

 **ALLIANCE GLOBAL**

**1Q2019 ANALYSTS BRIEFING**

**21 May 2019**



# AGI By the Numbers



5,175

Hotel room  
keys



595

Total resources  
(Pbn)



41

Consolidated revenue  
(Pbn)



4.4

Attributable  
net income  
(Pbn)

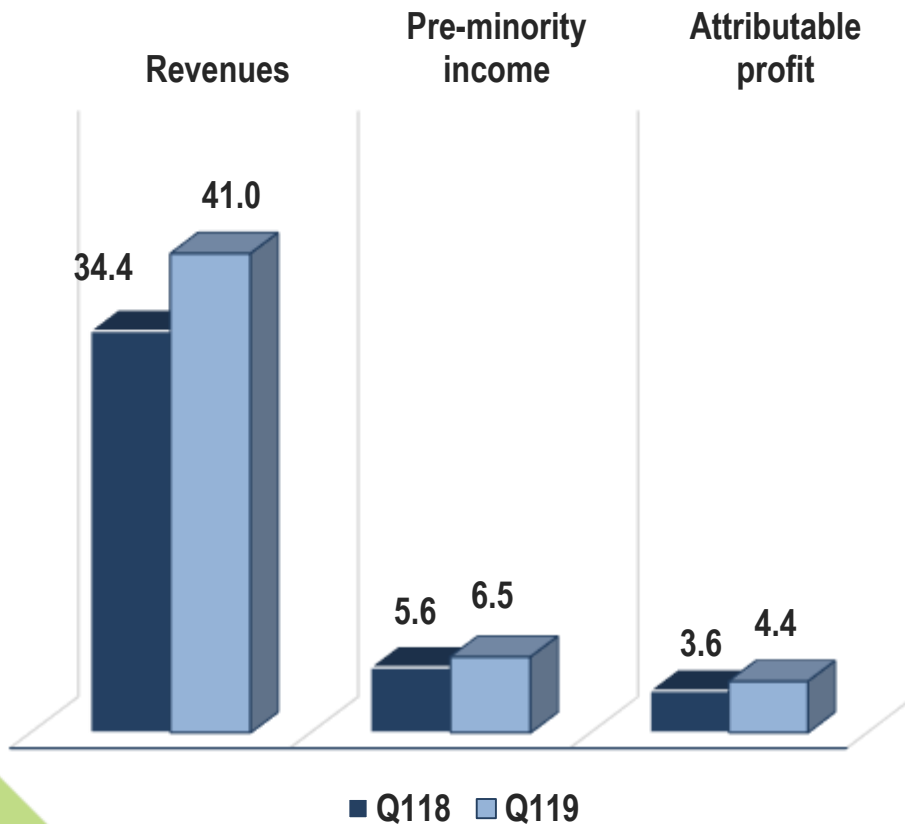


7

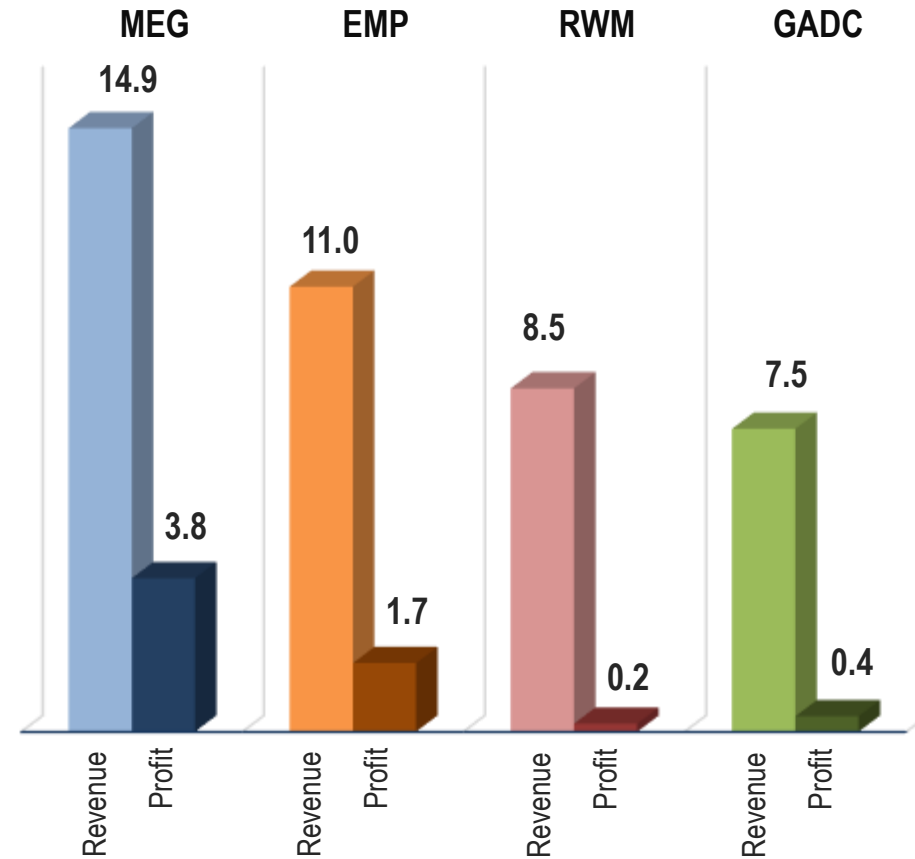
Parent net  
debt/equity  
(%)

# 1Q2019 performance at a glance

## AGI P&L highlights (Pbn)



## 1Q19 P&L highlights of subsidiaries (Pbn)



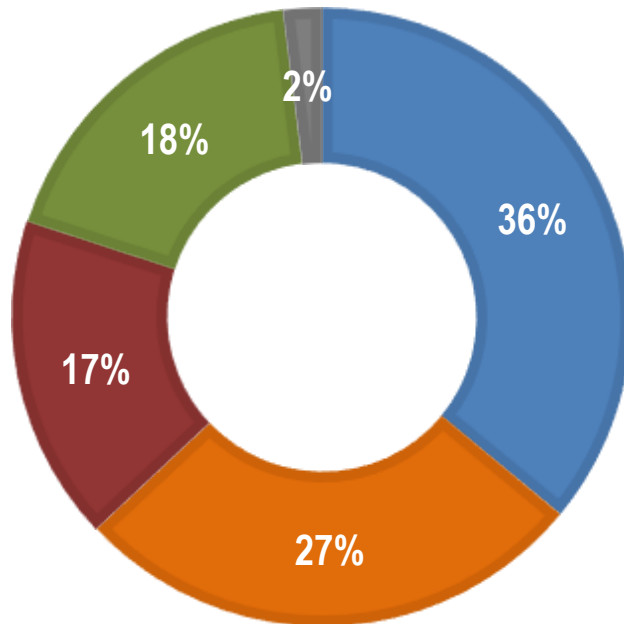
# 1Q 2019 P&L highlights

P&L highlights (Pbn)	Q119	Q118	% chg	Comments
<b>Group revenues</b>	<b>41.0</b>	<b>34.4</b>	<b>19%</b>	
Megaworld	14.9	12.9	15%	Higher rentals; improving project completion
Emperador	11.0	9.7	13%	Increase in sales of premium-priced foreign brands.
Travellers	6.9	4.7	46%	Sustained growth in VIP rolling volume and mass drop.
GADC	7.5	6.6	13%	SSSG of 4.8%; ongoing store expansion.
Others	0.7	0.4	103%	
<b>Group costs/expenses</b>	<b>(32.7)</b>	<b>(27.3)</b>	<b>20%</b>	
Megaworld	(9.4)	(8.4)	11%	Construction costs steady but sharper rise in opex.
Emperador	(9.0)	(7.9)	15%	Increased raw material costs and A&P expenses.
Travellers	(6.6)	(4.3)	56%	Higher gaming fees, front loading of opex of new facilities
GADC	(7.0)	(6.1)	14%	Rising food costs.
Others	(0.7)	(0.6)	7%	
<b>Net income to owners</b>	<b>4.4</b>	<b>3.6</b>	<b>21%</b>	
Megaworld	2.5	2.2	16%	Improvement in overall margins.
Emperador	1.4	1.3	11%	Increasing contribution of foreign business.
Travellers	0.1	0.2	-45%	Sharp rise in interest charges.
GADC	0.2	0.2	16%	Lower income tax provision.
Others	0.0	(0.3)	--	
<b>Net profit margin</b>	<b>10.6%</b>	<b>10.5%</b>	<b>15bps</b>	

