



## 9M 2016 | Analysts' Briefing

07 November 2016



# Outline

## 9M 2016 Results

- Financial Statements
- Margins
- Capex
- Operating Statistics

# Key Messages

1. Ayala Land continues to deliver a strong bottom line with a **net income of P15.1b, up 17% year-on-year** driven by higher revenues and consistent margin improvement initiatives.
2. **Total revenues grew 14% to P85.5b** driven by the sustained growth of the residential and office for sale segments, complemented by new commercial lot sales and the strong performance of shopping centers.
3. **Total capex spent at P63.9b** on track with the completion of development and leasing projects.
4. Ayala Land **launched P72.6b worth of projects** during the period.

# Net income up 17% to P15.1b

- Real Estate Revenues higher by 14%
- GAE ratio improved to 5.7% from 6.2%
- EBIT margin higher at 34% (vs. 33%)

<b>Income Statement</b> <i>(in Php millions)</i>	<b>9M 2016</b>	<b>9M 2015</b>	<b>Change</b>	<b>%</b>
<b>Total Revenues</b>	<b>85,489</b>	<b>75,047</b>	<b>10,442</b>	<b>14%</b>
Real Estate*	84,092	73,637	10,455	14%
Interest & Other Income	1,397	1,410	(13)	-1%
<i>Equity in Net Earnings of Associates and JVs</i>	345	(145)	490	338%
<i>Interest &amp; Investment Income</i>	686	912	(226)	-25%
<i>Other Income</i>	366	643	(277)	-43%
<b>Expenses</b>	<b>62,209</b>	<b>54,708</b>	<b>7,502</b>	<b>14%</b>
Real Estate	51,325	44,971	6,354	14%
GAE	4,900	4,648	252	5%
Interest Expense, Financing and other charges	5,984	5,088	895	18%
Income Before Income Tax	23,280	20,339	2,940	14%
Provision for Income Tax	5,876	5,133	742	14%
<b>Income before Non-Controlling Interest</b>	<b>17,404</b>	<b>15,206</b>	<b>2,198</b>	<b>14%</b>
Non-Controlling Interest	2,343	2,381	(38)	-2%
<b>NIAT Attributable to ALI Equity Holders</b>	<b>15,061</b>	<b>12,825</b>	<b>2,236</b>	<b>17%</b>

\*Includes interest income on accretion.

