



# 9M 2015

## Analysts' Briefing

09 November 2015



# Outline

## 9M 2015 Results

- Financial Statements
- Margins
- Capex
- Operating Statistics

# Key Messages

1. Net income growth sustained at 19% to P12.8b
2. Revenues increased 10% to P75.0b driven by the steady performance of core real estate businesses which grew 18% before intercompany adjustments
3. Sustained margin improvement across product lines
4. Balance Sheet is in a solid position to support growth
5. Capex spend reached P60.3b
6. Total projects launched worth P97.9b as of 9M 2015 composed of 27 residential projects, 13 leasing projects and 3 estates

# Net income growth sustained at 19% to P12.8b

- Revenues higher by 10%
- GAE ratio improved to 6.2% from 6.5%
- EBIT margin higher at 33% (vs. 31%)

Income Statement (in Php millions)	9M 2015	9M 2014	Change	%
<b>Total Revenues</b>	<b>75,047</b>	<b>68,316</b>	<b>6,731</b>	<b>10%</b>
Real Estate*	73,637	66,638	6,999	11%
Interest & Other Income	1,410	1,678	(268)	-16%
Equity in Net Earnings of Associates and JVs	(145)	599	(744)	-124%
Interest & Investment Income	912	641	271	42%
Other Income	643	438	205	47%
<b>Expenses</b>	<b>54,708</b>	<b>50,842</b>	<b>3,866</b>	<b>8%</b>
Real Estate	44,971	42,112	2,859	7%
GAE	4,648	4,436	213	5%
Interest Expense, Financing and other charges	5,088	4,294	794	18%
Income Before Income Tax	20,339	17,474	2,865	16%
Provision for Income Tax	5,133	4,343	790	18%
<b>Income before Non-Controlling Interest</b>	<b>15,206</b>	<b>13,131</b>	<b>2,075</b>	<b>16%</b>
Non-Controlling Interest	2,381	2,342	38	2%
<b>NIAT Attributable to ALL Equity Holders</b>	<b>12,825</b>	<b>10,788</b>	<b>2,036</b>	<b>19%</b>

\*Includes interest income on accretion.

Per statutory reporting (17q), interest income on accretion is classified under Interest Income