# 1Q2019 performance at a glance

## 1Q2019 Consolidated Revenues

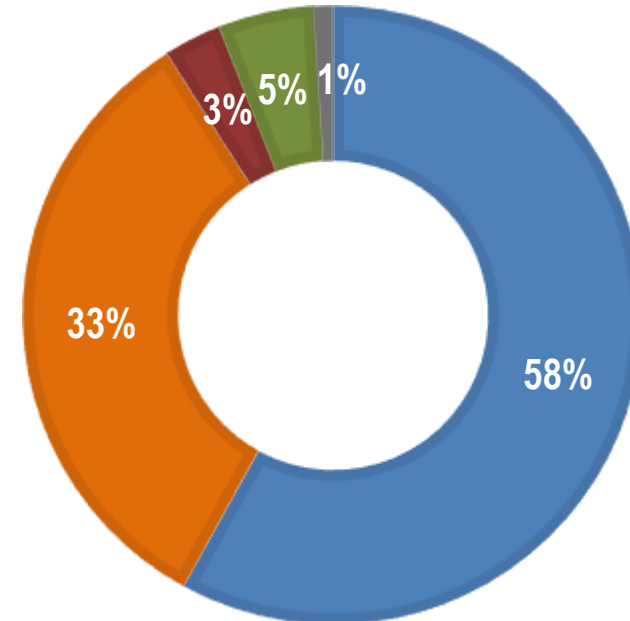
P41.0bn



■ MEG ■ EMP ■ RWM ■ GADC ■ OTHERS

## 1Q2019 Attributable Net Income

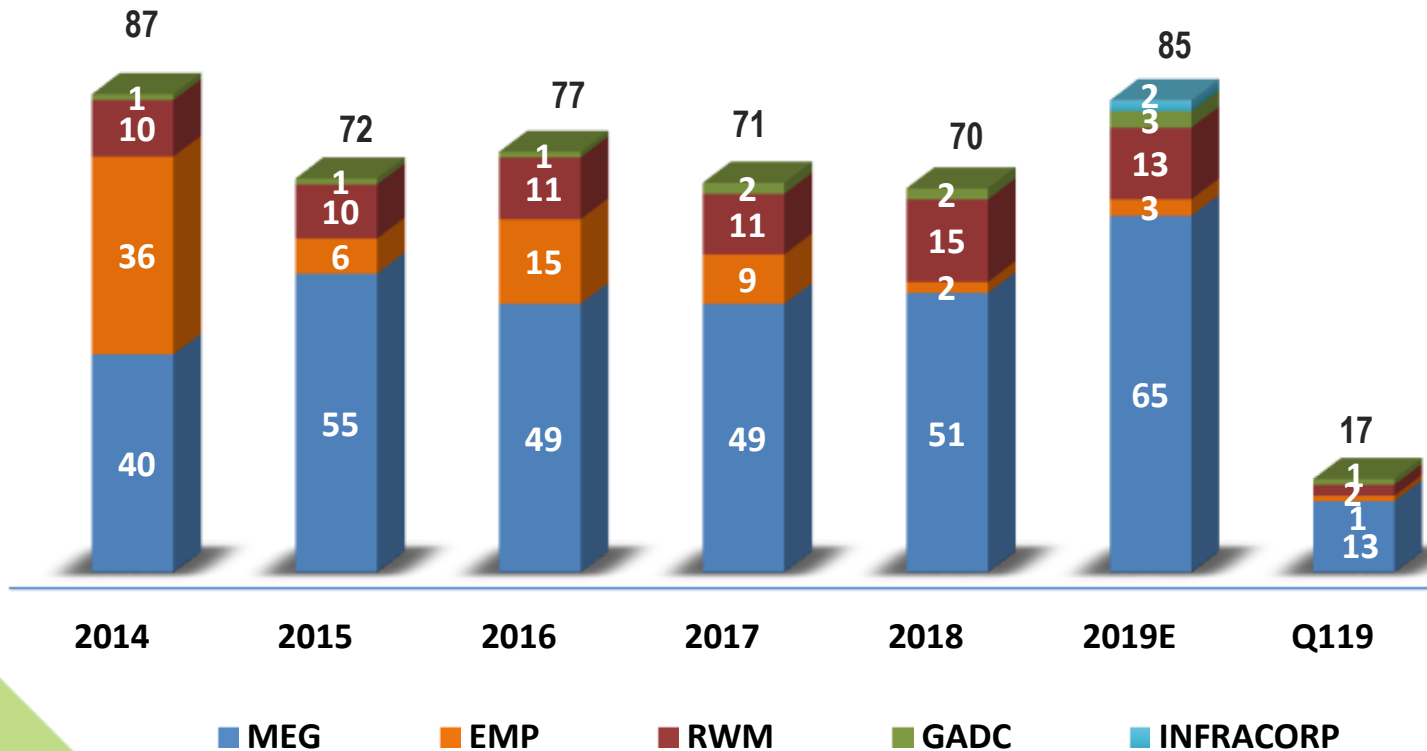
P4.4bn



■ MEG ■ EMP ■ RWM ■ GADC ■ OTHERS

# Group investment commitments

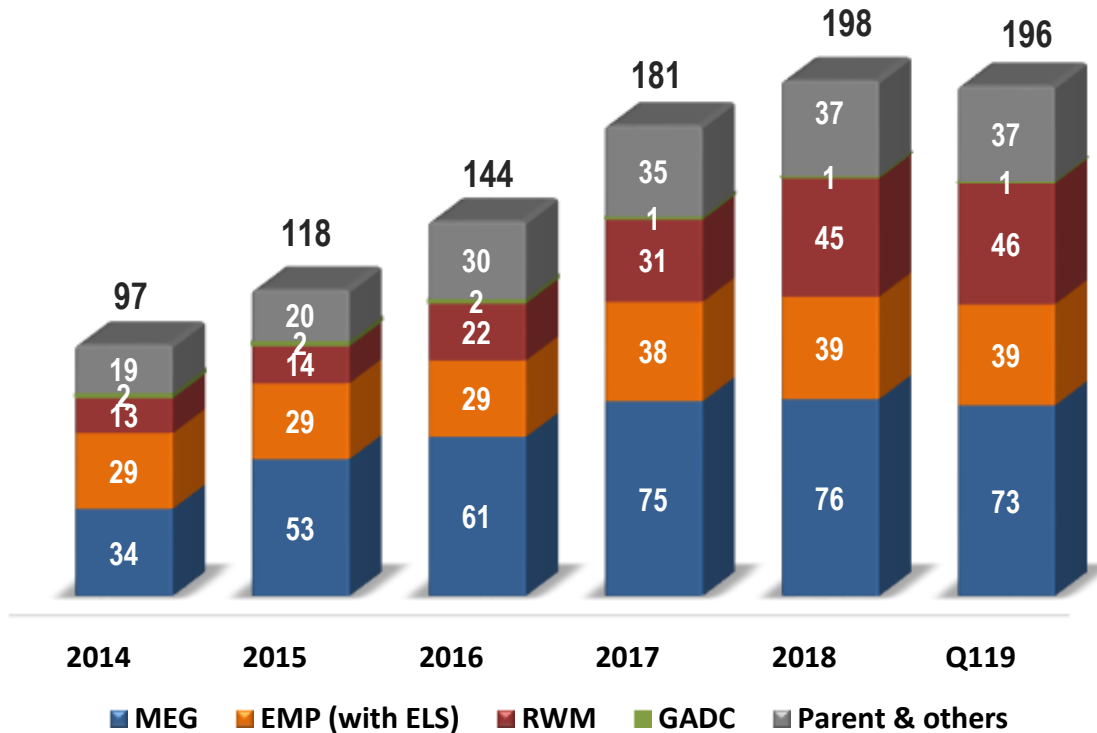
AGI's capex, by major subsidiary (Pbn)



- Total capex budget for 2019: P85bn.
- Spent in Q119 is P17bn.

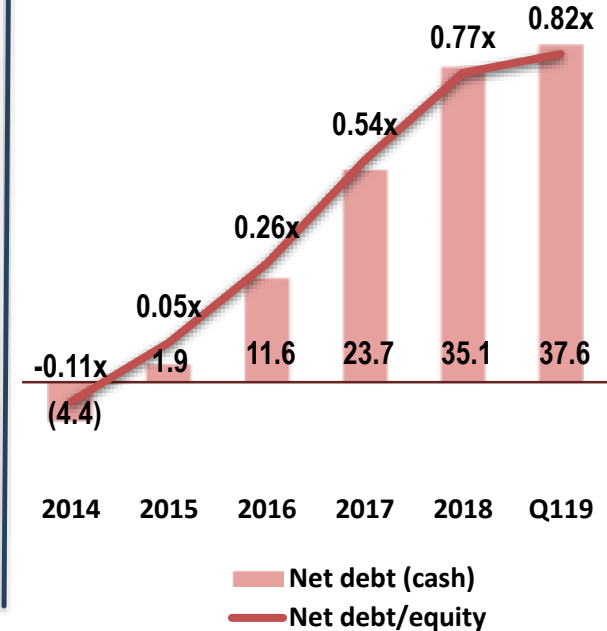
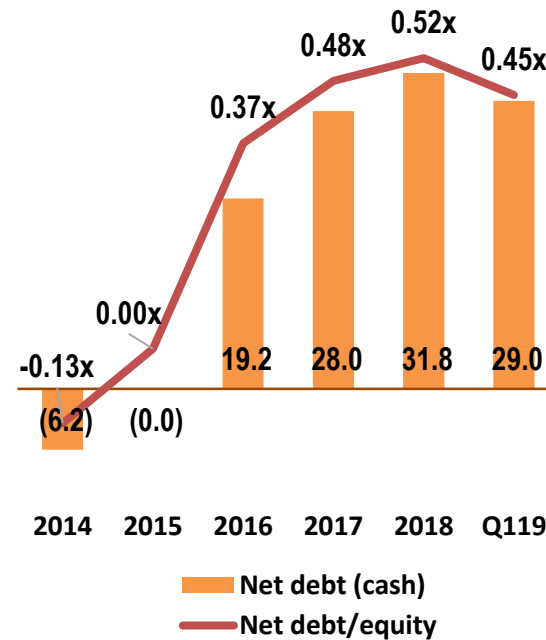
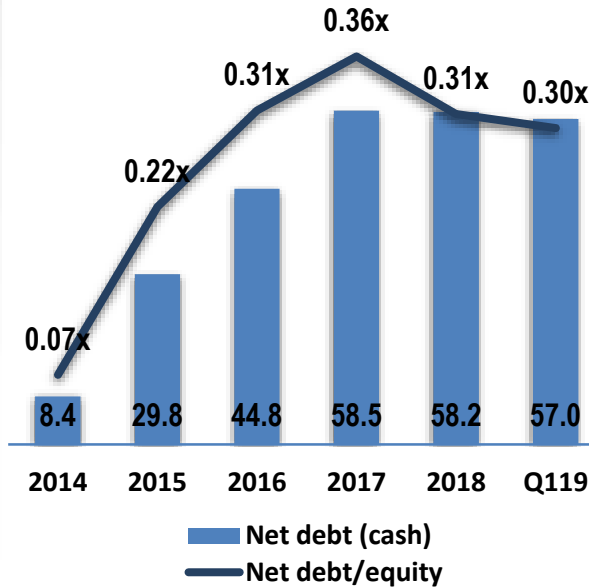
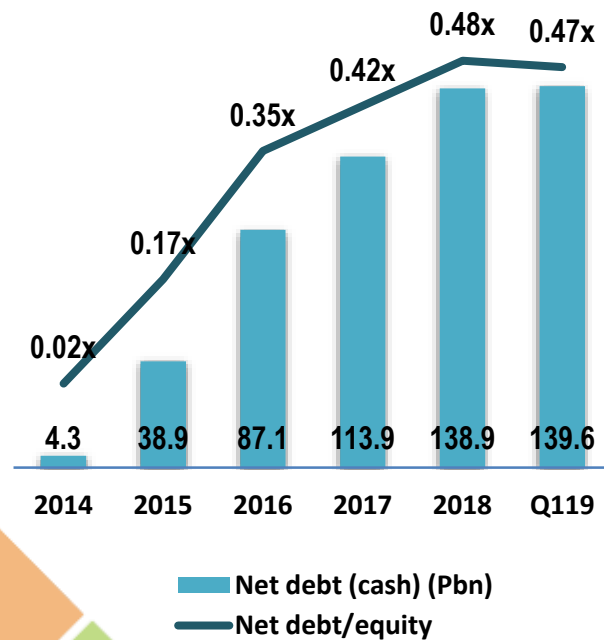
# Group borrowings

## Gross debts, by key subsidiary (Pbn)



- At end-March 2018, Group borrowings stood at P196bn, while net debt/equity went down to 0.47x (vs 0.48x in 2018).
- Parent net debt/equity stood at 0.07x.

