

1H 2016 | Analysts' Briefing

09 August 2016



Outline

Message from the President

1H 2016 Results

- Financial Statements
- Margins
- Capex
- Operating Statistics

Duterte's 10 Socio-Economic Priorities



Maintain macro policies, improve tax collection.



Accelerate infrastructure spending.



Encourage FDI.



Pursue agricultural development strategy.



Address bottlenecks in land administration.



Strengthen the basic education system.



Implement a progressive tax system.



Expand conditional cash transfer programs.



Strengthen Responsible Parenthood and Reproductive Health Law



Promote science, technology, and arts to enhance innovation

Duterte enjoys record-high 91% trust rating – Pulse Asia

(2ND UPDATE) A Pulse Asia survey conducted in early July also shows that a 'sizeable majority' of Filipinos trust Vice President Leni Robredo

Rappler.com

Published 11:07 AM,
July 20, 2016
Updated 9:40 PM, July
20, 2016

32

22K

Twitter



<http://www.rappler.com/nation/140318-duterte-trust-rating-july-2016>

Balanced and sustainable growth through the 2020-40 Plan

P40B NIAT by 2020

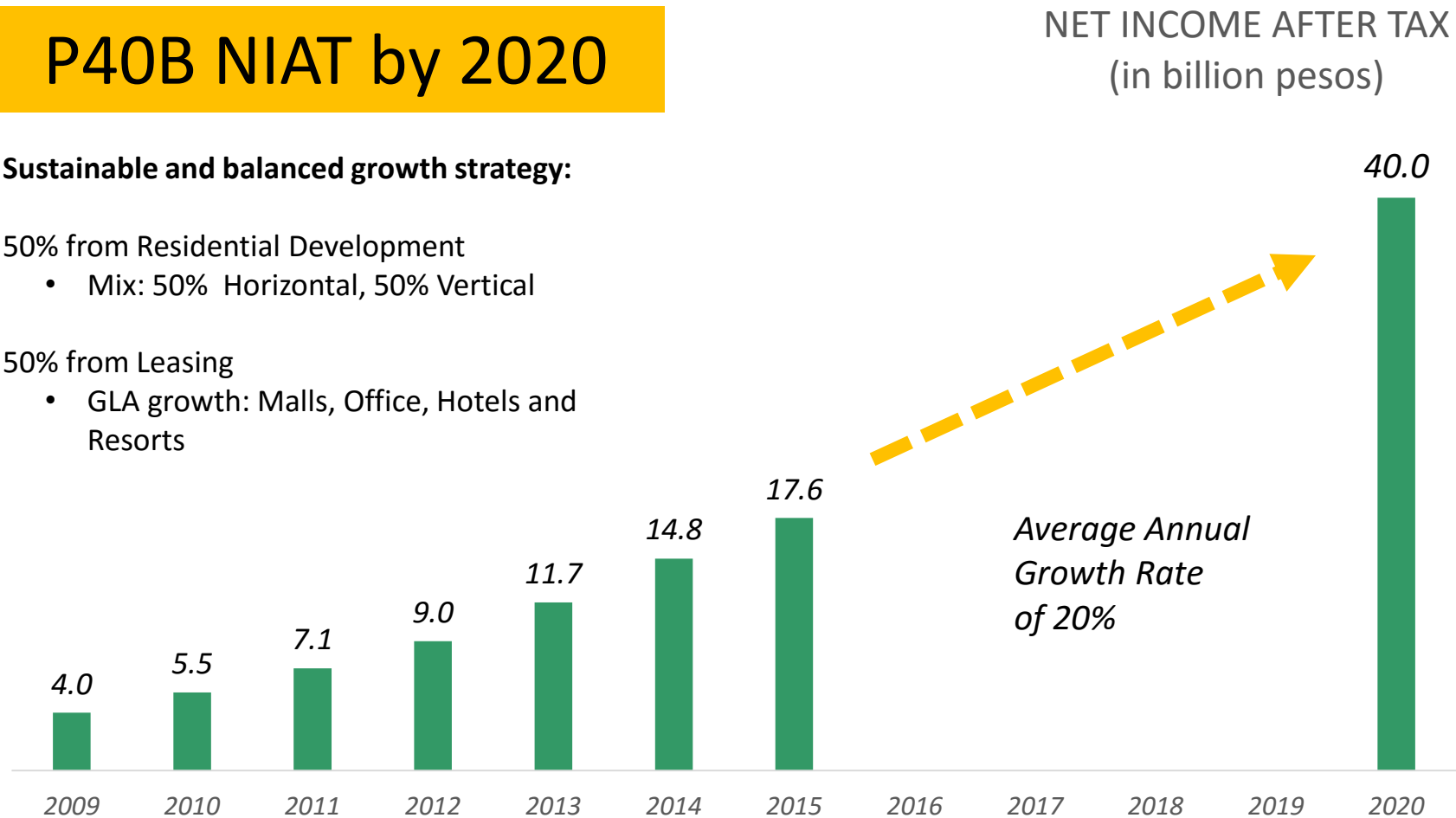
Sustainable and balanced growth strategy:

50% from Residential Development

- Mix: 50% Horizontal, 50% Vertical

50% from Leasing

- GLA growth: Malls, Office, Hotels and Resorts



Platform for growth in place

19 Estates across the Philippines

Makati



Cebu



Bonifacio Global City



Nuvali



With 8,948 ha of land bank

Present across 55 growth centers across the Philippines



Capitol Central



Strategically located near major infrastructure projects

*North Ave/
Mindanao Ave
Interchange
(DPWH) 2018*



*EDSA/North Av
-West Av
Interchange
(DPWH) 2018*



*Buendia/Makati
Ave-Paseo de Roxas
Underpass
(DPWH) 2018*



*Southwest ITS
(Megawide) 2018*



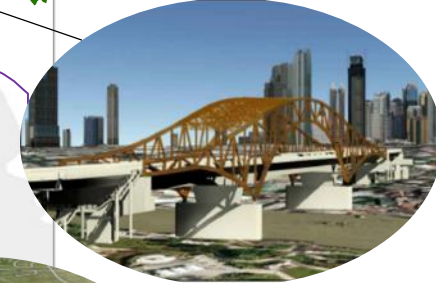
UP Town Center-Ateneo Viaduct 2017



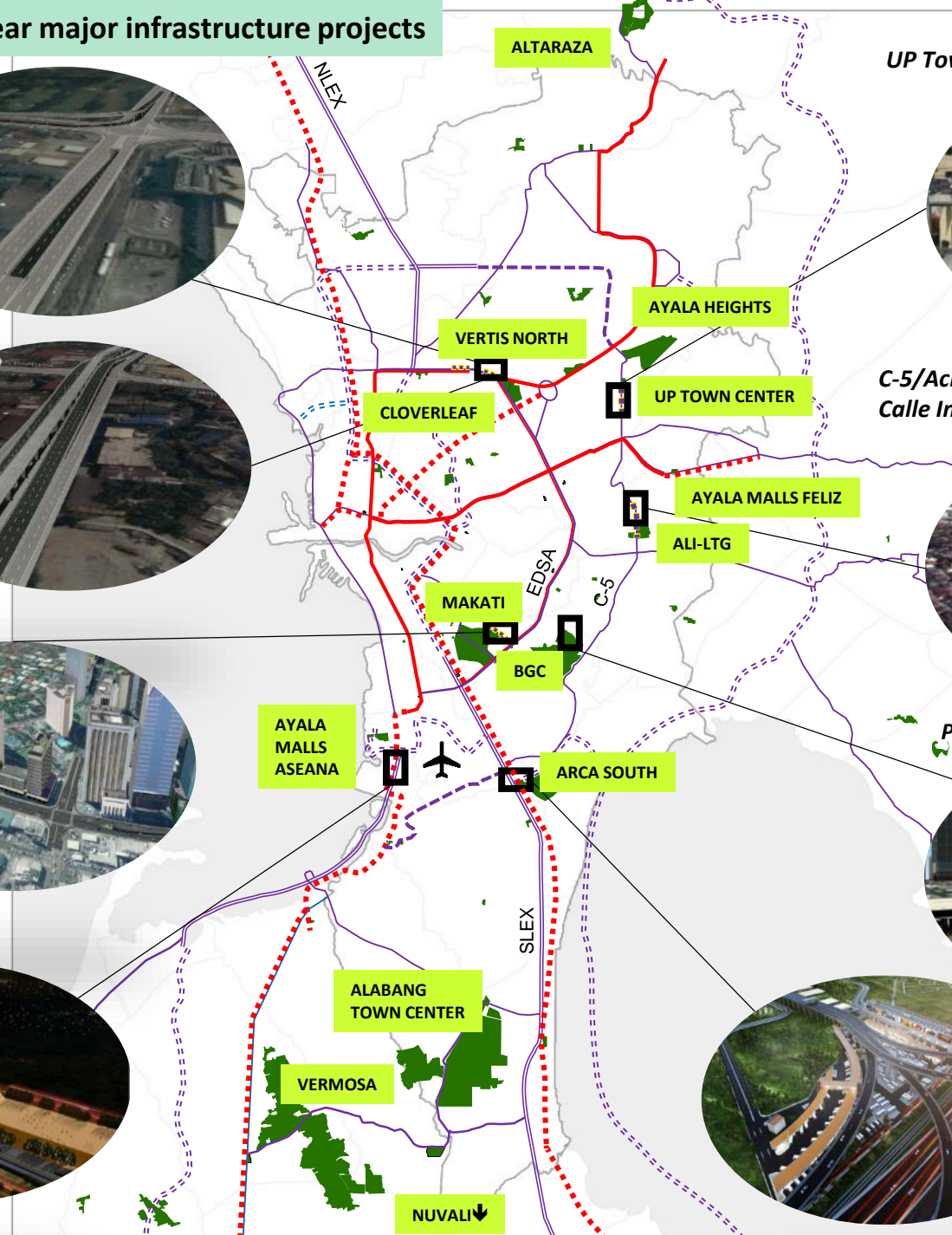
*C-5/Acropolis- Green Meadows-
Calle Industria Flyover (DPWH) 2018*