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

# Steady performance of core businesses

Revenue Breakdowns (in P millions)	9M 2016	9M 2015	Amount	%	
<b>Property Development</b>	<b>56,198</b>	<b>50,289</b>	<b>5,909</b>	<b>12%</b>	
Residential	47,065	43,079	3,986	9%	New bookings and project completion
Office for Sale	4,645	4,366	279	6%	Contribution of ALVEO Park Triangle South Tower
Comm'l/Ind'l lots	4,487	2,843	1,644	58%	New lot sales in Arca South, Alviera and Altaraza
<b>Commercial Leasing</b>	<b>19,173</b>	<b>17,179</b>	<b>1,993</b>	<b>12%</b>	
Shopping Center	10,587	9,238	1,901	15%	Improved performance of stable and new malls
Office	4,012	3,631	341	10%	Contribution of newly opened offices
Hotels and Resorts	4,574	4,310	248	6%	Higher REVPAR of hotels and resorts
<b>Services</b>	<b>48,702</b>	<b>30,540</b>	<b>18,161</b>	<b>59%</b>	
Gross Construction	47,655	29,634	18,021	61%	Increase in order book
Property Mgmt.	1,046	906	140	15%	Increase in number of managed properties
<b>Sub –Total</b>	<b>124,072</b>	<b>98,008</b>	<b>26,064</b>	<b>27%</b>	
Interco Adjustments	<b>(39,980)</b>	<b>(24,371)</b>	<b>(15,608)</b>	<b>64%</b>	Elimination of intercompany profits arising from internal construction projects.
<b>Real Estate Revenues</b>	<b>84,092</b>	<b>73,637</b>	<b>10,455</b>	<b>14%</b>	
Interest & Other Income	1,397	1,410	(13)	-1%	
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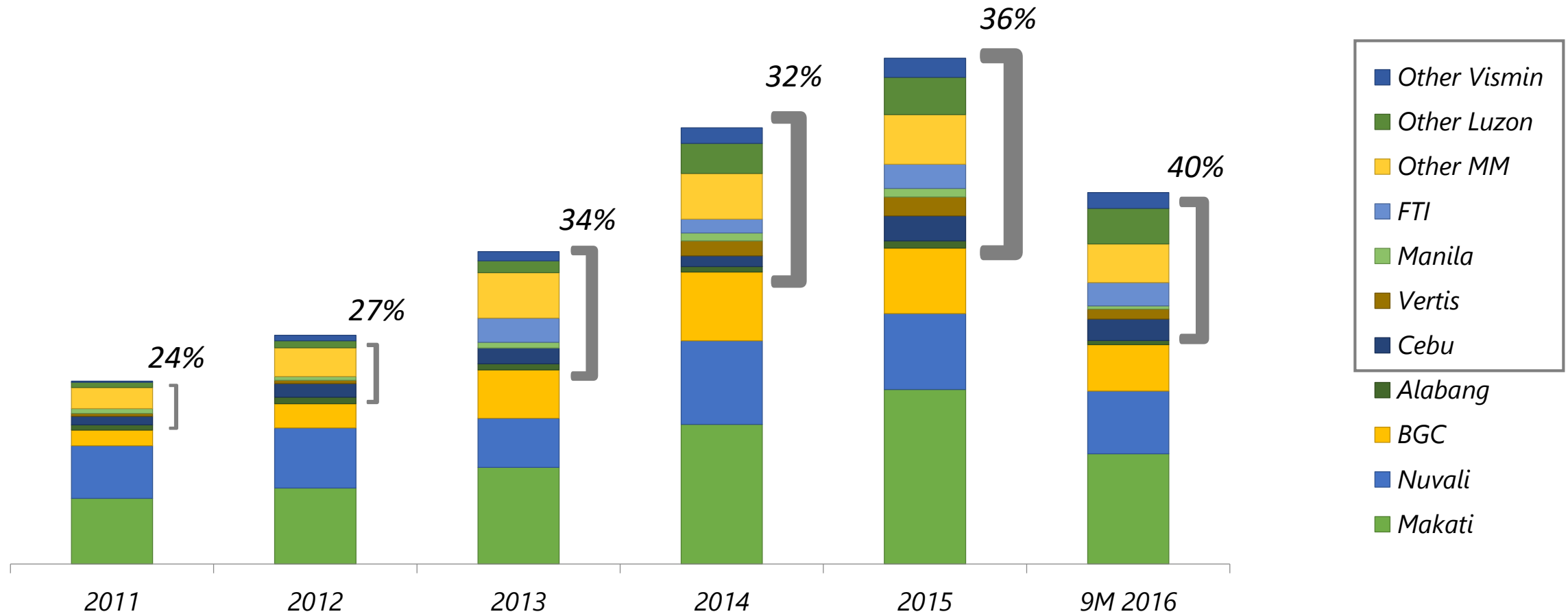


# Margins across various product lines

Margin Performance	9M 2016	9M 2015	
<b>Property Development</b> <i>(Gross profit)</i>			
Residential			
<i>Horizontal</i>	42%	43%	<i>Lower margin on newly launched projects due to higher land and development cost</i>
<i>Vertical</i>	34%	35%	
Office for Sale	38%	38%	<i>Sustained margins of newly launched projects</i>
Commercial and Industrial Lots	40%	49%	<i>Higher contribution from lower margin lot sales</i>
<b>Commercial Leasing</b> <i>(EBITDA)</i>			
Shopping Centers	68%	69%	<i>Lower margin on newly opened malls</i>
Office	90%	89%	<i>Cost containment initiatives and improved performance of stable offices</i>
Hotels & Resorts	27%	28%	<i>Lower occupancy of resorts</i>
<b>Services</b> <i>(EBITDA)</i>			
Construction and Property Management	8%	13%	<i>Bulk of accomplishments are from lower margin contract packages</i>

