



# 1H 2017 | Analysts' Briefing

07 August 2017

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# 1H 2017 Key Messages

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2. **Strong topline:** Revenues grew 18% to P64.5B driven by the solid contribution of core businesses
  - **Higher Property Sales:** Take-up increased 11% to P61.4B
  - **Growing Leasing footprint:** Newly opened Ayala Malls and Seda in Vertis North
3. **Capex spend in-line:** Total of P41.6B
4. **Steady returns:** ROE at 15.2%

# Net income up 18% to P11.5B

- Real Estate Revenues higher by 17%
- GAE ratio improved to 5.5% from 6.0%
- EBIT margin maintained at 34%

<b>Income Statement</b> (in Php Millions)	<b>1H 2017</b>	<b>1H 2016</b>	<b>Change</b>	<b>%</b>
<b>Total Revenues</b>	<b>64,526</b>	<b>54,760</b>	<b>9,766</b>	<b>18%</b>
Real Estate*	62,803	53,861	8,943	17%
Interest & Other Income	1,723	900	823	92%
<i>Equity in Net Earnings of Associates and JVs</i>	361	267	94	35%
<i>Interest &amp; Investment Income</i>	674	351	323	92%
<i>Other Income</i>	688	282	406	144%
<b>Expenses</b>	<b>46,644</b>	<b>39,552</b>	<b>7,092</b>	<b>18%</b>
Real Estate	38,806	32,439	6,367	20%
GAE	3,522	3,307	215	6%
Interest Expense, Financing and other charges	4,317	3,806	511	13%
Income Before Income Tax	17,882	15,208	2,674	18%
Provision for Income Tax	4,552	3,928	624	16%
<b>Income before Non-Controlling Interest</b>	<b>13,330</b>	<b>11,280</b>	<b>2,049</b>	<b>18%</b>
Non-Controlling Interest	1,818	1,540	277	18%
<b>NIAT Attributable to ALI Equity Holders</b>	<b>11,512</b>	<b>9,740</b>	<b>1,772</b>	<b>18%</b>

\*Includes interest income on accretion.

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

# Revenues increased 18% to P64.5B

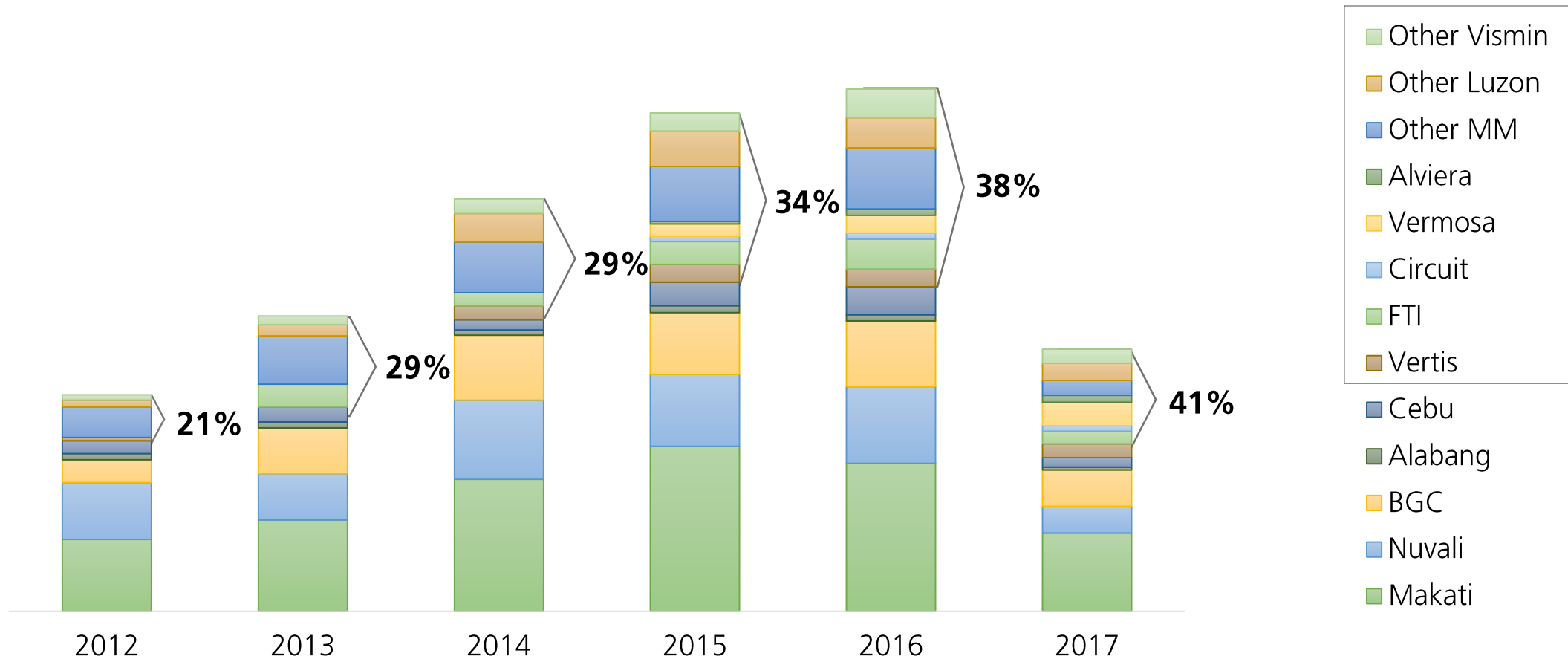
Revenue Breakdown (in Php Millions)	1H 2017	1H 2016	Amount	%	
<b>Property Development</b>	<b>46,581</b>	<b>36,068</b>	<b>10,514</b>	<b>29%</b>	
Residential	38,728	31,089	7,639	25%	New bookings and project completion
Office for Sale	4,509	3,380	1,129	33%	Sales from High Street South Corp Plaza 2
Comm'l/Ind'l lots	3,344	1,598	1,746	109%	Lot sales in Arca South, Vermosa and Naic
<b>Commercial Leasing</b>	<b>14,174</b>	<b>12,755</b>	<b>1,419</b>	<b>11%</b>	
Shopping Center	7,845	6,984	861	12%	New malls such as The 30 <sup>th</sup> , Tutuban Center and UP Town Center
Office	2,929	2,579	351	14%	Newly opened offices such as UP Town Center, UP Technohub Bldg P, Ayala Center Cebu Corporate Center
Hotels and Resorts	3,399	3,192	207	6%	Higher occupancy and ARR of El Nido Resorts
<b>Services</b>	<b>32,810</b>	<b>31,712</b>	<b>1,099</b>	<b>3%</b>	
Gross Construction	31,995	30,982	1,012	3%	Increase in order book and higher completion
Property Mgmt.	816	729	87	12%	More managed properties and higher carpark volume
<b>Sub –Total</b>	<b>93,565</b>	<b>80,534</b>	<b>13,032</b>	<b>16%</b>	
Interco Adjustments	<b>(30,762)</b>	<b>(26,673)</b>	<b>(4,089)</b>	<b>15%</b>	Elimination of intercompany profits arising from internal construction projects.
<b>Real Estate Revenues</b>	<b>62,803</b>	<b>53,861</b>	<b>8,943</b>	<b>17%</b>	
Interest & Other Income	1,723	900	823	92%	
<b>Total Revenues</b>	<b>64,526</b>	<b>54,760</b>	<b>9,766</b>	<b>18%</b>	