Pasig-BGC Bridge (DPWH) 2018



*South ITS
(ALI) 2018*



Strategically located near transit and expressway projects

North-South Commuter Rail (DOTC) 2021

Quezon Ave Bus Rapid Transit (DOTC) 2019

LRT2 West Extension (LRTA) 2020

NLEX-SLEX Connector Rd (MPIC) 2019

Skyway Stage 3 (Citra) 2018

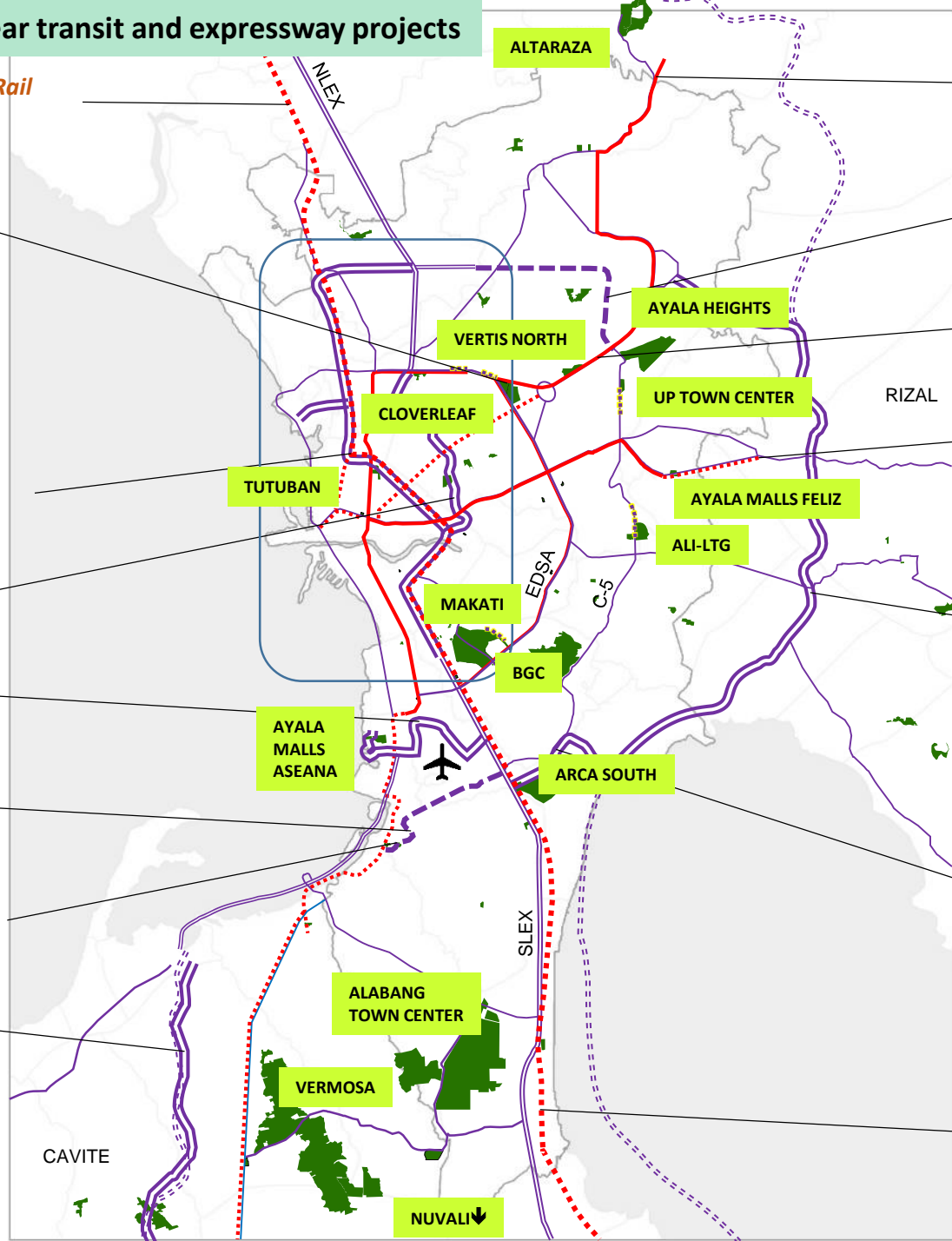
NAIA Expressway (SMC) 2017

C-5 South Link Expressway (CIC-MPIC) 2019

LRT1 South Extension (LRMC) 2020

CALA Expwy (MPCALA) 2020

Legend:
 Rail/Transit System
 Expressways



MRT7 (SMC) 2019

C-5 Segments 8,9,10 (MNTC) 2017-2019

LRT1-MRT7-MRT3 Common Station 2020

LRT2 East Extension (LRTA) 2018

C-6 Ph 1 (Citra) 2020

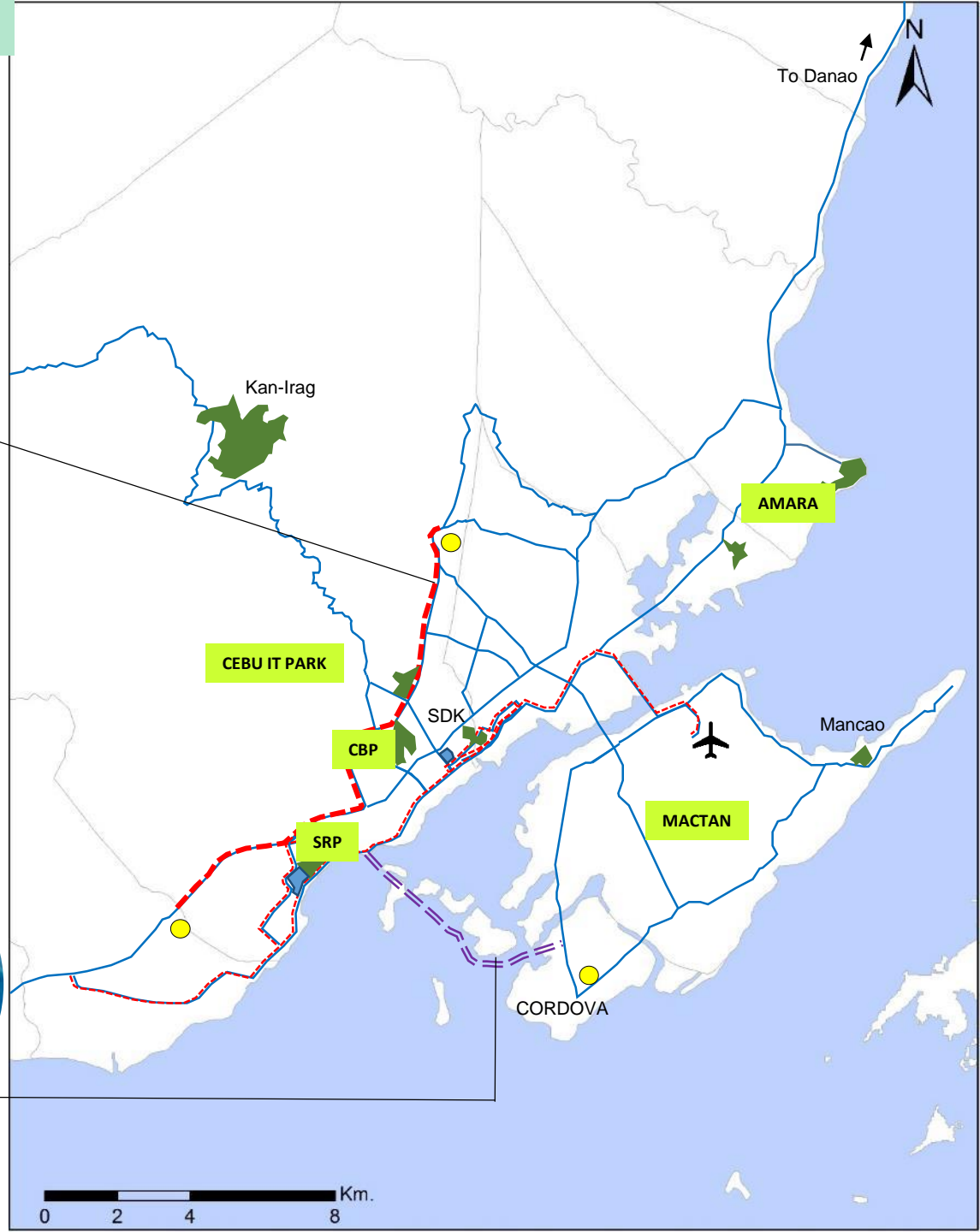
Skyway C-5/ C-6 Ph 1A (Citra) 2018

North-South Railway (DOTC) 2020

Cebu

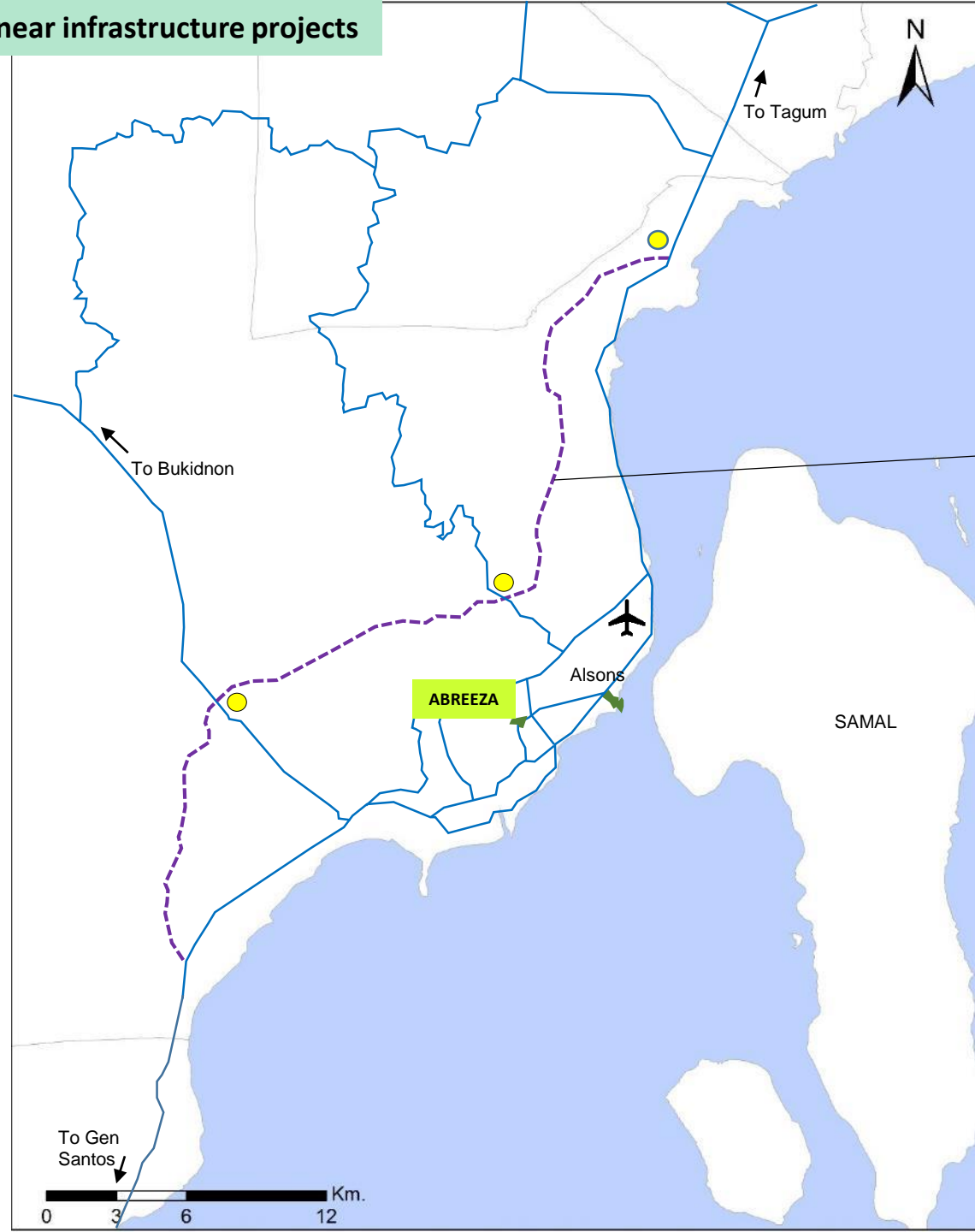
*Cebu BRT
(Cebu LGU)
2019*

*Cebu-Cordova Bridge
(MPIC) 2020*



Strategically located near infrastructure projects

Davao

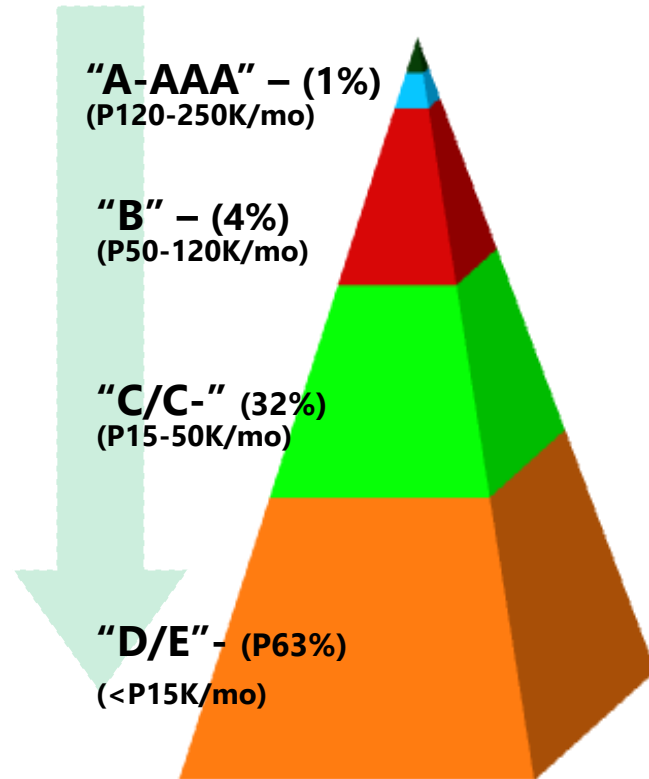


Davao Bypass Road (DPWH) 2021

Residential: Steady launch of various product lines

Wide product offering to address a broader market segment

Based on Income Classes of 18M Households



AyalaLand PREMIER

ALVEO

Avida

Amaia

BellaVita

Segment	Price Range	Average/unit
High End	P9 - 350M (US\$200-7M)	P20M (US\$400k)
Upscale	P4 - 35M (US\$100-770k)	P10M (US\$220k)
Middle Income	P2.5 - 18M (US\$38-300k)	P5M (US\$100k)
Economic Housing	P800K - 2.9M (US\$15-64k)	P1.2M (US\$30k)
Social Enterprise Community	P400K - 1M (US\$10-25k)	P600K (US\$15k)