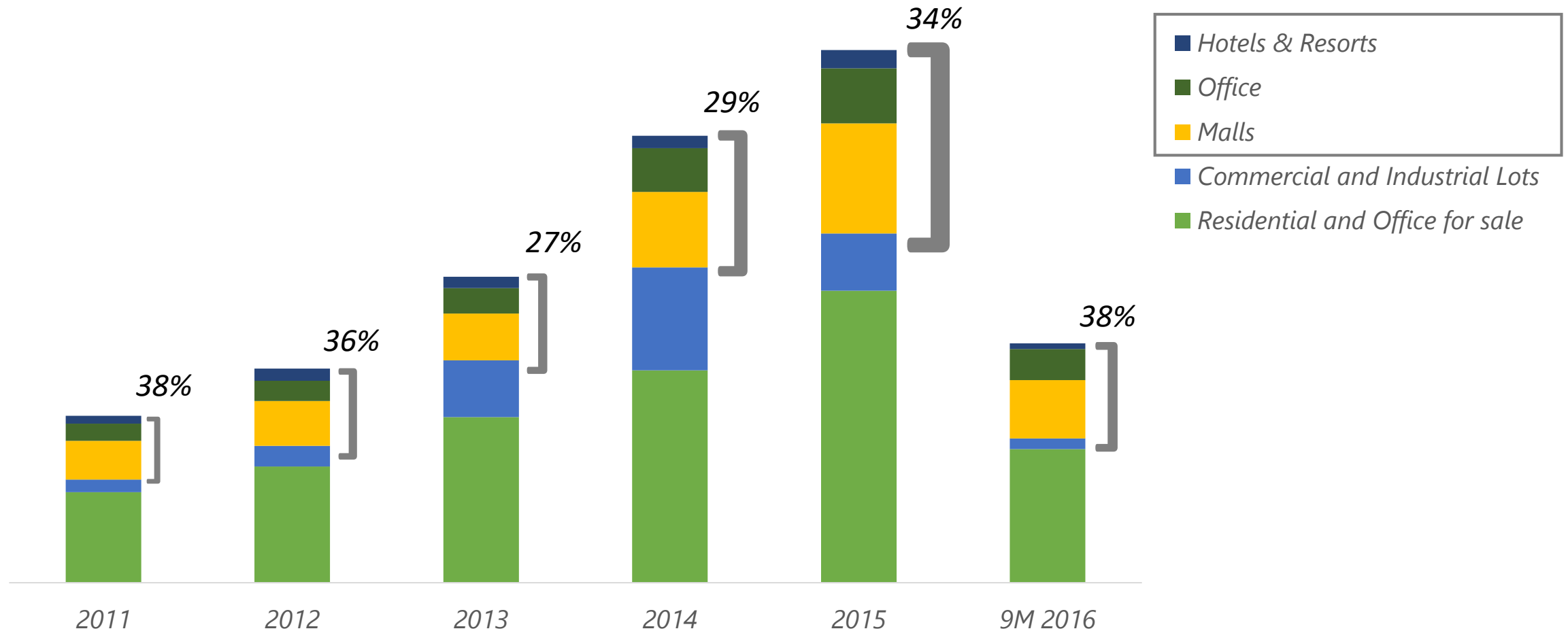
# Continued diversification into new growth centers

NIAT contribution per business center



# Continued diversification of core business segment

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

<b>Balance Sheet</b> <i>(in P millions)</i>	<b>September 2016</b>	<b>December 2015</b>	<b><i>Change</i></b>	<b>%</b>
Cash & Cash Equivalents*	23,680	19,540	4,139	21%
Total Borrowings	158,892	130,996	27,896	21%
Stockholders' Equity	165,569	149,825	14,446	10%
<i>Current Ratio</i>	<i>1.09</i>	<i>1.14</i>		
<i>Debt-to-Equity Ratio **</i>	<i>0.97</i>	<i>0.87</i>		
<i>Net Debt-to-Equity Ratio**</i>	<i>0.82</i>	<i>0.74</i>		
<i>Return on Equity***</i>	<i>14.6%</i>	<i>14.7%</i>		

