

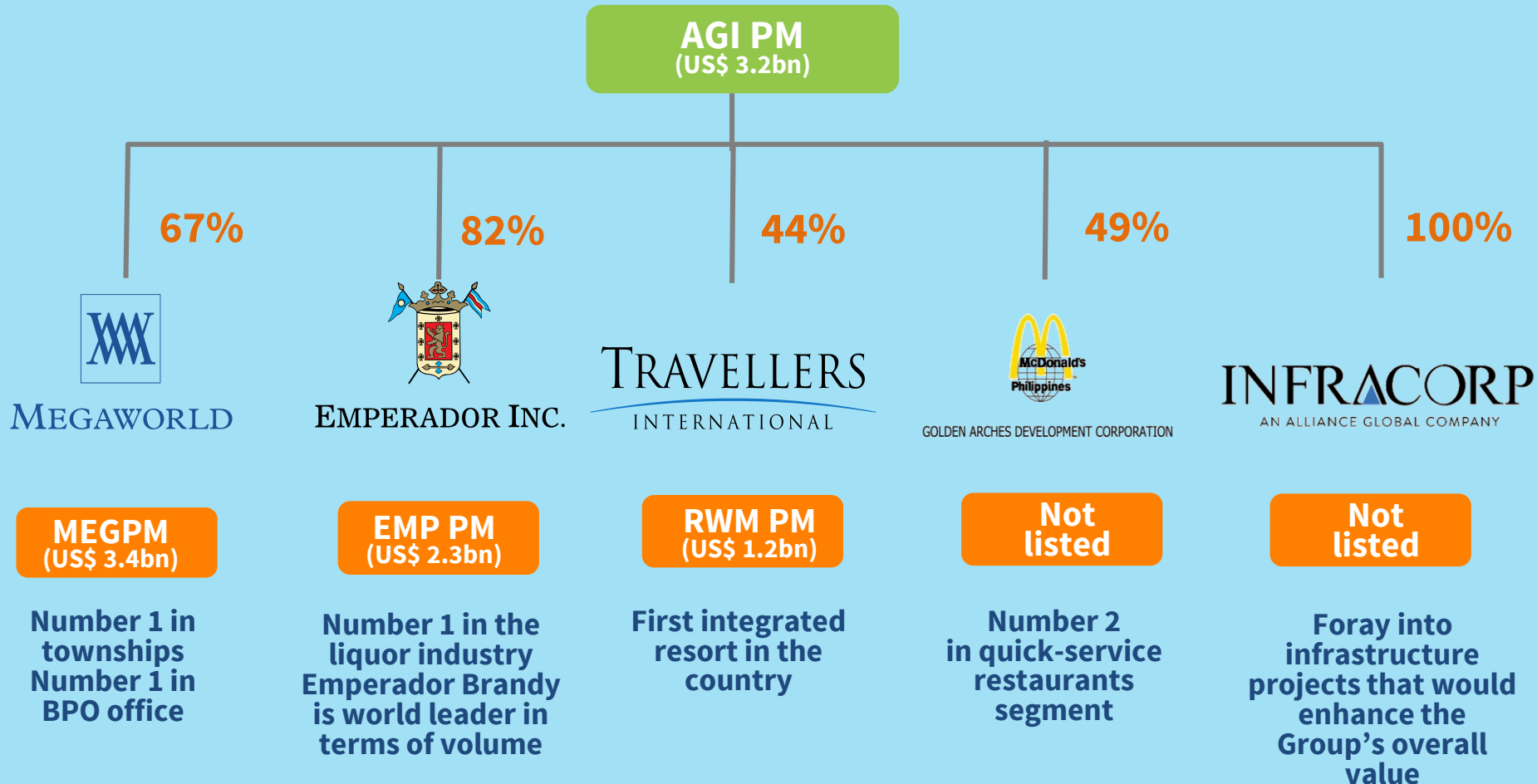


ALLIANCE GLOBAL  
9M2017 Analyst Briefing  
November 16, 2017



# AGI Group structure

## ALLIANCE GLOBAL





# Alliance Global Group Inc. 9M2017 performance highlights

# AGI By the Numbers



**P545bn**  
in total resources  
(end-Sep2017)



**P140bn**  
in total  
revenues (2016)



**2%**  
Parent net  
debt/equity  
(end-Sep2017)



**3,643**  
Hotel room keys  
(2016)



# 3Q17 performance at a glance

P&L highlights (Pbn)	3Q17	3Q16	% chg	Comments
<b>Group revenues</b>	<b>33.5</b>	<b>34.5</b>	<b>-3%</b>	
Megaworld	12.5	12.2	3%	Rentals as primary growth driver; residential revenues steady.
Emperador	9.5	9.3	2%	Improved brandy sales, helped by new products.
Travellers	4.5	7.0	-36%	Ramp-up in GGR; non-gaming remained healthy.
GADC	6.4	5.6	14%	6.8% systemwide SSSG; store count hits 547.
Others	0.6	0.4	35%	
<b>Group costs/expenses</b>	<b>(27.0)</b>	<b>(27.1)</b>	<b>-1%</b>	
Megaworld	(8.0)	(8.1)	-1%	Overall cost increases contained.
Emperador	(7.4)	(7.4)	1%	Generally flat growth in overall costs & expenses.
Travellers	(4.9)	(5.9)	-17%	Decline in casino-related expenses with fall in GGR.
GADC	(5.8)	(5.2)	12%	Higher raw material costs and selling expenses.
Others	(0.9)	(0.6)	37%	
<b>Net income to owners</b>	<b>3.5</b>	<b>3.8</b>	<b>-8%</b>	
Megaworld	2.4	2.1	13%	Reflects overall margin enhancement.
Emperador	1.4	1.2	20%	Helped further by lower interest and income taxes.
Travellers	(0.2)	0.5	-133%	Includes P162m in losses from casualty.
GADC	0.2	0.2	18%	Shows ongoing operating efficiencies.
Others	(0.3)	(0.2)	80%	
<b>Net profit margin</b>	<b>10.3%</b>	<b>10.9%</b>	<b>-58bps</b>	

# 9M2017 performance at a glance

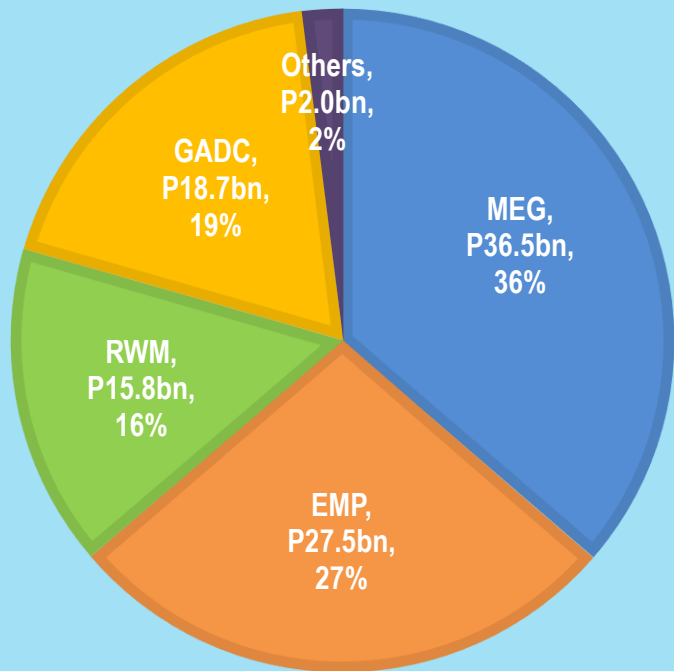
P&L highlights (Pbn)	9M2017	9M2016	% chg	Comments
<b>Group revenues</b>	<b>100.3</b>	<b>101.6</b>	<b>-1%</b>	
Megaworld	36.5	35.2	4%	Robust growth in rentals; higher project completion.
Emperador	27.5	27.6	0%	Continued in growth in whisky sales; contribution from new product offerings support brandy sales.
Travellers	15.8	20.8	-24%	Weighed by June 2 incident, ramping up casino business; hotel/MICE operations continued to do well.
GADC	18.7	16.5	13%	5.8% systemwide SSSG; active store expansion.
Others	2.0	1.5	32%	
<b>Group costs/expenses</b>	<b>(80.6)</b>	<b>(80.0)</b>	<b>1%</b>	
Megaworld	(23.2)	(23.2)	0%	Cost of sales steady; modest growth in cash opex.
Emperador	(22.2)	(21.7)	2%	Higher packaging costs, salaries, marketing spend.
Travellers	(15.5)	(17.7)	-12%	Drop in casino-related expenses but higher interest.
GADC	(17.2)	(15.3)	12%	Increases in COGS, G&A expenses.
Others	(2.5)	(2.0)	24%	
<b>Net income to owners</b>	<b>10.2</b>	<b>11.0</b>	<b>-8%</b>	
Megaworld	6.7	6.0	11%	Changing profit mix buoys overall margins.
Emperador	3.7	4.0	-8%	Improved whisky margins pared the profit decline.
Travellers	0.0	1.3	-98%	Includes P321m in losses from casualty.
GADC	0.5	0.4	19%	Achieving economies of scale with store growth.
Others	(0.6)	(0.6)	-1%	
<b>Net profit margin</b>	<b>10.1%</b>	<b>10.9%</b>	<b>-73bps</b>	

