



# ALLIANCE GLOBAL GROUP INC

FY2016 Analyst Presentation

07 April 2017

- Earnings buoyed by cost efficiencies across all business segments; topline growth steady.
- Focusing on sustainable operations.
- Capex program still heavy, funding through internal sources and some borrowings.
- Financial gearing comfortable.
- Healthy balance sheet.

# AGI Group Structure

## ALLIANCE GLOBAL

**AGI PM**  
(US\$ 2.7bn)

67%



MEGAWORLD

**MEG PM**  
(US\$ 2.4bn)

**Number 1 in townships  
Number 1 in BPO office**

81%



EMPERADOR INC.

**EMP PM**  
(US\$ 2.0bn)

**Number 1 in the liquor industry  
Emperador Brandy is world leader in terms of volume**

44%

TRAVELLERS  
INTERNATIONAL

**RWM PM**  
(US\$ 1.0bn)

**Most profitable integrated resort**

49%



**Not listed**

**Number 2 in quick-service restaurants segment**

Market cap as of 06 April 2017.

# AGI By the Numbers



P492bn  
in total resources  
(2016)

P140bn  
in total  
revenues (2016)

7%  
Parent net  
debt/equity  
(2016)

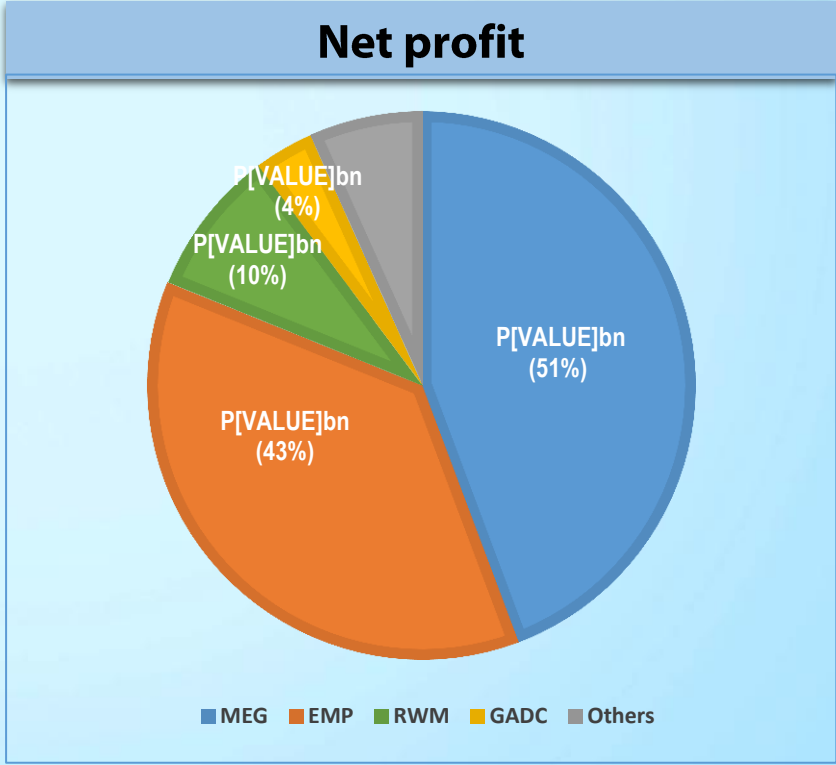
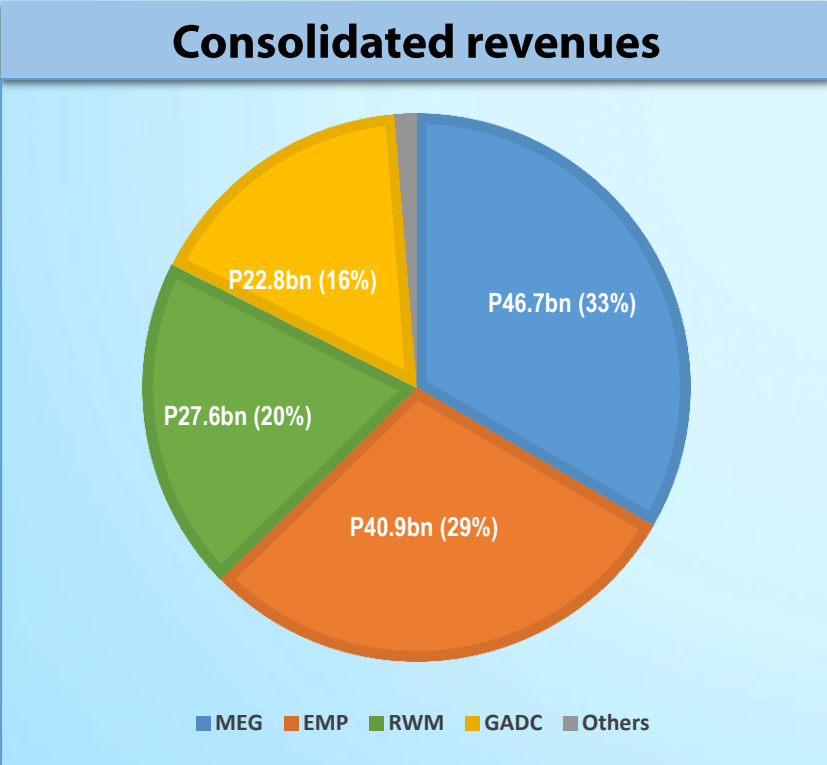
3,643  
Hotel room keys  
(2016)



- **Megaworld**
  - ✓ Doubled rental GLA to 1.12m sqm in 2016 from 2011 level.
    - ❖ Office GLA at 851k sqm; commercial GLA at 273k sqm.
  - ✓ Breached P1bn in hotel revenues.
  - ✓ Intensified township development throughout the country.
- **Emperador**
  - ✓ Pursued aggressive global distribution for Whyte & Mackay branded products Dalmore and Jura, particularly in the US and Asia.
  - ✓ Emperador Brandy is now exported in 51 markets around the globe.
- **Travellers**
  - ✓ Completed Phase 2 expansion with Marriott West Wing adding 228 rooms and other amenities.
- **GADC**
  - ✓ McDo hit >P1bn in net profit and reached 520 stores in 2016.

# AGI's FY2016 results

- Net profit +6%; revenues stood flat.
- MEG + EMP = 62% revenue share; 93% of group profit.
- Notable cost efficiencies across all business segments.

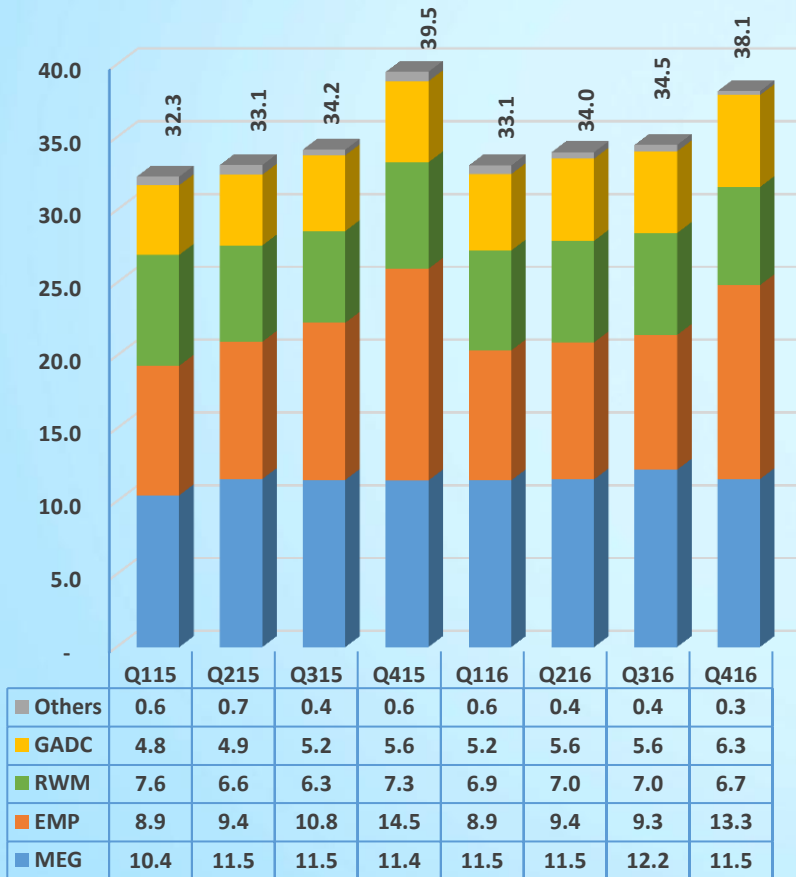


# AGI's FY2016 performance at a glance ALLIANCE GLOBAL

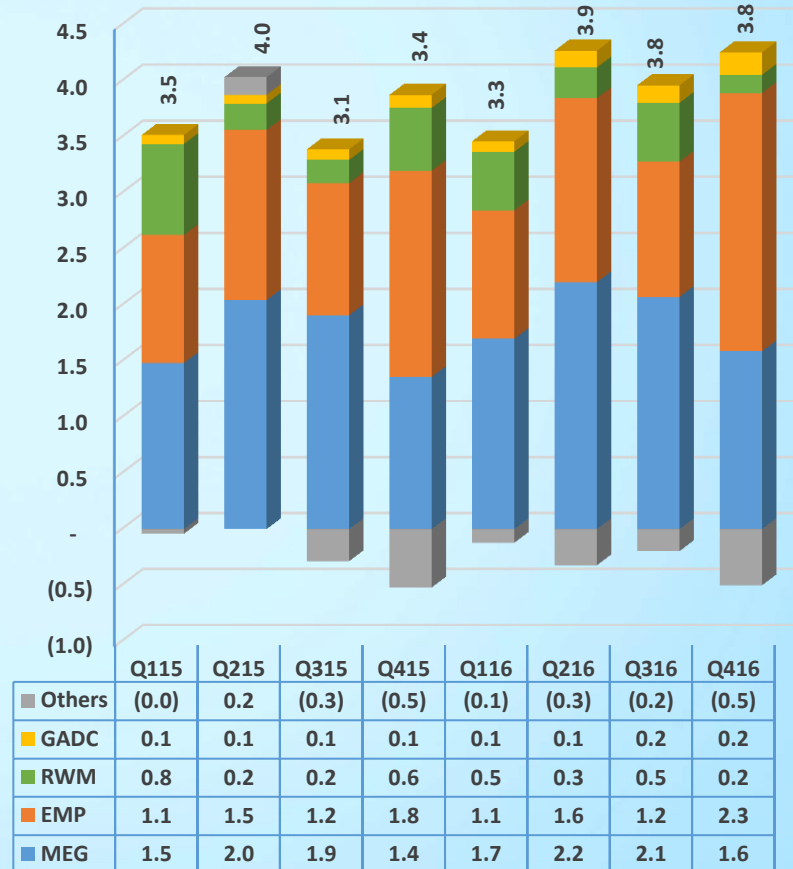
P&L highlights (Pbn)	2016	2015	% chg	Comments
<b>Group revenues</b>	<b>139.74</b>	<b>139.10</b>	<b>0%</b>	
Megaworld	46.69	44.90	4%	Robust growth in rentals; residential segment steady
Emperador	40.92	43.66	-6%	Lower whisky sales due to RSV exit; brandy sales growth helped by contribution from Fundador
Travellers	27.58	27.84	-1%	Continued focus on non-VIP segment and non-gaming revenues
GADC	22.81	20.42	12%	Helped by store expansion; +7% systemwide SSSG
Others	1.75	2.28	-23%	Lower interest income
<b>Group costs/expenses</b>	<b>111.04</b>	<b>112.17</b>	<b>-1%</b>	
Megaworld	31.61	31.11	2%	Operating efficiencies
Emperador	31.48	35.21	-11%	Lower costs mainly due to RSV exit
Travellers	24.14	23.74	2%	Cost efficiencies
GADC	21.05	19.30	9%	Better cost management
Others	2.76	2.82	10%	Higher interest charges, increased borrowings
<b>Net income to owners</b>	<b>14.80</b>	<b>13.96</b>	<b>6%</b>	
Megaworld	7.57	6.80	11%	
Emperador	6.29	5.67	11%	
Travellers	1.48	1.82	-18%	
GADC	0.60	0.37	63%	
Others	-1.14	-0.69	66%	
<b>Net profit margin</b>	<b>10.6%</b>	<b>10.0%</b>	<b>+55bps</b>	

