



TRAVELLERS  
INTERNATIONAL



 **ALLIANCE GLOBAL**  
1H2016 Analyst Presentation  
15 August 2016



# AGI Group Structure

## ALLIANCE GLOBAL

AGI PM  
(US\$3.5bn)



67%

MEGAWORLD

MEG PM  
(US\$3.5bn)

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

# AGI By The Numbers



P650n  
In consolidated  
revenues  
(1H2016)

P460bn  
In total  
resources  
(Jun2016)

P55bn  
In fixed assets  
(Jun2016)

P77bn  
In group capex  
(2016)

0.11X  
Parent net  
debt/equity



# AGI's 1H16 performance at a glance

- Stronger Q216 performance across all segments.
  - MEG: sustained rise in rentals; much improved overall margins.
  - EMP: healthy domestic sales growth; enhanced margins for WMG.
  - RWM: overall growth in rolling volume/mass drop; favorable win rate
  - GADC: robust sales helped by new stores; stronger margins
- 1H16 group revenues up 3% to P67.1bn; MEG and GADC drove the growth
- Overall improvement in margins except for RWM
- Attributable net income down 3% to P7.3bn.
- Total assets stood at P460.5bn, up 17% YoY, buoyed by ongoing capital expansion.
- Group capex could reach P77bn this year.
- Consolidated net debt/equity rose to 0.25x; parent net debt/equity stood at 0.11x.

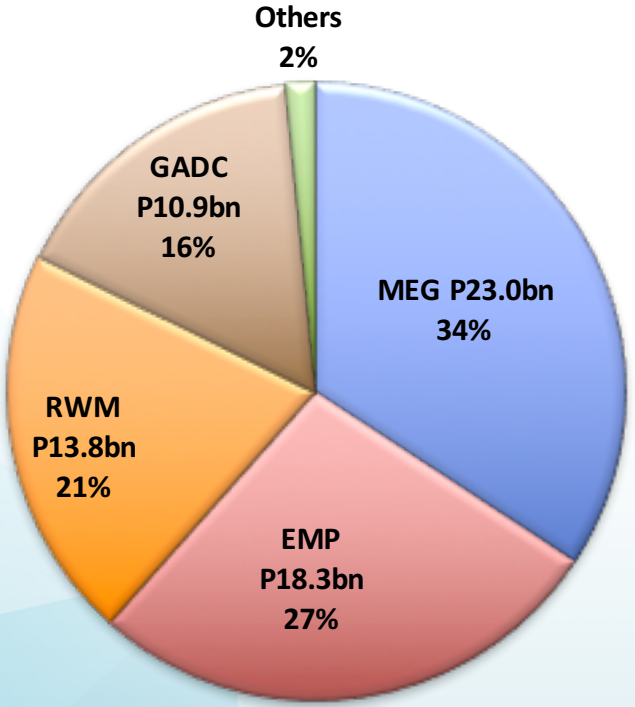
# Interim performance highlights



P&L highlights (Pbn)	1H16	1H15	% chg
<b>Group revenues</b>	<b>67.07</b>	<b>65.42</b>	<b>3%</b>
Megaworld	22.97	21.98	5% sustained growth in rentals offset moderating residential sales
Emperador	18.34	18.32	0.1% brandy sales boosted by Fundador; lower whisky sales due to RSV exit
Travellers	13.84	14.23	-3% overall volume growth; rising share of non-gaming
GADC	10.88	9.64	13% helped by store expansion; +10% systemwide SSRG
Others	1.04	1.25	-17%
<b>Group costs/expenses</b>	<b>52.88</b>	<b>51.17</b>	<b>3%</b>
Megaworld	15.18	14.91	2% efficient cost management
Emperador	14.32	14.14	1% higher raw material and distribution costs; incremental costs related to Fundador
Travellers	11.82	11.83	-0% lower gaming taxes, increased marketing expenses
GADC	10.19	9.19	11% higher imported raw materials; shift in product mix
Others	1.38	1.11	24% higher interest charges, increased borrowings
<b>Net income to owners</b>	<b>7.28</b>	<b>7.51</b>	<b>-3%</b>
Megaworld	3.90	3.53	11%
Emperador	2.78	2.66	5%
Travellers	0.80	1.05	-24%
GADC	0.24	0.16	54%
Others	-0.44	0.12	n/a
<b>Net profit margin</b>	<b>10.9%</b>	<b>11.5%</b>	<b>-61bps</b>

