



MEGAWORLD

# Investor Kit FY 2016



 **ALLIANCE GLOBAL**

**AGI PM**  
USD 2.8b



**MEGAWORLD**

**67%**

**MEG PM**  
USD 2.5b

**Real Estate**

Pioneer township developer  
and leading BPO/office  
landlord in the Philippines



**EMPERADOR INC.**

**81%**

**EMP PM**  
USD 2.4b

**Liquor**

Largest brandy company in  
the world

**TRAVELLERS**  
INTERNATIONAL

**44%**

**RWM PM**  
USD 1.1b

**Gaming**

First integrated resort in the  
Philippines



**49%**

**Not  
Listed**

**QSR**

Second in the Philippine  
QSR industry

# MEGAWORLD STRUCTURE

A streamlined vehicle for AGI's property interests



## MEGAWORLD

### Township Development

Upper-middle to high income  
mostly in Metro Manila  
PHP3m – 30m (USD75k – 750k)  
Price range (per unit)

Office and commercial  
Mostly BPO and *Lifestyle Malls*



GLOBAL-ESTATE RESORTS, INC.

**82%**

**GERI PM**  
USD 243m

Tourism estate developments

PHP3m – 12m (USD75k – 300k)  
Price range (per unit)



**Empire East**

**82%**

**ELI PM**  
USD 213m

Middle-income

PHP1.5m – 4m (USD37.5k – 100k)  
Price range (per unit)



**SUNTRUST**

**100%**

**Not Listed**

Affordable/economic

PHP800K – 3m (USD20k – 75k)  
Price range (per unit)

# KEY MESSAGES

## Township dominance

- Pioneers of “Live-Work-Play-Learn” concept
- Diversified roster; inline with the direction of the government of regional growth
- 22 Townships:
  - 4 in Fort Bonifacio
  - 6 in MM (ex-Fort Boni)
  - 5 in Luzon (ex-MM)
  - 6 in Visayas
  - 1 in Mindanao

## Strategic land bank

- Expansive land bank across 3 main regions of the country
- No pressure to acquire land at unreasonable prices
- Can last for the next 10-15 years

## Excellent management



## MEGAWORLD

Excellent track record proving stability and sustainability

## Rental income growth

- Best position to capture BPO industry growth
- #1 BPO landlord in the PH
- High margin business
- P12bn rental income in 2017
- P20bn rental income in 2020

## Strong financials

- Strong balance sheet
- Low gearing vs industry standard
- Able to withstand downturns
- Able to seize opportunities



MEGAWORLD

**393 ha**



SUNTRUST

**225 ha**



**3,650 ha**



Empire East

**403 ha**



GLOBAL-ESTATE RESORTS, INC.

**2,628 ha**



# UNMATCHED TOWNSHIP DEVELOPMENTS IN METRO MANILA



**105 hectares** – unmatched scale in Fort Bonifacio, one of the largest CBDs in Manila

# PHILIPPINE'S PREMIER TOWNSHIP DEVELOPER AND PIONEER OF THE "LIVE-WORK-PLAY-LEARN" LIFESTYLE

Megaworld ■  
 GERI ■  
 Suntrust ■



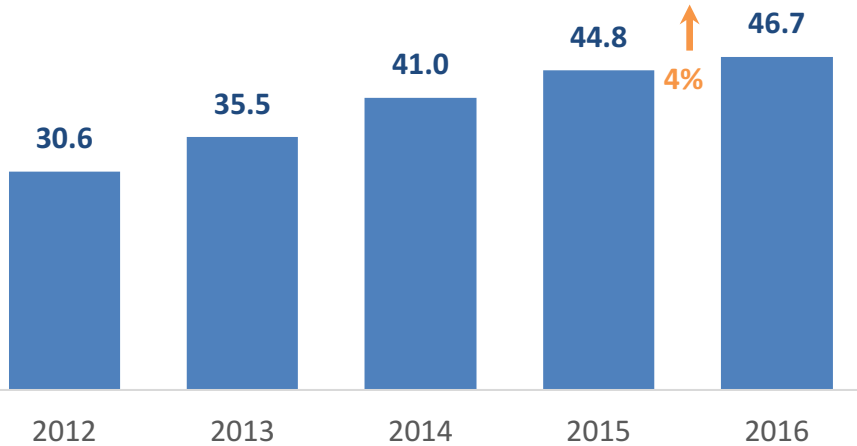
Total of  
**22 Townships**  
 Covering  
**3,704 hectares**