# Group gearing



\*All items are in billion pesos except net debt/equity(x)





MEGAWORLD



# MEGAWORLD CORPORATION

## 1Q2019 PERFORMANCE HIGHLIGHTS

# MEG By the Numbers



MEGAWORLD



24

Townships & integrated lifestyle communities



4,688

Landbank (hectares)



1,119

Office GLA ('000 sqm)



700

Lifestyle Mall GFA ('000 sqm)



2,648

Hotel Room Keys

# MEG: 1Q2019 financial performance



MEGAWORLD

P&L (in Pbn)	1Q2019	1Q2018	%	
<b>Revenue</b>	<b>14.9</b>	<b>13.0</b>	<b>15%</b>	• Increasing share of recurring income.
Residential	9.5	8.5	11%	• Higher project completion.
Office	2.4	2.1	17%	• Office GLA expansion; higher rents.
Retail	1.5	1.3	15%	• Mall GFA expansion.
Hotel	0.6	0.4	56%	• New hotel launches.
<b>EBITDA</b>	<b>6.6</b>	<b>5.5</b>	<b>20%</b>	• Improving business mix; steady construction costs but increased opex.
<b>EBIT</b>	<b>6.0</b>	<b>5.0</b>	<b>20%</b>	
<b>Net profit</b>	<b>3.9</b>	<b>3.5</b>	<b>13%</b>	• Higher income tax provision.
<b>Attributable profit</b>	<b>3.8</b>	<b>3.3</b>	<b>16%</b>	
<b>Gearing</b>	<b>Mar 2019</b>	<b>Dec 2018</b>	<b>Mar 2018</b>	
Net debt (cash)	57.0	58.2	59.2	
Net debt/equity	0.30x	0.31x	0.36x	

## Gross Profit Margin

46% 1Q19      46% 1Q18

## EBITDA Margin

44% 1Q19      42% 1Q18

## Net Income Margin

26% 1Q19      25% 1Q18

\*Net profit excluding gain

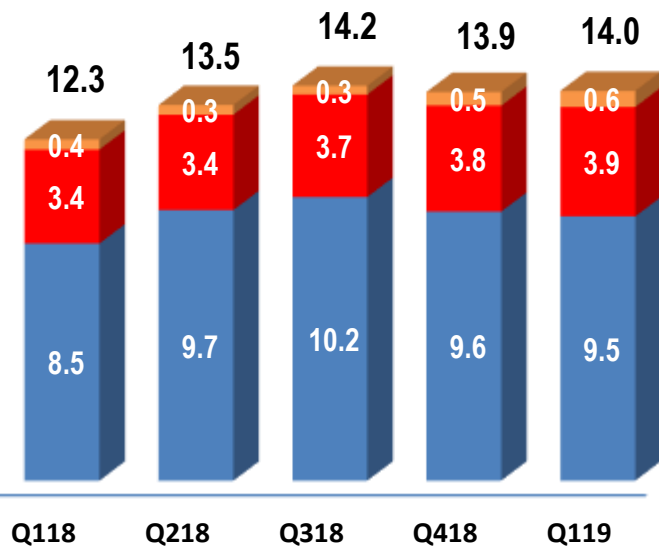
# MEG: Improving business mix



MEGAWORLD



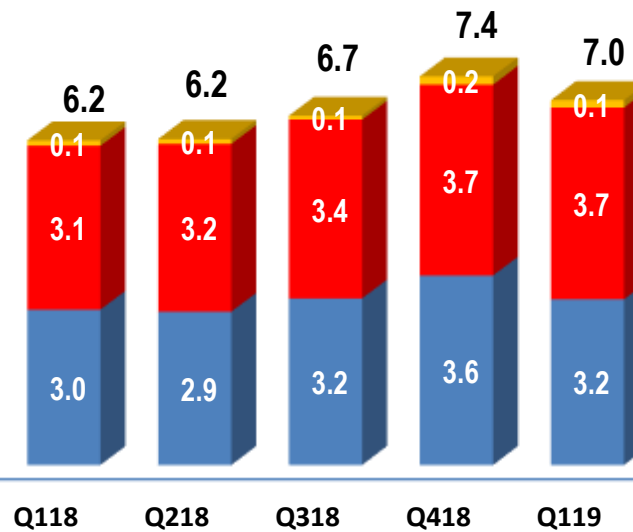
REVENUE



■ Development  
■ Rental  
■ Hotels



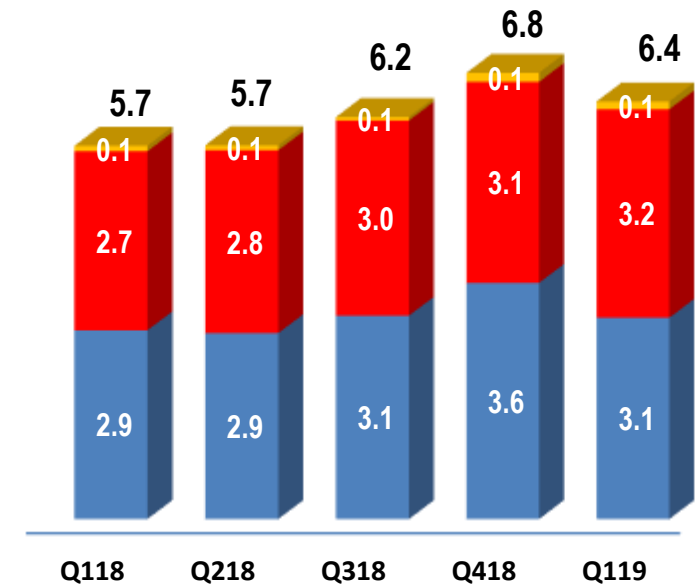
EBITDA



■ Development  
■ Rental  
■ Hotels



EBIT



■ Development  
■ Rental  
■ Hotels

All items are in billion pesos.

Covers residential, rental and hotel operations only. Excludes financial and other income.

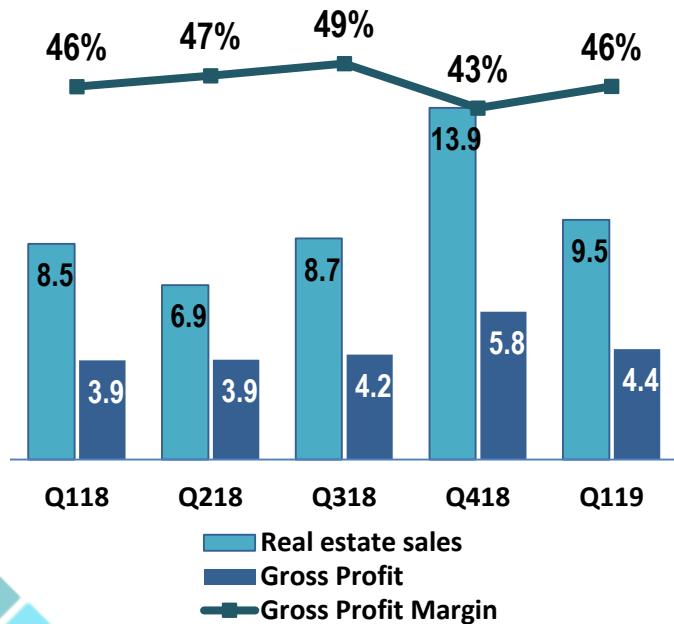
# MEG: Gaining efficiencies



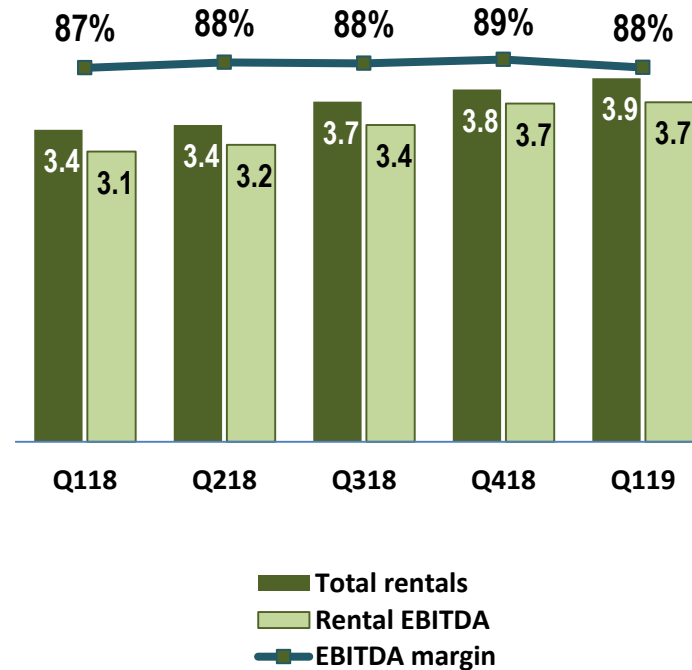
MEGAWORLD



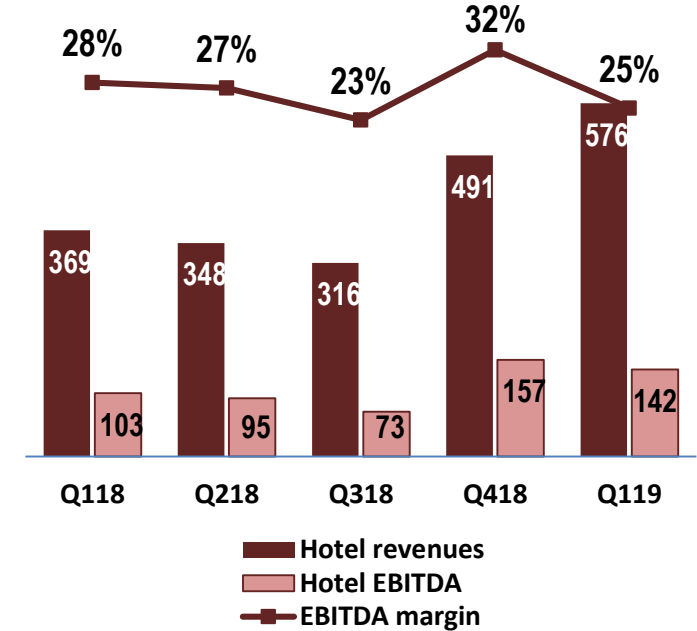
## REAL ESTATE SALES vs GROSS PROFIT



## RENTAL vs EBITDA



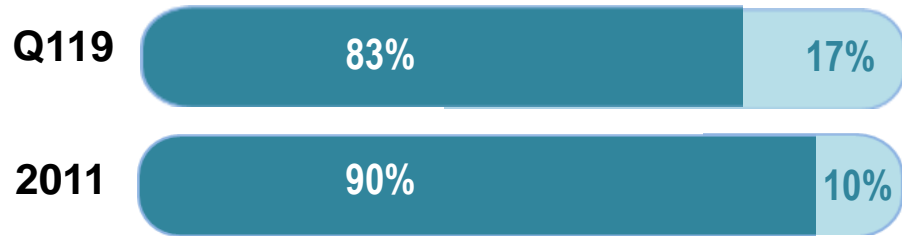
## HOTEL vs EBITDA



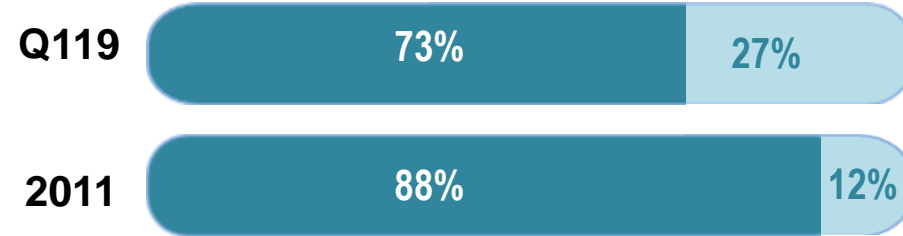
All items are in billion pesos except hotel revenues(m) and margins (%).  
Covers residential, rental and hotel operations only. Excludes financial and other income.