# Revenue mix (in Pbn)

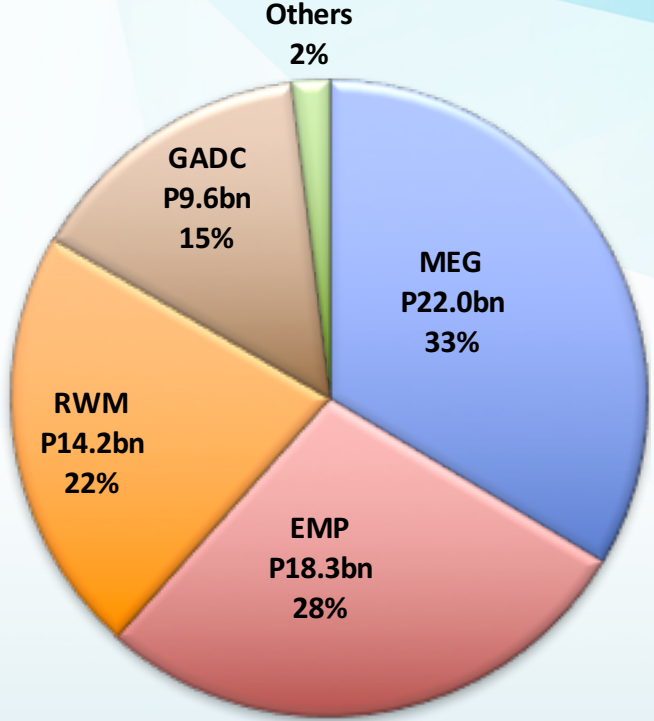
**P67.1bn**    ↑ 3%



MEG    EMP    RWM    GADC    Others

**1H16**

**P65.4bn**

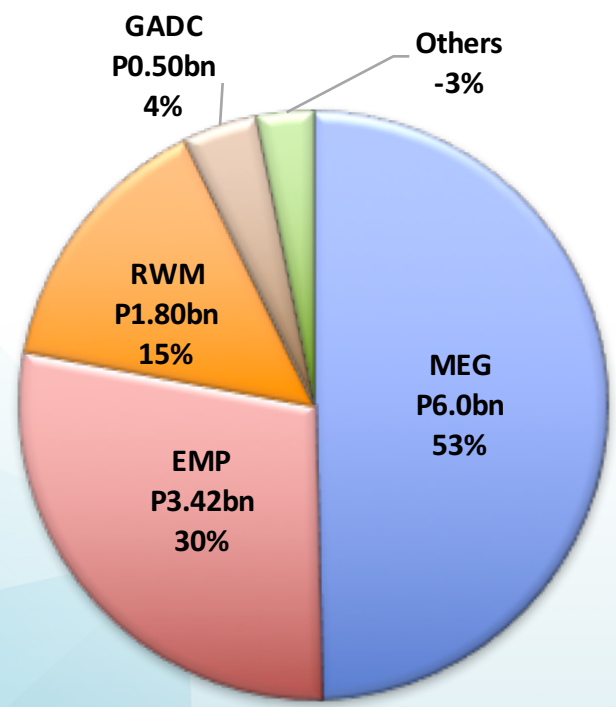


MEG    EMP    RWM    GADC    Others

