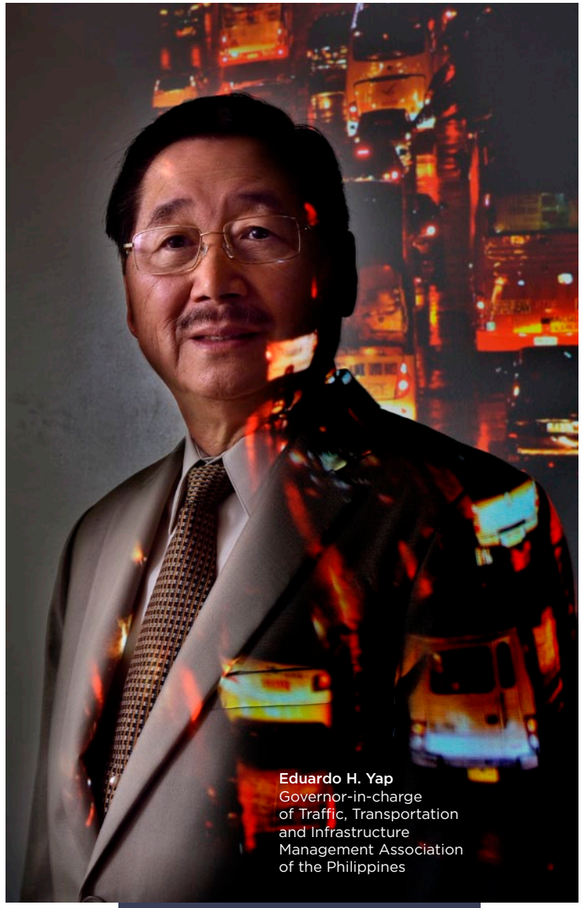
Not 'fatal'?

Hers is just one of countless horror stories about heavy traffic, which has become the new normal in Metro Manila, or the National Capital Region (NCR). Gridlock may be "not fatal," as it was infamously dismissed in 2015 by then-Secretary of Transportation and Communication Joseph Emilio A. Abaya III, but it wastes precious time that commuters can spend with family.

Governor-in-charge of Traffic, Transportation and Infrastructure Eduardo H. Yap of the Management Association of the Philippines (MAP) sees another angle. He points to the significant economic costs of this crisis: up to P576 billion in lost fuel, productivity, and income opportunities.

Increased air pollution puts public health at elevated risk, and persistent traffic congestion forces the government to dip into foreign-exchange reserves for fuel, vehicles, and automotive parts.

Yap believes that, while Metro Manila traffic is worse than that of neighbors such as Singapore and Bangkok, the situation is "critical, but not hopeless. The MAP offers a holistic approach [to the problem], a total approach. No solution should be left out."



Eduardo H. Yap
Governor-in-charge of Traffic, Transportation and Infrastructure Management Association of the Philippines

> 'The situation is critical, but not hopeless...no solution should be left out.'

Megacity woes

Rapid urbanization fuels the NCR's increases in size and in population. The megacity occupies 611 square kilometers of sprawl, home to around 12 million people. Data from the Philippine Statistics Authority reveals that Metro Manila's population jumps by around two million every decade.

This growth is partly from new births but largely due to local migration, as the city is regarded as a locus for decent employment. The NCR accounts for the largest share of the country's gross domestic product growth, at least 30 percent, according to former Socioeconomic Planning Secretary Arsenio M. Balisacan.

The United States Agency for International Development estimates the NCR's daytime population swells to around 22 million, from an influx of workers like Maputi commuting from outlying provinces. "With such a large daytime population," Yap stresses, "you need all systems in place and efficiently working."

Meanwhile, no policies discourage multiple-car ownership, such that annual vehicle sales steadily increase by 20 percent. The absence of an organized mass-transport system allows all manner of inefficient, ad-hoc alternatives to add to the traffic snarl.

The traffic crisis, Yap is convinced, is tied to behavioral and structural causes. Poor road discipline comes from the motorists' me-first attitude, and structural deficiencies explain the lack

of governance, poor infrastructure, and "urban (mis)development." How, then, to slay this urban dragon?

Idiot-proofing the streets

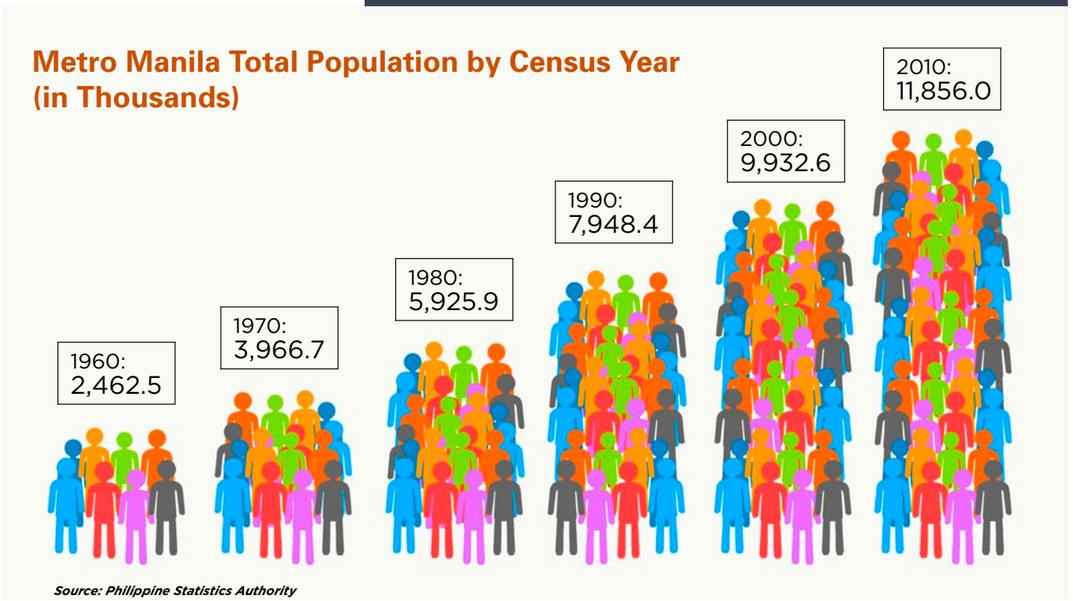
Yap outlines the NCR's need for three Es: Engineering, Education, and Enforcement. Some MAP recommendations were already used by the Aquino administration, including road-barrier placements and the brief return of the Highway Patrol Group (HPG) on Edsa, the city's main avenue.

The HPG briefly handled the traffic management of the congested Edsa thoroughfare, taking over from the beleaguered Metro Manila Development Authority (MMDA). Although this initially produced good results, it was impractical to keep the HPG on Edsa 24/7. Yap recalls this problem was addressed by one of the three Es – engineering – with concrete barriers set up to instill order in the streets.

"We need to idiot-proof," Yap says bluntly, "[to discourage] unruly drivers [from] wantonly obstructing traffic. [Now] vehicles stay on their lane; you don't see buses anymore swerving to the other three lanes."

Maputi agrees that the lane barriers helped smooth out her Edsa travel on her morning and evening commutes. And yet this tactic is clearly not enough.

Yap urges the Duterte administration to resolve the location of the common station that will link MRT 3 to LRT Line 1 and the future MRT 7.



To enforce re-education, Yap suggests that the government retrain all bus drivers, who often make traffic-law enforcement difficult. More permanent solutions are desperately needed, such as transportation- and road-related infrastructure.

Mass transport is king

MAP proposes, in its selection criteria, transport systems that "include organized operation, propulsion that does not produce air-polluting exhaust emissions, user-friendly conveyances with ramps for wheelchair-bound persons and low floors for easier, safer boarding and disembarking [to] enable quicker turnaround time."

Yap suggests "heavy rail" systems to carry more commuters, like a subway on Edsa. He also recommends the creation of another at-grade Edsa mass transport facility, such as a bus-rapid-transit (BRT) system or a long, articulated bus train to carry as many commuters as the Metro Rail Transit System (MRT) 3 does. Other options can involve reviving electric trams and maximizing the city's underutilized river transport systems.

He urges the Duterte administration to resolve the location of the common station that will link MRT 3 to the Light Rail Transit System (LRT) Line 1 and the future MRT 7, which will connect North Caloocan to San Jose del Monte in Bulacan province.

The P65-billion South Extension project involves the Light Rail Manila Corp., the consortium of Metro Pacific Investments Corp., Ayala Infrastructure, and Macquarie Capital. It is expected to transport about 800,000 passengers daily from the Baclaran Station to the proposed Niyog Station in Bacoor, Cavite.

Work should also begin on the LRT Line 2 extension to Masinag in Antipolo. Yap insists these should intersect at "an intermodal terminus station," for safe and convenient interconnections to other modes of transport.

These systems should also be linked to park-and-ride facilities, as an incentive for car owners to take public transport. Connected greenways will encourage walking and bicycling and reduce pollution. Similar greenways in Guangzhou, China feature bike-sharing facilities attached to BRT stations.

Government accountability

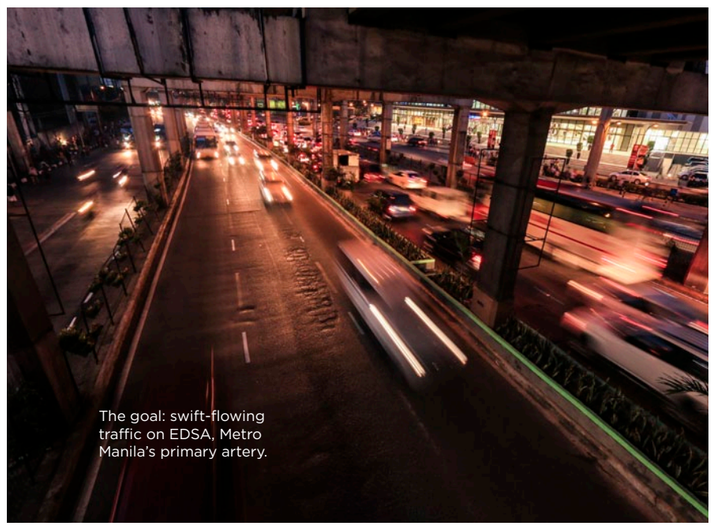
Other railways must address the movement of long-haul travelers and commuters like Maputi. This includes the North-South Commuter Railway, to connect the northernmost part of Luzon to the southern edge of the island. Such a rail system can help spur development in provincial towns and cities, and further help decongest Metro Manila.

