

# Analysts' Briefing FY 2017

14 February 2018



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## **FY 2017 Results**

- Financial Statements
- Margins
- Operating Statistics
- Capex

## **2020-40 Plan Updates**

# Contents

## **FY 2017 Results**

- Financial Statements
- Margins
- Operating Statistics
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## **2020-40 Plan Updates**

# Key Messages

1. **Solid earnings growth:** Net Income up 21% to P25.3B
2. **Healthy topline:** Total Revenues grew 14% to P142.3B
  - **Resurgence of property sales:** FY17 take-up increased 13%, 4Q up 17%
  - **Strong leasing growth:** Revenues up 10% to P31.0B
3. **Aggressive project launches but slightly below target:** P88.8B worth of residential and office for sale projects
4. **Broader leasing base:** Malls GLA at 1.80M, Offices GLA at 1.02M and Hotels and Resorts with 2,583 rooms
5. **Expanded estate portfolio:** 25 Estates with the launch of Evo City, Azuela Cove and Seagrove, Parklinks, and a developable land bank of 10,285 hectares
6. **Capex spend higher than budget:** Total of P91.4B

# Net income up 21% to P25.3B

- Real Estate Revenues higher by 13%
- GAE ratio improved to 5.1% from 5.6%
- EBIT margin improved to 32.7% from 32.5%

<b>Income Statement</b> (in Php Millions)	<b>FY 2017</b>	<b>FY 2016</b>	<b>Change</b>	<b>%</b>
<b>Total Revenues</b>	<b>142,297</b>	<b>124,629</b>	<b>17,668</b>	<b>14%</b>
Real Estate*	138,256	122,591	15,666	13%
Interest & Other Income	4,041	2,038	2,002	98%
<i>Equity in Net Earnings of Associates and JVs</i>	866	554	311	56%
<i>Interest &amp; Investment Income</i>	926	824	103	12%
<i>Other Income</i>	2,249	660	1,589	241%
<b>Expenses</b>	<b>104,306</b>	<b>91,965</b>	<b>12,341</b>	<b>13%</b>
Real Estate	87,921	76,566	11,355	15%
GAE	7,275	7,031	243	3%
Interest Expense, Financing and other charges	9,110	8,368	743	9%
Income Before Income Tax	37,991	32,663	5,327	16%
Provision for Income Tax	9,825	8,232	1,593	19%
<b>Income before Non-Controlling Interest</b>	<b>28,166</b>	<b>24,432</b>	<b>3,734</b>	<b>15%</b>
Non-Controlling Interest	2,861	3,524	(663)	-19%
<b>NIAT Attributable to ALI Equity Holders</b>	<b>25,305</b>	<b>20,908</b>	<b>4,397</b>	<b>21%</b>

\*Includes interest income on accretion.

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

# Revenues grew 14% to P142.3B

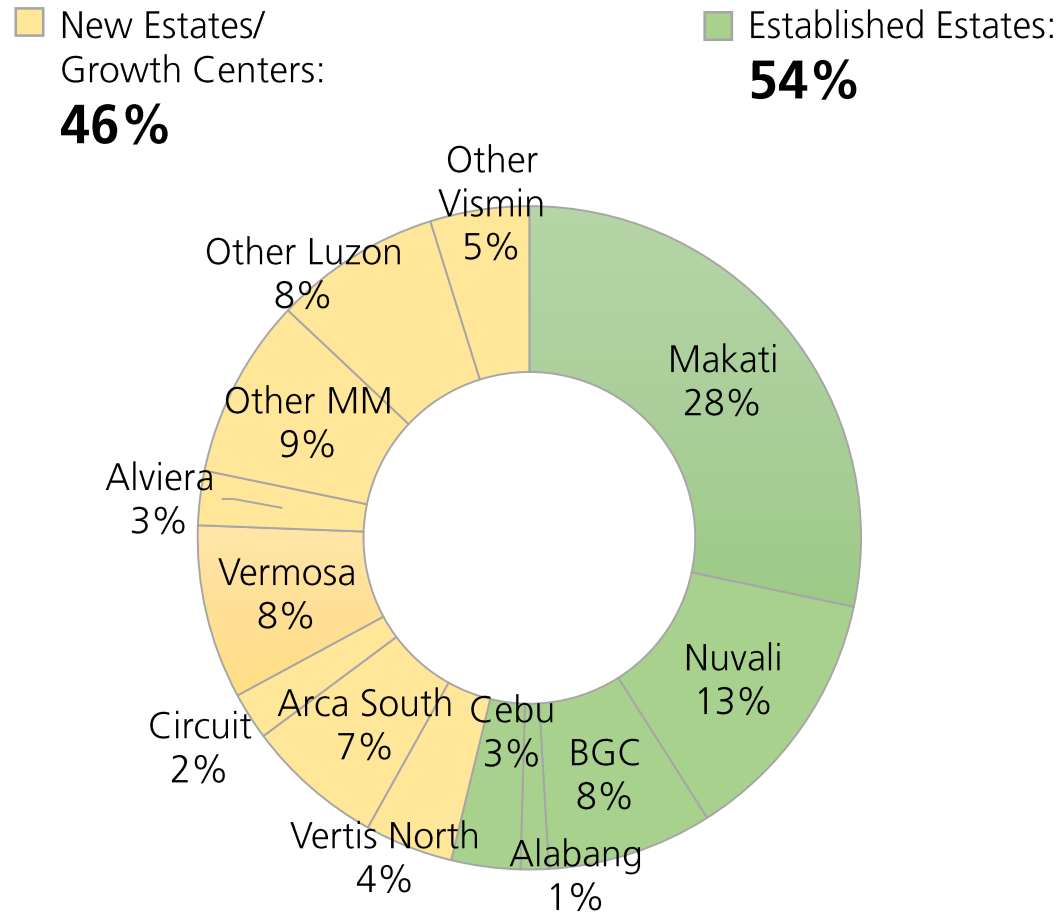
Revenue Breakdown (in Php Millions)	FY 2017	FY 2016	Amount	%	
<b>Property Development</b>	<b>101,545</b>	<b>82,618</b>	<b>18,927</b>	<b>23%</b>	
Residential	84,454	68,384	16,070	23%	<i>New bookings and project completion</i>
Office for Sale	10,051	8,786	1,265	14%	<i>HSS Corp Plaza 2, Alveo Financial Tower and Avida Capital House</i>
Comm'l/Ind'l lots	7,040	5,448	1,592	29%	<i>Arca South, Vermosa and industrial lots in Cavite</i>
<b>Commercial Leasing</b>	<b>30,958</b>	<b>28,072</b>	<b>2,886</b>	<b>10%</b>	
Shopping Center	17,657	16,079	1,578	10%	<i>New malls such as UP Town Center, Tutuban Center, The 30<sup>th</sup>, Vertis and South Park</i>
Office	6,664	5,941	723	12%	<i>Stabilized occupancy of UP, Ebloc 4 and ATC BPO</i>
Hotels and Resorts	6,637	6,052	585	10%	<i>Better performance of Resorts and opening of Seda Vertis North</i>
<b>Services</b>	<b>71,795</b>	<b>68,490</b>	<b>3,305</b>	<b>5%</b>	
Gross Construction	67,403	65,316	2,088	3%	<i>Increase in order book and higher completion</i>
Property Mgmt.	4,392	3,174	1,217	38%	<i>More managed properties</i>
<b>Sub –Total</b>	<b>204,298</b>	<b>179,180</b>	<b>25,118</b>	<b>14%</b>	
Interco Adjustments	<b>(66,042)</b>	<b>(56,590)</b>	<b>(9,453)</b>	<b>17%</b>	<i>Elimination of intercompany profits arising from internal construction projects.</i>
<b>Real Estate Revenues</b>	<b>138,256</b>	<b>122,591</b>	<b>15,666</b>	<b>13%</b>	
Interest & Other Income	4,041	2,038	2,002	98%	
<b>Total Revenues</b>	<b>142,297</b>	<b>124,629</b>	<b>17,668</b>	<b>14%</b>	