**1H15**

# Pre-minority net income mix (in Pbn)

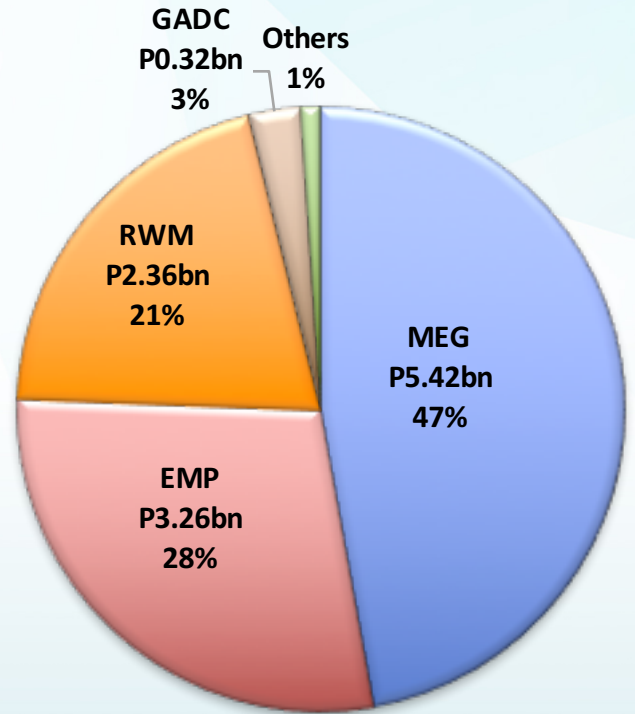
**P11.3bn**    ↓ 1%



■ MEG   ■ EMP   ■ RWM   ■ GADC   ■ Others

**1H16**

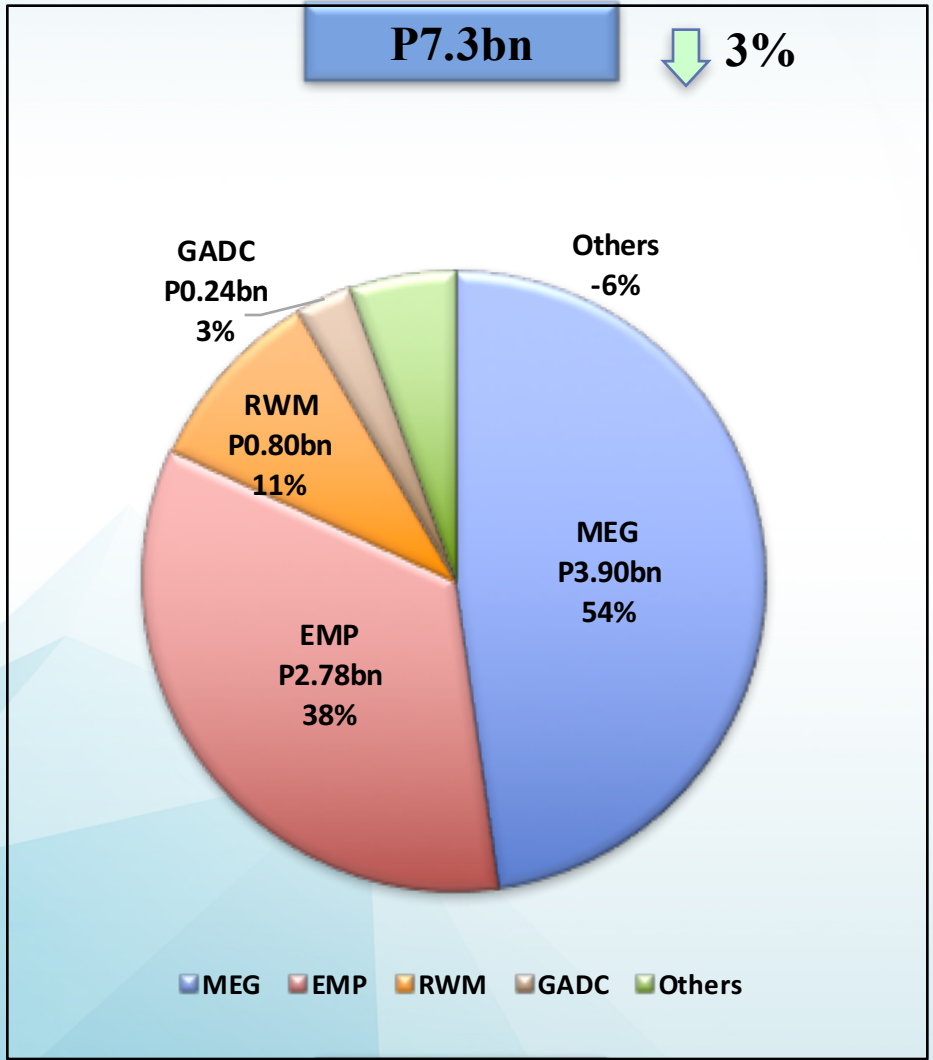
**P11.5bn**



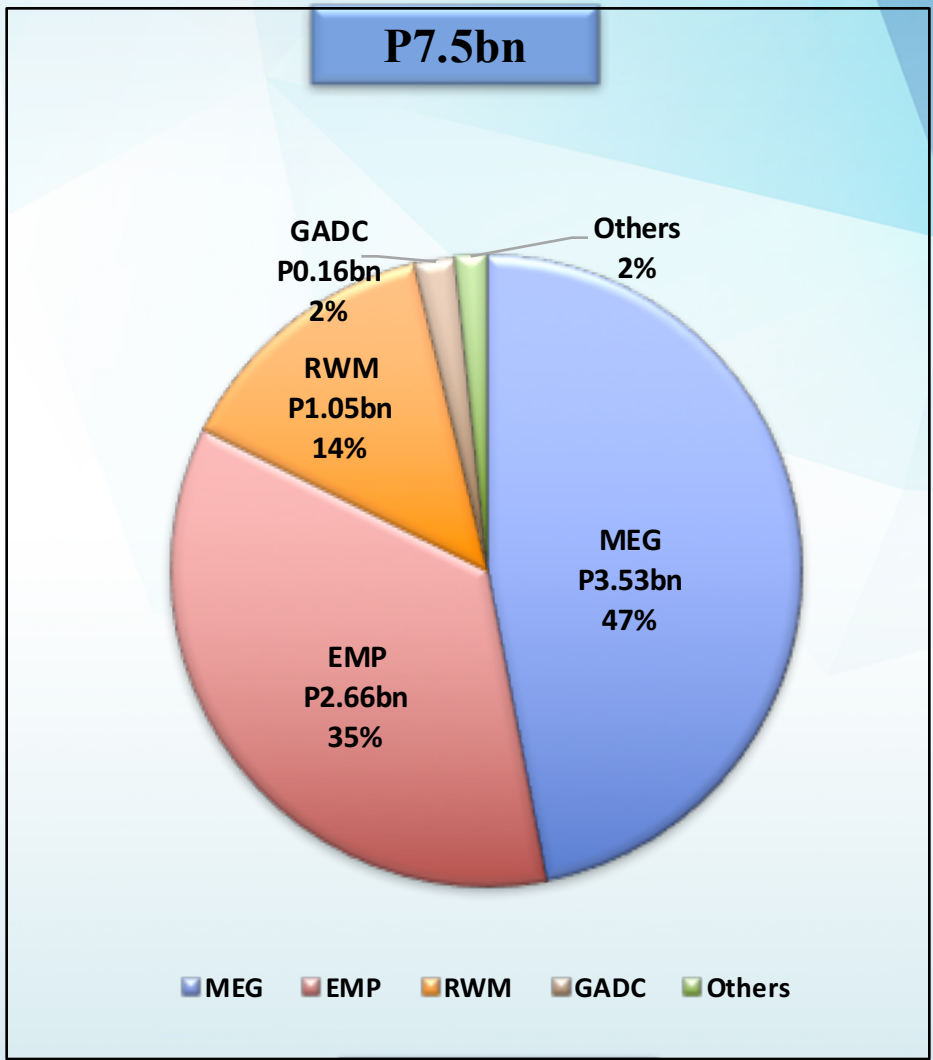
■ MEG   ■ EMP   ■ RWM   ■ GADC   ■ Others