# AGI's interim financial highlights

## Consolidated revenues (Pbn)



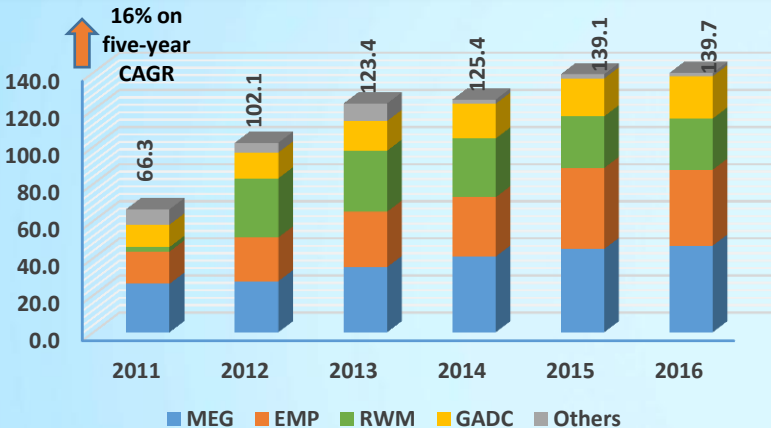
## Net profit (Pbn)



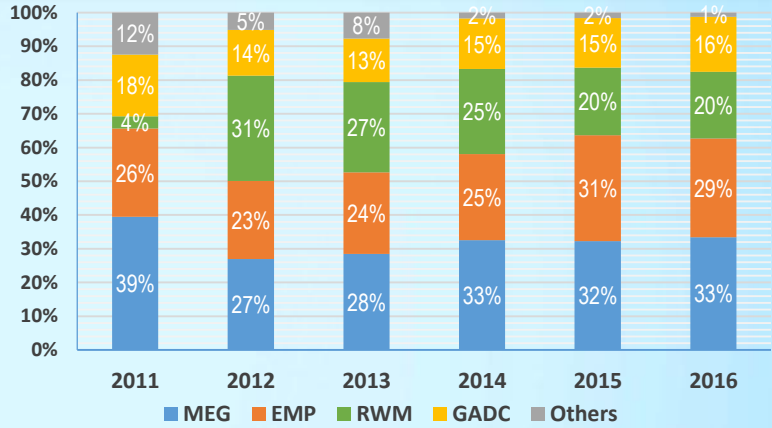


# EMP, MEG still driving the growth

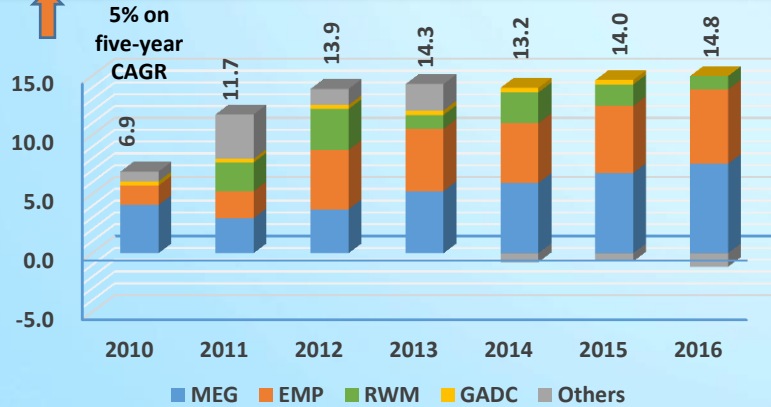
### Consolidated revenues (Pbn)



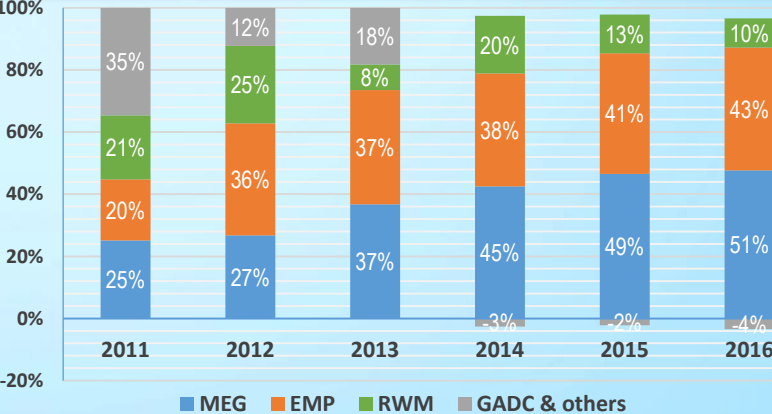
### Share of revenues, by subsidiary



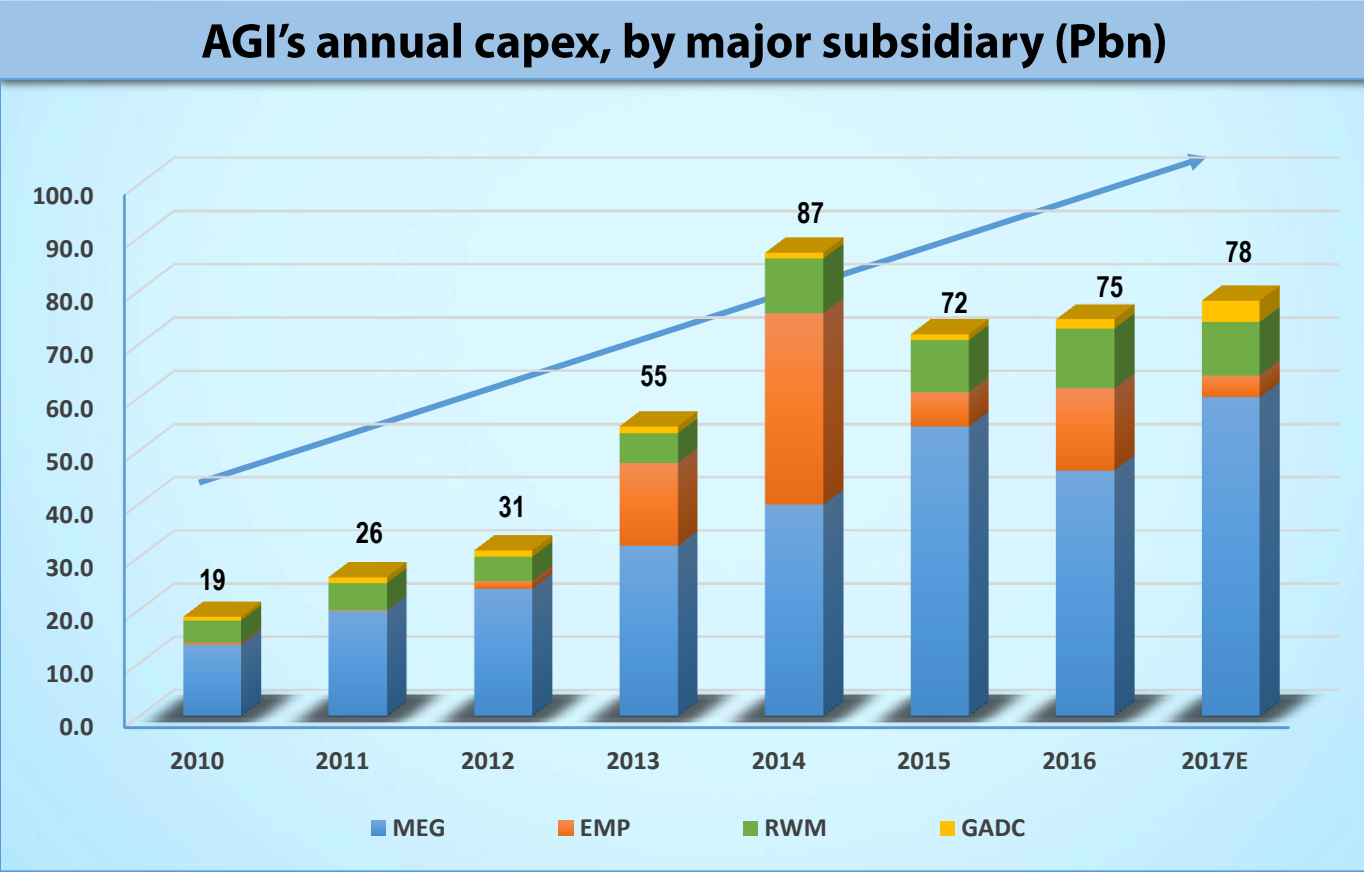
### Core profit (Pbn)



### Share of core profit, by subsidiary



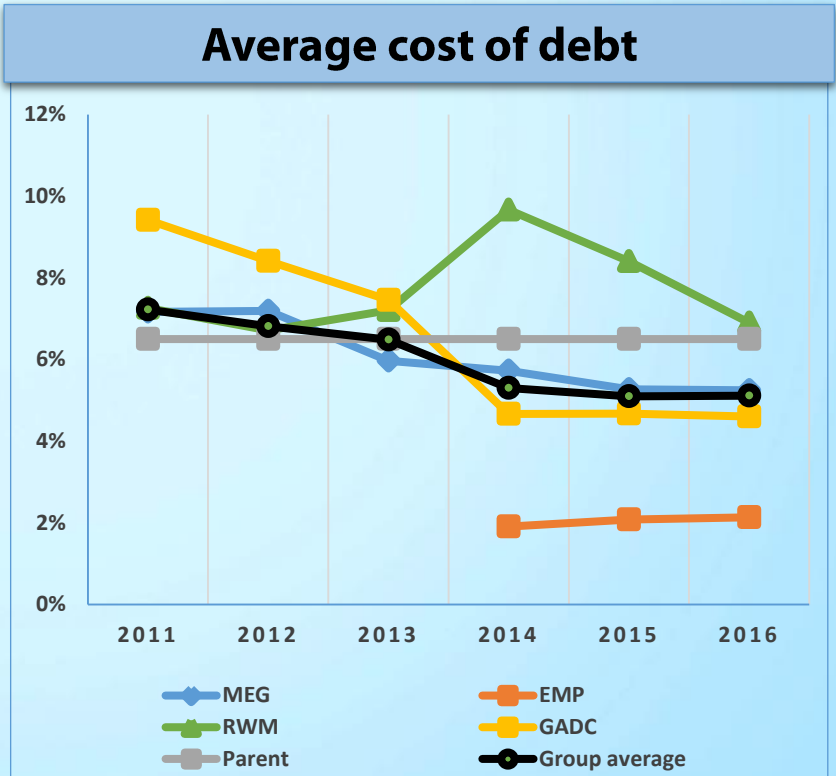
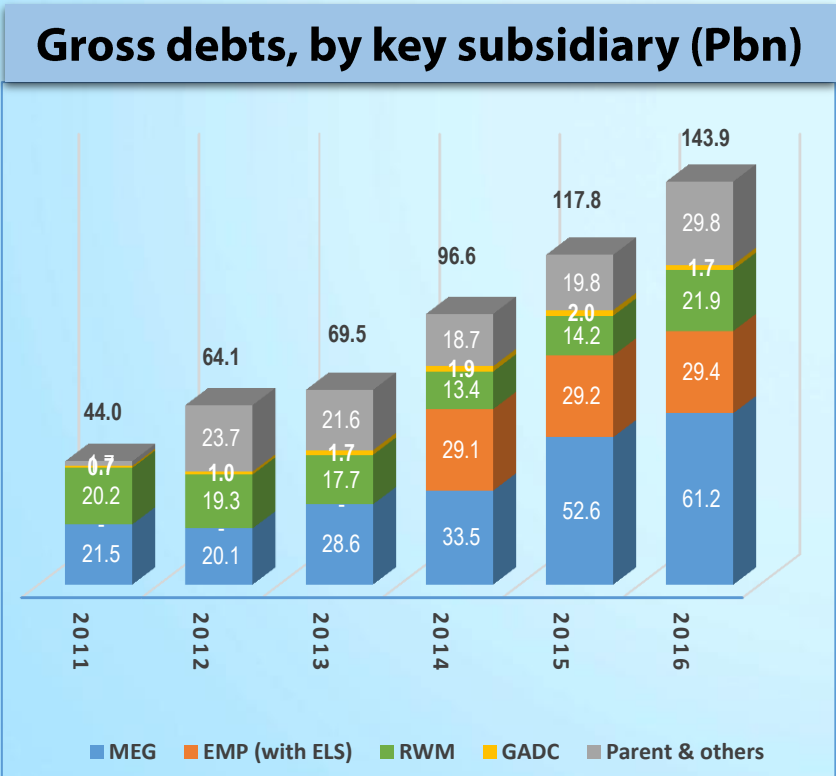
# Heavy capex continues



