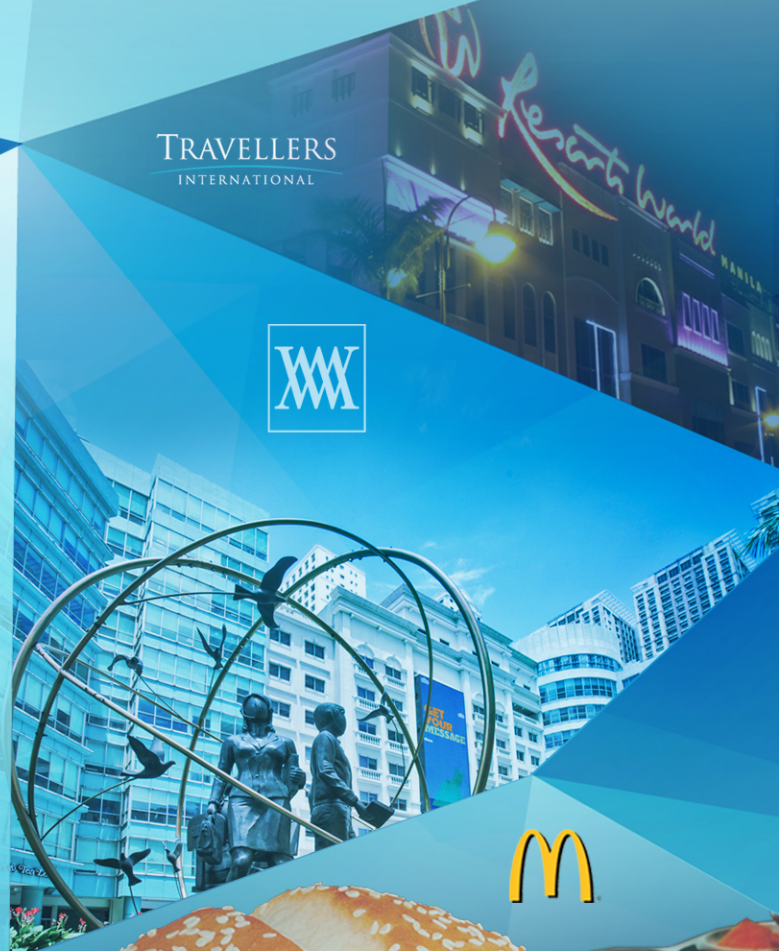




TRAVELLERS  
INTERNATIONAL



 ALLIANCE GLOBAL

1Q16 Analyst Presentation

MAY 2016

# AGI Group Structure

## ALLIANCE GLOBAL

AGI PM  
(US\$3.2bn)



67%

MEGAWORLD

MEG PM  
(US\$2.9bn)

Townships

Number 1



81%

EMPERADOR INC.

EMP PM  
(US\$2.6bn)

Liquor

Number 1

TRAVELLERS  
INTERNATIONAL

44%

RWM PM  
(US\$1.2bn)

Tourism- entertainment  
and gaming

Number 2



49%

GOLDEN ARCHES DEVELOPMENT CORPORATION

Not listed

Quick-service  
restaurants

Number 2

Q116 performance highlights

**ALLIANCE GLOBAL GROUP**

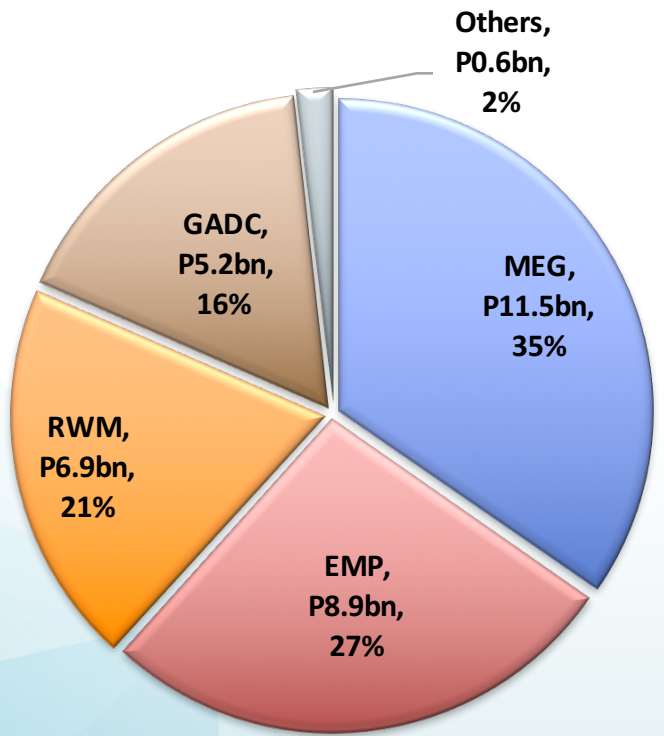
- Consolidated revenues up 2% to P33.08bn, diversifying mix.
  - MEG: robust growth in rentals; real estate revenues strong
  - EMP: domestic sales value up; WMG sales fell with exit of Russian vodka
  - RWM: improving mass drops; significant jump in non-gaming revenues
  - GADC: sales buoyed by election-spending and contribution from new stores
- Margins mixed: MEG up; EMP, RWM down; GADC steady
- Attributable net income fell 4% to P3.33bn.
- Total assets stood at P451.9bn, up 10% from year-ago level, driven by 29% increase in PPE and investment properties.
- Capex program remains aggressive.
- Consolidated net debt/equity rose slightly to 0.38x; parent net debt/equity stood at 0.10x.

# Interim performance highlights

P&L highlights (Pbn)	Q116	Q115	% chg
<b>Group revenues</b>	<b>33.08</b>	<b>32.31</b>	<b>2%</b>
Megaworld	11.45	10.43	10% healthy residential sales; strong rentals
Emperador	8.93	8.89	0.4% improved brandy sales; lower whisky sales
Travellers	6.86	7.62	-10% steady mass segment but weaker VIP business
GADC	5.25	4.78	10% store expansion; +7% systemwide sales
Others	0.59	0.59	1% interest income & FX gains
<b>Group costs/expenses</b>	<b>26.58</b>	<b>25.52</b>	<b>4%</b>
Megaworld	7.96	7.38	8% modest increases in opex
Emperador	7.27	7.13	2% higher adjustments for brandy but lower for whisky
Travellers	5.69	5.87	-3% lower gaming taxes, higher marketing expenses
GADC	4.96	4.52	10% imported raw material costs higher
Others	0.69	0.62	11% higher interest charges, increased borrowings
<b>Net income to owners</b>	<b>3.34</b>	<b>3.48</b>	<b>-4%</b>
Megaworld	1.70	1.48	15%
Emperador	1.15	1.14	0.4%
Travellers	0.52	0.81	-36%
GADC	0.09	0.08	18%
Others	-0.12	-0.04	202%
<b>Net profit margin</b>	<b>10.1%</b>	<b>10.8%</b>	<b>-66bps</b>