Rather than rely on rail and other mass-transport solutions, Yap encourages the government to use technology to minimize human intervention in traffic management and reduce opportunities for corruption. The MMDA's no-contact apprehension program, which began in April, uses CCTV cameras to spot and fine errant motorists.

No single solution exists to solve Metro Manila's traffic congestion, but political will is vital. Since he believes insufficient government intervention exacerbates the city's gridlock, Yap underscores the need for a leader willing and able to make necessary changes.

It's clear the new administration has its work cut out for it, since merely holding the Aquino administration to account does nothing to ease the daily torment of commuters like Maputi.

"Government negligence gave way to anarchy on the road," concludes Yap. "[With] a President who is action-oriented, I think we will see a lot of improvements."



The goal: swift-flowing traffic on EDSA, Metro Manila's primary artery.

A Night to Shine

BY ESMI BARRERA

Outstanding leaders are honored at this year's Luminaries Awards.

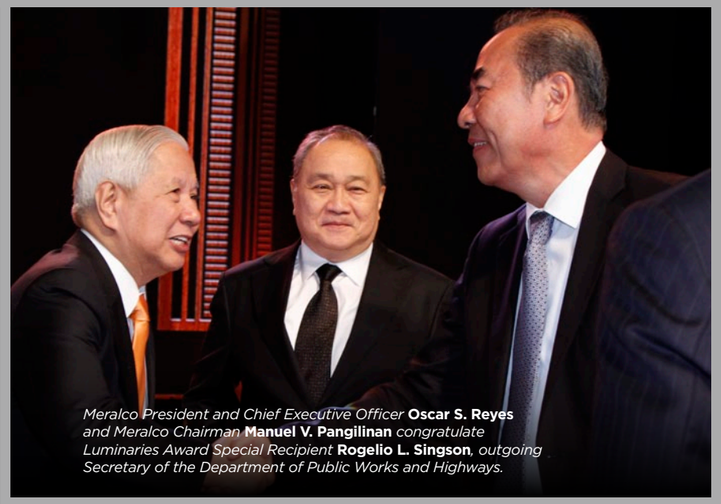
The Commercial Luminaries of 2016: With **Oscar S. Reyes**, *ICTSI Commercial Director* **Christian Lozano**; *Ayala Land, Inc. President and CEO* **Bernard Vincent O. Dy**; *McDonald's Phils. President and CEO* **Kenneth S. Yang**; *and Meralco SVP and Head, Customer Retail Services and Corporate Communications* **Alfredo S. Panlilio**.

The Industrial Luminaries of 2016: With **Oscar S. Reyes**, *Styrotech Corp. VP and COO* **Jimmy S. Ting**; *Republic Cement Country CEO* **Don H. Lee**; *Pepsi-Cola Products Phils. Inc. President* **Furqan Ahmed Syed**; *and* **Alfredo S. Panlilio**.

The dark, polished wooden panels in the spacious lobby of the Meralco Lopez Building seem to disappear behind white curtains; instead, divans, low tables, ottomans, and settees fill the space. Elegant women attired in 1920s flapper dresses circulate among the guests, while at the center of the lobby, a grand piano accompanies the soothing songs of French-Filipina chanteuse, Emmanuelle Adda. It's a scene straight out of F. Scott Fitzgerald's "The Great Gatsby."

This was the setting for the 5th Luminaries Awards, held on March 8 at the headquarters of the Manila Electric Co. (Meralco). Here, top corporate bosses and government heads gathered to celebrate outstanding partnerships in business, energy, and public service, marking collaborations that have furthered best practices, thought leadership and nation building.

"We are all agents of innovation and change; sustained change for a brighter Philippines and a brighter future for all," declared Meralco President and Chief Executive Officer Oscar S. Reyes in his statement at the start of the awarding ceremonies at the Meralco Theater. By highlighting these achievements, Meralco hopes to inspire and encourage others to do the same. The showcase platforms included Community Electrification, Meralco's Peak/Off-Peak program, electric-vehicle charging stations, and power quality consultations. Meralco chairman Manuel V. Pangilinan closed the awards presentation by paying tribute to the small and medium enterprises and the role they play in building the Philippines's robust economy.



Meralco President and Chief Executive Officer **Oscar S. Reyes** *and Meralco Chairman* **Manuel V. Pangilinan** *congratulate Luminaries Award Special Recipient* **Rogelio L. Singson**, *outgoing Secretary of the Department of Public Works and Highways.*

The evening's high point saw Luminaries Awards given to six Corporate partners: Ayala Land, Inc., McDonald's Philippines, and International Container Terminal Services Inc. for Commercial Corporations; and Pepsi-Cola Products Philippines Inc., Republic Cement and Building Materials Inc., and Styrotech Corp. for Industrial Corporations.

Rogelio "Babes" L. Singson, outgoing secretary of the Department of Public Works and Highways, received a Special Award for his agency's outstanding achievements.

The night came to a close with a rousing rendition of Queen's "We are the Champions," delivered by a panoply of top Filipino singers such as Jett Pangan, Jed Madela, Charice Pempengco, and Rico Blanco, accompanied by the Meralco Chorale and the G-Force dancers.

Photography by **RR Barretto**, **Cos Coscoluella** and **Jun Pinzon**

Alfredo S. Panlilio *presents* **Christian Lozano** *with the 2016 Commercial Luminaries award.*

Don H. Lee *and President* **Renato C. Sunico** *of Republic Cement & Building Materials Inc. pose with their 2016 Industrial Luminaries award.*

Furqan Ahmed Syed *with* **Jimmy S. Ting** *and wife,* **Lynn.**

Bernard Vincent O. Dy *with Philippine Economic Zone Authority Director-General* **Lilia B. de Lima** *and Meralco VP and Head, Corporate Business Group,* **Victor S. Genuino**.

The Luminaries Awards Night closes with a spectacular rendition of Queen's "We Are The Champions."

Social Security System President and CEO **Emilio S. de Quiros Jr.**, *Waltermart AVP and Head of Engineering* **Ric Santos**, **Oscar S. Reyes**, *Meralco AVP and Head, Corporate Business Technical Support Group* **Alex Cabugao**, *and Ateneo de Manila University VP for Finance and Treasury* **Jose F. Santos**

Meralco Utilities Team Leader **Gilbert Valle**, *Meralco Relationship Manager* **Joy Mendoza**, *with chief executive officer of D.M. Wenceslao and Associates Inc. and president of Aseana Holdings Inc.* **Delfin Angelo C. Wenceslao** *and* **Redel Domingo**, *Meralco AVP and Head, Private Sector Relationship Management.*

The Meralco Luminaries of 2016: Country CEO **Don H. Lee**, *Republic Cement; Commercial Director* **Christian Lozano**, *International Container Terminal Services Inc.; President, and CEO* **Bernard Vincent O. Dy**, *Ayala Land, Inc.; Meralco President and CEO* **Oscar S. Reyes**; *Meralco Chairman* **Manuel V. Pangilinan**; *VP and COO* **Jimmy S. Ting**, *Styrotech Corp.; President* **Furqan Ahmed Syed**, *Pepsi-Cola Products Philippines Inc.; President and CEO* **Kenneth S. Yang**, *McDonald's Philippines; outgoing Public Works and Highways Secretary* **Rogelio L. Singson**, *a Special Award recipient; and Meralco SVP and Head, Customer Retail Services and Corporate Communications* **Alfredo S. Panlilio**.

Kenneth S. Yang *with wife* **Cindy**.

Philippine International Convention Center General Manager **Renato B. Padilla**, *Meralco Head, Public Sector Relationship Management* **Geralyn Solidum**, *and Bangko Sentral ng Pilipinas Governor* **Amando M. Tetangco Jr.**, *with wife* **Elvira**.

Manuel V. Pangilinan *with Philippine Star President and CEO,* **Miguel Belmonte**.

Univeristy of the Philippines President **Alfredo Pascual** *with Meralco RMs* **Emmanuel Avena** *and* **Aquilino Santiago III**

Oscar S. Reyes *with Enderun Colleges President* **Dr. Edgardo Rodriguez** *and Samsung Electro-Mechanics Philippines President* **Sang Hyuk Kim**.

Vice President **Darwin Salipsip** *and President* **Dan Abando** *of Makati Development Corp., with Ortigas and Co. president and Ayala Land, Inc. chief finance officer,* **Jaime Ysmael**.

Emmanuelle Adda *serenades arriving guests at the Meralco Lopez Building lobby.*

Flowing from Fizzy to Crunchy

BY MC SANTOS

PEPSI-COLA PHILIPPINES LOOKS TO PLEASE PALATES IN SIPS AND BITES.

Furqan Ahmed Syed
President
Pepsi-Cola Products
Philippines Inc.

Photography by **Jun Pinzon** and **Cos Coscoluella**
Grooming by **Fennie Tan**

Refreshing, ice-cold and tasty are the first things most people think of when it comes to Pepsi-Cola; not crispy, crunchy and delicious. But with the opening of a 9,800-square-meter snacks plant in Cabuyao, Laguna, it's fully possible now for Filipinos to enjoy another world-class brand, Cheetos.

Indeed, Pepsi-Cola Products Philippines Inc. (PCPPI) looks to reap the benefits from a burgeoning economy and a consumer culture open to new tastes. "In the last few years, the company experienced phenomenal growth," declares PCPPI President Furqan Ahmed Syed.

"The last five years the company has continued to grow at a healthy double-digit compound annual growth rate; it has expanded its profits, distribution and market share, with gross revenues hitting US$700 million (P32.34 billion)."

Encouraging a healthy appetite

What drives this brisk growth is sales from a pantheon of well-known brands such as Pepsi-Cola, Mountain Dew, 7-Up, Gatorade, Tropicana, Mirinda, Mug, Sting, and Premier. These are manufactured in 13 facilities spread across the country in Luzon, Visayas and Mindanao. The snacks plant that opened in October 2015 adds Cheetos Cheese- and Jalapeño-flavored snacks.

"We look at all consumer insights," Syed explains, "to form our portfolio and give consumers a diverse set of choices. We're looking to bring [in] flavors from all around the world, and [add] favorite Filipino flavors."

Although he observes more and more Filipinos "are keen on getting into fitness and healthier lifestyles," he sees no threat to PepsiCo's traditional brands. In fact, he is excited about the opportunities this creates for PCPPI.