**1H15**

# Attributable net income mix (in Pbn)



**1H16**

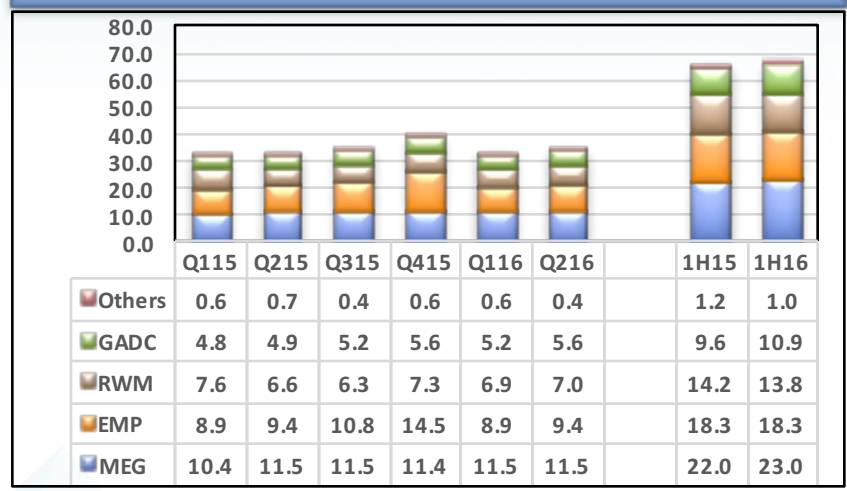


**1H15**

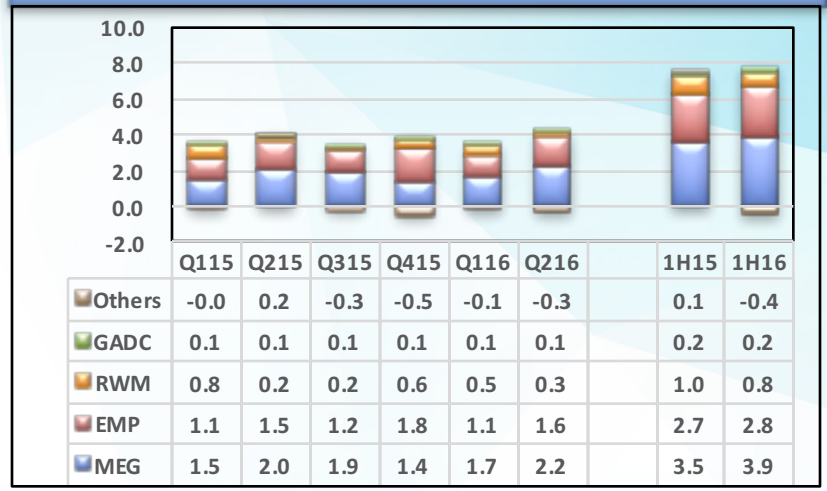


# Financial highlights

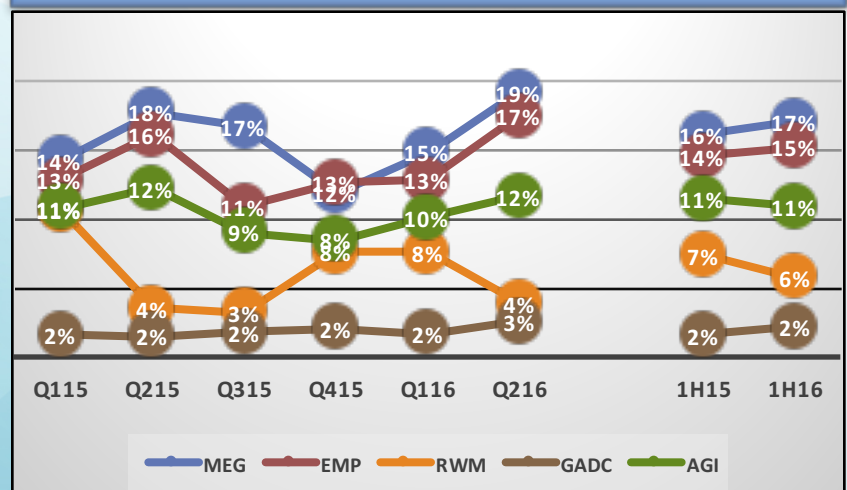
### Revenues (Pbn)