\*Launched in 2016

# FINANCIAL HIGHLIGHTS

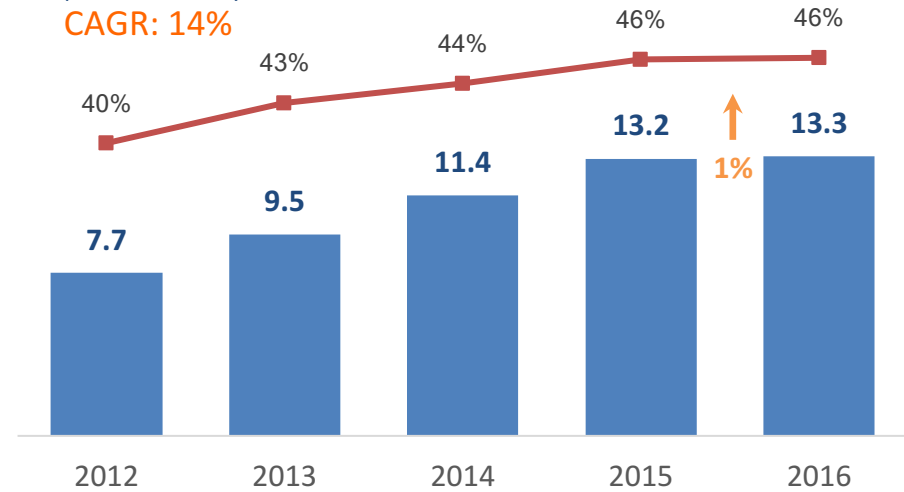
## Revenues

(in PhP billions)  
CAGR: 10%



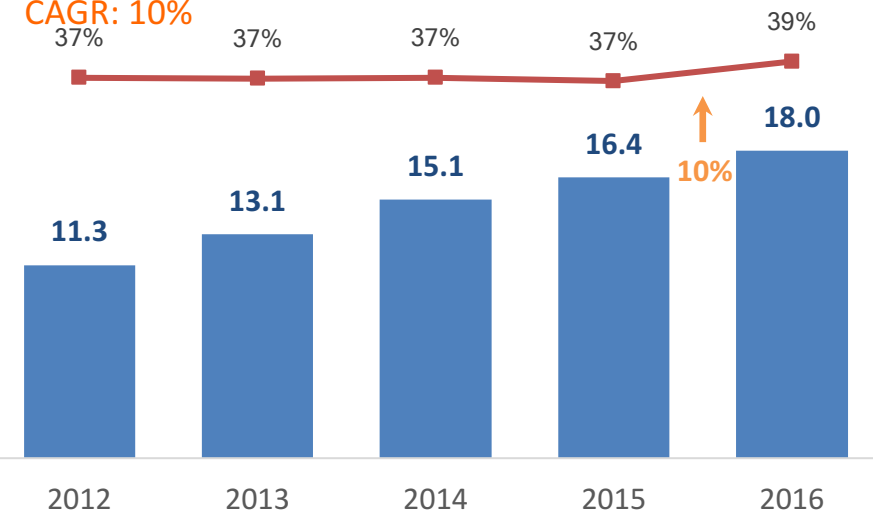
## GP & Margin

(in PhP billions)  
CAGR: 14%



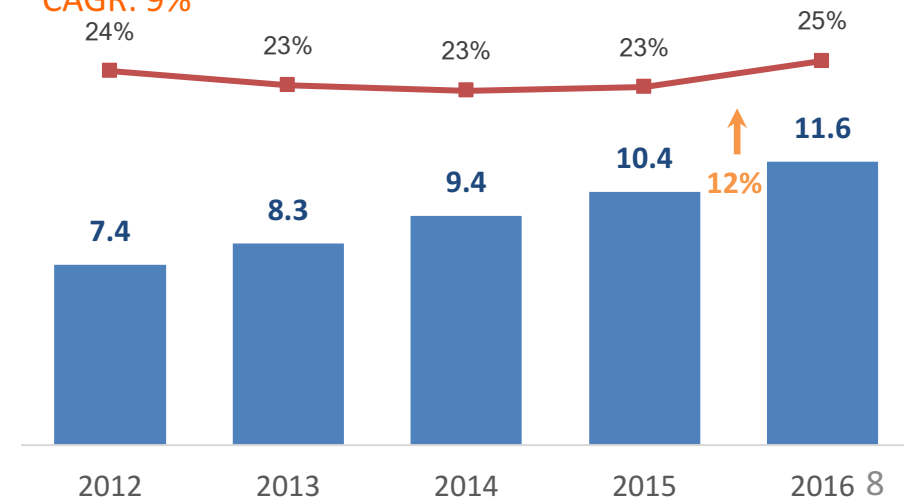
## EBITDA & Margin

(in PhP billions)  
CAGR: 10%



## Net Income & Margin

(in PhP billions)  
CAGR: 9%





# RESIDENTIAL BUSINESS CYCLE

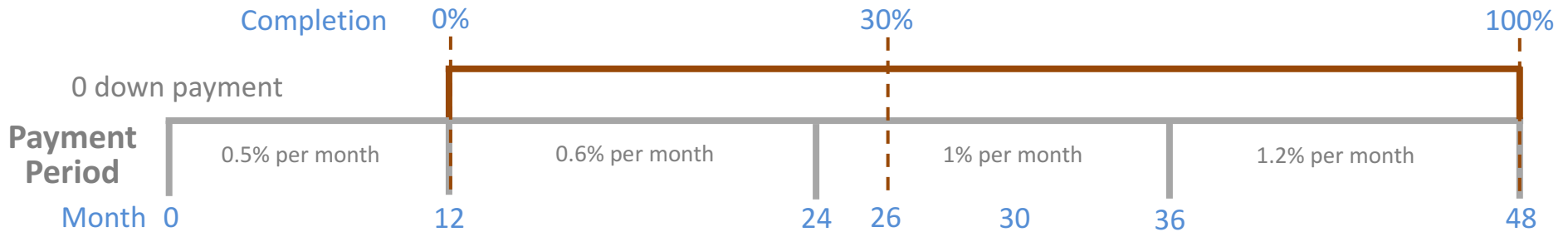
Tried and tested model

1. Affordable and flexible
2. Self-funding
3. Conservative booking
4. Secured by post dated checks

## Typical Payment Scheme

- Total contract price: P10m
- 60% Amortized Payments: P6m
    - Monthly: step up per year
    - 5% per anniversary date: P500k
  - 40% Turnover Balance: P4m

### Construction Period



Monthly payments	50k (0.5%)	500k (5%) lump sum	60k (0.6%)	500k (5%) lump sum	100k (1%)	500k (5%) lump sum	120k (1.2%)	500k (5%) lump sum
Annual payments	P1.1m (11%)		P1.2m (12%)		P1.7m (17%)		P2m (20%) + P4m (40%)	
Cumulative payment	P1.1m (11%)		P2.3m (23%)		P4m (40%)		P10m (100%)	

~70% presold

25% booking threshold	
Real Estate Sales	P10m
Cost of RES	(P6m)
Gross Profit	P4m
Deferred GP	(P2.8m)
Realized GP	P1.2m