# Steady performance of core real estate businesses

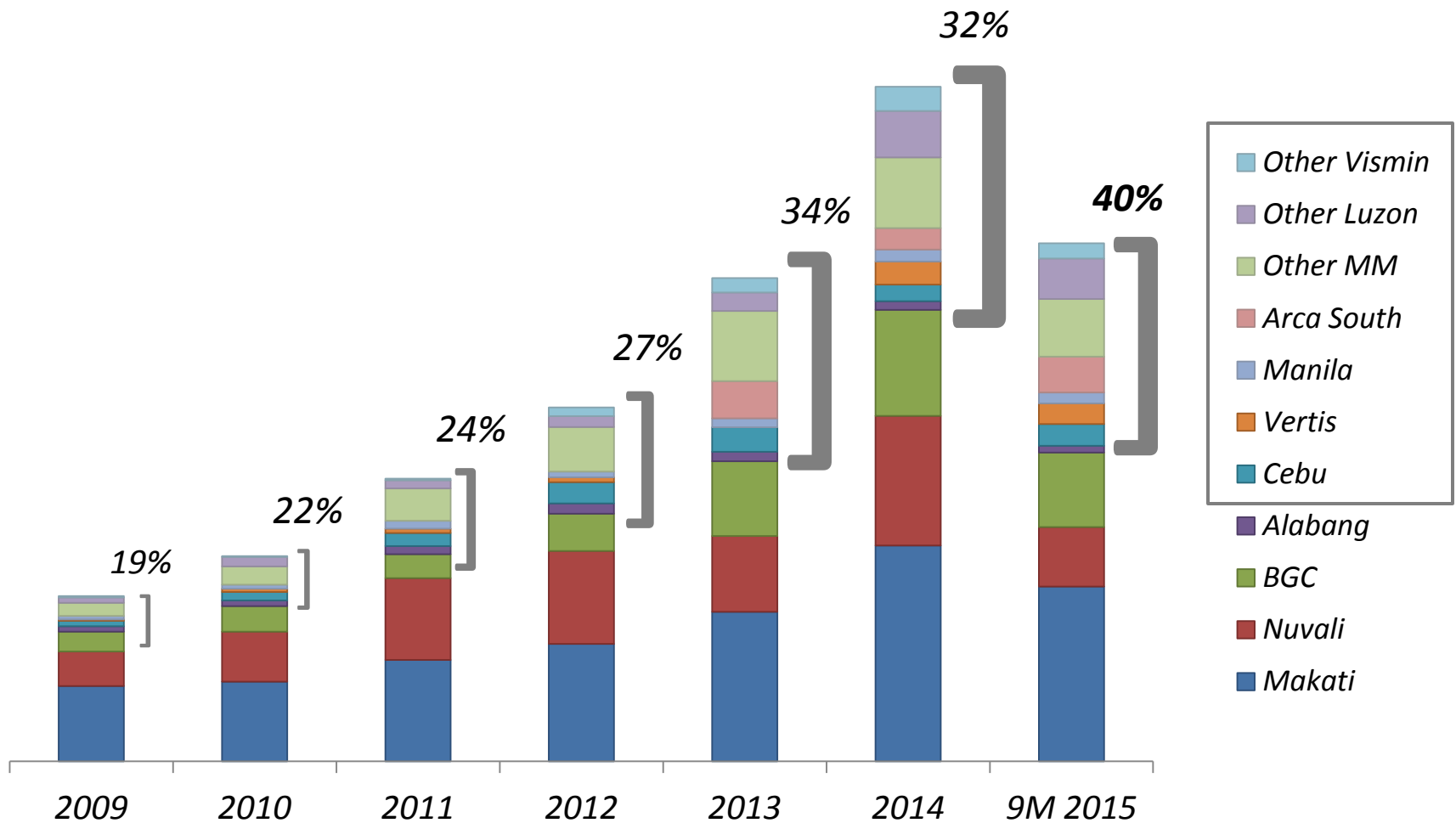
Revenue Breakdown <i>(in P millions)</i>	9M 2015	9M 2014	Change	%	
<b>Property Development</b>	<b>50,289</b>	<b>46,988</b>	<b>3,301</b>	<b>7%</b>	
Residential	43,079	40,049	3,030	8%	<i>New bookings and project completion</i>
Office for Sale	4,366	2,570	1,796	70%	<i>Contribution of new launches and higher completion of HSS Corp Plaza</i>
Comm'l/Ind'l lots	2,843	4,369	(1,526)	-35%	<i>Higher Arca South and Nuvali commercial lot sales in 2014</i>
<b>Commercial Leasing</b>	<b>17,206</b>	<b>15,378</b>	<b>1,828</b>	<b>12%</b>	
Shopping Center	9,238	8,259	979	12%	<i>Improved performance of new malls; higher occupancy and average rental of existing malls</i>
Office	3,658	3,097	561	18%	<i>Contribution of new offices; higher occupancy and average rental of existing offices</i>
Hotels and Resorts	4,310	4,022	288	7%	<i>Higher occupancy</i>
<b>Services</b>	<b>30,540</b>	<b>20,595</b>	<b>9,945</b>	<b>48%</b>	
Gross Construction	29,634	19,868	9,766	49%	<i>Increase in order book</i>
Property Mgmt.	906	727	179	25%	<i>Increase in managed properties</i>
<b>Sub -Total</b>	<b>98,035</b>	<b>82,962</b>	<b>15,074</b>	<b>18%</b>	
Interco Adjustments	(24,398)	(16,323)	(8,075)	49%	
<b>Real Estate Revenues</b>	<b>73,637</b>	<b>66,638</b>	<b>6,999</b>	<b>11%</b>	
Interest & Other Income	1,410	1,678	(268)	-16%	<i>Lower equity in net earnings of FBDC</i>
<b>Total Revenues</b>	<b>75,047</b>	<b>68,316</b>	<b>6,731</b>	<b>10%</b>	

