

# Analyst Briefing

## 1H 2020

07 August 2020



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## **1H 2020 Results**

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# Key Messages

- 1. Ayala Land posted total revenues of P41.2B and a net income of P4.5B, a decline of 50% and 70% respectively, due to the impact of COVID-19 on its business operations.**
- 2. Property development revenues totaled P24.9B, a 58% drop due to lower bookings and suspended construction activity.**
- 3. Commercial leasing revenues amounted to P12.9B, a 31% decrease given restricted mall and hotel operations and closure of resorts.**
- 4. Capital expenditures reached P34.8B representing 50% of the revised full-year budget.**
- 5. The balance sheet remains healthy with a net gearing ratio of 0.87:1 and a cash balance of P17.4B.**

# Net income declined 70% to P4.5B

- Real Estate Revenues of P40.4B, 51% lower
- GAE ratio: 9.4%
- EBIT margin: 34.9%

<b>Income Statement</b> <i>(in Php millions)</i>	<b>1H 2020</b>	<b>1H 2019</b>	<b>Change</b>	<b>%</b>
<b>Total Revenues</b>	<b>41,199</b>	<b>83,217</b>	<b>(42,018)</b>	<b>-50%</b>
Real Estate*	40,367	81,902	(41,535)	-51%
Interest and Other Income	831	1,315	(484)	-37%
<i>Equity in Net Earnings of Associates and JVs</i>	346	567	(220)	-39%
<i>Interest and Investment Income</i>	220	454	(234)	-52%
<i>Other Income</i>	265	294	(29)	-10%
<b>Expenses</b>	<b>33,613</b>	<b>59,387</b>	<b>(25,774)</b>	<b>-43%</b>
Real Estate**	22,802	49,116	(26,314)	-54%
GAE	3,865	4,429	(564)	-13%
Interest expense, financing and other charges	6,946	5,841	1,105	19%
Income before Income Tax	7,586	23,830	(16,244)	-68%
Provision for Income Tax	2,120	6,316	-4,196	-66%
<b>Income before Non-Controlling Interest</b>	<b>5,466</b>	<b>17,515</b>	<b>-12,049</b>	<b>-69%</b>
Non-Controlling Interest	948	2,358	-1,410	-60%
<b>NIAT attributable to ALL Equity Holders</b>	<b>4,518</b>	<b>15,157</b>	<b>-10,638</b>	<b>-70%</b>

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

\*\*Includes interest expense related to PFRS 16 (Leases). Per statutory reporting (17q) Interest expense related to Leases is classified under Interest Expense

# Revenues totaled P41.2B, 50% lower due to limited operations

Revenue Breakdown <i>(in Php millions)</i>	1H 2020	1H 2019	Change	%	
<b>Property Development</b>	<b>24,871</b>	<b>58,909</b>	<b>(34,038)</b>	<b>-58%</b>	
Residential	20,475	44,503	(24,029)	-54%	<i>Lower bookings and incremental completion</i>
Office for Sale	1,444	10,107	(8,663)	-86%	<i>Lower incremental completion of Park Triangle Corp Plaza and Alveo Financial Tower and lower bookings of HSS Corp Plaza 2 and Alveo Park Triangle Tower</i>
Comm'l and Ind'l lots	2,952	4,299	(1,347)	-31%	<i>Fewer lot sales in Vermosa and Evo City</i>
<b>Commercial Leasing</b>	<b>12,863</b>	<b>18,631</b>	<b>(5,768)</b>	<b>-31%</b>	
Shopping Center	5,843	10,336	(4,494)	-43%	<i>Limited mall operations during quarantine</i>
Office	4,935	4,629	306	7%	<i>Sustained BPO and HQ operations</i>
Hotels and Resorts	2,085	3,665	(1,580)	-43%	<i>Closure of resorts and lower average hotel occupancy due to quarantine and travel bans</i>
<b>Services</b>	<b>2,634</b>	<b>4,363</b>	<b>(1,729)</b>	<b>-40%</b>	
Net Construction	883	1,544	(661)	-43%	<i>Restricted construction activity</i>
Property Mgmt. and others*	1,751	2,818	(1,067)	-38%	<i>Limited operations and AirSWIFT flight cancellations</i>
<b>Real Estate Revenues</b>	<b>40,367</b>	<b>81,902</b>	<b>(41,535)</b>	<b>-51%</b>	
Interest and Other Income	831	1,315	(484)	-37%	
<b>Total Revenues</b>	<b>41,199</b>	<b>83,217</b>	<b>(42,018)</b>	<b>-50%</b>	