"Our carbonated beverages remain our heritage brands," he explains, "[but] we believe in giving our consumers a diverse set of choices. So we have hydration offerings like Gatorade and Propel, juice drinks like Tropicana and iced-tea offerings like Lipton. The Philippines is among our most important growth markets for our Liquid Refreshment Beverage segment."

Having more local impact

The company will expand its market reach within the Philippines, Syed adds. "Aside from giving more choices to existing consumers, we want to reach out to more consumers by expanding into the rural markets."

Part of PCPPI's growth strategy involves manufacturing the bulk of its products in the Philippines to keep its snacks and drinks more affordable.

"We're aggressively expanding our business here," Syed affirms. "At our new plant in Sto. Tomas, Batangas, which opened in 2014, all the products it manufactures are for local consumption."

The company operates 13 in-house manufacturing facilities and several toll manufacturing facilities, with a combined local workforce that exceeds 3,000. Throughout its operations, PCPPI constantly explores ways to become more efficient.

"All of our Cabuyao and Sto. Tomas plant equipment are new and use state-of-the-art technology," Syed points out. "These afford us efficiencies in cost and energy consumption."

Eating less time and energy

Keeping energy costs down is just one key concern. The launch of new factories, and expansions at existing ones, mean PCPPI needs prompt power connections and stable electricity. This is why Syed considers the Manila Electric Co. (Meralco) a strategic business partner, and not just an energy supplier.

"When we decided to establish new manufacturing plants, it was really important for us to get things done right the first time," he states. "Meralco's on-time energization allowed us to meet the increasing demand for our snack foods and beverages. It [facilitated] the local production of snack foods, and enabled PCPPI to become a full-fledged beverage and snack food company."

The manufacturing company opted to manage the plants' energy expenditure by entering into a five-year energy contract with MPower, Meralco's local retail electricity supplier. MPower's load optimization solution increased PCPPI's load factor, and improved its negotiating position for competitive rates as a contestable customer.

The snack and beverage company also contracted a deal with MServ, Meralco's beyond-the-meter services subsidiary, to provide rapid-response service during emergency breakdowns, to allow Syed's team to focus on its core business.

Fitting in with Filipinos

Syed's optimistic view of PCPPI's future is largely fed by the Filipinos' affinity for the company's brands. "I find Filipinos to be very passionate and fun-loving; that goes very naturally with our brands," he notes.

"[They] love to have a good time; eating and drinking come naturally with it. Our endeavor is to bring a portfolio of choices to the Filipino consumer. There is so much more that we can offer and do in the Philippines."

A *Euromonitor* report in December 2014 bears this out. Philippine consumer expenditure grew at an average of 8.5 percent per year since 2008 and hit more than US$85 million (P3.93 billion) in 2013.

"I think the Philippines is a dynamic and exciting market," concludes Syed. "It's a land of opportunities. It has a stable economy, growing consumption, and a great workforce. It's a great growth market for companies like Pepsi. We have been investing aggressively in the Philippines, [and] look forward to continuing that in the years to come." (*With David Celdran*)

> 'I think the Philippines is a dynamic and exciting market.'

The Pepsi Plant in Sto. Tomas, Batangas.

The Complete Package

BY HELEN DE CASTRO

ADAPTABILITY AND BOLDNESS IN A CHANGING MARKET KEEP STYROTECH STANDING STRONG.

Introduced in 1941, Styrofoam™ was promptly hailed as a lifesaver; the buoyant, waterproof material yielded flotation vests and rafts. It became rigid yet nearly weightless molded cushioning for electronic products. Notably, its thermal insulation and long-lasting stability gave raw, cooked and processed foods a new lifeline, as lightweight, cheap, and disposable packaging and containers.

Over time, the hero became a villain. Environmental organizations drew up charges against the use of polystyrene (PS) foam, for its ozone layer-depleting chlorofluorocarbons (CFCs) content, and its non-biodegradable, polluting presence in landfills and oceans.

How does Styrotech, one of the country's largest and most successful food-packaging companies, thrive in a world increasingly prejudiced against disposable cups and take-out packs?

Necessity, the mother of everything

It began with the need to feed the businesses that feed people. "We started more than 20 years ago," narrates Vice President and Chief Operating Officer Jimmy S. Ting, "producing foam packaging for quick-service restaurants" (QSRs).

Styrotech prospered and now runs a 3.5-hectare factory in Meycauayan, Bulacan. It employs state-of-the-art technologies, such as robotics, to produce a broad range of food packaging for QSRs, supermarkets and convenience-store chains.

Ting credits Styrotech's growth and success to a spirit of adaptation and resilience. "We [quickly] added other product lines," he says. "Fastfood [restaurants] first needed Styrofoam plates, then spoons and forks. Then sauce containers, cups, and lids." Eventually, it supplied the bulk of the food service industry's packaging needs.

However, the pushback against PS foam products became Styrotech's most formidable challenge…and greatest opportunity.

Addressing environmental concerns

To address the depletion of the ozone layer, Ting says Styrofoam manufacturers in the Philippines switched from CFCs to hydrofluorocarbons 20 years ago.

However, bigger issues surfaced when Manila City Ordinance 8282, passed on Sept. 3, 2012, prohibited plastic shopping bags and PS packaging for food and dry goods. This was in response to epic flooding due to Tropical Storm Ondoy (international name: Typhoon Ketsana) in 2009.

Considered the most devastating storm to hit Metro Manila, Ondoy caused flood water levels that reached a record 20 feet in rural areas and took weeks to drain. This was blamed largely on waste plastic clogging the city's drains. The ordinance prompted other city governments to implement similar bans.

Echoing the position of the Polystyrene Packaging Council of the Philippines, a non-stock, nonprofit umbrella association, Ting asserts the issue is not about the material, which is "100-percent recyclable; it's really [about] the way you manage disposal." He refers to systems in developed countries such as Japan that effectively recycle plastic and PS packaging.

The council helps collect post-consumer waste that manufacturers convert into products like rulers and hangers. It opened a factory that reverts PS packaging back into pellets to make new packaging.

He admits these efforts still have ways to go, but Ting is optimistic He observes, "Valenzuela has a very big industry collecting and recycling plastic," which he claims junk shops value more than paper.

Adapting to changing markets

The Styrotech boss insists consumers must also consider the resources for paper and plastic packaging production. He reveals a gallon of water is used to manufacture 116 plastic bags, or a single paper bag that uses 300 percent more energy to produce than the former.

This did not deter Styrotech from diversifying with paper packaging. "The market trend was going that way three years ago, [so] we started to import [and sell] some paper products," Ting recalls. "When we saw the market [switching to paper], we invested in new equipment."

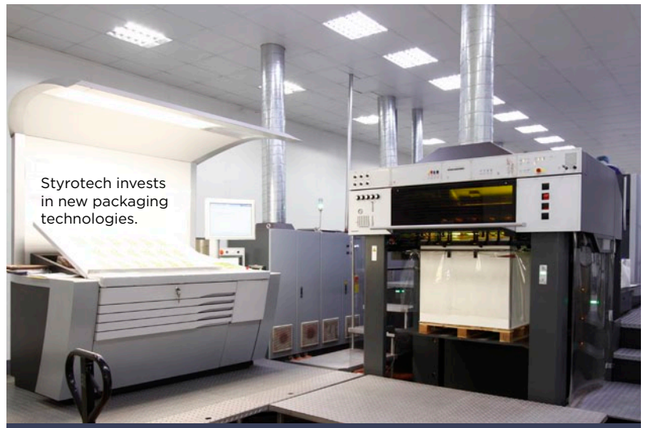
With paper goods, the company offers options that combine materials, such as paper trays with clear plastic lids, or paper tumblers with plastic straws. This flexibility makes Styrotech a one-stop shop for all major food-packaging requirements.

An advantage with new machines

Since technology levels and consumer demands evolve every few years, Ting stresses the importance of updating machinery: "If you don't upgrade, you'll be left behind."

These constant improvements and investments are coupled with steadfast efforts to reduce overhead expenses. Styrotech relies on the Manila Electric Co. (Meralco) to help with its voltage management, ensuring equal electricity distribution within the plant.

Meralco provides the packaging firm with regular updates on the power supply and potential interruptions. This lets Styrotech protect its sensitive equipment and maximize its production schedules. Enrolled in Meralco's Peak/Off-Peak (POP) Program, the company is able to realize savings which enable it to invest in more energy-efficient equipment, such as an all-electric injection-molding machine.



Styrotech invests in new packaging technologies.

'If you don't upgrade, you'll be left behind.'

The hunger never ends

These savings are essential, given the increasing demand for paper packaging. Despite delays in installing new equipment in 2015, sales in this category continued to increase.

"What really drives the business [now] is paper," shares Ting, "because most of the customers switched to paper [products]."

More people shifting to grab-and-go dining feeds the rising demand for take-out convenience products, such as clamshell cartons and tumblers. This is why, even with its increased paper-goods output, Styrotech will diversify its plastic product line this year to include reusable and microwave-reheatable polypropylene food tubs.

This upswing keeps Ting bullish on the company's prospects, even 10 years down the road. Despite economic ups and downs, the Filipinos' appetite for convenience continues to grow, and it is a hunger Styrotech is all too happy to feed.

Jimmy S. Ting
VP and COO
Styrotech Corp.

Photography by **Jun Pinzon** and **Cos Coscoluella**
Grooming by **Fennie Tan**

Bring On the Boom

BY JING LEJANO

REPUBLIC CEMENT RIDES HIGH ON A BUOYANT CONSTRUCTION INDUSTRY.

Don H. Lee
Country CEO
Republic Cement

It starts out as a dull, gray powder, hardly exciting to look at. Yet cement is literally the stuff of which dreams are made, the binding mortar that shapes cultural and technological developments.

Just ask the ancient Egyptians, whose massive, centuries-old temples and pyramids – built with calcined gypsum cement – still stand to this day. Or the engineering-savvy Romans, who created different types of cement, including one that sets under water.

By itself, cement binds blocks and bricks. Mixed with rocks, sand, and water, it forms fluid concrete, which in turn dries and hardens to become foundations, walls, roads, bridges, and cities. Cement is the basis of modern civilization and the raw material for future growth.

Unprecedented demand

In 2015, the Philippine cement industry grew by 14 percent, accounting for 24.4 million metric tons (MT) in cement sales, from 21.3 million MT in the previous year.

