

Analyst Briefing FY 2020

24 February 2021



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Key Messages

- 1. Ayala Land endured the severe impact of COVID-19 in 2020, recording a 43% decline in total revenues to P96.3B and a 74% drop in net income to P8.7B.**
 - Property development revenues dipped 43% to P66.5B due to construction restrictions and lower bookings.
 - Sales reservations reached 56% of FY2019, amounting to P81.9B despite limited sales mobility.
 - Commercial leasing revenues contracted 44% to P21.9B given restrained mall and hotel operations.
- 2. Key indicators improved steadily from 3Q20 to 4Q20 reflecting a 49% growth in total revenues to P33.0B and a 28% jump in net income to P2.4B, sustaining the momentum for recovery.**
 - Property development revenues soared 64% to P25.8B in 4Q20 from 3Q20, boosted by continuous construction progress with more than 32 thousand MDC personnel or 48% of the workforce deployed across 174 projects.
 - 4Q20 sales reservations reached 58% of pre-COVID levels lifted by sustained property demand.
 - Mall revenues grew 10% to P1.7B in 4Q20 from 3Q20 as foot traffic reached 35-45%, tenant sales 53% pre-COVID.
 - With strong local tourism demand, El Nido Resorts and Lio accommodations hosted 37 travel bubbles in 4Q20.
- 3. Total capital expenditures amounted to P63.7B, within the revised full-year 2020 budget.**
- 4. Financial sustainability initiatives strengthened the balance sheet with the net gearing ratio improving to 0.74:1 from 0.78:1 in FY 2019.**
- 5. We successfully launched the first REIT in the Philippines, AREIT, with net proceeds of P12.3B.**

Net income declined 74% to P8.7B

4Q20 net income jumped 28% to P2.4B from P1.8B

- Real Estate Revenues of P94.6B, 43% lower
- GAE ratio: 8.3%
- EBIT margin: 31.0%

| Income Statement <i>(in Php millions)</i> | FY 2020 | FY 2019 | Change | % |
|---|----------------|----------------|-----------------|-------------|
| Total Revenues | 96,273 | 168,794 | (72,521) | -43% |
| Real Estate* | 94,568 | 165,740 | (71,171) | -43% |
| Interest and Other Income | 1,704 | 3,054 | (1,350) | -44% |
| <i>Equity in Net Earnings of Associates and JVs</i> | 587 | 966 | (379) | -39% |
| <i>Interest and Investment Income</i> | 395 | 930 | (536) | -58% |
| <i>Other Income</i> | 723 | 1,158 | (435) | -38% |
| Expenses | 81,219 | 117,964 | (36,745) | -31% |
| Real Estate** | 58,102 | 95,818 | (37,717) | -39% |
| GAE | 8,012 | 9,367 | (1,356) | -14% |
| Interest expense, financing and other charges | 15,106 | 12,778 | 2,328 | 18% |
| Income before Income Tax | 15,053 | 50,830 | (35,776) | -70% |
| Provision for Income Tax | 4,059 | 13,315 | (9,256) | -70% |
| Income before Non-Controlling Interest | 10,994 | 37,515 | (26,521) | -71% |
| Non-Controlling Interest | 2,267 | 4,327 | (2,060) | -48% |
| NIAT attributable to ALI Equity Holders | 8,727 | 33,188 | (24,461) | -74% |

*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 registered 43% lower to P96.3B