\*Includes APMC, energy distribution companies and AirSwift

# Sustained development margins offset lower leasing margins

Margin Performance	1H 2020	1H 2019	
<b>Property Development</b> (Gross Profit)			
Residential			
Horizontal	46%	43%	<i>Higher lot prices of ALP's Ayala Greenfield Estates, Alveo's The Residences at Evo City Ph 2 and Ardia Vermosa 3 and, Avida's Southfield Settings Nuvali</i>
Vertical	42%	38%	<i>Higher unit prices of Avida's Sola T2, One Antonio and Asten T3, Alveo's Solinea T4 and Amaia Steps Delicia</i>
Office for Sale	40%	44%	<i>Lower bookings from almost sold out high-margin projects such as HSS Corp Plaza 2, Park Triangle Corp Plaza and Alveo Park Triangle Tower</i>
Commercial and Industrial Lots	69%	52%	<i>Higher commercial lot prices in Arca South and Nuvali</i>
<b>Commercial Leasing</b> (EBITDA)			
Shopping Centers	45%	66%	<i>Limited operations and foot traffic during the quarantine</i>
Office	94%	91%	
Hotels and Resorts	14%	33%	<i>Closure of resorts and limited hotel operations during quarantine</i>
<b>Services</b> (EBITDA)			
Construction and Property Management	9%	9%	

# Property Development: Sales reservations at P38.3B, down 47%

## Sales Reservations

- 1H20 average of P6.4B/month
- 2Q20 at P13.6B; down 64% YoY
- May and June average at P6.1B