# Margins are within healthy levels

Margin Performance	1H 2017	1H 2016	
<b>Property Development</b> (Gross Profit)			
Residential			
Horizontal	44%	42%	Increased contribution of higher margin projects such as The Courtyards, Riomonte, Ardia and Montala
Vertical	35%	36%	
Office for Sale	40%	39%	Higher margins from Alveo Park Triangle
Commercial and Industrial Lots	33%	56%	Higher contribution from lower margin industrial lots in Cavite and commercial lots in Arca and Vermosa
<b>Commercial Leasing</b> (EBITDA)			
Shopping Centers	66%	68%	Effect of newly opened malls
Office	91%	90%	
Hotels & Resorts	29%	32%	Lower occupancy of branded hotels
<b>Services</b> (EBITDA)			
Construction and Property Management	10%	9%	

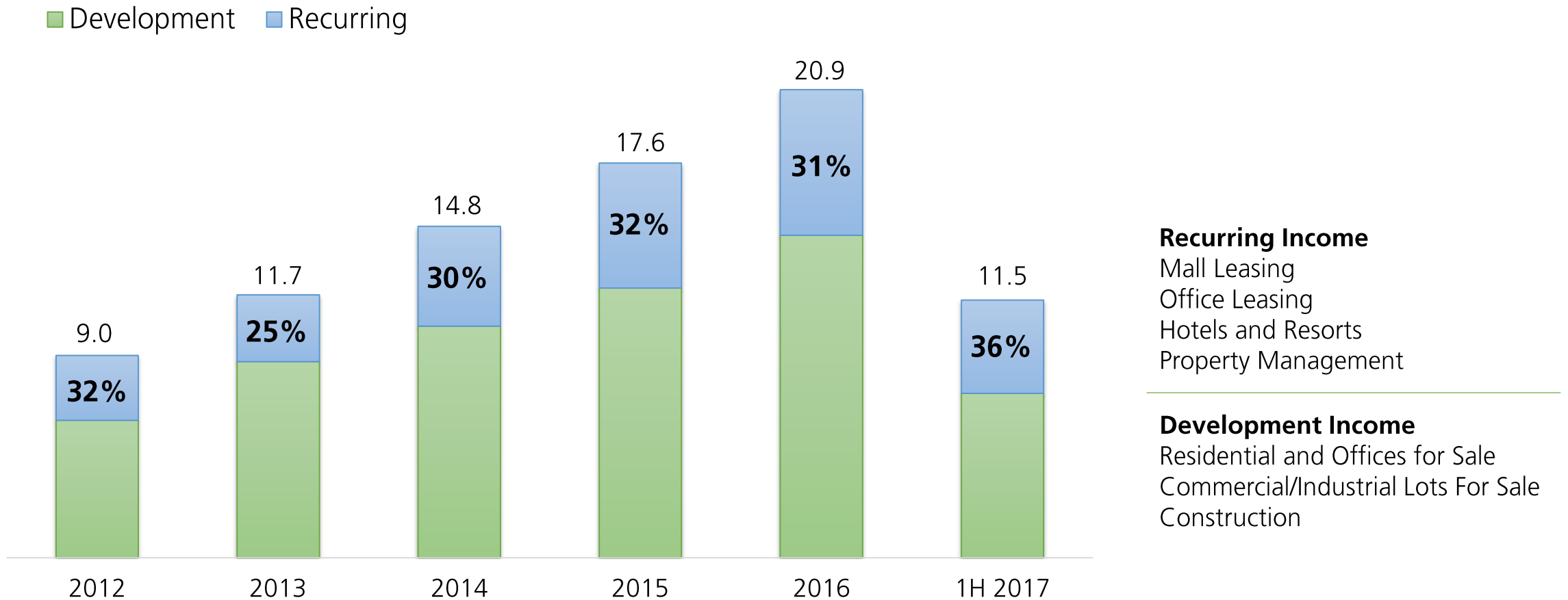
# New growth centers continue to gain traction