4Q20 revenues improved 49% to P33.0B from P22.1B

| Revenue Breakdown <i>(in Php millions)</i> | FY 2020 | FY 2019 | Change | % | |
|---|---------------|----------------|-----------------|-------------|---|
| Property Development | 66,461 | 117,581 | (51,120) | -43% | |
| Residential | 56,110 | 93,218 | (37,108) | -40% | <i>Lower bookings and incremental completion</i> |
| Office for Sale | 3,794 | 13,098 | (9,303) | -71% | |
| Comm'l and Ind'l lots | 6,557 | 11,265 | (4,708) | -42% | |
| Commercial Leasing | 21,857 | 39,311 | (17,454) | -44% | |
| Shopping Center | 9,063 | 22,019 | (12,956) | -59% | <i>Limited mall operations and lower foot traffic</i> |
| Office | 9,406 | 9,668 | (262) | -3% | |
| Hotels and Resorts | 3,388 | 7,624 | (4,236) | -56% | |
| Services | 6,250 | 8,847 | (2,598) | -29% | |
| Net Construction | 3,279 | 3,395 | (116) | -3% | <i>Restricted construction activity</i> |
| Property Mgmt. and others* | 2,971 | 5,453 | (2,481) | -46% | |
| Real Estate Revenues | 94,569 | 165,740 | (71,171) | -43% | |
| Interest and Other Income | 1,704 | 3,054 | (1,350) | -44% | <i>Lower power consumption of customers and limited AirSWIFT operations</i> |
| Total Revenues | 96,273 | 168,794 | (72,521) | -43% | |

*Includes APMC, energy distribution companies and AirSwift

Development margins offset lower leasing margins

| Margin Performance | FY 2020 | FY 2019 | |
|--|---------|---------|---|
| Property Development (Gross Profit) | | | |
| Residential | | | |
| Horizontal | 47% | 45% | <i>Higher lot prices of ALP's Ayala Greenfield Estates, ALVEO's The Residences at Evo City Phase 2 and The Greenways in Alvierra Pampanga</i> |
| Vertical | 40% | 39% | |
| Office for Sale | 37% | 43% | <i>Lower bookings from almost sold out high-margin projects such as ALVEO's Stiles East and West in Circuit Makati</i> |
| Commercial and Industrial Lots | 66% | 62% | <i>Higher commercial lot prices in Vermosa, Arca South and Nuvali</i> |
| Commercial Leasing (EBITDA) | | | |
| Shopping Centers | 42% | 66% | <i>Limited operations and rent concessions</i> |
| Office | 94% | 90% | <i>Expanded cost reduction measures</i> |
| Hotels and Resorts | 10% | 32% | <i>Limited hotels and resorts operations</i> |
| Services (EBITDA) | | | |
| Construction and Property Management | 7% | 10% | <i>COVID-19 related expenses</i> |

Sales reservations of P81.9B, 56% of FY 2019

4Q20 sales reservations reached 58% of pre-COVID levels lifted by sustained property demand