# Initiative: Geographic diversification

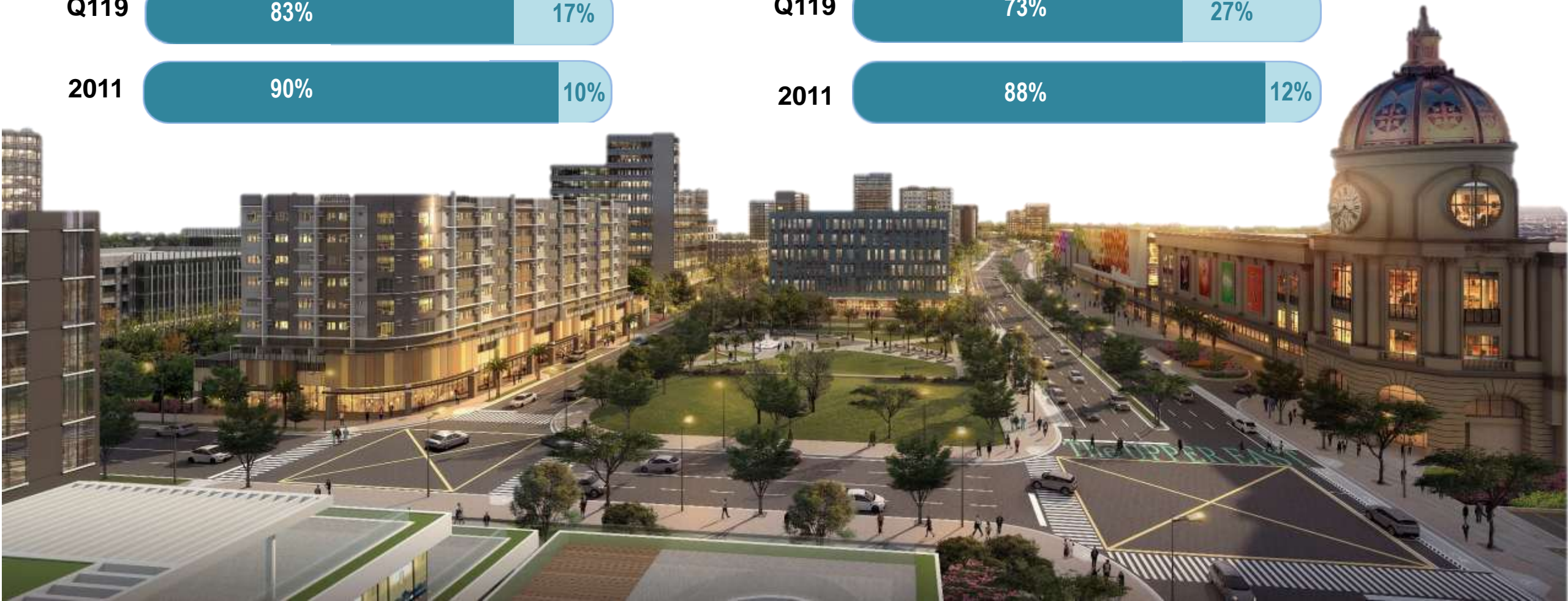
## RESIDENTIAL PROJECT LAUNCHES BY LOCATION



## REAL ESTATE SALES BY LOCATION



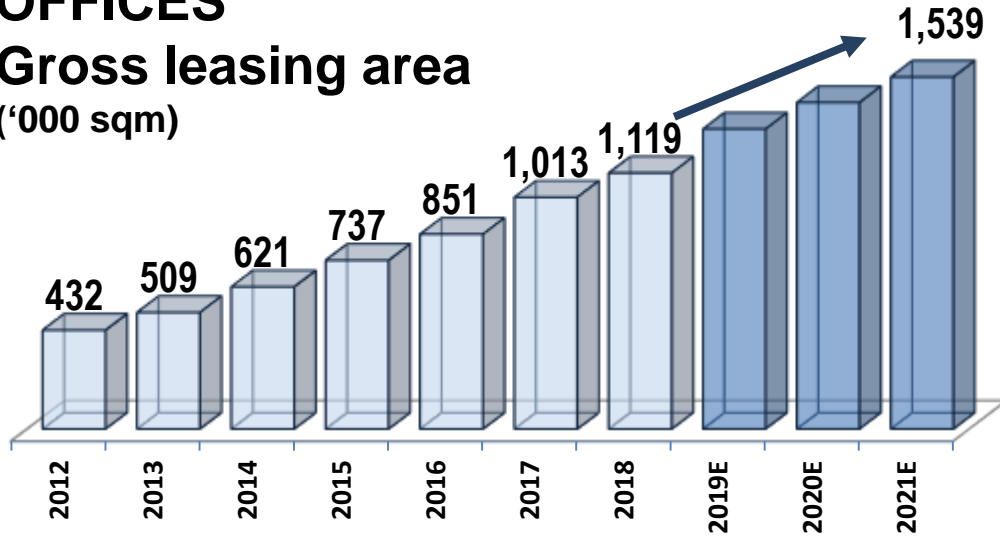
Metro Manila  
Provincial



# Initiative: Expansion of rental segment

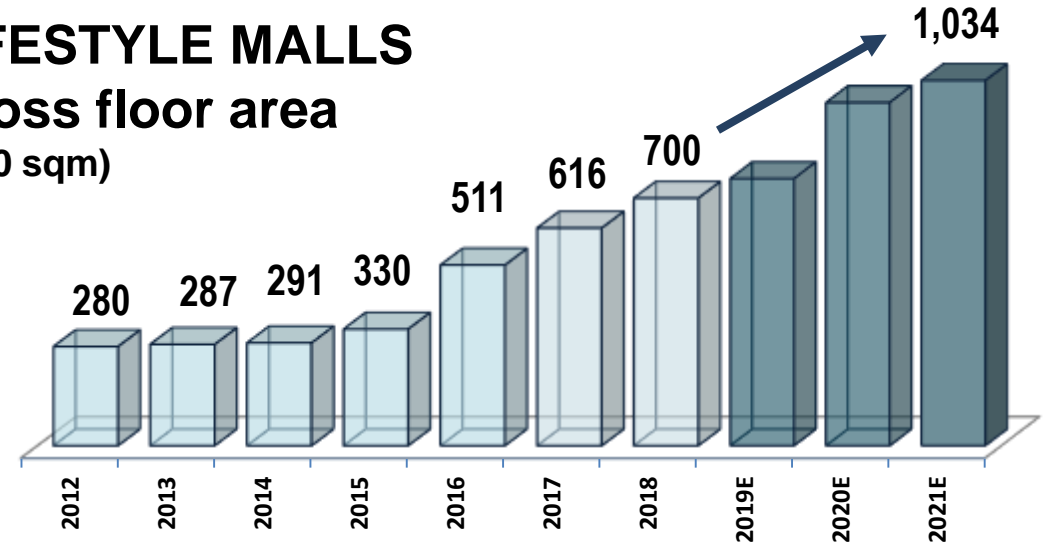
## OFFICES

Gross leasing area  
(‘000 sqm)



## LIFESTYLE MALLS

Gross floor area  
(‘000 sqm)



Two Fintech Place (2020)



One Fintech Tower (2020)



Maple Grove Mall (2020)





## Arco de Emperador

 **ARCOVIA CITY**

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Comprised of nine massive sculptures standing proudly side-by-side— a victorious image of an Emperor, three horses pulling his chariot, two lions named Pride and Passion, and two trumpeting angels.

This centerpiece attraction in Arcovia City embodies how today's generation celebrates personal triumphs and victories.



TRAVELLERS  
INTERNATIONAL



**TRAVELLERS INTERNATIONAL HOTEL GROUP, INC.**  
1Q2019 PERFORMANCE HIGHLIGHTS

# RWM By the Numbers



2,527

Hotel  
rooms



78

Hotel  
occupancy  
(%)



300

Gaming  
tables



1,825

Slots



4,000

Marriott Grand  
Ballroom  
capacity

# RWM 1Q2019 financial highlights

P&L (in Pbn)	1Q2019	1Q2018	%	
<b>Total revenue</b>	<b>8.5</b>	<b>5.5</b>	<b>55%</b>	
Gaming	<b>6.9</b>	4.5	54%	• Improvement in volume but lower hold rate
Mass	<b>3.6</b>	3.0	20%	• Mass drop +26% but lower slots hold rate
VIP	<b>3.3</b>	1.5	121%	• Rolling volumes doubled
Non-gaming	<b>1.6</b>	1.0	63%	• Increase hotel capacities
<b>EBITDA</b>	<b>1.4</b>	<b>0.8</b>	<b>69%</b>	• Boosted by improved total revenues
<b>EBIT</b>	<b>0.7</b>	<b>0.4</b>	<b>93%</b>	
<b>Net profit</b>	<b>0.2</b>	<b>0.4</b>	<b>-45%</b>	• Weighed by higher interest charges
<b>Gearing</b>	<b>Mar 2019</b>	<b>Dec 2018</b>	<b>Mar 2018</b>	
Net debt (cash)	<b>37.6</b>	35.1	27.4	
Net debt/equity	<b>0.82x</b>	0.77x	0.61x	