# Revenue mix (in Pbn)

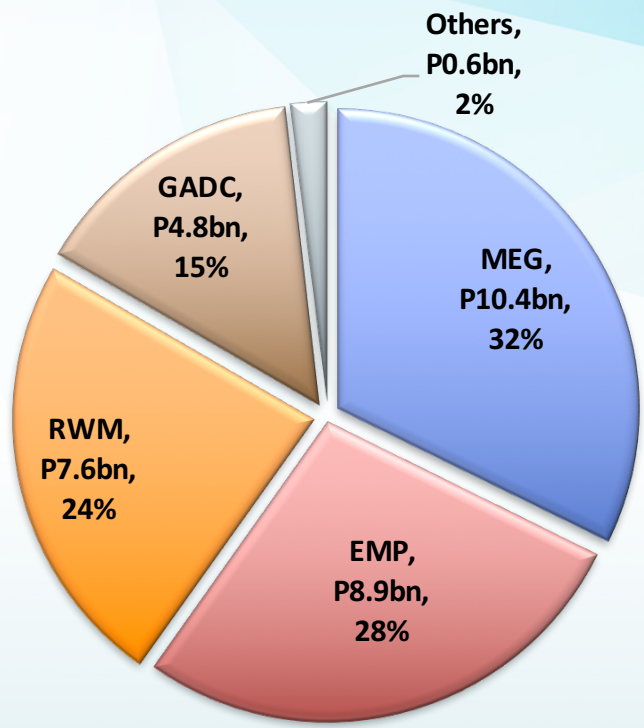
**P33.1bn** ↑ 2%



MEG EMP RWM GADC Others

**Q116**

**P32.3bn**



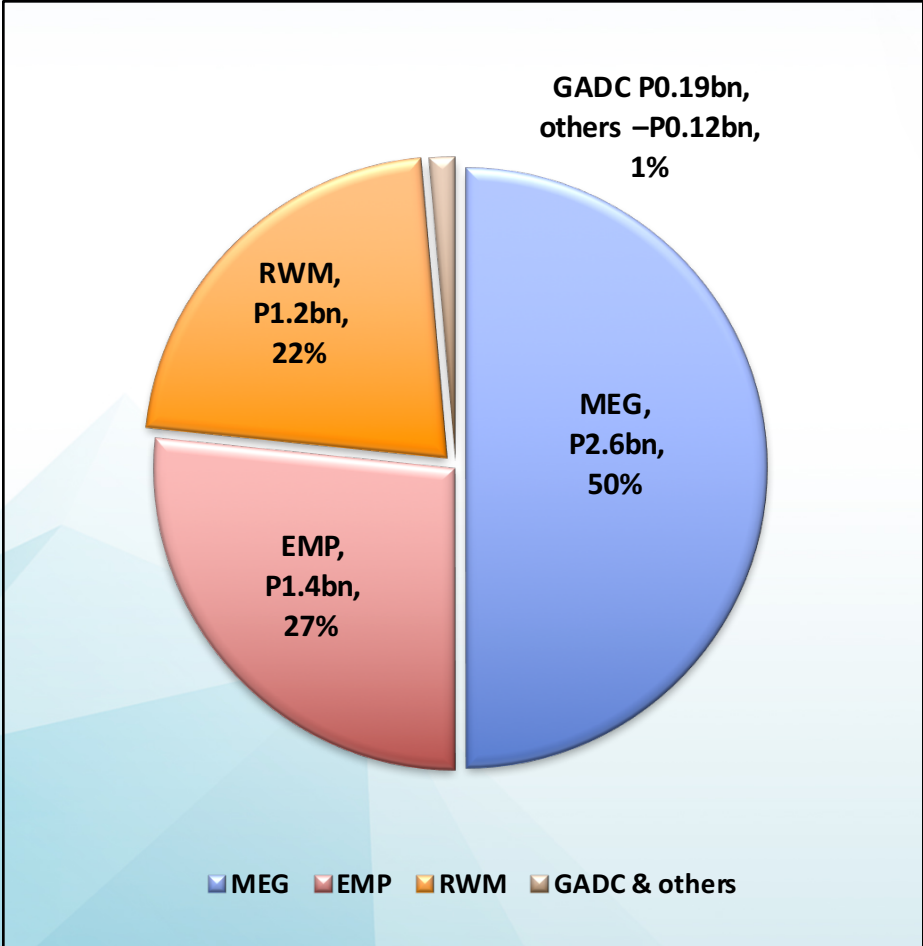
MEG EMP RWM GADC Others

**Q115**

# Pre-minority net income mix (in Pbn)

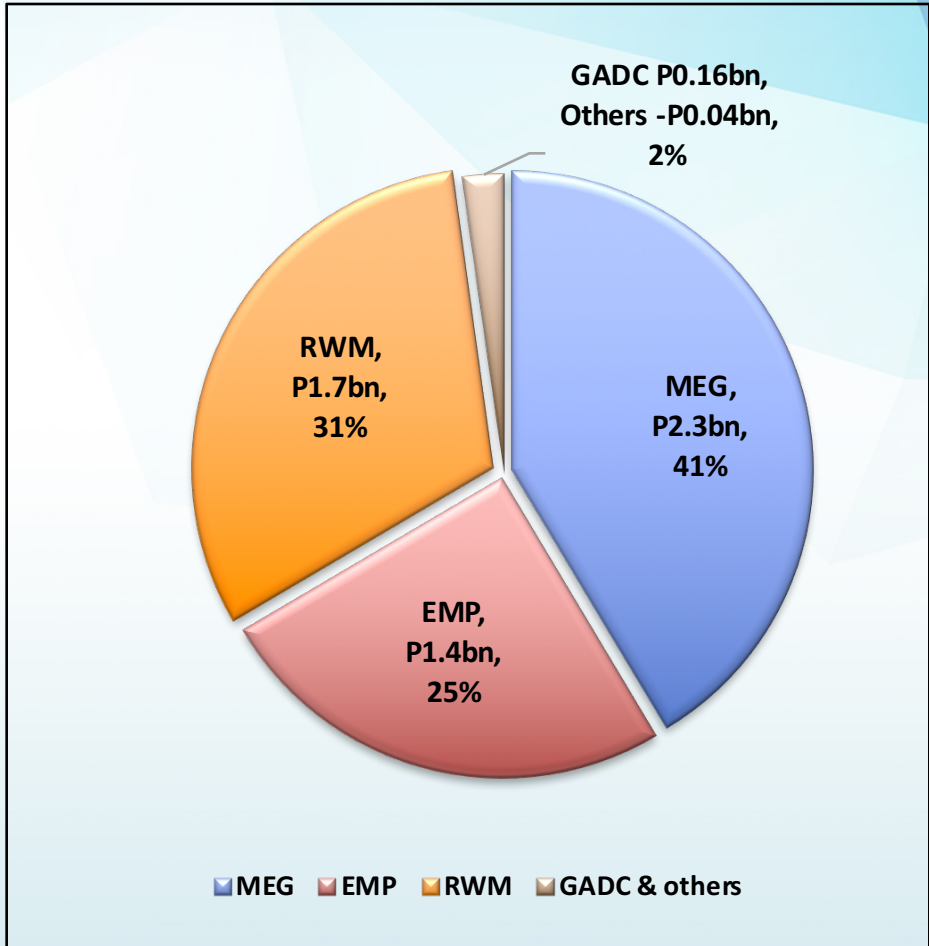
**P5.3bn**

↓ 5.5%