Sales Reservations

- FY20 average: P6.8B/month
- 4Q20 average: P7.0B/month
- 2H20 vs 1H20: up 14%

Local Filipinos: 74%

- P60.4B, down 42%

Overseas Filipino: 15%

- P12.6B, down 35%

Other Nationalities: 11%

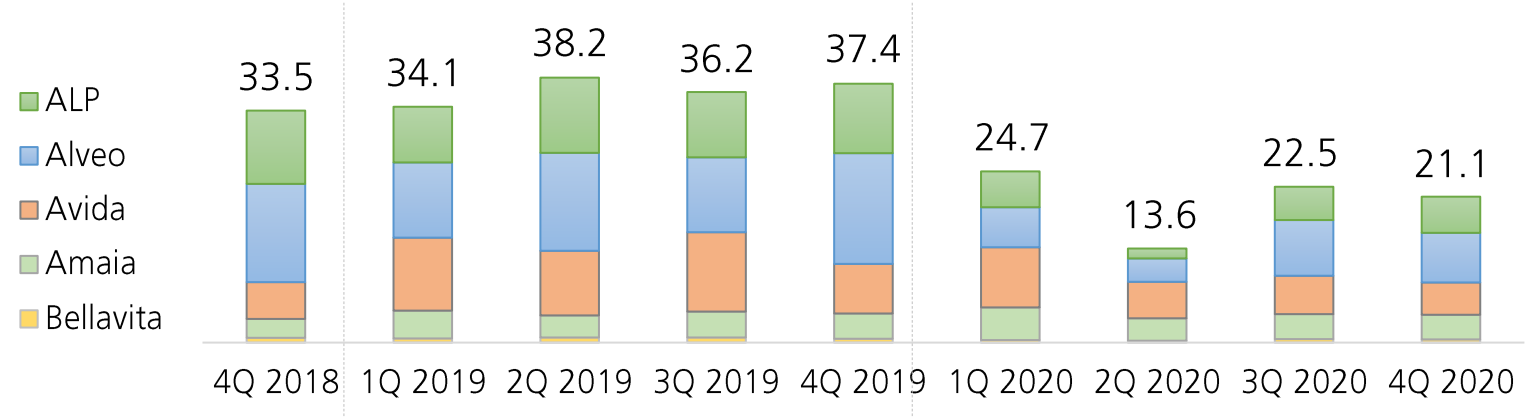
- P8.9B, down 60%

Launches: 13 projects (P10.6B)

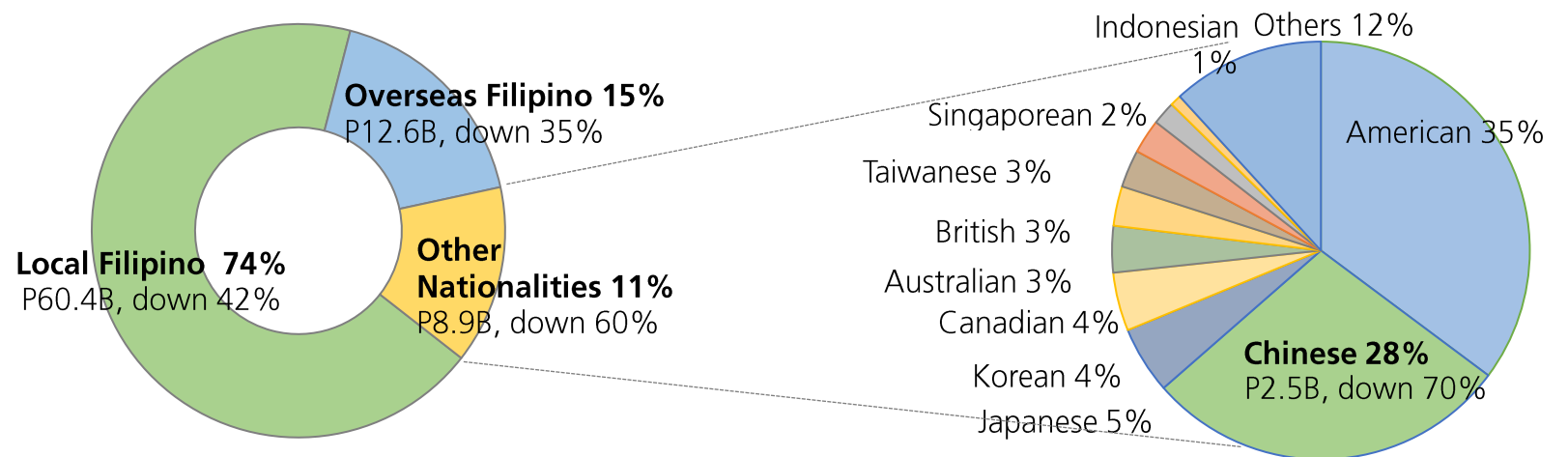
- 4Q20: 5 projects (P3.4B)

Unbooked Revenues at P159B

Sales Takeup (in Php Billions)



Sales Breakdown



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

Key Launches: Residential Projects



Andacillo Phase 3 (August)
Nuvali, Laguna
97 lots, P1.4B | 81% take-up



Andacillo Phase 4 (November)
Nuvali, Laguna
45 lots, P1.1B | 82% take-up

Key Launches: Residential Projects

Avída



Greendale Settings (March)

Alviera, Pampanga

1,176 house and lots, P3.9B | 45% take-up

Key Launches: Residential Projects

Amaia



Steps The Junction Place Aria (January)
The Junction Place, Quezon City
208 units, P0.7B | 82% take-up