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

*\*\*Consolidated debt over equity inclusive of minority interest*

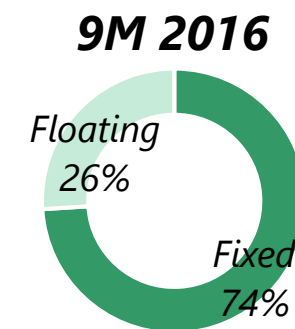
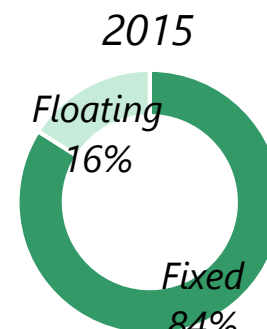
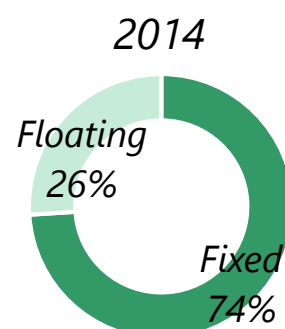
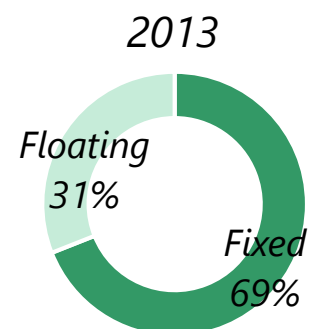
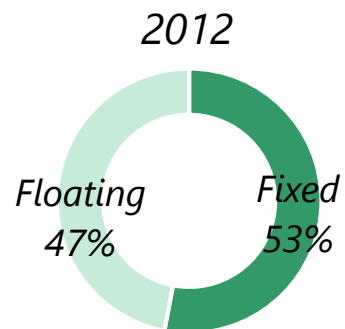
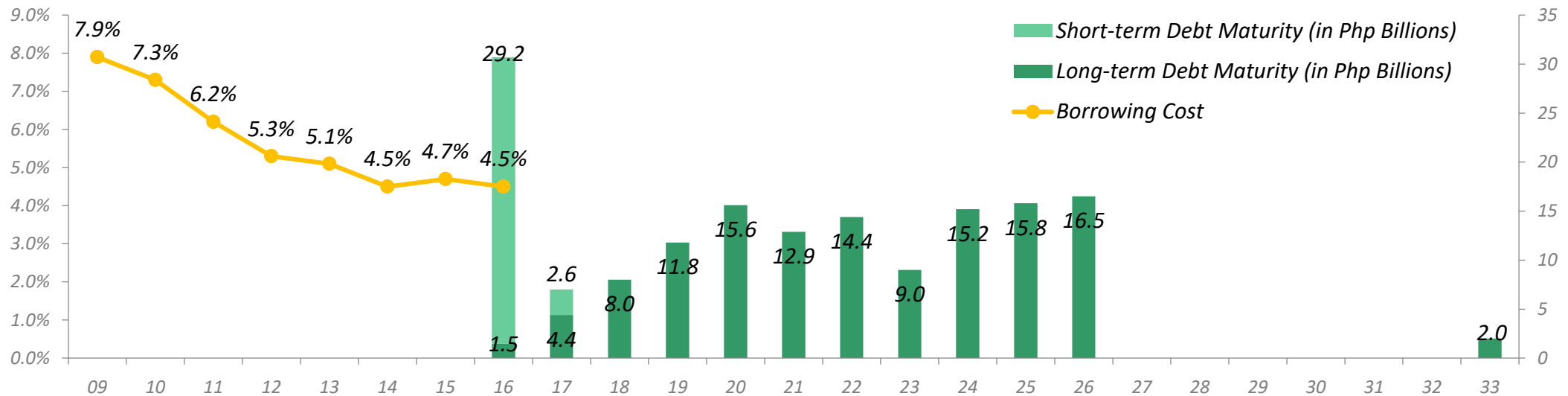
*\*\*\*Attributable to equity holders of ALI*

# Sustained capital efficiency via stretched maturities

## lower cost of debt and managed debt mix

As of September 30, 2016

Total Borrowings: **Php158.9B**: Short-term **Php31.8B** (20%), Long-term **Php127.1B** (80%)

