



Press Release

LTG 1H 2016 Net Income up 28% to Php4.6 Billion

LT Group, Inc. (LTG) reported today (August 12, 2016) an unaudited attributable net income of Php4.56 billion for the first half of 2016, 28% more than first half 2015's Php3.57 billion.

Philippine National Bank (PNB) contributed Php1.73 billion, or 38% of LTG's attributable income. The tobacco business accounted for Php1.45 billion or 32% of total, followed by Asia Brewery, Inc. (ABI) at Php720 million or 16%. Tanduay Distillers, Inc. (TDI) added Php444 million or 10%, while Eton contributed Php132 million or 3%. Equity in net earnings from Victorias Milling Company, Inc. (VMC) amounted to Php96 million, or 2% of total.

In May, LTG paid a cash dividend of Php0.15 per share, or a total of Php1.62 billion. This is equivalent to a 25% pay-out rate.

The Company's balance sheet remains strong. As of end-June 2016, the parent company's cash balance was at Php2.7 billion. Debt-to-Equity Ratio was at 3.47:1 with the Bank, and at 0.15:1 without the Bank.

Philippine National Bank (PNB)

PNB reported a net income of Php4.42 billion for the first semester of 2016 under the pooling method, 8% higher than 1H15's Php4.10 billion.

Net Interest Income grew 13% to Php9.53 billion, while Net Service Fees and Commission Income were lower by 13% y-o-y to Php1.44 billion. Other Income grew by 70% to Php5.46 billion with higher Trading and Foreign Exchange Gains, and the sale of Real and Other Properties Acquired (ROPA), and the 51% stake in the life insurance business to Allianz.

Tobacco

The tobacco business had a net income of Php1.46 billion for January to June 2016, from Php425 million in the first half of 2015.

Equity in net earnings from the 49.6% stake in PMFTC, Inc. (PMFTC) reached Php1.40 billion for the first six months of 2016, significantly higher than the Php420 million reported in 1H15.

The increase was mainly attributed to the change in mix of PMFTC's sales, with premium Marlboro accounting for a higher share of total volume. While the Company sees some improvement, illicit trade continues to affect overall profitability of the tobacco business.

Asia Brewery, Inc. (ABI)

ABI's income reached Php721 million for 1H16, 38% higher than 1H15's Php524 million.

ABI's Cobra energy drink, Absolute and Summit bottled water, Tanduay Ice alcopop and Vitamilk soymilk continue to be market leaders. The exceptionally hot summer and some impact from election-related spending resulted in the growth in volumes of ABI's products. In late May, the Company signed a joint venture agreement with Heineken for the beer business.

Tanduay Distillers, Inc. (TDI)

TDI reported a 148% growth in net profits to Php444 million in the first six months of 2016, from Php179 million a year ago.

Revenues grew largely due to the start of the contribution of bioethanol sales in 2016. Volume for liquor was relatively flat in 1H16. Based on Nielsen estimates on customer off-take, TDI's market share has remained steady in the past two quarters at 24%. TDI continues to have a bigger share of the market in the Visayas and Mindanao areas, at 61% and 60%, respectively, as of June 2016.

Eton Properties Philippines, Inc. (Eton)

Eton generated a net income of Php133 million for the first half of 2016, 18% higher than 1H15's Php113 million.

Revenues increased by 5% to Php1.31 billion due to a growth in leasing revenues brought about by higher lease rates of its BPO office buildings.

In end-May, Eton broke ground on Eton West End Square, a mixed-use development along Pasong Tamo, Makati. It will have about 15,000 square meters of GLA for retail and office use, as well as a 44-storey residential component.

In August, Eton broke ground on the fifth BPO office tower at Eton Centris in Quezon City. It will have a gross leasable area (GLA) of around 37,000 square meters.

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