# Financial highlights

## 9M2017 Consolidated Revenues

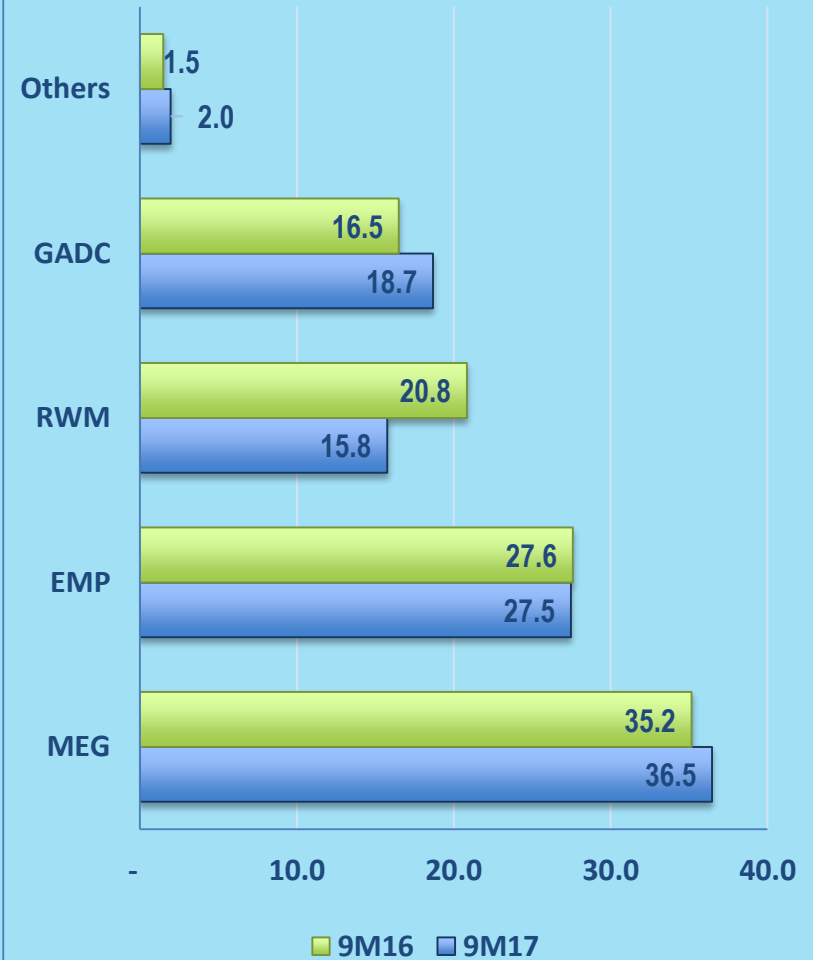
P100.3bn

↓ -1%



■ MEG ■ EMP ■ RWM ■ GADC ■ Others

## 9M Revenues, by major subsidiary (Pbn)

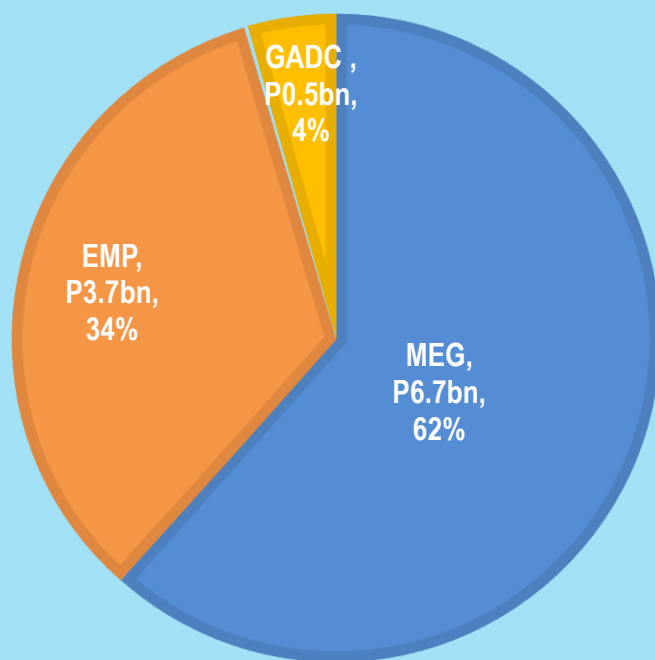


# Financial highlights

## 9M2017 Attributable Net Income

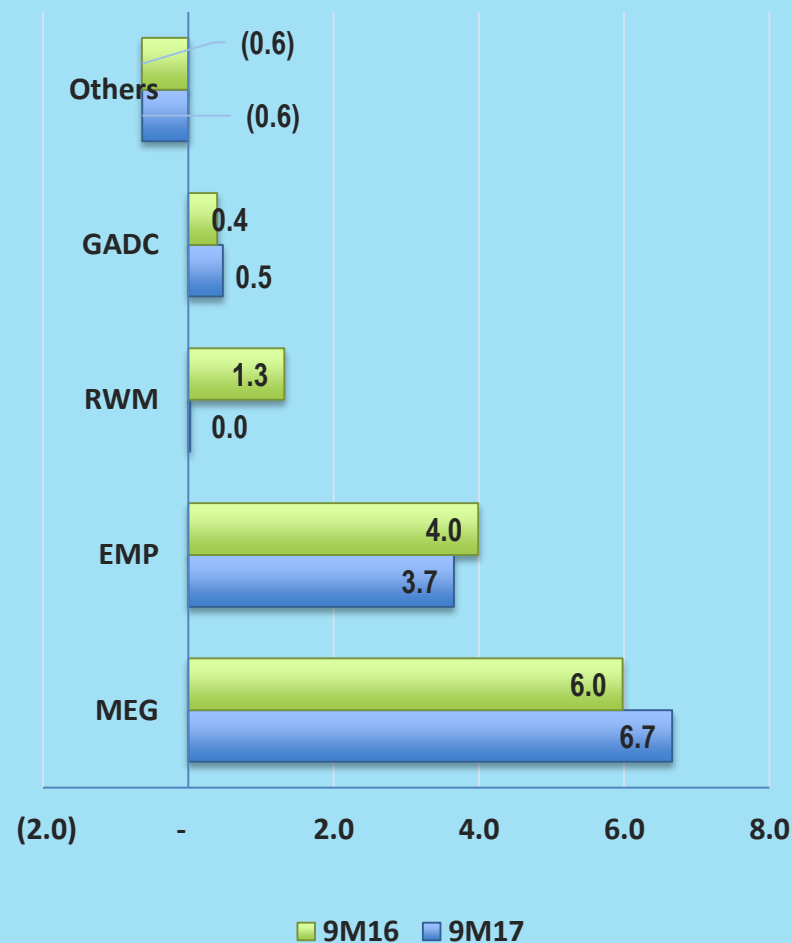
P10.2bn

-8%



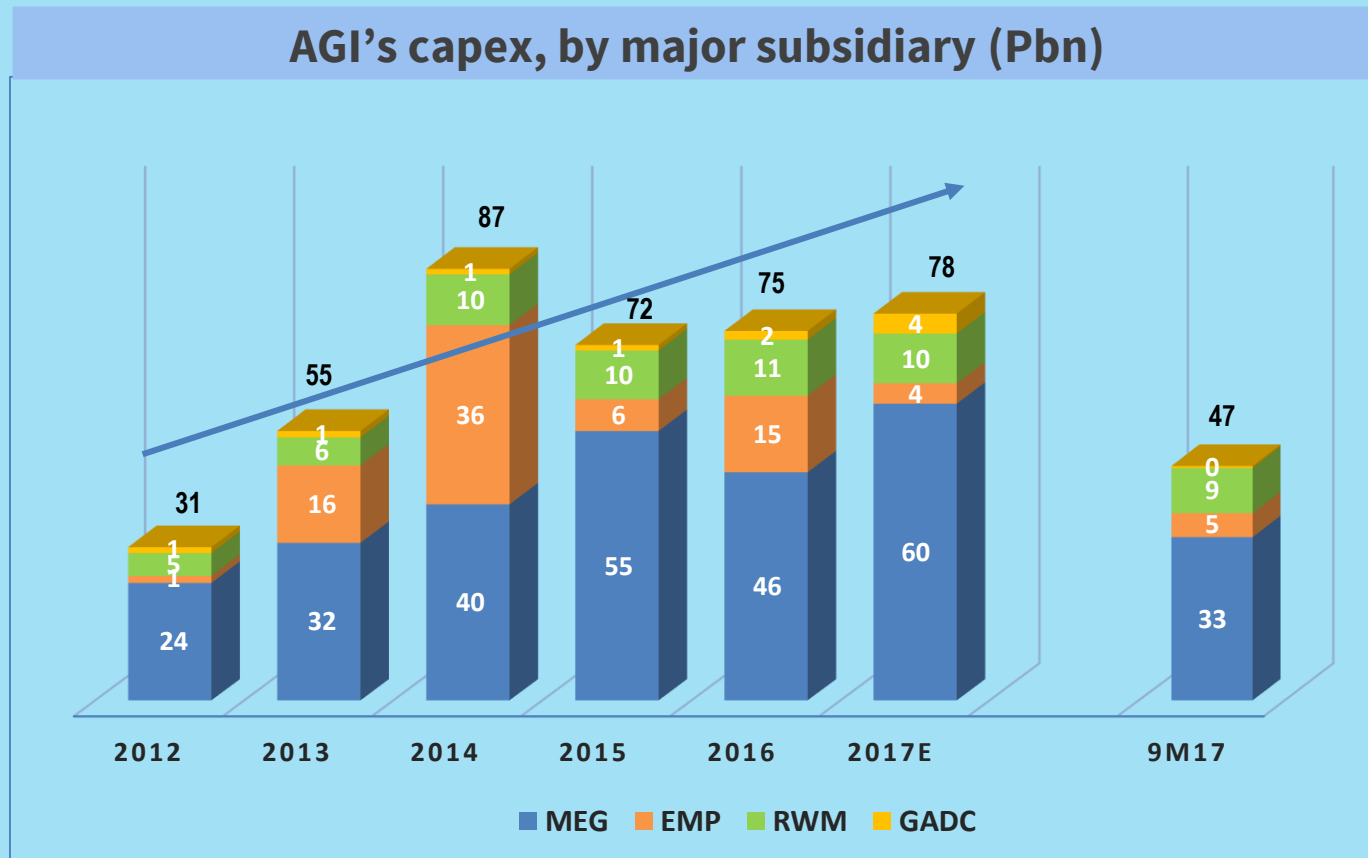
■ MEG ■ EMP ■ RWM ■ GADC

## 9M Net income, by major subsidiary (Pbn)





# Investment commitments

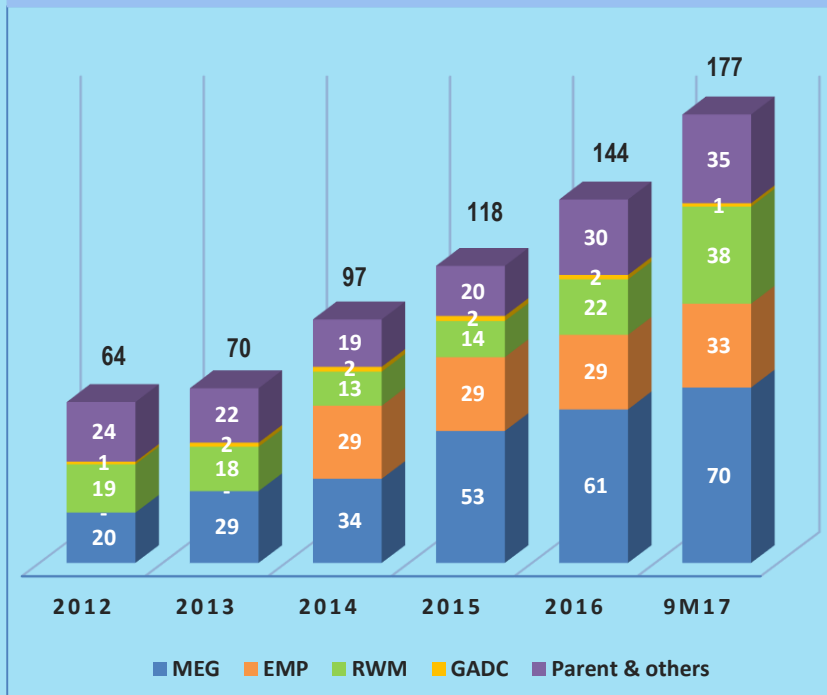


*E - Estimated.*

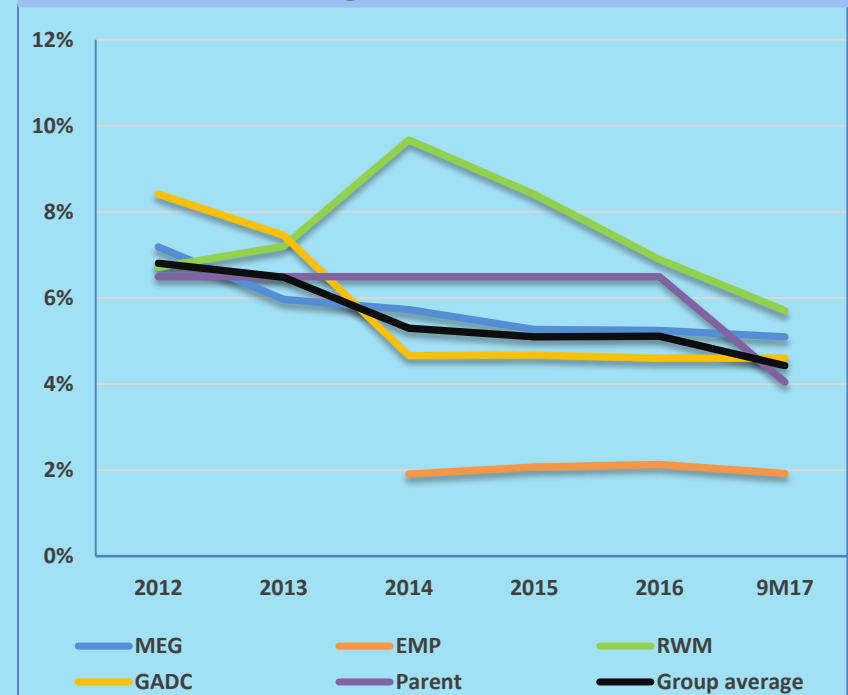
- AGI remains committed to a heavy capex to grow the business.
- 60% of this year's capex already spent in 9M2017.

# Group borrowings

## Gross debts, by key subsidiary (Pbn)

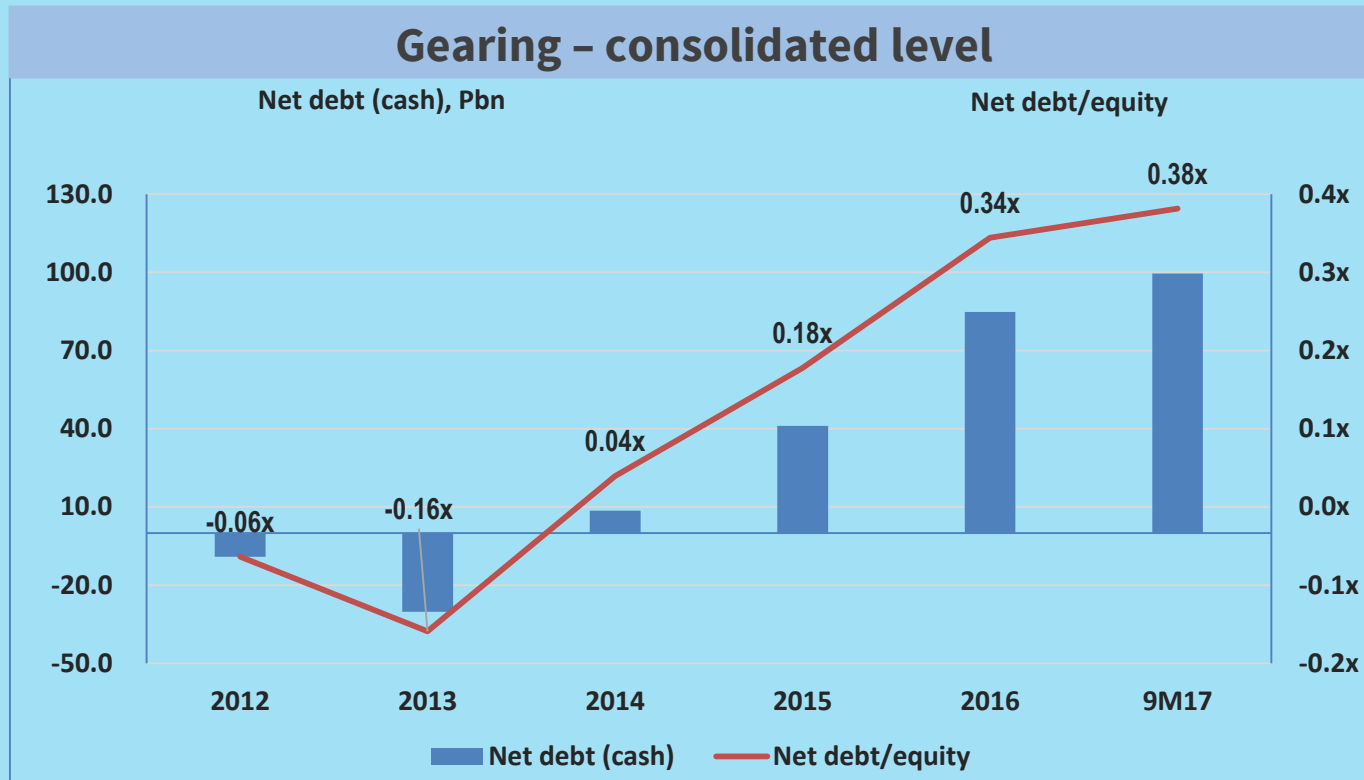


## Average cost of debt



- End-Sep2017 group borrowings stood at P177bn, mainly to fund capex, taking advantage of lower average cost of debt.

# Consolidated gearing



- Group net debt/equity in end-Sep 2017 stood at 0.38x (vs 0.34x in end-2016).
- Parent net debt/equity remained low at 0.02x.



MEGAWORLD



# Megaworld Corporation 9M2017 performance highlights

# Megaworld by the Numbers







MEGAWORLD



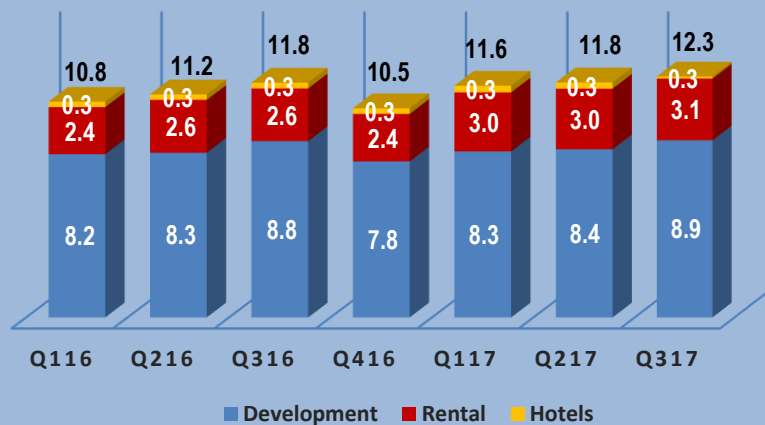


# Megaworld's 9M2017 performance at a glance

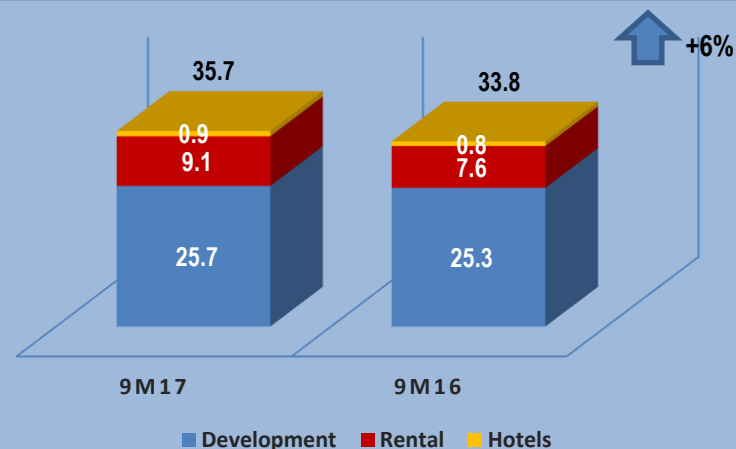
- Total revenues +5% YoY to P37.1bn.
  - Residential revenues +1% to P25.7bn (or 69% of total).
    - Real estate sales +1% to P21.0bn: 68% MEG+SPI, 16% GERI, 16% ELI.
    - Metro Manila 73% / Ex-Metro Manila 27%
    - Total realized gross profit +8% to P10.0bn with higher project completion.
  - Rentals +19% to P8.8bn (or 24% of total).
    - Increasing share of rentals to 24% from 22% a year before.
    - Rental income split: office 61% / commercial 39%.
    - Rental GLA split: office 76% / commercial 24%.
  - Hotel income +8% to P950m.
- Overall margin direction  due to changing income mix.
  - Residential gross profit margin  45.4% from 46.1%.
  - Rental EBIT margin  75.2% from 74.6%.
  - Overall EBIT margin  39.0% from 37.1%.
- Net income +12% to P10.3bn.
- Net debt/equity in end-Sep2017 at 0.38x (vs 0.31x in end-2016).