## EBITDA Margin

**17%** 1Q19      **15%** 1Q18

## EBIT Margin

**8%** 1Q19      **6%** 1Q18

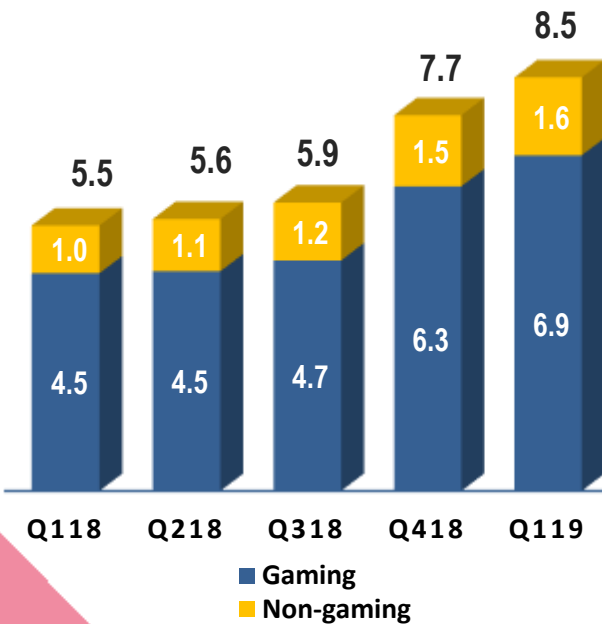
## Net Income Margin

**3%** 1Q19      **8%** 1Q18

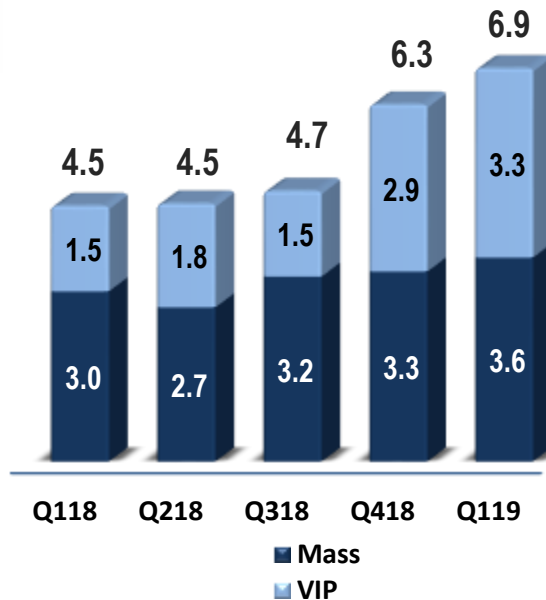
# RWM: Buoyed by continued VIP recovery



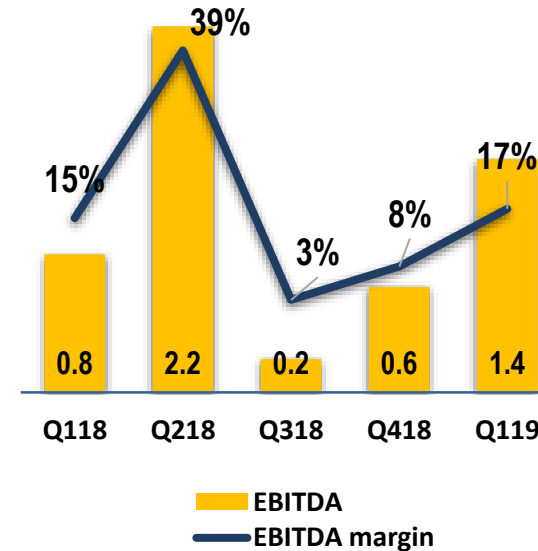
GROSS REVENUES



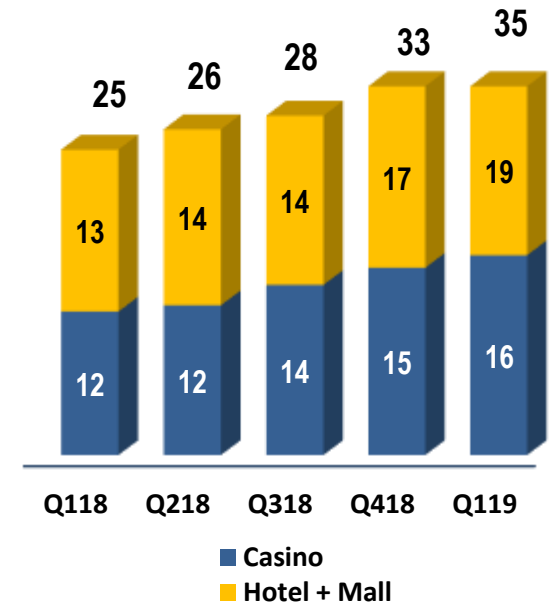
GGR: MASS VS VIP



EBITDA VS MARGIN



AVERAGE DAILY VISITORS



# Initiative: Growing the VIP segment

## ➤ Grand Wing

- Ground floor completed in Dec 2018
  - 63 tables / 588 slots machines
- Second floor for completion by July 2019
  - New junket operations, additional table capacity



# Initiative: Building world-class resort facilities

## ➤ Garden Wing

- Rebranding of the Maxims hotel to Ritz-Carlton
- Upgrade of Newport Mall
  - Additional retail space of ~7,000 sqm
  - Number of outlets: 20





**Hilton**  
HOTELS & RESORTS



**Sheraton**  
MANILA HOTEL

## Our own piece of paradise

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Our newly-opened hotels features an expansive 635 sq.m. resort-style lagoon pool.

With plenty of lounge areas in the pool, it also features a **swim-up bar** at the pool where you can have a dip and a sip at the same time.

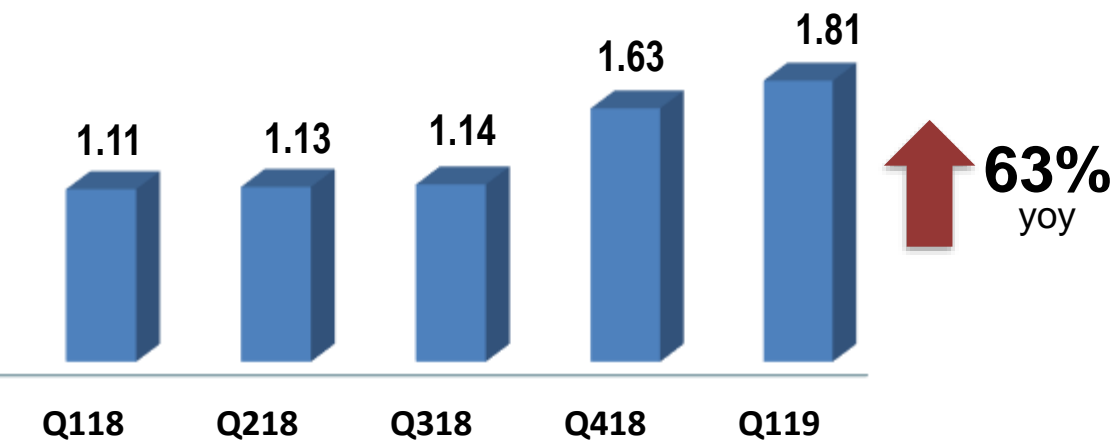


TRAVELLERS  
INTERNATIONAL

# Hotel Segment



# AGI: The country's largest hotel developer



At present  
**5,175**  
room keys

Near-term target:  
**12,000**  
room keys



# AGI: The country's largest hotel developer

2,648 room keys

**Home-Grown Hotel Brands**  
under Megaworld

- ❖ Eastwood Richmond Hotel
- ❖ Richmond Hotel Ortigas
- ❖ Richmond Hotel Iloilo
- ❖ Fairways & Bluewater
- ❖ Belmont Hotel Manila
- ❖ Savoy Hotel Boracay
- ❖ Savoy Hotel Manila
- ❖ Twin Lakes Hotel
- ❖ Lucky Chinatown Hotel

2,527 room keys

**Well-known International Hotel Brands**  
under Travellers

- ❖ Marriott Hotel Manila
- ❖ Holiday Inn Express
- ❖ Marriott Courtyard
- ❖ Hilton Hotel Manila
- ❖ Sheraton Manila Hotel
- ❖ Hotel Okura
- ❖ Ritz Carlton Hotel



EMPERADOR INC.



**EMPERADOR INC.**  
1Q2019 PERFORMANCE HIGHLIGHTS

# EMP By the Numbers



102

Countries under the  
global distribution  
system



22

Domestic sales  
offices



1,513

Vineyards  
(hectares)



700

Whyte and Mackay  
trademarks  
worldwide



900

Bodegas Fundador  
trademarks  
worldwide

# EMP: 1Q2019 financial performance



P&L (in Pbn)	1Q2019	1Q2018	%
<b>Revenue*</b>	<b>11.0</b>	<b>9.7</b>	<b>13%</b>
Whisky	<b>3.3</b>	2.8	18%
Brandy	<b>7.7</b>	6.9	11%
<b>Gross Profit</b>	<b>3.7</b>	<b>3.4</b>	<b>10%</b>
Whisky	<b>1.4</b>	1.1	33%
Brandy	<b>2.3</b>	2.3	--
<b>EBITDA</b>	<b>2.5</b>	<b>2.4</b>	<b>5%</b>
<b>Net profit</b>	<b>1.7</b>	<b>1.7</b>	<b>5%</b>
<b>Attributable profit</b>	<b>1.7</b>	<b>1.6</b>	<b>10%</b>
<b>Gearing</b>	<b>Mar 2019</b>	<b>Dec2018</b>	<b>Mar 2018</b>
Net debt (cash)	<b>29.0</b>	31.8	27.0
Net debt/equity	<b>0.45x</b>	0.52x	0.44x

- Changing product mix
- Driven by Dalmore, Jura and Shackleton
- Driven by imported brands Fundador and Tres Cepas
- Weighed by rising raw material costs
- Higher sales of branded products
- Residual impact of higher costs of brandy distillates
- Weighed by higher salaries, A&P and spend for international sales expansion.