Scapes Bulacan S4A (August)
Santa Maria, Bulacan
217 lots, P0.8B | 73% take-up



Scapes Gen. Trias S3 and S4 (October)
Gen. Trias, Cavite
291 house and lots, P1.1B | 62% take-up



Series Nuvali S1 (November)
Nuvali, Laguna
253 house & lots, P1.2B | 32% take-up

Key Launches: Estates

With the launch of South Coast City, Ayala Land has a total of 30 estates nationwide



South Coast City (October 2020)

Cebu City | 26 hectares

- 50-50 consortium between the SM Group and ALI /CHI
- Envisioned to be the entertainment capital of the Visayas Region
- The waterside district will be anchored by an arena, a convention center, 1-hectare park, commercial center and other mixed-used facilities.
- The commercial center or “District Square” has a total of 2.7 hectares and will have 11 commercial lots for sale.
- 35% open spaces, 65% commercial and residential

Malls: GLA of 2.12M sqm

- Occupancy: Average 85%, Stable 90%
- Operating GLA: 64%
- Foot traffic: 35-45% of pre-COVID levels
- Malls GLA Pipeline: 348K

2020 performance, % pre-COVID

| Key Indicators | May | 2Q20 | 3Q20 | 4Q20 |
|----------------|-------|--------|--------|--------|
| Foot Traffic | 5-10% | 20-25% | 30-35% | 35-45% |
| Occupied GLA | 32% | 61% | 62% | 69% |
| Tenant Sales | 24% | 29% | 41% | 53% |

Upcoming Openings

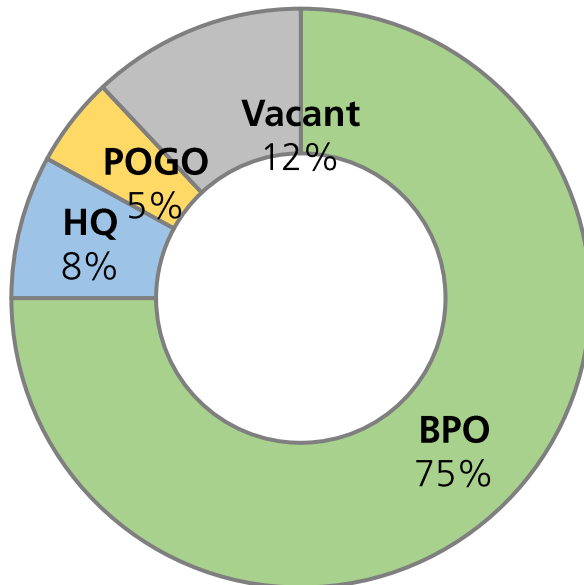


Ayala Triangle Gardens Retail
Makati CBD, 7K GLA (3Q 2021)

Offices: GLA of 1.23M sqm; delivered 66K sqm GLA in 4Q20

- Occupancy: Average 88%, Stable 94%
- Offices GLA Pipeline: 282K

FY 2020 GLA Occupancy Mix



Completed Projects



PEZA
Accredited

BGC Corporate Center 2
BGC Taguig, 27K GLA (Oct 2020)



PEZA
Accredited

Central Bloc Corporate Center 2
Cebu IT Park, 39K GLA (Dec 2020)

Upcoming Openings



Ayala Triangle Tower Two
Makati CBD, 63K GLA (2Q 2021)

Hotels and Resorts: 4,030 rooms; delivered 345 rooms in 2020

Completed Projects

| FY 2020 | Hotels | Resorts |
|---------------------------|---|---|
| Rooms in operation | Branded: 660 Seda: 2,712 Circuit: 255 | El Nido: 193 Lio B&Bs: 132 Sicogon B&Bs: 78 |
| Occupancy | | |
| Average | 41% (-29 pt) | 16% (-47 pt) |
| Stable | 44% (-29 pt) | 16% (-50 pt) |