- 3.9M current housing backlog
- Annual supply of 200K units vs annual demand of 345K units

Source: Nat'l Statistics Office, 2012 FIES

Similar strategy is being adopted by all other business lines

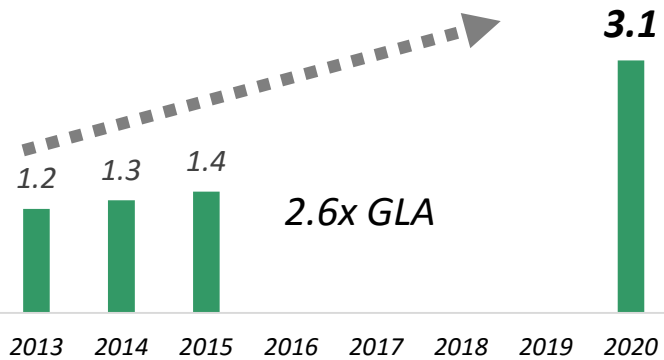
Leasing: Continued expansion of investment properties

Malls, Offices and Hotels and Resorts growth



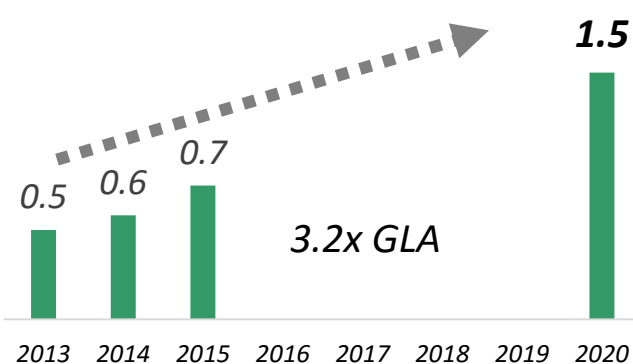
- Regional Malls
- Lifestyle Malls
- Value Malls
- Community Centers

Malls GLA : 1.2 to 3.1
(in million sqm.)



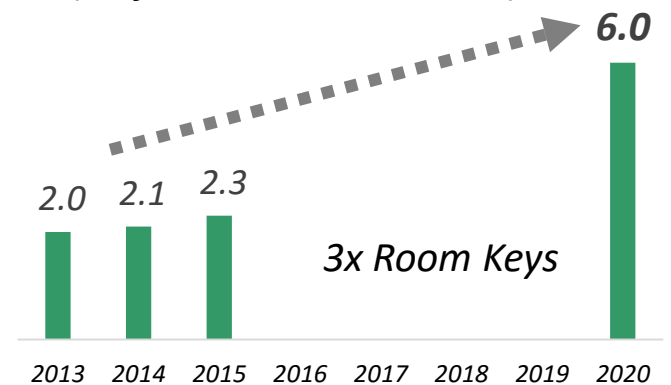
- Headquarter Type Offices
- BPO-Type Facilities

Office GLA : 0.5 to 1.5
(in million sqm.)



- SEDA Hotels
- Island Resorts and Estates
- International Brand Formats

Hotels & Resorts : 2.0k to 6.0k
(# of rooms in thousands)



Equity earnings from new investments



PrimeOrion Philippines, Inc.



Balanced and sustainable growth through the 2020-40 Plan

P40B NIAT by 2020

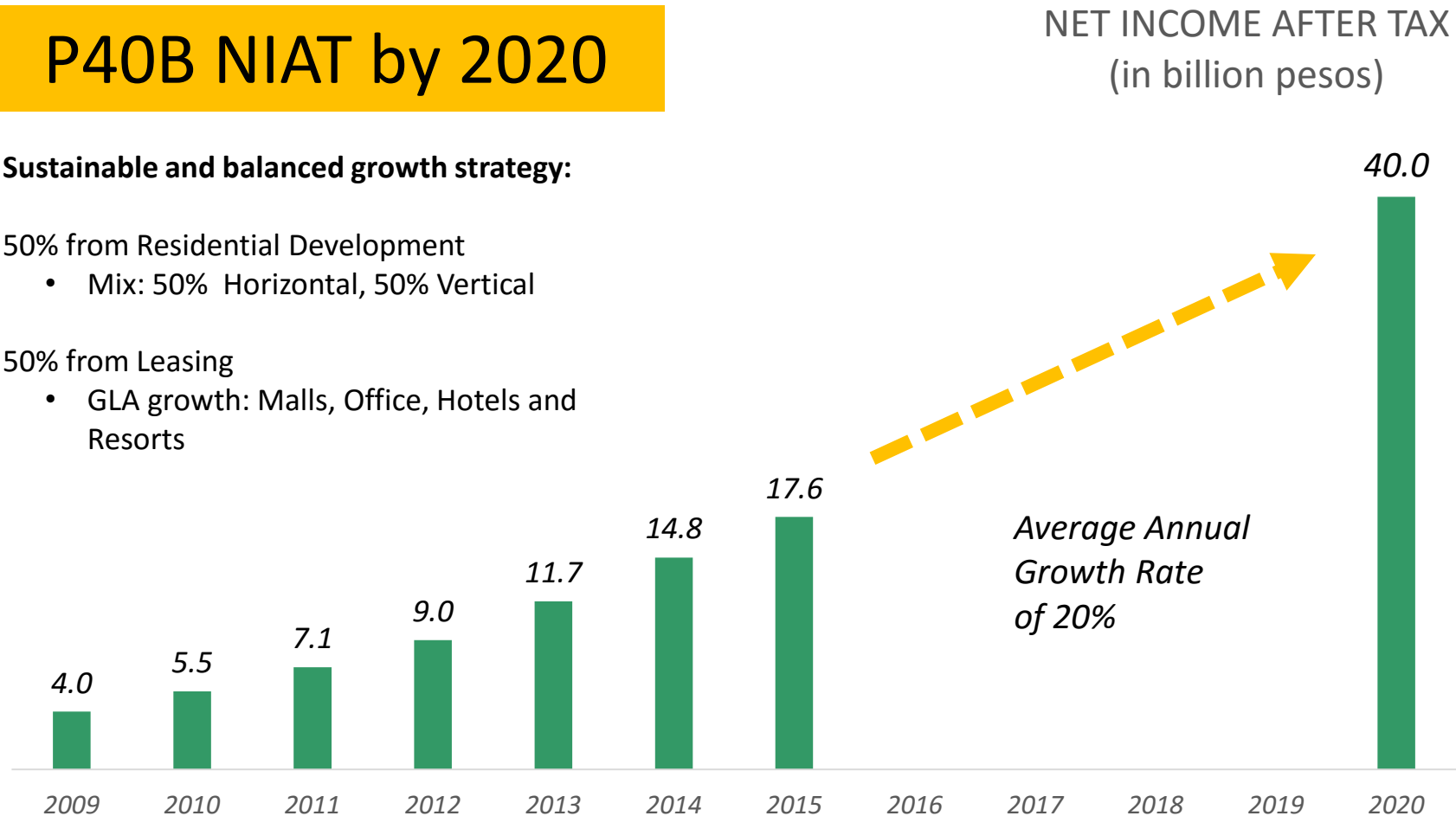
Sustainable and balanced growth strategy:

50% from Residential Development

- Mix: 50% Horizontal, 50% Vertical

50% from Leasing

- GLA growth: Malls, Office, Hotels and Resorts



Outline

Message from the President

1H 2016 Results

- Financial Statements
- Margins
- Capex
- Operating Statistics

Key Messages

1. Results continue to be positive with net income at P9.7b, 16% higher year on year
2. Total revenues reached P54.8 billion, up 8% driven by the steady performance of the core real estate businesses which grew 9%
3. Total capex spent at P43.4b on track with project completion
4. Total value of launches at P65.7 billion composed of an estate, residential, office for sale and leasing projects