# Margins are within healthy levels

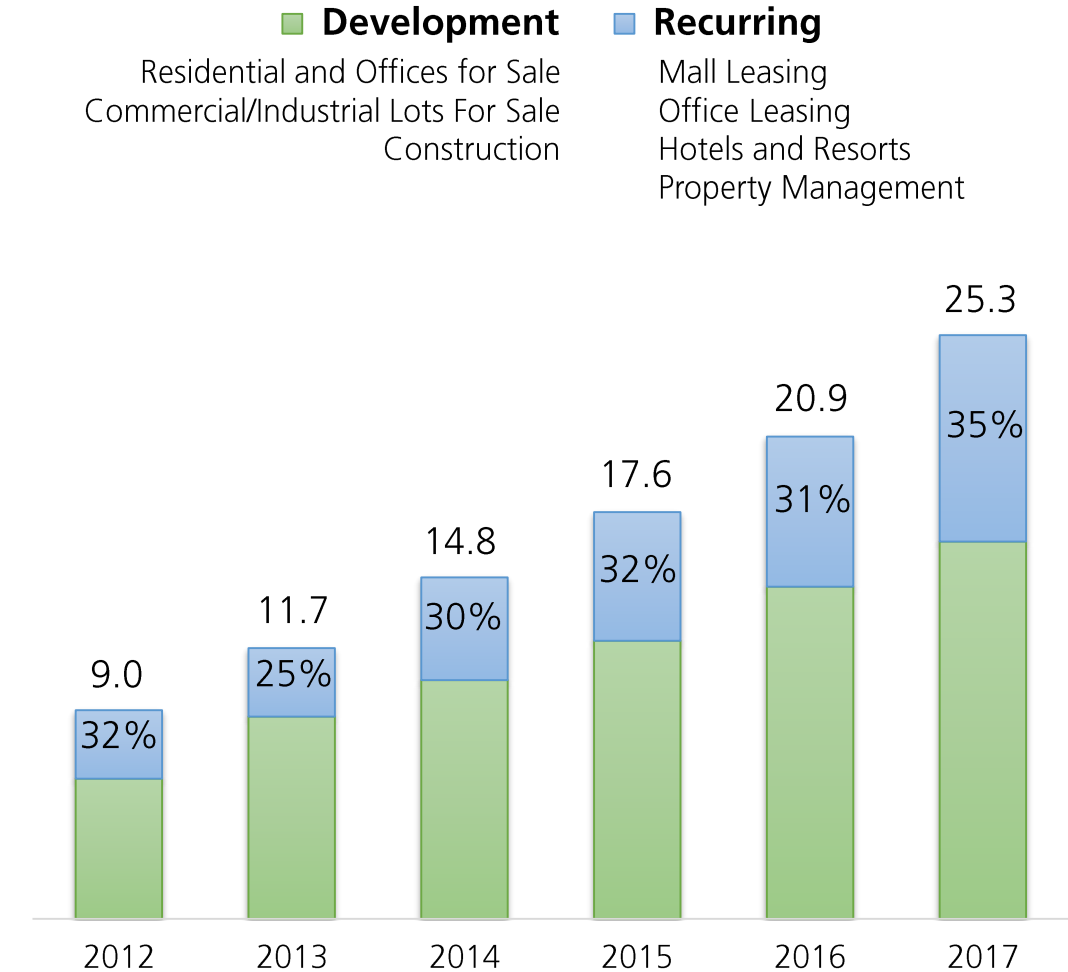
Margin Performance	FY 2017	FY 2016	
<b>Property Development</b> (Gross Profit)			
Residential			
Horizontal	47%	43%	<i>Increased contribution of higher margin projects such as The Courtyards, Ardia, Riomonte and Montala Recognition of higher project cost</i>
Vertical	30%	35%	
Office for Sale	37%	37%	
Commercial and Industrial Lots	40%	41%	
<b>Commercial Leasing</b> (EBITDA)			
Shopping Centers	66%	67%	
Office	91%	91%	
Hotels and Resorts	28%	28%	
<b>Services</b> (EBITDA)			
Construction and Property Management	10%	11%	

# Net Income mix shaping into a more balanced portfolio

## FY2017 Net Income contribution by location



## FY2017 Net Income contribution by business line

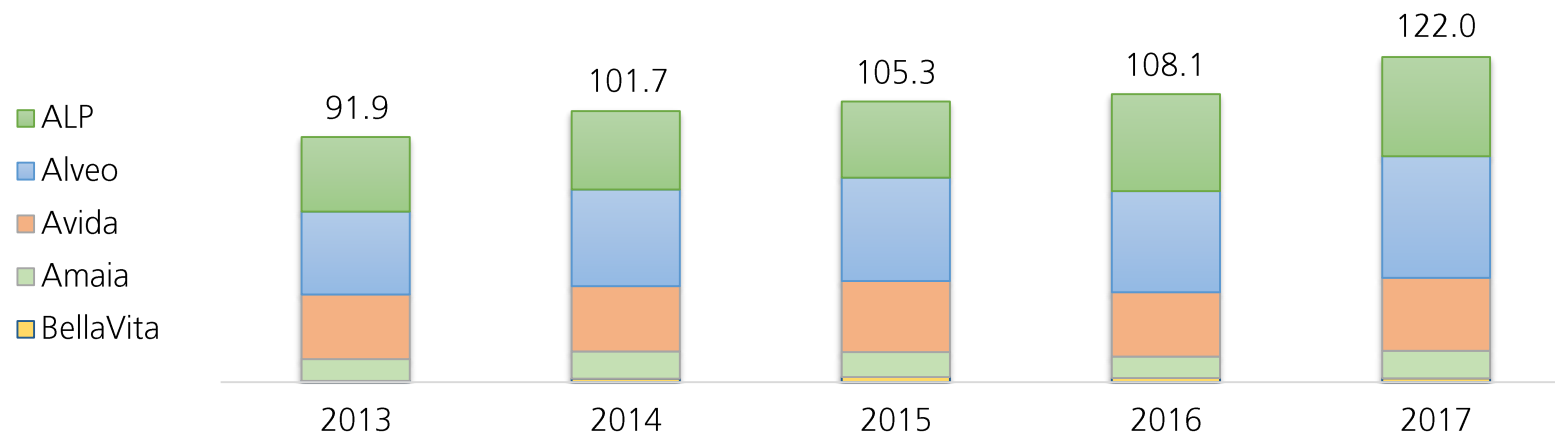




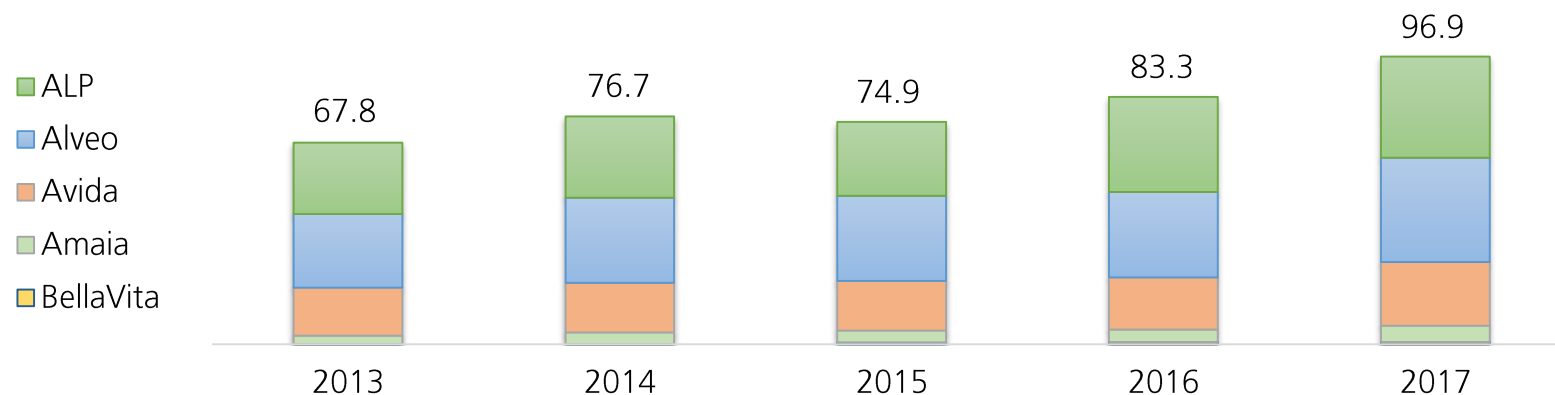
# Property Sales: FY17 up 13%, 4Q17 up 17%

- **FY17 Sales Take-up: P122.0B**  
(P10.2b in average monthly sales)
- **International Sales: P41.6B**  
(up 32%, 34% of total)
- **Net Booked Sales: P96.9B**  
(up 16%)
- **Launched projects: P88.8B**  
(Residential and office for sale)
- **4Q17 Figures**
  - Sales Take-up: P27.8B, up 17%
  - Net Bookings: P29.9B, up 18%

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



**Net Bookings** (in Php billions)

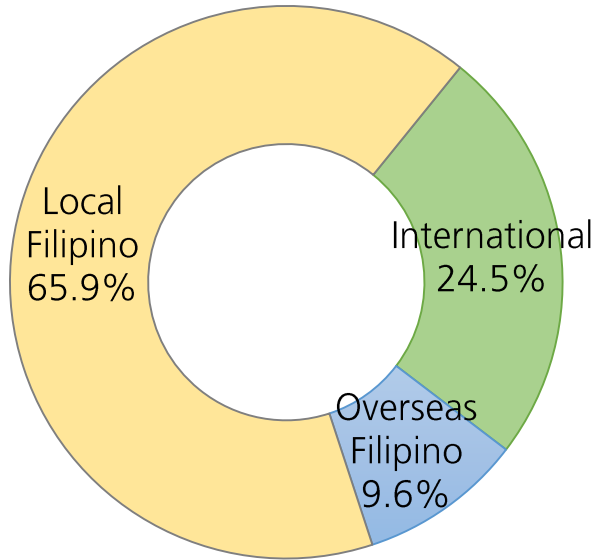


Note: Sales take-up includes Office for Sale projects

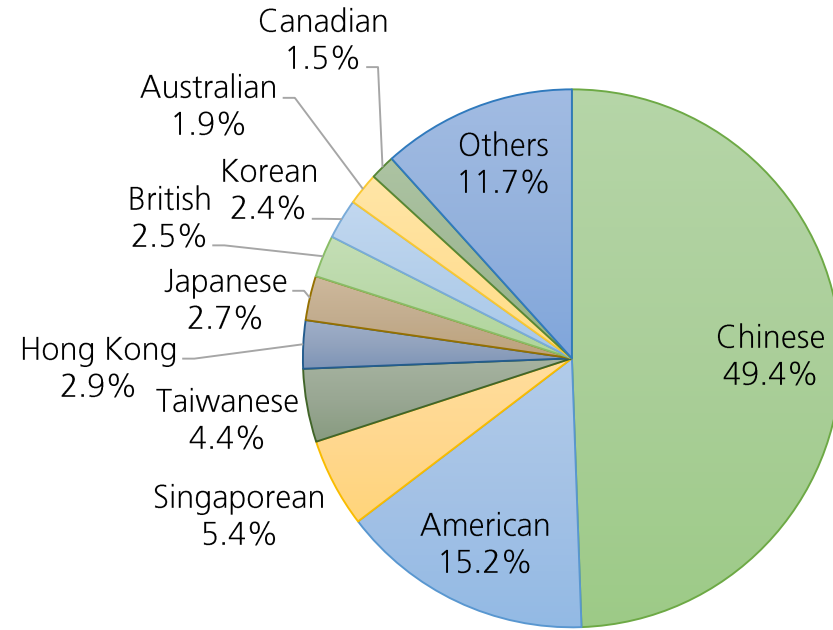
# International Sales: up 32% to P41.6B (34% of total sales)