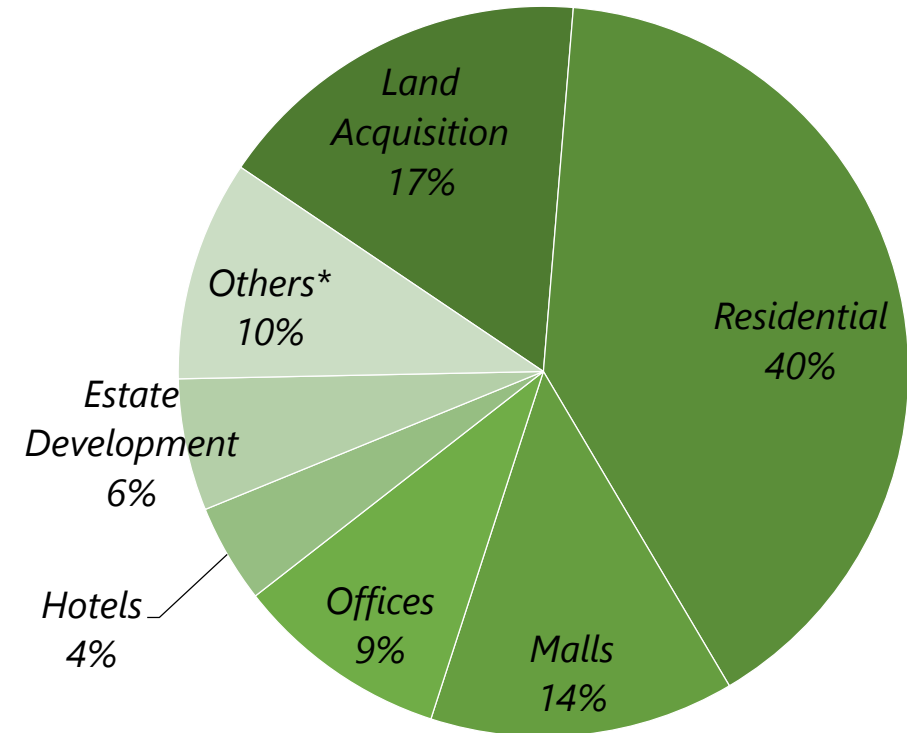


# Total capex spent reached P63.9b

## 9M 2016 Capex Breakdown (In Php billions)

	FY 2016 Budget	9M 2016 Actual
Land Acquisition	15.4	10.8
Residential	34.1	25.7
Malls	13.6	8.6
Offices	7.2	6.1
Hotels and Resorts	3.0	2.8
Estate Development	3.8	3.7
Others*	7.4	6.2
<b>Total</b>	<b>84.5</b>	<b>63.9</b>