**Q116**

**P5.6bn**

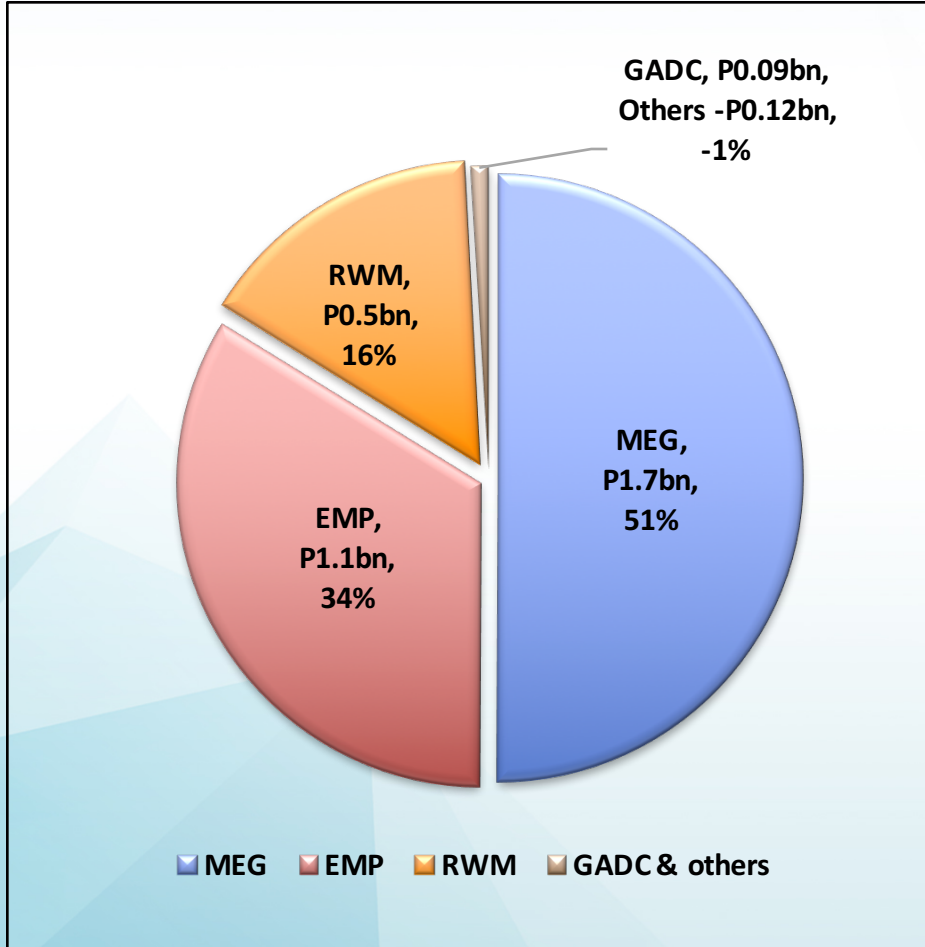


**Q115**

# Attributable net income mix (in Pbn)

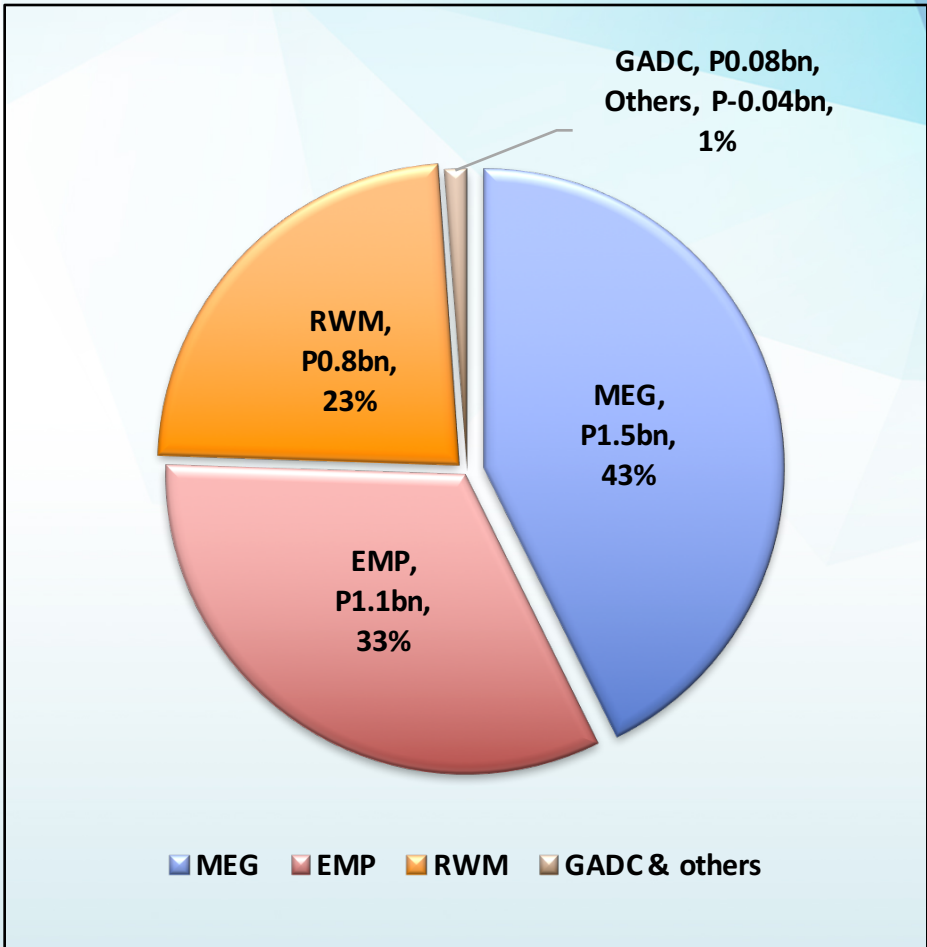
**P3.3bn**

↓ 4%



**Q116**

**P3.5bn**

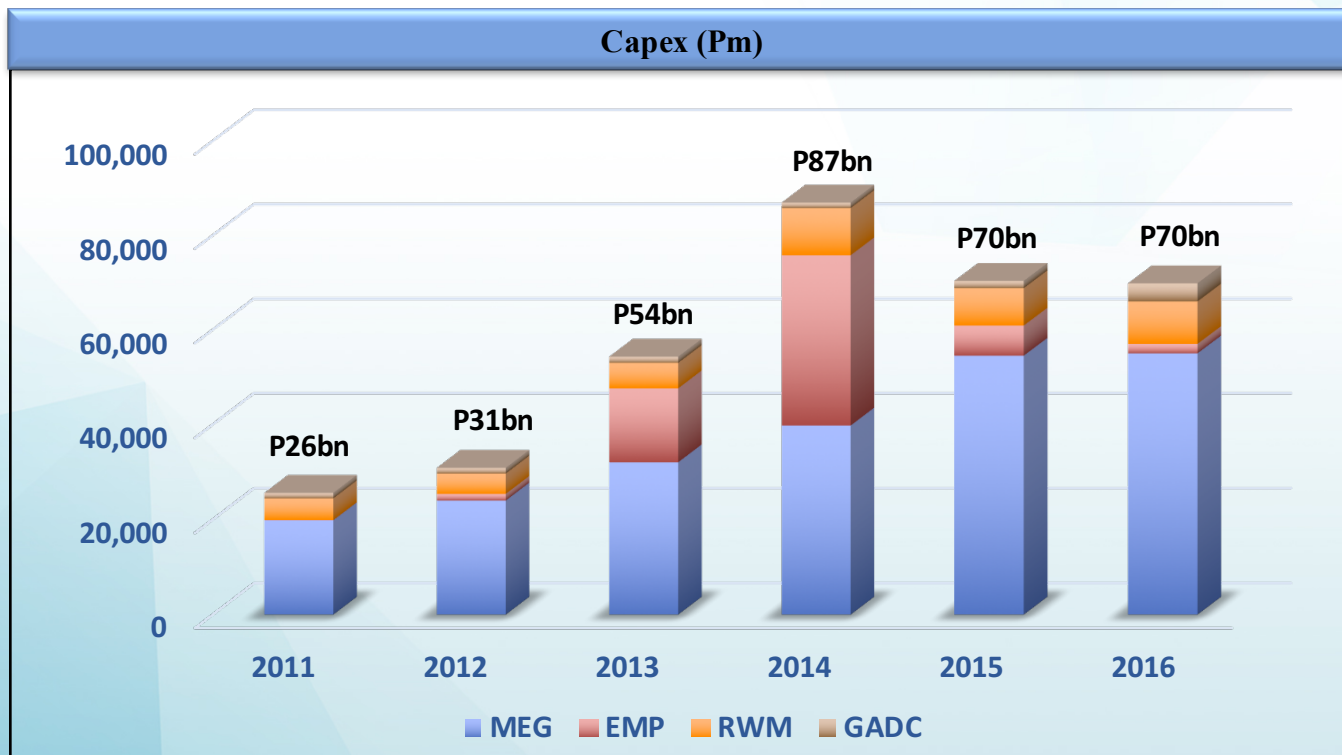


**Q115**



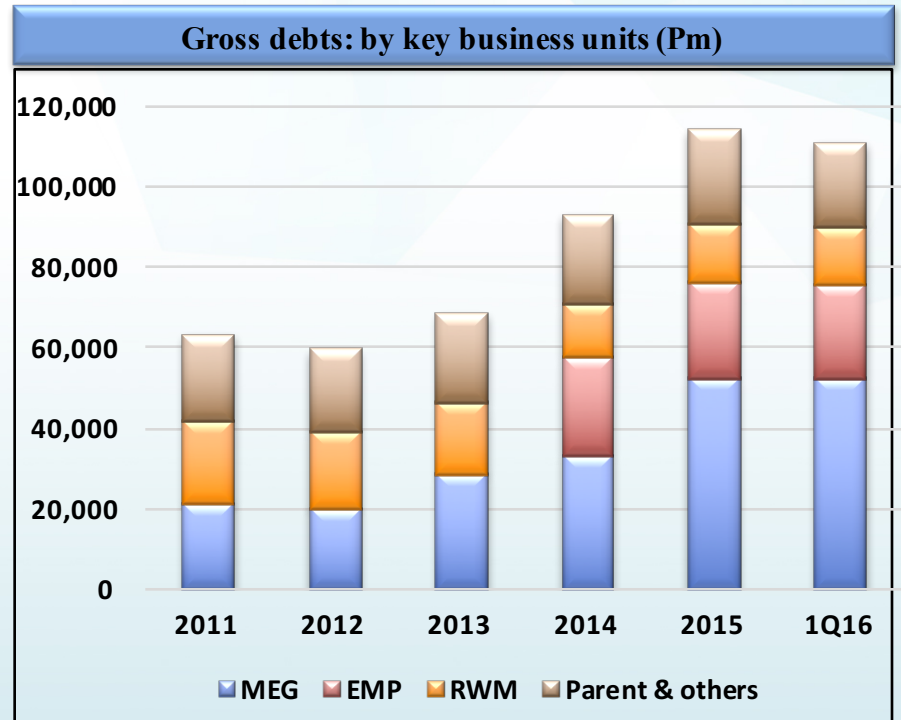
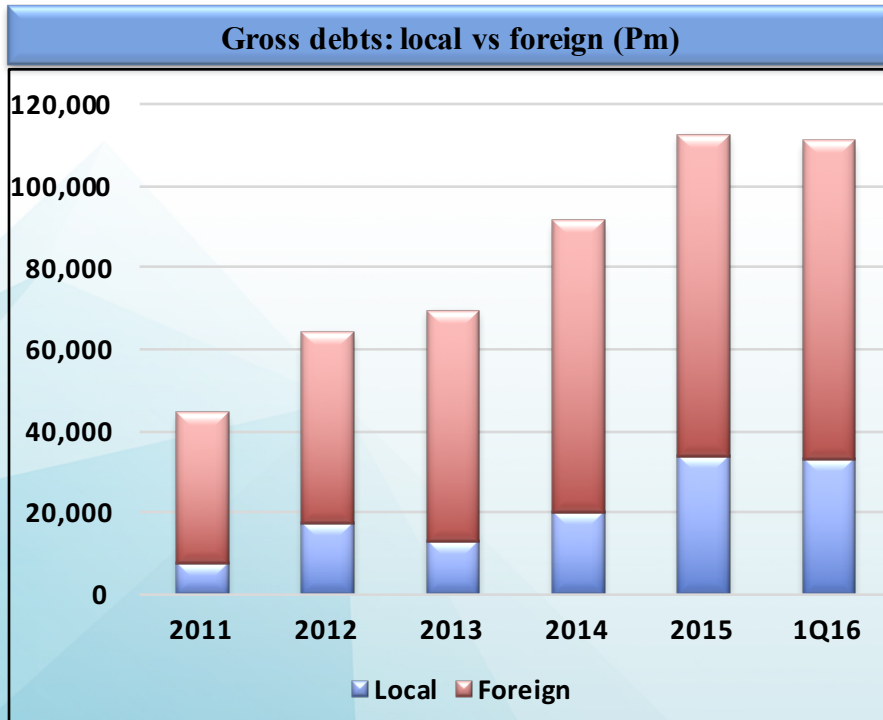
# Maintaining aggressive capex

- 2016 group capex target at P70bn
  - MEG is looking at 2015-19 capex to hit P285.8bn.
  - EMP has indicated 2015-19 capex of P21bn.
  - RWM has set US\$550m capex for Phase 3 expansion at Resorts World Manila.
  - GADC is set to hit is 500<sup>th</sup> store this year, to spend P3.7bn this year.