(Sales to all non-Filipinos and Overseas Filipinos)

**Total Sales by Buyer Classification**



**International Sales by Nationality**

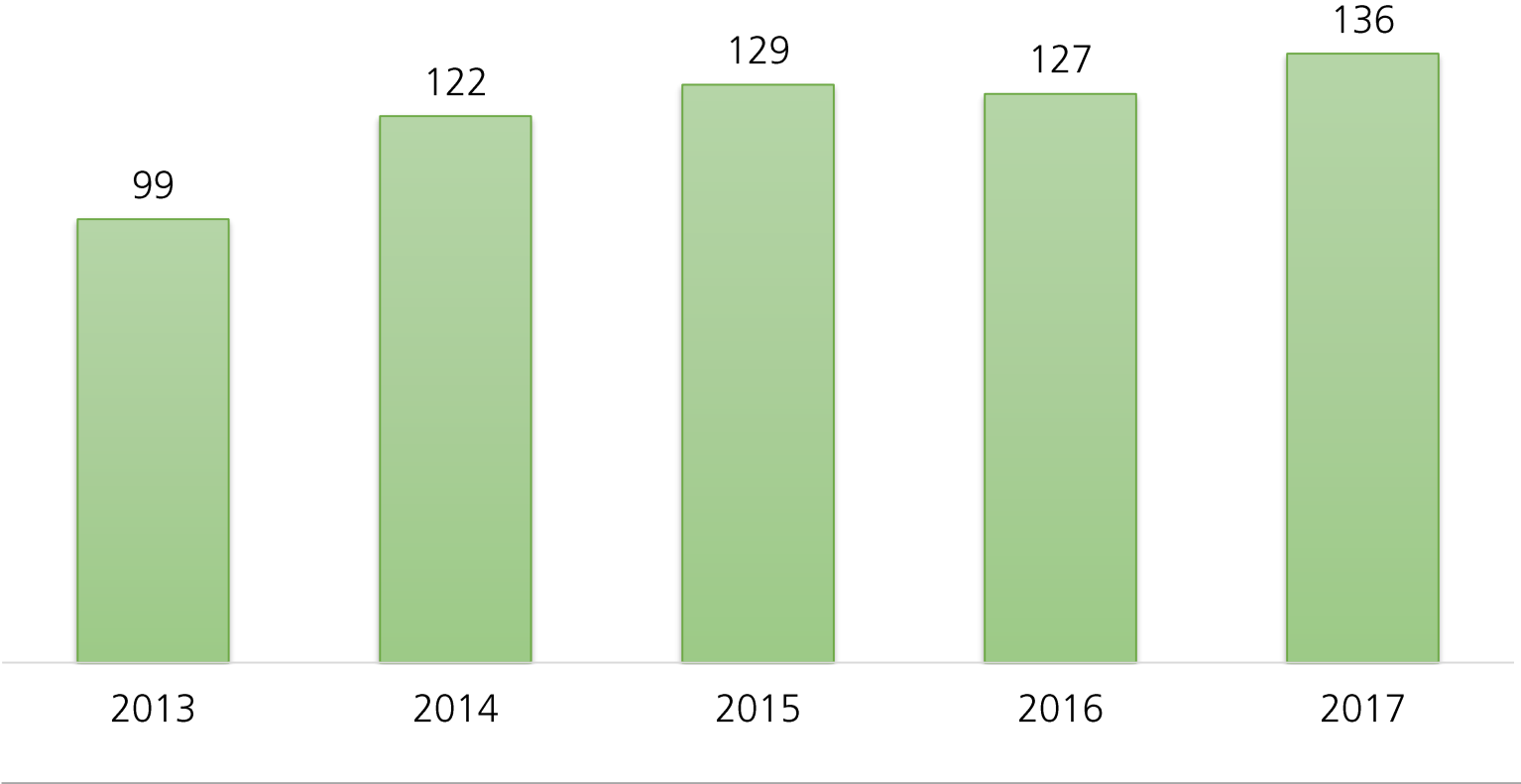


International Sales	As a % of Intl Sales	As a % of the Brand's Sales
Ayalaland Premier	20%	22%
ALVEO	40%	37%
Avida	32%	49%
Amaia	7%	28%
Bellavita	1%	15%

# Unbooked Revenues: Steady increase to P136B

Unbooked revenues of P136B is 1.6x of 2016 Property Development Revenues at P84.1B

Unbooked Revenues (in Php Billions)



# Key Launches: Estates



**(Jan 2018)**

Quezon City-Pasig | 35 ha.

- “Greenest Urban Estate” – 50% open space
- Main features: 3-hectare central park, an esplanade, river park terraces, running and bike trails and riparian gardens, a 110x25 meter bridge linking Quezon City and Pasig City over the Marikina River
- 58K GLA Regional Mall with a 3,500 sqm sports complex
- ALP - 5 residential towers, ALVEO – 5 residential towers
- 50-50 Partnership with Eton LT Group
- Initial Capex: P53B in the next 10 years
- GFA build out: 1.7M sqm (Residential: 50%, Commercial and Office: 50%)

# Key Launches: Estates



**(Dec 2017)**

Mactan, Cebu | 13.6 ha.

- “Eco-fun” destination – Features a coastal boardwalk retail strip with an expansive mangrove forest, network of lagoons and nature-inspired pedestrian corridor
- Main features: 200-room Holiday Inn Resort, The Shops at Seagrove, 10k sqm GLA
- In partnership with CHI and Taft Property Venture Development Corp. with estimated capex of P35B
- GFA build out: 73K sqm (Hotel: 82%, Retail: 18%)

Initial Components:

- Boardwalk, restaurants and shops, portion of the lagoon, events ground and the pedestrian corridor to be completed by 2020

# Key Launches: Estates



**(Aug 2017)**  
Lanang, Davao City | 25 ha.



**(May 2017)**  
Kawit, Cavite | 236 ha.

# Key Launches: Residential Projects



## **Park Central Towers - North Tower (Oct 2017)**

Makati CBD MM  
259 units, P17.62B | 42% take-up



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

Nuvali, Santa Rosa Laguna  
308 units, P5.0B | 75% take-up

## **Cerilo Phase 3 (Sep 2017)**

Nuvali, Santa Rosa Laguna  
209 lots, P3.6B | 31% take-up



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

Arca South, Taguig MM  
192 units, P4.8B | 81% take-up



## **Enclaves 5 and 6 (Feb 2017)**

Bacolod City, Negros Occidental  
134 units, P492M | 54% take-up

# Key Launches: Residential Projects



**Cerca, Viento Tower 1 (Nov 2017)**  
Las Pinas MM  
272 units, P2.84B | 63% take-up



**Orea Place (Oct 2017)**  
Vertis North QC  
611 units, P6.44B  
24% take-up



**The Residences at Evo City (May 2017)**  
Evo City, Kawit Cavite  
395 units, P3.2B | 87% take-up



**Aveia Phase 3 (Jun 2017)**  
Santa Rosa Laguna  
123 units, P709M | 28% take-up



# Key Launches: Residential Projects



**Travertine Tower (Mar 2017)**  
Portico, Pasig Metro Manila  
632 units, P5.62B | 65% take-up



**Brownstone Townhouses (Mar 2017)**  
Portico, Pasig Metro Manila  
8 units, P324M | 63% take-up



**Montala Phase 3 (Feb 2017)**  
Alviera, Porac Pampanga  
153 units, P663M | 78% take-up



**Mondia Phase 2B (Feb 2017)**  
Alviera, Porac Pampanga  
62 units, P379M | 50% take-up

# Key Launches: Residential Projects

**Avida**



**Avida Towers BGC Turf Tower 2 (Jul 2017)**  
BGC Taguig MM  
537 units, P4.2B | 47% take-up



**Avida Towers Vireo (Jul 2017)**  
Arca South, Taguig MM  
476 units, P2.0B | 85% take-up



**Avida Settings (Jun 2017)**  
Tuguegarao  
751 units, P1.77B | 30% take-up



**Towers Asten 3 (Mar 2017)**  
Makati, Metro Manila  
863 units, P3.7B  
45% take-up

# Key Launches: Residential Projects



**Amaia Steps Capitol Central Tower 2 (May 2017)**  
Capitol Central, Negros Occidental  
276 units, P814M | 53% take-up



**Amaia Steps Nuvali Parkway Aria B (Mar 2017)**  
Nuvali, Santa Rosa Laguna  
90 units, P319M | 81% take-up

# Key Launches: Office for Sale



**The Stiles Enterprise Plaza East Tower (Jul 2017)**  
Circuit Makati MM  
349 office units, P5.44B | 47% take-up



**The Gentry Corporate Plaza (May 2017)**  
Makati CBD, Makati MM  
182 units, P4.84B | 62% take-up

# 2017 Launches Summary

## P88.8B | 28 Projects

2017 Project Launches	Project Count	Amount (in Php billions)
Ayalaland Premier	6	32.6
Alveo	12	35.9
Avida	7	18.5
Amaia	3	1.8
<b>Total</b>	<b>28</b>	<b>88.8</b>