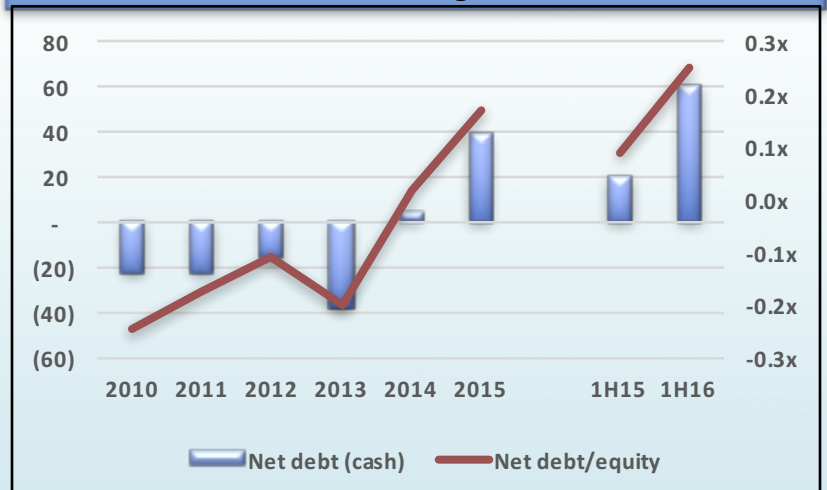
### Net profit (Pbn)



### Net profit margin



### Gearing



- **Megaworld**
  - Looking to double office GLA capacity and almost treble commercial/retail GLA capacity by 2020 from 2015 level.
  - Intensifying township development projects outside of Metro Manila.
- **Emperador**
  - Acquisition of Fundador expands brandy line, allowing for more premium products.
  - Increasing presence of WMG in North America and Asia.
  - Launching new products in the domestic market; eyeing export market.
- **Travellers**
  - Completion of Marriott Hotel West Wing in 2H16.
  - Ongoing development of Phase 3 expansion (Maxims, Sheraton and Hilton).
- **GADC**
  - Continued store expansion program.

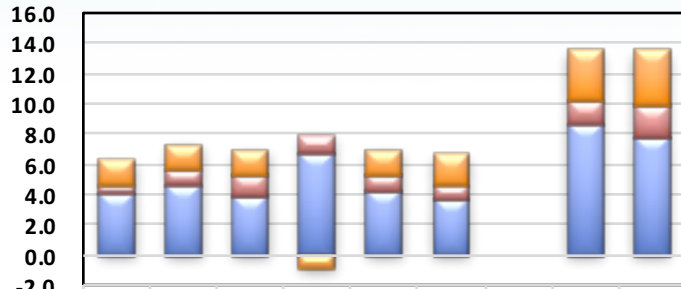
1H16 performance highlights

**MEGAWORLD CORPORATION**

- Total revenues up 5% YoY to P23.0bn.
  - Sustained robust 15% growth in rentals (office and commercial) to P4.8bn.
    - Benefitting from last year's capacity expansion; high occupancy rate of 98-99%.
    - Rentals now contribute 21% of total revenues (from 19% a year ago).
  - Real estate sales stood flat at P13.4bn.
    - 58% MEG-standalone, 27% ELI/Suntrust, 16% GERI
  - Finance & other income up a modest 5%.
- Stable margins helped by ongoing cost efficiencies.
  - Residential gross profit margin generally steady at 46%.
  - Rental EBIT margin improved slightly to 74.5% (from 74%).
- Net income up 11% to P5.8bn.
- Net debt/equity higher at 0.26x (from 0.14x in end-Jun15 and 0.22x in end-2015) but still comfortable.