## Gross Profit Margin

**34%**  
1Q19

**36%**  
1Q18

## EBITDA Margin

**23%**  
1Q19

**25%**  
1Q18

## Net Income Margin

**16%**  
1Q19

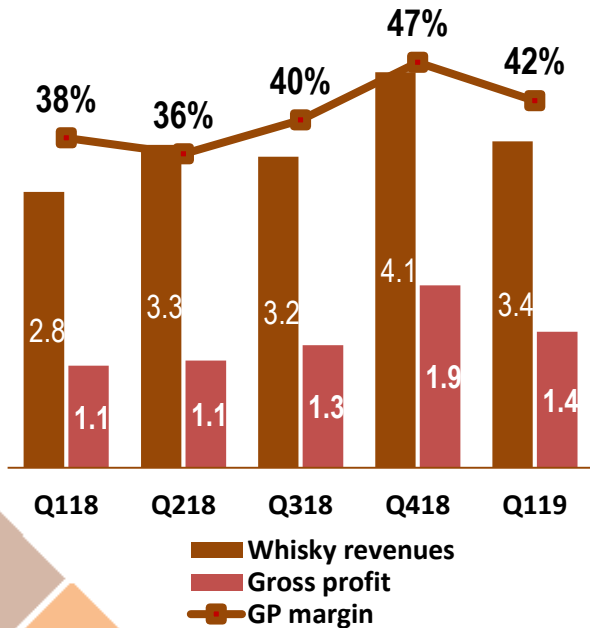
**16%**  
1Q18

\*NET OF INTERSEGMENT

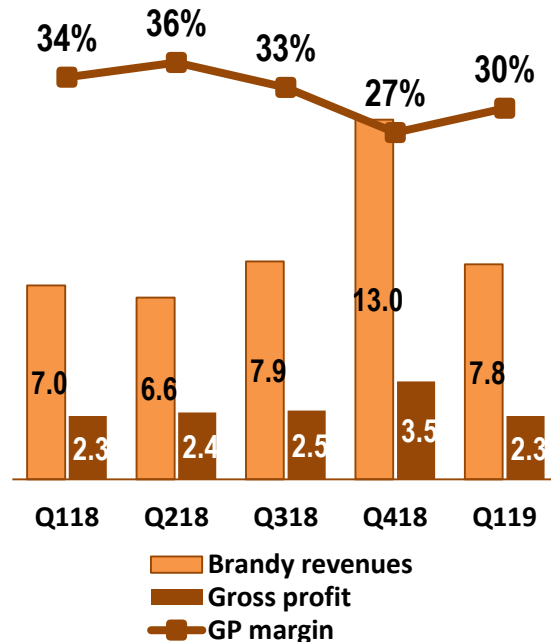
# EMP: Whisky segment leads the growth



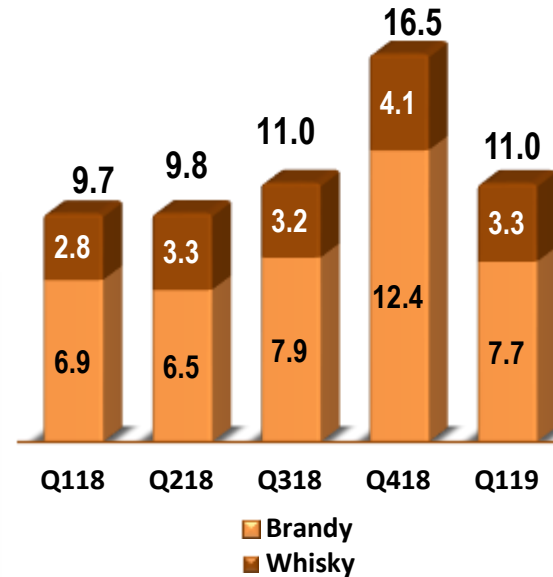
**WHISKY REVENUE\* vs GROSS PROFIT**



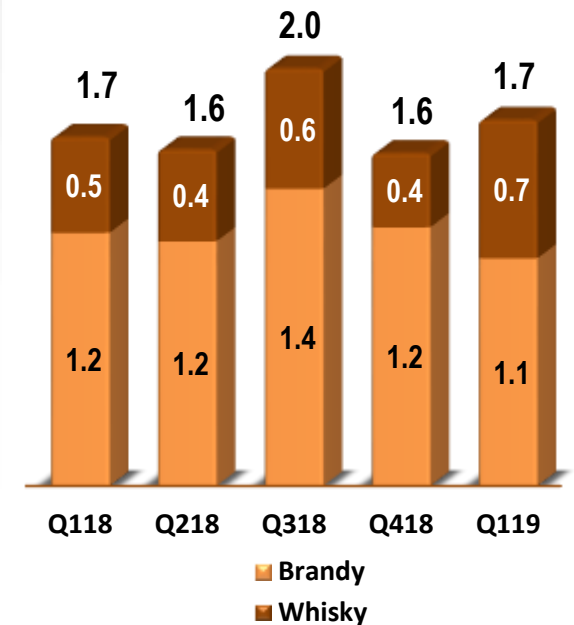
**BRANDY REVENUE\* vs GROSS PROFIT**



**CONSOLIDATED REVENUE**



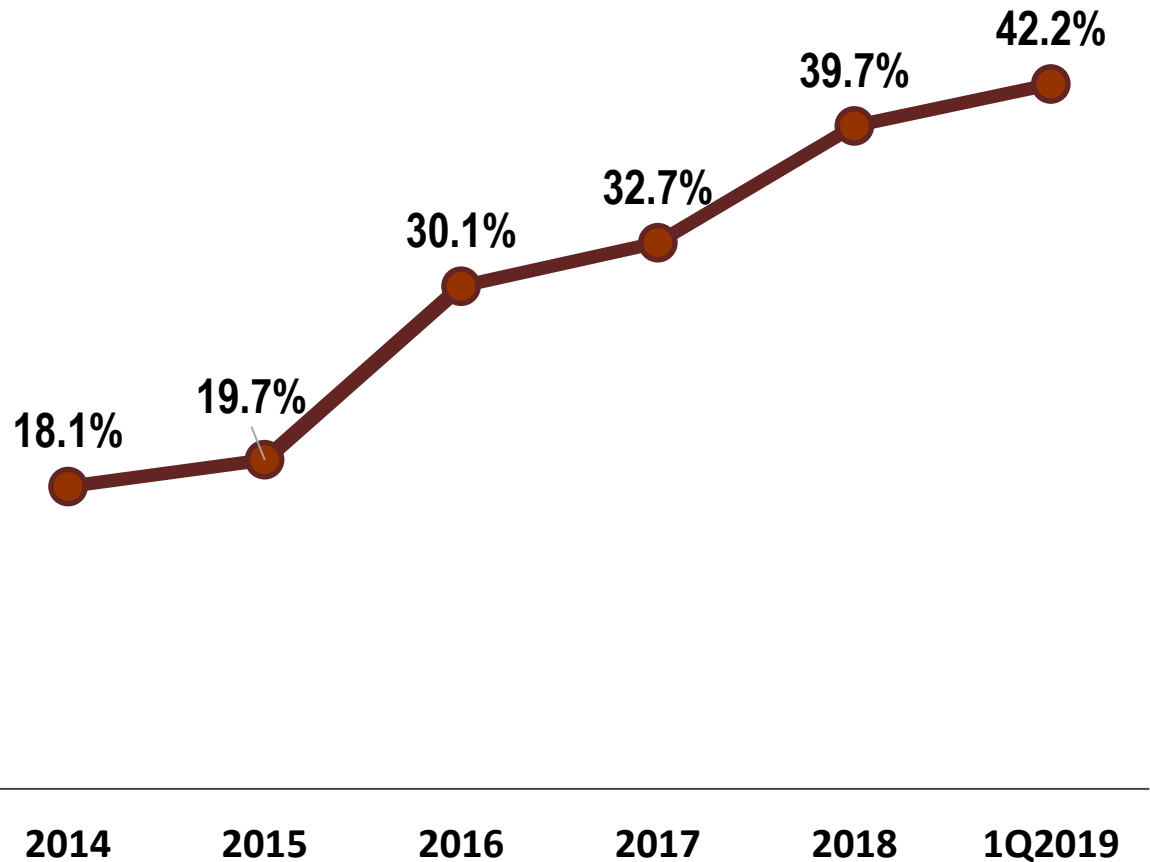
**NET PROFIT**



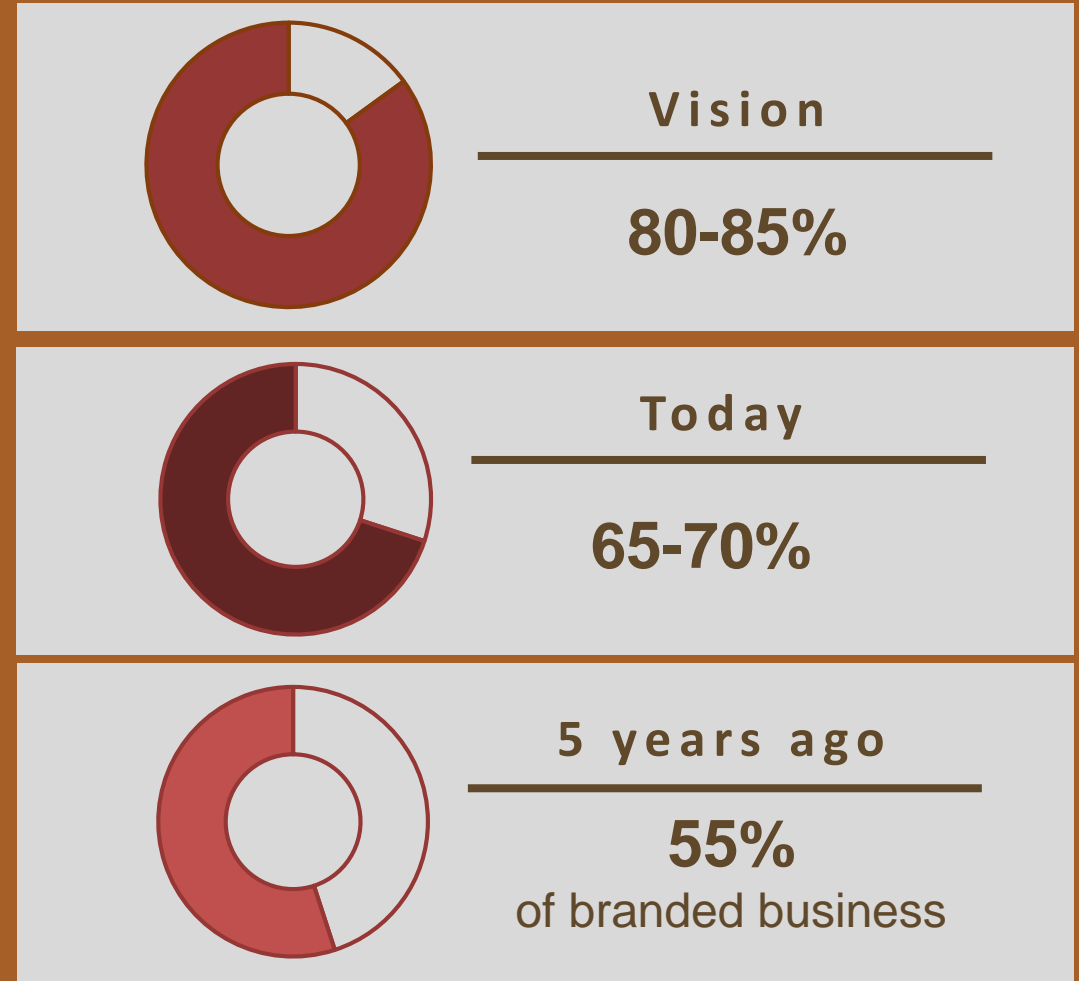
\*Includes intersegment sales  
All items are in billion pesos except margin(%)

# Initiative: Reinforcing whisky portfolio

## Whisky gross profit margin



## Focus on malts strategy



# Initiative: Implementing product hierarchies

## Malt hierarchy



P1,250



P1,700



P1,900



P2,500



P3,580

## Brandy hierarchy



P120



P260



P350



# Initiative: Premiumization strategy

## Mainstream

PHP 84 - 96 | USD 1.7 - 1.9



## Millenials/RTD

PHP 27 - 120 | USD 0.5 - 2.4



## Standard

PHP 142 - 300 | USD 2.8 - 6.0



## Premium

PHP 300 - 1,250 | USD 6. - 25



## Super Premium

PHP 1,250 - 1,900 | USD 25 - 38



## Luxury

PHP 3,500 - 13,000 | USD 70 - 260





## The Dalmore L'Anima Aged 49 Years

Price £108,900

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- Blended by The Dalmore master distiller Richard Paterson
- Single malt created from three unique assemblages using some of the distillery's rarest casks that previously held 40 year old Pedro Ximenez sherry and Graham's Vintage Port Pipes.