"It's a new record of cement demand in the country, a reflection of the growth and confidence in new construction," says Don H. Lee, Country chief executive officer of Republic Cement. "The Philippines has never consumed this much cement in one year."

Such a figure may already be astounding to some, but Lee is convinced that this is merely the tip of the iceberg. For the Philippines to sustain its growth momentum and continue to be competitive, a lot more roads, bridges, airports, power plants and other infrastructure still need to be built.

"Both the government and the private sector have the financial capability to invest," he notes. "I believe that the Department of Public Works and Highways' (DWPH) commitment to spend at least 5 percent of GDP (gross domestic product) on infrastructure is necessary to enable and sustain long-term annual GDP growth above 6 percent."

This bullish anticipation steered Republic Cement towards increasing the production capacity of its various plants. "As we engage with the leading developers, the DPWH, and other government agencies," Lee confides, "we see that there are big plans to invest in more construction. As one of the leading cement providers in the country, we are committed to anticipating demand, not just reacting to it."

'There are still 5 million people who need affordable housing. We need to build for them as soon as possible.'

Growing capacity, increasing efficiency

In 2015, Republic Cement inaugurated a new cement mill, at its Teresa, Rizal plant. The new mill ramps up the Teresa plant's capability to address the increasing demand for top quality cement products. In March 2016, Republic Cement commissioned a similar cement-finish mill at its Norzagaray Plant in Bulacan.

These new facilities, Lee points out, are some of the most energy-efficient and environment-friendly mills in the world.

"There are different technologies to grind and manufacture cement," he explains. "We selected the latest technology available that provides us optimal efficiencies in power usage. This has allowed us an almost 35 percent reduction in our power consumption, at a time when there were concerns that the entire Luzon-grid reserve supply could be decreasing."

Aside from using less power, the new mills enable Republic Cement to produce a higher quality product. These mills can use fly ash, a by-product of coal power generation, in the cement manufacturing process to create fly ash-blended cement.

Republic Cement taps coal power plants for its fly ash, a resource that otherwise would have been simply dumped into ash ponds and landfills. Blending fly ash with cement not only makes the concrete more durable and workable but also makes for a final product that yields a smoother finish. The company refers to fly ash as its "*Tibay* (strength) Enhancer."

"We're the only cement company manufacturer in the country that manufactures and markets fly ash-blended cement," Lee declares. "We're bringing that type of advanced cement technology into every single bag of Republic Cement that we make and supply to the market."

Keeping the market fed

One of the factors that allowed Republic Cement to pursue such groundbreaking technology is its partnership with the Manila Electric Co. (Meralco) and Meralco's beyond-the-meter engineering services subsidiary, MServ.

An innovative power distribution and wheeling arrangement with Meralco secured an efficient and reliable supply of electricity for the company's Teresa plant. This enables Republic Cement to maintain its premier position in the manufacturing, distribution, and supply envelop covered by the Teresa plant.

Consulting with MServ, Republic Cement became one of Meralco's first customers to invest in its own Sag Corrector. This protects against voltage sags and momentary outages, preventing equipment damage and minimizing manufacturing downtime.

"Our production levels have significantly increased with the improved quality of power from Meralco," Lee shares.

With the boom still going, there's no doubt the good times will continue to roll for Republic Cement, especially since rising demand originates from lucrative market segments that go beyond the infrastructure industry.

"There are still 5 million people who need affordable housing," Lee reveals. "We need to build [for them] as soon as possible. This is Republic Cement's continuing commitment as a strong partner supporting Philippine growth and development."

Smiling broadly, the Republic Cement chief can barely contain his enthusiasm: "Let's go! What are we waiting for? We're excited to be a part of the Philippines's growth story."

Photography by **Ocs Alvarez** and **Cos Coscoluella**
Grooming by **Fennie Tan**

Staying Close to the Customer

BY JING LEJANO

MCDONALD'S PHILIPPINES CONTINUES TO SPREAD LOVE AND GOOD FOOD ACROSS THE COUNTRY.

Kenneth S. Yang
President and CEO
McDonald's Philippines

It's not often an international company completely "gets" the Filipino consumer. When it does, the results can be very rewarding. Rather than bank solely on its all-American heritage, McDonald's Philippines also brands itself as a fastfood restaurant with a Filipino heart. Its TV commercials are largely in Filipino, featuring heart-warming moments of love and togetherness among ordinary, middle-class Pinoys.

Attuned to the pulse of the local market, McDonald's consistently comes out with on-trend and relevant marketing campaigns. For instance, after the #ALDUBkoto TV commercial launching its Chicken Fillet a la King, McDonald's Philippines enjoyed a phenomenal sales surge.

("AlDub" is a portmanteau that refers to a local TV love team, of actor Alden Richards, who portrays a fictionalized version of himself, and "Yaya Dub," a character played by actor Maine Mendoza.)

This intimacy with its customers sustains the company as one of the leading fastfood restaurants in the country.

"We must be in touch with our customers, and [know] how we can connect with them," declares Kenneth S. Yang, president and chief executive officer of Golden Arches Development Corp., which owns the master franchise for McDonald's in the Philippines. "They don't [just watch] TV; they [also check out] their phones, Facebook, YouTube. We have to be current, relatable and be where they are."

Anticipating bright prospects

The first McDonald's store in the Philippines opened its doors to the public in 1981, in Morayta, Manila. Thirty-five years later, it has nearly 500 stores, a third of which are in Metro Manila and the rest in Southern and Northern Luzon, Visayas, and Mindanao.

Over the past decade, Yang reports consistent double-digit sales growth for McDonald's Philippines; he estimates sales from 2014 to 2015 grew by 15 percent. "2015 was a good year," he affirms. "The [first half] started a little slow, then really [sped] up in the second half."

The robust performance of McDonald's in the Philippines is bolstered in part by the growing strength of the domestic economy, the continuing remittances of overseas workers, and various developments related to the business process outsourcing (BPO) sector. The young local population is also an advantage.

Not one to rest on its laurels, McDonald's Philippines keeps on its toes as new food retailers enter the market every year.

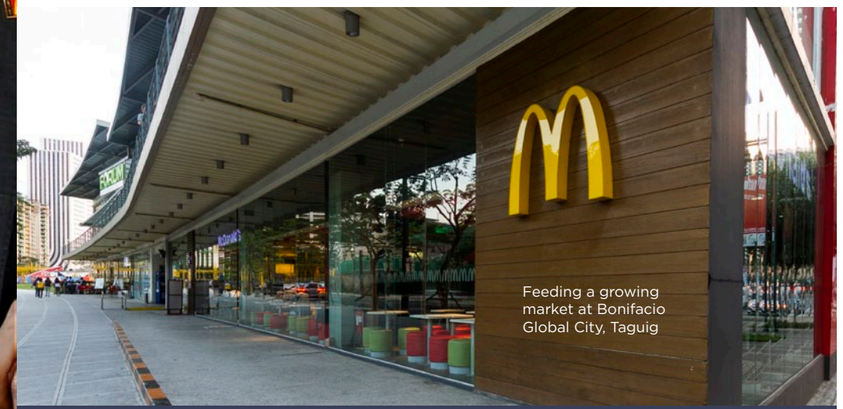
Photography by **Jun Pinzon** and **Cos Coscoluella**
Grooming by **Fennie Tan**

customer favorites throughout the years. McDonald's popular dessert products like Sundae and McFlurry also get new twists with new flavors.

Open whenever

Along with quality food, service and accessibility are also crucial to the business.

"We saw, early on, the lifestyle of consumers changing especially because of the growth of BPOs," Yang recalls. "We wanted to be there first, to be near them, near the centers, and to be there anytime of the day. Today, around 70 percent of our stores are open [24/7]."



Feeding a growing market at Bonifacio Global City, Taguig

> 'We saw, early on, the lifestyle of consumers changing especially because of the growth of BPOs.'

"To give good value to our customers," Yang explains, "we must continue to be affordable, to give our customers the products they want. Our products, modesty aside, are made of very high quality—from our raw materials to how they are prepared in our kitchens. We strictly follow global standards."

McDonald's also excites its customers with product offers available for limited runs. Items such as Twister Fries and Shake Shake Fries have become highly anticipated

Having the Manila Electric Co. (Meralco) as a reliable power partner is vital to the continued success of McDonald's Philippines."We must provide a comfortable, clean, and well-lit environment," Yang emphasizes, "and having Meralco with us enables us to be of service to our consumers."

Meralco provides consultation for McDonald's Philippines's aggressive expansion plans, by shortening the energization timelines of their new branches and accelerating the quick service restaurant's profitability.

Roughly 50 McDonald's stores are enrolled in Meralco's Peak/Off-Peak (POP) program to help McDonald's Philippines manage its energy costs. Forty more branches are being assessed for potential POP subscription. POP is designed to help corporate partners lower their total electricity expenses through rates based on peak and off-peak periods.

"It's a great program!" Yang enthuses. "With our 24/7 operations, our power consumption has increased between 9 p.m. and 6 a.m., which is also when the cost of producing power is less. Taking advantage of Meralco's POP program has resulted in substantial savings for the company."

Maintaining high standards

He is particularly pleased by the distribution utility's regular dialogues with his company, to align with expansion plans. "These dialogues help us anticipate problems that may occur in ensuring a timely provision of power to our new sites," he explains.

This collaboration is critical, as food served at any McDonald's restaurant must all meet the same high global standards. Fries from a branch in Baguio must look and taste exactly the same as those served in Rome. To achieve this, all McDonald's restaurants are required to use the same equipment.

"That brings us back to the importance of power," Yang adds. "Electrical and electronic settings must be attuned to the Philippines's power frequency standard, or our equipment will not operate properly, or can be damaged."

Eyeing double-digit growth figures for 2016, Yang says McDonald's Philippines will pursue pockets of opportunity in Metro Manila, and explore further expansion in Visayas and Mindanao. A reliable power partner like Meralco is indispensable to McDonald's Philippines as it continues to spread love – and a whole lot of fries – across the nation. (*With David Celdran*)

Putting its Eggs in Many Baskets

BY MC SANTOS

ICTSI LOOKS BACK ON YEARS OF HARD-WON EXPERIENCE TO GROW AHEAD ELSEWHERE.

Christian R. Gonzalez
SVP and Head,
Asia Pacific Region
International Container
Terminal Services Inc.