Net income of P9.7b, up 16%

- Real Estate Revenues higher by 9%
- GAE ratio improved to 6.0% from 6.3%
- EBIT margin higher at 34% (vs. 31%)

Income Statement <i>(in Php millions)</i>	1H 2016	1H 2015	Change	%
Total Revenues	54,760	50,611	4,150	8%
Real Estate*	53,861	49,525	4,335	9%
Interest & Other Income	900	1,085	(186)	-17%
<i>Equity in Net Earnings of Associates and JVs</i>	267	-81	348	431%
<i>Interest & Investment Income</i>	351	859	(508)	-59%
<i>Other Income</i>	282	308	(26)	-8%
Expenses	39,552	37,497	2,054	5%
Real Estate	32,439	30,979	1,460	5%
GAE	3,307	3,174	133	4%
Interest Expense, Financing and other charges	3,806	3,345	461	14%
Income Before Income Tax	15,208	13,113	2,095	16%
Provision for Income Tax	3,928	3,192	736	23%
Income before Non-Controlling Interest	11,280	9,921	1,359	14%
Non-Controlling Interest	1,540	1,534	7	0%
NIAT Attributable to ALI Equity Holders	9,740	8,388	1,352	16%

*Includes interest income on accretion.

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

**Excluding commercial lot sales, revenue grew by 12% and NIAT by 22%

Steady performance of core businesses

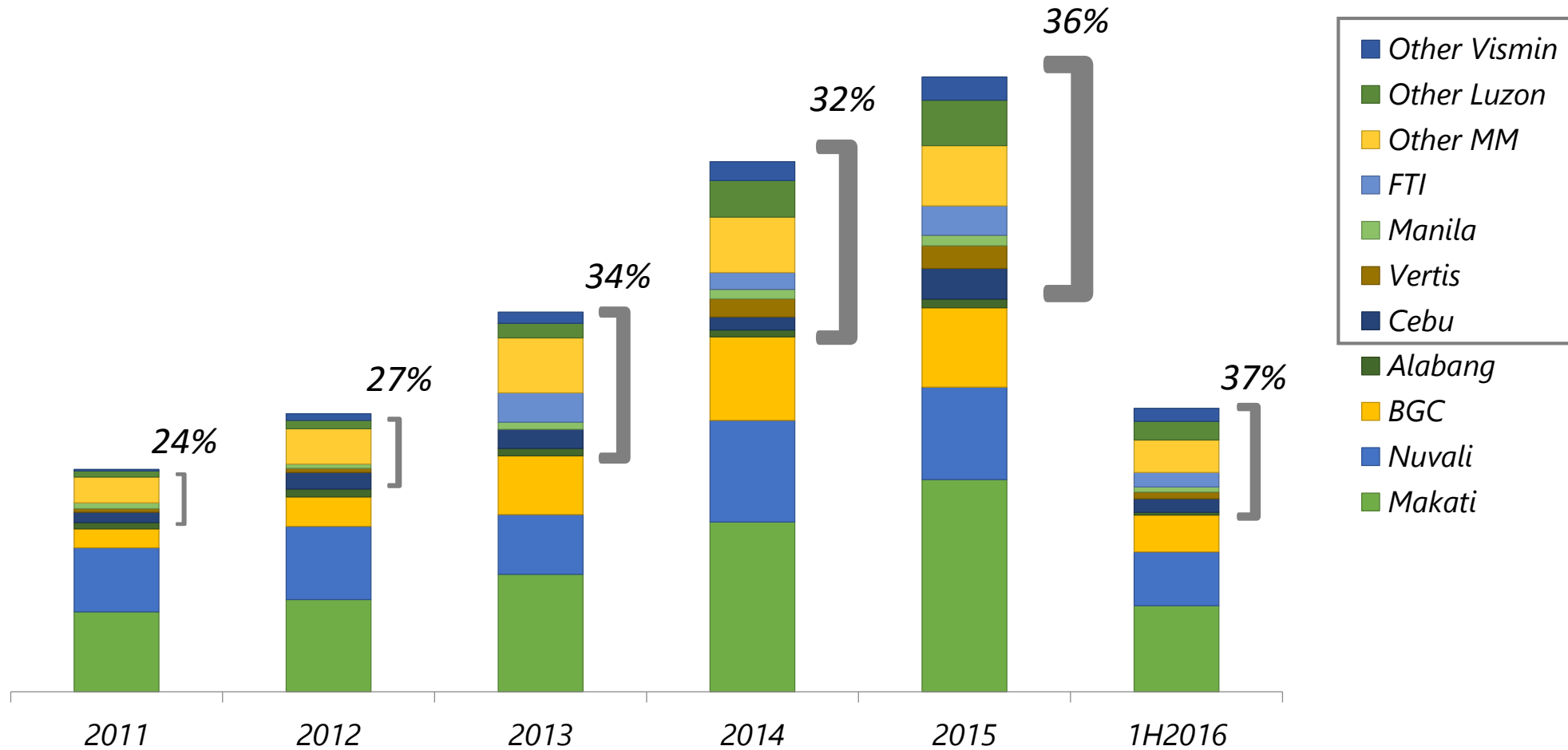
Revenue Breakdown <i>(in P millions)</i>	1H 2016	1H 2015	Amount	%	
Property Development	36,068	33,946	2,121	6%	
Residential	31,089	28,809	2,280	8%	<i>New bookings and project completion</i>
Office for Sale	3,380	2,360	1,020	43%	<i>Contribution of ALVEO Financial Tower</i>
Comm'l/Ind'l lots	1,598	2,777	(1,179)	-42%	<i>Arca South lot sales in 2015</i>
Commercial Leasing	12,755	11,399	1,355	12%	
Shopping Center	6,984	6,011	973	16%	<i>Improved contribution of new malls – UPTC and Solenad 3</i>
Office	2,579	2,427	152	6%	<i>Contribution of new offices</i>
Hotels and Resorts	3,192	2,961	231	8%	<i>Higher REVPAR</i>
Services	31,712	19,900	11,811	59%	
Gross Construction	30,982	19,212	11,770	61%	<i>Increase in order book</i>
Property Mgmt.	729	688	42	6%	
Sub –Total	80,534	65,246	15,288	23%	
Interco Adjustments	(26,673)	(15,721)	(10,953)	70%	
Real Estate Revenues	53,861	49,525	4,335	9%	
Interest & Other Income	900	1,085	(186)	-17%	
Total Revenues	54,760	50,611	4,150	8%	

Improved margins across various product lines

Margin Performance	1H 2016	1H 2015	
Property Development <i>(Gross profit)</i>			
Residential			
<i>Horizontal</i>	42%	43%	<i>Lower margin on newly launched projects due to higher land cost</i>
<i>Vertical</i>	36%	35%	<i>Sale of higher margin projects</i>
Office for Sale	39%	39%	<i>Sustained margins of newly launched projects</i>
Commercial and Industrial Lots	56%	49%	<i>Higher margin lots for sale in Nuvali and Arca South</i>
Commercial Leasing <i>(EBITDA)</i>			
Shopping Centers	68%	67%	<i>Cost containment initiatives and better performance of maturing leasing assets</i>
Office	90%	88%	
Hotels & Resorts	32%	30%	<i>Improved occupancy of Hotels</i>
Services <i>(EBITDA)</i>			
Construction and Property Management	9%	12%	<i>Bulk of accomplishments are from lower margin contract packages</i>