Hotels and Resorts Pipeline: 1,580 rooms



Seda Central Bloc | Cebu Business Park, 214 (February and April)

2020 Travel Bubble Program

| Resorts | 2Q | 3Q | 4Q | Total |
|--------------|----|----|----|-----------|
| El Nido | - | 4 | 29 | 33 |
| Lio | - | - | 8 | 8 |
| Total | - | 4 | 37 | 41 |



Seda Residences ANE | Makati CBD, 78 rooms, 293 out of 293 rooms open (January)

New leasing formats expand the commercial business portfolio

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



207K_{sqm} GLA

ALogis Calamba 85,000
Laguna Technopark 56,739 + 21,000 in Dec
Cavite Technopark 12,604
Tutuban Storage 1,098
Alviera Industrial Park 19,412 + 12,000 in Dec

 **the flats**



2,044 Beds

Amorsolo 196 rooms | 728 beds
BGC 5th Avenue 375 rooms | 1,316 beds

 **CLOCK IN**



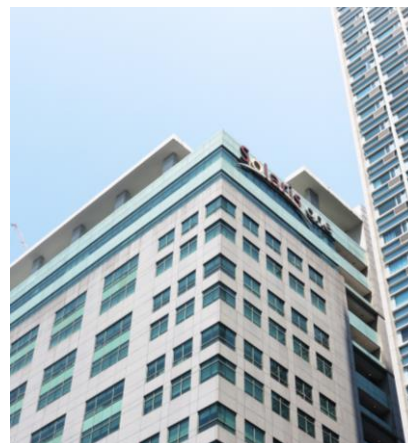
1,404 Seats

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

Successful launch of AREIT; latest acquisitions boost dividends

AREIT Portfolio

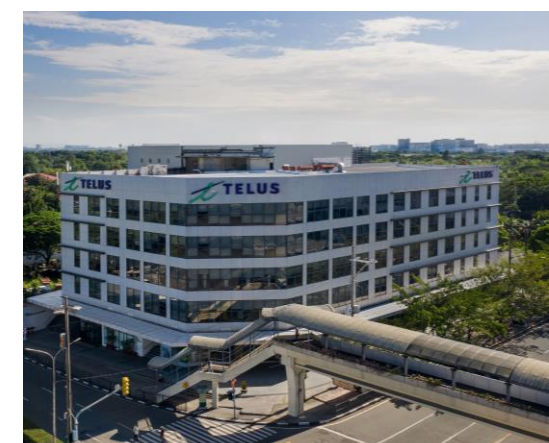
- Listed on the PSE on 13 August 2020
- Total GLA: 344K
- Total Assets Under Management (AUM): P37B
- Projected dividends per share based on IPO:
 - FY20 1.31, FY21E 1.58
- 4Q20 projected dividends to be distributed on March 25, 2021



Solaris One
Makati CBD, 47kGLA



Ayala North Exchange
Makati CBD, 95k GLA



McKinley Exchange
Makati, 11k GLA

| 2020 (in Php M) | 1Q | 2Q | 3Q | 4Q | FY20 |
|--------------------|-------|-------|-------|-------|-------|
| NIAT | 252 | 288 | 304 | 377 | 1,221 |
| EBITDA | 364 | 388 | 374 | 458 | 1,583 |
| Dividends | 287 | 318 | 349 | 400 | 1,354 |
| Per Share | P0.28 | P0.31 | P0.34 | P0.39 | P1.32 |
| Distribution | Sep15 | Sep15 | Dec17 | Mar25 | - |