# Malls: GLA of 1.80M sqm, opened 5 new malls in 2017

- GLA of 189k added in 2017
- Ave. Occupancy: 92%  
(Stable Malls at 97%)
- Ave. Mall Lease Rate: P1,087/sqm/mo.
- Same Mall Rental Growth: 5%



**Ayala Malls Feliz | 74K GLA (Dec 2017)**



**Ayala Malls Marikina | 12K GLA (Dec 2017)**



**Ayala Malls Cloverleaf  
36K GLA (Oct 2017)**



**Ayala Malls Vertis North  
40K GLA (Jun 2017)**



**The 30<sup>th</sup> Pasig | 27K GLA (Jan 2017)**

Note: Total GLA excludes OCLP Malls of 147.5K and Residential Retail Spaces of 2k

# Malls: 2018 Upcoming Openings



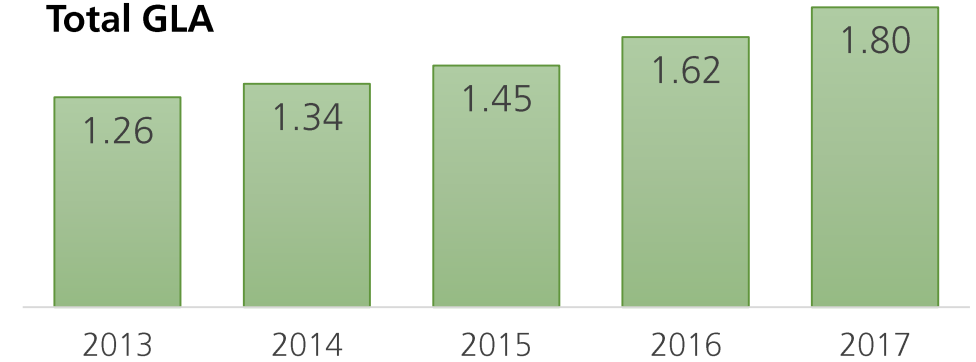
One Bonifacio High Street | 23K GLA (Mar 2018)



Circuit Mall | 54K GLA (Jun 2018)



Total GLA



Total Malls GLA under construction: **823k**  
(excludes Residential Retail Spaces of 64k)

# Offices: GLA of 1.02M sqm, opened 6 new offices in 2017

- GLA of 185k added in 2017
- Ave. Occupancy: 86% (Stable 97%)
- Ave. Office Lease Rate: P739/sqm/mo. (up 1%)
- Leased-out Rate: 86%



*PEZA Accredited*

**Vertis North BPO 2**  
41K GLA (Dec 2017)



*No PEZA required*

**Circuit BPO Tower 1**  
47K GLA (Dec 2017)



*No PEZA required*

**Circuit BPO Tower 2**  
27K GLA (Aug 2017)



*PEZA Accredited*

**The 30<sup>th</sup> Corporate Center**  
47K GLA (Aug 2017)



*PEZA Accredited*

**Tech Tower Cebu**  
16K GLA (Nov 2017)



*No PEZA required*

**One Bonifacio HS**  
7K GLA (Dec 2017)



# Offices: 2018 Upcoming Openings



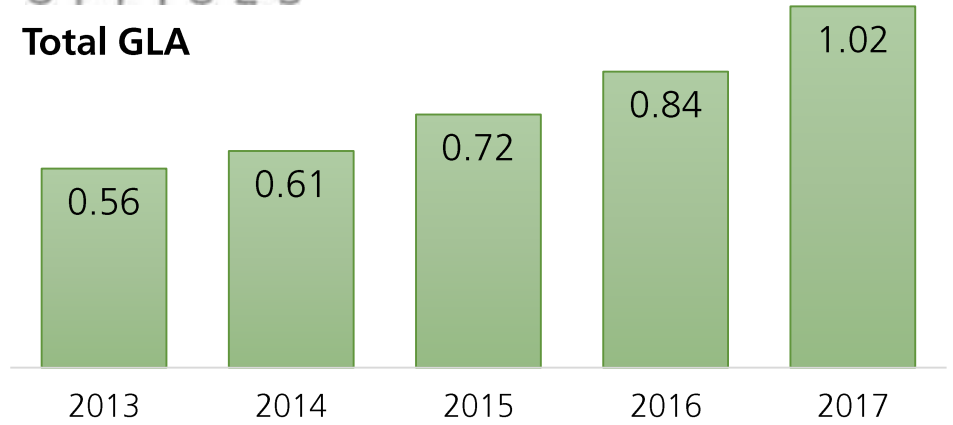
Ayala North Exchange HQ | 20K GLA (June 2018)



Vertis North BPO 3 | 38K GLA (Oct 2018)



Total GLA



Total Offices GLA under construction: **499k**

# Hotels and Resorts: 2,583 rooms, opened 6 new facilities in 2017

- 556 Rooms added in 2017

FY 2017	Hotels	Resorts
Rooms in operation	Branded: 961 Seda: 1,301	El Nido: 213 Lio: 82 Sicogon: 26
Revpar/night	P3,576 (-6%)	P8,052 (-0%)
Average room rate	P5,050 (-3%)	P13,210 (-4%)
Average occupancy	71% (-2 pt)	61% (+2 pt)



**Hotel Covo Lio** | 20 rooms (Oct 2017)



**Balai Adlao, Lio** | 20 rooms (Aug 2017)



**Balay Kogon Sicogon** 20 rooms (Aug 2017)



**Seda Vertis North, QC** | 438 rooms (Apr 2017)



**Casa Kalaw Lio, El Nido** | 12 rooms (Mar 2017)



**Seda Bacolod** | 46 (out of 154) rooms (Nov 2017)

# Hotels and Resorts: 2018 Upcoming Openings



**Huni Sicogon (Phase 1) | 19 Rooms (Mar 2018)**



**Seda Lio | 153 Rooms (Apr 2018)**



Total rooms under construction: **3,522 rooms**

# New Leasing Formats: Clock In



## Clock-In

Serviced offices with fully equipped and furnished space for start-up ventures, SMEs, groups working on a per-project basis, digital nomads and online professionals, freelancers, road warriors, and swing space users.

Details		Makati	QC	Pasig		BGC	Total
Location	MSE	Ayala North Exchange	Vertis North	The 30 <sup>th</sup>	BGC Technology Center	Bonifacio High Street	
<b>GLA (in sqm)</b>	405	1,780	818	1,202	733	601	5,539
<b>Seating</b>	107	476	205	272	214	179	1,453
<b>Total Rooms</b>	16	45	26	31	31	31	
<b>Private Room</b>	15 (81 pax)	42 (363 pax)	23 (151 pax)	28 (205 pax)	29 (187 pax)	27 (139 pax)	
<b>Meeting Room</b>	1	3	3	3	2	4	
<b>Opening</b>	March 2017	2018	2018	2018	Oct 2017	Oct 2018	