(Net Income after tax) contribution per location



# Recurring income is growing in line with the 2020-40 Plan

(Net Income after tax) contribution per business line



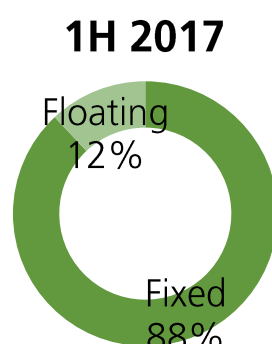
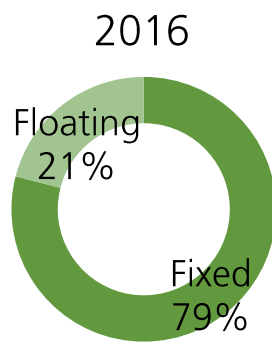
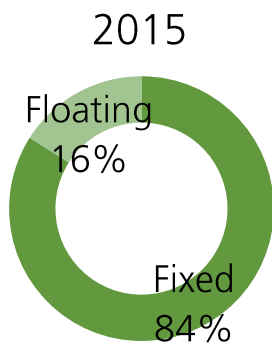
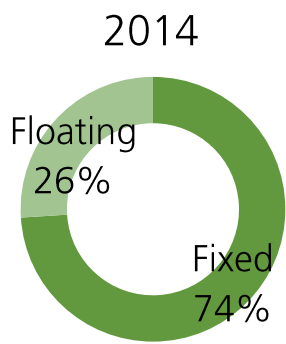
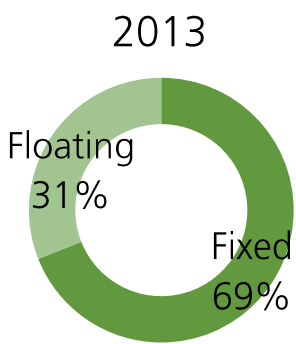
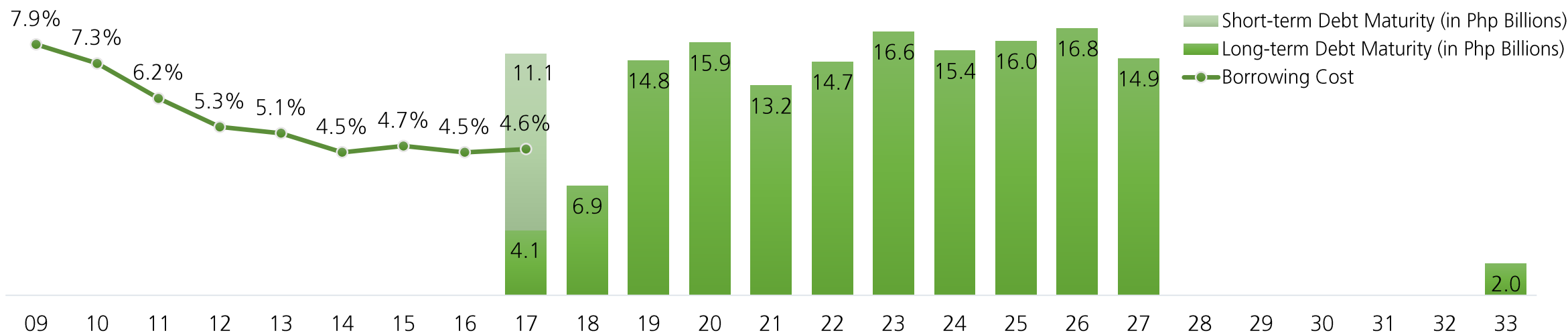