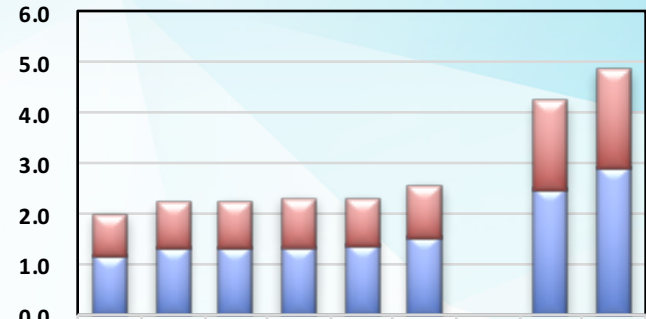


### Real estate sales (Pbn)



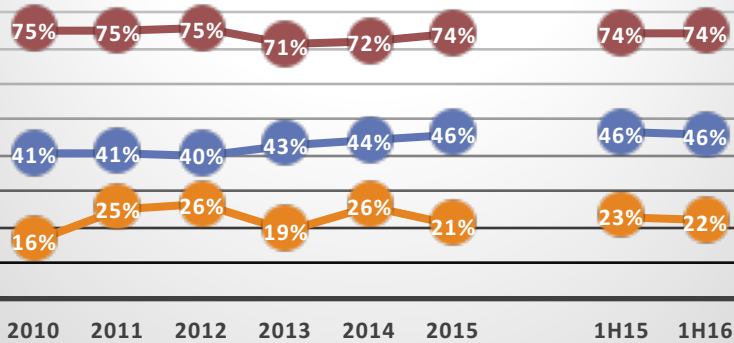
	Q115	Q215	Q315	Q415	Q116	Q216	1H15	1H16
ELI+SPI	1.7	1.6	1.6	-0.9	1.6	2.0	3.3	3.6
GERI	0.6	1.0	1.5	1.1	1.1	1.0	1.5	2.1
MEG only	4.0	4.6	3.8	6.7	4.1	3.6	8.6	7.7

### Rentals (Pbn)



	Q115	Q215	Q315	Q415	Q116	Q216	1H15	1H16
Commercial	0.8	0.9	0.9	0.9	0.9	1.0	1.7	2.0
Office	1.2	1.3	1.3	1.4	1.4	1.5	2.5	2.9

### Margins



—●— Development GP margin      —●— Rental EBIT margin  
—●— Hotel EBIT margin



### Gearing



1H16 performance highlights

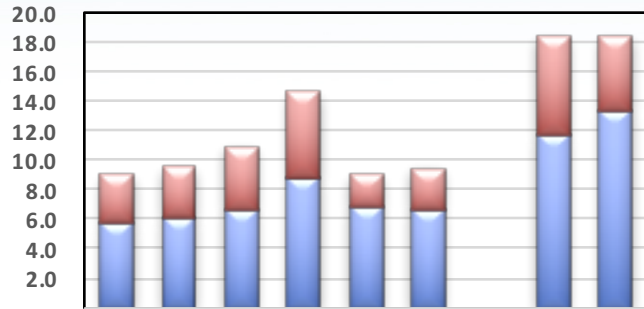
**EMPERADOR INC**

# EMP's 1H16 performance at a glance

- Now has iconic premium brandy product Fundador in its portfolio.
- Revenues flat at P18.4bn.
  - Sales of EMP ex-WMG grew 14% to P13.4bn (73% of total).
    - Incremental contribution from Fundador (starting in March).
    - EMP-domestic grew 8% supported by price adjustments, volume growth, and contribution from new products (*Andy Player, Smirnoff Mule*).
  - Sales of WMG fell 25% to P5.0bn (27% of total).
    - Traced to termination of Russian Standard Vodka distributorship in end-2015.
- Slight improvement in blended margins
  - GP margins up:  EMP-domestic at 38%, WMG at 26%
  - EBITDA margins: 
- Net income up 5% to P3.4bn.
- From net cash, EMP posted net debt/equity of 0.18x.