# New Leasing Formats: The Flats

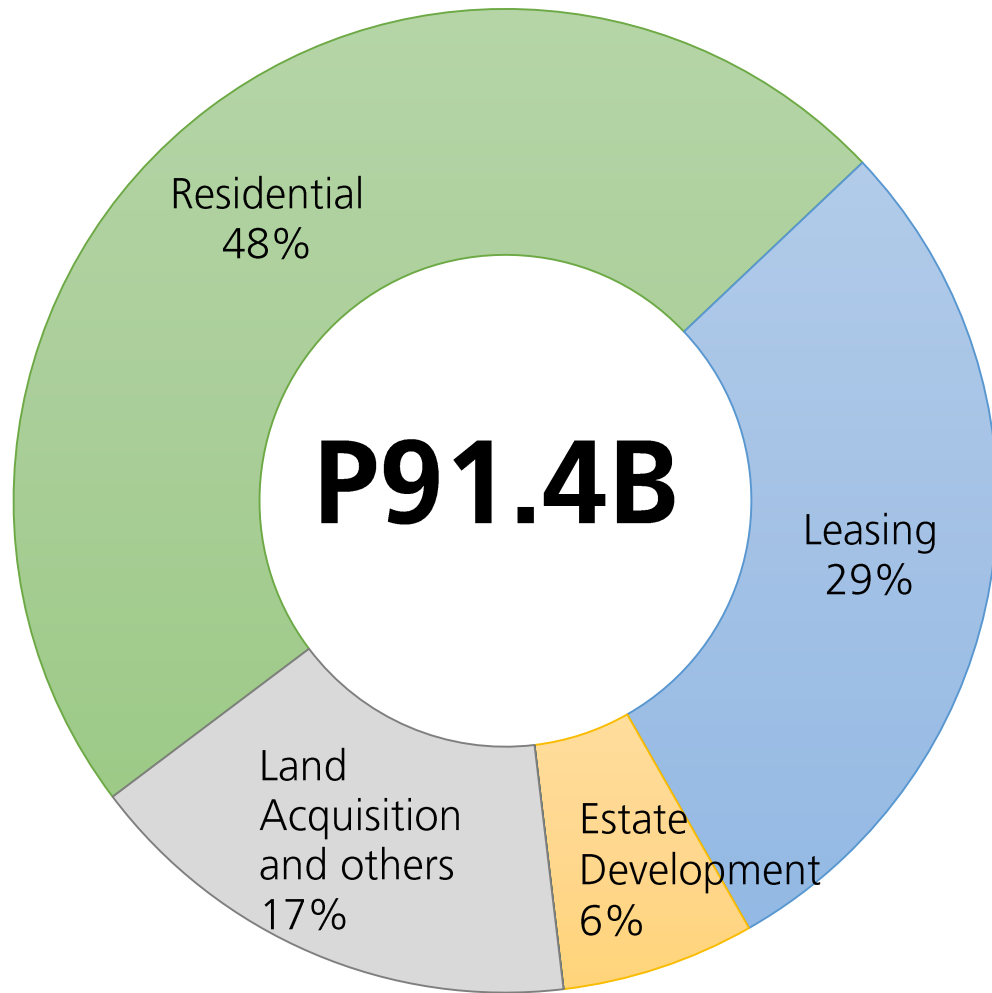


## The Flats

Dormitory-type offering to address lodging demand from growing BPO employment and provide affordable housing options near offices to help commuting employees given traffic congestion

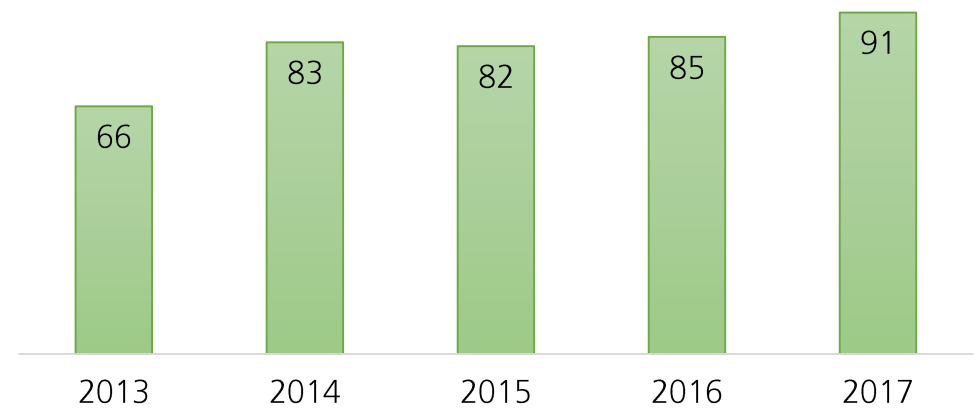
Details	Amorsolo	BGC 5th Avenue	BGC Parkway	Circuit Makati	Total
<b>Floors</b>	15	15	11	15	
<b>Rooms</b>	196	375	290	616	1,464
<b>Beds</b>	728	1,560	1,160	2,400	5,848
<b>Room Size</b>	22	22	22	22	
<b>Opening</b>	2Q 2018	1Q 2019	1Q 2020	1Q 2021	

# CAPEX spend of P91.4B



Capex Breakdown (in Php Billions)	FY 2017 Budget	FY 2017 Actual
Residential	41.0	44.0
Malls	12.0	14.0
Offices	9.0	8.0
Hotels and Resorts	5.0	4.3
Estate Development	7.0	5.8
Land Acquisition	11.0	11.3
Others	3.0	3.9
<b>Total</b>	<b>88.0</b>	<b>91.4</b>

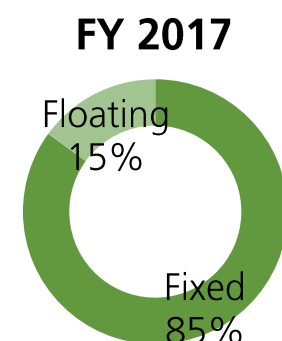
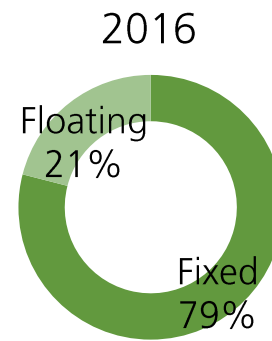
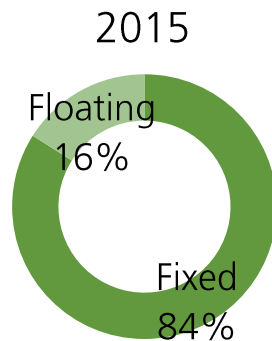
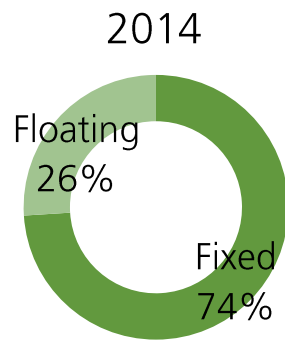
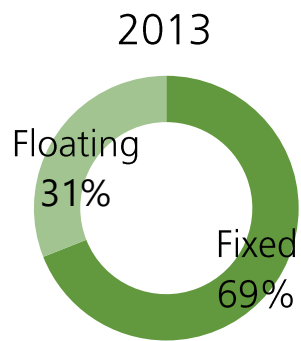
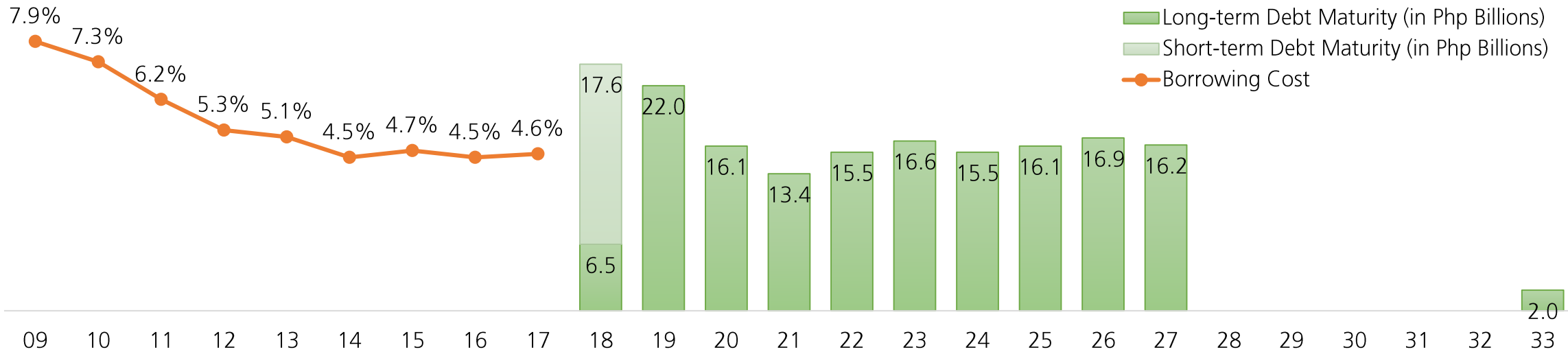
5-Year Historical Capex



\* ALI Capital, Services and other investments

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

As of 31 Dec 2017 | Total Borrowings: **Php174.4B**: Short-term **Php17.6B** (10%), Long-term **Php156.8B** (90%)



