



Press Release

LTG's Net Income for 2018 at Php16.19 Billion

LT Group, Inc. (LTG) reported today (March 18, 2019) that its attributable net income for 2018 amounted to Php16.19 billion, compared to the Php10.83 billion reported for 2017.

Philippine National Bank contributed Php5.47 billion or 33% of total. The tobacco business accounted for Php8.72 billion or 54% of total. Tanduay Distillers, Inc. (TDI) added Php890 million or 5%. Eton Properties Philippines, Inc. (Eton) contributed Php479 million while Asia Brewery, Inc. (ABI) provided Php421 million, each accounting for 3% of total. The 30.9% stake in Victorias Milling Company, Inc. (VMC) added Php247 million, or 2% of total.

LTG's balance sheet remains strong. As of the end of December 2018, the cash balance of the parent company stood at Php1.47 billion. Debt-to-Equity Ratio was at 3.61:1 with the Bank, and at 0.14:1 without the Bank.

Philippine National Bank (PNB)

PNB's net income under the pooling method was Php9.78 billion for 2018, 14% higher than 2017's Php8.56 billion, boosted by the sale of Real and Other Properties Acquired (ROPA), at Php3.85 billion, net of taxes, compared to the Php2.71 billion booked in 2017.

Loans and receivables grew 16% to Php581 billion and Net Interest Margin improved to 3.2%.

Tobacco

The volume of the industry has been declining since the substantial increase in excise taxes was implemented under Republic Act (RA) 10351 starting 2013 and the current RA10963 starting 2018. From a low of Php2.72 per pack of 20 sticks in 2012 for the lower tier and Php12 per pack for the upper tier, the excise tax is currently at Php35 per pack, or about 3x to 13x in seven years. This resulted in higher selling prices, which has adversely affected volume.

With the government keeping the illicit trade in check, PMFTC has been able to operate at a level playing field and has enabled the Company to pass on taxes and no longer price our products at economically unsustainable levels. PMFTC's profitability has thus returned to the 2012 level prior to the substantial increase in excise taxes and the massive proliferation of the illicit trade.

Fortune Tobacco Corporation, which is the holding company for LTG's stake in PMFTC, reported an income of Php8.75 billion for 2018.

Tanduay Distillers, Inc. (TDI)

TDI's net income for 2018 amounted to Php909million, 44% or Php278 million more than the Php631 million reported for 2017.

Tanduay was ranked as the world's number one rum in 2018. TDI's nationwide market share for distilled spirits was at 27.3% as of December 2018, higher than end-2017's 24.8%.

Eton Properties Philippines, Inc. (Eton)

Eton Properties ended the year with a net income of Php479 million, 38% higher than the Php348 million recorded in 2017.

Revenues were 43% higher y-o-y to Php3.20 billion from Php2.23 billion as both leasing revenues and sales of residential units increased.

Eton completed the construction of Eton Square Ortigas, a stand-alone pocket retail development, adding 2,000 square meters of gross leasable area to its commercial leasing portfolio.

Projects under construction are eWestMall and eWestPod, the retail and office components of the township development, Eton WestEnd Square in Makati, with 16,000 square meters of combined retail and office space targeted for completion by the end of 2019; Cyberpod Five, the Company's fifth office building in Eton Centris in Quezon City with a total gross leasable area of 43,000 square meters; the 3.7 hectare Eton City Square, the neighborhood mall destination in Eton City, Sta. Rosa, Laguna; and NXTower I, an office building located between Emerald Avenue and Ruby Road in Ortigas. Once completed within 2021, it will have 21,000 square meters of gross leasable area.

Asia Brewery, Inc. (ABI)

ABI's earnings for 2018 was at Php421 million, 24% lower than the Php552 million reported for 2017.

Revenues were 9% more due to higher revenues from packaging, energy drinks, bottled water and soymilk. Cobra Energy Drink and Vitamilk Soymilk continue to be market leaders while Absolute and Summit bottled water have the second largest market share.

LT GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Amounts in Thousands)