# Our strong balance sheet supports growth plans

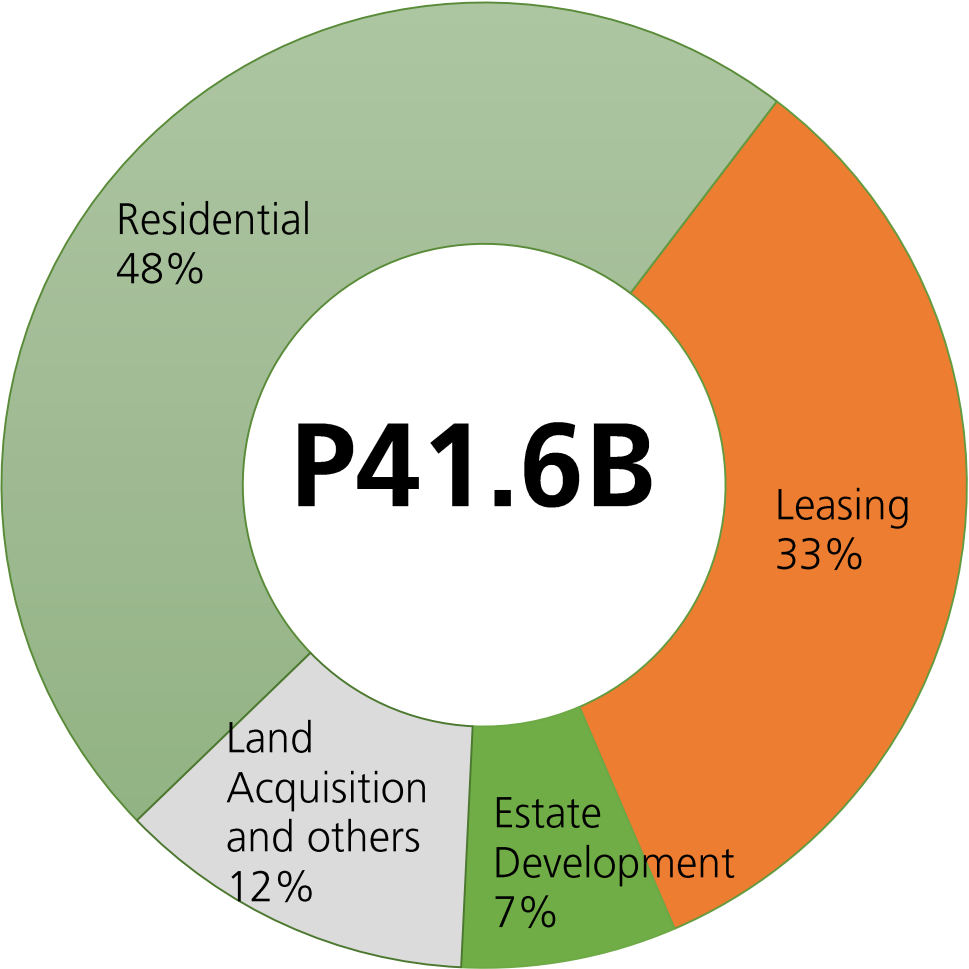
<b>Balance Sheet</b> (in Php Millions)	<b>June 2017</b>	<b>December 2016</b>
Cash & Cash Equivalents	24,551	22,641
Total Borrowings	162,383	159,801
Stockholders' Equity	181,341	172,683
Current Ratio	1.23	1.12
Debt-to-Equity Ratio	0.90	0.93
Net Debt-to-Equity Ratio	0.76	0.79
Return on Equity	15.2%	14.9%

# Low cost of debt, stretched maturities and managed mix enhances our capital efficiency

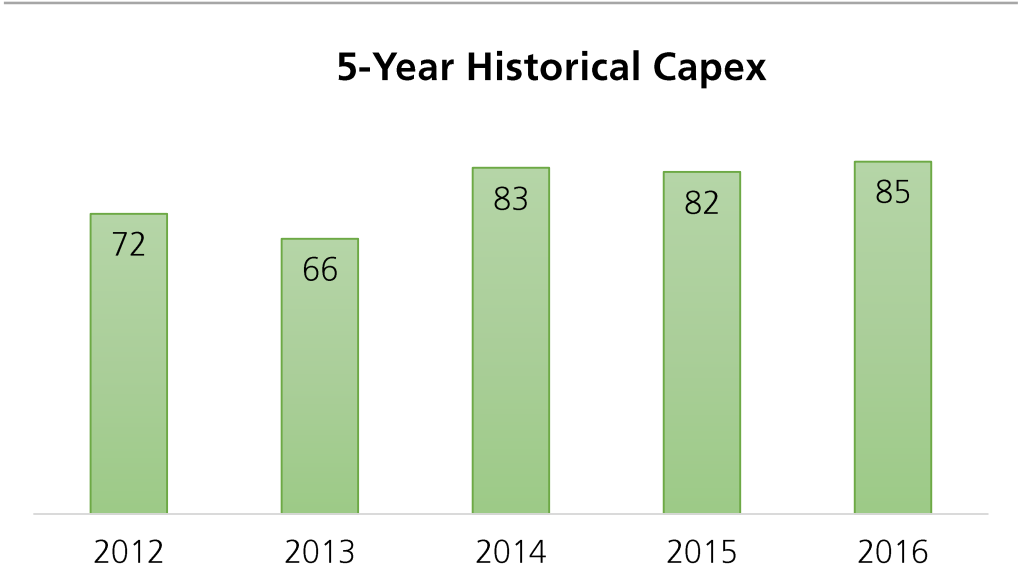
As of June 30, 2017 | Total Borrowings: **Php162.4B**: Short-term **Php11.07B** (7%), Long-term **Php151.3B** (93%)