# Megaworld's interim financial highlights

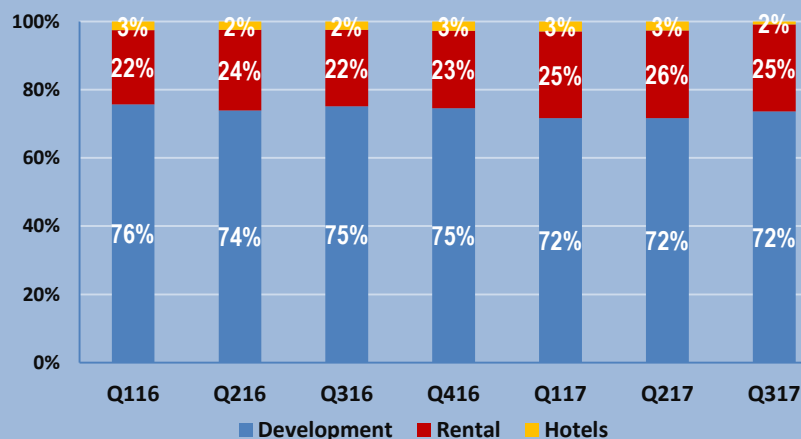
## Revenues\*, quarterly (Pbn)



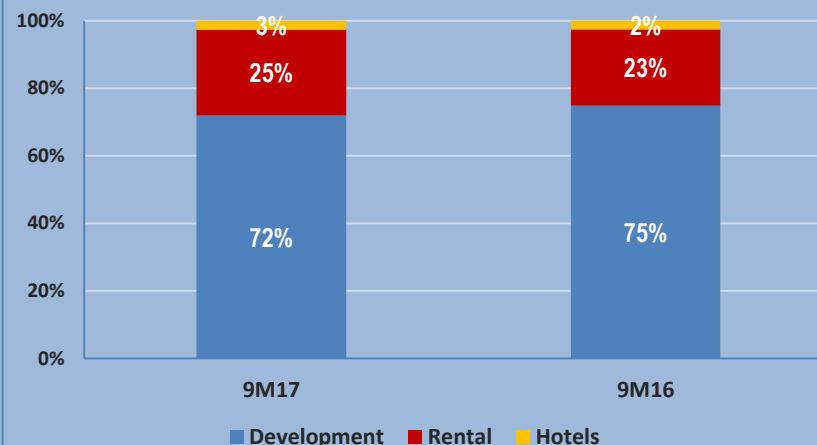
## Revenues\*, 9M-period (Pbn)



## Share of revenues\*, quarterly



## Share of revenues\*, 9M-period

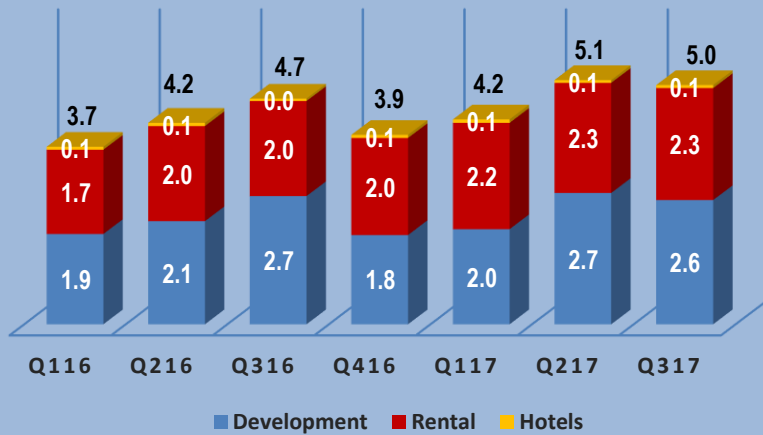


\*Covers residential, rental and hotel operations only. Excludes financial and other income.

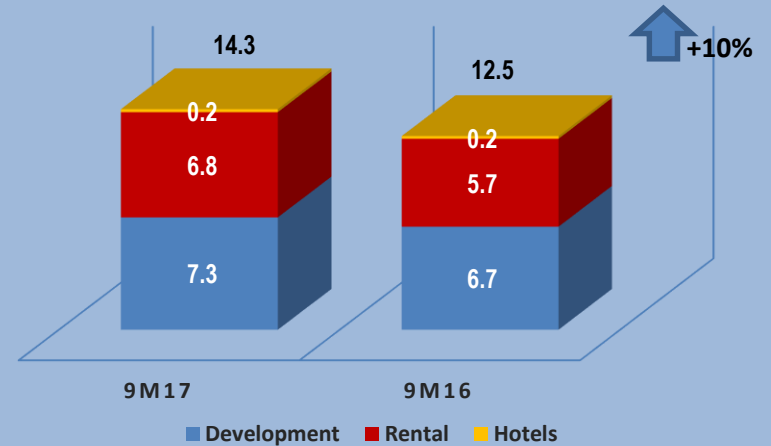


# Megaworld's interim financial highlights

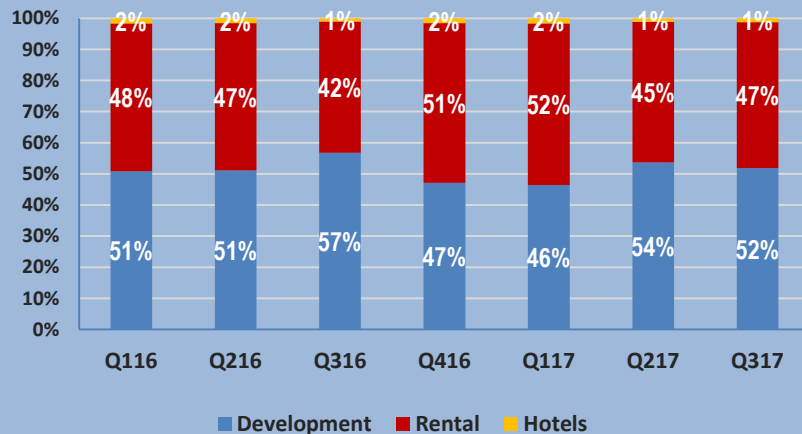
### EBIT\*, quarterly (Pbn)



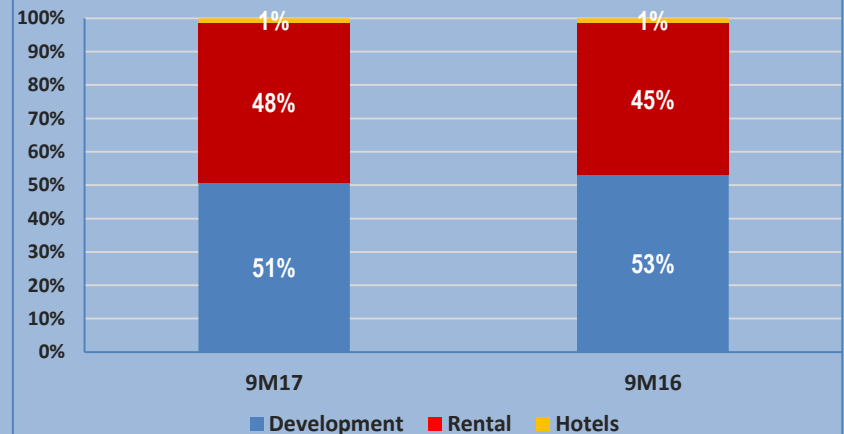
### EBIT\*, 9M-period (Pbn)



### Share of EBIT\*, quarterly



### Share of EBIT\*, 9M-period



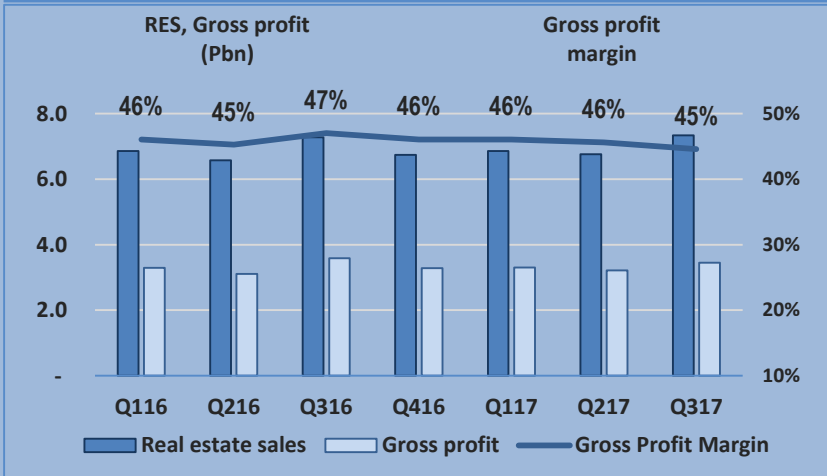
\*Covers residential, rental and hotel operations only. Excludes financial and other income.



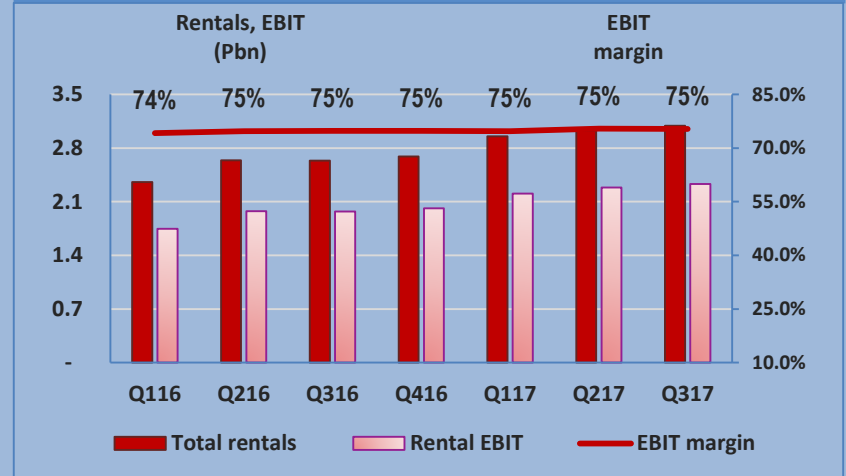


# Megaworld's interim financial highlights

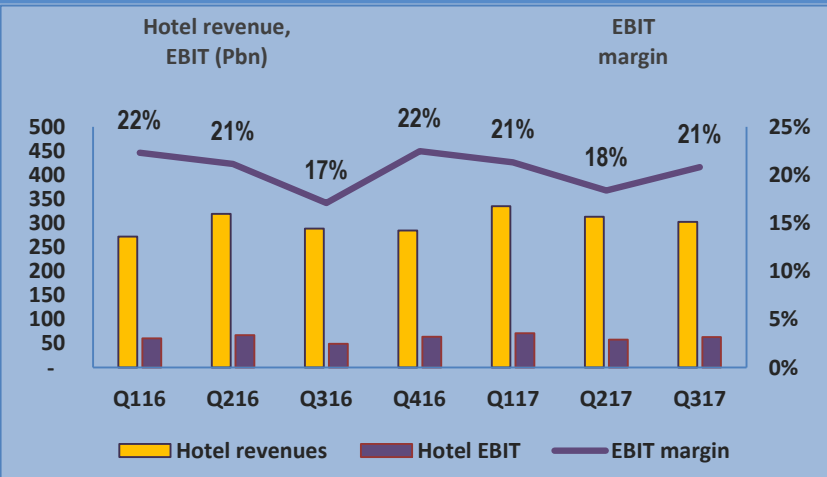
## Real estate sales vs Gross profit (Pbn)



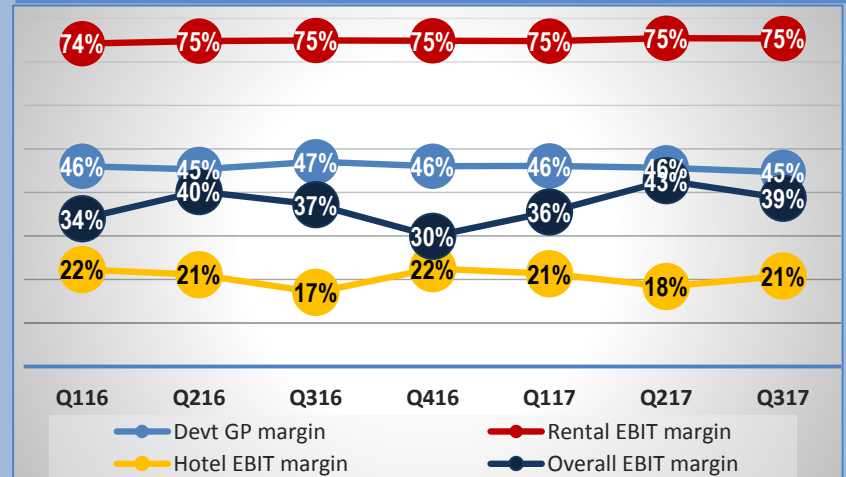
## Rentals vs EBIT (Pbn)



## Hotel income vs EBIT (Pbn)



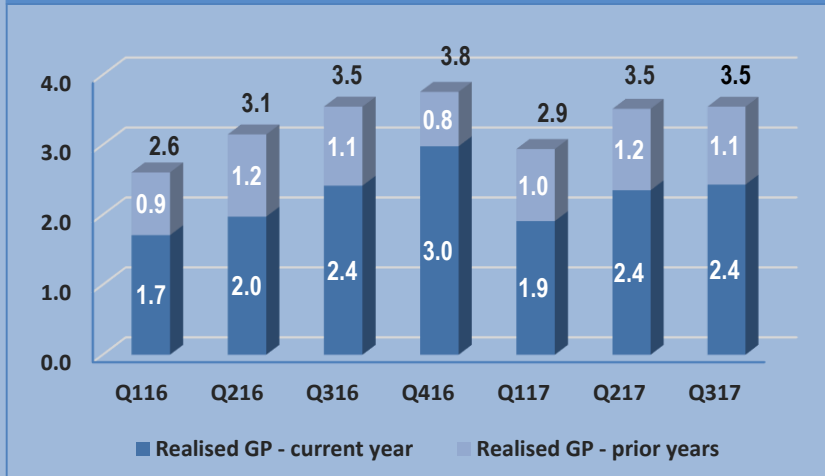
## Margin performance\*



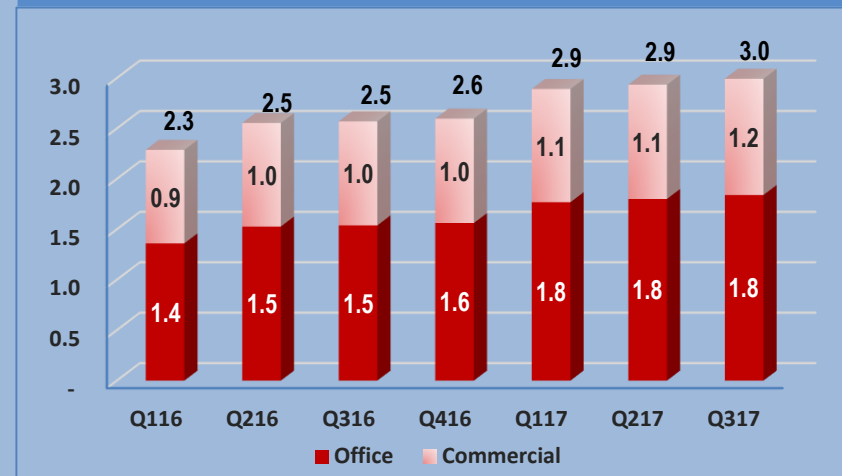
\*Rental margins were computed inclusive of intersegment sales.