To be realized based on percentage of completion

# DIVERSIFIED REAL ESTATE SALES MIX

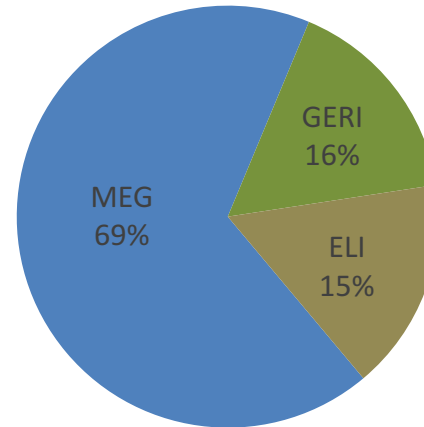
*in PHP millions*

**FY 2015 (%sales)**

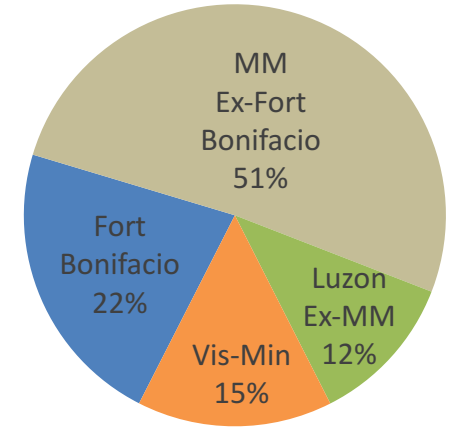
**FY 2016 (%sales)**

	<b>FY 2015</b>	<b>(%sales)</b>	<b>FY 2016</b>	<b>(%sales)</b>
<b>MEG</b>	<b>19,100</b>	<b>70%</b>	<b>18,952</b>	<b>69%</b>
Taguig	8,795	32%	6,078	22%
Makati	2,351	9%	3,039	11%
Pasay&Parañaque	2,171	8%	2,824	10%
Quezon City	1,257	5%	1,954	7%
Manila	154	1%	203	1%
San Juan	19	0%	3	0%
Cavite	191	1%	130	0%
Cebu	599	2%	550	2%
Iloilo	911	3%	1,265	5%
Bacolod	143	1%	198	1%
Davao	-	0%	229	<1%
Other Subs	2,509	9%	2,478	9%
<b>GERI</b>	<b>4,145</b>	<b>15%</b>	<b>4,374</b>	<b>16%</b>
<b>ELI</b>	<b>4,017</b>	<b>15%</b>	<b>4,125</b>	<b>15%</b>
<b>TOTAL</b>	<b>27,262</b>	<b>100%</b>	<b>27,451</b>	<b>100%</b>

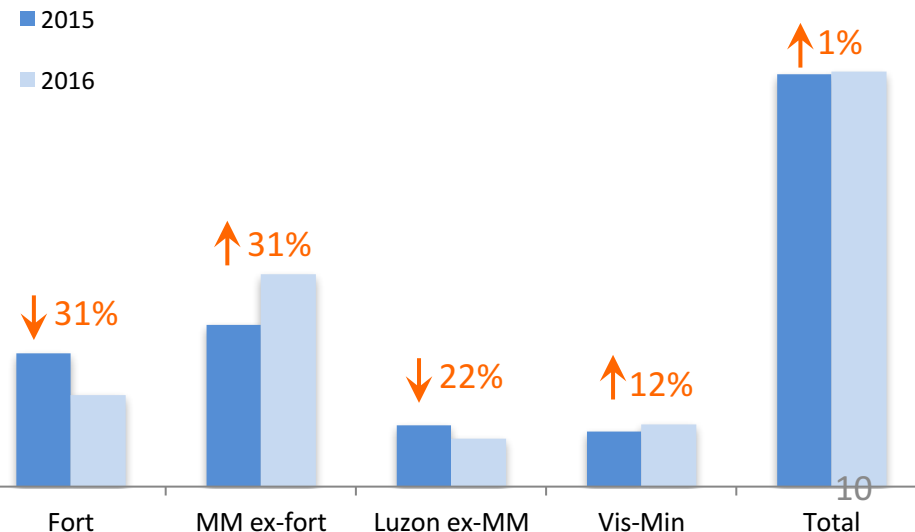
**FY 2016 Per Brand**



**FY 2016 Per Location**



**Year-on-Year Growth per Area**



## STABLE OVERALL RESIDENTIAL MARGINS

<i>In PHP millions</i>	FY 2015	FY 2016	%change
Real Estate Sales (RES)	27,262	27,451	0.7%
+Interest income on Real Estate Sales	1,336	1,341	0.4%
<b>Total RES</b>	<b>28,598</b>	<b>28,792</b>	<b>0.7%</b>
-Cost of RES	15,435	15,515	0.5%
<b>Gross Profit on RES</b>	<b>13,163</b>	<b>13,277</b>	<b>0.9%</b>
<b>Gross Profit Margin</b>	<b>46.0%</b>	<b>46.1%</b>	<b>+0.1pp</b>
-Deferred Gross Profit	<b>4,515</b>	<b>4,198</b>	-7.0%
Realized Gross Profit	<b>8,648</b>	<b>9,079</b>	5.0%
+Realized Gross Profit On Prior Years' Sales	<b>3,787</b>	<b>3,979</b>	5.1%
<b>Total Realized Gross Profit</b>	<b>12,435</b>	<b>13,058</b>	<b>5.0%</b>