# CAPEX spend of P41.6B



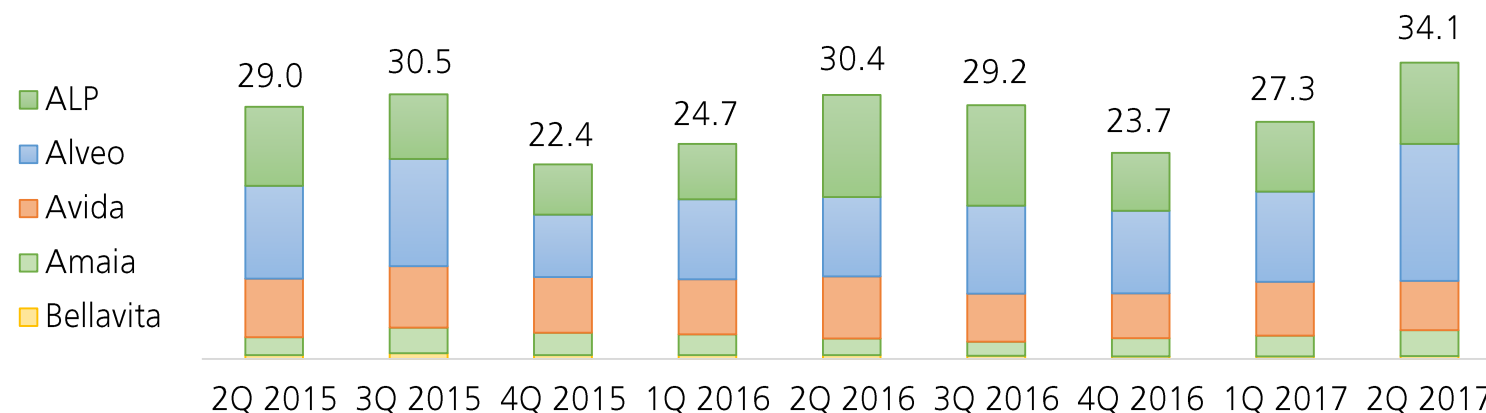
Capex Breakdown (in Php Billions)	FY 2017 Budget	1H 2017 Actual
Residential	41.0	19.8
Malls	12.0	6.7
Offices	9.0	5.5
Hotels and Resorts	5.0	1.6
Estate Development	7.0	3.0
Land Acquisition	11.0	3.1
Others	3.0	1.9
Total	88.0	41.6



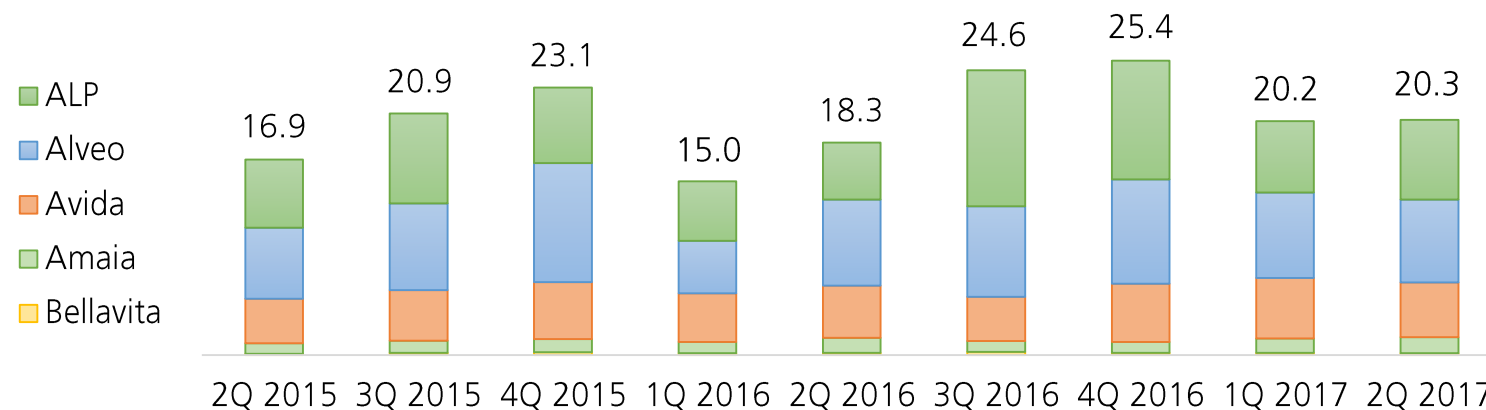
# Property Development: Sales Take-up 11% higher

- **1H Sales Take-up: P61.4B**  
(average of P10.2B in monthly sales)
- **2Q Sales Take-up: P34.1B**  
(highest take-up in a quarter to-date)
- **International Sales: P14.6B**  
(up 16%, 24% of total sales)
- **Net Booked Sales: P40.5B**  
(up 22%)
- **Launched Projects: P31.9B worth**  
(Residential and Office for Sale)