# Megaworld's interim financial highlights

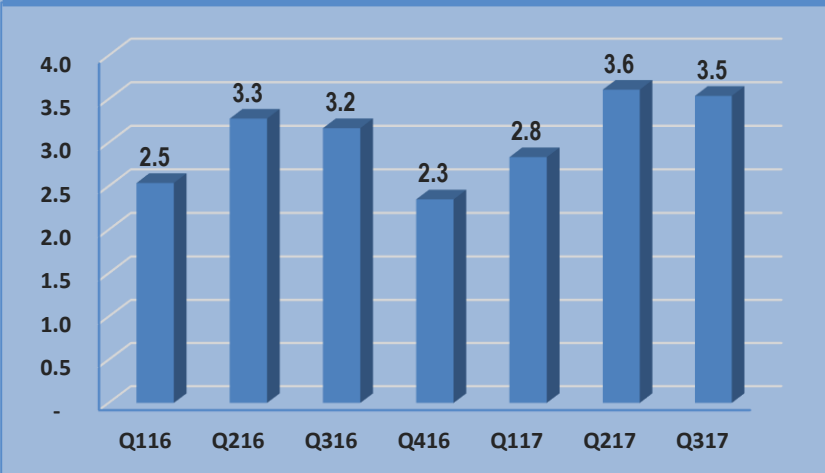
## Realized gross profit (Pbn)



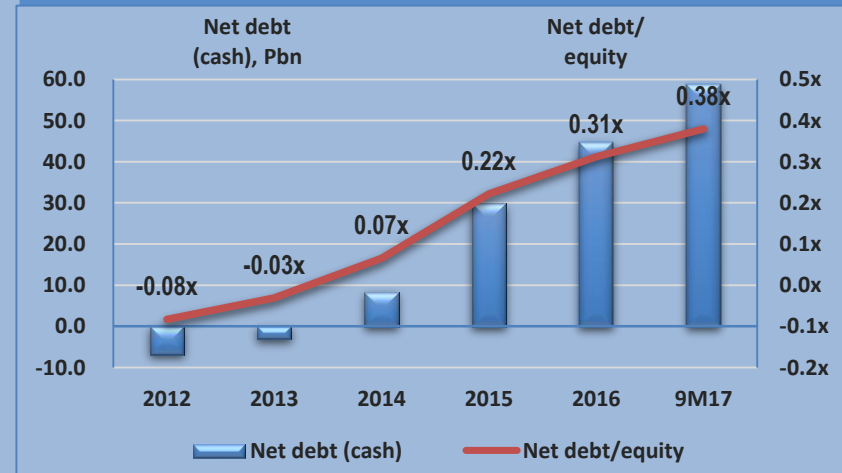
## Rentals: office vs commercial (Pbn)



## Attributable net income (Pbn)



## Gearing





EMPERADOR INC.



# Emperador Inc. 9M2017 performance highlights



# Emperador by the Numbers



EMPERADOR INC.

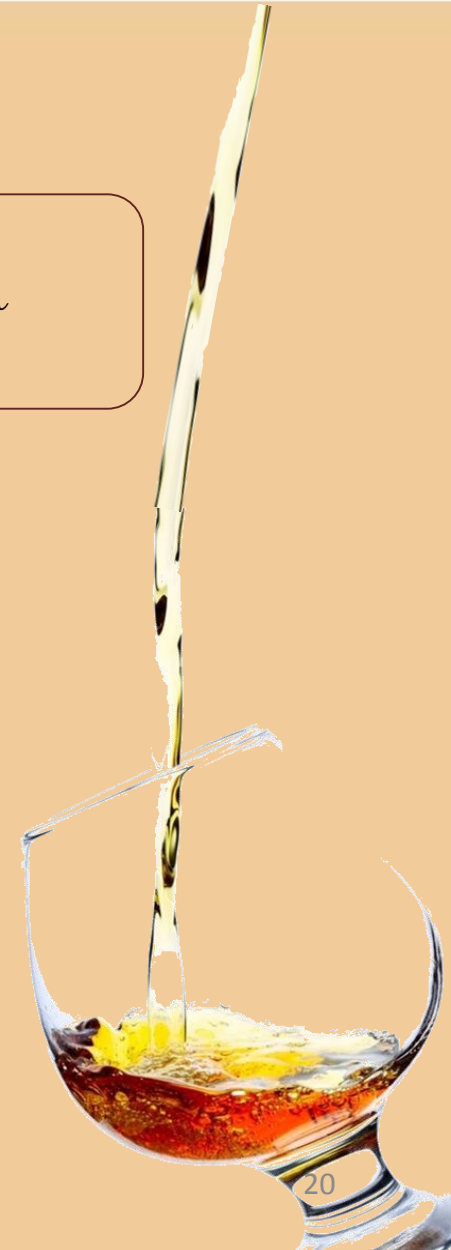
22  
Sales offices  
nationwide

1<sup>st</sup> Dalmore flagship  
store in the  
Philippines

121,000  
Distribution  
network







P41bn  
Consolidated  
Revenues (2016)

P989bn  
Total resources  
(end-Sep2017)





# Emperador's 9M2017 performance at a glance

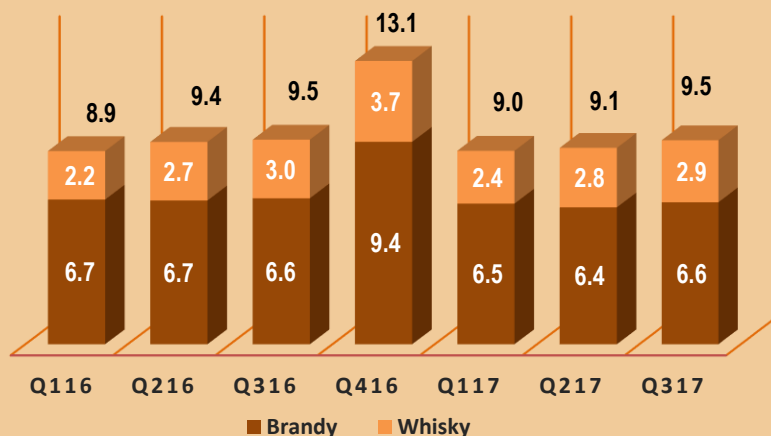
- Consolidated revenues -1% to P27.6bn.
  - Brandy revenues stood at P19.5bn (or 71% of total).
    - 'New' products lifted brandy sales in Q317; kept 9M2017 brandy sales steady.
    - RTDs Hotshots, Smirnoff Mule and Andy Cola continued to gain market traction.
  - Whisky revenues reached P8.1bn (or 29% of total).
    - Whisky sales +4% in 9M2017 driven by increased sales of Dalmore, Jura and Whyte & Mackay labels in UK, Travel Retail, US, Asia and Greater Europe.
- Overall margin direction  amidst higher packaging costs, salaries, selling and marketing expenses.
  - GP margin  to 32.5% from 33.4%.
    - Brandy GP margin  to 33.5% from 35.9%; Whisky GP margin  to 27.5% from 27.2%.
  - EBITDA margin  to 23.0% from 25.7%.
  - Net profit margin  to 16.1% from 17.7%.
- Net income -10% to P4.4bn helped by lower interest, income taxes.
- Net debt/equity in end-Sep2017 at 0.45x (vs 0.37x in end-2016).

# Emperador's interim financial highlights

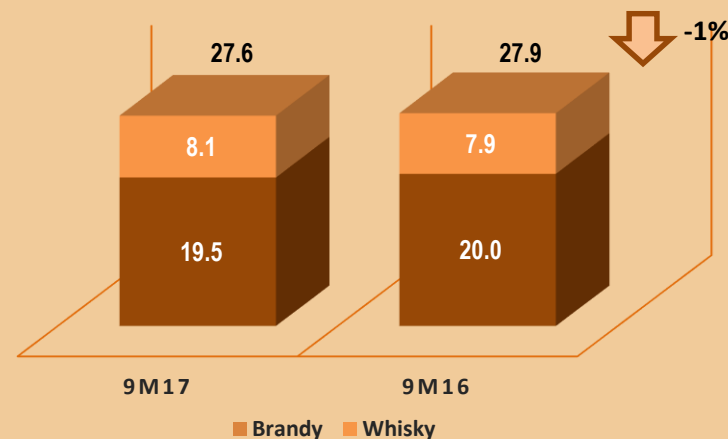


EMPERADOR INC.

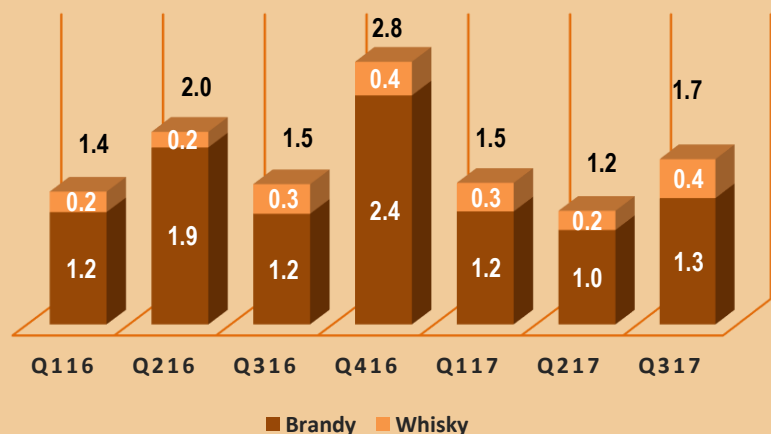
## Revenues, quarterly (Pbn)



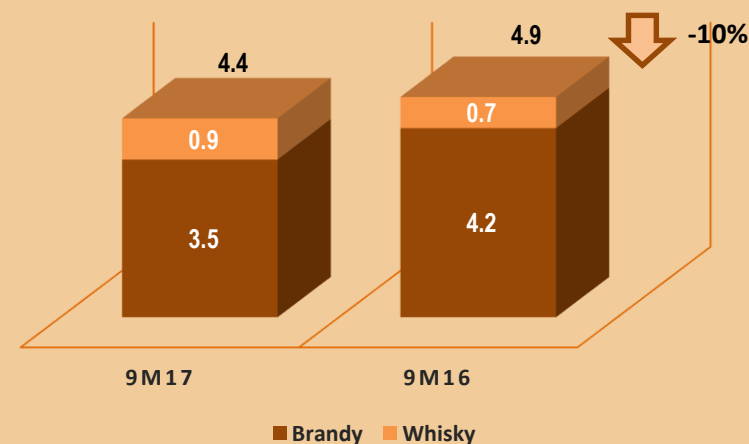
## Revenues, 9M-period (Pbn)



## Net income, quarterly (Pbn)



## Net income, 9M-period (Pbn)

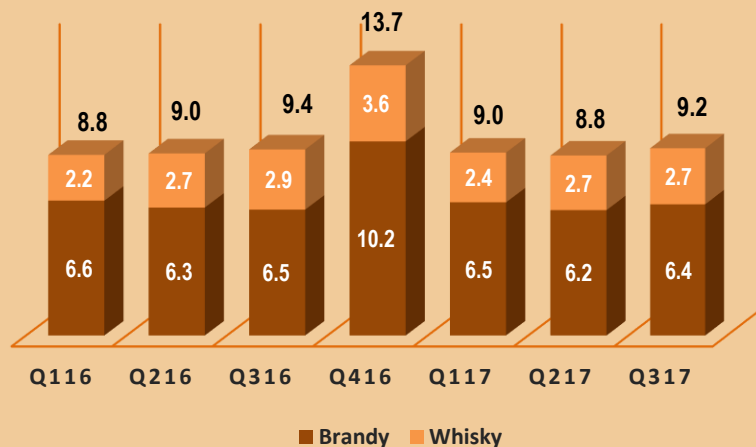


# Emperador's interim financial highlights

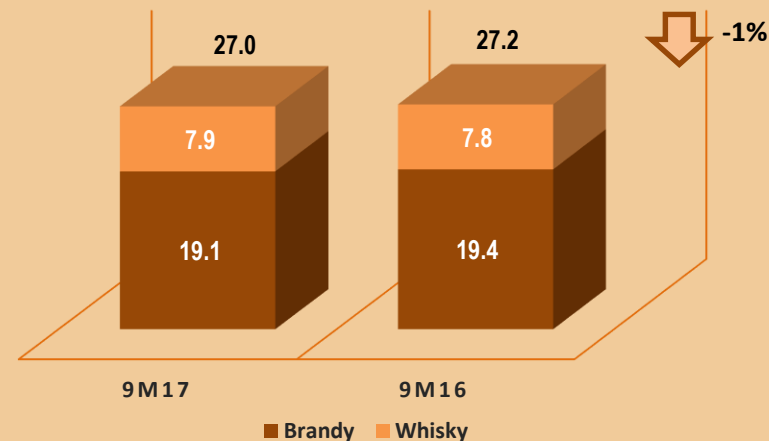


EMPERADOR INC.

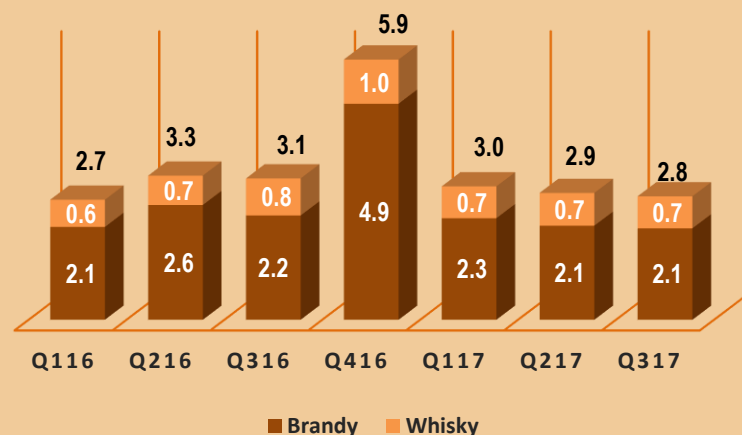
## Sales: Brandy vs Whisky (quarterly, Pbn)



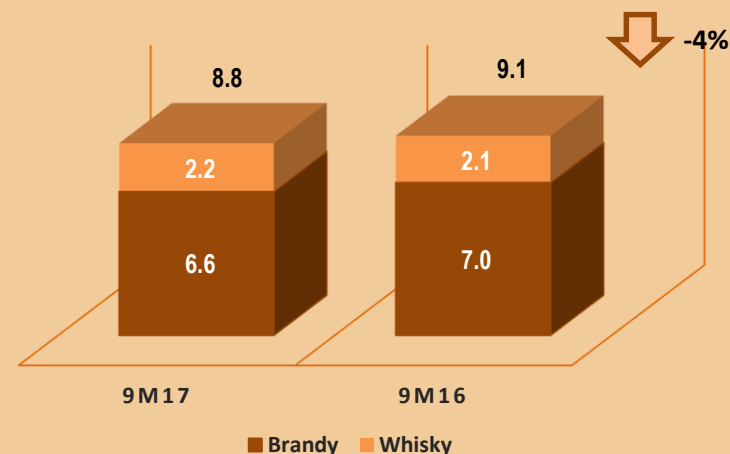
## Sales: Brandy vs Whisky (9M, Pbn)