E - Estimated.

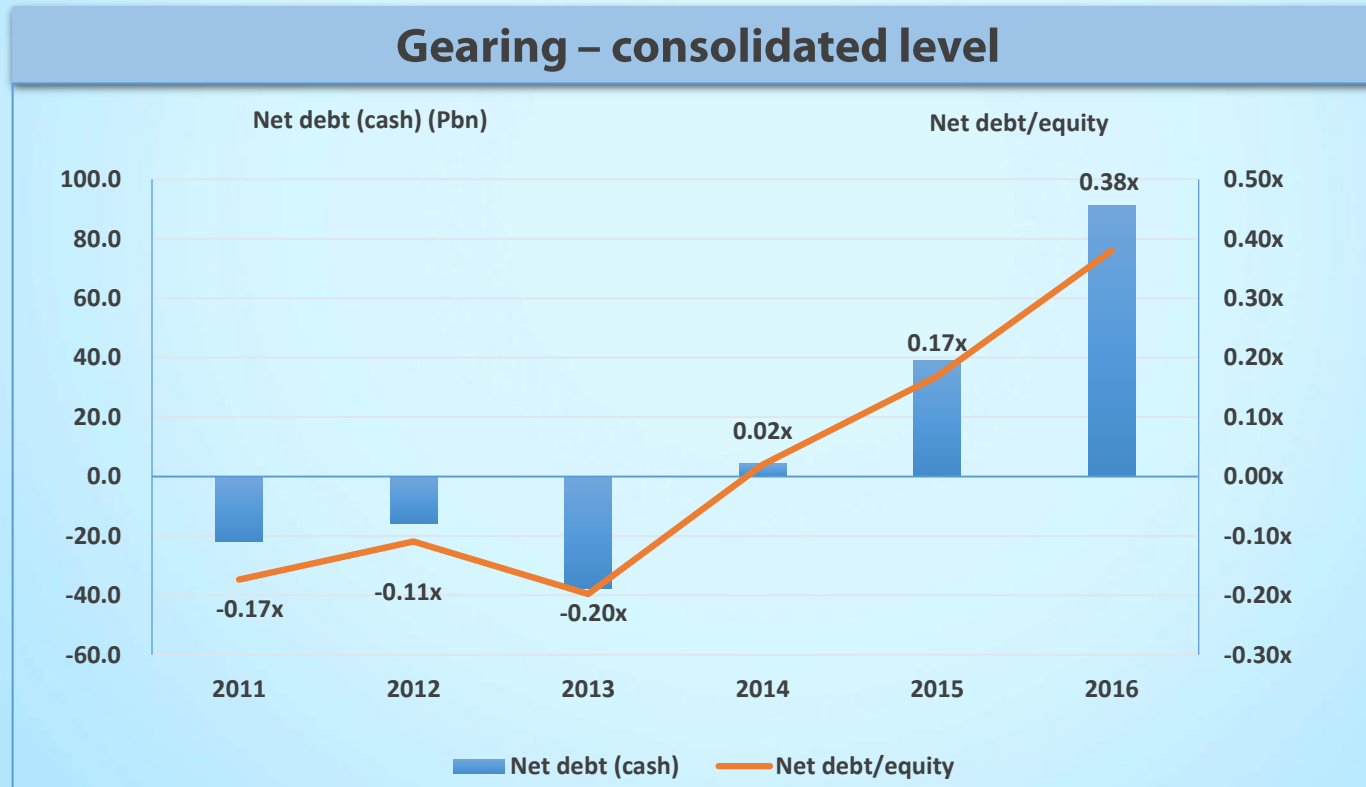
# Group borrowings

- Funding capex through internal cash flows and debts.
- Debts grew three-fold from 2011 level; still comfortable.



# Gearing remains comfortable

- In end-2016, consolidated net debt/equity stood at 0.38x.
- Parent net debt/equity remained low at 0.07x.





MEGAWORLD






**TOWNSHIPS:**

**LIVE IT! LOVE IT!**

# Megaworld by the Numbers

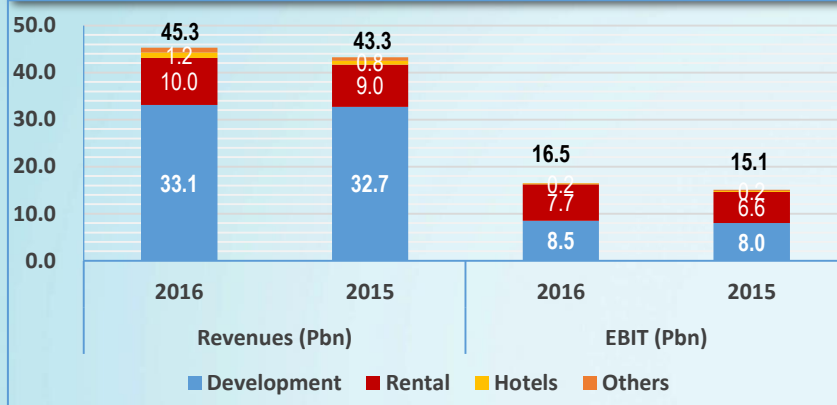


# MEG's FY2016 results at a glance

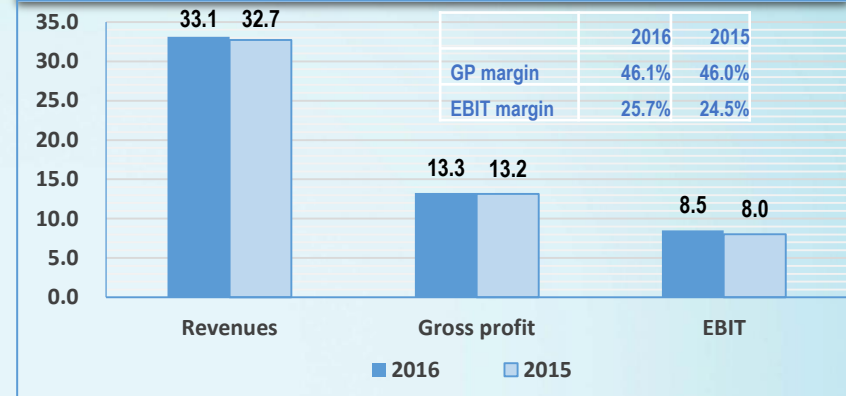
- Total revenues +4% YoY to P46.8bn.
  - Rentals (office and commercial): +15% to P10.0bn.
    - Rentals share of total revenues: 21% (from 19% in 2015).
    - High occupancy rates of 98-99%.
  - Real estate sales: +1% to P27.5bn.
    - 60% MEG-standalone, 16% GERI, 15% Empire East, 9% Suntrust.
  - Hotel revenues: +46% to P1.2bn.
- Higher margins due to cost efficiencies.
  - Residential GP margin  to 46%.
  - Rental EBIT margin  at 75%.
  - Hotel EBIT margin  at 21%.
- Core net income +12% to P11.3bn.
- Net debt/equity at 0.31x (vs 0.22x in 2015), still comfortable.

# MEG's FY2016 financial highlights

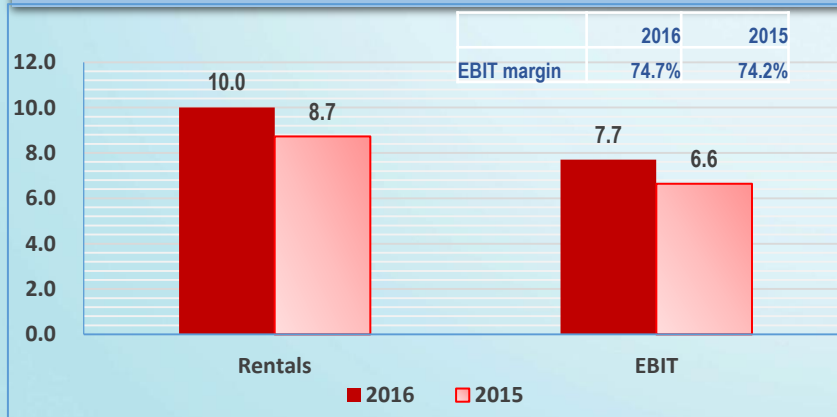
## Revenues and EBIT (Pbn)



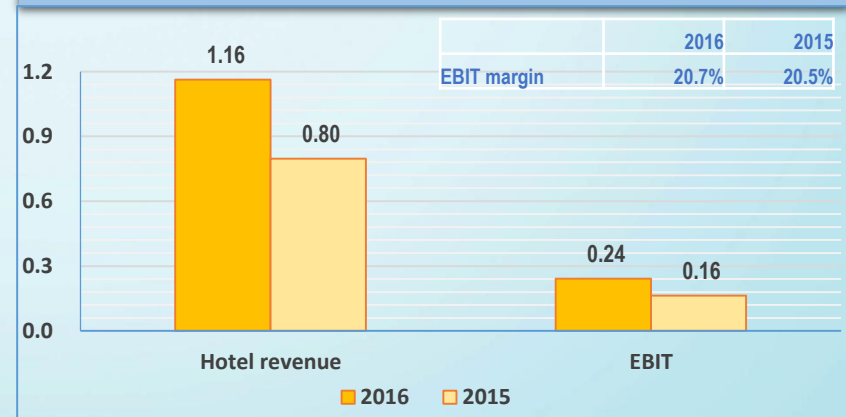
## Residential segment (Pbn)