## 9M 2016 Capex Spend

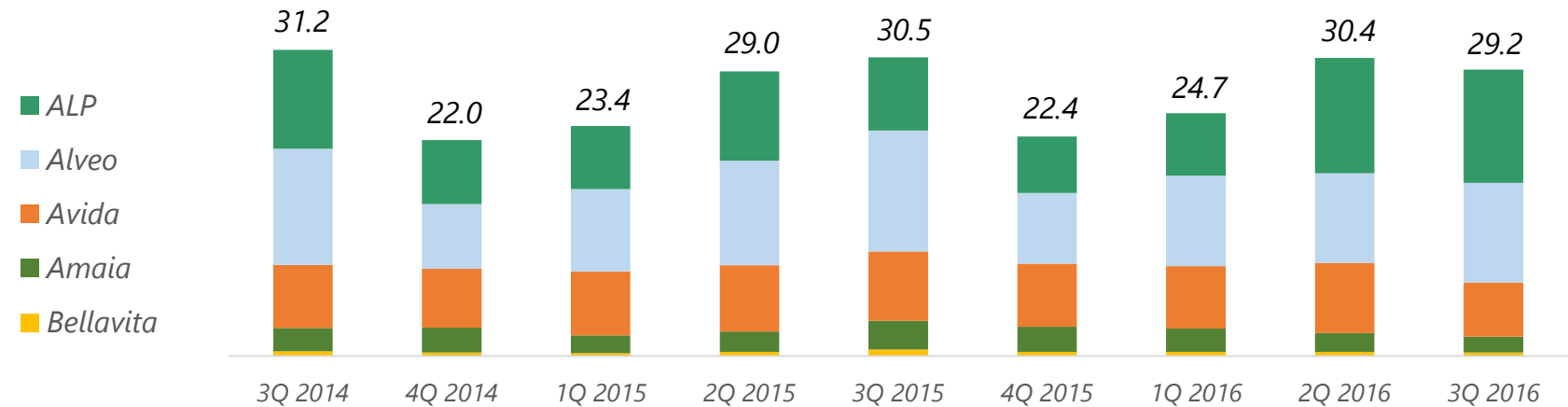


\* ALI Capital, Services and other investments

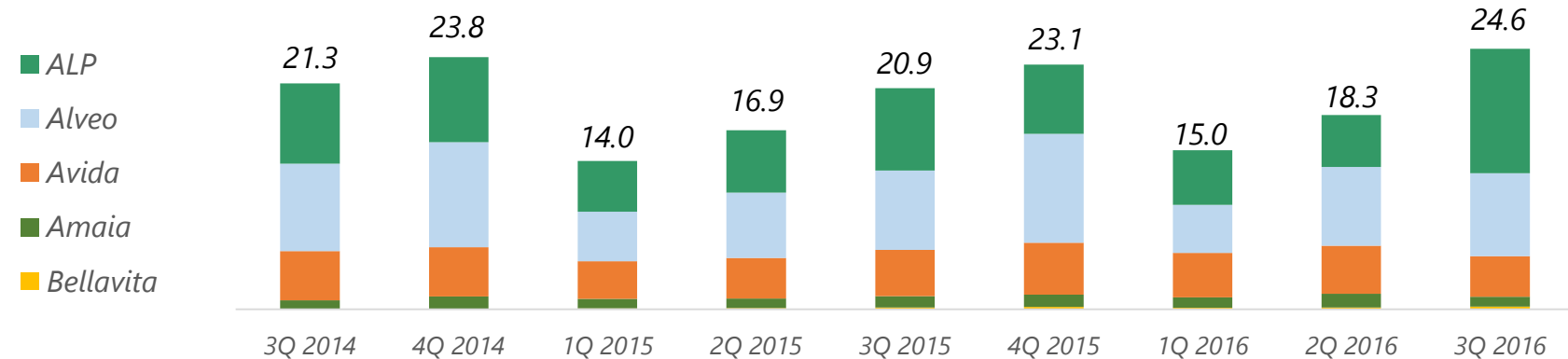
# Residential: Sales take-up 2% higher year-on-year

- Sales take-up: P84.3b  
(average of P9.4b in monthly sales)
- Overseas Filipino Sales : P19.6b  
(23% of total)
- Booked sales: P57.9b  
(up 12% yoy)
- Total value of residential and office for sale projects launched as of 9M 2016: P49.2B