**Sales Take-up** (in Php Billions)



**Net Bookings** (in Php Billions)

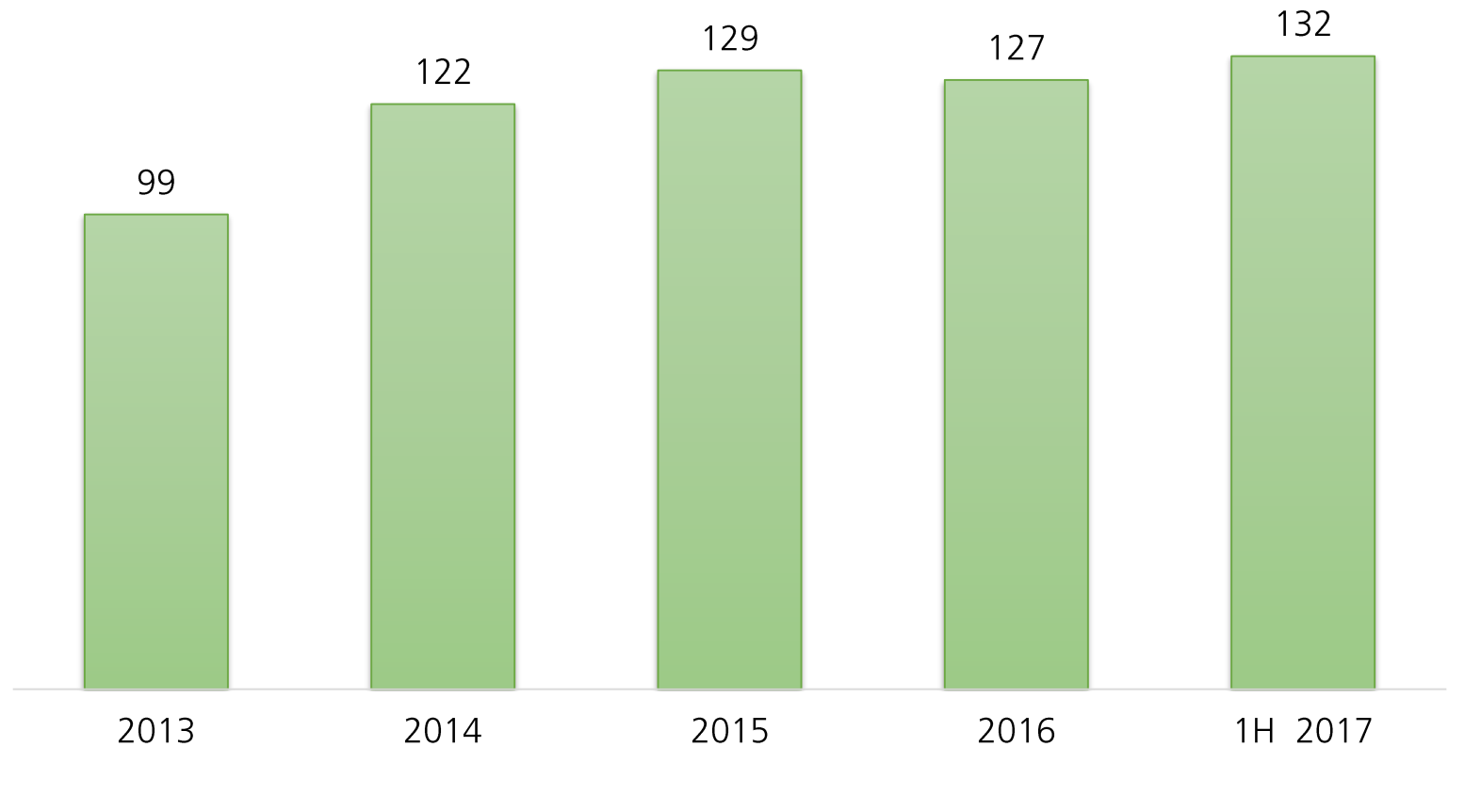


*Note: Sales take-up includes Office for Sale projects under the Residential Business*

# Unbooked Revenues: P132B, highest level to-date

- Unbooked revenues of P132B is 1.6x of 2016 Property Development Revenues of P84.1B

**Unbooked Revenues** (in Php Billions)



# Key Launches: Residential



## **Arbor Lanes Tower 3 (Apr 2017)**

Arca South, Taguig MM

172 units, P4.7B | 44% take-up



## **Cerilo Phase 1 and 2 (Jun 2017)**

Nuvali, Santa Rosa Laguna

308 units, P5.0B | 63% take-up



# Key Launches: Residential and Office for Sale



## **The Residences at Evo City (May 2017)**

Evo City, Kawit Cavite  
395 units, P3.2B | 87% take-up



## **The Gentry Corporate Plaza (May 2017)**

Makati CBD, Makati MM  
182 units, P4.8B  
46% take-up



## **Aveia Phase 3 (Jun 2017)**

Santa Rosa Laguna  
123 units, P709M  
30% take-up



# Key Launches: Residential Projects

**Avida**



**Avida Settings (Jun 2017)**  
Tuguegarao  
232 units, P479M | 11% take-up

**Amaia**



**Amaia Steps Capitol Central Tower 2 (Mar 2017)**  
Capitol Central, Negros Occidental  
276 units, P814M | 37% take-up



# Malls: GLA of 1.66M sqm\*

- Ave. Occupancy Rate: 91%  
(Stable Malls at 97%)
- Ave. Mall Lease Rate: P1,106/sqm/mo.
- Same Mall Rental Growth: 5%

Malls (in sqm)	GLA
<b>1Q 2017 Total GLA</b>	<b>1.62M</b>
Ayala Malls Vertis North	40K
<b>1H 2017 Total GLA</b>	<b>1.66M</b>

Newly completed malls



Ayala Malls Vertis North | 40K GLA (June 2017)