## Local Filipinos: 68%

- P26.2B, down 48%

## Overseas Filipino: 18%

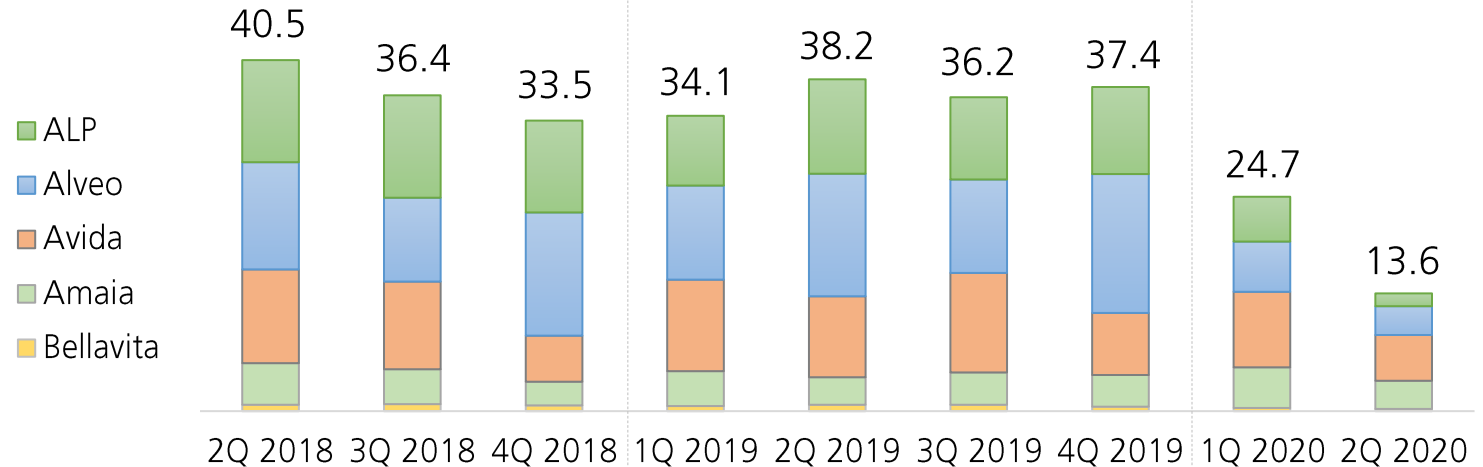
- P6.7B, down 31%

## Other Nationalities: 14%

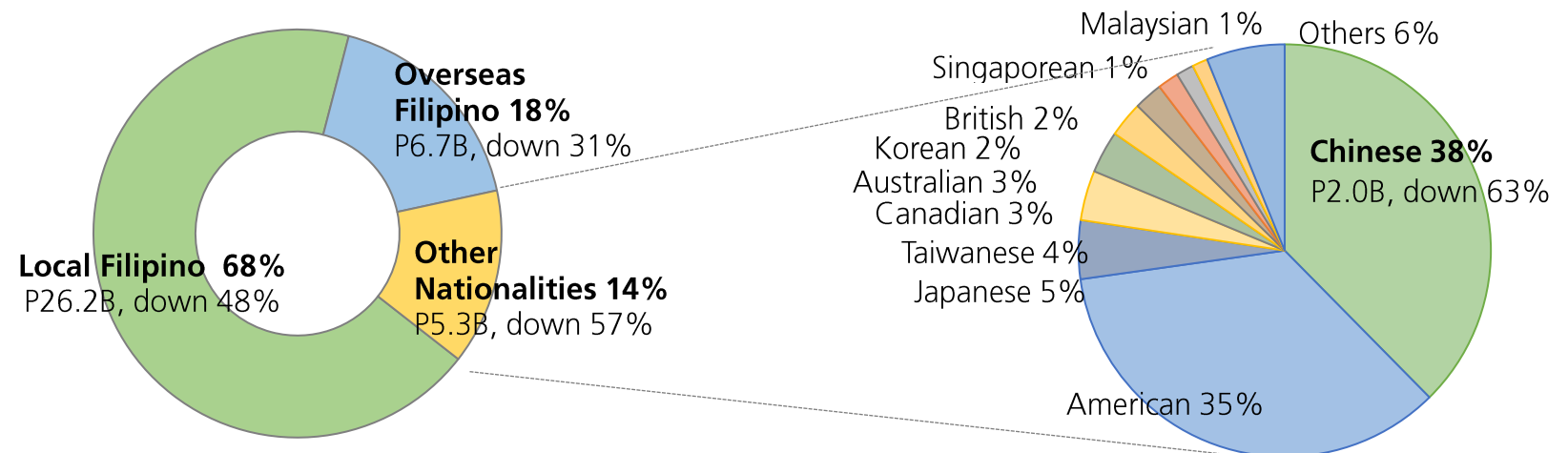
- P5.3B, down 57%

## Unbooked Revenues: P160B

Sales Takeup (in Php Billions)



Sales Breakdown



Note: Sales Reservations include offices and commercial lots for sale under the residential brands