## GP: Brandy vs Whisky (quarterly, Pbn)



## GP: Brandy vs Whisky (9M, Pbn)

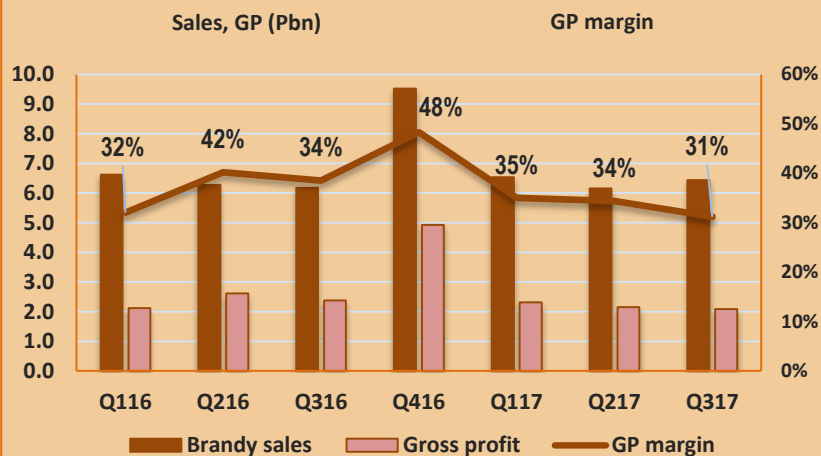


# Emperador's interim financial highlights

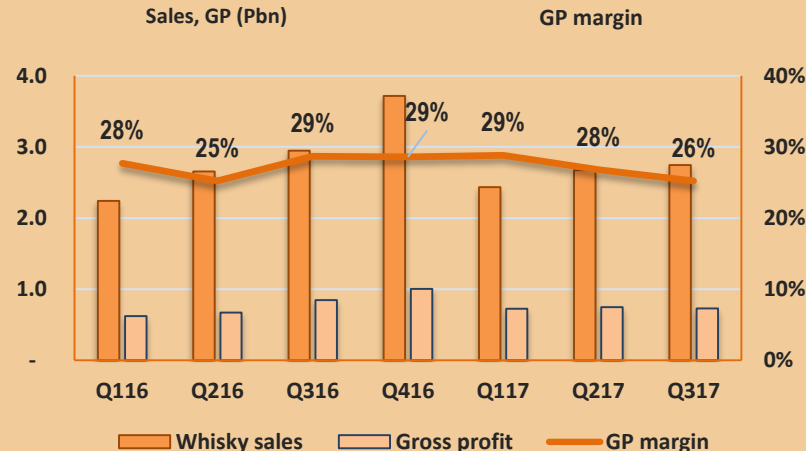


EMPERADOR INC.

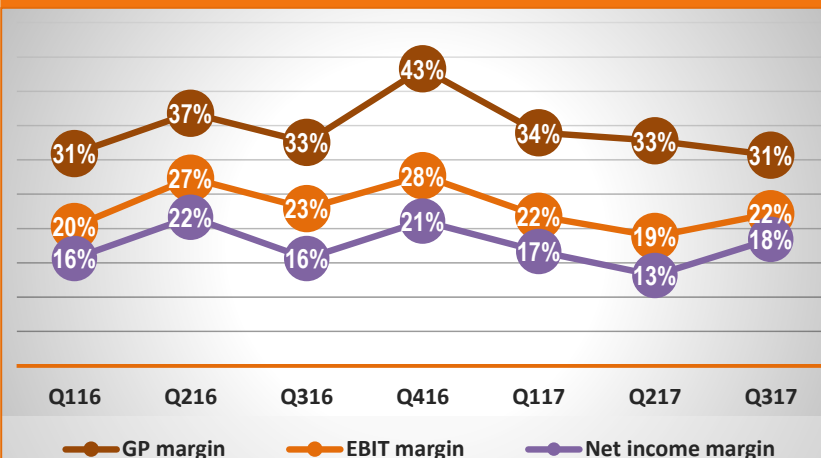
## Brandy: Sale of goods vs GP margin



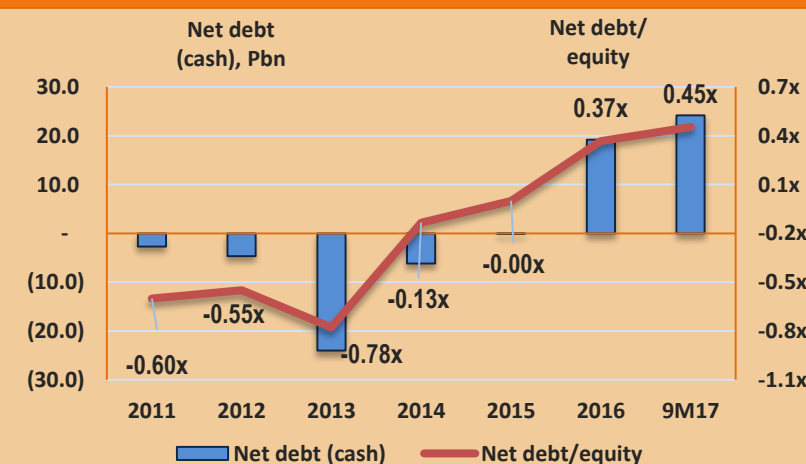
## Whisky: Sale of goods vs GP margin



## Margins



## Gearing







# Travellers International Hotel Group Inc.

9M2017 performance highlights



# Travellers By The Numbers

**11,534**

sqm  
retail  
space

**1,454**

hotel  
rooms

**78%**

hotel  
occupancy  
rate  
(9M17)

**216**

gaming  
tables  
(end-  
Sep17)

**1,415**

Slots  
(end-  
Sep17)

**4,000**

Seating  
Capacity  
MGB

**88**

retail  
outlets

**P27.5bn**

Gross Revenues  
(2016)

**P94.3bn**





Total Resources (end-  
Sep2017)

**P6.4bn**

EBITDA  
(2016)

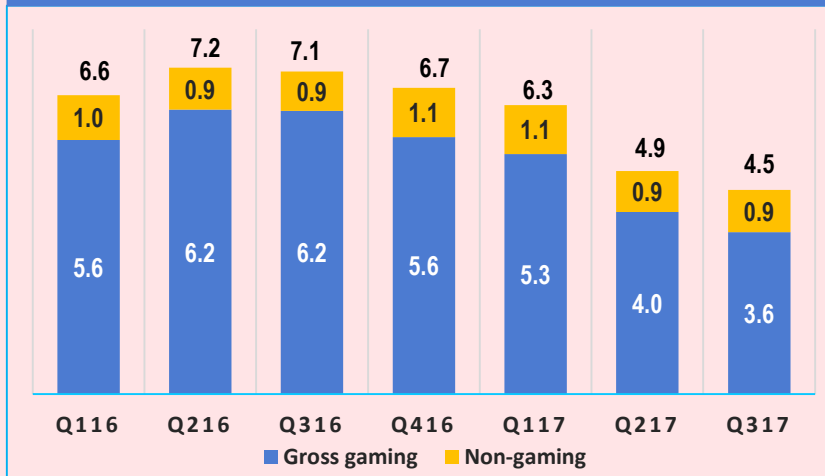


# Travellers' 9M2017 performance at a glance

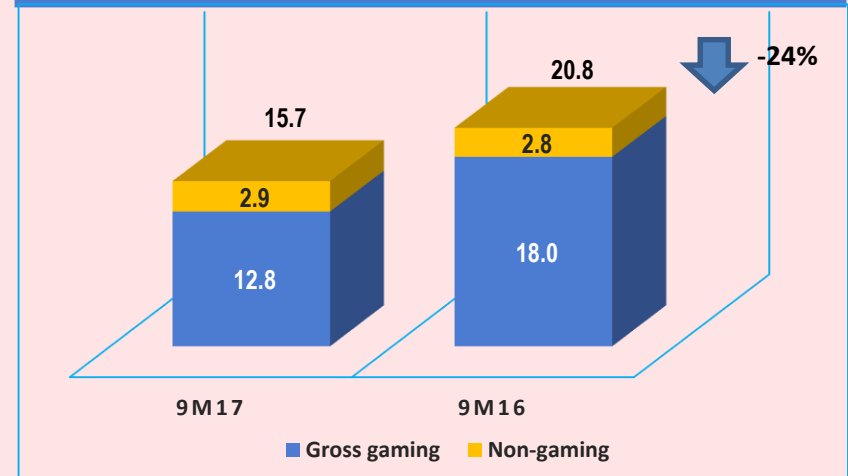
- Net revenues -24% to P14.4bn weighed by the June 2 incident.
  - Gross gaming revenues -29% to P12.8bn due to lower gaming capacity while RWM ramps up casino operations in Q317.
  - Non-gaming revenues +5% to P2.9bn, boosted by healthy hotel and MICE operations; average hotel room occupancy rates at 78%.
  - Visitation has recovered: Q317 average daily visitors reached 23k; 25k in 9M17.
- EBITDA stood at P2.6bn in 9M17 (from P4.9bn in 9M16).
- Margin direction  due mainly to decline in gaming capacity.
  - GP margins  48.3% from 53.2%
  - EBITDA margins  16.5% from 23.4%
  - EBIT margins  7.4% from 17.5%
- Net loss of P37m, inclusive of P321m in losses from casualty.
- Net debt/equity in end-Sep2017 at 0.35x (vs 0.19x in end-2016).

# Travellers' interim financial highlights

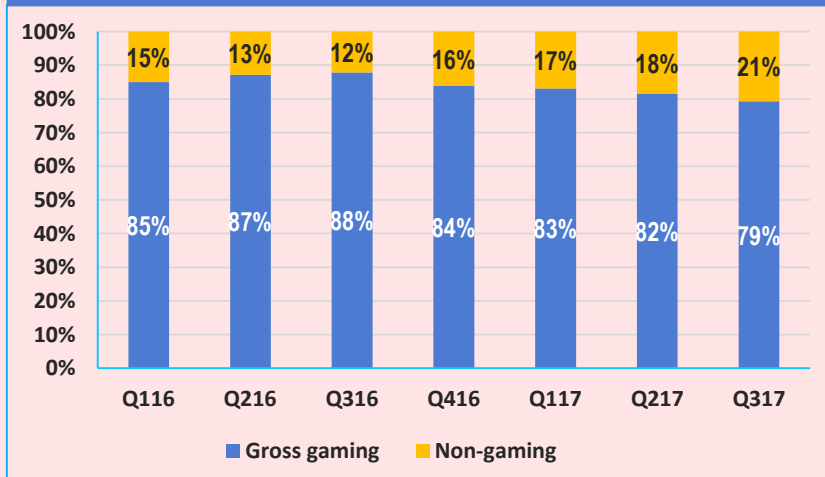
### Gross revenues, quarterly (Pbn)



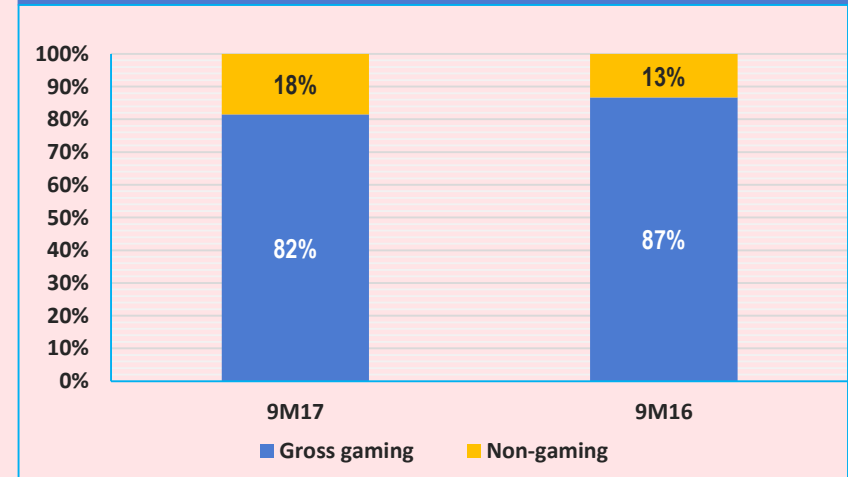
### Gross revenues, 9M-period (Pbn)



### Quarterly gross revenues, share of total

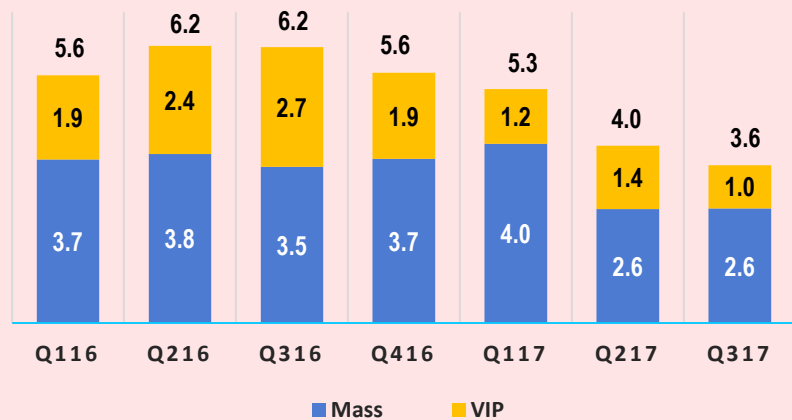


### Share of gross revenues, 9M-period

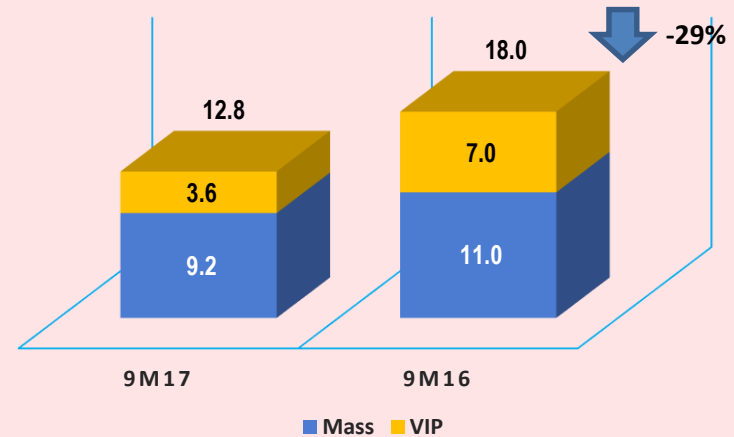


# Travellers' interim financial highlights

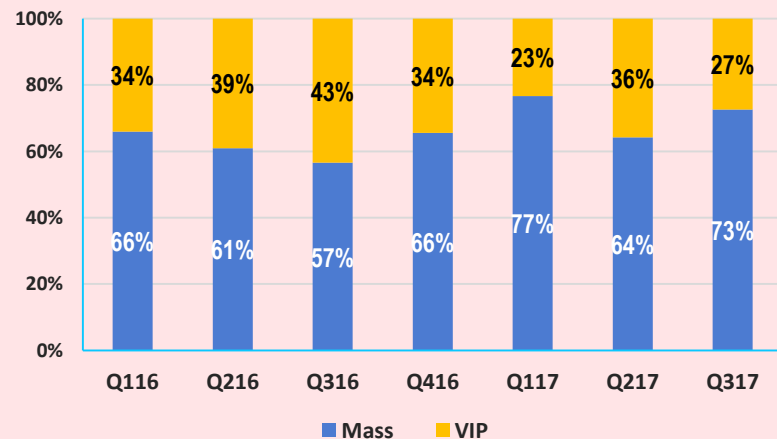
### GGR: Mass vs VIP (quarterly, Pbn)