# Sustained margin improvement across product lines

Margin Performance	9M 2015	9M 2014	
<b>Property Development</b> <i>(Gross profit)</i>			
Residential			
<i>Horizontal</i>	43%	42%	<i>Sale of higher margin horizontal projects</i>
<i>Vertical</i>	35%	35%	<i>Steady margins across vertical projects</i>
Office for Sale	38%	40%	<i>New project launches in BGC</i>
Commercial and Industrial Lots	49%	53%	<i>Lower contribution from high margin lots in Altaraza and Nuvali</i>
<b>Commercial Leasing</b> <i>(EBITDA)</i>			
Shopping Centers	69%	63%	<i>Higher occupancy and average rental of existing malls, improved performance of new malls</i>
Office	89%	85%	<i>Higher occupancy and average rental of existing buildings, positive contribution of new offices</i>
Hotels & Resorts	28%	28%	<i>Sustained performance across hotels and resorts</i>
<b>Services (EBITDA)</b>			
Construction and Property Management	13%	10%	<i>Higher margins of MDC and APMC from cost containment initiatives</i>

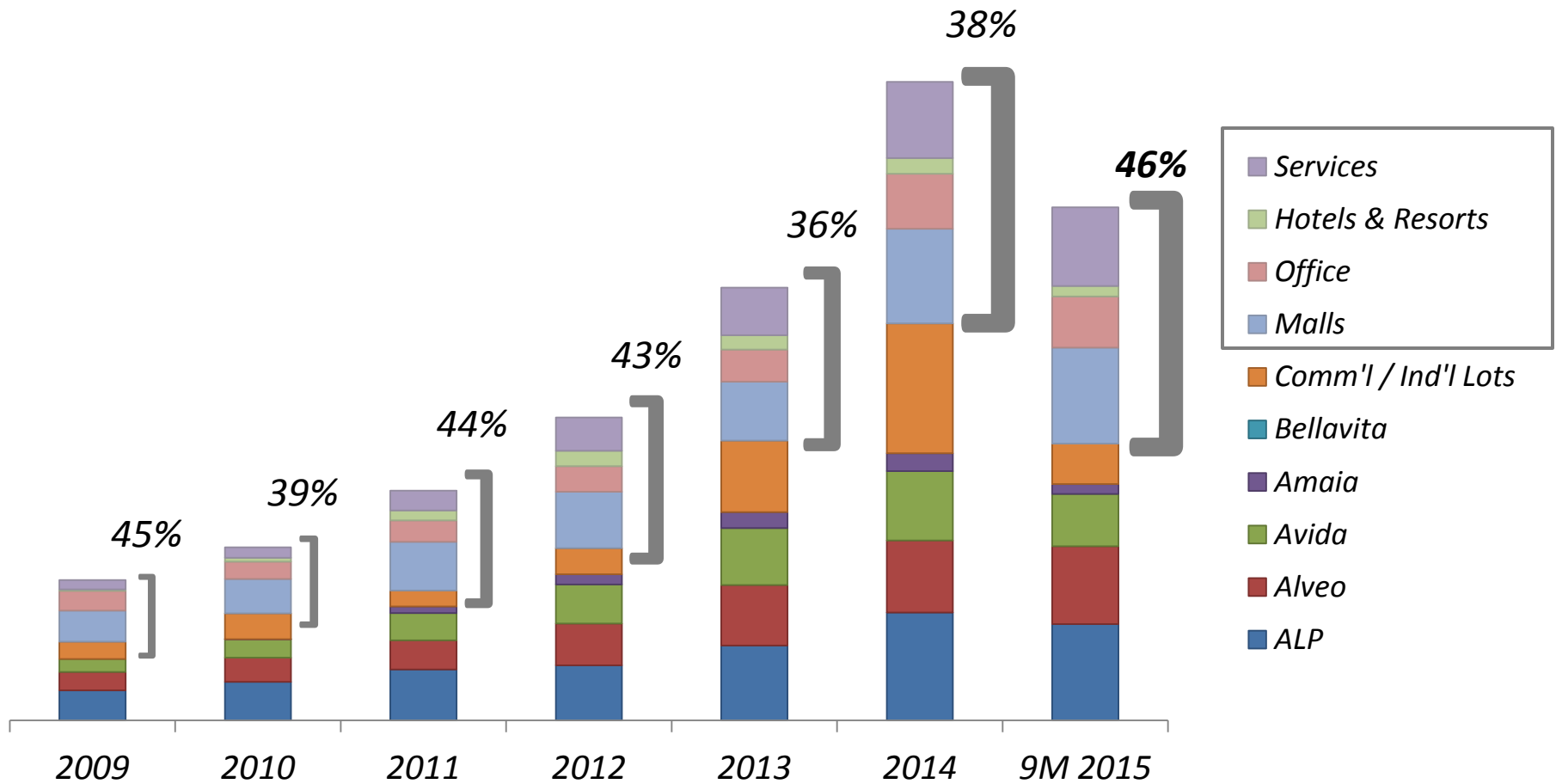
# Continued diversification into new growth centers