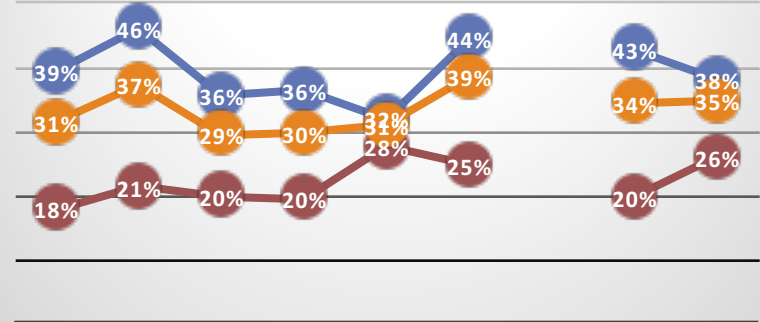


### Revenues (Pbn)



	Q115	Q215	Q315	Q415	Q116	Q216	1H15	1H16
WMG	3.2	3.3	4.2	5.8	2.2	2.7	6.6	5.0
EMP ex-WMG	5.7	6.1	6.6	8.8	6.7	6.7	11.7	13.4

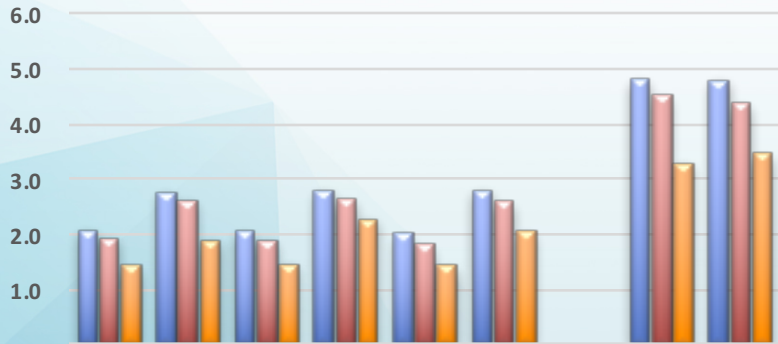
### Gross profit margin



	Q115	Q215	Q315	Q415	Q116	Q216	1H15	1H16
--	------	------	------	------	------	------	------	------

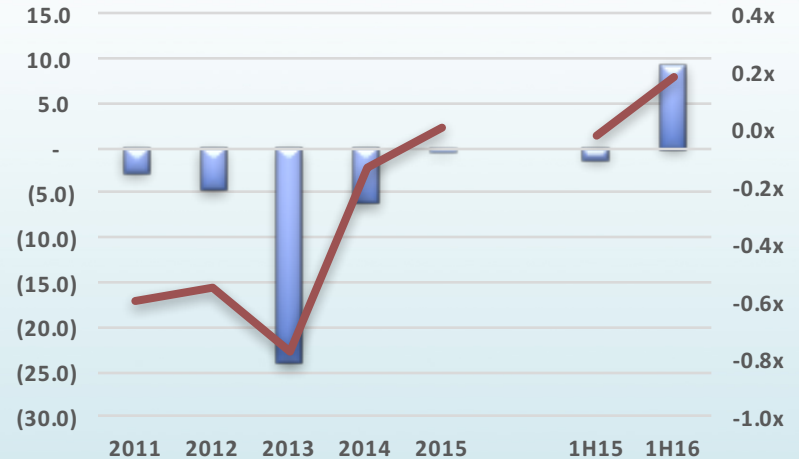
EMP ex-WMG WMG Total

### EBITDA, EBIT & net profit (Pbn)



EBITDA EBIT Net income

### Gearing



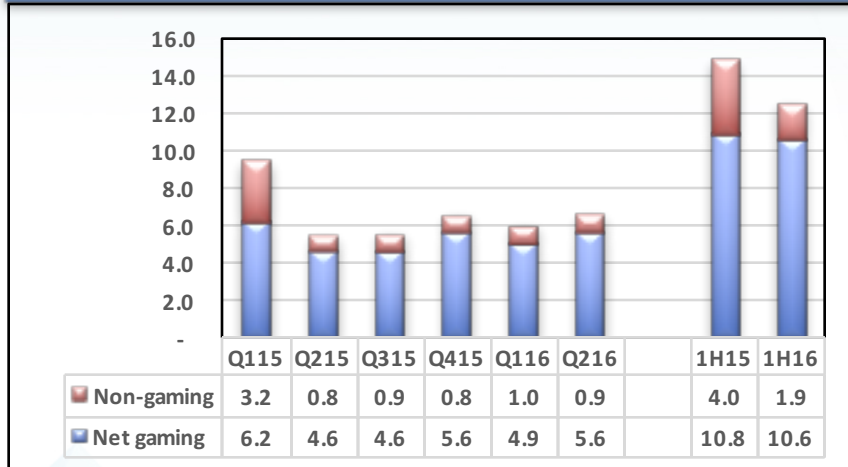


1H16 performance highlights

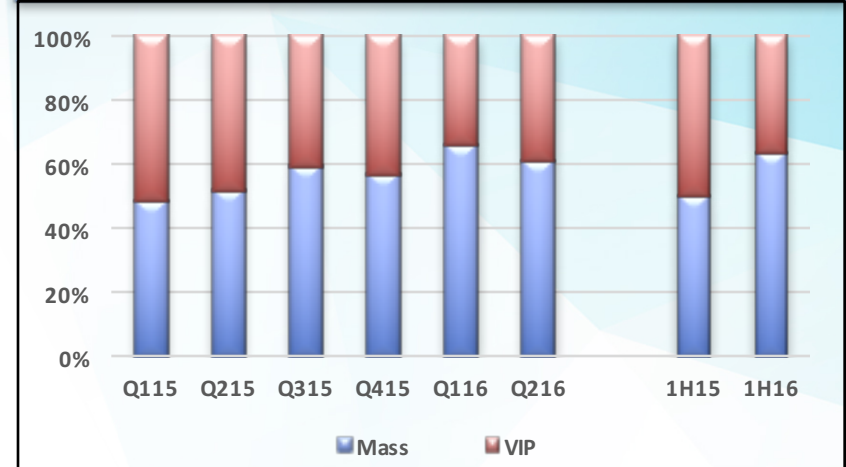
**TRAVELLERS INTERNATIONAL  
HOTEL GROUP INC**

- Net revenues stood flat at P12.5bn.
  - GGR recovered in Q216, capping the decline in 1H16 level to P11.8bn.
    - Q216 performance traced to overall improvement in volumes, favorable win rate.
    - Sustained double-digit growth in mass drop and mass revenues.
    - VIP hold rate recovered in Q216, but still below year ago level.
    - GGR mix now at 63/37 mass vs VIP (from 54/46 a year ago).
  - Non-gaming revenues grew 16% to P1.9bn.
    - 87% occupancy rate for RWM hotels.
    - Incremental contribution from Marriott Grand Ballroom.
- Margin recovery in Q216 even with increased marketing expenses.
  - EBITDA margins stood at 22% (from 25%) of gross revenues.
  - EBIT margins at 16% (from 20%) of gross revenues.
- Net income fell 24% to P1.8bn.
- Net debt/equity at 0.10x from net cash position.