**Sales Take-Up (In Php Bn)**



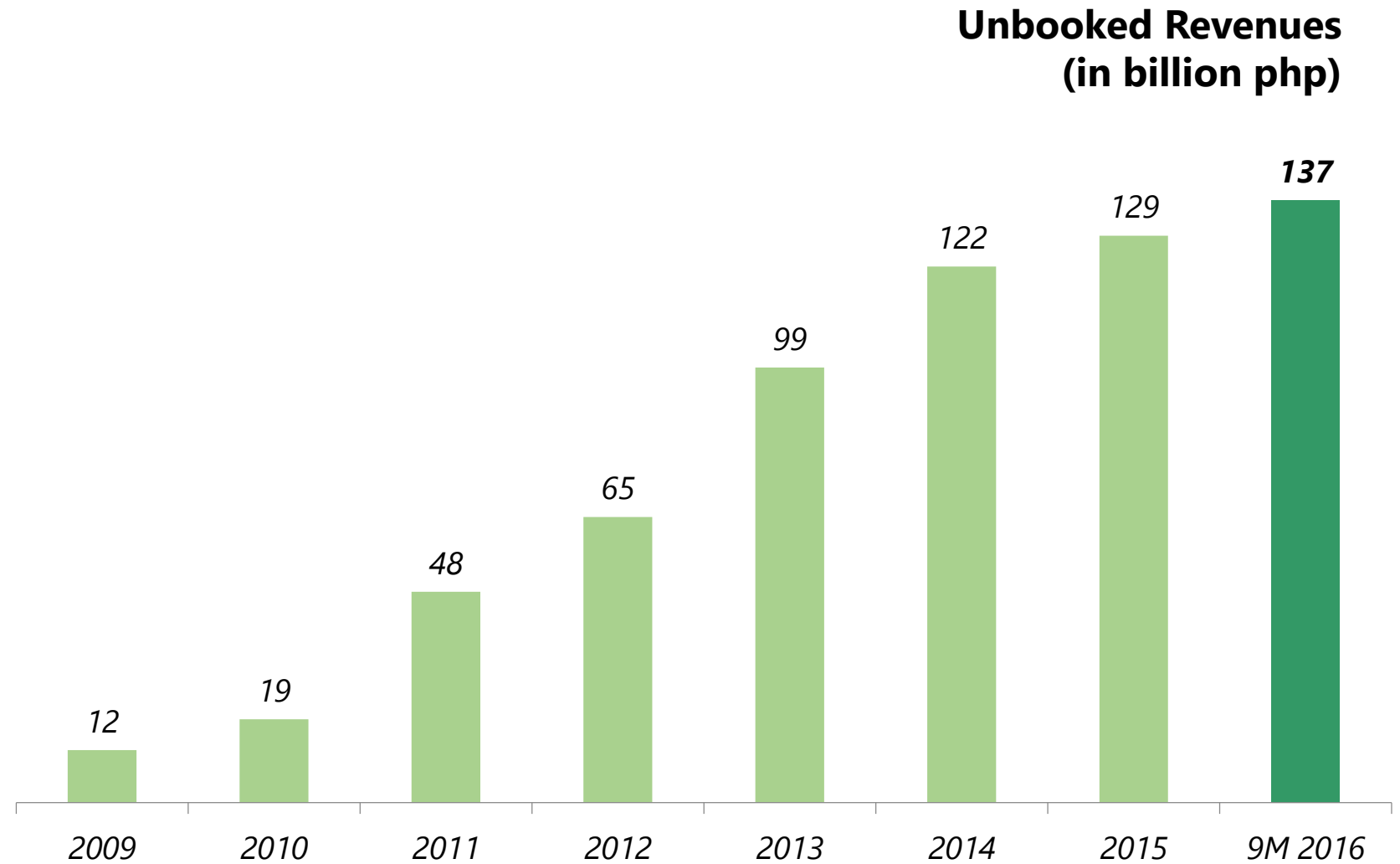
**Booked Sales (In Php Bn)**



Note: Sales take-up includes Office for Sale projects under the Residential Business

# Continued build-up of unbooked revenues

- *Unbooked revenues up 6% vs P129b in 2015*





# Key Launches: Residential



**Riomonte - Tranche 5 (July 2016)**  
*Nuvali - 134 units, P1.4b | 40% cum. take-up*





# Key Launches: Residential

ALVEO

## ***Callisto - Tower 1 (September 2016)***

*Circuit, Makati - 430 units, P3.5b | 13% cum. take-up*



## ***The Veranda - North Tower (September 2016)***

*Arca South, Taguig - 195 units, P1.7b | 16% cum. take-up*





# Key Launches: Residential

## Avida

**Atria – Tower 2 (August 2016)**

*Atria, Iloilo - 160 units, P793m | 13% cum. take-up*



# Malls: Total GLA of 1.57m sqm\*

- Average Occupancy Rate: 93%
- Average Mall Lease Rate: P1,154/sqm/month
- Same Mall Rental Growth: 5%