## Rental segment (Pbn)



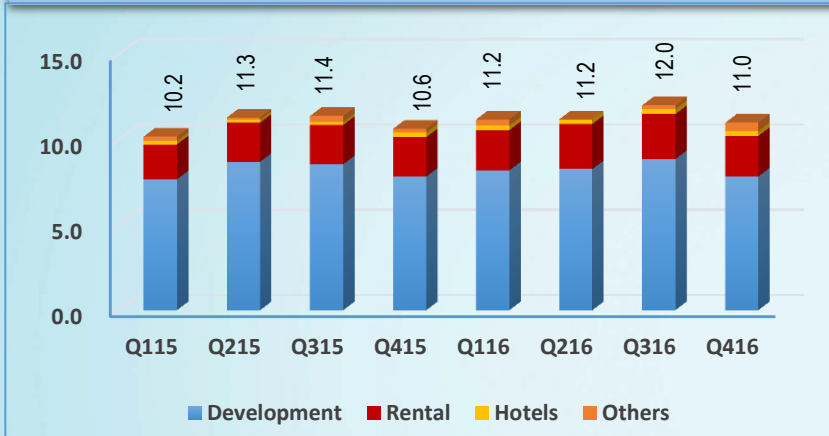
## Hotels (Pbn)





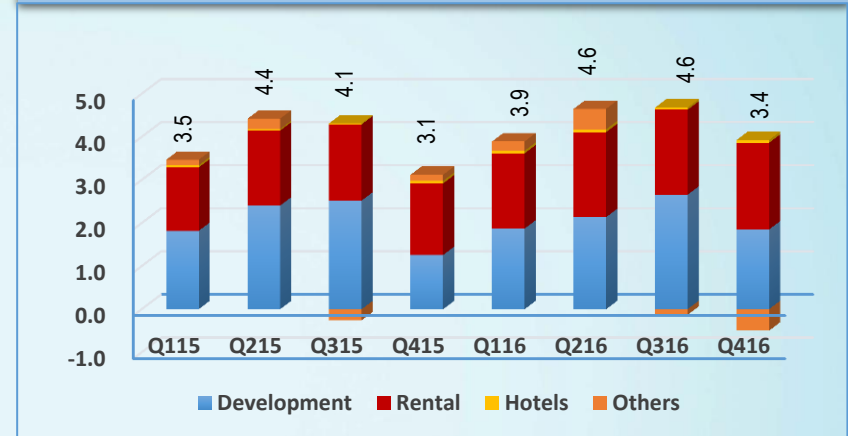
# MEG's interim financial highlights

Revenues\* (Pbn)

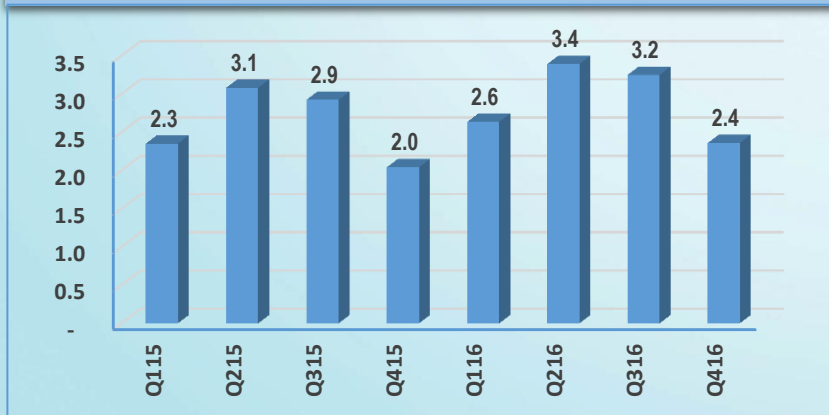


\*Excludes interest and other income.

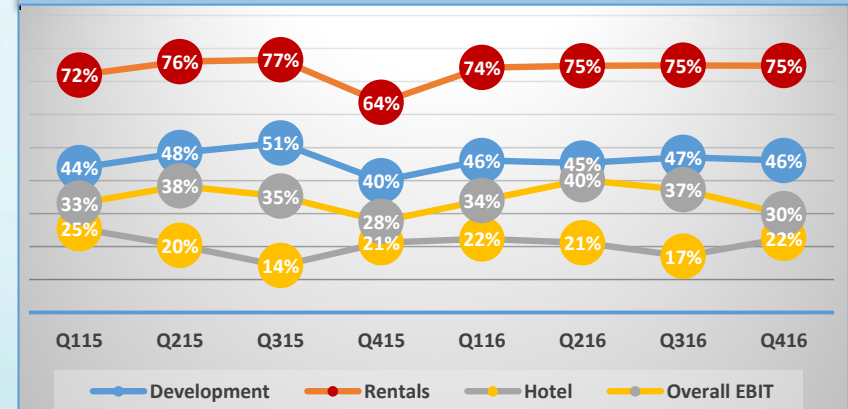
EBIT (Pbn)



Net income (Pbn)



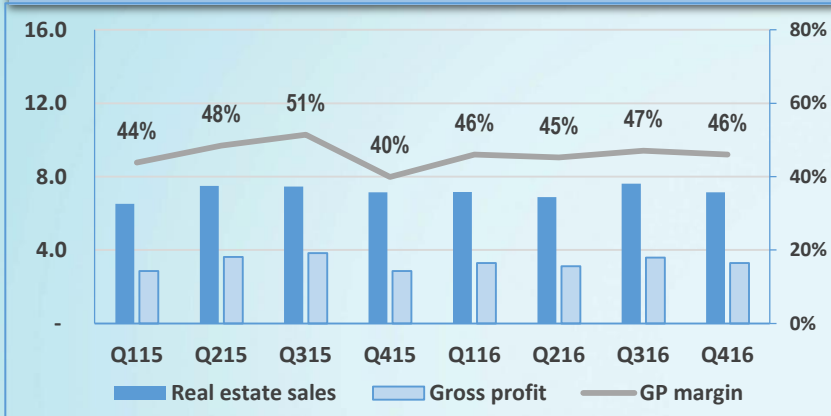
Margin performance\*



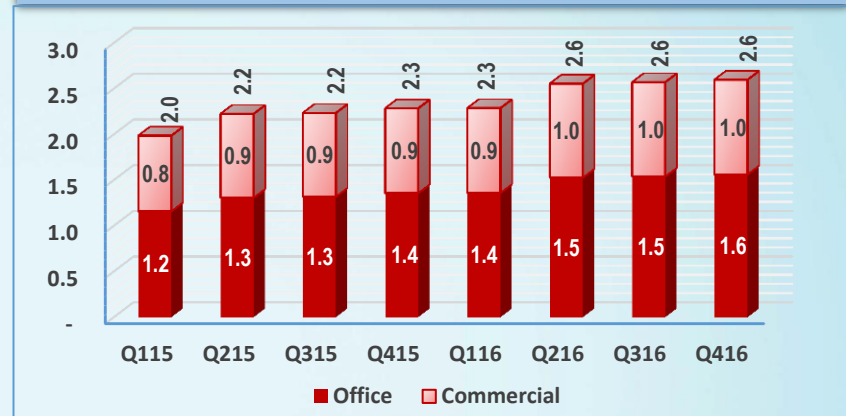
\*Rental margins were computed inclusive of intersegment sales.

# MEG's interim financial highlights - cont'd

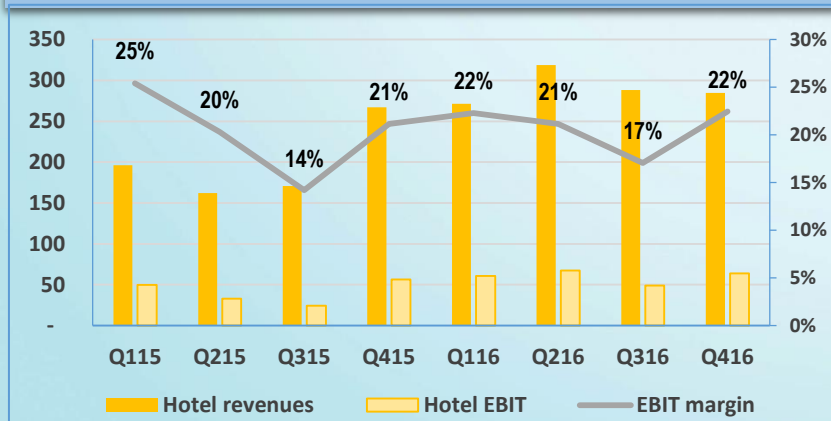
### Real estate sales vs Gross profit (Pbn)



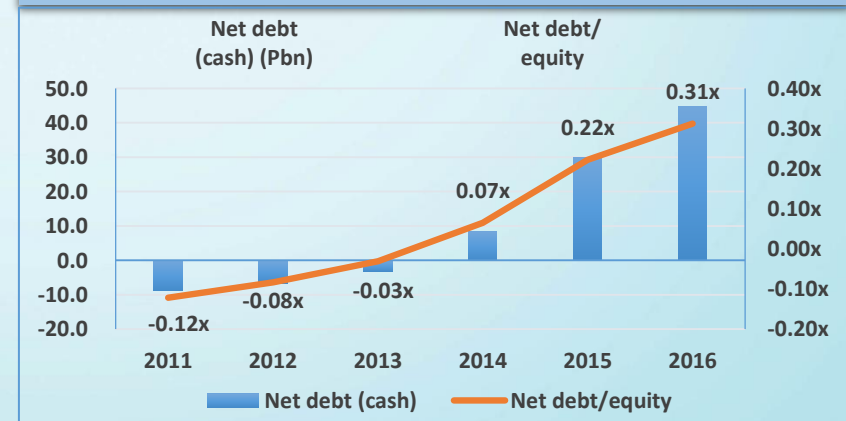
### Rentals: office vs commercial (Pbn)