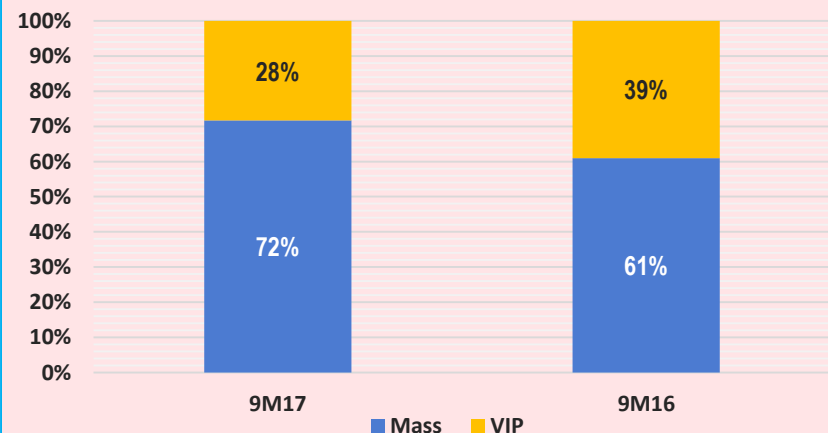
### GGR: Mass vs VIP (9M-period, Pbn)



### Quarterly GGR, share of total

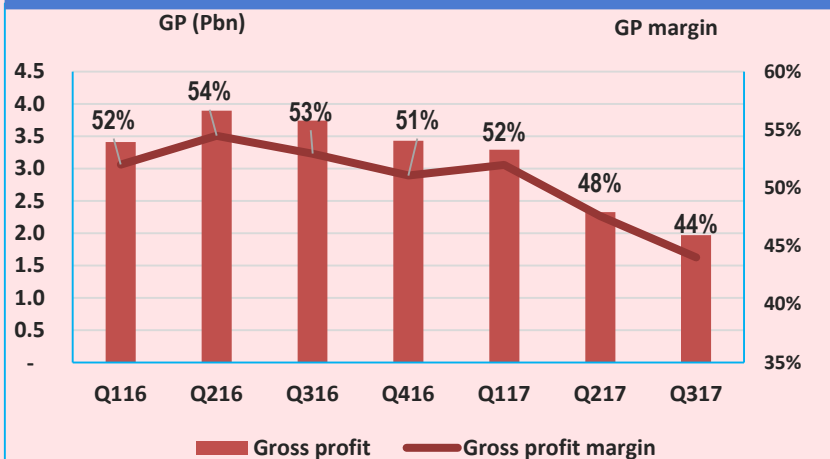


### 9M GGR, share of total

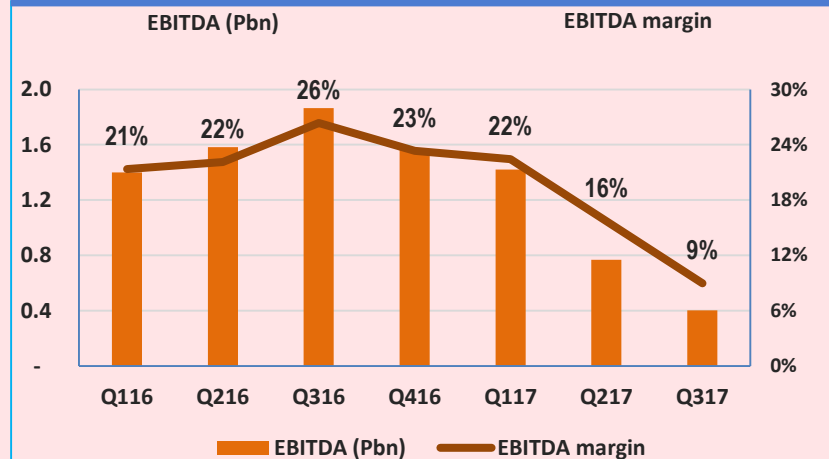


# Travellers' interim financial highlights

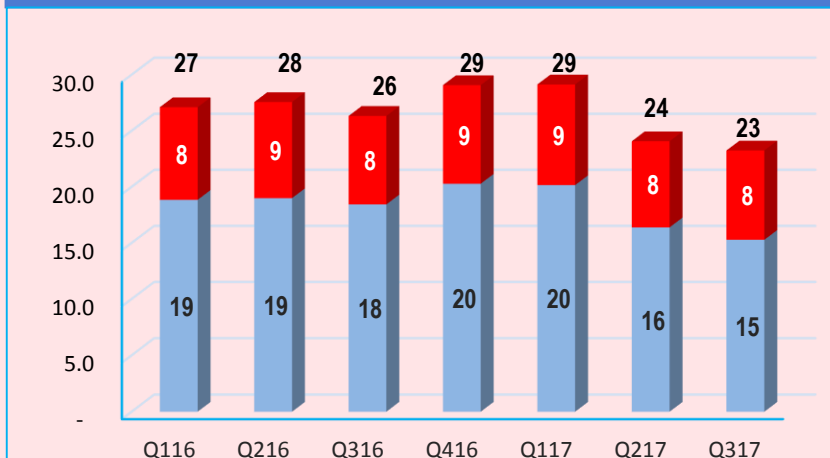
## Gross profit vs GP margin



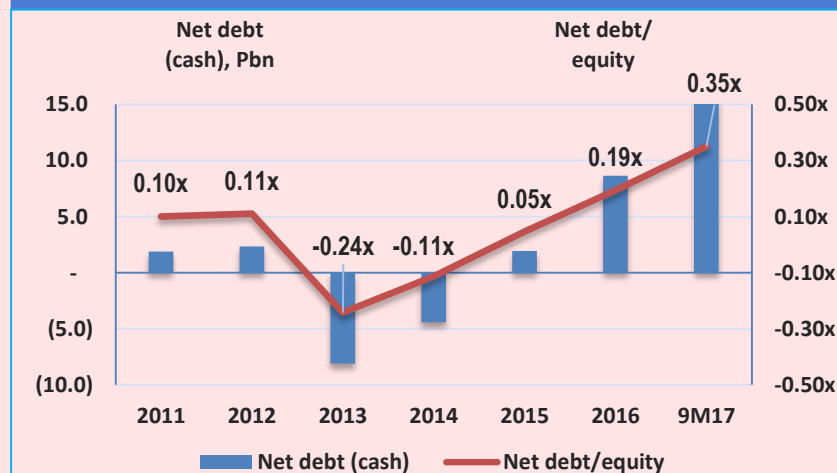
## EBITDA vs EBITDA margin



## Number of visitors ('000)



## Gearing





GOLDEN ARCHES DEVELOPMENT CORPORATION



# Golden Arches Development Corporation 9M2017 performance highlights



# GADC By The Numbers



GOLDEN ARCHES DEVELOPMENT CORPORATION



**547**  
Stores  
nationwide  
(end-Sep2017)



**P23bn**  
*In sales revenues (2016)*



**5.8%**  
*Systemwide same-store sales growth (9M 2017)*



**310**  
*dessert centers (2016)*



**292**  
*McDelivery hubs (2016)*



# GADC's 9M2017 performance at a glance



GOLDEN ARCHES DEVELOPMENT CORPORATION

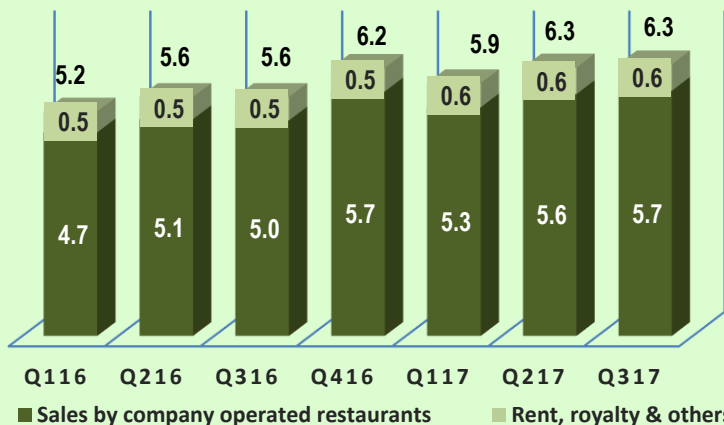
- Sales revenues grew at a healthy clip of +13% to P18.5bn.
  - Sales by company-owned stores (90% of total): +12% to P16.7bn.
  - Rent, royalty & others (10% of total): +17% to P1.8bn.
  - Systemwide same-store sales growth +5.8% YoY (6.8% in 3Q17).
  - Number of stores by end-Sep2017: 547 vs 500 a year before.
  - Average sales per store +5% YoY.
- Margin direction  given economies of scale.
  - GP margin  22.9% from 22.5%.
  - EBITDA margin  13.0% from 12.8%.
  - EBIT margin  8.6% from 7.8%.
  - Net profit margin  5.3% from 5.0%.
- Net income +19% to P966m.
- Net cash position further improved.

# GADC's interim financial highlights

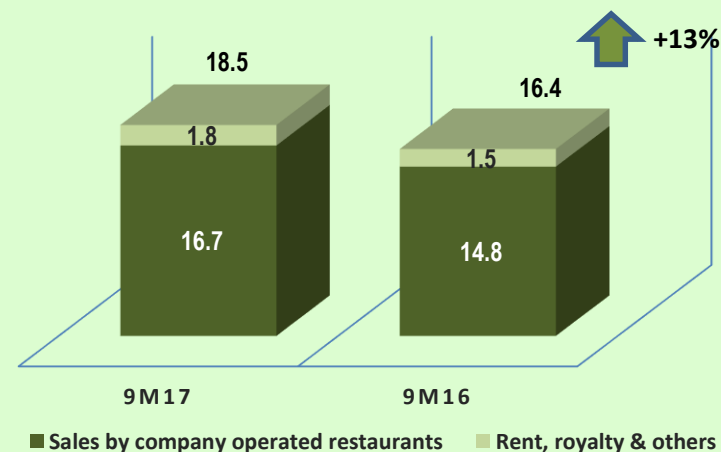


GOLDEN ARCHES DEVELOPMENT CORPORATION

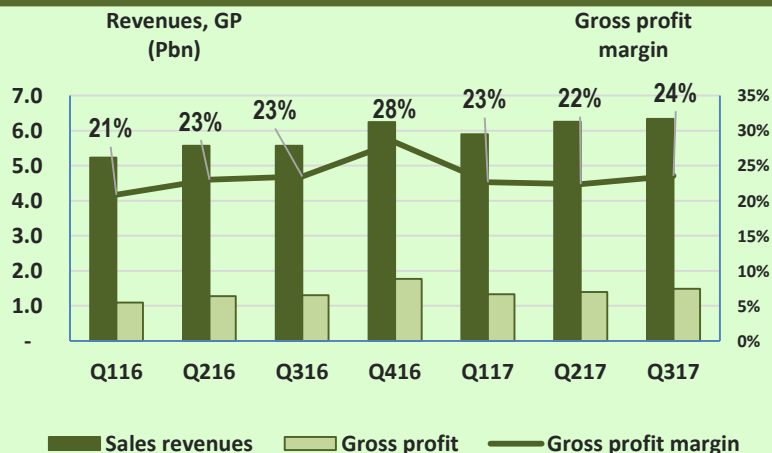
## Total revenues, quarterly (Pbn)



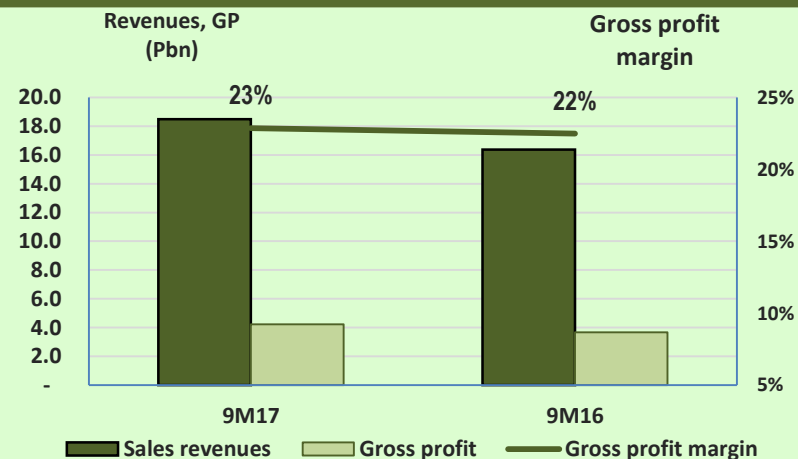
## Total revenues, 9M-period (Pbn)