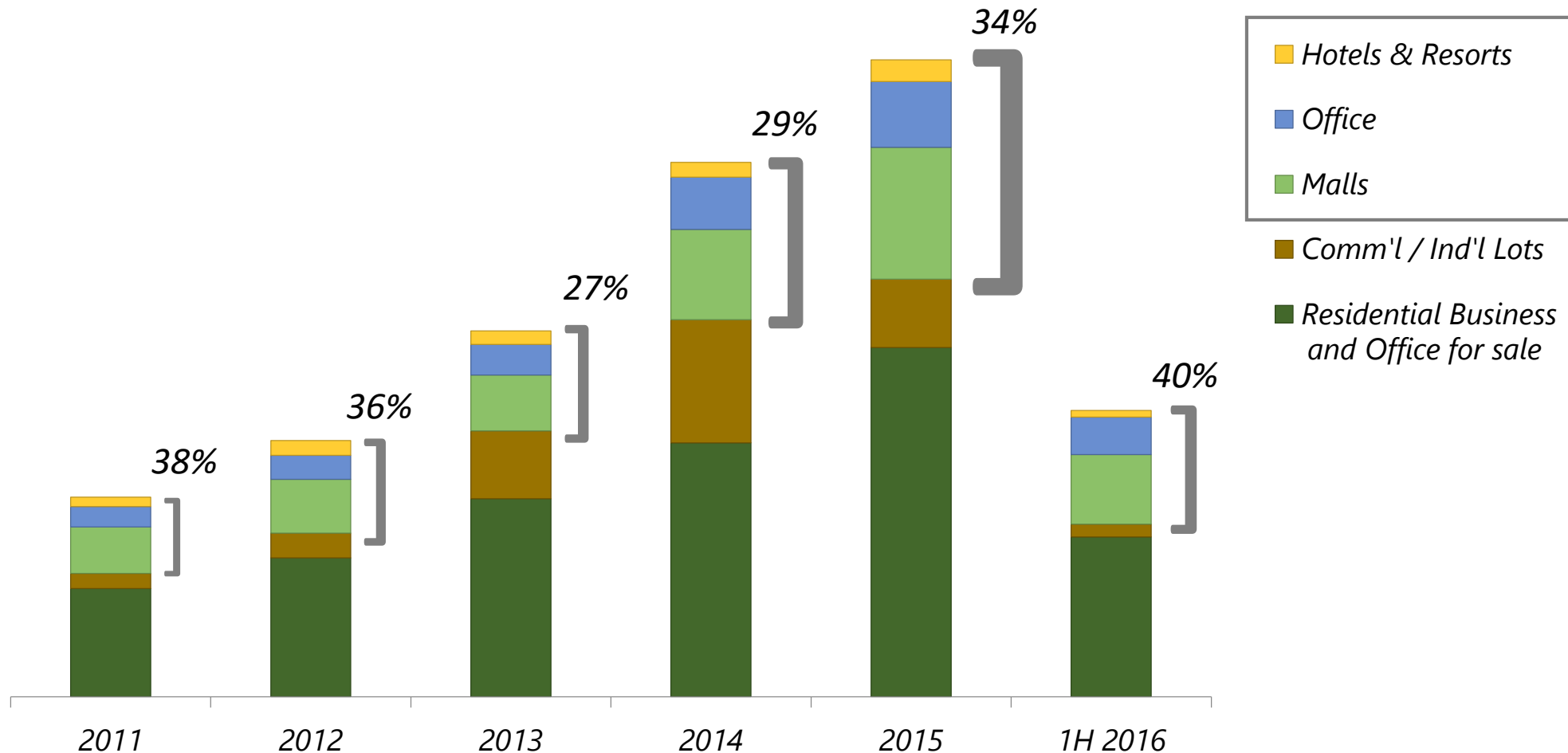
Continued diversification into new growth centers

NIAT contribution per business center



Continued diversification towards higher recurring income

NIAT contribution per core business segment



Note: Excludes NIAT from services. Target is to increase the recurring income contribution to 50% by 2020

Solid balance sheet to support growth

Balance Sheet <i>(in P millions)</i>	June 2016	December 2015	Change	%
Cash & Cash Equivalents*	19,961	19,540	421	2%
Total Borrowings	154,744	130,996	23,748	18%
Stockholders' Equity	157,674	149,825	7,849	5%
<i>Current Ratio</i>	1.05	1.14	-	-
<i>Debt-to-Equity Ratio</i> ***	0.98	0.87	-	-
<i>Net Debt-to-Equity Ratio</i> ***	0.85	0.74	-	-
<i>Return on Equity</i> **	14.3%	14.7%	-	-

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

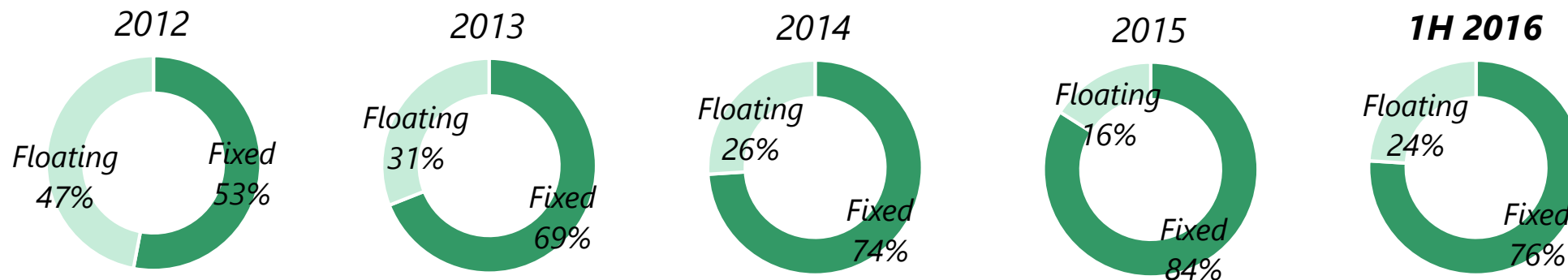
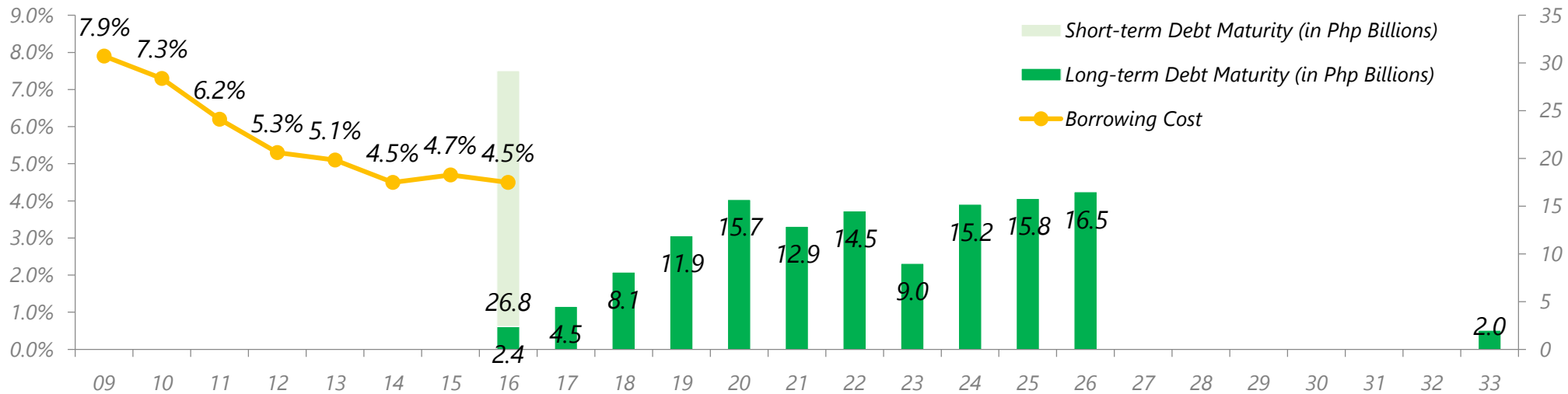
**Attributable to equity holders of ALI

***Consolidated debt over equity inclusive of minority interest

Sustained capital efficiency via stretched maturities lower cost of debt and managed debt mix

