



Press Release

LTG's Net Income for 9M17 at Php6.83B, 9% Higher than 9M16

LT Group, Inc. (LTG) reported today (November 10, 2017) that its unaudited attributable net income for the first nine months of 2017 amounted to Php6.83 billion, 9% higher compared to the Php6.25 billion reported for 9M16.

The tobacco business accounted for 42% or Php2.87 billion of total attributable income. This was followed by Philippine National Bank (PNB) at Php2.59 billion or 38% of total. Asia Brewery, Inc. (ABI) contributed Php455 million or 7%, while Tanduay Distillers, Inc. added Php438 million or 6%. Eton Properties Philippines, Inc. (Eton) and our 30.9% stake in Victorias Milling Company, Inc. (VMC) each provided around 4% or Php246 million.

LTG's balance sheet remains strong. As of end-September 2017, the parent company had a cash balance of Php2.0 billion. Debt-to-Equity Ratio was at 3.65:1 with the Bank, and at 0.16:1 without the Bank.

Tobacco

The tobacco business' income reached Php2.88 billion in 9M17, Php1.08 billion or 60% higher than the Php1.80 billion generated in 9M16.

The higher earnings were mainly attributed to improved pricing and better sales mix. In November 2016, 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 amounted to Php4.64 billion for the first nine months of 2017, 22% or Php1.27 billion lower than the Php5.91 billion generated in 9M16. The lower income is mainly attributed to lower gains from the sale of Real and Other Properties Acquired (ROPA), which amounted to Php518 million, substantially lower than the Php2.30 billion booked in 9M16.

Net Interest Income increased by 10% to Php16.16 billion on the back of a 22% rise in loans and receivables. Net Service Fees and Commission Income grew 18% to Php2.36 billion due to higher deposit- and trade-related, arranger's, bancassurance and underwriting fees. Other Income was 44% lower at Php3.88 billion primarily due to lower gains from the sale of ROPA, while Trading and Foreign Exchange Gains declined 30% to Php1.61 billion.

Asia Brewery, Inc. (ABI)

ABI's net earnings was at Php455 million for 9M17, 49% lower than the Php895 million reported for 9M16, primarily due to higher spending on new products.

Revenues were 12% higher y-o-y at Php10.11 billion from with the higher contribution from 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.

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

Tanduay Distillers, Inc. (TDI)

TDI's net income was at Php438 million for the first nine months of 2017, 35% lower than 9M16.

Liquor revenues were 22% higher y-o-y at Php10.91 billion. Based on Nielsen estimates, TDI's market share in the Visayas was at 62% as of end-September 2017, and in Mindanao at 66%. TDI's sales are mostly in Visayas and Mindanao.

However, revenues from ethanol were 24% lower to Php1.44 billion, with a similar drop in sales volume. Margins were also lower due to higher alcohol costs.

Eton Properties Philippines, Inc. (Eton)

Eton's net income for 9M17 amounted to Php246 million, slightly lower than 9M16's Php249 million. Revenues were 25% lower to Php1.66 billion with lower sales due to the change in strategy to focus on increasing its recurring income base. But revenues from leasing operations were 10% higher to Php1.03 billion with the opening of 2,100 square meters of additional retail space in Eton Tower Makati and higher lease rates. Eton's BPO office buildings continue to enjoy full occupancy.

Eton has a number of ongoing projects that will increase its leasing portfolio. These are Eton City Square in Laguna with 7,150 square meters (sqm) of gross leasable area (GLA); a community lifestyle development along Ortigas Extension in San Juan City, Metro Manila with a GLA of 1,300 sqm; the 5,000 sqm expansion of Centris Walk in Eton Centris in Quezon City; the fifth BPO building at Eton Centris with 37,000 sqm; and the 15,000 sqm retail and office component of WestEnd Square in Pasong Tamo, Makati. Eton currently has a leasing portfolio of 125,000 sqm of BPO office space and over 29,000 sqm of retail space.

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