# Our strong balance sheet supports our growth plan

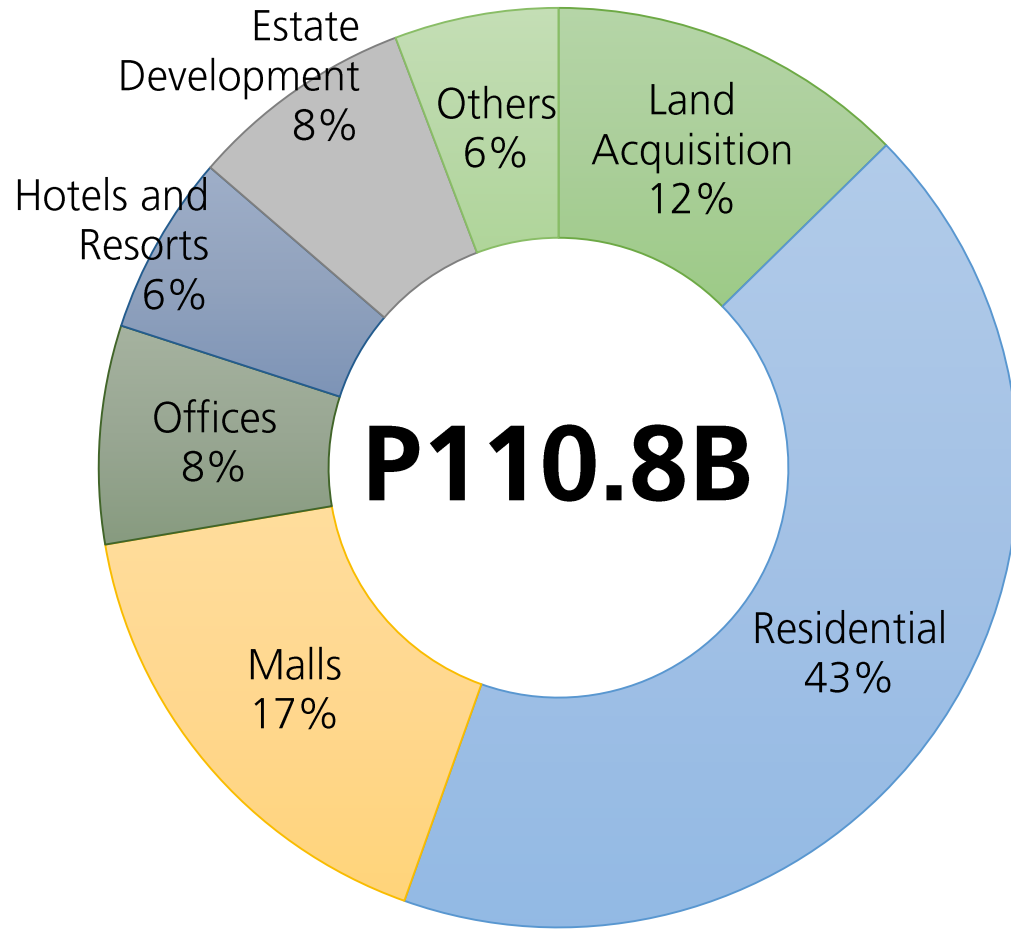
<b>Balance Sheet</b> (in Php Millions)	<b>December 2017</b>	<b>December 2016</b>
Cash & Cash Equivalents	25,821	22,641
Total Borrowings	174,386	159,801
Stockholders' Equity	192,263	172,683
Current Ratio	1.18	1.12
Debt-to-Equity Ratio	0.91	0.93
Net Debt-to-Equity Ratio	0.77	0.79
Return on Equity	16.1%	14.9%



# Key Messages

1. **Solid earnings growth:** Net Income up 21% to P25.3B
2. **Healthy topline:** Total Revenues grew 14% to P142.3B
  - **Resurgence of property sales:** FY17 take-up increased 13%, 4Q up 17%
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3. **Aggressive project launches but slightly below target:** P88.8B worth of residential and office for sale projects
4. **Broader leasing base:** Malls GLA at 1.80M, Offices GLA at 1.02M and Hotels and Resorts with 2,583 rooms
5. **Expanded estate portfolio:** 25 Estates with the launch of Evo City, Azuela Cove and Seagrove, Parklinks, and a developable land bank of 10,285 hectares
6. **Capex spend higher than budget:** Total of P91.4B

# 2018 CAPEX projection at P111B

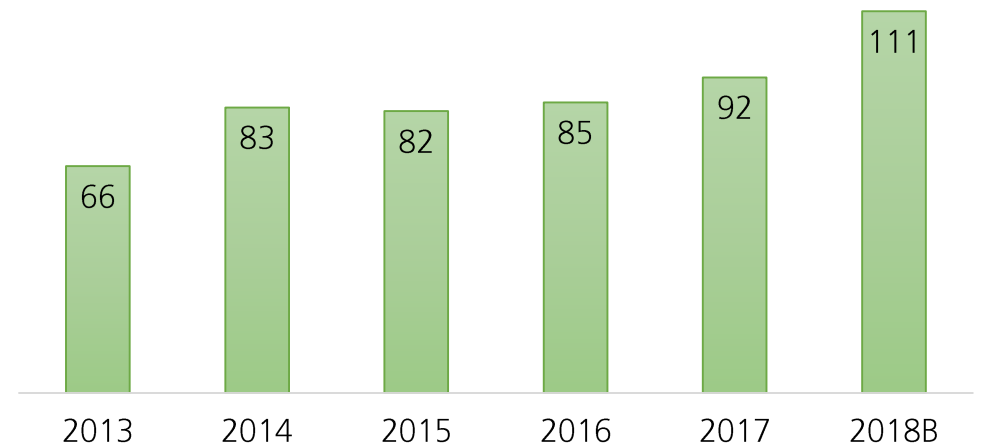


## Capex Breakdown (in Php billions)

## FY 2018 Budget

Land Acquisition	14.0
Residential	47.4
Malls	18.7
Offices	8.5
Hotels and Resorts	7.0
Estate Development	8.8
Others*	6.4
<b>Total</b>	<b>110.8</b>

## 5-Year Historical Capex



\* ALI Capital, Services and other investments

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## **2020-40 Plan Updates**

# 2017: A year of strong growth and deliveries

**P25.3B**

Net Income After Tax **+21%**

## Revenues

- Property Development **+23%**
- Malls **+10%**
- Office **+12%**
- Hotels and Resorts **+10%**

Recurring Income  
**CAGR: 32%**

2013	2017
P2.9B	P8.9B

Return On Equity **16.1%**

**28** | **P88.8B**

Launched Projects

(Residential and Office for Sale)

- **MDC: 70** projects delivered to the brands, **12,673** units delivered to buyers
- **APMC: 67** projects handed-over
- **AMICASSA: 10,300** titles approved

## Solid Business Model

**24** Large scale, Integrated Mixed-Use Estates

### 3 New Estates

Evocity  
Azuela Cove  
Seagrove

Total Capital Expenditure **P91.8B**

## Towards a Balanced Portfolio

**+13%**  
Sales Take-up

**P122.0B**  
Reservation Sales

**P136.0B**  
Unbooked Revenues

**1.80M**  
Malls GLA

**1.02M**  
Offices GLA

**2,583**  
Hotel and Resorts Rooms

## Healthy Balance Sheet

**0.77x** | **4.6%**

Net Debt-to-Equity Ratio | Average Cost of Borrowing

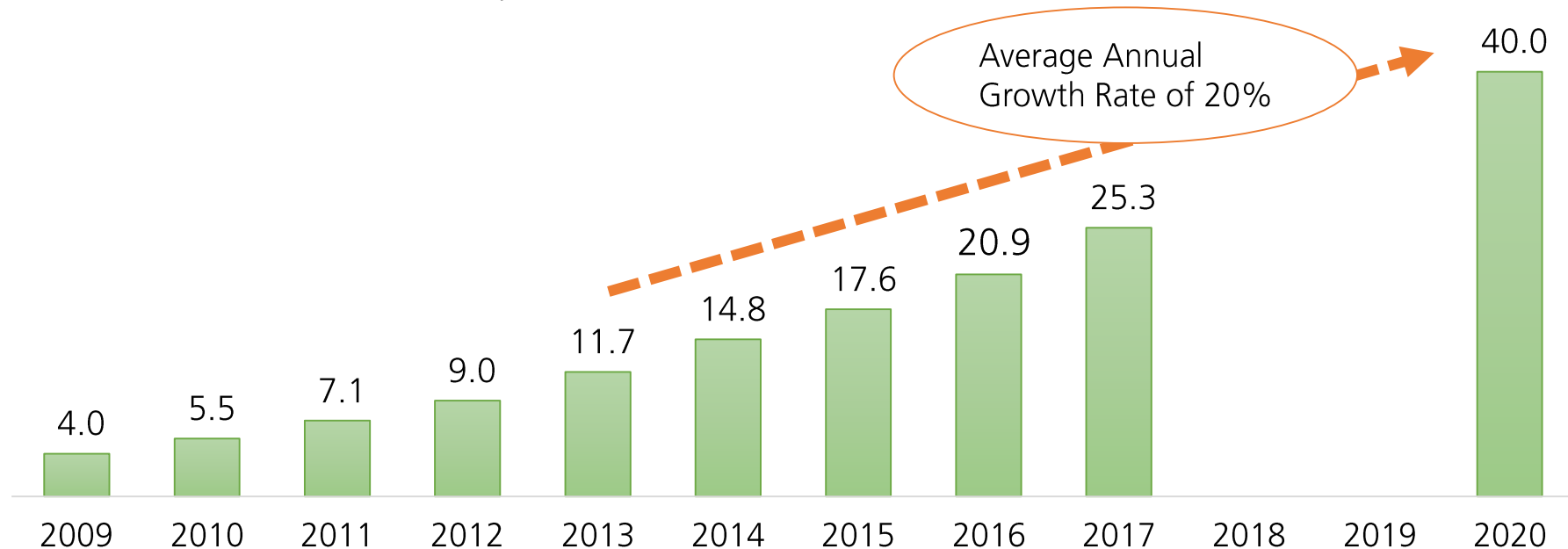
Debt Mix  
**85%** Fixed Rate  
**90%** Long-term