NIAT contribution per business center



# Continued build up of recurring income business

NIAT contribution per business segment



\*Target is to increase the recurring income contribution to 50%



# Balance Sheet is in a solid position to support growth

Balance Sheet (in P millions)	September 2015	December 2014	Change	%
Cash & Cash Equivalents*	24,111	34,587	(10,476)	-30%
Total Borrowings	130,616	124,666	5,950	5%
Stockholders' Equity	129,033	106,940	22,093	21%
<i>Current Ratio</i>	1.26	1.22	-	-
<i>Debt-to-Equity Ratio**</i>	0.89	1.02	-	-
<i>Net Debt-to-Equity Ratio**</i>	0.72	0.74	-	-
<i>Return on Equity</i>	14.5%	14.4%	-	-

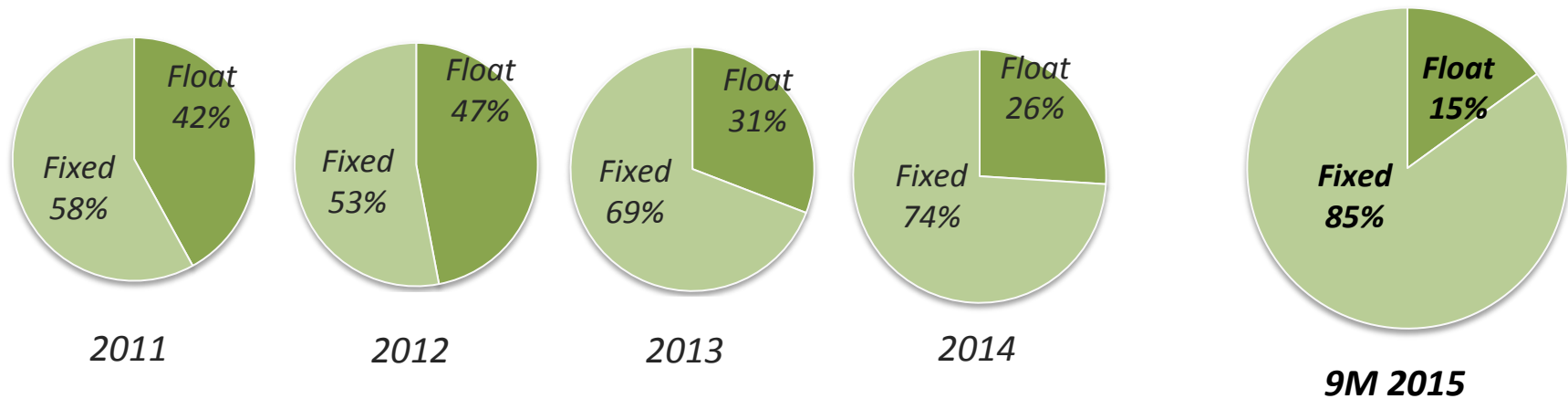
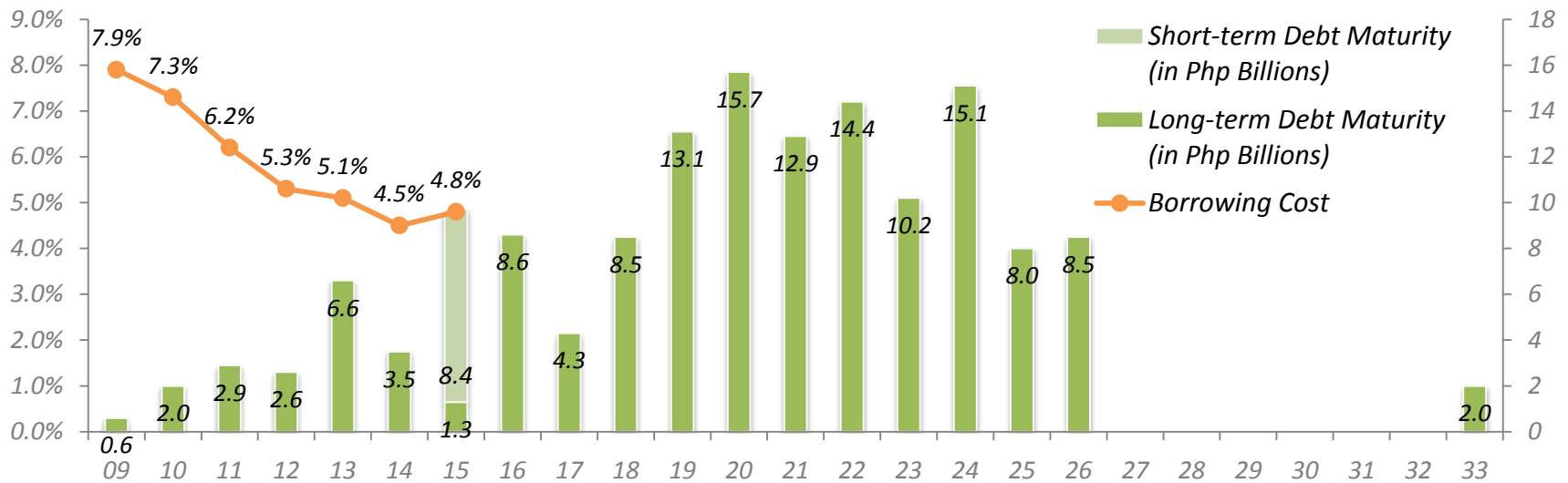
\*Includes FVPL (financial assets at fair value through profit and loss)