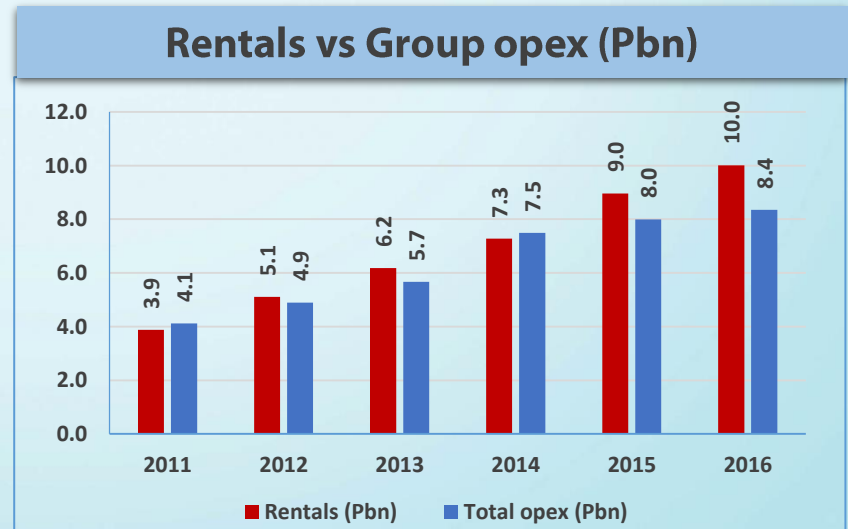
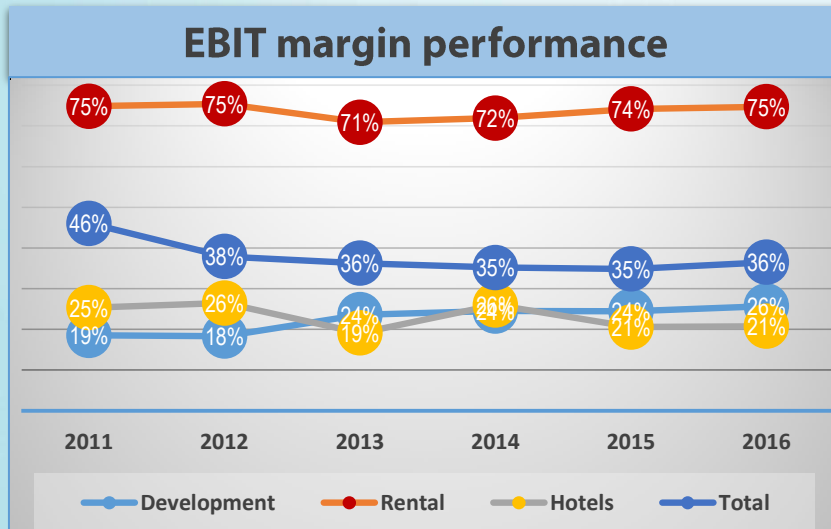
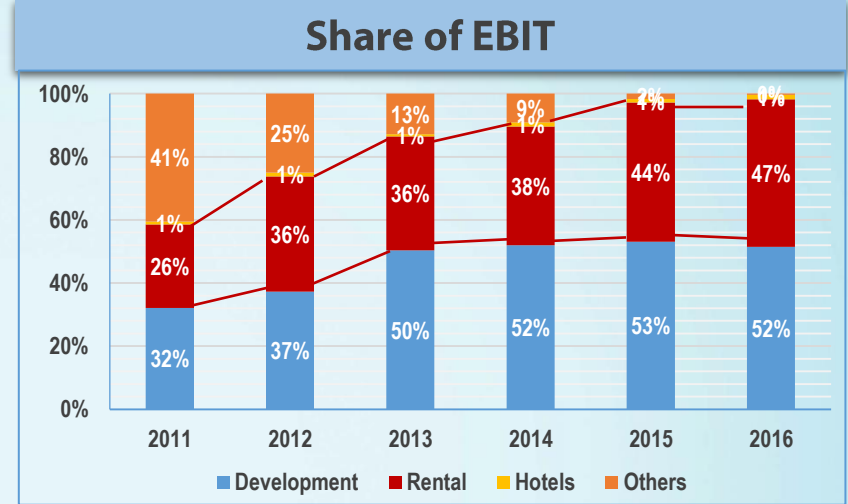
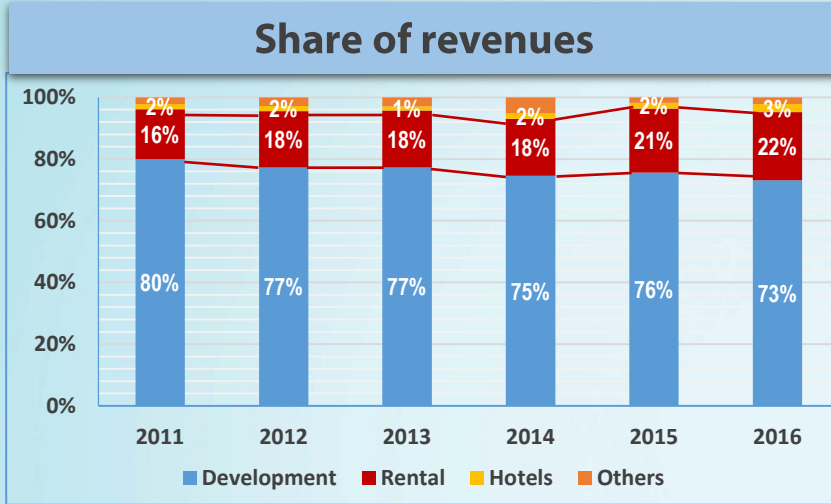
### Hotel revenues vs EBIT (Pbn)



### Gearing



# Rising contribution from rentals



\*Rental margins were computed inclusive of intersegment sales.

# Initiatives: More township development

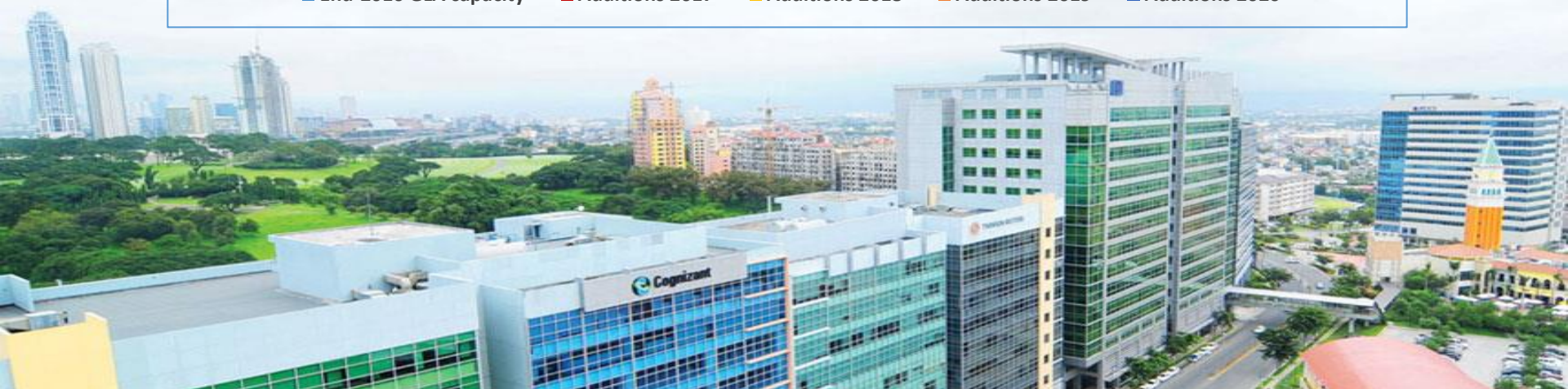


Total of  
**22 Townships**

\*Launched in 2016

# Initiatives: Expansion of rental GLA

Combined office and commercial gross leasable area ('000 sqm)





EMPERADOR INC.



A NEW ERA

BEGINS

# Emperador by the Numbers

22  
Sales offices  
nationwide

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





121,000  
Distribution  
network

P41bn  
Consolidated  
Revenues (2016)

P94bn  
Total resources (2016)



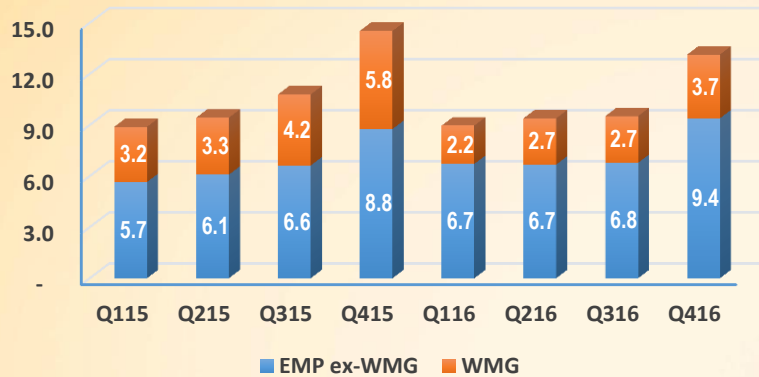
# EMP's FY2016 performance at a glance

- Revenues -6% to P41.0bn.
  - Brandy sales +9% to P29.6bn (72% of total).
    - Fundador contributed 4% of revenues.
    - EMP-domestic +2% YoY amidst a highly competitive landscape.
  - Whisky sales -31% to P11.4bn (28% of total).
    - Decline due to exit of Russian Standard Vodka.
- Improvement in overall margins buoyed by cost efficiencies.
  - Liquor GP margins up to 37%: Brandy  to 40%; Whisky  to 28%.
  - EBITDA margins up to 27%: Brandy  to 32%; Whisky  to 15%.
- Net income +11% to P7.7bn.
- Net debt/equity (with ELS) stood at 0.37x.

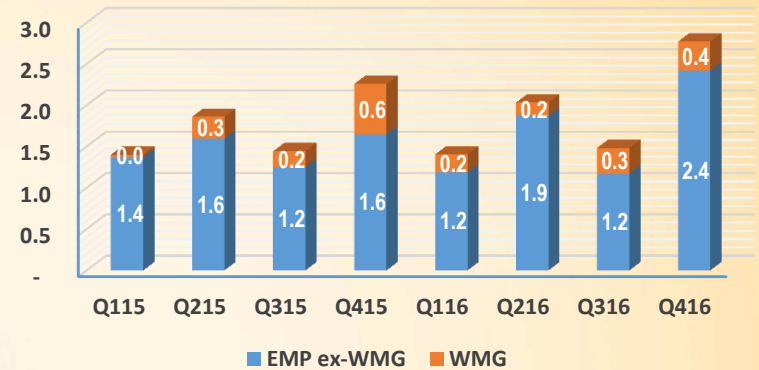


# EMP's interim financial highlights

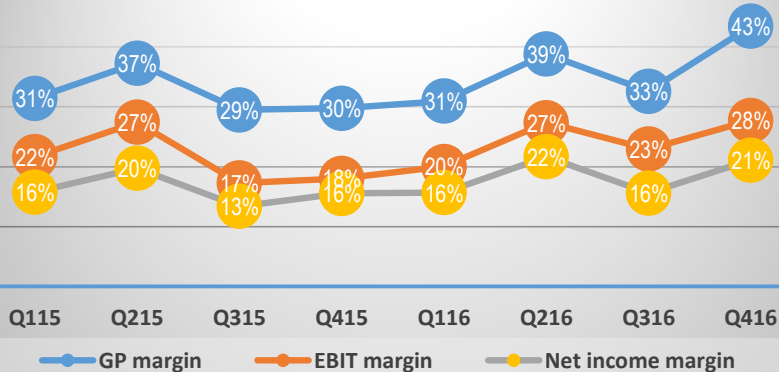
### Revenues (Pbn)



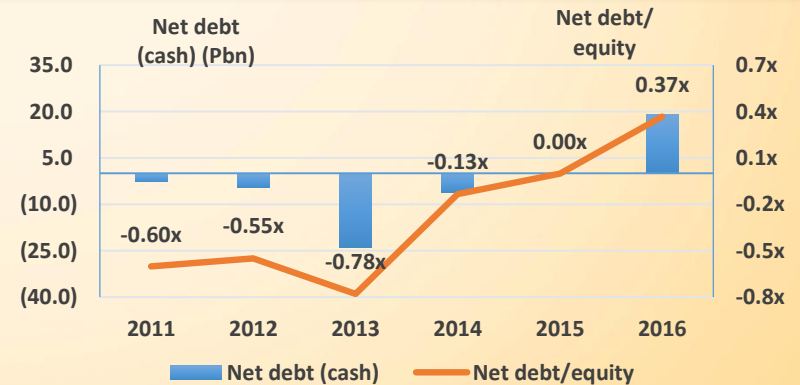
### Net income (Pbn)