- High blended GPM driven by lot sales

- More realized profit from past projects

# INVESTMENT PROPERTIES

## High margin and yielding business

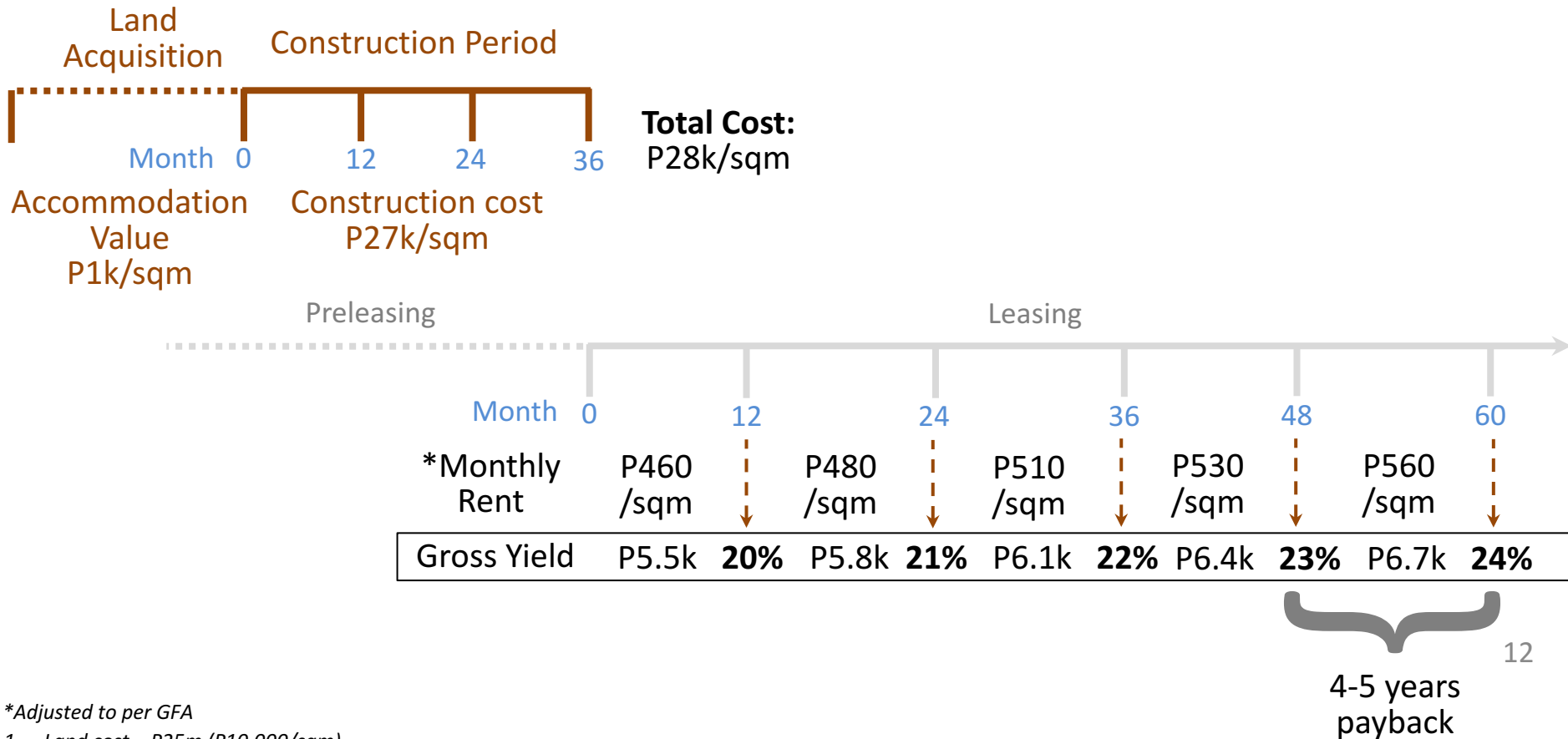
### eCommerce (Eastwood City)