\*\*Equity is inclusive of minority interest

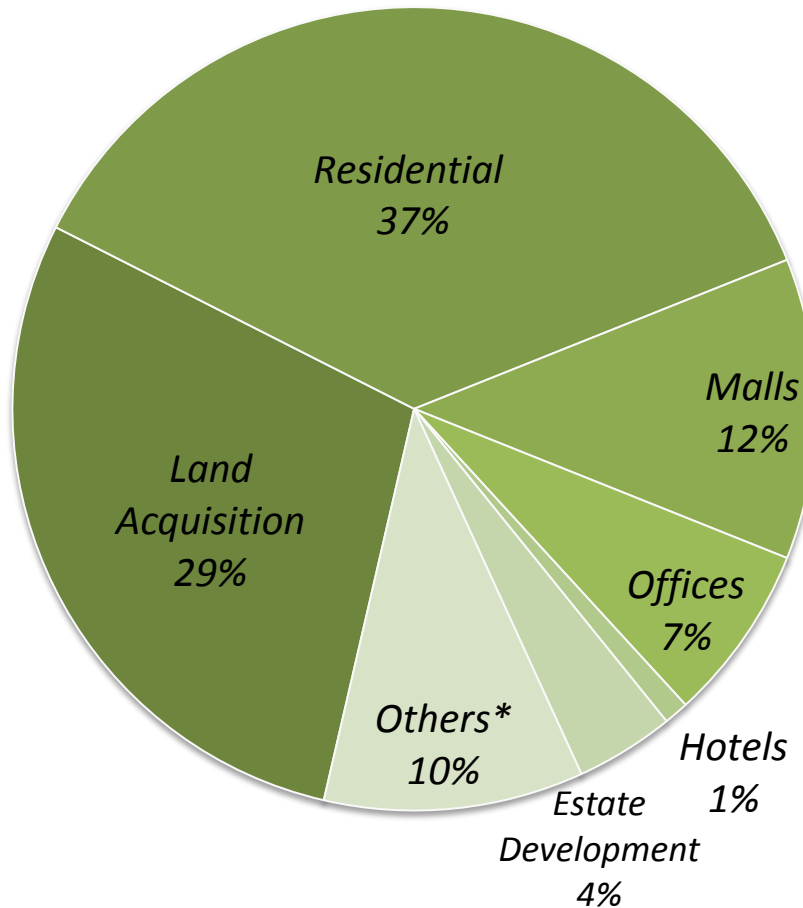
# Improved capital efficiency via stretched maturities, lower cost of debt and managed debt mix