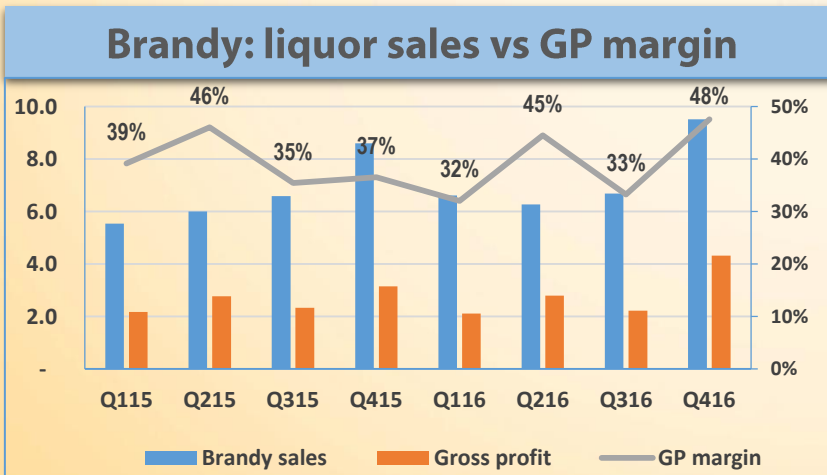
### Margins



### Gearing

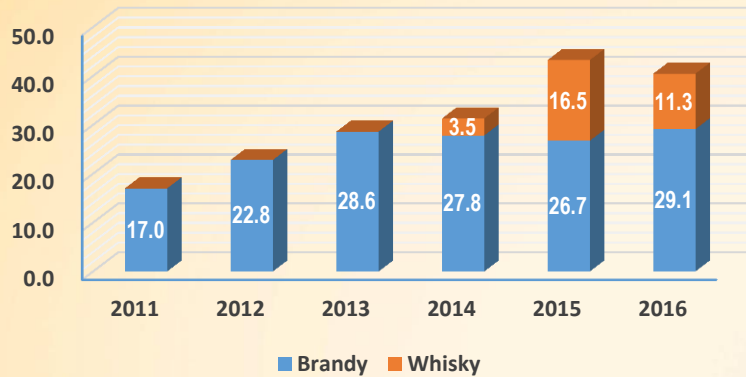


# EMP's interim financial highlights – cont'd

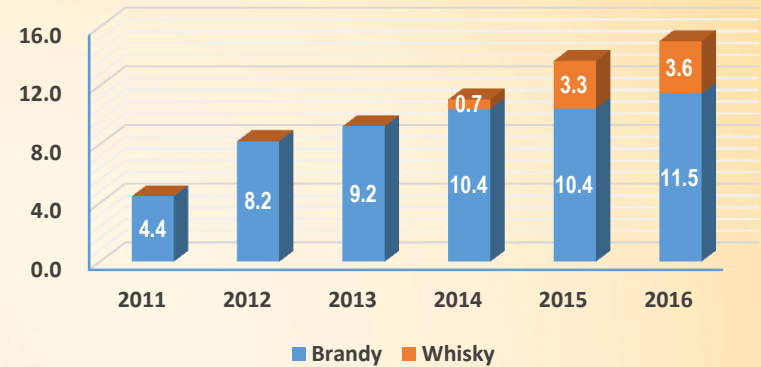


# Rising share of overseas revenues

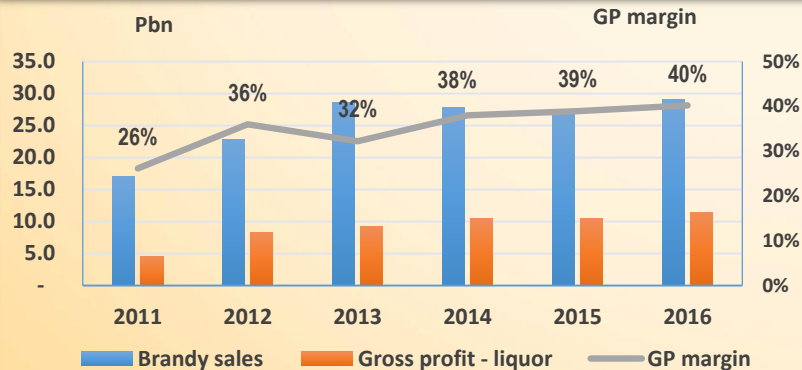
Liquor sales: brandy vs whisky (Pbn)



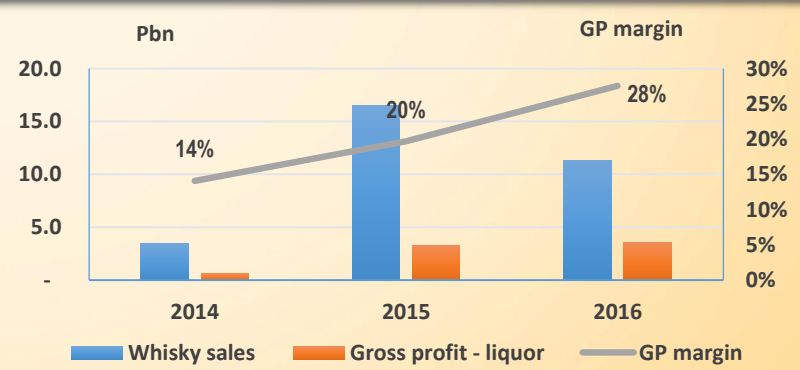
Gross profit: brandy vs whisky (Pbn)



Brandy: revenues vs GP margin



Whisky: revenues vs GP margin



# Initiatives: Reinforcing brandy dominance

“Bunso”



350ml  
USD0.84-0.96/  
PHP42-48



750ml  
USD1.65-1.90/  
PHP83-95



1l  
USD2.25-2.60/  
PHP 113-130



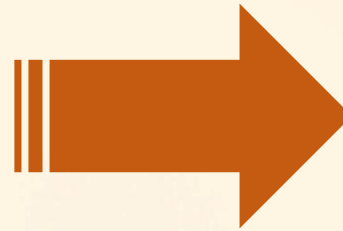
1l  
USD4.28-4.90/  
PHP215-246



1l  
USD6.17-7.05/  
PHP310-354

# Initiatives: Whisky awareness

# ANDYCOLA



# Initiatives: Premiumization strategy

Luxury



Super Premium



Premium



Standard



Millennials/ RTD



Mainstream



# Initiatives: Growing the export market



TRAVELLERS  
INTERNATIONAL



CHAMPIONING

THE FILIPINO



# Travellers By The Numbers

**11,534**  
sqm of  
retail space

**85%**  
average  
occupancy  
rate

**1,454**  
hotel  
rooms

**316**  
gaming  
tables

**1,805**  
Slots

**4,000**  
Capacity  
MGB

**90**  
retail  
outlets

**P27.5bn**  
Gross Revenues  
(2016)

**P76.3bn**  
Total Resources  
(2016)

**P6.4bn**  
EBITDA  
(2016)



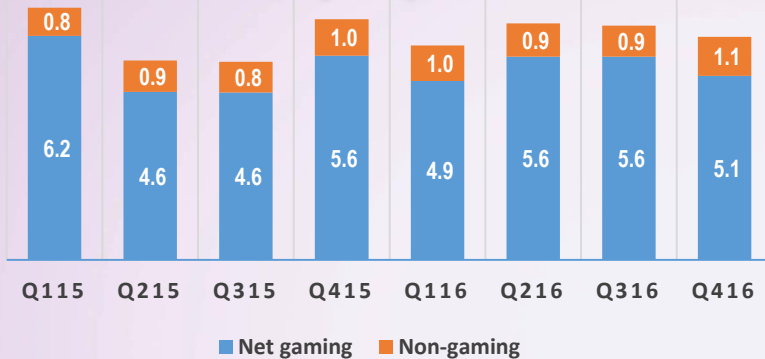
# RWM's FY2016 performance at a glance

- Gross revenues -1% to P27.5bn.
  - GGR -2% to P23.6bn, still focused on non-VIP segment.
    - Mass drop +8%; VIP volumes down sharply.
    - Blended hold rate at 5.2%; VIP hold rate recovered.
    - Mass/VIP GGR mix now at 62%/38% (from 57%/43% a year ago).
  - Non-gaming revenues +10% to P3.8bn.
    - 85% occupancy rate for RWM hotels.
    - Marriott Grand Ballroom continued to support foot traffic in the complex.
- Growth in opex capped at 4%, improving margins.
  - EBITDA margin at 23% of gross revenues (from 22% in 1H16, 21% in 3Q16).
- Net income -15% to P3.4bn, weighed by higher interest charges.
- Net debt/equity at 0.19x (from 0.05x in end-2015).

# RWM's interim financial highlights

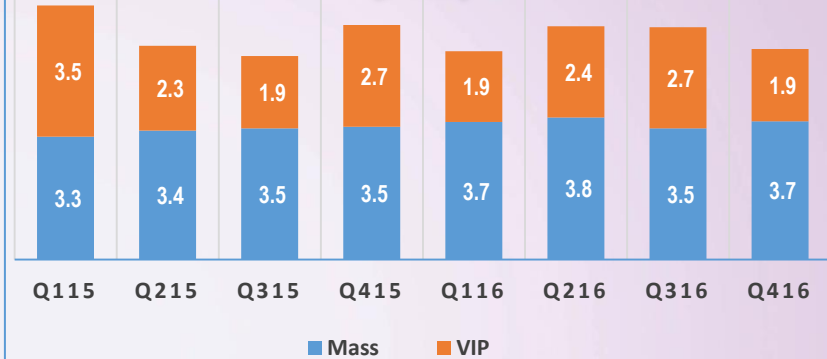
### Net gaming vs non-gaming revenues

(Pbn)



### Gross gaming revenues: mass vs VIP

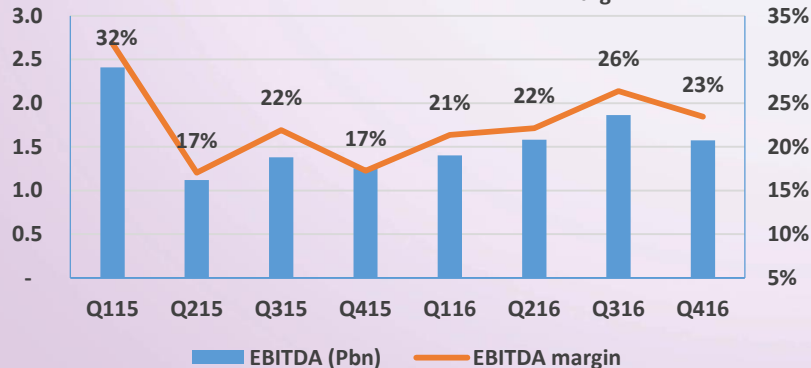
(Pbn)



### EBITDA and EBITDA margin

EBITDA (Pbn)

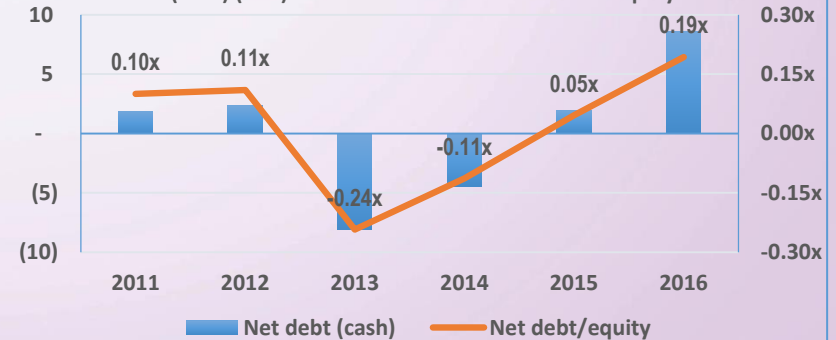
Margin



### Gearing

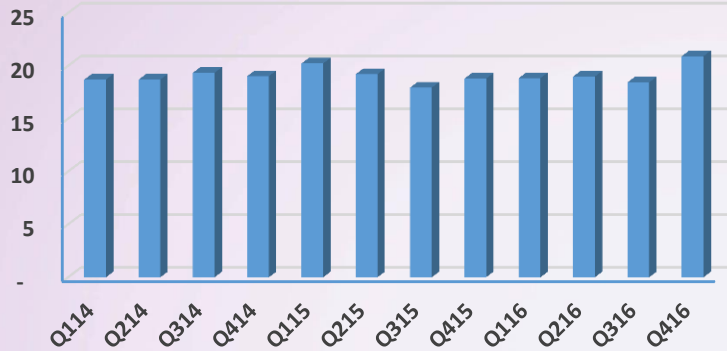
Net debt (cash) (Pbn)