Net revenues (Pbn)



GGR: Mass vs VIP(Pbn)



EBITDA and EBITDA margins



Gearing



1H16 performance highlights

**GOLDEN ARCHES  
DEVELOPMENT CORPORATION**

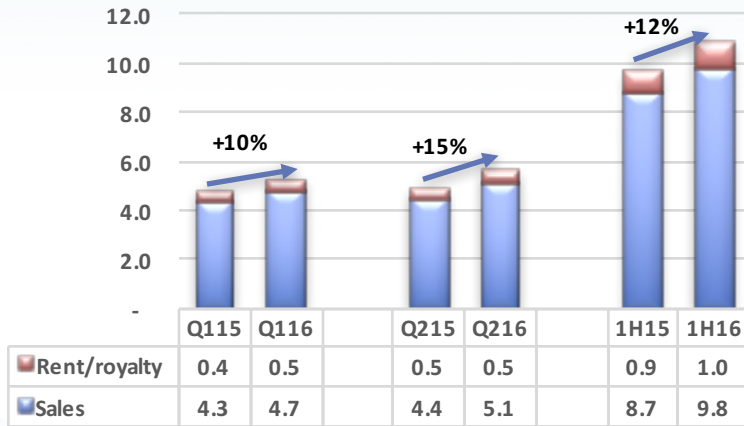


# GADC's 1H16 performance at a glance

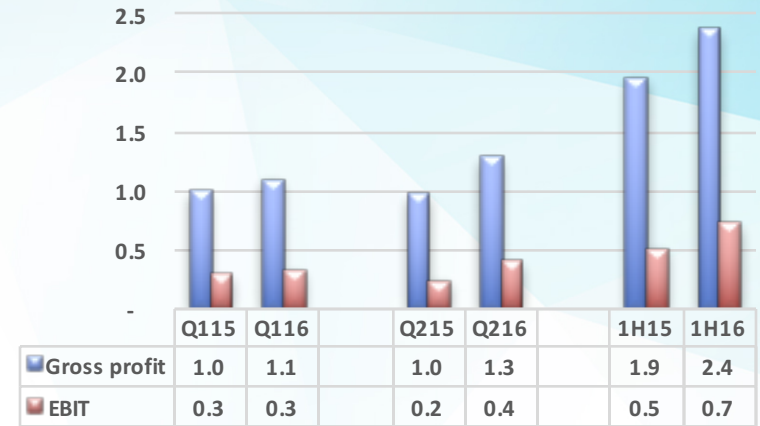
- Sales revenues remained robust, up 12% to P10.8bn.
  - System-wide same-store sales growth at 10% YoY.
  - Number of stores now total 494 (from 464 a year ago); seen to hit 500<sup>th</sup> store soon.
  - Despite aggressive capacity expansion, revenue per store has been stable, indicating absence of market cannibalization.
- Overall margin improvement indicates operating leverage.
- Net income grew by 54% to P497m.
- Enjoys net cash position even with ongoing store expansion program.



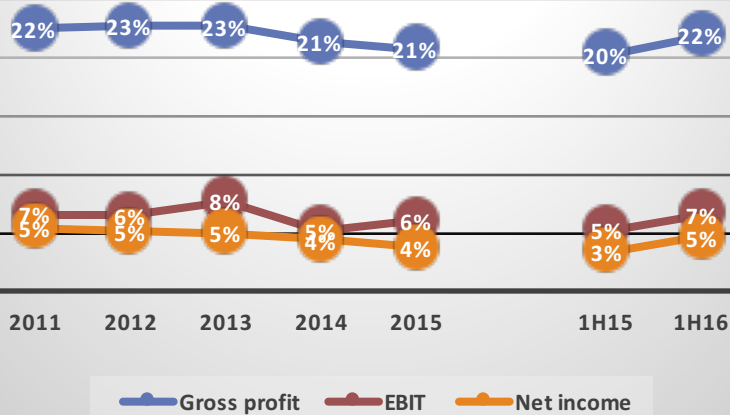
### Revenues (Pbn)



### Gross profit vs EBIT (Pbn)



### Margins



### Gearing



# EPILOGUE

# We are future-proofing the business

- Maintaining market leadership
- Product diversification
  - MEG: rentals to complement residential; horizontal vs vertical projects; target market now broader to include economic housing and ultra luxury condos
  - EMP: expanded product offerings from brandy to whisky
  - RWM: growing premium mass segment and non-gaming business
- Geographic distribution
  - MEG: expansion throughout the Philippines.
  - EMP: global presence in over 100 countries while maintaining dominance in the domestic market.
  - RWM: flagship project in Newport City; developing West Side City Resorts World
- Heavy capex but financial prudence maintained
- Putting in place various structures to ensure long-term growth



Thank you.