When Christian R. Gonzalez says crisis is in the DNA of the International Container Terminal Services Inc. (ICTSI), he means it literally.

No stranger to adversity, the company was founded in the aftermath of the 1986 People Power revolution (*see "Calculated Audacity" in the Q2 2015 issue*).

"We've been through the [1997] Asian [currency] crisis and the 2009 global financial crisis," explains Gonzalez, ICTSI senior vice president and head of the Asia Pacific Region, who also heads the Manila International Container Terminal (MICT). "[The year] 2015 was difficult for the shipping and ports industry."

Changing economies

In the 1990s and 2000s, ports in developing economies expanded at two to three times the gross domestic product (GDP) growth rates of their respective countries, he recalls.

"Even if GDP grew in single digits," he says, "we'd see double-digit volume growth [in container trade]. People thought this growth would continue for a decade or two; they were overly optimistic."

Today, he soberly declares, "the growth in the shipping and ports industry is increasingly more aligned with GDP, or even lower." He charges this primarily to a slowdown in the global economy, but also to shifting consumption patterns and product innovations.

"China, for example, is growing into a consumer economy," he notes. "They're exporting less; consequently, you see container trade go down."

Meanwhile, technology yields products that are more portable and streamlined, and shrinks the demand for shipping space.

Down, but still ahead

By the end of 2015, gross revenues from port operations slid by a marginal 1 percent to US$1.05 billion (P48.3 billion), from an unfavorable container-volume mix, reduced storage revenues and ancillary services, and adverse foreign-exchange rates. Net income plunged by 68 percent to US$58.5 million (P2.69 billion) due to non-cash, one-time charges.

However, earnings before interest, taxes, depreciation and amortization grew 2 percent to US$450 million (P20.7 billion), and recurring net income rose a modest 1 percent to US$174.7 million (P8.36 billion).

ICTSI handled a consolidated cargo volume of 7.78 million twenty-foot-container equivalent units (TEUs), up 5 percent from 2014. Much of this increase comes from operations in Mexico, Honduras, Pakistan, Ecuador, China, and Iraq, and at the Subic Bay free port in the Philippines.

Spreading success here and abroad

Gonzalez credits ICTSI's survival and successes to a proactive management culture that prizes out-of-the-box thinking and pursues growth wherever it can.

"You need to continuously add value-added services," he underscores, "to make things easier for your customers."

When it won the concession to operate the MICT in 1988, the organization quickly invested in facilities and upgraded to an integrated, real-time information technology terminal control system. This improved the terminal's throughput and multiplied its annual capacity fivefold.

ICTSI also went on to develop, manage, and operate 30 container ports and terminals locally and in Europe, the Asia Pacific, Africa, the Middle East, and the Americas.

Insulating against the elements

The MICT remains ICTSI's flagship operation, and in August 2015, it completed its Port of Manila Yard 7 expansion project to increase its capacity by about 500,000 TEUs.

Gonzalez credits the consistent supply and support of the Manila Electric Co. (Meralco) for its assistance in this expansion, along with the smooth, efficient running of MICT operations.

"For years, we used generators [every day] due to power reliability issues caused by exposure to the natural elements," he recalls. Gonzalez is referring to the degradation of electrical conductors exposed to the port's ocean air, causing power fluctuations that affect critical equipment.

Meralco took the lead in solving the MICT's power issues, insulating some 42 kilometers of exposed power lines. This multimillion-peso investment improved power reliability, weaning the terminal from its dependence on generators. It now relies on 100% Meralco power.

More infrastructure, please

Despite modernized MICT facilities, Gonzalez says the outlying infrastructure leaves much to be desired, particularly the network of roads leading to and from the North Harbor. This became glaring in 2014, when the City of Manila's daytime truck ban for road decongestion caused goods to pile up at the terminal and led to delays and shortages across many industries.

Gonzalez had proposed "spreading the volume of trucks across all the days and hours" to speed the flow of trucks and goods. The Aquino administration was supportive of the scheme, and he hopes the next one will do the same.

He also favors a proposed cargo railway system to move goods to and from Manila's ports, a project spearheaded by Meralco subsidiary MRail Inc. (*see "Bringing Back the 'R' in Meralco" in the Q2 2015 issue*).

"Given the truck prices now, it is viable," he believes. "We'll do our part to support the MRail project on the container terminal side. We hope the local governments and the national government [will provide support] on the rights-of-way, and the usage of the tracks."

Investing in optimism

ICTSI's own commitment to new capital expenditure remains steadfast. In 2015, it invested US$353.5 million (P16.26 billion) in construction and the procurement of equipment here and overseas.

Its most recent venture in Matadi, the chief sea port of the Democratic Republic of Congo, is scheduled to open this August, and more ports are in the pipeline, adds Gonzalez.

"We're looking at [new] opportunities in Papua New Guinea, Cyprus, Mexico, and elsewhere," he reveals. "These things sometimes just come up out of nowhere, so you have to be very nimble."

He believes ICTSI's new terminals reflect the actual and potential positive impact of his company on the lives of people elsewhere. "[When] you build infrastructure in a place that did not have it before," he explains, "you reduce the cost to importers and exporters dramatically, [and] make a real difference to its economy."

The Manila International Container Terminal, North Harbor

> 'When you build infrastructure in a place, you make a real difference to its economy.'

Photography by **Jun Pinzon** and **Cos Coscoluella**
Grooming by **Fennie Tan**

Business Districts, Beach Getaways and Beyond

BY MC SANTOS

A BOOMING ECONOMY FEEDS AN APPETITE FOR THE GOOD LIFE.

Bernard Vincent O. Dy
President and CEO
Ayala Land, Inc.

The hustle and bustle of Makati's Central Business District. The easygoing lifestyle at North Point, Negros Occidental. The tranquil mountains and beaches of El Nido, Palawan. These disparate locations have all been touched by the magic of Ayala Land, Inc. (ALI), one of the Philippines's largest property developers.

Roaming the verdant grounds of Nuvali, one of ALI's established estates, ALI President and Chief Executive Officer (CEO) Bernard Vincent O. Dy confidently sees a model platform that has resulted in unabated growth for the company.

ALI's impressive portfolio of large-scale, integrated mixed-use estates has a balanced mix of developments which include residential properties, malls, offices, hotels and resorts, and healthcare facilities. The company is present in 55 growth centers across the country, and its products are set apart by the high standards that make the Ayala Land brand synonymous with world-class living.

When everything comes together

Much of Dy's confidence is boosted by the country's robust economy. "Annual GDP (gross domestic product) growth rate over the last five to six years averaged about 6 percent," he says. "Interest rates are at historic lows; the low mortgage rates have benefitted the housing sector.

"Underlying all these economic fundamentals is the political stability we are experiencing in the country. This encourages investments and helps our business."

Dy also points to an increase in the country's per-capita income, brought about by the growth of the business process outsourcing and tourism industries, and overseas Filipino workers remittances.

This favorable business environment fueled ALI's 19-percent growth in net income to P17.6 billion in 2015 from P14.8 billion in 2014. This marks the sixth consecutive year of steady annual growth for the company, driven by residential and commercial development. Its 2016 first quarter net income is likewise positive, up 14 percent to P4.7 billion from P4.12 billion in the same period last year. Maintaining these positives is crucial for ALI to meet its net income target of P40 billion by year 2020.

Sustained growth through sustainable practices

To sustain its growth plan, ALI ensures that every community it builds is anchored on the company's commitment to sustainable development, underscored by what Dy calls its "four sustainability focus areas." Each development strives to make the most impact on site resilience, eco-efficiency, pedestrian and transit connectivity, and contribution to the local economy.

Part of supporting that sustainable and healthy lifestyle are ALI's initiatives towards enhancing pedestrian experience in Makati, among other estates. "We are expanding the elevated walkways, extending from Ayala Center all the way to Buendia," Dy explains. "So, instead of taking their cars, people can just walk. It's healthier and it's good for the environment."

These principles are also applied at Nuvali in Sta. Rosa, Laguna. It is the largest self-sustainable, eco-city development in the country, known for its eco-friendly features such as a multi-purpose lake, off-road biking and running trails, and a wildlife and bird sanctuary, among others.

These initiatives underscore ALI's commitment to creating communities that promote an active and healthy lifestyle, where Filipinos can experience a life well lived.

A partner, not just a provider

Residences, shopping malls, and offices all need energy. The company sees the Manila Electric Co. (Meralco) as a partner in all its developments.

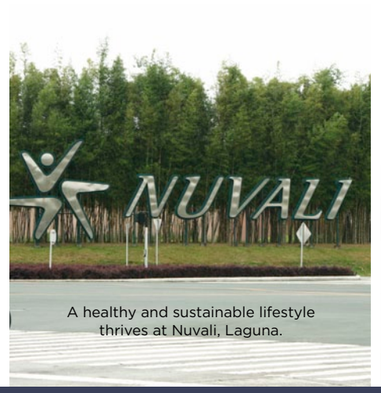
"A company like Meralco has the resources and the scale to provide reliable power in our developments," he stresses. "They help us in terms of designing the kind of power infrastructure we will need, from the beginning of the project, through construction, up to powering up the community."

He keenly appreciates the involvement of MServ, Meralco's beyond-the-meter subsidiary, for its expertise and advice in several developments: "They make sure that the designs we have are cost-efficient and optimal. And because they have been with us from the beginning, they should be in the best position to address any capacity expansion."

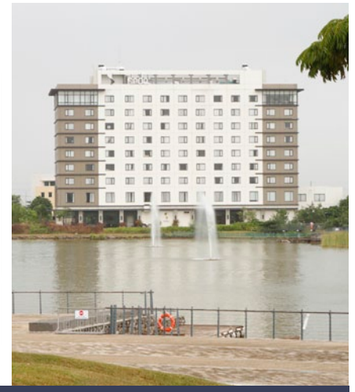
This close, integrated partnership with Meralco and MServ allows ALI to plan confidently for future evolutions in its communities.

With over 180 years of experience in changing the country's landscape, Ayala Corporation's real estate arm continues to thrive in the 21st century by keeping its finger on the pulse of consumers in the Philippines.

No matter how large or small the development, Dy firmly believes the value of any property lies not just in what current users enjoy, but in what future generations will appreciate. "It's why we benchmark against other successful developments globally," he concludes, "and why we put in a lot of focus on the sustainability of our projects." (with David Celdran)



A healthy and sustainable lifestyle thrives at Nuvali, Laguna.