Net debt/equity

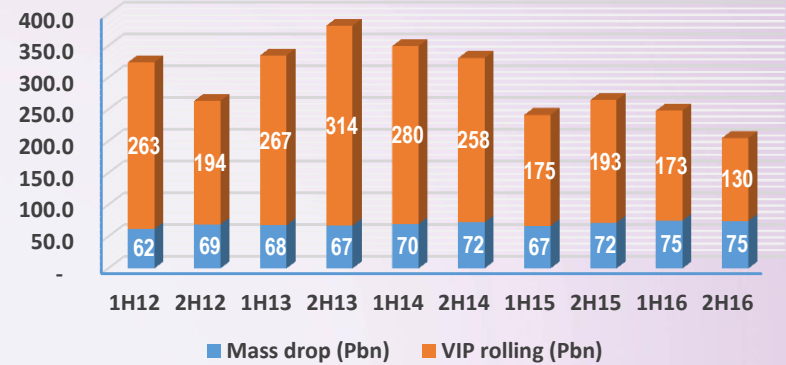


# RWM's interim financial highlights – cont'd

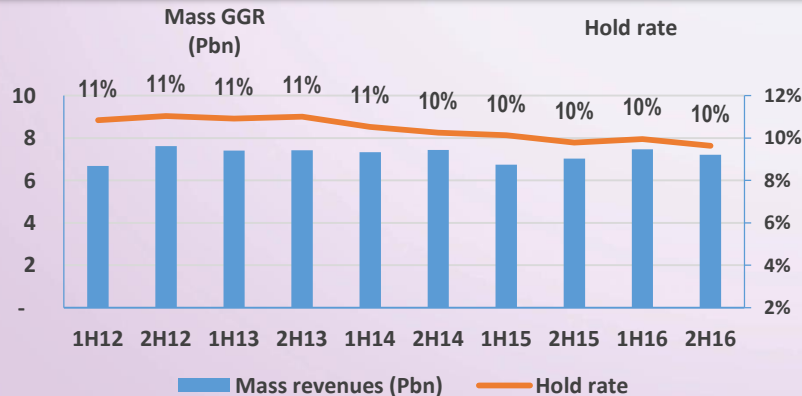
Number of visitors



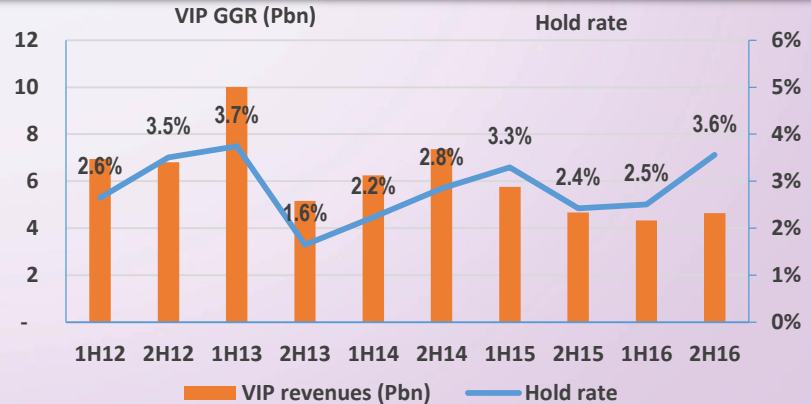
Mass drop vs VIP rolling volume (Pbn)



Mass GGR vs hold rate



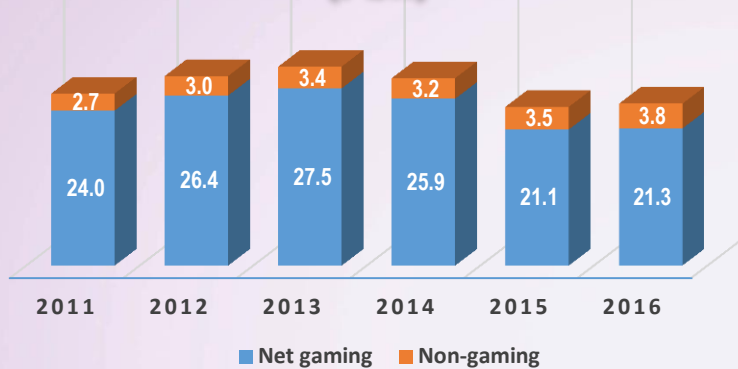
VIP revenues vs VIP win rate



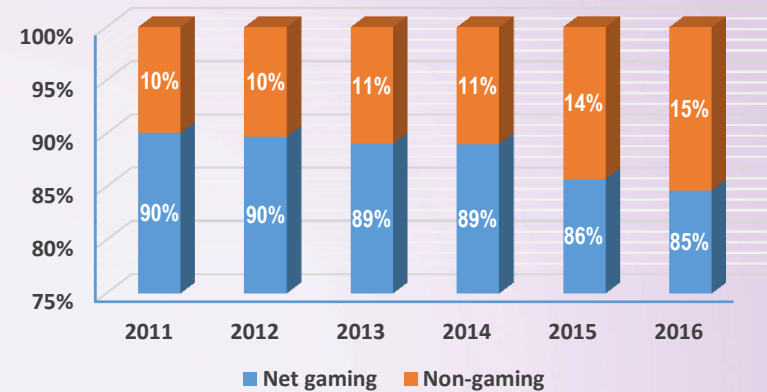
# Driven by non-VIP and non-gaming segments

Net gaming vs non-gaming revenues

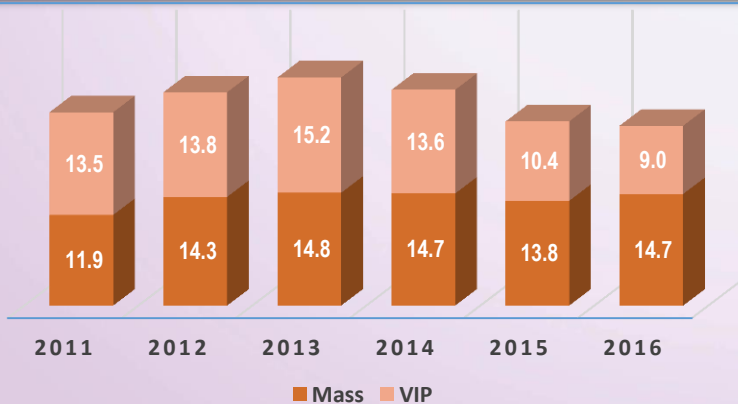
(Pbn)



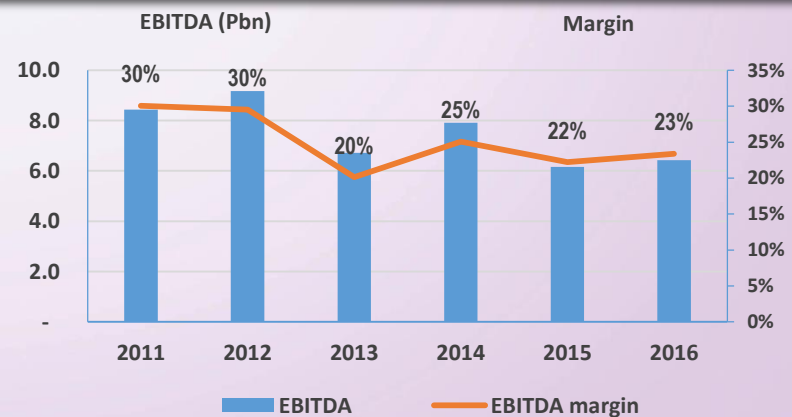
Share of net gaming vs non-gaming



Gaming revenues: mass vs VIP (Pbn)



EBITDA and EBITDA margin



# Initiatives: RunWay Manila



- 220 meter air-conditioned pedestrian bridge linking Ninoy Aquino International Airport Terminal 3 to Newport City.
- It can accommodate 2,000 people at any time or 216,000 travelers per day.
- Opening April 2017.

# Initiatives: Ongoing Phase 3 expansion

Maxims Hotel (191 keys)



Hilton Manila Hotel (357 keys)



Sheraton Hotel Manila (391 keys)



- Three (3) new hotels
- Additional 14,000 sqm in gaming areas
- Additional 3,200 sqm in retail space
- Six (6) level basement parking
- Target completion by end-2017 to 2018



GOLDEN ARCHES DEVELOPMENT CORPORATION



**FIRST FOR THE**

**FILIPINO FAMILY**



# GADC By The Numbers



**520**  
Stores nationwide



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



**7%**  
*System wide same-store sales growth (2016)*






**310**  
*dessert centers*



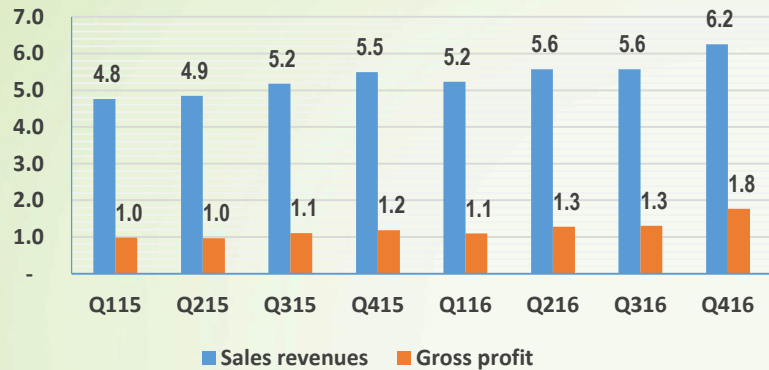
**292**  
*McDelivery hubs*

# GADC's FY2016 performance at a glance

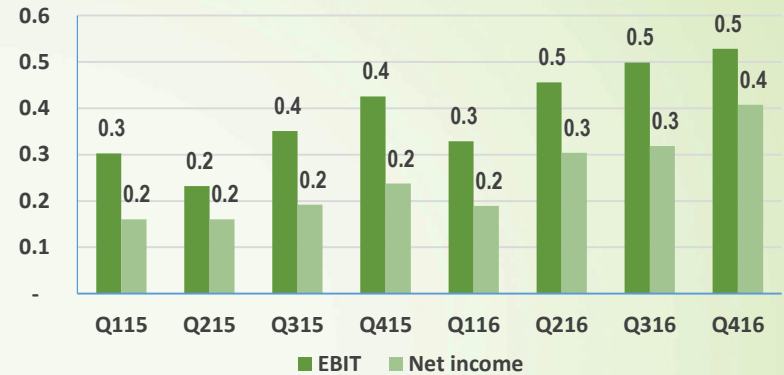
- Sales revenues +11% to P22.6bn.
  - 91% from sales by co-owned stores; 9% from rent, royalty & others.
  - Systemwide same-store sales +7% YoY.
  - 520 stores (vs 481 a year ago): 53% owned; 47% franchised/JVs.
  - Revenue per store +3% YoY.
- Overall improvement in margins amid operating leverage.
  - GP margin  to 24% (vs 21%).
  - EBITDA margin  to 13% (vs 11%).
  - EBIT margin  to 8% (from 6%).
- Net income breached P1-bn mark: +63% to P1.2bn.
- Net cash position even with ongoing store expansion program.