## Revenues, GP & GP margin, quarterly



## Revenues, GP & GP margin, 9M-period

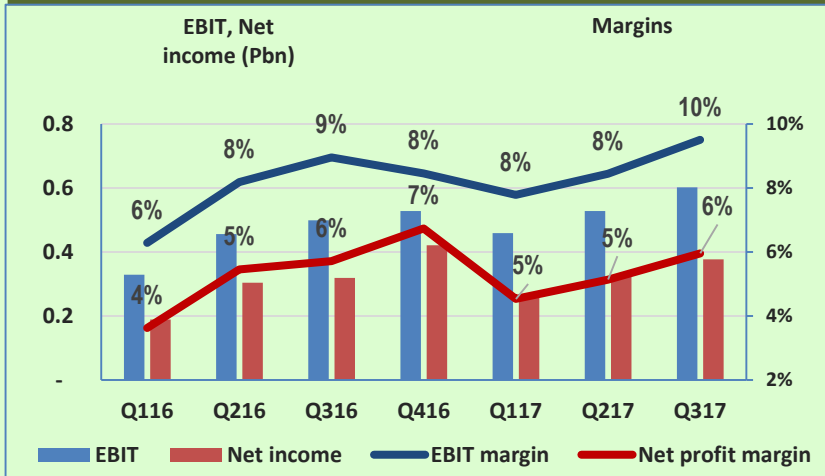


# GADC's interim financial highlights

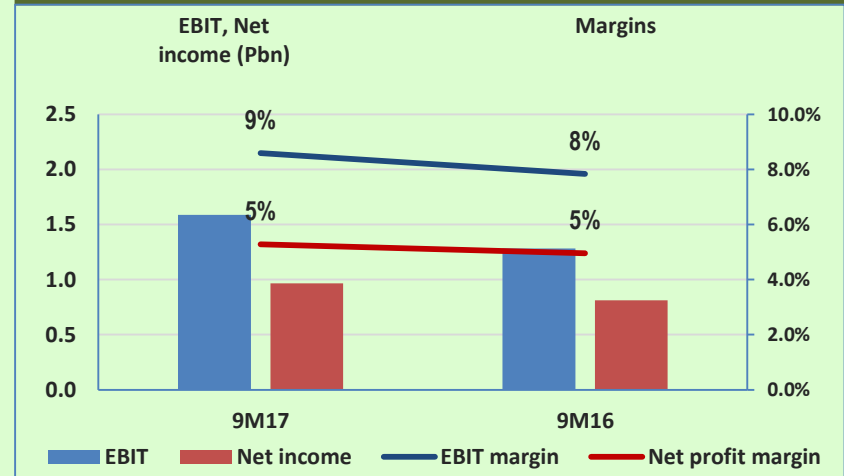


GOLDEN ARCHES DEVELOPMENT CORPORATION

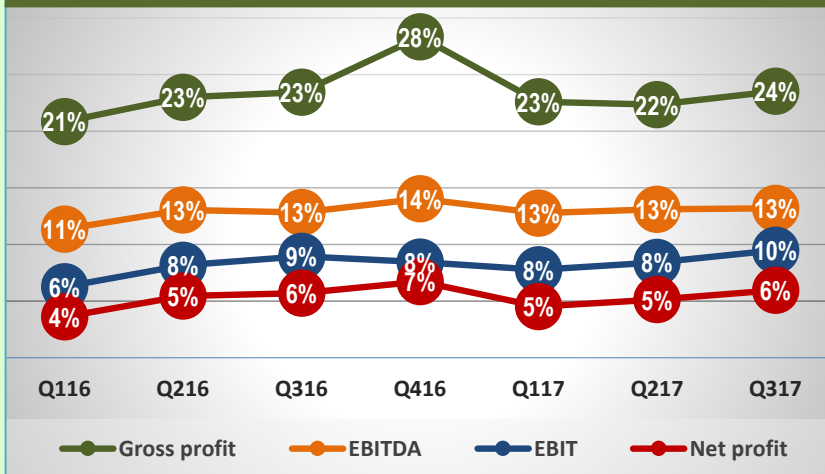
## EBIT, net income & margin, quarterly



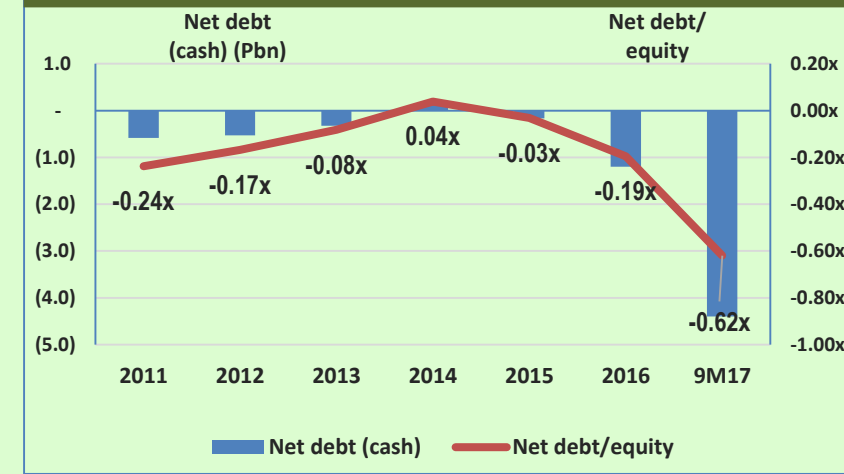
## EBIT, net income & margin, 9M-period



## Margins



## Gearing

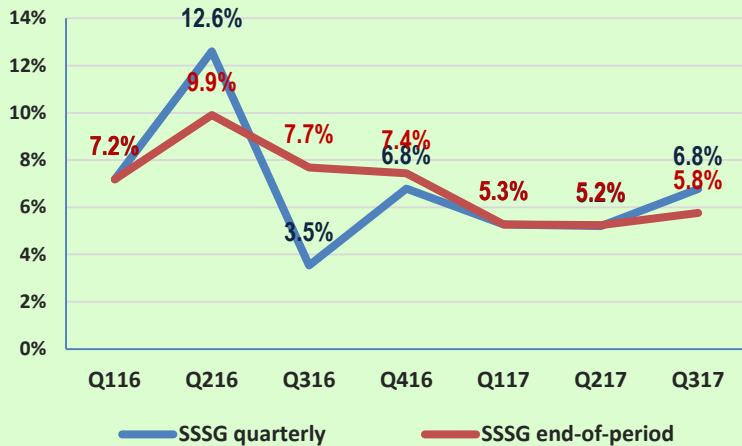


# GADC's interim financial highlights

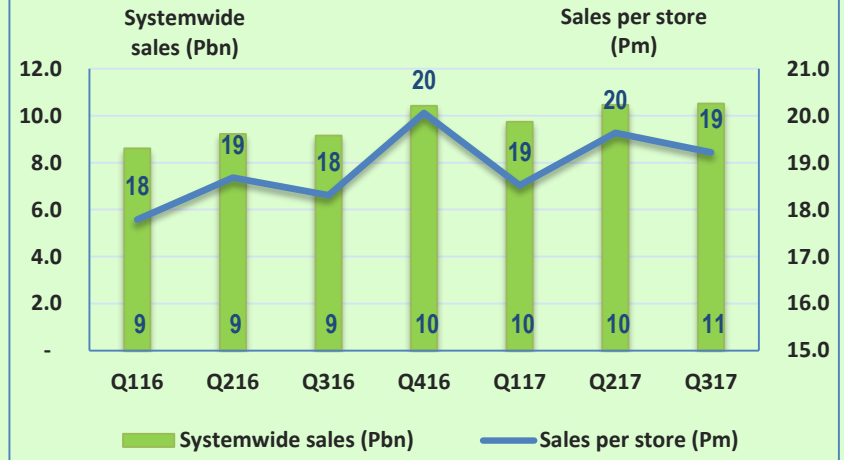


GOLDEN ARCHES DEVELOPMENT CORPORATION

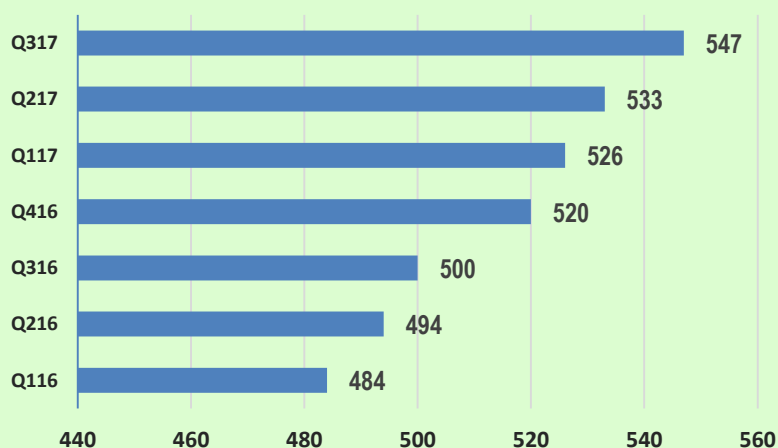
## Systemwide same-store sales growth



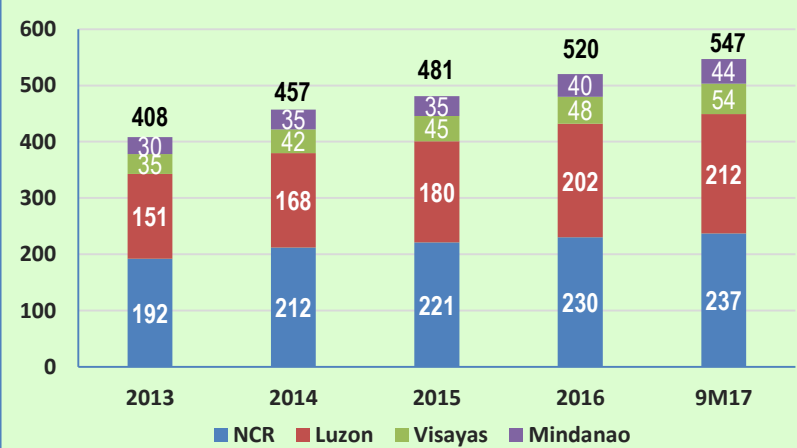
## Average sales per store (Pm)



## Number of stores



## Store geographic distribution



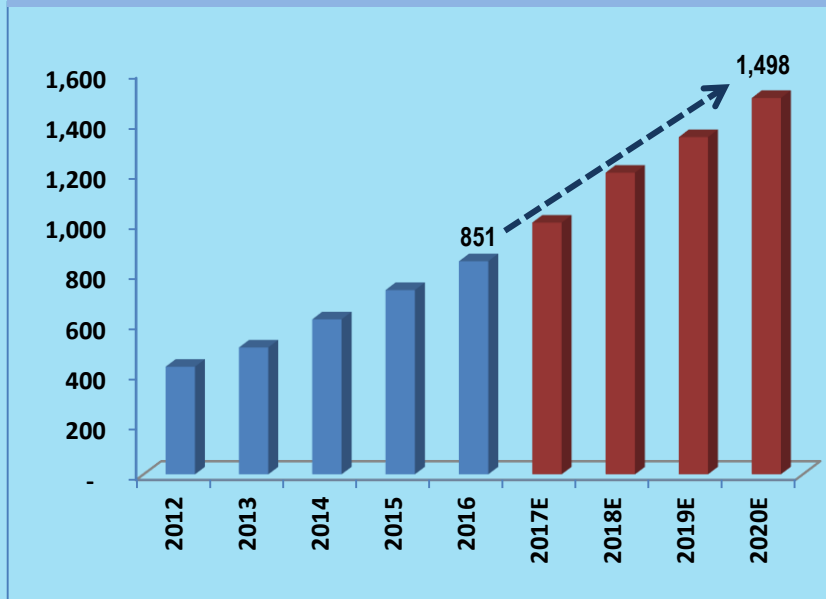


# Growth Initiatives

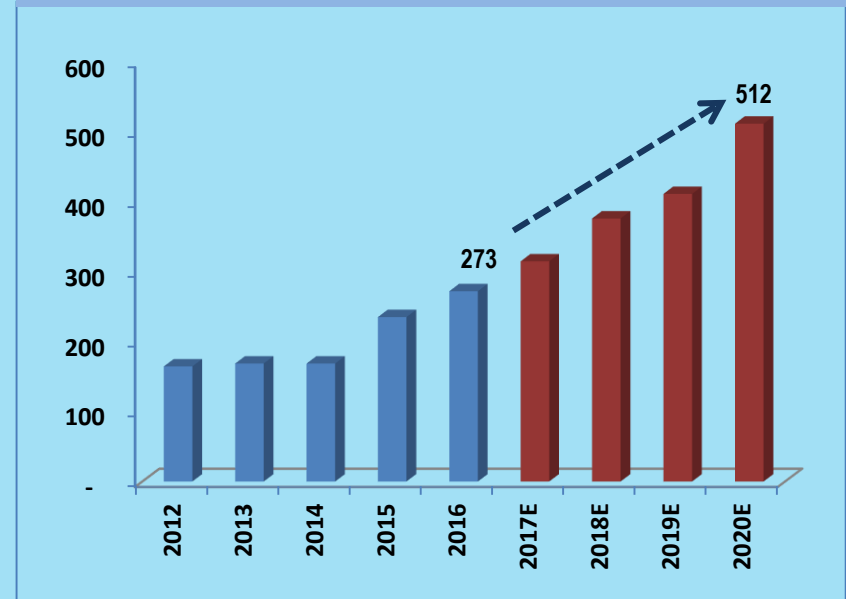


# Growing the rental segment

## Office GLA expansion ('0000 sqm)



## Commercial GLA expansion ('000 sqm)

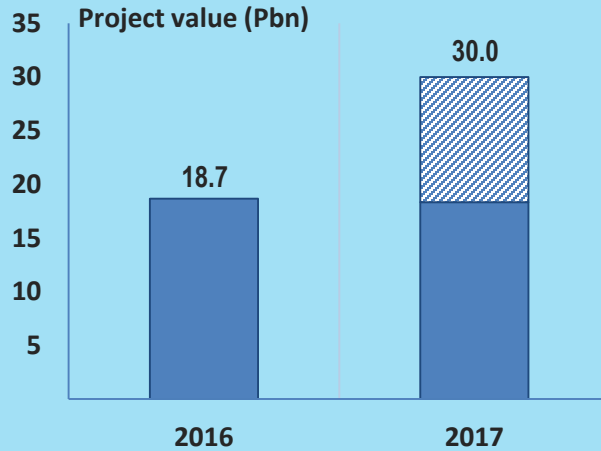


# Diversifying geographically

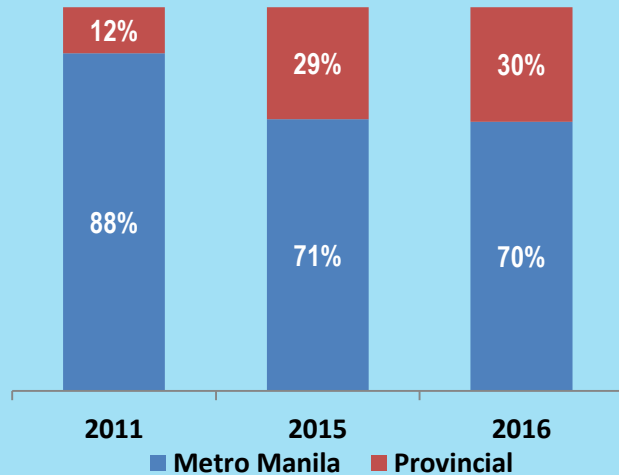
*The Ellis*



## Residential project launches...



## Real estate sales, by location

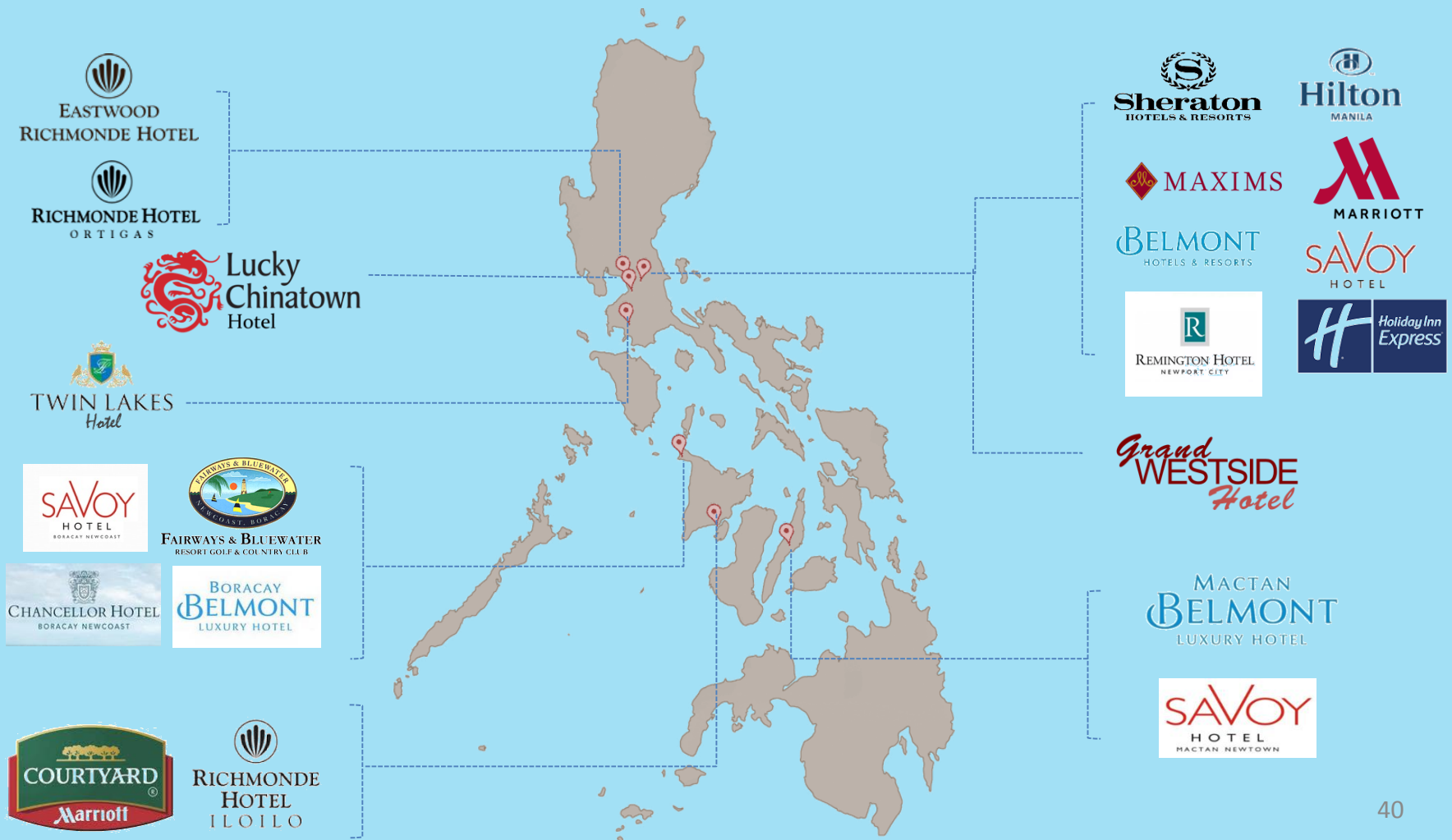


## ...throughout the country



# Expanding hotel portfolio

- **AGI is the country's largest hotel developer.**
  - Existing capacity 2,639 rooms + on-going construction 5,694 rooms.
  - Target : to bring total hotel room count to 12,000 in the next five years.





