



Press Release

LTG's First Half 2017 Net Income at Php4.53B, slightly lower compared to 1H16

LT Group, Inc. (LTG) reported today (August 11, 2017) that its unaudited attributable net income for the first half of 2017 was Php4.53 billion for the first six months of 2017, slightly lower than the Php4.56 billion reported in 1H16.

The tobacco business contributed 41% or Php1.85 billion total attributable income, followed by Philippine National Bank (PNB) at Php1.52 billion or 34%. Asia Brewery, Inc. (ABI) added Php401 million or 9%, while Tanduay Distillers, Inc. accounted for Php339 million or 7%. Eton Properties Philippines, Inc. (Eton) provided Php174 million or 4%. Equity in net earnings from our 30.9% stake in Victorias Milling Company, Inc. (VMC) reached Php246 million or 5% of total.

LTG's balance sheet remains strong. As of end-June 2017, the parent company's cash balance was at Php2.21 billion. Debt-to-Equity Ratio was at 3.88:1 with the Bank, and at 0.17:1 without the Bank.

Tobacco

The tobacco business generated an income of Php1.86 billion in 1H17, Php405 million or 28% more than the Php1.46 billion generated in the first six months of 2016.

Higher earnings were mainly due to higher selling prices. PMFTC raised the price of Marlboro for the first time since January 2013, with the recommended retail price per stick at Php3.50 from Php3.00.

Philippine National Bank (PNB)

PNB's net income reached Php2.75 billion for 1H17, 38% or Php1.67 billion lower than the Php4.42 billion reported for 1H16. Earnings for 1H16 included a Php1.48 billion gain from the sale of Real and Other Properties Acquired (ROPA).

Net Interest Income grew by 8% or Php771 million as loans and receivables were 16% higher year-on-year (y-o-y). Net Service Fees and Commission Income increased by 12% to Php1.62 billion from Php1.44 billion due to higher arranger's, underwriting, bancassurance and deposit-related fees. Other Income dropped by 58% to Php2.31 billion due to lower sales of ROPA and lower trading gains.

Tanduay Distillers, Inc. (TDI)

TDI's bottom line settled at Php339 million for the first half of 2017, Php105 million or 24% lower than the Php444 reported in the same period in 2016.

Liquor sales volume increased by 22% y-o-y. Based on Nielsen estimates, our market share in the Visayas stood at 60% as of end-June 2017, and in Mindanao at 64%. TDI's sales are mostly in Visayas and Mindanao.

However, the volume of ethanol was 30% lower, while margins contracted due to lower selling prices and higher alcohol costs.

Asia Brewery, Inc. (ABI)

ABI's net income amounted to Php401 million for the first half of 2017, 44% lower than the Php721 million reported for 1H16.

The Company's operating expenses increased as it had to spend more on advertising and selling expenses due to the competitive environment in the carbonated beverage segment, and to promote its recently launched Vitamilk in returnable glass bottles. ABI also had to book additional depreciation expenses from the new soymilk plant.

Cobra energy drink and Vitamilk soymilk continue to be market leaders, while bottled water Absolute and Summit have the second largest market share.

Eton Properties Philippines, Inc. (Eton)

Eton reported a net income of Php174 million for 1H17, 31% higher than the Php133 million reported for the same period in 2016, due to higher lease rates at its BPO office buildings that continue to enjoy full occupancy. Additional retail space was also provided by Eton Tower Makati.

Construction is ongoing for projects launched in 2016 that will increase Eton's leasing portfolio. These are the fifth BPO office building at Eton Centris in Quezon City, the expansion of Centris Walk mall, and the office and retail portions of use WestEnd Square along Pasong Tamo, Makati.