\*excludes OCLP Malls GLA of 150.6K and residential retail GLA of 2k

# Malls: Construction Pipeline

## 2017 Key Openings



**Feliz Town Center** | 79K GLA (4Q 2017)

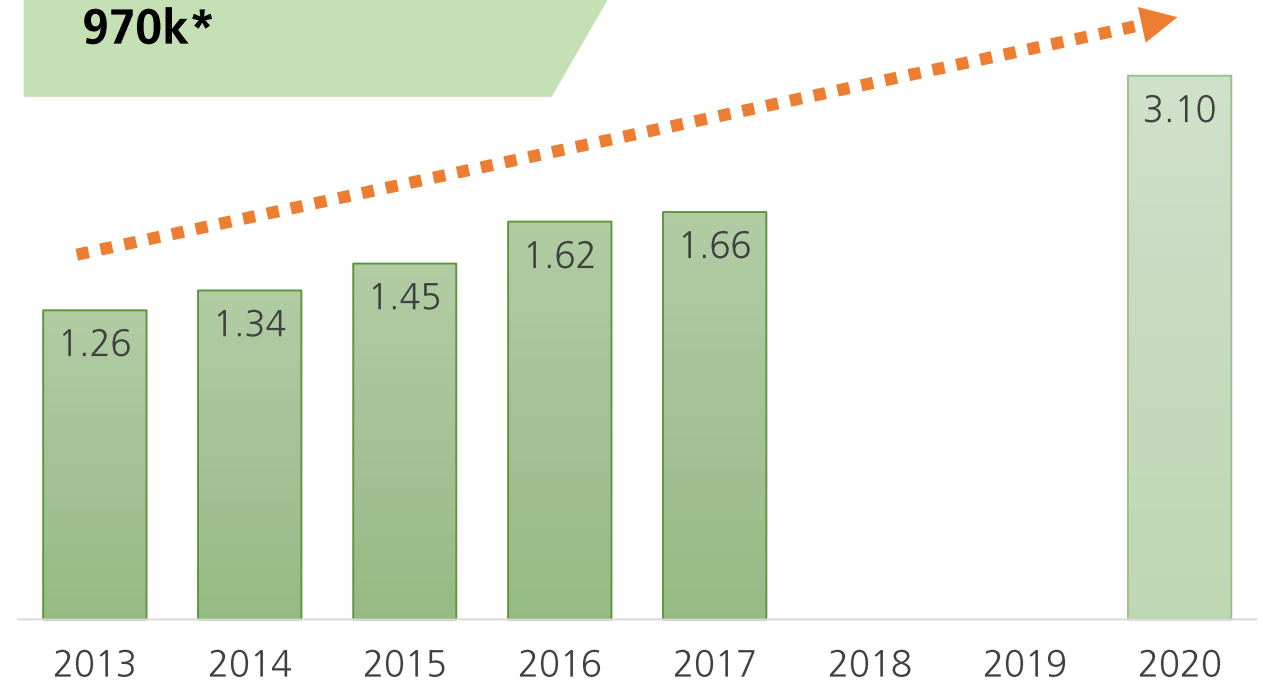


**Ayala Malls Cloverleaf** | 38K GLA (4Q 2017)



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

Malls GLA  
under construction:  
**970k\***



*\*includes residential retail spaces of 64k sqm*



# Offices: GLA of 836K sqm\*

- Ave. Occupancy Rate: 87%  
(Stable Offices at 97%)
- Ave. Office Lease Rate: P729/sqm/mo.
- Ave. Leased-out rate: 96%