'We benchmark against other successful developments globally.'

Photography by **Jun Pinzon** and **Cos Coscoluella**
Grooming by **Fennie Tan**

Thousands flocked to the Mall of Asia Arena to see Pope Francis I.

THE SHOWS MUST GO ON

By Babe Pañares

How do our venues cope with more and more concerts and conventions?

We've swooned to Andrea Bocelli. Crooned to Michael Buble. Rocked to Aerosmith. And, almost seen Tom Jones. Top international entertainers, athletes, speakers and chefs come to the Philippines in a steady stream, lured by their legions of devoted Filipino fans, but also by those fans' deep pockets.

In April, over 10,000 people trooped to SMX Convention Center in Pasay for Asia's largest gastronomy congress, Madrid Fusión Manila. Budding kitchen enthusiasts paid up to P26,000 to listen to Michelin-starred chefs Joan Roca and Yoshihiro Narisawa.

Meanwhile, diehard Madonna fans paid far more: P57,750 for a top seat at her Rebel Heart World Tour concert, back in February at the SM Mall of Asia (MoA) Arena. While it spared them from having to fly out to see their favorite icon, the ticket price ranks among the most expensive to date; a prime seat for the same concert cost P18,839 in Las Vegas and P13,301 in Toronto.

This willingness to spend for concerts headlining foreign acts, or events featuring international personalities, is due to the rising affluence of Filipinos.

"The Philippine economy is really good right now, so there is more demand for more venues for entertainment or sporting events," says Atty. Bong Teodoro, operations manager of the Maligaya Development Corp. (MDC). Teodoro's firm manages the Ciudad de Victoria in Bulacan, home to the mammoth Philippine Arena. "We have the biggest facilities and we have more seats, which means more revenues for our clients, too."

Photography by **Jun Pinzon, RR Barretto, Ivan Gabriel Angelo**
Grooming by **Fennie Tan**

Upsized entertainment

Built by the religious congregation called Iglesia ni Cristo (INC), or Church of Christ, the 55,000-seat arena is 24 kilometers north of Manila, along the North Luzon Expressway, and touted as the world's largest multipurpose indoor arena.

"It was built in time for the INC centennial celebration on July 27, 2014," notes Teodoro, "but we did not want a [white-elephant] facility. It is the INC's contribution to the nation."

When INC's 2016 New Year Festivities were held at the Philippine Arena, it broke three Guinness World records, including that of the largest fireworks display.

It was the concert venue for international acts such as Katy Perry, various K-Pop (Korean pop) groups, and

'We provide the opportunity for Filipinos to witness premium, global events.'

Arnel Gonzales
AVP
Mall of Asia Arena
SM Lifestyle Entertainment Inc.

The 2016 Philippine Semiconductor and Electronics Convention and Exhibition occupies most of SMX-Manila's 21,000 sqm of leasable space.

'The whole space is flexible. We can make the halls bigger or smaller depending on the requirements.'

Peggy Angeles
SVP for Operations
SM Hotels and Conventions Corp.

the popular television pairing "AlDub" – a portmanteau of the names of actors Alden Richards and Maine "Yaya Dub" Mendoza – whose ticket sales reached a record 55,000.

"The arena is designed to be multipurpose, so you can host a wide range of events, from concerts to sports," Teodoro describes. "We have no columns, so the audience gets unobstructed views."

Ciudad de Victoria also houses the 20,000-seater Philippine Sports Stadium and the Philippine Sports Center, an indoor aquatic and tennis center and the first of its kind in Northern Luzon.

Made for MICE

The construction of such structures – across Metro Manila and other cities such as Cebu, Iloilo and Davao – dovetails with the Department of Tourism's (DOT) plan to promote the Philippines as a prime Meetings, Incentives, Conventions, and Exhibitions (MICE) venue.

"If you look at the calendar of events in 2015," reports Benito Bengzon Jr., DOT Undersecretary for Tourism Development, "the number of MICE travelers went up, aligned with the growth of foreign and domestic tourists." In particular, he adds, there was a sharp increase in MICE travelers from India and the Middle East.

Pending figures for 2015, MICE event participants in 2014 jumped to 1.12 million, for 11,433 events, about 14 percent up from 987,043 in 2013 for 10,672 events.

To satisfy the need for more room, the SM group opened SMX Manila in 2007. It is the Philippines's largest private venue expressly intended for MICE. Located inside the 421-hectare MoA complex, it offers 21,000 square meters (sqm) of leasable space, with four exhibition halls, five function rooms, and 14 meeting rooms.

"We cater to the growing needs of the tourism industry, particularly the MICE market," says Peggy Angeles, senior vice president for operations of the SM Hotels and Conventions Corp., which manages the SMX Convention Center.

"Nine years ago, there were not many choices; it was either the PICC (Philippine International Convention Center) or the World Trade Center [in Manila]," she recalls. "The biggest hotel ballrooms then [could not] accommodate 10,000 persons at a given time."

SMX Manila is the most attractive venue to international clients, as it is only 6 kilometers away from the Ninoy Aquino International Airport. A nearby church also ensures bookings for wedding receptions.

"The whole space is flexible," Angeles indicates. "We can adjust, make the halls bigger or smaller, depending on the requirements."

In 2015, SMX Manila revenues grew by 32 percent, she discloses, "owing to our aggressive marketing strategies. [As of April 2016], we are 10 percent up from last year."

These figures, and its sheer size, make SMX Manila the crown jewel in a constellation of SM-operated convention centers that include SMX Taguig in SM Aura (3,100 sqm), SMX Davao (5,200 sqm), and SMX Bacolod (4,200 sqm).

A world-class venue for world-class shows

Across from SMX Manila is the four-year-old MoA Arena, the site of Madonna's two-day concert. It is thus far the arena's most lucrative event, grossing P200 million in revenues.

"[Our founder] Henry Sy's vision was to provide a world-class venue for Filipinos to enjoy world-class entertainment and sports," states Arnel Gonzales, assistant vice president of the MoA Arena for SM Lifestyle Entertainment Inc. "We provide the opportunity for Filipinos to witness premium, global events. Annually, 30 percent of our events are entertainment-related, 60 percent are for sports, and 10 percent for corporate events."

Some of the MoA Arena's notable occasions, he points out, are once-in-a-lifetime opportunities: the gala dinner

of 21 world leaders attending the 2015 Asia Pacific Economic Cooperation (Apec) Leaders Summit, hosted by the Philippines, and Pope Francis's meeting with Filipino families in January last year.

"For Apec, we adapted the venue to meet security and aesthetic needs," he discloses. "We had to remove four doors, renovate a lot to create a grand entrance for the [world] leaders, [and] carpet everything. [For the Papal] visit, we barricaded a lot of areas and activated the One SM Group protocol, which consolidates all SM groups to support certain events."

One event that tested the structural capacity of the P4-billion MoA Arena was last year's Monster Jam, a six-vehicle monster-truck rally held on Father's Day that called for 48 dump trucks of dirt.

"It was the first Monster Jam show in Southeast Asia," recalls Gonzales. "I think [the organizers] liked the MoA Arena so they hosted it [at MoA Arena] again this year."

Thanks to its flexibility, the number of events hosted by the MoA Arena has increased.

"In 2014, we had 120 events; in 2015 we had 180, a 50-percent increase," Gonzales explains. "For 2016, our projection is [for] 200 events. There really is a market demand; that is [why we have] plans for new developments: a Cebu Arena, the Skydome North Edsa, Samsung Hall SM Aura Premiere, plus a Performing Arts Theater and outdoor football stadium at MoA."

Small spaces, big performers

Noting the size and diversity of the MICE market, DOT's Bengzon says, "There are events [that] will not necessarily require humongous facilities. There is more demand for meetings outside Metro Manila, given the increase in leisure destinations and the rapid expansion of budget carriers."

This range is found right in the heart of Quezon City's premier business and commercial district, with the 56-year-old, 16,500-seat Smart Araneta Coliseum – also known as "The Big Dome" – and the 2,300-seat Kia Theatre.

"The [music] industry holds shows and concerts" to offset declining record sales, according to Irene Jose, officer-in-charge and chief operating officer of Uniprom Inc., the entertainment arm of the Araneta Group, so "there is a big demand for venues."

The site of the famed New Frontier Theater, the largest cinema in Asia when it opened in 1965 up until the 1980s, is now occupied by the Kia Theatre. The multimillion-peso venue, with orchestra, loge, and balcony seating, opened in August 2015 and hosted international acts such as Jessie J and comedian Russell Peters, as well as awards nights, art fairs, and exhibits.

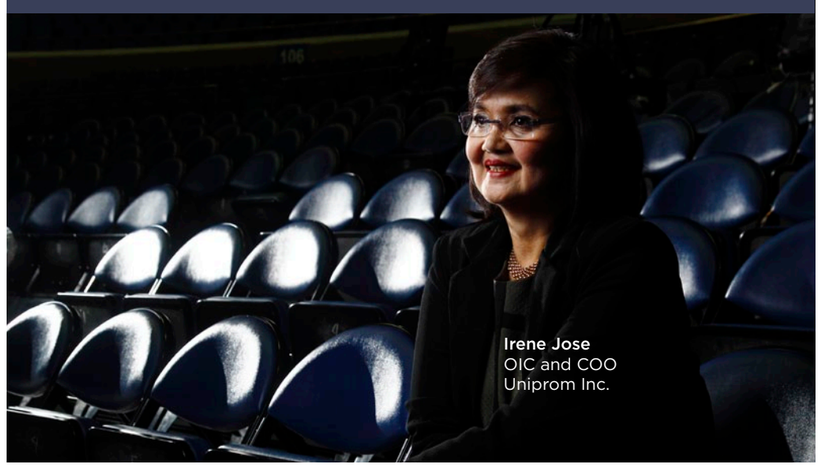
A few steps from the theater is the Araneta Coliseum, whose 108-meter dome was the largest in Asia from 1960 until Japan's Oita Stadium opened in 2001.

The coliseum has come a long way since it hosted the 1975 boxing match between Muhammad Ali and Joe Frazier, the epic "Thrilla in Manila."