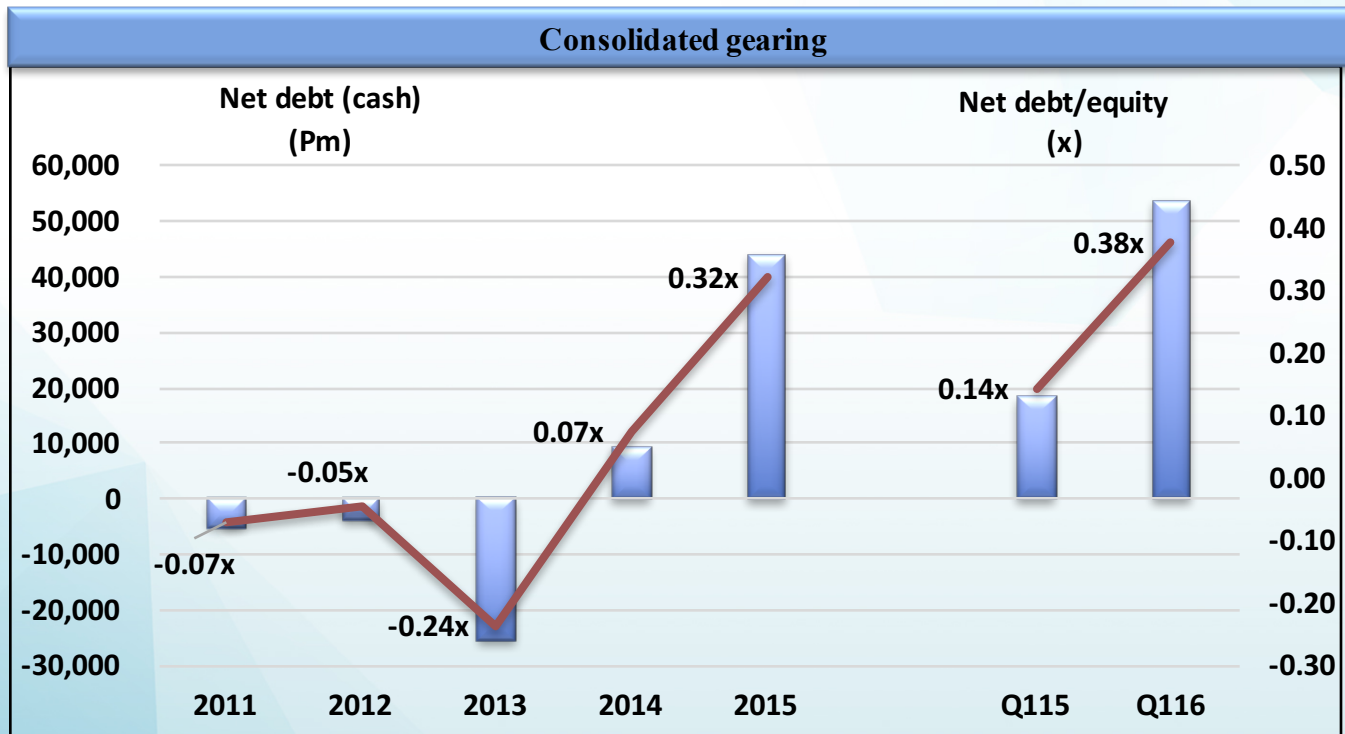
# Rising debt levels...

- Gross debts have risen to fund capex and acquisitions.
  - Capex funding through internal cash flows and debts.
  - Gross debts stood at P110.8bn as of end-Mar16 (from P94bn a year ago).



# ...but gearing has remained low

- Healthy balance sheet
  - Consolidated net debt/equity at 0.38x.
  - Parent net debt stood at P14.0bn; net debt/equity at 0.10x.



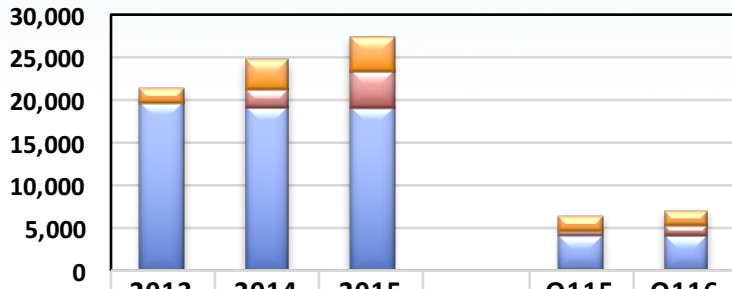
- **Megaworld**
  - Targeting to add 219,000 sqm in office and commercial GLA in 2016.
  - Renewed project launches for the balance of the year.
- **Emperador**
  - Acquisition of Fundador further expands brandy line, adding more premium products.
  - Planned launch of more new products in the domestic market.
  - Increasing presence of WMG in North America and Asia.
- **Travellers**
  - Completion of Marriott Hotel West Wing in 2H16.
  - Ongoing development of Phase 3 expansion (Maxims, Sheraton and Hilton).
- **GADC**
  - Continued store expansion program.

Q116 performance highlights

**MEGAWORLD CORPORATION**

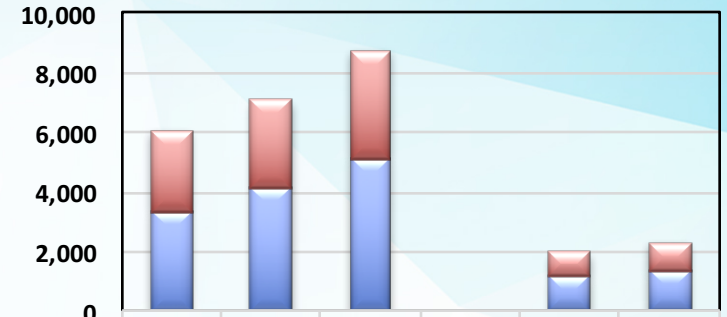
- Total revenues up 10% YoY to P11.5bn.
  - Real estate sales grew 10% to P6.9bn.
    - 70% MEG-standalone, 14% ELI/Suntrust, 16% GERI
  - Robust 15% growth in rentals (office and commercial) to P2.3bn.
    - Rentals now contribute 20% of total revenues (from 17% a year ago).
    - Driven largely by capacity expansions, rent increases
  - Finance & other income up 14%, helped by unrealised FX gains.
- Further cost efficiencies pushed margins higher.
  - Residential gross profit margin stood at 46% (vs 44%).
  - Rental EBIT margin rose to 74% (from 72%).
- Net income up 12% to P2.6bn.
- Net debt/equity higher at 0.27x (from 0.12x in end-Mar15 and 0.26x in end-2015).