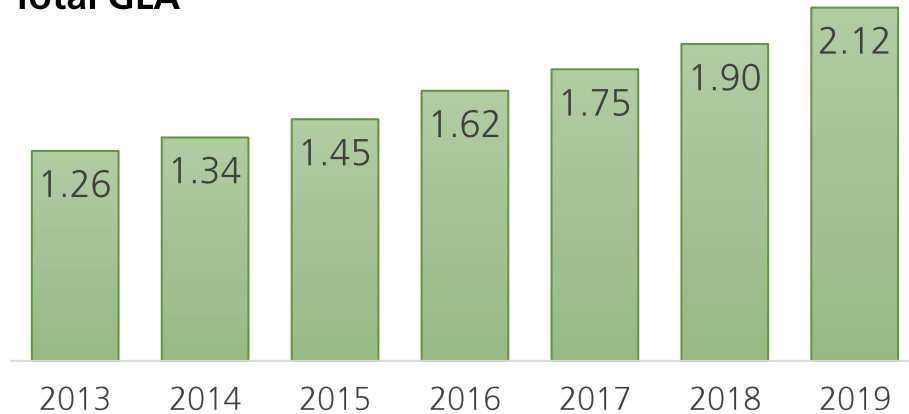
# Malls: GLA of 2.12M sqm

Upcoming Openings

- Occupancy: Average 86%, Stable 92%
- Operating GLA: 61%

*AyalaMalls*

Total GLA



Total Malls GLA under construction: **334K**



**Ayala Triangle Gardens Retail**  
Makati CBD, 8K GLA (2021)



**One Ayala Retail (Phase 1)**  
Makati, 35K GLA (2021)

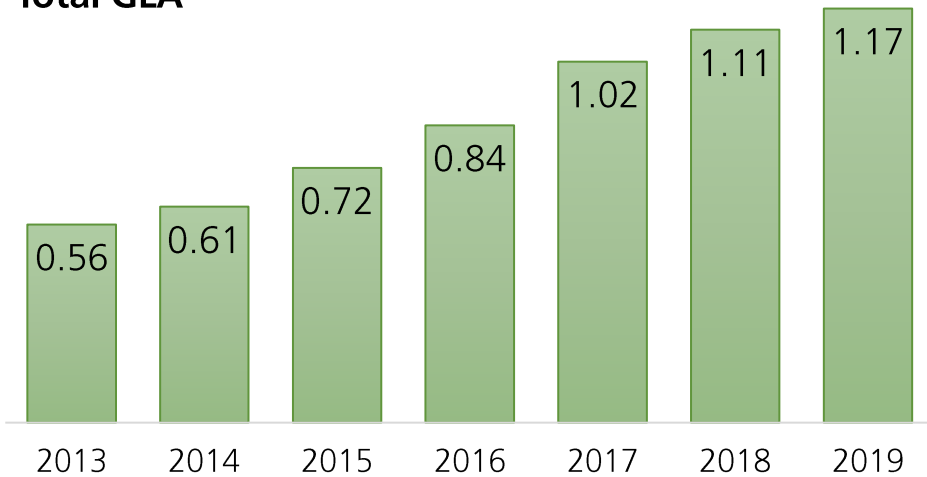


# Offices: GLA of 1.17M sqm

- Occupancy: Average 95%, Stable 96%



## Total GLA



Total Offices GLA under construction: **359k**

## Upcoming Openings



**BGC Corporate Center 2**  
BGC Taguig, 27K GLA (4Q 2020)



**Central Bloc Corporate Center 2**  
Cebu IT Park, 40K GLA (4Q 2020)



**Ayala Triangle Tower Two** | Makati CBD, 65K GLA (1Q 2021)

# Hotels and Resorts: 4,030 rooms, 51 additional rooms in 2Q20

Newly Opened

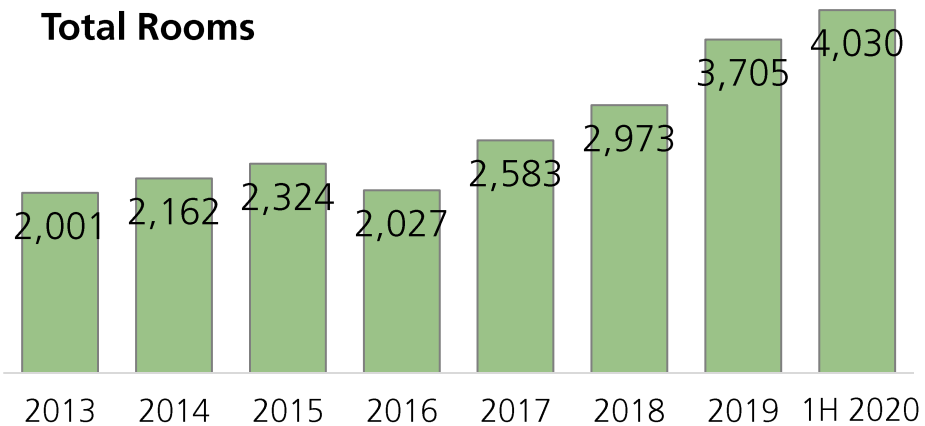
1H 2020	Hotels	Resorts
<b>Rooms in operation</b>	Branded: 660 Seda: 2,712 Circuit: 255	El Nido: 193 Lio B&Bs: 132 Sicogon B&Bs: 78
<b>Occupancy</b>		
Average	44% (-26 pt)	26% (-41 pt)
Stable	49% (-29 pt)	25% (-40 pt)



**Seda Central Bloc** | Cebu Business Park, 71 rooms, 214 rooms out of 214 (April)

  
AyalaLand HOTELS AND RESORTS

## Total Rooms



Total rooms under construction: **1,982 rooms**



**Hatch Hostel** | Sicogon Iloilo, 52 rooms (3Q 2020)

# New Leasing formats expand the commercial business portfolio

 **LOGISTICS HOLDINGS CORP.**  
(FACTORY BUILDINGS and WAREHOUSES)



## 175K<sub>sqm</sub> GLA

Lepanto 85,000  
Laguna Technopark 56,739  
Cavite Technopark 12,604  
Tutuban Storage 1,098  
Alviera Industrial Park 19,412