**Offices** (in sqm)  
**1Q 2017 Total GLA**

**GLA**  
**836K**

## 2017 Key Openings



**Circuit BPO 1** | 47K GLA  
(Opening 4Q 2017)

**Circuit BPO 2** | 26K GLA  
(Opening 3Q 2017)

\*excludes OCLP Offices GLA of 66K

# Offices: Construction Pipeline

2017 Key Openings



**Vertis North BPO 2** | 43K GLA  
(Opening 4Q 2017)

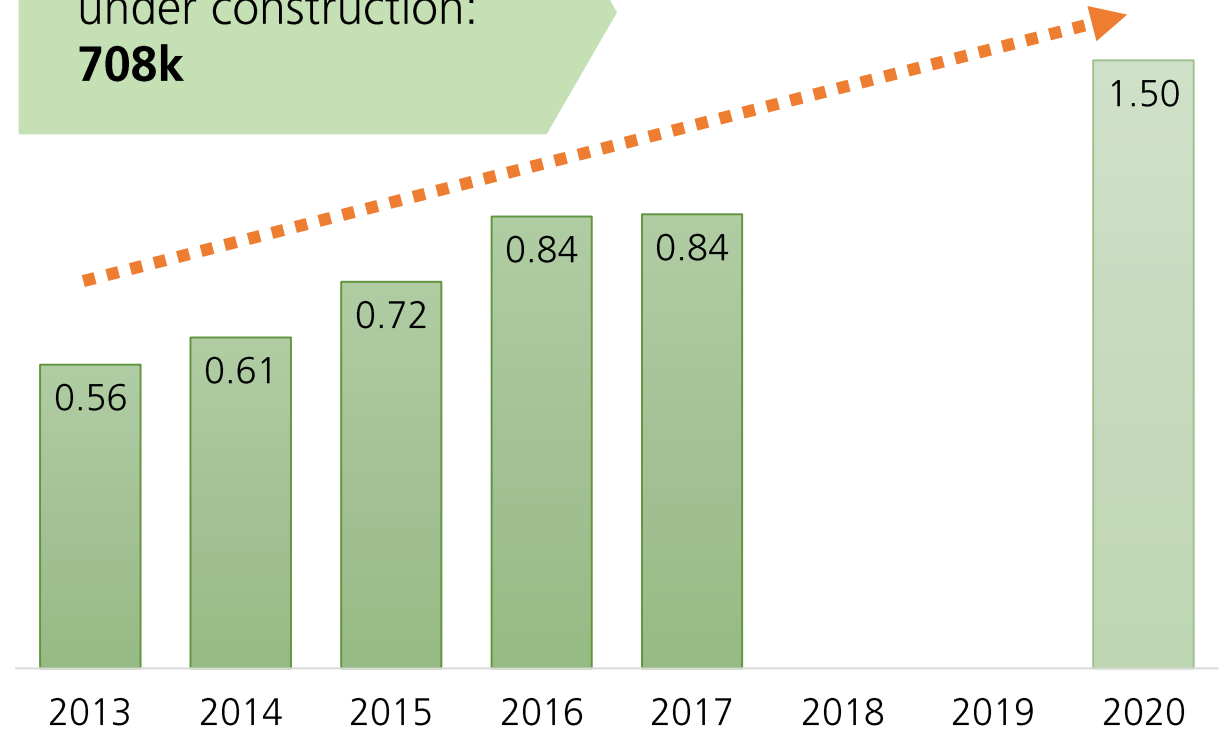


**The 30<sup>th</sup> BPO 1** | 47K GLA  
(Opening 4Q 2017)

**AyalaLand**  
OFFICES

**Office GLA : 0.5 to 1.5**  
(in thousand sqm.)

Offices GLA  
under construction:  
**708k**





# Hotels and Resorts: 2,477 rooms in operation

Newly completed rooms

1H 2017	Hotels	Resorts
No. of rooms in operation	Branded: 961 Seda: 1255	El Nido: 213 Lio: 42 Sicogon: 6
Revpar/night	P3,548 (-11%)	P9,470 (+4%)
Average room rate	P5,102 (-4%)	P14,368 (+1%)
Average occupancy	70% (-5 pt)	66% (+1 pt)

<b>Hotels and Resorts</b>	<b>Rooms</b>
<b>1Q 2017 Total</b>	<b>2,039</b>
Seda Vertis North	438
<b>1H 2017 Total</b>	<b>2,477</b>



Seda Vertis North, QC | 438 rooms (April 2017)

# Hotels and Resorts: Construction Pipeline

2017 Key Openings



**Seda Bacolod** | 154 rooms (4Q 2017)

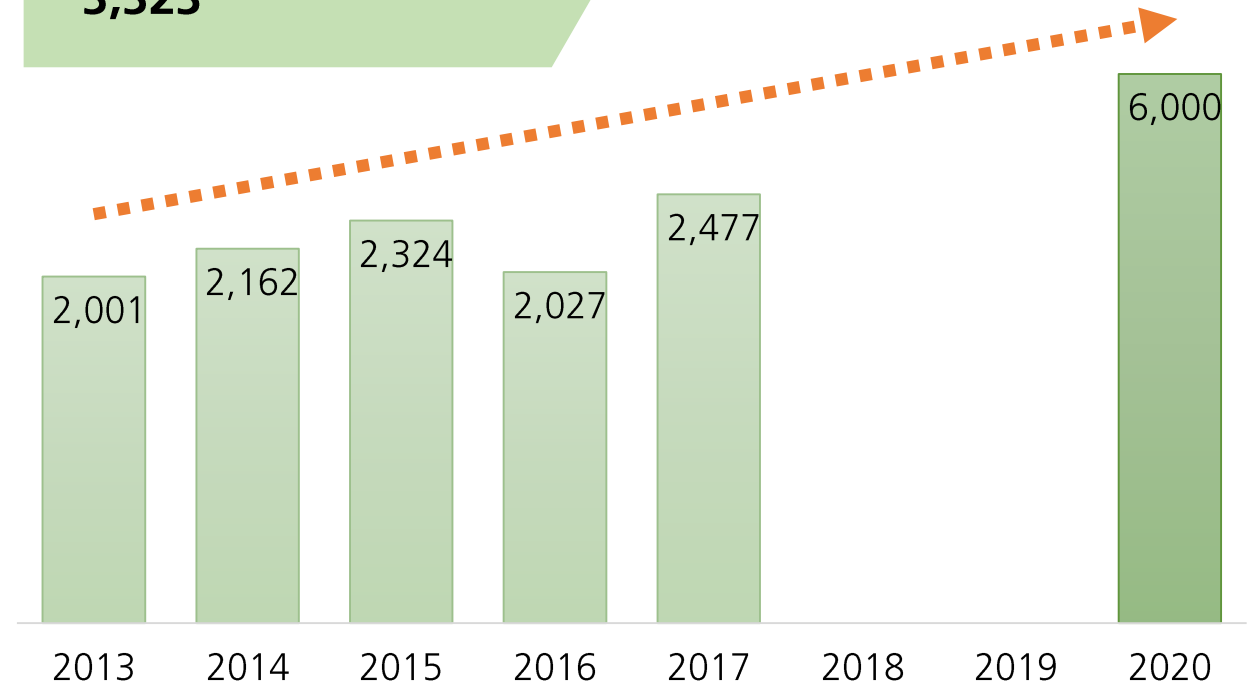


**Seda Lio** | 153 rooms (4Q 2017)

 **AyalaLand** HOTELS AND RESORTS

**Hotels & Resorts : 2.0k to 6.0k**  
(in thousand rooms )

Rooms  
under construction:  
**3,323**



# In Summary

1. **Robust earnings growth:** Net Income up 18% to P11.5B
2. **Strong topline:** Revenues grew 18% to P64.5B driven by the solid contribution of core businesses
  - **Higher Property Sales:** Take-up increased 11% to P61.4B
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