### Real estate sales (Pm)



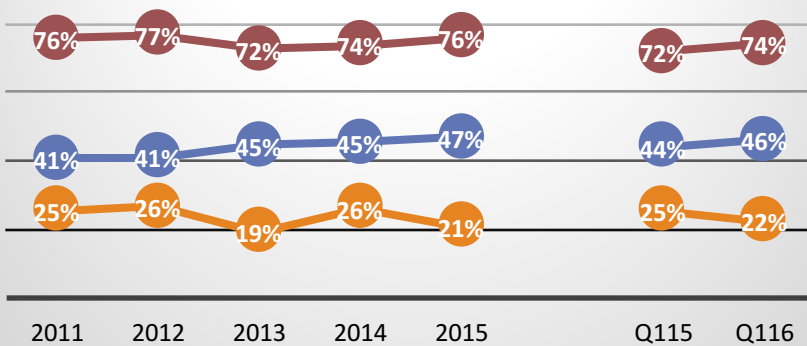
	2013	2014	2015	Q115	Q116
ELI+SPI	1,706	3,480	4,017	1,699	1,669
GERI		2,047	4,145	554	1,124
MEG-only	19,545	19,079	19,100	3,986	4,065

### Rentals (Pm)



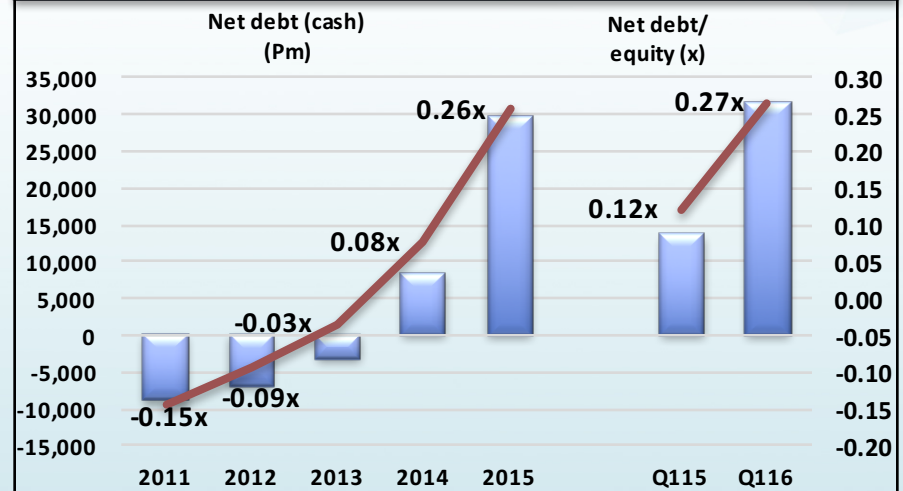
	2013	2014	2015	Q115	Q116
Commercial	2,690	2,921	3,584	826	927
Office	3,348	4,150	5,145	1,160	1,361

### Margins



Year	Development GP margin	Rental EBIT margin	Hotel EBIT margin
2011	41%	76%	25%
2012	41%	77%	26%
2013	45%	72%	19%
2014	45%	74%	26%
2015	47%	76%	21%
Q115	44%	72%	25%
Q116	46%	74%	22%

### Gearing



Year	Net debt (cash) (Pm)	Net debt/equity (x)
2011	-10,000	-0.15x
2012	-2,000	-0.09x
2013	-1,000	0.08x
2014	8,000	0.26x
2015	30,000	0.27x
Q115	14,000	0.12x
Q116	32,000	0.27x

Q116 performance highlights

**EMPERADOR INC**

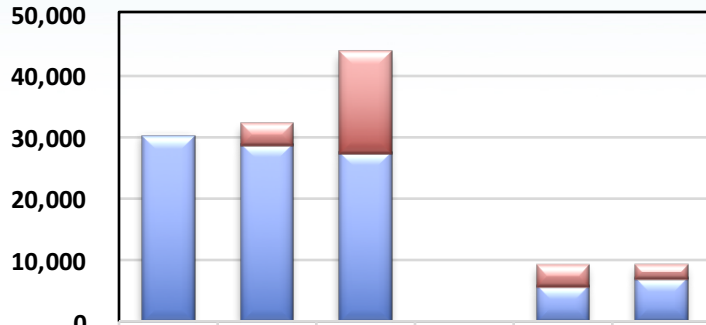


# EMP's Q116 performance at a glance

- Officially took over Bodegas Fundador in end-Feb 2016.
- Revenues were little changed at P9.0bn.
  - Sales of EMP-domestic grew 19% to P6.7bn (75% of total).
    - One-month sales of Fundador (started in March)
    - Sharp rise also due to price adjustments, volume growth, and contribution from new products (*Andy Player, Smirnoff Mule*)
  - Sales of WMG fell 31% to P2.3bn (25% of total).
    - Termination of Russian Standard Vodka distributorship in end-2015
- Blended margins steady
  - GP margins: EMP-domestic down 7-ppt to 32% but WMG rose 10-ppt to 28%
  - EBIT margins: EMP-domestic down 8-ppt to 24% but WMG rose 8-ppt to 10%
- Net income stood flat at P1.4bn.
- From net cash, EMP posted net debt/equity of 0.07x.

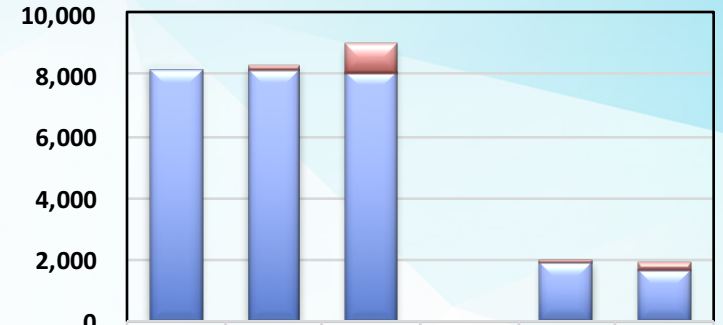


### Revenues (Pm)



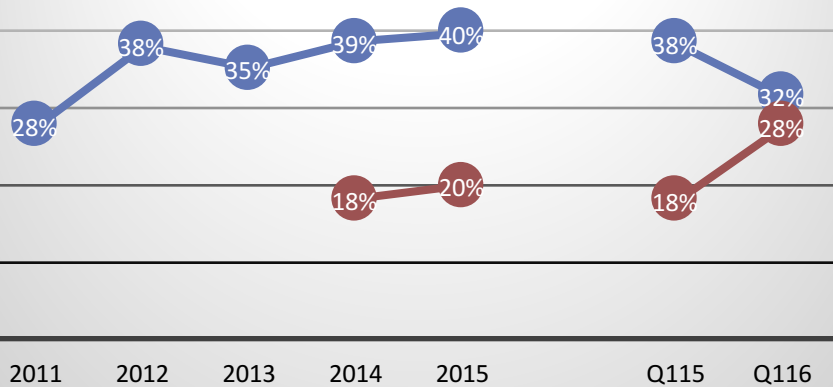
WMG	0	3,621	16,525	3,244	2,247
EMP ex-WMG	29,865	28,388	27,120	5,651	6,720