As of September 30, 2015

Total Borrowings: Php130.6B, Short-term Php8.4B



# Capex spend reached P60.3b



## Capex Spend (In Php billions)

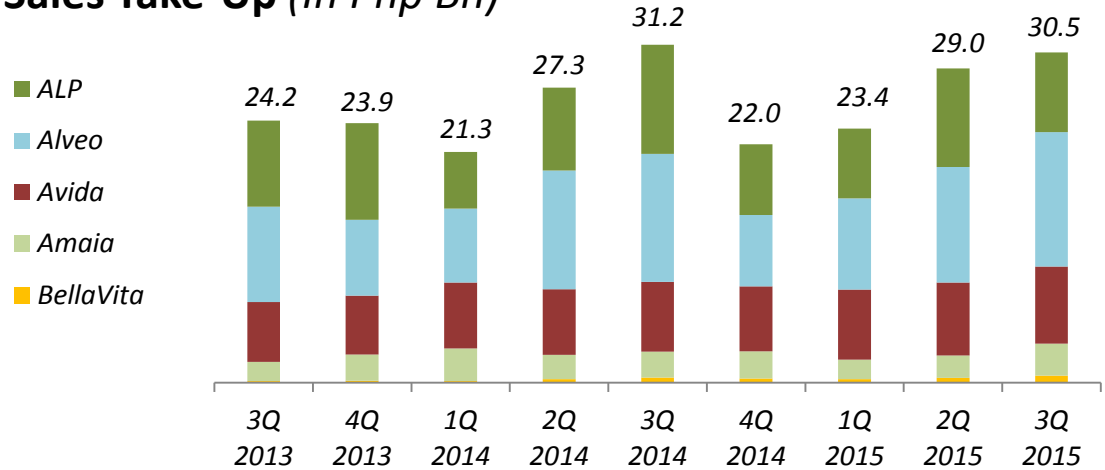
Capex Spend (In Php billions)	9M 2015
Land Acquisition	17.4
Residential Development	22.0
Malls	7.3
Offices	4.3
Hotels and Resorts	0.6
Estate Development	2.4
Others*	6.3
<b>Total</b>	<b>60.3</b>

\* ALI Capital, Services and other investments e.g MCT Bhd

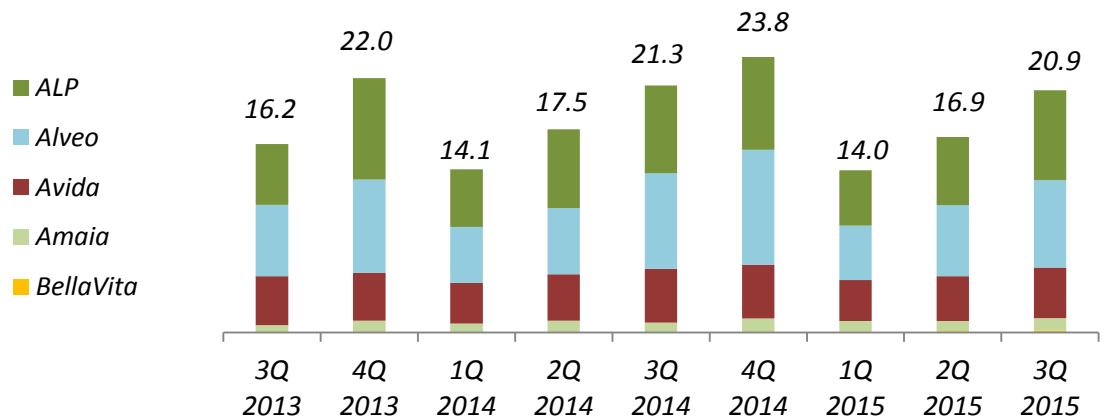
# Residential: Sales take-up 4% higher yoy

- Sales take-up of P82.9b (average of P9.2b in monthly sales)
- Overseas Filipino Sales : P20.1b (24% of total sales)
- Booked sales of P51.7b (3Q sales up 24% vs 2Q)

