



Press Release

June 21, 2016

LTG eyes new growth drivers after strong 2015 performance

LT Group, Inc. (LTG) has a generally positive outlook for 2016 as it eyes new growth drivers to surpass last year's Php6.6 billion net income.

In a statement following the Group's annual stockholders' meeting, LTG president Michael G. Tan said the company is looking at capital expenditures of about Php10 billion this year. The amount will fund expansion programs in the beverage sector, building construction and land acquisition for the property sector, and technology upgrades for the bank.

"Aside from strengthening our current brands and products, we're launching new ones, putting up new plants, expanding in new areas, and forging new partnerships," he said.

Early this year, LTG announced a joint venture with Ayala Land for the development of a 35-hectare township spanning Pasig and Quezon Cities. Asia Brewery, Inc. (ABI) partnered with Heineken International to form AB HEINEKEN Philippines Inc. which will drive the premiumization of the beer brand portfolio. PNB, on the other hand, announced the acquisition of Allianz of a 51% stake in PNB Life Insurance Inc. which includes a 15-year bancassurance agreement.

In the tobacco sector, Tan said there is much room for margin improvement when illicit trade is substantially reduced and a level playing field is achieved. He is particularly optimistic with the entry of the new Duterte administration which promised a no-nonsense leadership style and zero-tolerance for crime and corruption.

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“We’re ready to work closely with incoming President Duterte’s handpicked finance team led by incoming secretary Carlos Dominguez to fight illicit trade and increase tax collection especially in the tobacco and alcohol sectors,” Tan stressed.

He said outlook for the tobacco business is improving as the country moves towards a unitary tax. While there is relatively higher compliance on tax stamps, he stressed that vigilance is required. “We’re still advocating for the 24/7 closed circuit TV surveillance and third party monitoring of all cigarette factories to plug revenue loopholes,” he added.

On distilled spirits, he said Tanduay plans to improve earnings through new product offerings targeting the youth and cost-efficiency measures like energy-saving initiatives that may also provide additional sources of revenues.

In the property sector, Eton Properties Philippines will be putting up more BPO office buildings to expand its leasing portfolio,” Tan said.

LTG’s 2015 income reached Php6.6 billion, 50% more than the Php4.4 billion reported the year before. PNB contributed Php3.51 billion or 53% of total income. ABI added Php1.10 billion (17% of total), followed by the tobacco business at Php1.04 billion (16%). Tanduay accounted for Php422 million (6%), while Eton added Php312 million (5%). Equity in net earnings from LTG’s stake in Victorias Milling Company was Php214 million or 3% of total.

In the first quarter of 2016, LTG’s attributable net income amounted to Php2.23 billion, 40% higher than thePhp1.59 billion realized in 1Q15. All of LTG’s businesses reported growth in their earnings in the first quarter.

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