 **the flats**



## 2,044 Beds

Amorsolo 196 rooms | 728 beds  
BGC 5<sup>th</sup> Avenue 375 rooms | 1,316 beds

 **CLOCK IN**

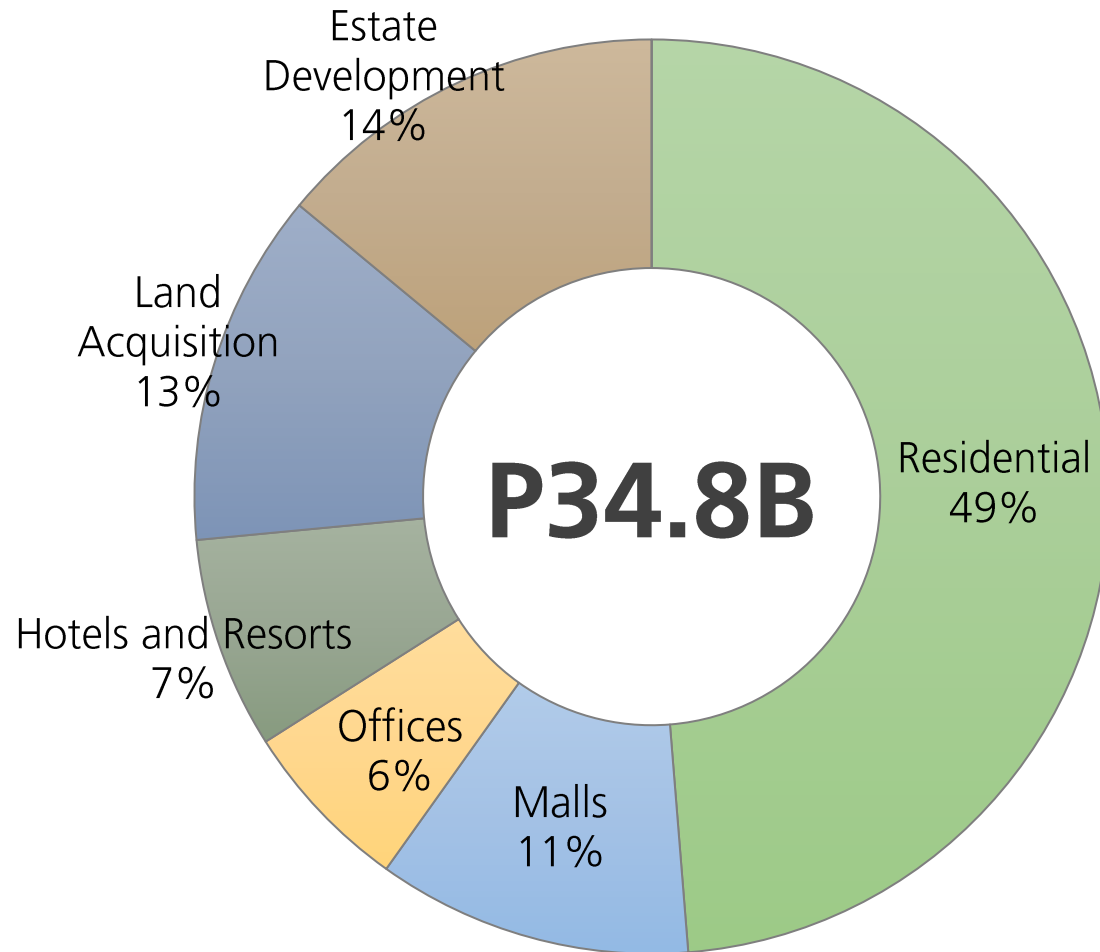


## 1,404 Seats

6,473 sqm of GLA  
MSE 107, BHS 174, BGC Tech Center 227  
Vertis North 185, The 30<sup>th</sup> 262, ANE 357, Lio 23,  
ATC 69