Teleperformance Cebu
Cebu Business Park | 18k GLA

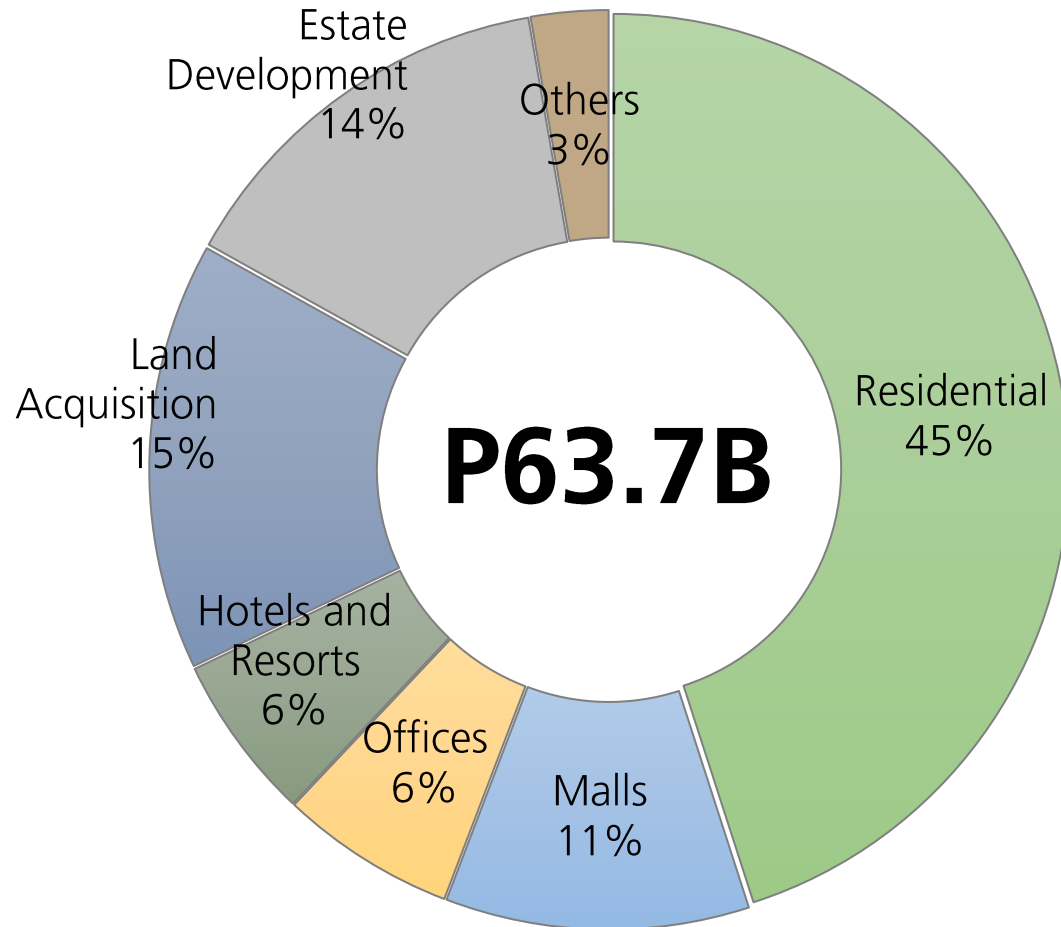


The 30th
Pasig | 75k GLA



TLI Lots
Laguna | 98k GLA

Capex spend of P63.7B in 2020

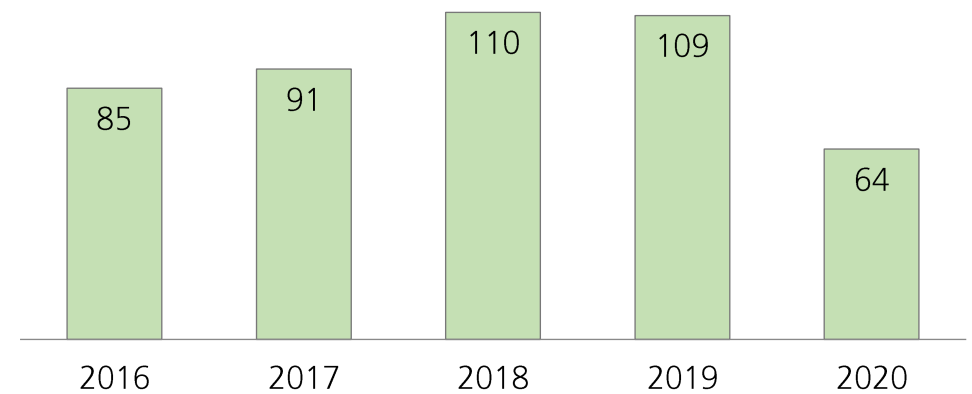


Capex Breakdown (in Php billions)