## Mall Space added in 3Q 2016:

**Tutuban Mall - 56K GLA**



**Riverside Iloilo - 1K GLA**



Completion Date	Malls Construction Pipeline GLA for completion (in k sqm)	Total 983k
2016 (57)	Lio El Nido Retail, Palawan	3
	Southpark, Alabang MM	47
	Solaire Retail, Paranaque MM	5
	BHS Central BGC, Taguig MM	2
2017 (218)	Vertis North, QC MM	47
	The 30 <sup>th</sup> , Pasig MM	28
	Southvale, Alabang MM	6
	Feliz Town Center, Pasig MM	79
	Cloverleaf, QC MM	38
	**Ayala Malls, Marikina MM	20
2018 (255)	Citygate, Makati CBD MM	9
	Circuit Mall, Makati MM	58
	Capitol Central, Negros Occidental	74
	Central Bloc, Cebu	42
	Bay Area Ph1, Paranaque MM	72
2019 (420)	Arca South Ph1, Taguig MM	73
	Bay Area Ph2, Paranaque MM	178
	**One Ayala, Makati CBD	54
	**Gateway Central, Cebu	115
2020 (33)	**Ayala Triangle Retail, Makati CBD MM	9
	Park Triangle Retail BGC, Taguig MM	24
	**Launched 2016	

\*excludes OCLP Malls GLA of 137K



# Offices: Total of 753k sqm\*

- Average Occupancy Rate: 90%
- Average Offices Lease Rate: P734/sqm/month
- Average leased-out rate: 96%

## Office Space opening in 4Q 2016:

### Ayala Center Cebu BPO - 28K GLA



\*excludes OCLP Offices GLA of 66K

Completion Date	Offices Construction Pipeline GLA for Completion (in k sqm)	Total 791k
2016 (28)	Ayala Center BPO, Cebu	28
	Vertis North BPO 2, QC MM	42
	Southpark BPO, Alabang MM	13
	The 30 <sup>th</sup> BPO 1, Pasig MM	46
	Vertis North BPO 1, QC MM	41
	Circuit BPO 1, Makati MM	47
	Circuit BPO 2, Makati MM	25
	PSE HQ BGC, Taguig MM	29
	Tech Tower BPO, Cebu	16
2017 (259)	Citygate BPO 1, Makati MM	40
	Citygate HQ 1, Makati MM	20
	Vertis BPO 3, QC MM	38
	Bay Area BPO, Paranaque MM	18
	BGC Corp Center BPO 2, Taguig MM	27
2018 (143)	eBloc BPO 5, Cebu	30
	Arca South BPO 1, Taguig	33
2019 (63)	**One Ayala BPO, Makati CBD	85
	Park Triangle BGC HQ, Taguig MM	39
	Arca South BPO 2, Taguig MM	31
	eBloc 6 BPO, Cebu	40
	Gatewalk Central BPO, Cebu	20
2020 (281)	Ayala Triangle Tower 2 HQ, Makati CBD	66
2021 (17)	Arca South BPO 3, Taguig	17
	**Launched in 2016	

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

9M 2016	Hotels	Resorts
No. of rooms in operation	Branded: 961 Seda: 817	El Nido Resorts: 213
Revpar/night	P3,845 (up 1%)	P7,775 (up 5%)
Average room rate	P5,227 (up 1%)	P13,498 (up 6%)
Average occupancy	74% (up .2%)	58% (down 1 pt)

## Resort rooms opening in 2016:

**El Nido B&B 1** – 42 rooms



Completion Date	Hotels Construction Pipeline Rooms for Completion	Total <b>3,742</b>
2016 (42)	El Nido B&B 1	42
2017 (806)	Seda Vertis North, QC MM	438
	Seda Lio, Palawan	153
	Seda Bacolod, Negros Occidental	154
	*El Nido B&B 2, Palawan	20
	*El Nido B&B 3, Palawan	20
	*Sicogon B&B, Iloilo	21
2018 (862)	Seda Circuit, Makati MM	255
	Seda Arca South, Taguig MM	265
	Seda BGC Expansion, Taguig MM	342
2019 (857)	Seda Gateway, Makati CBD	293
	Seda Bay Area, Paranaque MM	350
	Seda CITP, Cebu	214
2020 (575)	Mandarin Oriental, Makati CBD	275
	*One Ayala Residences, Makati CBD	300
2021 (600)	*Seda Glorietta, Makati CBD	600
	*Launched 2016	

# In Summary

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2. **Total revenues grew 14% to P85.5b** driven by the sustained growth of the residential and office for sale segments, complemented by new commercial lot sales and the strong performance of shopping centers.
3. **Total capex spent at P63.9b** on track with the completion of development and leasing projects.
4. Ayala Land **launched P72.6b worth of projects** during the period.





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