### EBIT (Pm)



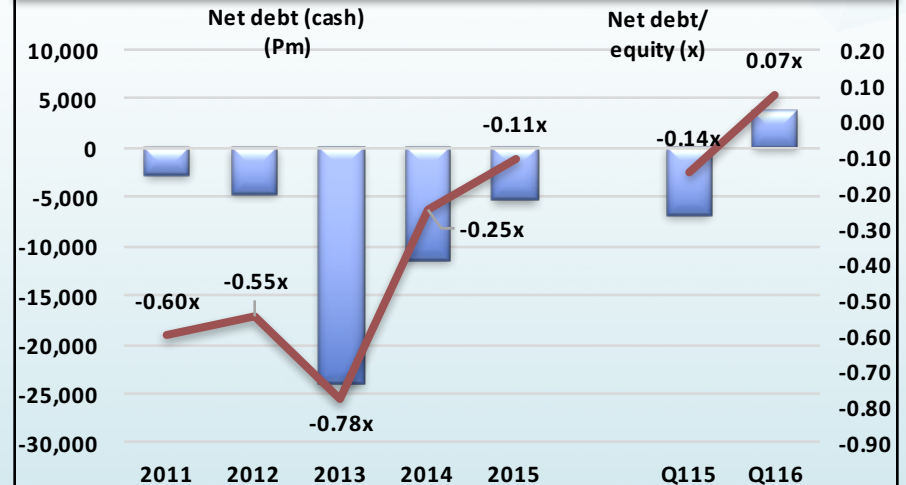
WMG	0	136	927	49	225
EMP ex-WMG	8,168	8,134	8,051	1,853	1,635

### Gross profit margins



EMP ex-WMG WMG

### Gearing

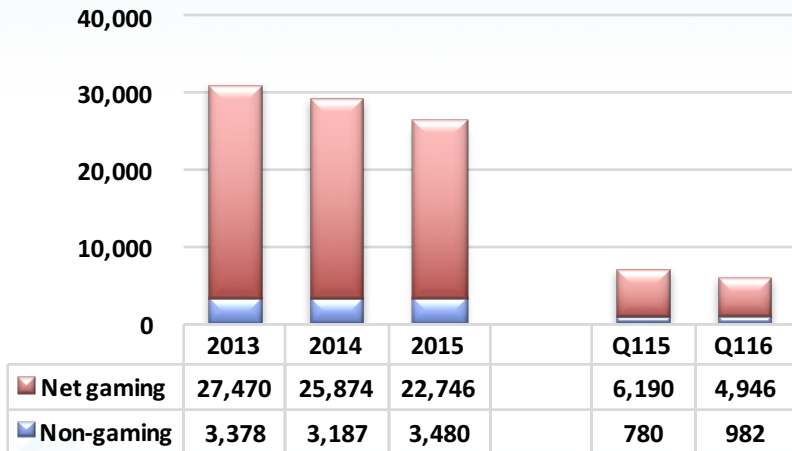


Q116 performance highlights

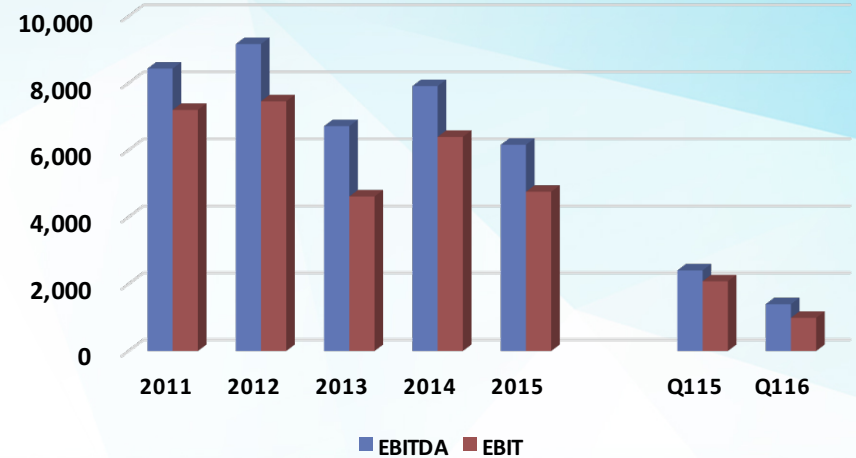
**TRAVELLERS INTERNATIONAL  
HOTEL GROUP INC**

- Net revenues fell 15% to P5.9bn.
  - GGR declined 18% to P5.6bn.
    - Double-digit growth in mass revenues as mass drops improved, hold rate steady.
    - But VIP revenues fell sharply due to lower rolling volume and hold rate.
    - GGR mix now at 70/30 mass vs VIP.
  - Robust 26% growth in non-gaming revenues with Marriott Grand Ballroom contributing 16% of total.
- Hefty decline in margins amid increases in promotional and marketing expenses.
  - EBITDA margins fell to 24% (from 35%) of net revenues.
  - EBIT margins declined to 17% (from 30%) of net revenues.
- Net income dipped 34% to P1.2bn.
- From net cash, RWM reported net debt/equity of 0.05x.

