



Press Release

LTG's First Quarter Net Income at Php3.63 Billion

LT Group, Inc. (LTG) reported today (May 11, 2018) that its unaudited attributable net income for the first quarter of 2018 reached Php3.63 billion compared to the Php2.25 billion reported for 1Q17.

The tobacco business contributed Php2.35 billion or 65% of total attributable income. Philippine National Bank (PNB) accounted for Php833 million or 23%, followed by Asia Brewery, Inc. (ABI) at Php149 million or 4%. Tanduay Distillers, Inc. (TDI) generated Php135 million or 4%, while Eton Properties Philippines, Inc. (Eton) provided Php97 million or 3%. The 30.9% stake in Victorias Milling Company, Inc. (VMC) contributed Php59 million or 2%.

LTG's balance sheet remains strong. As of the end of March 2018, the cash balance of the parent company stood at Php1.5 billion. Debt-to-Equity Ratio was at 3.71:1 with the Bank, and at 0.16:1 without the Bank.

Tobacco

Income from the tobacco business was Php2.36 billion in 1Q18, while equity in net earnings from the 49.6% stake in PMFTC, Inc. reached Php2.29 billion.

The higher earnings were mainly attributed to better pricing as the Company is now operating in a level playing field and can pass on the increases in excise taxes and no longer price its products at economically unsustainable levels. The Company hopes that the Government continues on its actions versus the illicit trade, which include smuggled and locally produced products.

The industry's total volume was estimated to have decreased by 8% to 15.3 billion sticks in 1Q18, largely due to excise tax driven price increases. Continued price increases may result in a further drop in volume.

Philippine National Bank (PNB)

PNB's net income was Php1.50 billion for 1Q18, Php227 million or 18% higher than the Php1.27 billion reported for the first three months of 2017.

Net Interest Income was 25% higher at Php6.43 billion as loans and receivables increased by 17% to Php504 billion, and Net Interest Margin improved to 3.3% from 3.0%. Loans to Deposit Ratio was at 76% as of March 2018. Net Service Fees and Commission Income grew by 20% to Php852 million from Php709 million due to higher loan-related and bancassurance fees.

Other Income declined by 13% to Php957 million from Php1.10 billion as Trading and Foreign Exchange Gains were substantially lower at Php47 million compared to 1Q17's Php501 million.

Asia Brewery, Inc. (ABI)

ABI's net earnings for 1Q18 amounted to Php149 million, 1% lower than the income reported for 1Q17.

Revenues were 8% higher year-on-year (y-o-y) to Php3.40 billion from Php3.14 billion with the increase in revenues from energy drinks, bottled water, soymilk and packaging. Cobra Energy Drink and Vitamilk soymilk continue to market leaders, while Absolute and Summit bottled water have the second largest market share.

Margins declined as a result of product mix, as well as higher costs attributed to the depreciation of the Peso. The Company raised the prices of Cobra by Php2 per 240ml returnable glass bottle to pass on the tax on sugary drinks.

Tanduay Distillers, Inc. (TDI)

TDI's net income for 1Q18 was at Php135 million, 35% lower than 1Q17's Php207 million. Revenues from liquor were 2% higher to Php3.70 billion as selling prices were raised to pass on the increase in excise taxes. Higher selling and advertising expenses pulled down earnings.

Based on Nielsen estimates, TDI's market share in the Visayas was at 65.4% and in Mindanao at 68.9% as of March 2018.

Eton Properties Philippines, Inc. (Eton)

Eton's net income for 1Q18 was Php97 million, 29% more than 1Q17's Php75 million.

Revenues were 8% higher to Php579 million as both leasing revenues and sales from residential units increased.

Higher lease rates as well as additional retail space from the 5,200 square meter expansion of Centris Walk within the Centris complex in Quezon City contributed to the growth of leasing revenues.

Additional leasing space will be provided by projects that are targeted to be completed in 2018. These are (1) Eton Square Ortigas in Greenhills, San Juan City with 1,300 square meters of gross leasable area (GLA); (2) Eton City Square in Laguna with 6,500 square meters; (c) the fifth BPO building in Centris with 39,000 square meters; and (d) eWestMall and eWestPod, the office and retail components of Eton WestEnd Square in Makati with 15,000 square meters.

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