## Sales Take-Up (In Php Bn)

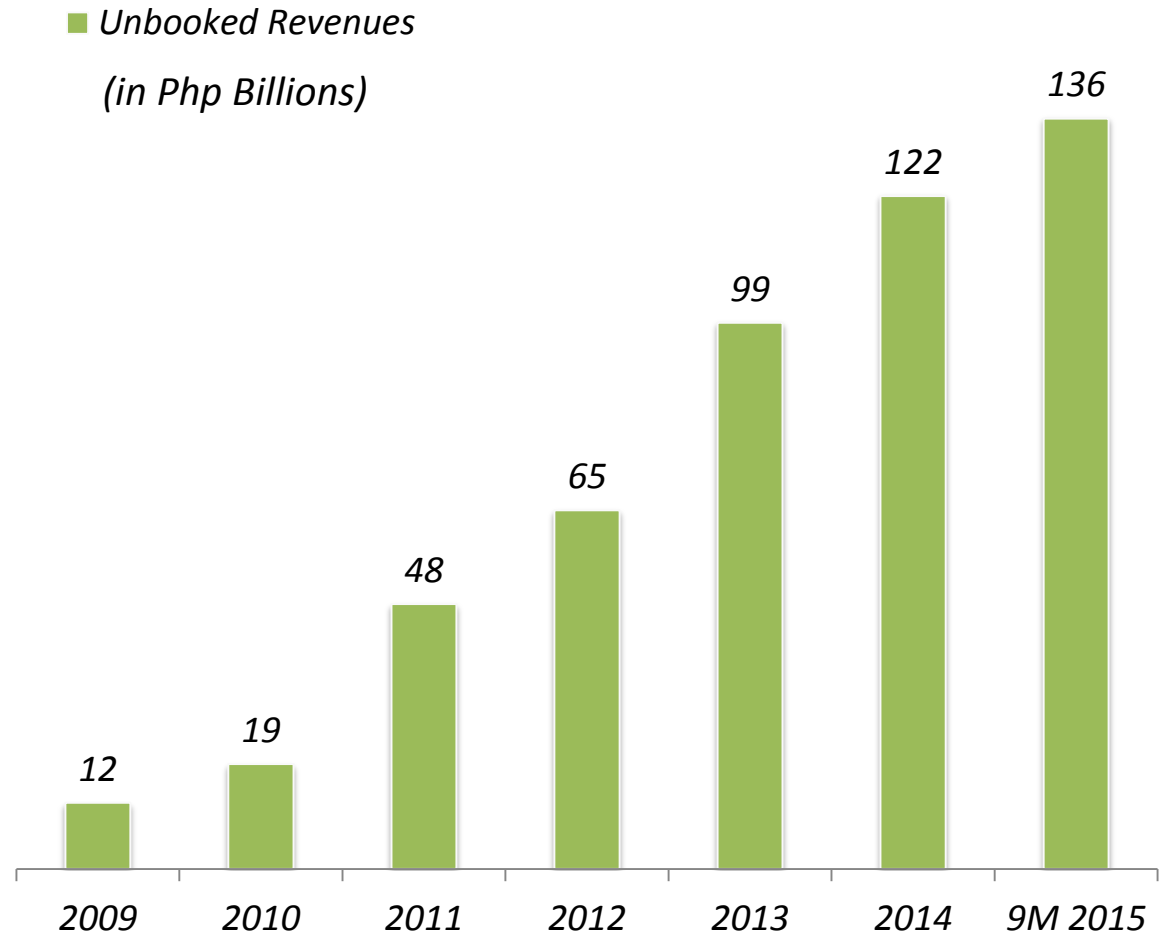


## Booked Sales (In Php Bn)



# Continued build-up of unbooked revenues

- *Unbooked revenues up 11% yoy*
- *2.4x residential revenues in FY2014 (P55.9b)*



# Key Launches: Residential



**RioMonte Tranche 3 (July 2015)**  
Nuvali Laguna  
175 units, P1.7b, 67% cum. take-up



**The Enclaves Tranche 3&4 (Aug 2015)**  
North Point Bacolod  
139 units, P467m, 44% cum. take-up

# Key Launches: Residential

ALVEO



***East Veranda*** (August 2015)  
Arca South Taguig  
199 units, P1.7b  
38% cum. take-up

# Key Launches: Residential

Amaia



**Steps Alabang** (August 2015)  
Alabang Metro Manila  
384 units, P985m, 74% cum. take-up



# Key Launches: Office for Sale

ALVEO



***Alveo Financial Tower (September 2015)***

*Makati CBD*

*363 units, P9.2b, 60% cum. take-up*

# Key Launches: Estate



*Vermosa Estate (Sep 2015)  
Bacoor-Dasmariñas Cavite*

- 700 hectares
  - 124 (CBD)
  - 10 (Institutions)
  - 165 (open space)
- 3 residential brands, horizontal projects
- 3.6m sqm of built-up area
- 30,000 residents, 500k office workers
- Total Capex: P70b (P25b for year 1-5)



