Alliance Global reports profit of P15B in 2017

MANILA, Philippines, April 5, 2018--Alliance Global Group, Inc. (AGI), the investment holding company of tycoon Dr. Andrew L. Tan, registered a mixed performance across its various business segments in 2017 with net income of P21.8 billion during the period. Consolidated revenues went up slightly to P141.8 billion as the strong results from its real estate operations and quick service restaurants business cushioned the weakness in its gaming and leisure operations, as well as the modest rise in liquor sales. Net income attributable to common shareholders reached P14.9 billion, little changed from its level a year ago. Adding back non-recurring items, net income should show some 4% improvement to P15.2 billion.

"2017 has been a rather challenging year for the Group but that never deterred us from pursuing our growth ambitions. As we move forward, we remain focused on investing in our future. We have in fact spent close to P70 billion during the year for our ongoing expansion plans," says Kingson U. Sian, President of AGI.

Megaworld, AGI's property arm with 23 integrated urban townships throughout the country, sustained the growth in attributable net profit at its 13% annual clip to P12.8 billion in 2017. Consolidated revenues rose 8% to P50.4 billion, boosted by the 18% expansion in rentals to P11.8 billion coming from Megaworld's office buildings and lifestyle malls. Its development segment also recorded a stronger performance with residential revenues up 5% to P34.6 billion while higher project completion boosted total realized gross profit by 12% to P14.7 billion. Just recently, Megaworld successfully announced its plans to incorporate digital technology, design innovations and connectivity in creating smart cities for its ***i***Townships. The move forms part of Megaworld's efforts to achieve a more sustainable business model and environmentally-responsible operations.

Emperador, the world's largest brandy company, generated revenues of P42.6 billion in 2017, up 4% year-on-year. However, increased cost of goods sold, higher marketing expenses and unrealized foreign currency losses pulled down its net income to P6.3 billion. Its whisky business, through Whyte and Mackay, which was acquired in 2014, performed strongly with revenues rising 10% to P12.6 billion and net profit growing sharply by 26% to P1.3 billion. This was achieved as its single-malt whisky brands, The Dalmore and Jura, continued to gain acceptance in its new markets in Asia, the United States and Middle East. The company's brandy operations remained challenging amidst intense domestic competition but still managed to keep its lead in the domestic spirits market with revenues of P31.2 billion and net income of P5 billion.

Travellers reported lower EBITDA of P3.5 billion as gross revenues fell to P21 billion in the aftermath of the unfortunate June 2 incident. With lower gaming capacity in the second half of last year, gross gaming revenues (GGR) stood at P17 billion. Non-gaming revenues managed to grow by 5% to P4 billion as its hotel operations continued to report high occupancy rates. By the fourth quarter, Resorts World Manila already posted a recovery with GGR improving by 21% quarter-on-quarter, while EBITDA more than doubled for the same period. Visitation to the complex also bounced back, averaging at 27,000 daily in the fourth quarter from 23,000 in the third quarter. For this year, Travellers is set to launch its Grand Wing with three international luxury hotel brands Hilton, Sheraton and Okura, as well as a new gaming facility and a new upscale retail area. "2018 will be a hectic year for Resorts World Manila as we expect to launch a new hotel each quarter up to the end of the year. We look forward to a more exciting performance for the company moving forward," says Mr. Sian who is also President of Travellers.

Golden Arches Development Corporation, which holds the exclusive franchise to operate McDonald's in the Philippines, gave another remarkable performance with net income growth of 33% to P1.6 billion. Sales revenues rose 12% to P25.5 billion boosted by 5.8% systemwide same-store-sales growth and its ongoing store expansion. The company ended the year with a total of 566 operating stores throughout the country, compared to the 520 stores in the previous year. GADC plans to add more stores each year to further expand its reach throughout the country.

"For this year, we are allocating capex of P80 billion as we continue to invest for growth in order to future-proof our business. About 75% of said amount will go to Megaworld, mainly for its development and investment property projects, which should allow it to sustain its healthy earnings growth moving forward. Another 15% of capex will be spent by Travellers to complete its Grand Wing (Phase 3), development which should boost its hotel and overall gaming capacity," says Mr. Sian. ###