## GOLDEN ARCHES DEVELOPMENT CORPORATION 1Q2019 PERFORMANCE HIGHLIGHTS

# GADC By the Numbers



4.8

Systemwide same store sales growth (%)



633

Store count



270

Dessert centers



270

Stores with drive-thru



380

McDelivery Hub

# GADC: 1Q2019 financial performance



P&L (in Pbn)	1Q2019	1Q2018	%	
<b>Systemwide sales</b>	<b>13.0</b>	<b>10.3</b>	<b>26%</b>	• Helped by store expansion program
<b>Sales revenue</b>	<b>7.5</b>	<b>6.6</b>	<b>13%</b>	
Sales by co. resto	<b>6.7</b>	6.0	12%	• SSSG at 4.8%
Rent, royalty & others	<b>0.7</b>	0.6	16%	• Increase in number of franchised stores
<b>Gross profit</b>	<b>1.6</b>	<b>1.5</b>	<b>6%</b>	
<b>EBITDA</b>	<b>0.9</b>	<b>0.8</b>	<b>7%</b>	• Higher raw material costs and labor
<b>EBIT</b>	<b>0.6</b>	<b>0.5</b>	<b>8%</b>	
<b>Net profit</b>	<b>0.4</b>	<b>0.3</b>	<b>16%</b>	
<b>Gearing</b>	<b>Mar 2019</b>	<b>Dec 2018</b>	<b>Mar 2018</b>	
Net debt (cash)	<b>(4.3)</b>	(4.9)	(4.3)	
Net debt/equity	<b>Net cash</b>	Net cash	Net cash	

## Gross Profit Margin

**21%**  
1Q19

**23%**  
1Q18

## EBITDA Margin

**12%**  
1Q19

**12%**  
1Q18

## Net Income Margin

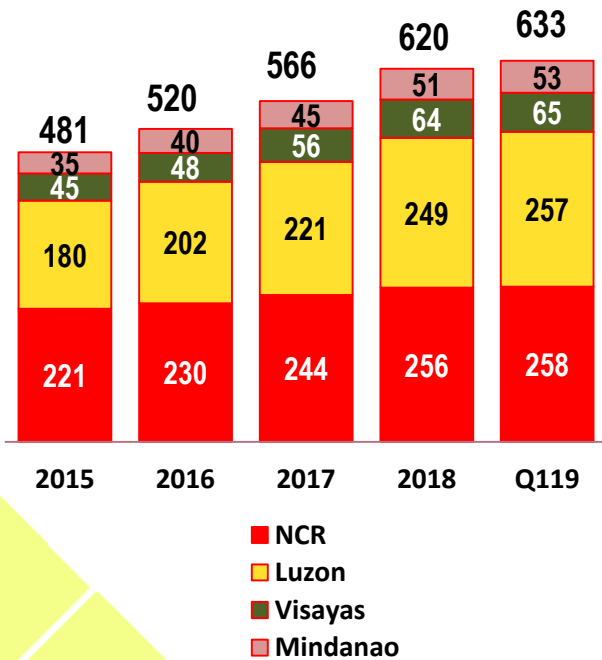
**5%**  
1Q1

**5%**  
1Q18

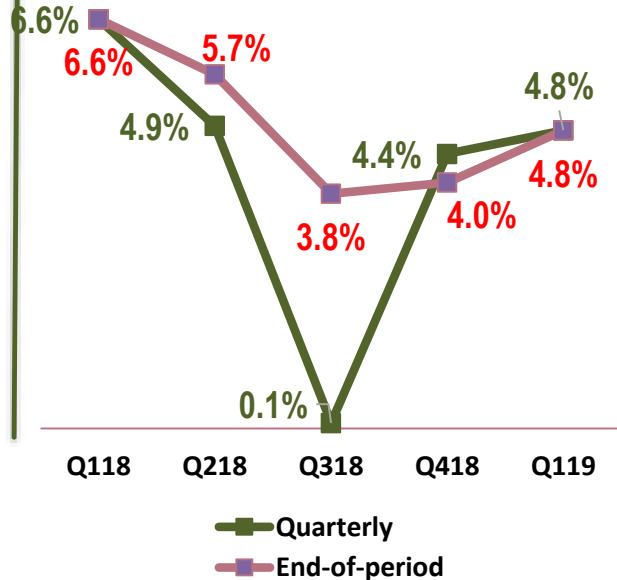
# GADC: Interim weakness in spending



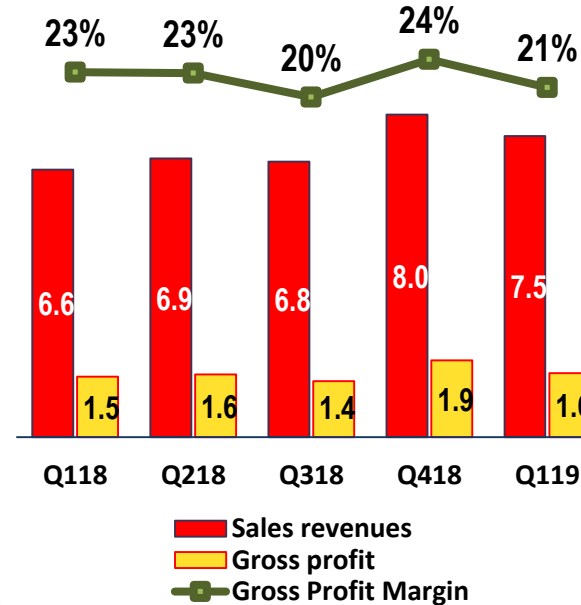
## STORE GEOGRAPHIC DISTRIBUTION



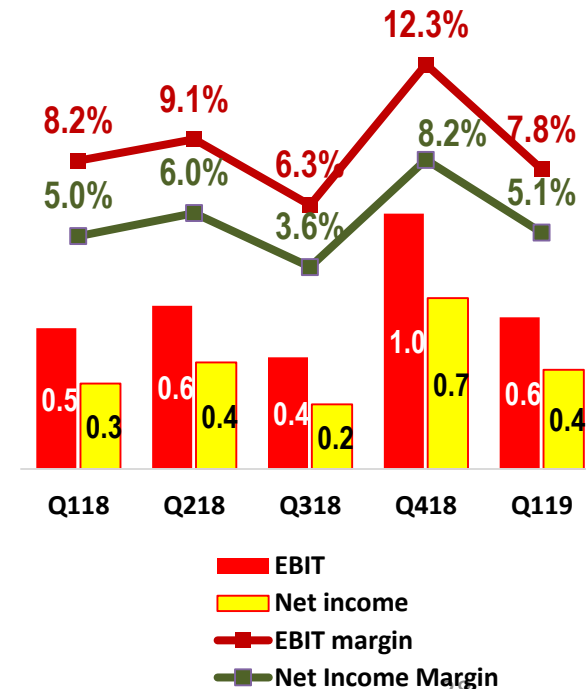
## SYSTEMWIDE SAME-STORE SALES GROWTH



## SALES VS GROSS PROFIT



## EBIT vs NET INCOME



\*All items are in billion pesos except margin(%) and store geographic distribution

# Initiative: McDonald's world class experience



Self-Ordering Kiosks



Modernized menu boards



Cashless mode of payment



Split counter system



Specially trained Guest Experience Leaders



**nxtgen**

**62 stores**  
nationwide

# Initiative: Expanding delivery network



- ❖ McDo PH partnered with other well-known delivery networks to provide more convenient options for its customers.