# Launching Phase 3 of RWM by 2018



*Sheraton Hotels & Resort*

**391**  
rooms



*Hilton Manila*

**357**  
rooms



*Maxims Hotel*

**191**  
rooms

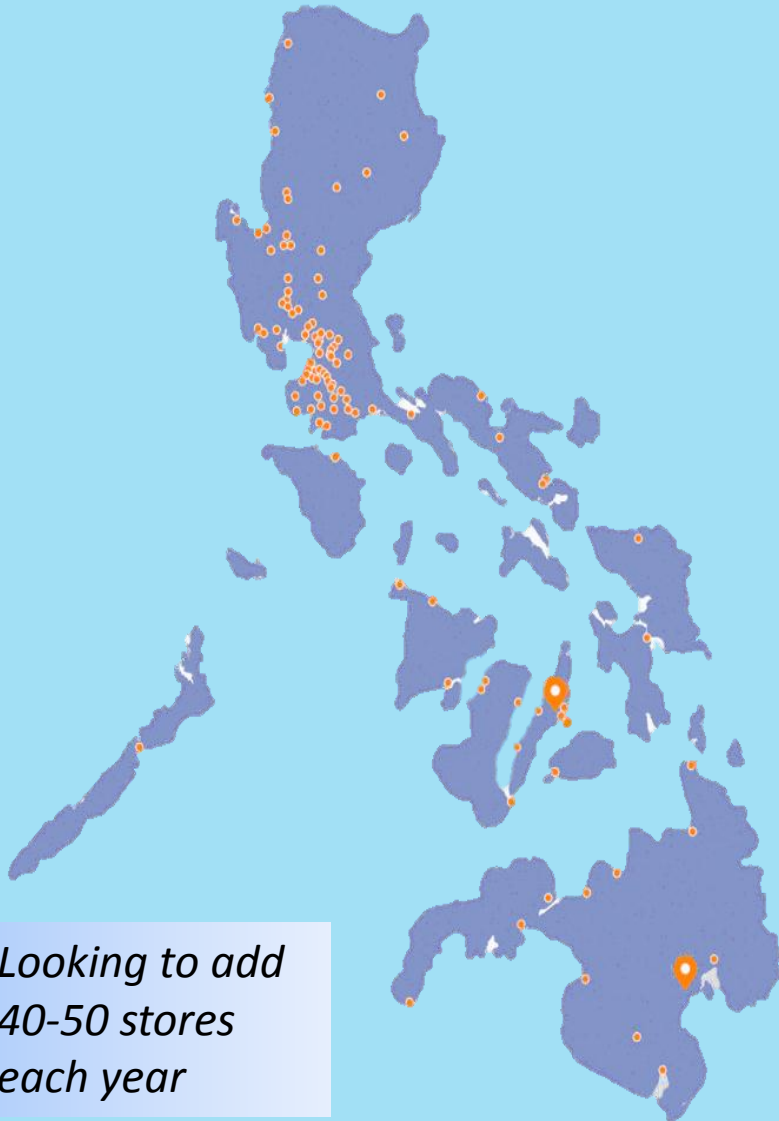


**14,000 sqm**  
new gaming GFA

**3,200 sqm**  
new retail GFA

# Improving QSR market penetration

## McDo penetration throughout the country



# Continuing premiumization

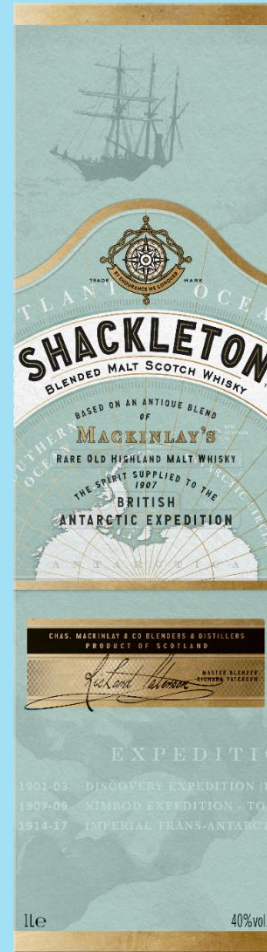
## 2017 Emperor product launches



PHP 120-140 (1L)



US\$ 24



€ 10.95

## INFRACORP

AN ALLIANCE GLOBAL COMPANY

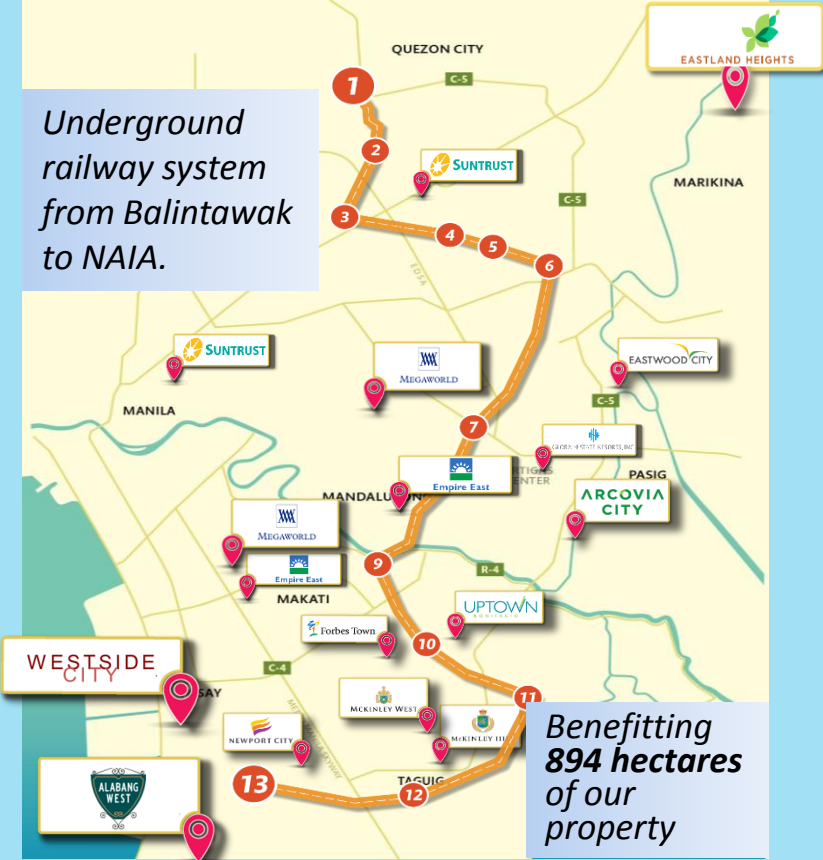


- The 5<sup>th</sup> leg of AGI that will handle infrastructure projects, particularly transport solutions around Metro Manila, key growth areas throughout the country and various AGI/MEG township developments.
- INFRACORP is expected to help transform MEG into a transit-oriented township developer.
- Its first project is *Skytrain*, a 1.88-km monorail that will connect MRT 3 Guadalupe Station to MEG township in Uptown Bonifacio.

# Benefiting from infra build-up

## P355.6B Mega Manila Subway

Underground railway system from Balintawak to NAIA.



Target completion: 2024

Source: NEDA, DPWH

## P1.6B BGC-Ortigas Link Bridge

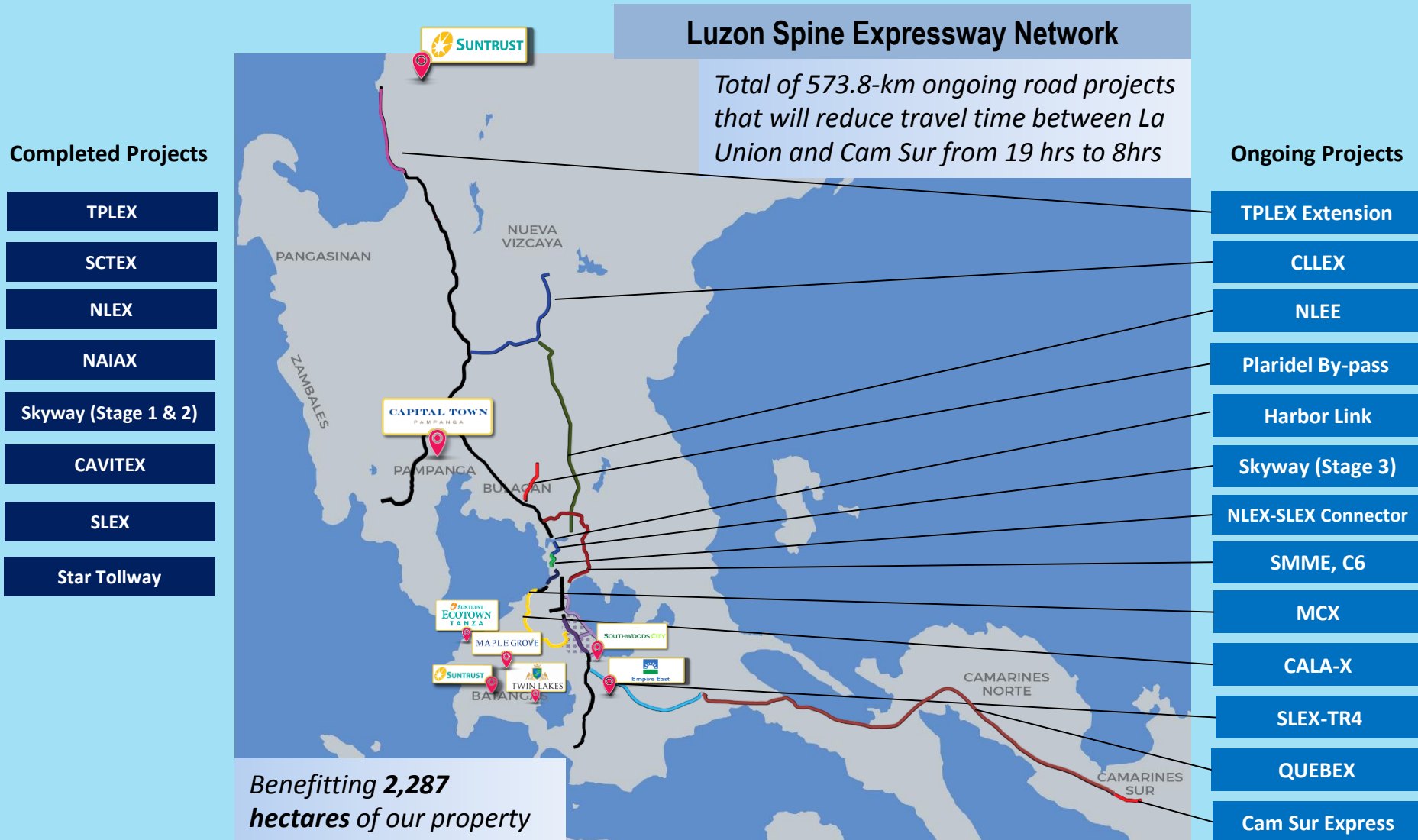
961.4 meters bridge from Lawton Avenue to Pasig.



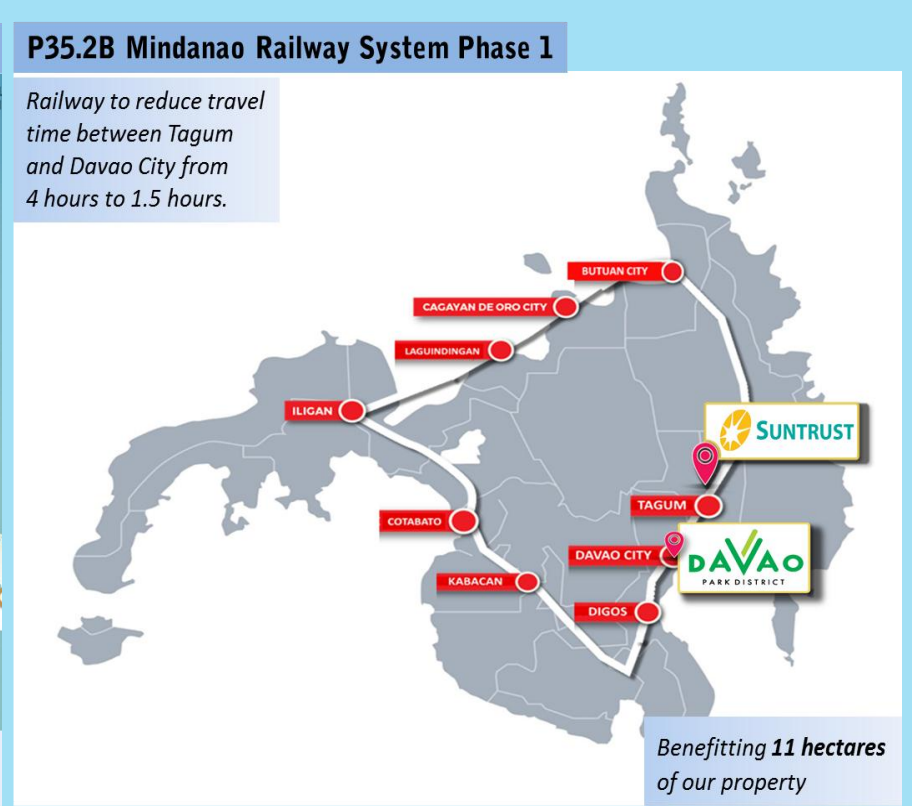
Target completion: 2020

Source: NEDA, DPWH

# Benefiting from infra build-up



# Benefiting from infra build-up



# Key takeaways

- 9M2017 mixed performance: property, QSR segments as key growth drivers, mitigating weaker gaming, liquor businesses.
- AGI continues to pursue the following growth initiatives:
  - Ongoing build-up in office + commercial GLA.
    - ✓ Rental revenues to hit P20bn, rental GLA to reach 2m sqm by 2020.
  - More residential project launches in growth areas throughout the country.
    - ✓ Backed by massive landbank outside of Metro Manila.
  - Continued aggressive tourism thrust.
    - ✓ Targeting 12,000 hotel room keys in next five years.
  - New gaming and non-gaming facilities at RWM by 2018.
  - Increased market penetration for McDonald's.
  - Expansion in liquor product portfolio, a move towards premiumization.
  - Initiating infra projects to enhance the Group's overall value.
- Aggressive capex to continue but maintain healthy balance sheet.



**Thank you.**