	December 31	
	2018	2017
ASSETS		
Current Assets		
Cash and cash equivalents	P176,496,004	P174,024,418
Financial assets at fair value through profit or loss (FVTPL)	10,783,021	6,518,419
Financial assets at fair value through other comprehensive income (FVTOCI)/ Available-for-sale investments (AFS)	9,256,885	2,544,589
Loans and receivables	245,934,405	204,622,577
Inventories	13,108,204	13,365,089
Due from related parties	2,028,632	2,028,625
Other current assets	9,105,700	12,471,592
	466,712,851	415,575,309
Assets of disposal group classified as held for sale	8,238,623	–
Total Current Assets	474,951,474	415,575,309
Noncurrent Assets		
Loans and receivables - net of current portion	347,753,938	307,622,788
Financial assets at FVTOCI/ AFS investments	48,094,583	70,664,823
Financial assets at amortized cost/Held-to-maturity investments	99,772,711	26,732,182
Investments in associates and joint ventures	20,314,141	17,230,925
Property, plant and equipment:		
At appraised values	60,317,761	36,214,947
At cost	7,802,933	6,990,286
Investment properties	30,318,901	28,890,793
Deferred income tax assets – net	1,899,044	1,460,889
Other noncurrent assets	6,551,322	5,712,747
Total Noncurrent Assets	622,825,334	501,520,380
TOTAL ASSETS	P1,097,776,808	P917,095,689
LIABILITIES AND EQUITY		
Current Liabilities		
Deposit liabilities	P672,342,296	P588,394,301
Financial liabilities at FVTPL	470,648	343,522
Bills and acceptances payable	60,549,245	36,634,337
Accounts payable and accrued expenses	22,516,482	22,023,972
Income tax payable	1,012,898	1,113,799
Short-term debts	2,050,000	1,550,000
Current portion of long-term debts	90,829	114,681
Due to related parties	80,199	56,842
Other current liabilities	8,616,177	15,166,369
	767,728,774	665,397,823
Liabilities of disposal group classified as held for sale	7,237,811	–
Total Current Liabilities (Carried Forward)	774,966,585	665,397,823

	December 31	
	2018	2017
Total Current Liabilities (Brought Forward)	₱774,966,585	₱665,397,823
Noncurrent Liabilities		
Deposit liabilities - net of current portion	47,219,123	39,286,226
Bills and acceptances payable	9,533,590	7,282,350
Long-term debts - net of current portion	18,555,324	1,475,466
Net retirement benefits liability	1,636,201	2,205,229
Deferred income tax liabilities - net	1,637,983	1,414,348
Other noncurrent liabilities	5,864,593	4,718,832
Total Noncurrent Liabilities	84,446,814	56,382,451
Total Liabilities	859,413,399	721,780,274
Equity		
Attributable to equity holders of the Company:		
Capital stock	10,821,389	10,821,389
Capital in excess of par	35,906,231	35,906,231
Preferred shares of subsidiaries issued to Parent Company	18,060,000	18,060,000
Other equity reserves	341,554	804,095
Reserves of disposal group classified as held for sale	(21,893)	-
Other comprehensive income, net of deferred income tax effect	19,923,629	4,299,674
Retained earnings	91,998,914	78,435,633
Shares of stock of the Company held by subsidiaries	(12,519)	(12,519)
	177,017,305	148,314,503
Non-controlling interests	61,346,104	47,000,912
Total Equity	238,363,409	195,315,415
TOTAL LIABILITIES AND EQUITY	₱1,097,776,808	₱917,095,689

LT GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands, Except for Basic/Diluted Earnings Per Share)

	Years Ended December 31		
	2018	2017	2016
REVENUE			
Banking	₱40,172,558	₱31,840,282	₱29,142,262
Distilled spirits	18,062,573	16,704,933	14,904,343
Beverage	14,125,559	12,948,796	10,932,326
Property development	3,198,735	2,233,063	2,851,514
	75,559,425	63,727,074	57,830,445
COST OF SALES AND SERVICES	35,965,402	29,679,810	26,126,881
GROSS INCOME	39,594,023	34,047,264	31,703,564
EQUITY IN NET EARNINGS OF ASSOCIATES	7,966,691	3,963,505	2,785,845
	47,560,714	38,010,769	34,489,409
OPERATING EXPENSES			
Selling expenses	2,700,387	2,692,425	2,351,522
General and administrative expenses	28,302,277	24,380,465	25,037,148
	31,002,664	27,072,890	27,388,670
OPERATING INCOME	16,558,050	10,937,879	7,100,739
OTHER INCOME (CHARGES)			
Foreign exchange gains - net	1,090,891	1,703,858	1,533,701
Finance income	206,641	157,100	106,426
Finance costs	(145,457)	(141,937)	(202,490)
Others - net	7,837,908	5,343,160	4,323,812
	8,989,983	7,062,181	5,761,449
INCOME BEFORE INCOME TAX	25,548,033	18,000,060	12,862,188
PROVISION FOR (BENEFIT FROM) INCOME TAX			
Current	4,785,686	3,605,838	2,523,314
Deferred	(15,886)	(116,061)	(356,545)
	4,769,800	3,489,777	2,166,769
NET INCOME FROM CONTINUING OPERATIONS	20,778,233	14,510,283	10,695,419
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS	(219,972)	70,373	1,393,737
NET INCOME	₱20,558,261	₱14,580,656	₱12,089,156

(Forward)

	Years Ended December 31		
	2018	2017	2016
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the Company	₱16,194,778	₱10,830,773	₱9,390,407
Non-controlling interests	4,363,483	3,749,883	2,698,749
	₱20,558,261	₱14,580,656	₱12,089,156
Basic/Diluted Earnings Per Share			
Attributable to Equity Holders of the Company	₱1.50	₱1.00	₱0.87
Basic/Diluted Earnings Per Share			
Attributable to Equity Holders of the Company from Continuing Operations	₱1.48	₱1.00	₱0.86