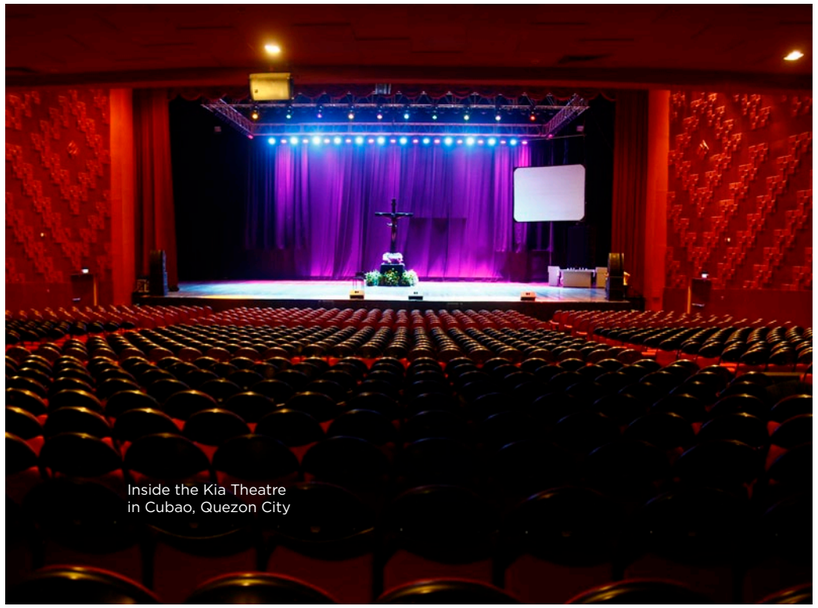
Renamed the Smart Araneta Coliseum, it hosts the annual Binibining Pilipinas beauty pageants, foreign performers such as Taylor Swift and Maroon 5, among others; and local bands like Kamikazee. Sports fans thronged to an exhibition match with Kobe Bryant and cheered homegrown teams at sports events, while mixed martial arts (MMA) devotees thrilled to the punches of the world's top MMA fighters.

Jose underscores the Araneta Group's vision, espoused by its founder J. Amado Araneta, that "everything flows from the Center," with the Big Dome at its locus. "We are at the center of Quezon City," she emphasizes. "The terminal for provincial buses is here, so it is very convenient for those coming from outside Metro Manila; and the MRT and LRT have stations

'Everything flows from Cubao, with the Big Dome at its locus.'



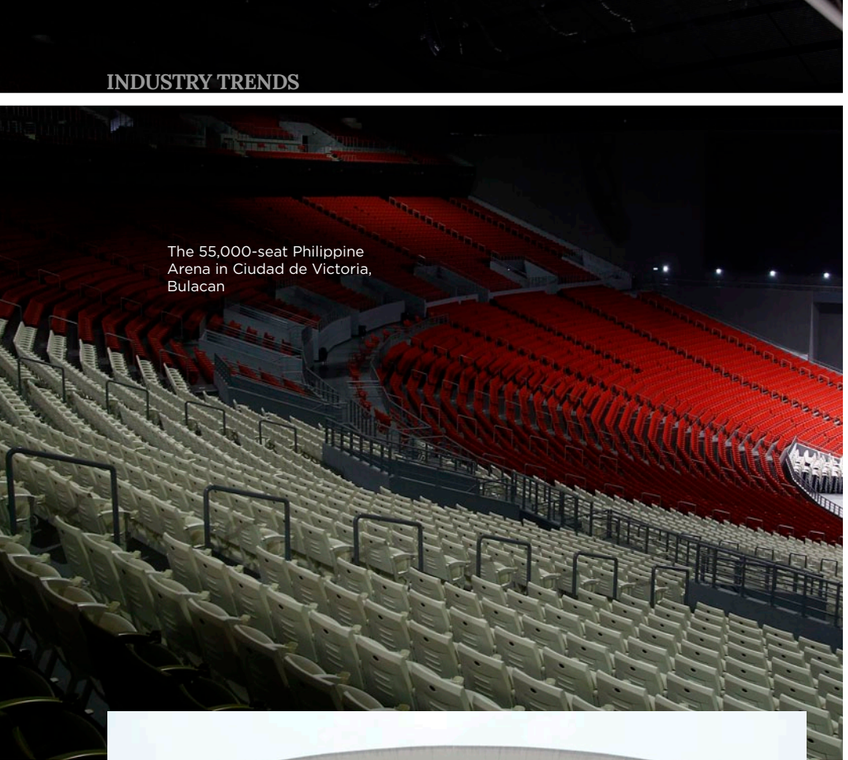
Irene Jose
OIC and COO
Uniprom Inc.



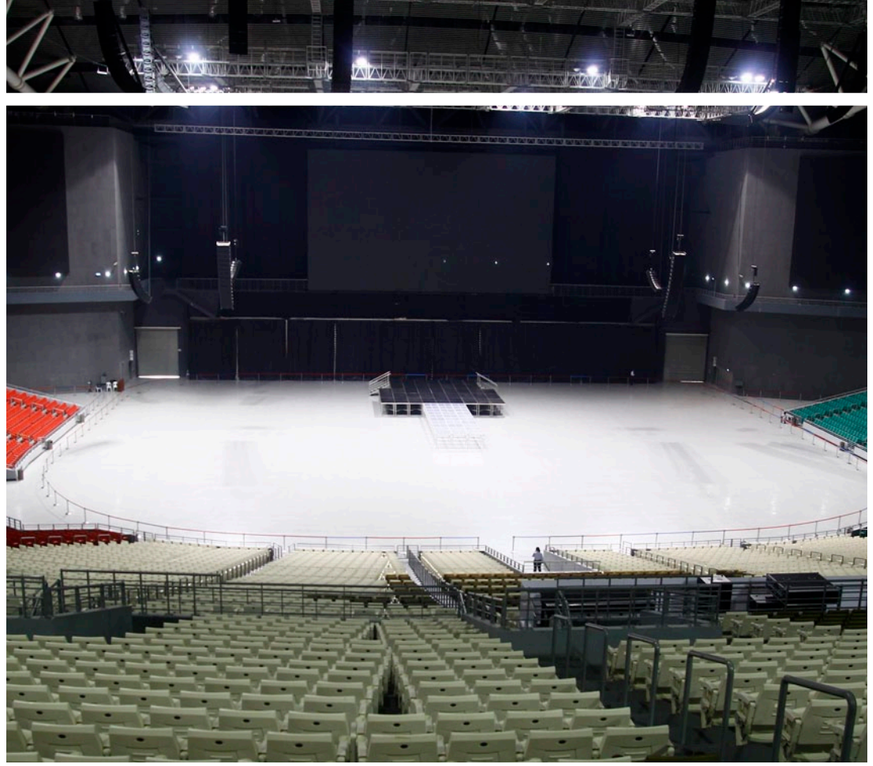
Inside the Kia Theatre in Cubao, Quezon City

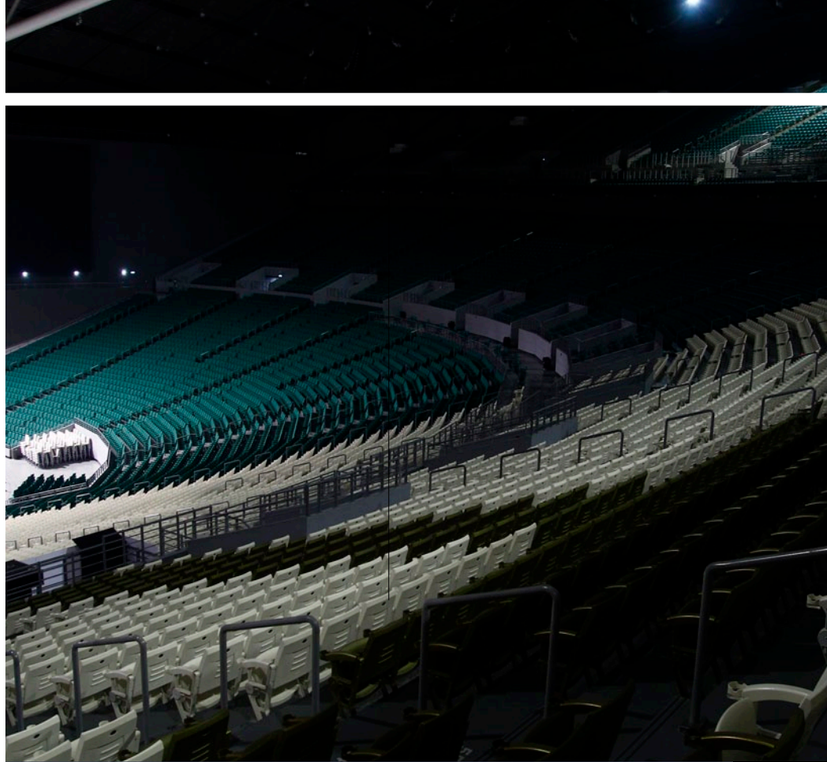
The Smart Araneta Coliseum's 108-meter dome remained Asia's largest from 1960 to 2001.

A University Athletic Association of the Philippines volleyball match draws cheering crowds to the Coliseum.



The 55,000-seat Philippine Arena in Ciudad de Victoria, Bulacan





within walking distance to the Araneta Coliseum, connected through our malls."

Zero failure

Whatever the event, Jose stresses that power is crucial for the entertainment and tourism industries.

Thanks to the Manila Electric Co. (Meralco), "We have never experienced any brownouts," she attests. "Meralco ensures we have a steady and stable power supply. We also have back-up, always. There may be fluctuations, but we [have sufficient provisions] and we have never had a history of power failure."

MoA Arena's Gonzales agrees. "[Meralco provides] us with independent lines for our facility," he underscores. "It zeroes out the possibility of power failure. For big events, they send technicians and they make sure their maintenance work does not interfere with our events."

To satisfy its extensive requirements, the Philippine Arena contracted MServ, Meralco's beyond-the-meter services subsidiary, to design a special system involving a 21-megawatt facility with three full-circuit redundancies. Teodoro proudly says, "our power systems meet international standards and requirements."

Hungry for more

The growing number of events and attendees means no one can stand still. To further enhance the Smart Araneta Coliseum experience, Jose is tapping the hip Novotel Hotel, also owned by the Araneta Group. Just a few steps away from the venue, the hotel has a 1,000-seat ballroom to host its own events.

"[Now] we have packages that already include Novotel accommodations," explains Jose, "so the performers and the audience will no longer be burdened by traffic; it's a big come-on for the organizers."