# We are on track to reach P40B in net income by 2020

**P40B  
2020**

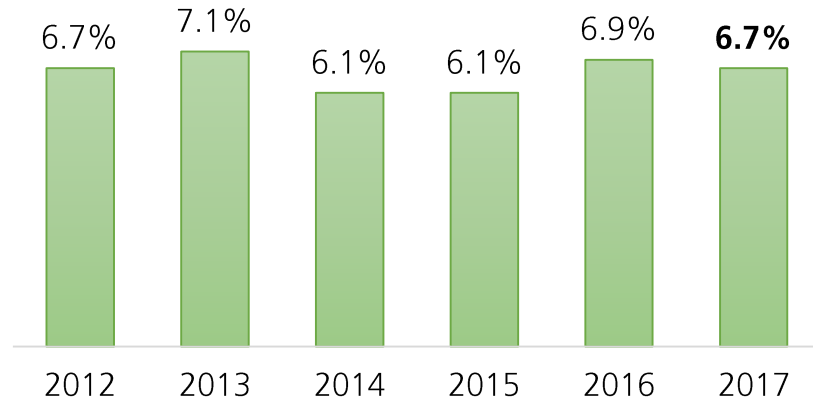
**Sustainable and balanced growth strategy  
through a healthy mix of Property  
Development and Leasing**

**Net Income After Tax** (in Php billions)

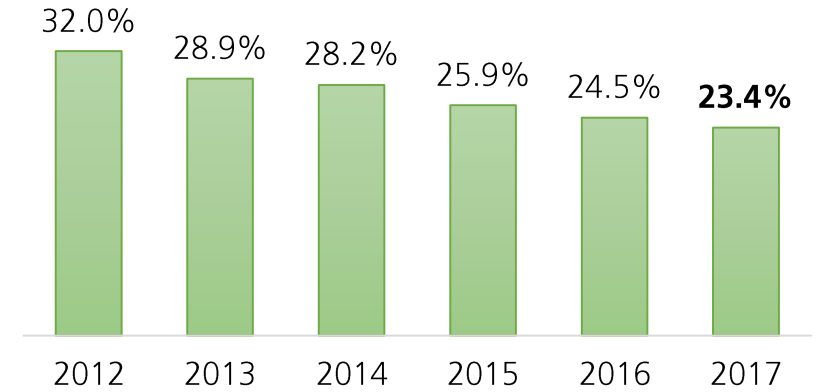


# Strong macroeconomics continue to support growth

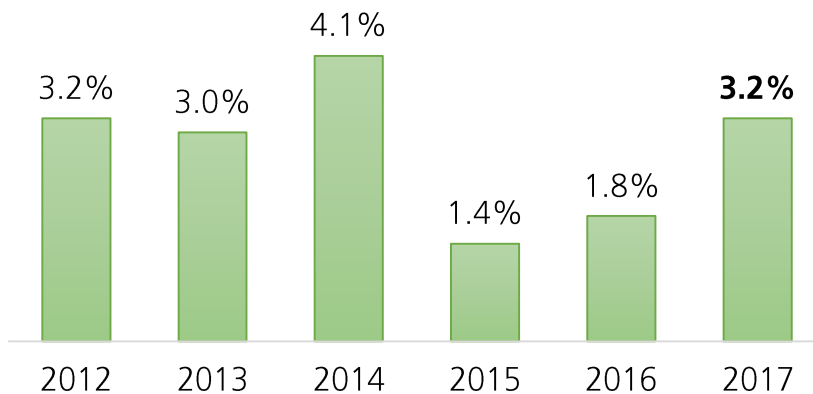
## GDP Growth



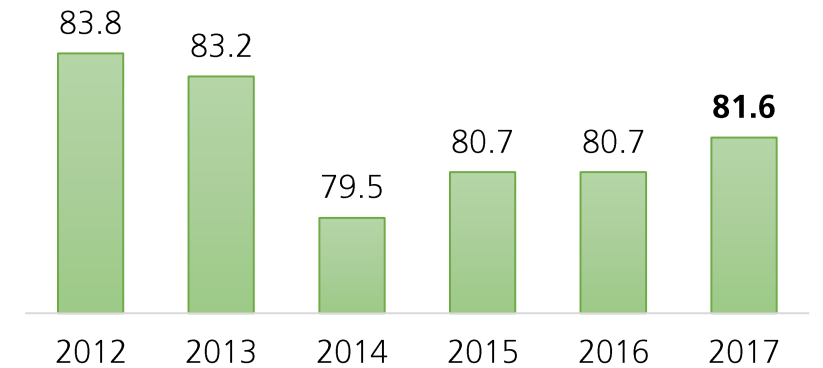
## External Debt to GDP



## Inflation

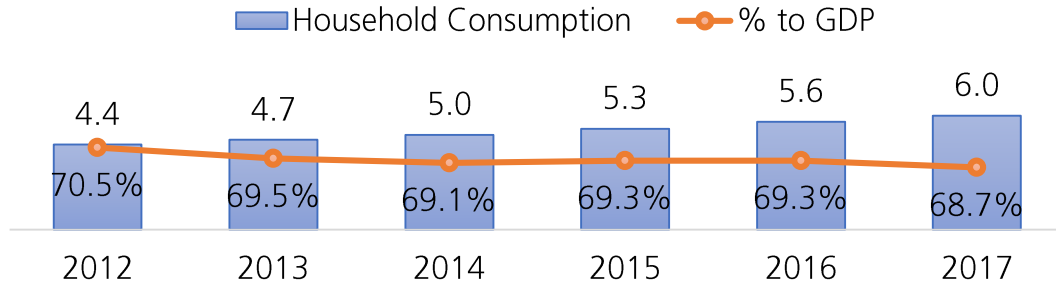


## Gross Int'l Reserve (USD B)

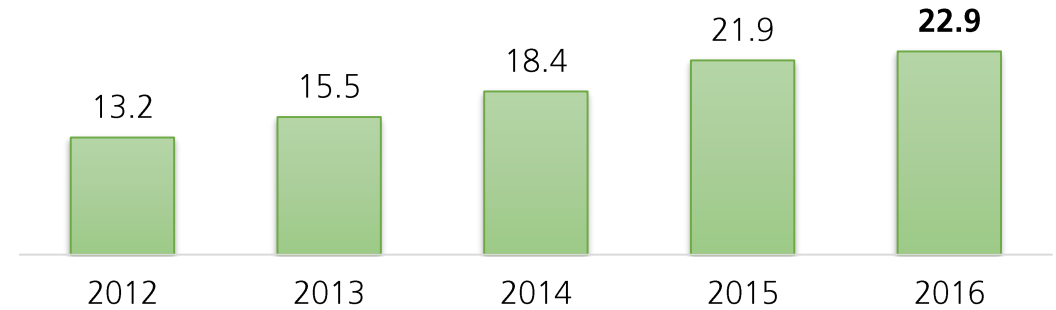


# Solid structural tailwinds drive momentum

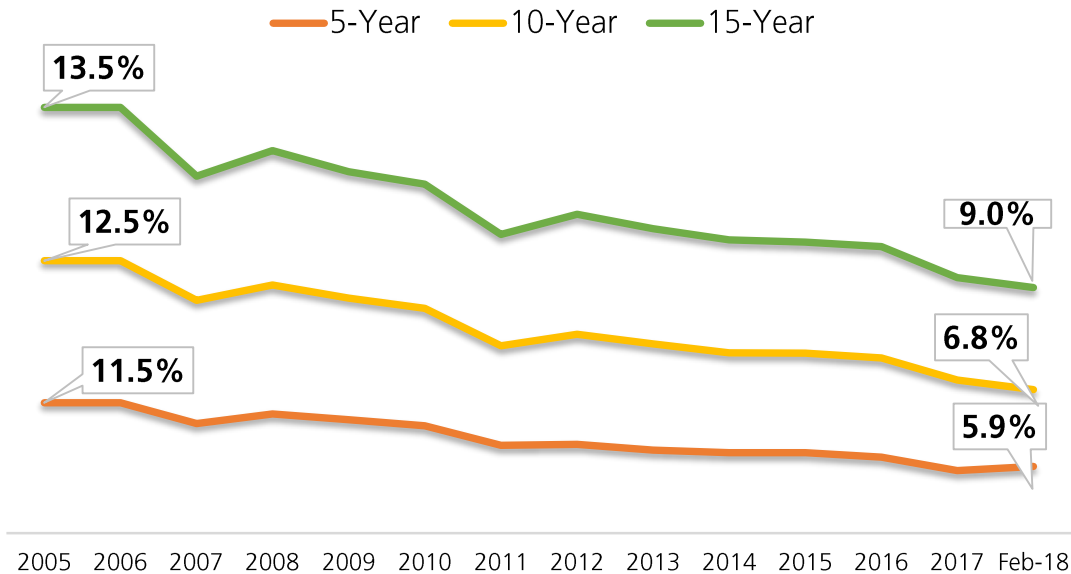
### Household Consumption (in Php trillions)



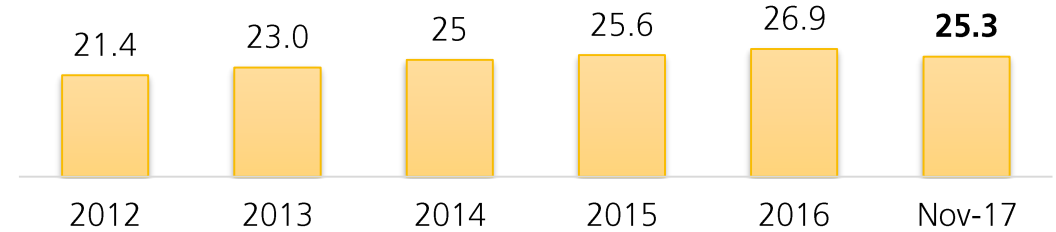
### BPO Revenues (in USD billions)