# Capex spend of P34.8B in 1H20, 50% of full-year budget

## FY2020 Capex Estimate

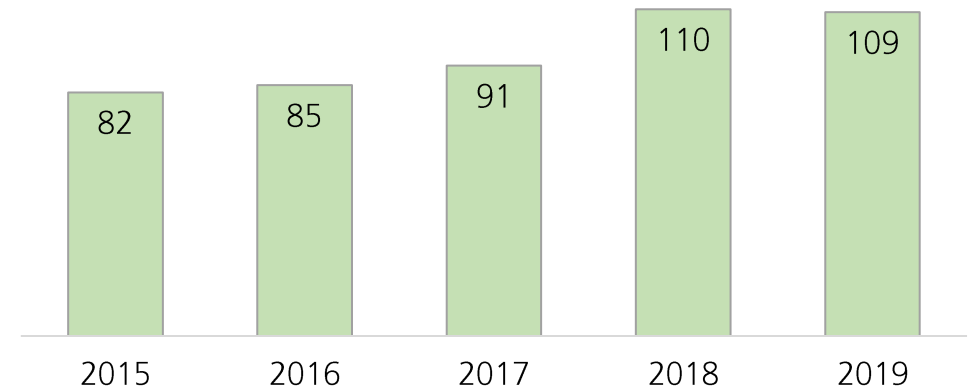


## Capex Breakdown (in Php billions)

### 1H 2020 Actual

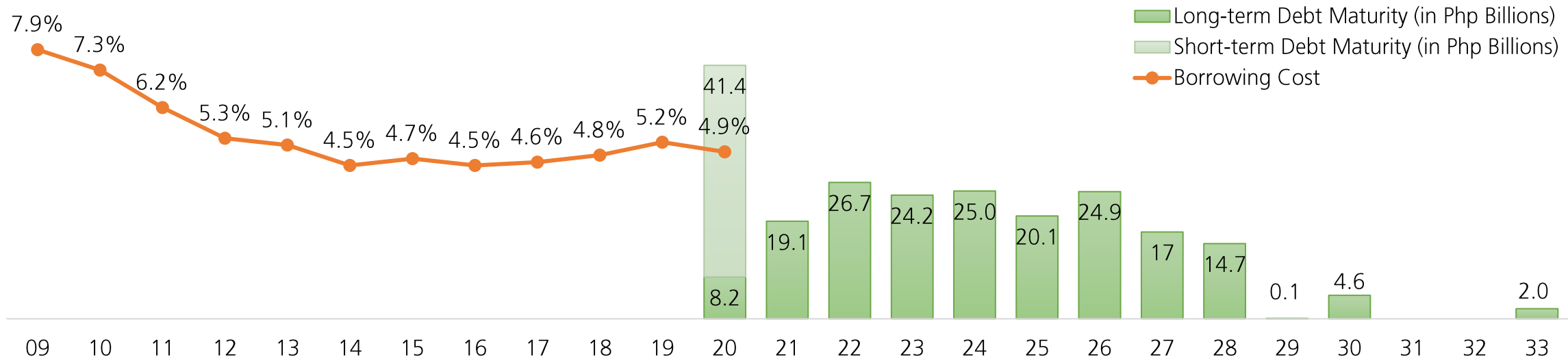
Residential	17.0
Malls	3.9
Offices	2.1
Hotels and Resorts	2.6
Land Acquisition	4.4
Estate Development	4.9
<b>Total</b>	<b>34.8</b>

## Historical Capex



# Well-managed cost of debt, stretched maturities and mix strengthen funding capability

As of 30 Jun 2020 | Total Borrowings: **Php228.0B**: Short-term **Php41.1B** (18%), Long-term **Php186.6B** (82%)



Debt Mix	2014	2015	2016	2017	2018	2019	1H20
Fixed	74%	84%	79%	85%	89%	90%	78%
Floating	26%	16%	21%	15%	11%	10%	22%

# The balance sheet remains healthy

<b>Balance Sheet</b> (in Php Millions)	<b>June</b> <b>2020</b>	<b>December</b> <b>2019</b>
Cash & Cash Equivalents	17,435	21,524
Total Borrowings	228,000	211,097
Stockholders' Equity	243,005	242,706
Current Ratio	1.42	1.30
Debt-to-Equity Ratio	0.94	0.87
Net Debt-to-Equity Ratio	0.87	0.78

# In Summary

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