As of June 30, 2016

Total Borrowings: Php154.7B, Long-term Php127.9B, Short-term Php26.8B

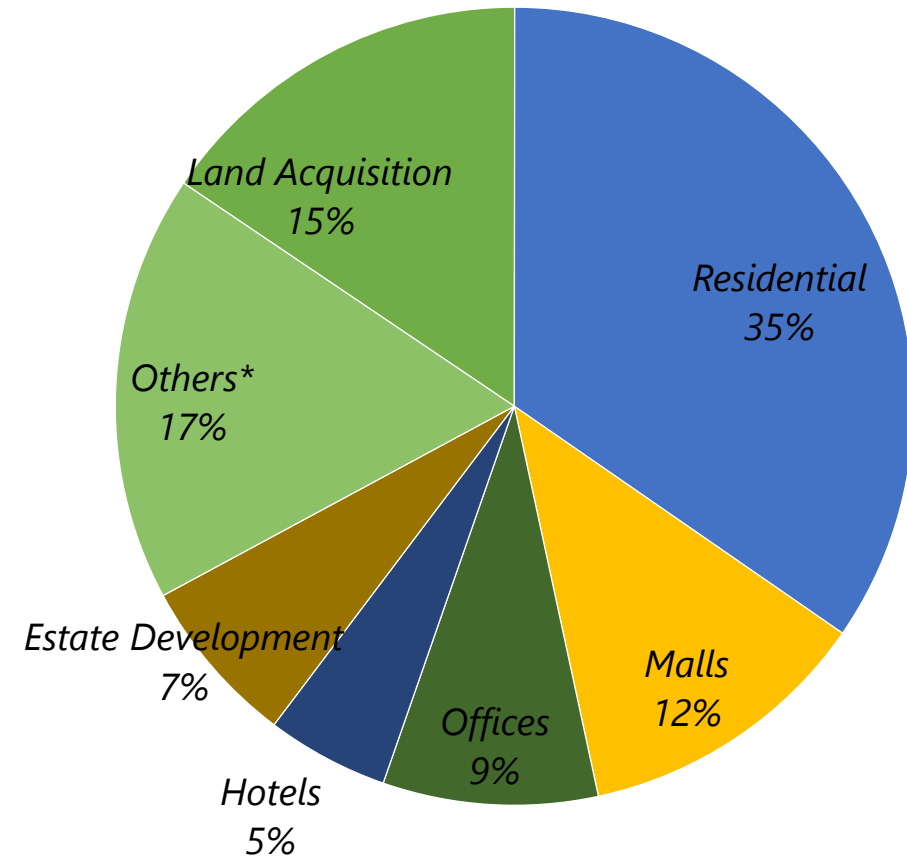


Total capex spent reached P43.4b (51% of FY Budget)

1H 2016 Capex Breakdown (In Php billions)

	FY 2016 Budget	1H 2016 Actual
Land Acquisition	15.4	6.8
Residential	34.1	15.0
Malls	13.6	5.2
Offices	7.2	3.8
Hotels and Resorts	3.0	2.1
Estate Development	3.8	3.0
Others*	7.4	7.5
Total	84.5	43.4

1H 2016 Capex Spend

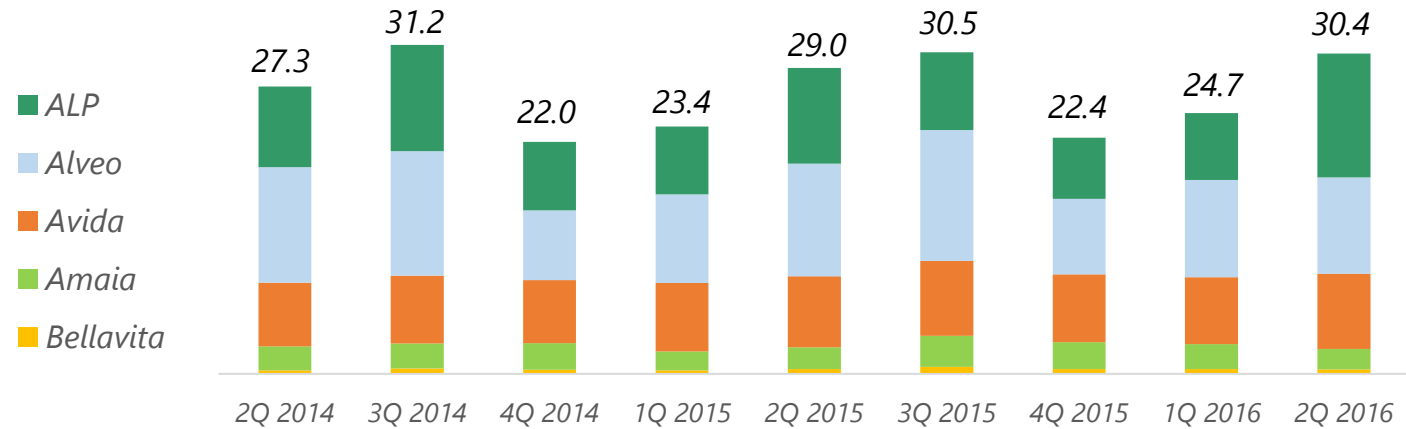


* ALI Capital, Services and other investments

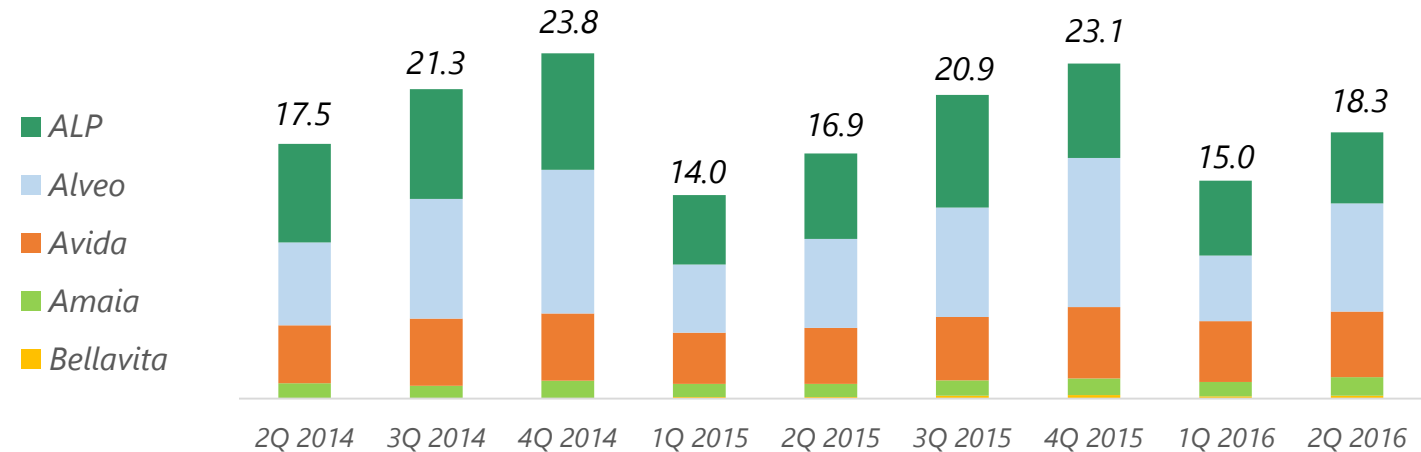
Residential: Sales take-up 5% higher year-on-year

- **Sales take-up: P55.1b**
 - average of P9.2b in monthly sales
 - Q2 vs Q1 up 23%
- **Overseas Filipino Sales : P12.7b**
 - up 3% year-on-year
 - 23% of total sales
- **Booked sales: P33.3b**
 - up 8% year-on-year
 - Q2 vs Q1 up 22%

Sales Take-Up (In Php Bn)