Angeles, meanwhile, says the newly opened Conrad Manila, also of the SM Group, provides SMX Manila clients and guests with 347 rooms. Construction of SMX-Cebu Seaside commences in October, and is slated to open in 2018, while another is planned for the Clark Freeport Zone in Pampanga, near the SM-owned Park Inn by Radisson Clark.

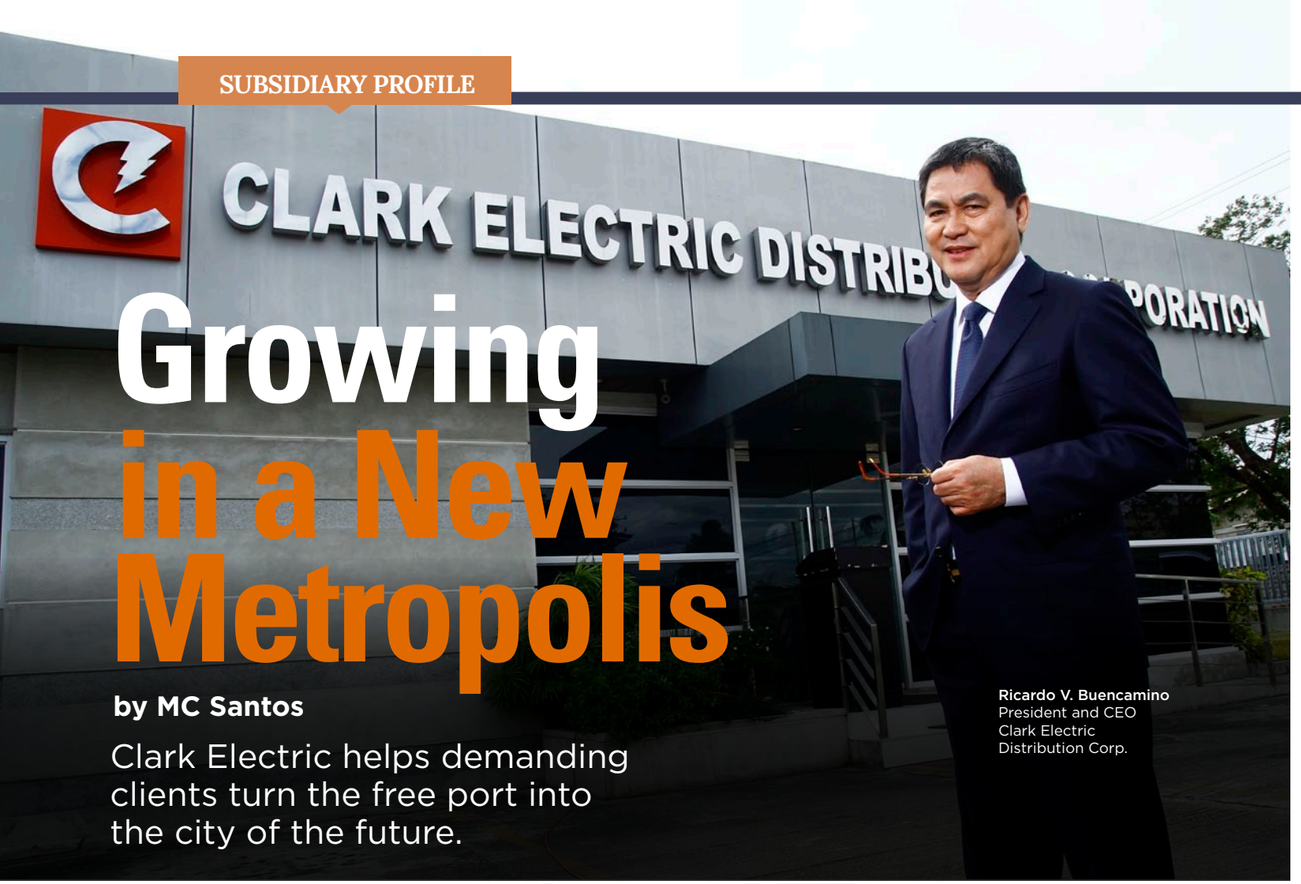
"Our main consideration for future SMX venues is the host area's market maturity," she asserts. "[We] also look at transportation and food requirements. Plus, it cannot be a stand-alone SMX; there has to be an SM mall, the mother ship of the entire business."

There are still niches to fill, however. Renen de Guia, president of Ovation Productions – which brought in international acts such as Sting and David Pomeranz – says there is a need for mid-sized spaces: "Given our business climate, there is demand for a proscenium-type venue, with a capacity of 3,000 to 4,000 seats."

Whether for a mega-concert, a sporting match or an international economic summit, it's clear the demand for – and demands on – events venues will continue to grow. These venues are part of a complex ecosystem involving transportation infrastructure, hotels and restaurants, caterers, shopping malls, and much more. And so long as customers' expectations continue to rise, we can expect many more thrills, delight and excitement in the places where events happen.

'The arena is designed to be multipurpose, so you can host a wide range of events.'

Atty. Bong Teodoro
Operations Manager
Maligaya Development Corp.



Ricardo V. Buencamino
President and CEO
Clark Electric
Distribution Corp.

Growing in a New Metropolis

by MC Santos

Clark Electric helps demanding clients turn the free port into the city of the future.

Throughout its century-long existence, the Clark Freeport in Pampanga remains pivotal in national and world history. It changed hands – and names – several times, experienced destruction and rebirth, and witnessed the most cutting-edge technologies of the age.

Bombed by the Japanese in 1941, then by the Americans in 1944, the facility was nearly eradicated by the 1991 eruption of Mount Pinatubo. This eruption, along with a Senate vote to end US military bases in the Philippines, finally terminated American possession of Clark, and returned it to full Philippine sovereignty.

Up from the ashes

In 1995, after the removal of volcanic ash deposits, the facility reopened, by virtue of Republic Act 7227, as the Clark Special Economic Zone (CSEZ), which included the Clark International Airport.

Clark Electric Distribution Corp.'s Head of Distribution Services **Milo Pantig**, *Head of Shared Services* **Teresa Bognot**, *Head of Customer Retail Services* **Radito Tuazon**, *President and Chief Executive Officer* **Ricardo Buencamino**, *and Senior Vice President and Chief Operating Officer* **Fortunato Leynes**, *with former Clark Development Corp. President and now Transportation and Communication Secretary* **Arthur Tugade**, *and CDC Vice President for Engineering Services* **Alveen Tabag**.

Photography by **Jun Pinzon** and **Alejandro Rivera** Grooming by **Fennie Tan**

In 2007, Republic Act 9400 renamed the Clark Air Base as the Clark Freeport Zone, where investors are entitled to tax-free and other duty-free privileges. The new law maintained Clark Development Corp. (CDC) as administrator of the free port, while a subsidiary, Clark International Airport Corp., operates the international airport. About 389 foreign and domestic investors moved into the zone, generating around P24.3 billion in investments and employing over 47,000 people.

"These factors make Clark a safe haven for locators and investors," declares Ricardo V. Buencamino, president and chief executive officer of Clark Electric Distribution Corp., and the former head of Networks at the Manila Electric Co. (Meralco). Owned by Meralco and JTEN Equities Inc., Clark Electric is the sole electric distribution company in the CSEZ.

"The investors [and] locators in the Clark Freeport are mainly multinational companies whose products and services cater to the requirements of the foreign market," he says. These also include the hotels, restaurants and casinos that serve tourists and local visitors. Clark Electric has about 1,800 customers, with energy sales composed of 62 percent industrial and 37 percent commercial customers. The remaining 1 percent goes to residential and streetlight accounts.

Increasing capacity

"Currently, the supply of electricity to the Freeport Zone is through the 29-kilometer Mexico-Clark 69-kilovolt (kV) double circuit lines," explains Buencamino. To provide an additional major delivery point for electricity, Clark Electric commissioned a 100 megavolt-ampere (MVA), 230kV/69kV power transformer in November 2015.

Locators have very stringent requirements for stable, reliable and quality electric service. Buencamino adds: "We are responsible for providing an adequate capacity and power quality to locators, especially those with big loads. We are determined to ensure an uninterruptible energy supply, and provide N-1 contingency in case of power failures or line troubles." N-1 contingency involves redundancies that ensure continuous power even in the event of component or equipment failure.

Because of its efforts, Clark Electric reported a system loss of only 3.94 percent in 2015, and is able to claim having one of the lowest rates in Luzon. To keep up with the constant expansion of the 32,000-hectare CSEZ, Clark Electric will allot P1.2 billion in capital expenditures (capex) this year, to cover the strengthening of the 69kV sub-transmission backbone with the construction of several substations, sub-transmission lines, and the acquisition of the CDC-owned 230kV and 69kV facilities. The 69kV sub-transmission lines will be looped to provide N-1 contingency, ensuring a distribution system that is even more stable and reliable than the current setup.

Investing ahead

However, Clark Electric must go further to keep abreast of the CSEZ's lofty vision of becoming "a modern industrial estate and premiere service and logistics hub" by the year 2020. Work has begun on the 9,450- hectare Clark Green City, branded as the new Philippine Metropolis. This development promises to be bigger than Taguig's Bonifacio Global City, intended to be the country's most modern city, complete with railways leading to the airport.

The 32,000-hectare Clark Special Economic Zone

Additional capex projects will involve advanced automation of the distribution network controls, leading up to the vision of a smart grid; and further expansion of the electric system to include CSEZ subzones.

Next year, Clark Electric will acquire an Advanced Distribution Management System, designed to combine Supervisory Control and Data Acquisition, Distribution Management Applications and Outage Management System functions into a single modular solution. The concept is to build a powerful software platform that will support real-time control and data acquisition, automate outage restoration, and optimize distribution grid performance, including management of distributed energy resources.

The upgrades are not restricted to equipment; Clark Electric's cadre of electrical engineers are currently undergoing training in Meralco to update and upgrade their knowledge of the industry. The subjects encompass substation design, construction, operation and maintenance, energy sourcing and electric power system planning. The organizational structure, too, was reinforced for efficient and improved customer service.

It is the CDC's task to bring in locators, and Buencamino believes that Clark Electric's improvements are necessary to help draw in the next generation of investors.

"We can also do much in attracting investors," he believes. "We can offer to design the future facility, as well as propose energy-efficiency measures. We can make this a world-class, modern distribution utility."