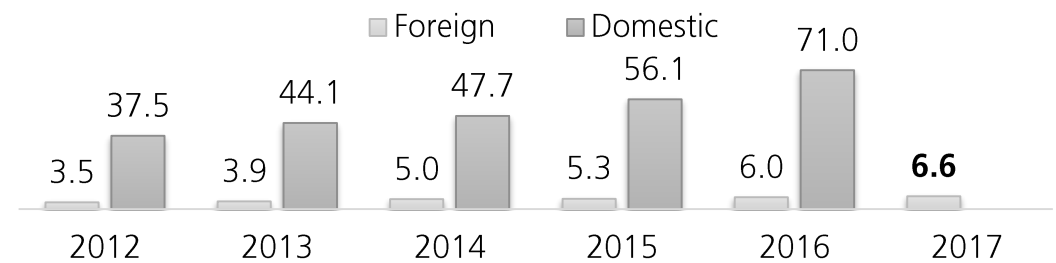
### Average Mortgage Rates



### OF Remittances (in USD billions)



### TOURIST ARRIVALS (in millions)

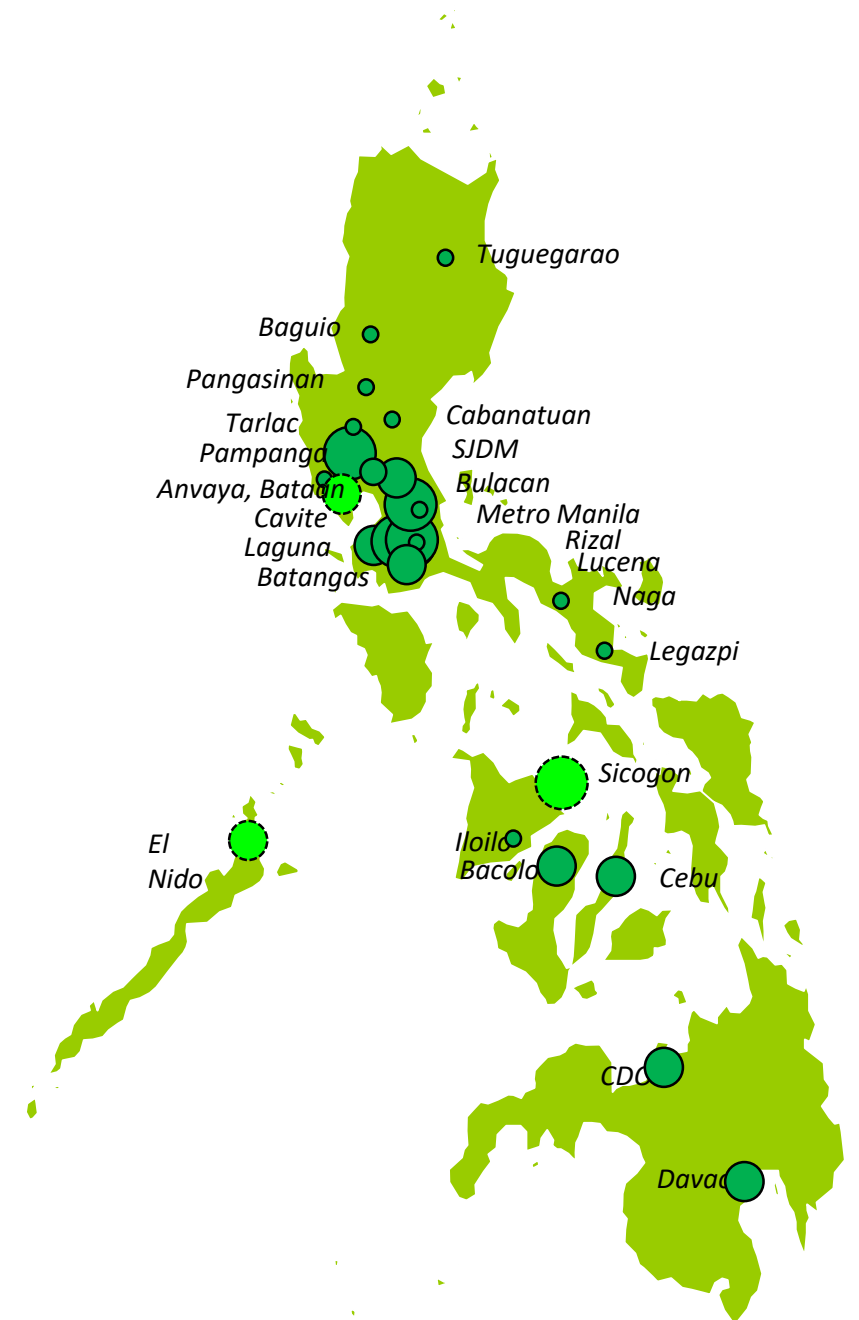
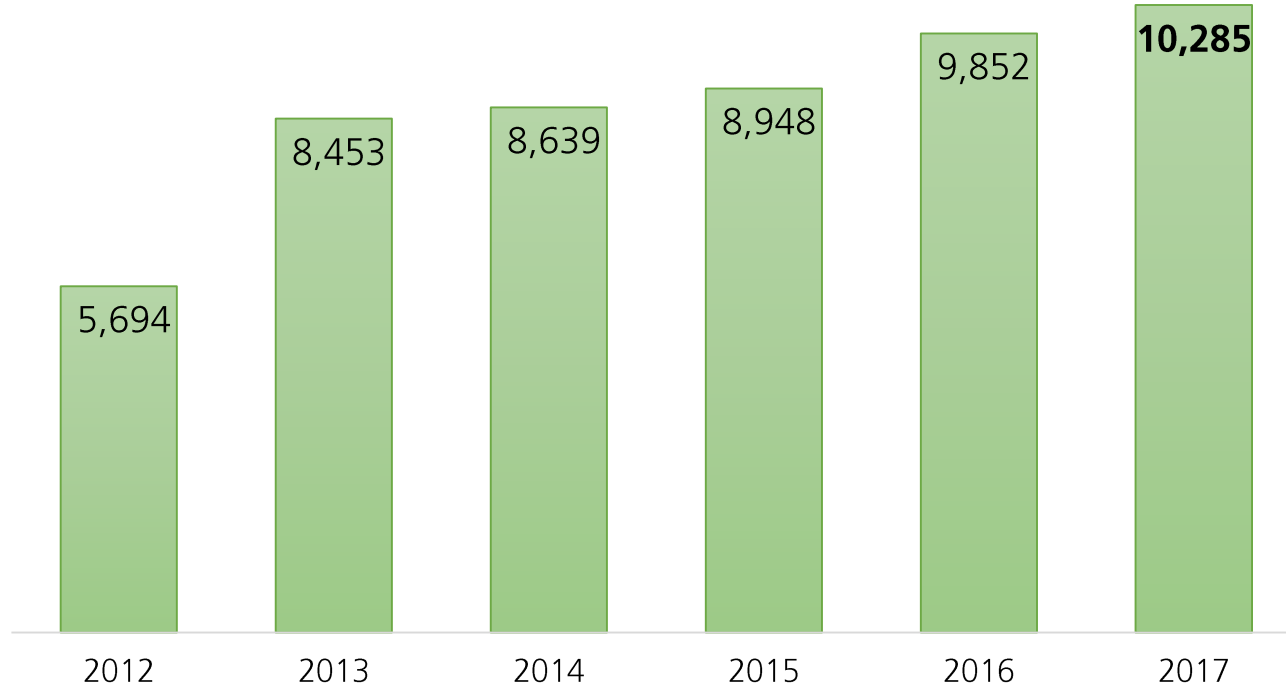


Source: BSP, BPAP, NSCB

# With 10,285 hectares of land bank

Present in 55 growth centers across the Philippines

Gross Land Bank (in hectares)





# Platform for growth in place

Makati



Alabang



Cebu



BGC



Nuvali



Capitol Central



**25 Estates** across the Philippines

With **10,285 hectares** of land bank

Present in **55 growth centers** across the Philippines

# Pipeline of projects ready for launch

**P125B**

Residential and Office for Sale  
Leasing

P100B  
P25B

**2018 CAPEX projection at P110.8B**

 AyalaLand PREMIER

 ALVEO

 Avida

 Amaia

 BellaVita

 AyalaMalls  
*LoveMalls!*

 AyalaLand  
OFFICES

 AyalaLand HOTELS AND RESORTS



# New products: New offerings to enhance leasing growth

## The Flats



## Clock In



# Equity earnings from investments



PrimeOrion Philippines, Inc.



# In Summary

- **Strong performance in 2017 driven by property sales, residential project deliveries, and leasing completions.**
- **With sound macroeconomic fundamentals and structural tailwinds supportive of the property sector, we continue to be well positioned to benefit from the strength of our economy.**
- **Platform for growth is in place with 10,285 hectares of land bank, 25 Estates, presence in 55 growth centers nationwide, and products that cater to various market segments.**
- **We are on track to reach P40B in net income by 2020.**

# Analysts' Briefing FY 2017

14 February 2018