# Shopping Centers: GLA up 4% yoy

- *Total Malls GLA: 1.40m sqm*
- *Additional GLA as of 9M 2015: 67.4k sqm*
- *Average Occupancy Rate: 94%*
- *Average Mall Lease Rate:  
P1,153/sqm/month (up 2% yoy)*
- *Same Mall Rental Growth: 9%*

## Completed projects in 3Q 2015 : 30.4k sqm



***Circuit Lane Makati (Sep) 11,000 sqm***



***Solenad 3 Nuvali (Aug) 15,500 sqm***



***UP Town Center QC (Jul) 3,900 sqm***

# Shopping Centers Update

Key Launches in 3Q 2015 : 40k sqm



**Ayala Malls Cloverleaf Balintawak (Aug)**  
40,000 sqm

Under Construction: 614k sqm

Completion	Mall	GLA (in k sqm)
2015 (30k)	Solenad 3 Nuvali	11
	Iloilo Riverside	1
	Legaspi*	18
2016 (198k)	Lio Palawan	3.2
	Vertis North QC	47
	Southpark Alabang	47
	Solenad 3 (DS)	13
	Iloilo Riverside	1
	UPTC Ph2	33
	Park Triangle Retail	24
	BHS Central Ear Lot	2
	Paradigm Pasig	28
2017 (367k)	Feliz/CMC	80
	Arca South Ph1	73
	Capitol Central	74
	Circuit Makati	58
	Central Bloc	42
	Cloverleaf	40
2018 (19k)	ATG Retail	9
	Citygate	10

\*Under Building and Land Lease Agreement

# Offices: GLA up 10% yoy

- Total Offices GLA: 637k sqm
- Additional GLA as of 9M 2015: 56,756 sqm
- Average Occupancy Rate: 93%
- Average BPO Lease Rate: P696/sqm/month (up 5% yoy)
- Leased-out rate: 97%

## Under Construction: 826k GLA

Completion	Office	GLA (in k sqm)
2015 (106k)	Boni Stopover	35
	BGC Corp Center	27
	ATC BPO	18
	eBloc 4	16
	UP Bldg P	10
2016 (190k)	MBS (Paradigm)	47
	Vertis 1	41
	PSE at BGC	29
	ACC Cebu BPO	29
	Circuit 2	26
	Southpark BPO	12
	UPIS	6
2017 (167k)	Vertis 2	42
	Citygate Ph1 HQ	19
	Arca South BPO 1	35
	Circuit 1	45
	Jabba	26
2018 (182k)	Arca South BPO 2	46
	Vertis 3	36
	Force	34
	Ebloc 5	29
	Citygate Ph1 BPO	37
2019 (83k)	Arca South BPO 3	44
	eBloc 6	39
2020 (98k)	Arca South BPO 4	42
	ATG Tower 2	56

# Hotels and Resorts: 2,324 rooms in operation

<b>9M 2015</b>	<b>Hotels</b>	<b>Resorts</b>
<i>No. of rooms in operation</i>	<i>Branded: 1,294 Seda: 817</i>	<i>El Nido Resorts: 213</i>
<i>Revpar/night</i>	<i>P3,927 (up 4%)</i>	<i>P7,387 (up 12%)</i>
<i>Average room rate</i>	<i>P5,336 (up 2%)</i>	<i>P12,679 (down 9%)</i>
<i>Average occupancy</i>	<i>74% (up 2 pts)</i>	<i>58% (up 11 pts)</i>

Opened Sept 2015: 152 Rooms



**Seda Iloilo**  
(152 Rooms)



# Hotels and Resorts Update

Key Launches as of 9M 2015 : 430 Rooms



**Mandarin  
Hotel**

VIEW FROM MAKATI AVENUE

**Mandarin Oriental ATG**  
275 Rooms



**SEDA Bacolod**  
155 Rooms

Under Construction: 2,389 Rooms

Completion	Hotel	No. of Rooms
2016	Seda Capitol Central (Bacolod)	155
2017	Seda Vertis North Seda Lio	438 153
2018	Seda Circuit Seda Arca South Seda Central Bloc Cebu Seda BGC Expansion	255 265 214 341
2019	Seda City Gate Makati	293
2020	Mandarin Oriental	275

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**Thank You.**

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