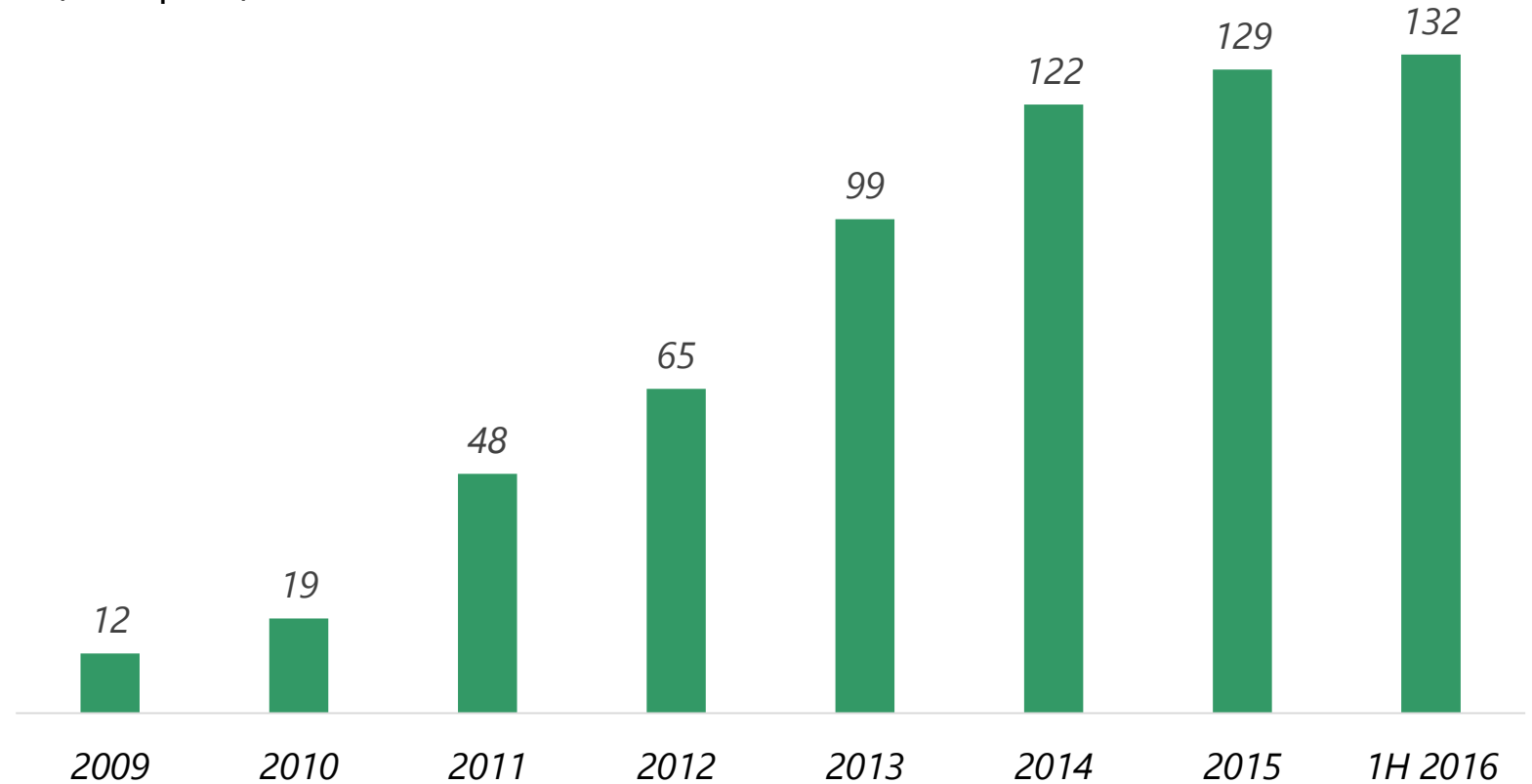
Booked Sales (In Php Bn)



Continued build-up of unbooked revenues

- *Unbooked revenues up 2% vs P129b in 2015*

Unbooked Revenues
(In Php Bn)



Key Launches: Residential



Park Central Tower 1 (June 2016)
Makati
281 units, P17.2b | 48% cum. take-up



Key Launches: Residential

ALVEO

Aveia Phase 1 (May 2016)

Binan, Laguna

233 units, P1.4b | 32% cum. take-up



The Gentry (June 2016)

Makati

391 units, P4.5b | 43% cum. take-up



Key Launches: Residential

Avida

One Antonio (April 2016)
Makati
198 units, P1.7b | 35% cum. take-up



Key Launches: Gatewalk Central Cebu

Gatewalk Central Cebu (June 2016) *Mandaue City, Cebu*

- *Owned and developed by Cebu District Property Enterprise, Inc. ("CDPEI"), the JV company of Ayala Land and AboitizLand*
- *Phase 1 components*
 - *Mall 115k GLA*
 - *Office 20k GLA*
 - *Avida Towers*
 - *30-meter-wide pedestrian street with a dynamic commercial mix*

Investment Cost (Phase 1): P10B



Malls: Total GLA of 1.51m sqm

Mall space completed: 48k

- *Average Occupancy Rate: 93%*
- *Average Mall Lease Rate: P1,164/sqm/month*
- *Same Mall Rental Growth: 5%*

UP Town Center, QC (Ph 2B)
33k GLA



Malls Update

Key Launches in 2Q 2016

Gatewalk Central (Mandaue, Cebu)

115K GLA



Under Construction: 982k GLA

Completion	Mall	GLA (in k sqm)
2016 (134k)	Lio El Nido	3
	Vertis North QC	47
	Solaire	5
	Southpark Alabang	47
	Riverside	1
	BHS Central (ear lot)	3
	The 30 th	28
2017 (172k)	Feliz	80
	Cloverleaf	39
	Arvo Marikina*	20
	Circuit Mall Ph1	33
2018 (498k)	Citygate	10
	Park Triangle Retail	24
	Arca South Ph1	73
	Capitol Central	74
	Circuit Mall Ph2	25
	Central Bloc	42
	Manila Bay Area	250
2019 (124k)	ATG retail T2	9
	Gatewalk Cebu*	115
2020 (54k)	Ayala Center Mall*	54

*Launched in 2016

Offices: Total of 753k sqm

- *Average Occupancy Rate: 85%**
- *Average Lease Rate: P720/sqm/month (up 5%)*
- *Average Leased-out rate: 94%*

Office space completed: 16k

UP Technohub Bldg P (QC)
10K GLA



UP Town Center (QC)
6K GLA



** Includes new office spaces leased for fit-out. Occupancy (stable) ~ 95%*

Offices Update

Key Launches in 2Q 2016

Gateway Central (Mandaue, Cebu)
20K GLA



Under Construction: 793k GLA

Completion	Office	GLA (in k sqm)
2016 (146k)	The 30 th	47
	Vertis 1	41
	PSE at BGC	29
	ACC Cebu BPO	29
2017 (193k)	Vertis 2	42
	Circuit 1	45
	Arca South BPO 1	33
	Circuit 2	26
	Tech Tower Cebu	16
	Citygate Ph1 HQ	19
	Southpark BPO	12
2018 (193k)	Arca South BPO 2	47
	Citygate Ph1 BPO	37
	Vertis 3	36
	Manila Bay (BPO)	18
	BGC Corp Center 1	26
	eBloc 5	29
2019 (90k)	Arca South BPO 3	17
	eBloc 6	39
	BGC Corp Center 2	34
2020 (171k)	ATG T2	66
	Ayala Center*	85
	Gateway Cebu	20

*Launched in 2016

Hotels and Resorts: Total of 1,991 rooms in operation

1H 2016	Hotels*	Resorts
No. of rooms in operation	Branded: 961 Seda: 817	El Nido Resorts: 213
Revpar/night	P3,956 (up 4%)	P9,142 (up 6%)
Average room rate	P5,311 (up 1%)	P14,177 (up 7%)
Average occupancy	75% (up 2 pts)	65% (down 1 pt)

Opening in 2016: 62 rooms

El Nido B&B



Under Construction: 3,721 rooms

Completion	Hotel	No. of Rooms
2016 (62)	El Nido B&B 3* El Nido B&B 2	20 42
2017 (765)	Seda Vertis North Seda Lio Seda Bacolod El Nido B&B 1*	438 153 154 20
2018 (861)	Seda Circuit Seda Arca South Seda BGC Expansion	255 265 342
2019 (858)	Seda Gateway Makati Seda Bay Area Seda CITP	293 350 214
2020 (575)	Mandarin Oriental Ayala Center Condo for Lease*	275 300
2021 (600)	Ayala Center Seda*	600

*Launched in 2016

In Summary

1. Results continue to be positive with net income at P9.7b, 16% higher year on year
2. Total revenues reached P54.8 billion, up 8% driven by the steady performance of the core real estate businesses which grew 9%
3. Total capex spent at P43.4b on track with project completion
4. Total value of launches at P65.7 billion composed of an estate, residential, office for sale and leasing projects