FY 2020 Actual

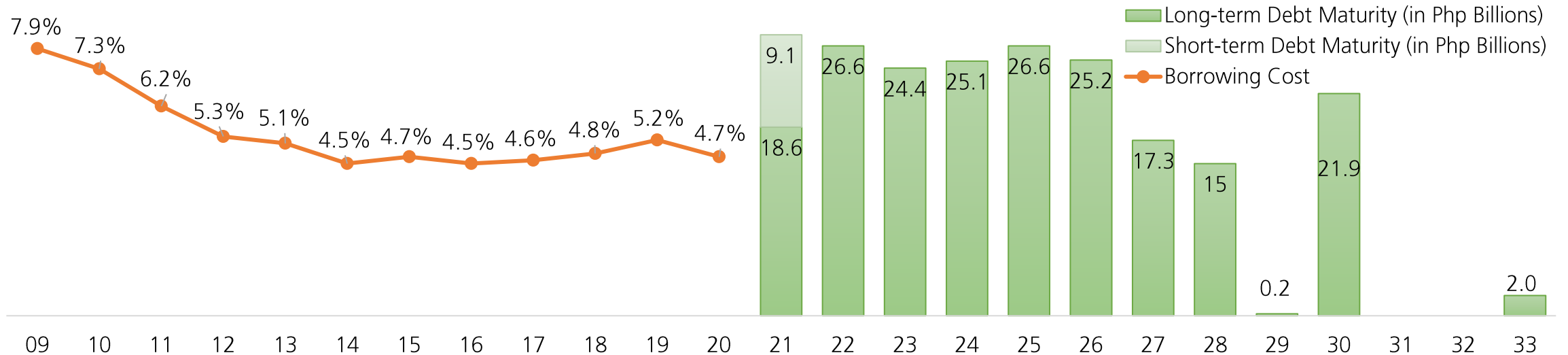
| | |
|--------------------|-------------|
| Residential | 28.7 |
| Malls | 6.9 |
| Offices | 4.0 |
| Hotels and Resorts | 3.7 |
| Land Acquisition | 9.7 |
| Estate Development | 9.0 |
| Others | 1.7 |
| Total | 63.7 |

Historical Capex



Locked-in 95% of the outstanding debt with fixed rates to support financial sustainability

As of 31 Dec 2020 | Total Borrowings: **Php212.0B**: Short-term **Php9.1B** (4%), Long-term **Php202.9B** (96%), Average Maturity **4.9 years**



| Debt Mix | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|----------|------|------|------|------|------|------|------|
| Fixed | 74% | 84% | 79% | 85% | 89% | 90% | 95% |
| Floating | 26% | 16% | 21% | 15% | 11% | 10% | 5% |

Financial sustainability initiatives strengthened the balance sheet with the net gearing ratio improving to 0.74:1 from 0.78:1

| Balance Sheet (in Php Millions) | December 2020 | December 2019 |
|---|--------------------------|--------------------------|
| Cash & Cash Equivalents | 18,361 | 21,524 |
| Total Borrowings | 211,951 | 211,097 |
| Stockholders' Equity | 260,179 | 242,706 |
| Current Ratio | 1.62 | 1.30 |
| Debt-to-Equity Ratio | 0.81 | 0.87 |
| Net Debt-to-Equity Ratio | 0.74 | 0.78 |

In Summary

- 1. Ayala Land endured the severe impact of COVID-19 in 2020, recording a 43% decline in total revenues to P96.3B and a 74% drop in net income to P8.7B.**
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