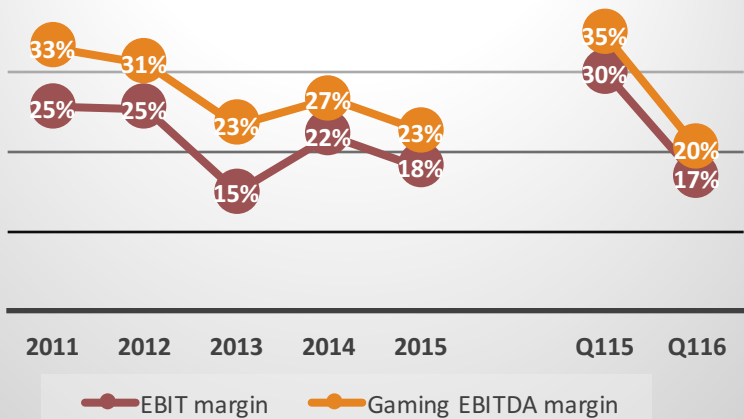
Net revenues (Pm)



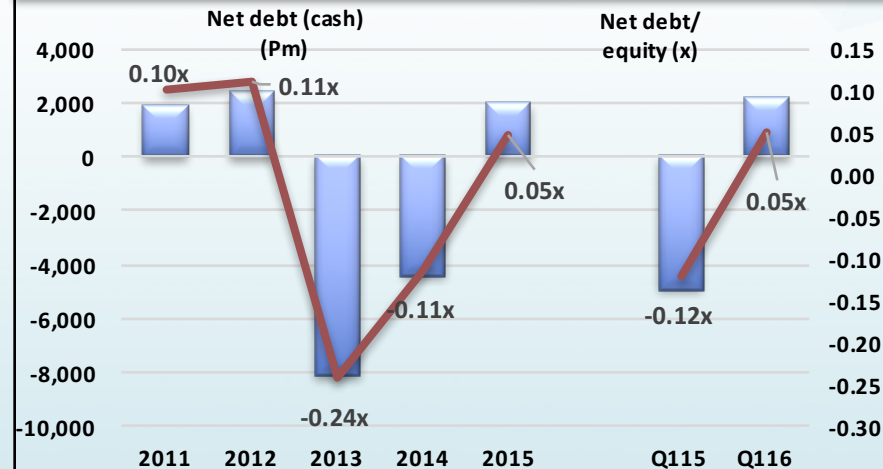
EBITDA & EBIT (Pm)



Margins



Gearing



Q116 performance highlights

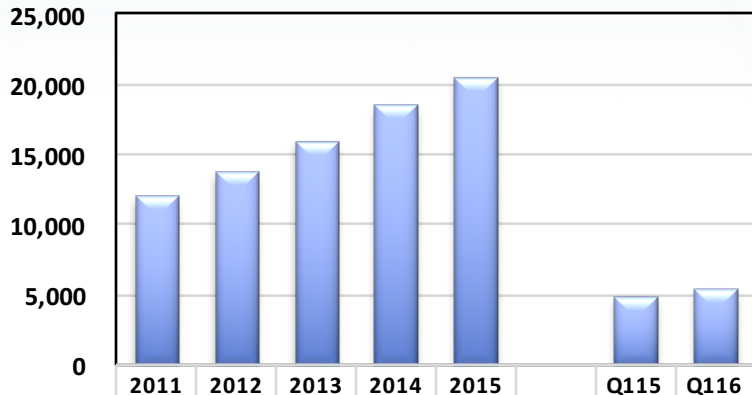
**GOLDEN ARCHES  
DEVELOPMENT CORPORATION**

# GADC's Q116 performance at a glance

- Total revenues rose 10% to P5.2bn.
  - Systemwide same-store sales up 7% YoY.
  - 29 new stores launched in Q116 (11 co-owned, 15 franchised, 3 JVs) contributed 5% of system sales .
  - Introduction of new products (*Chicken Fillet ala King, Cheesy Eggdesal*).
- Targeted price increases kept margins steady.
  - EBITDA margins remained at 11%, EBIT margins steady at 6%.
- Net income grew by 19% to P191m.
- Aiming to open its 500<sup>th</sup> store this year.

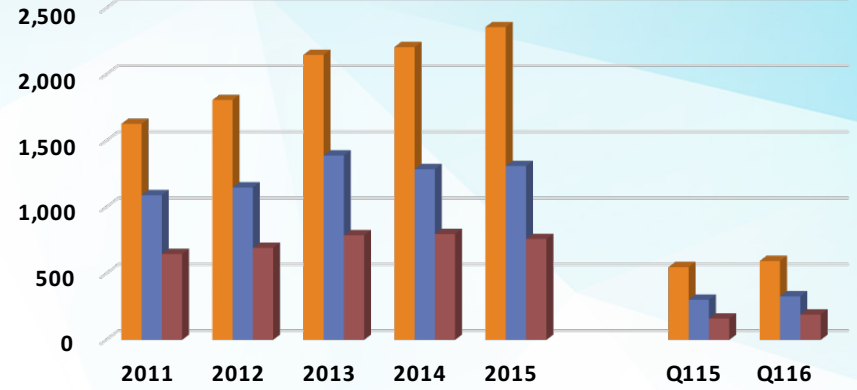


### Revenues (Pm)



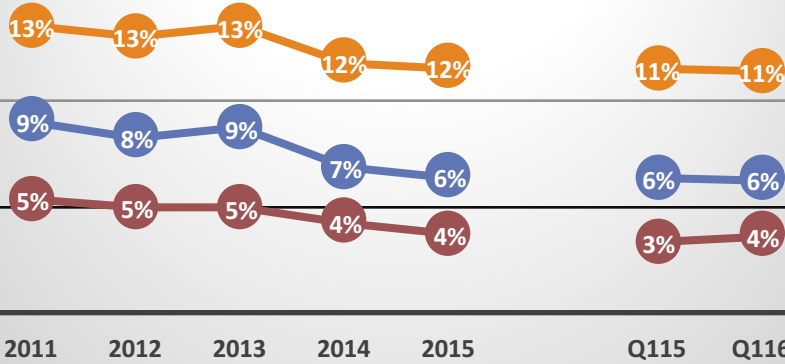
Revenues (Pm)	11,875	13,656	15,810	18,417	20,340	4,758	5,234
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### EBITDA, EBIT & Net income (Pm)



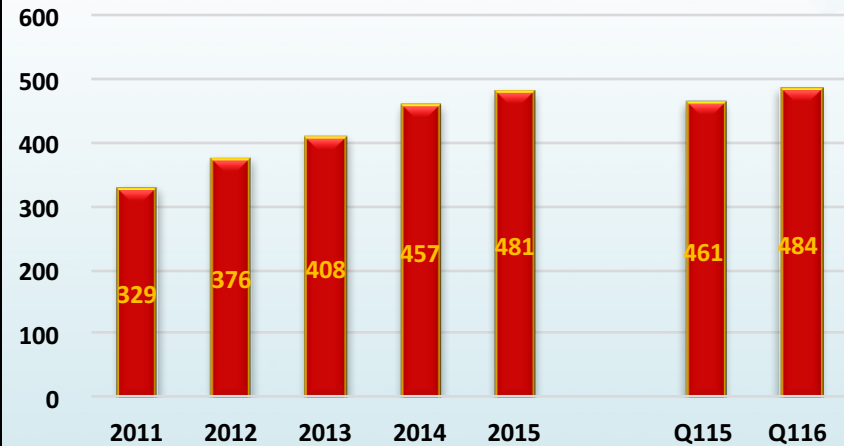
EBITDA EBIT Net income

### Margins



EBITDA margin EBIT margin Net profit margin

### Number of stores





Thank you.