# GADC's interim financial highlights

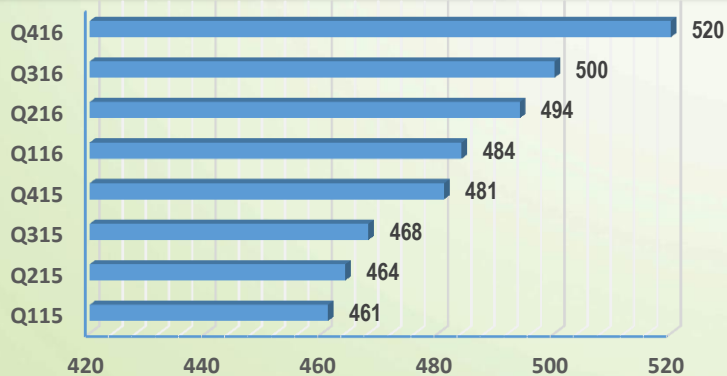
### Sales revenues vs Gross profit (Pbn)



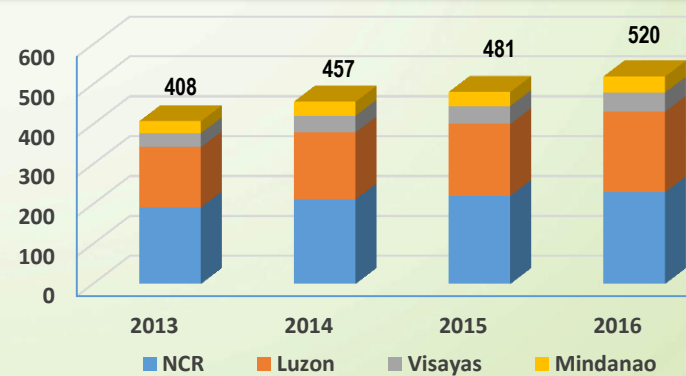
### EBIT vs Net profit (Pbn)



### Number of stores

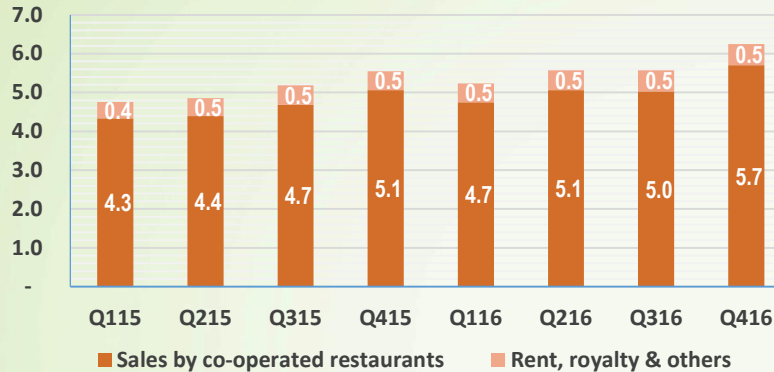


### Store geographic distribution

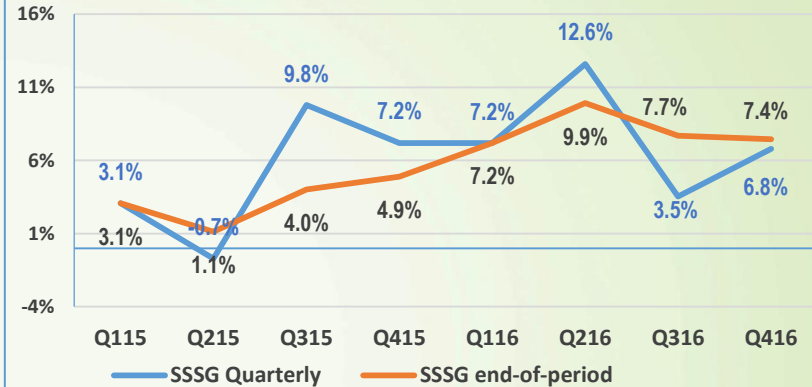


# GADC's interim financial highlights – cont'd

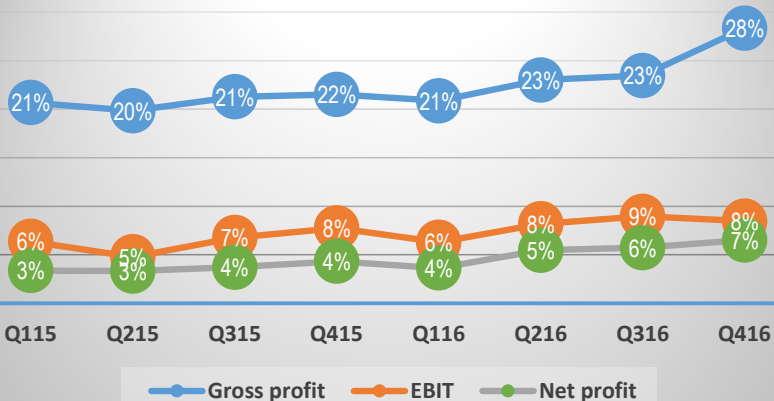
### Sales revenues (Pbn)



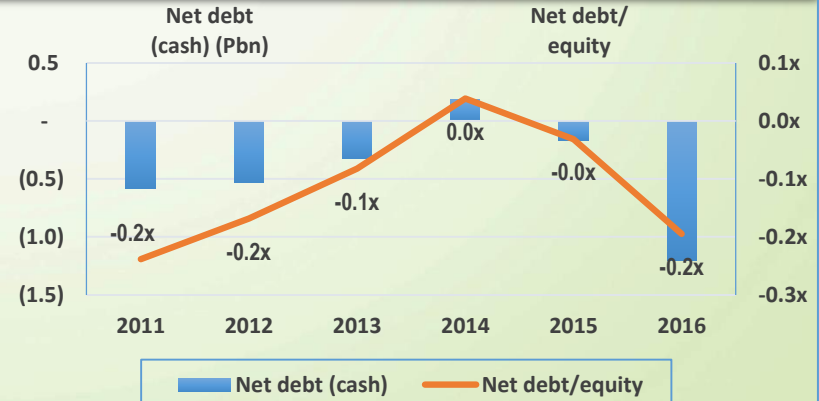
### Systemwide same-store sales growth



### Margins

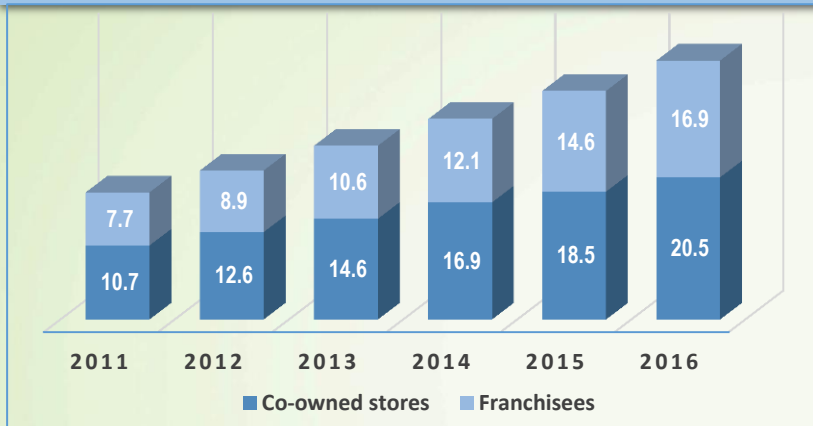


### Gearing

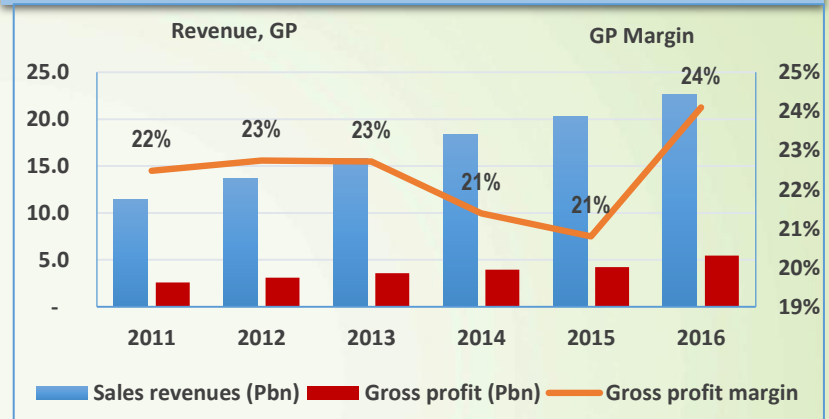


# Sustaining healthy growth in sales

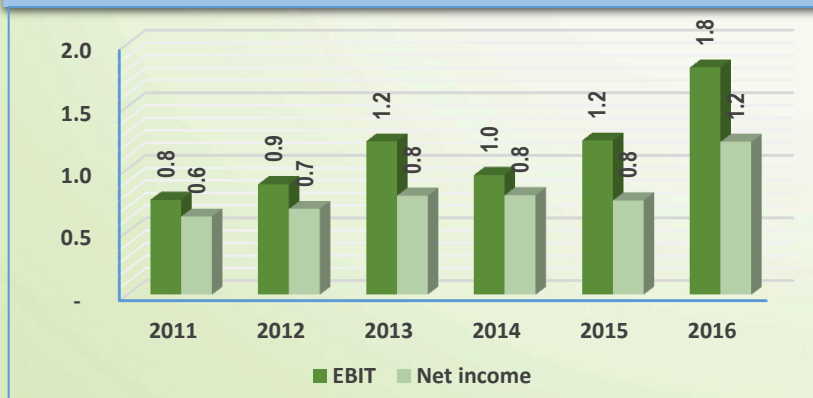
### Systemwide sales (Pbn)



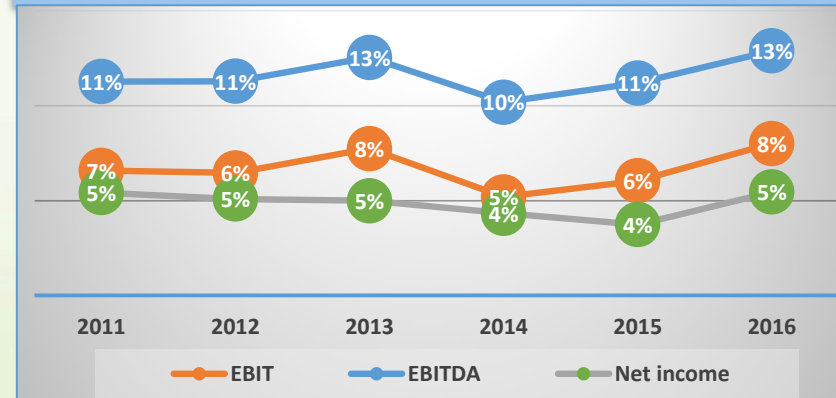
### Sales revenues vs Gross profit



### EBIT vs Net income (Pbn)

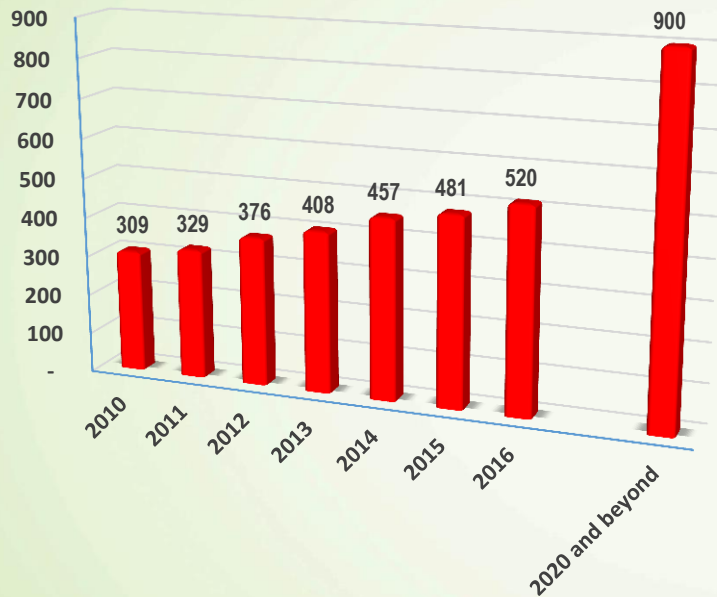


### Margins



# Initiatives: McDo stores throughout the country

Number of McDonald's stores



*GADC aims to bring its McDonald's network to at least 900 branches by 2020 and beyond.*



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FILIPINO FAMILY**

**Thank you.**