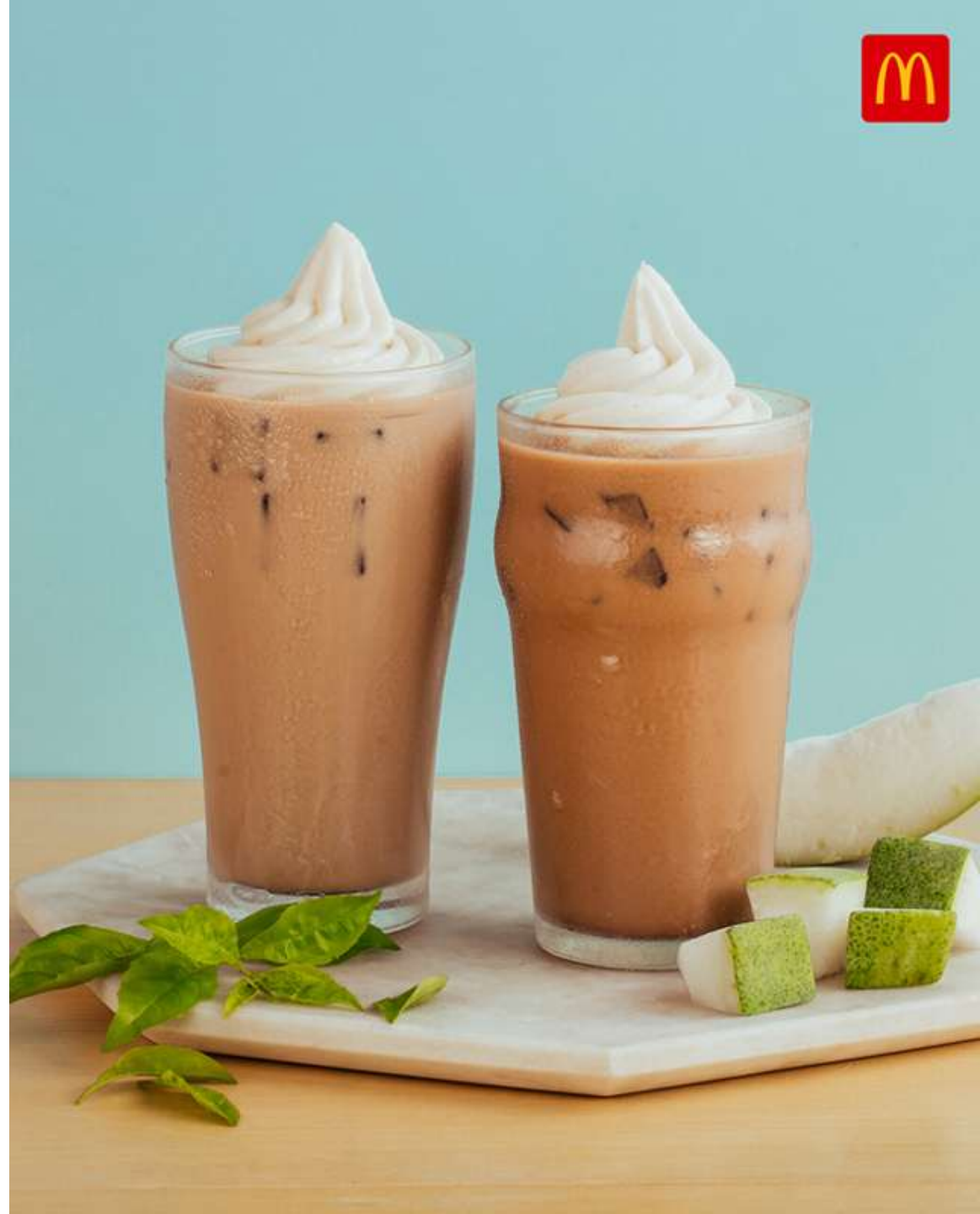


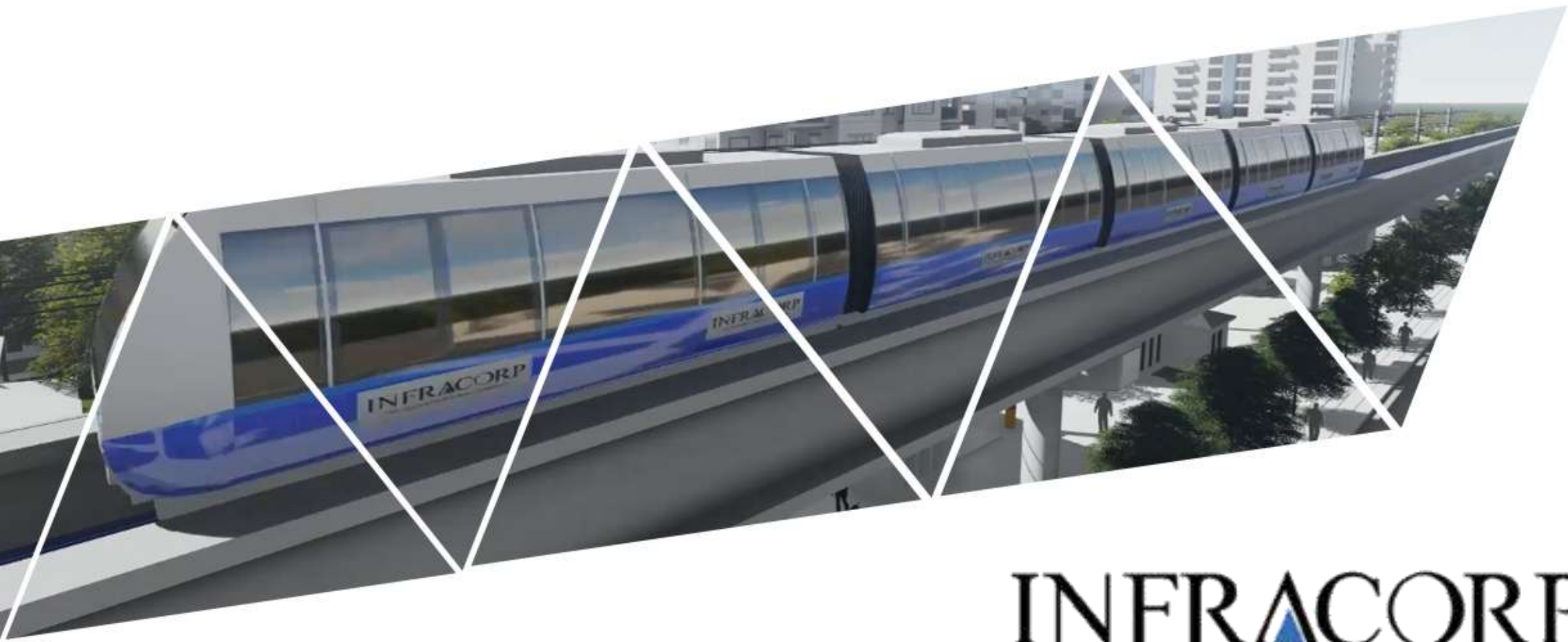


## **Milk Tea McFloat**

You can get milk tea at  
McDonald's for less than P50.

Available in  
both Classic and Wintermelon  
flavor.





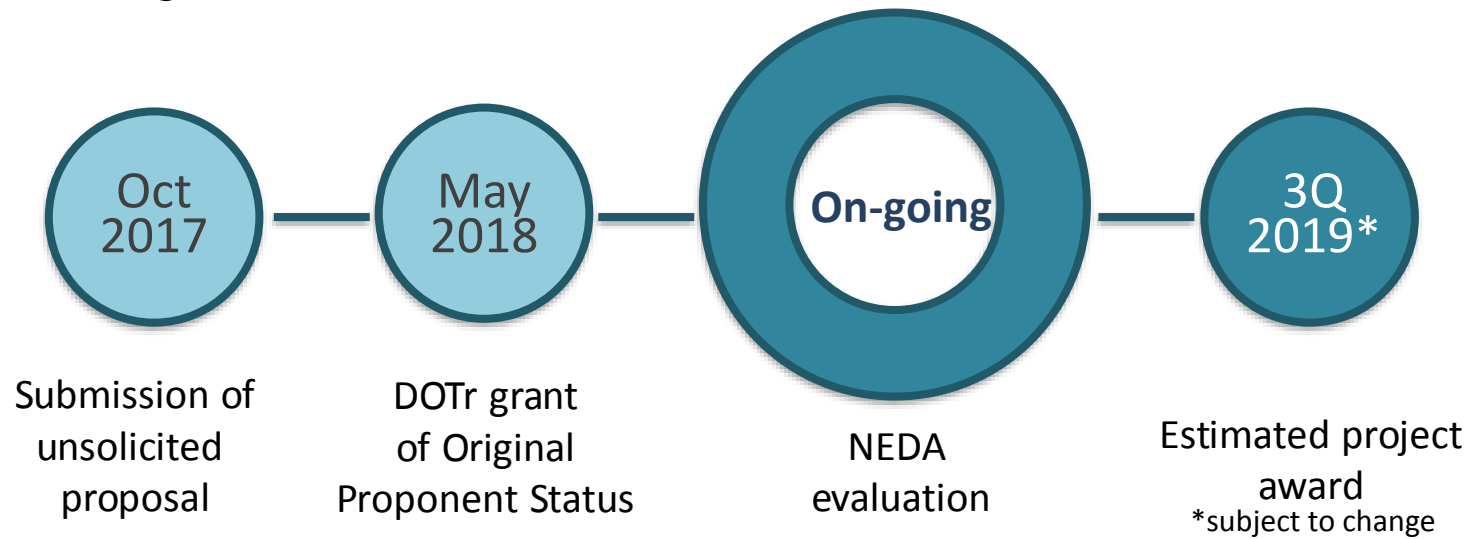
**INFRACORP**  
AN ALLIANCE GLOBAL COMPANY



# Fort Bonifacio - Makati Skytrain

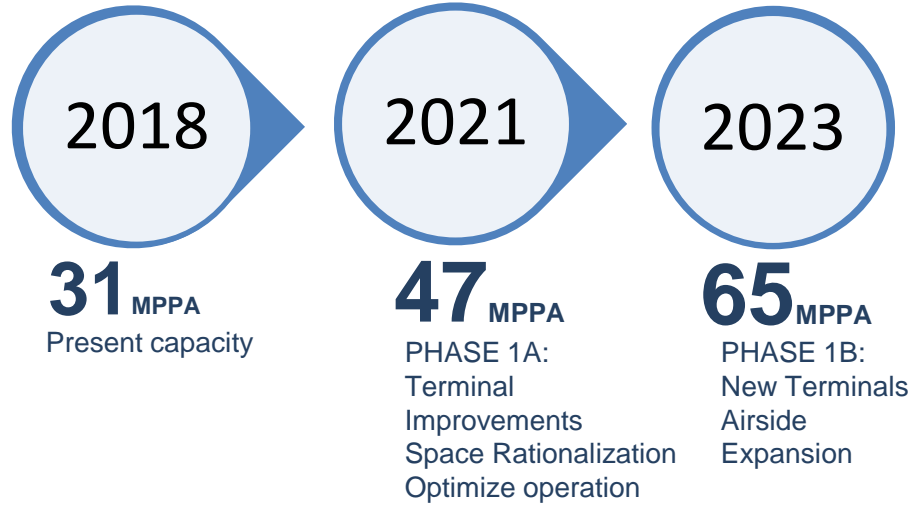
- 1.88 km Monorail Project
- Automated Cable-Propelled Monorail
- To connect MRT 3 Guadalupe Station to Uptown Bonifacio

## Project Timeline

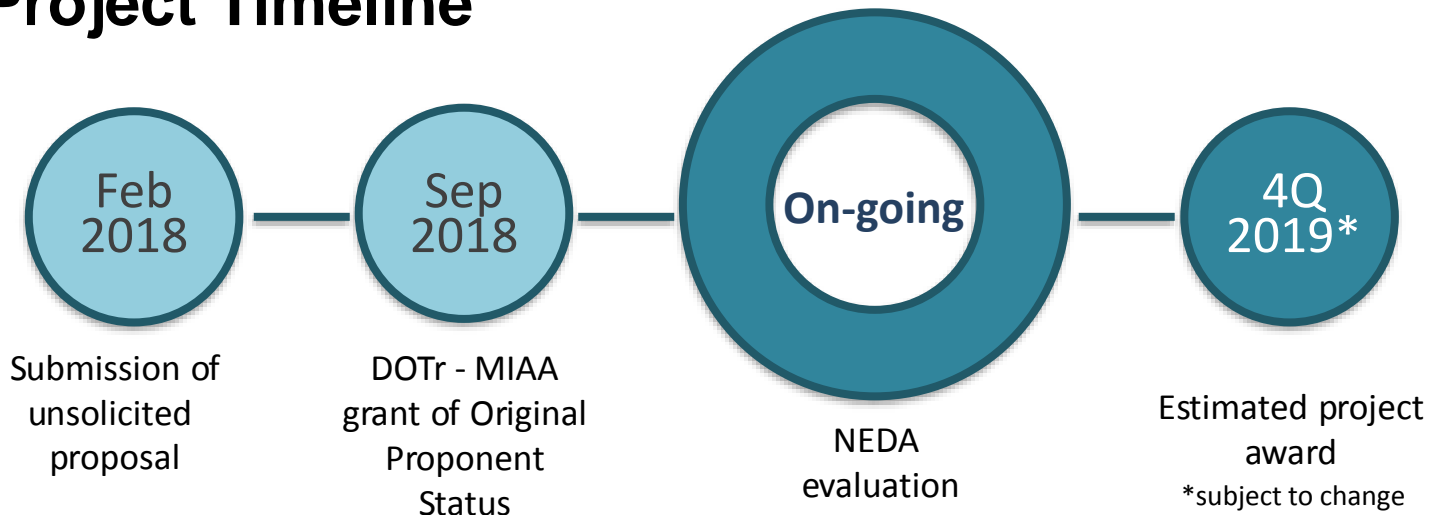


# NAIA Consortium

## Gateway strategy



## Project Timeline



 **ALLIANCE GLOBAL**  
**END OF PRESENTATION**