GFA: 22,600 sqm

GLA: 21,000 sqm

Construction per sqm: P27k/sqm

Accommodation Value: P1k/sqm



\*Adjusted to per GFA

1. Land cost = P25m (P10,000/sqm)

2. Construction cost = P610m

# INVESTMENT PROPERTIES

## High margin and yielding business

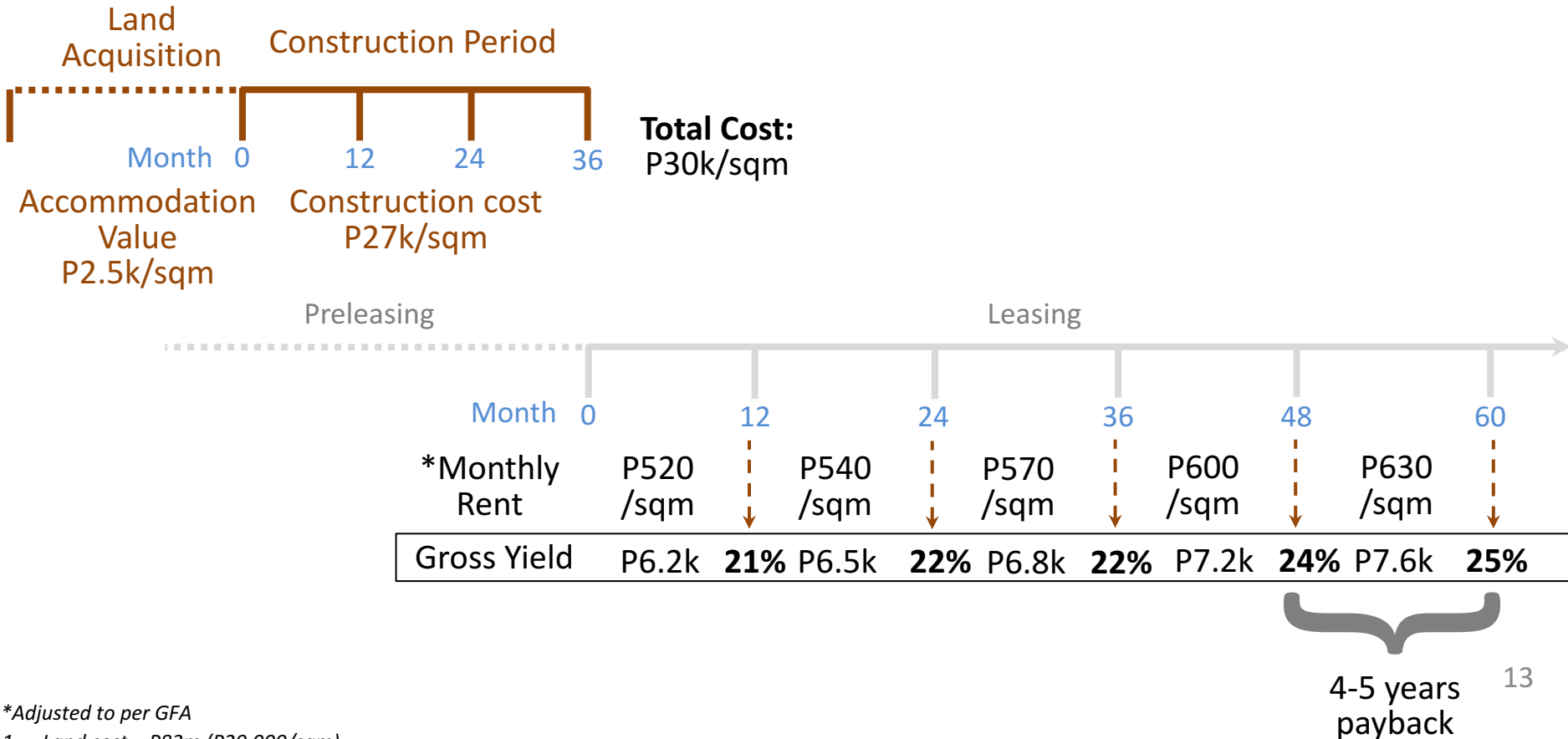
### One World Square (McKinley Hill)

GFA: 33,000 sqm

GLA: 29,200 sqm

Construction per sqm: P27k/sqm

Accommodation Value: P2.5k/sqm



\*Adjusted to per GFA

1. Land cost = P83m (P20,000/sqm)

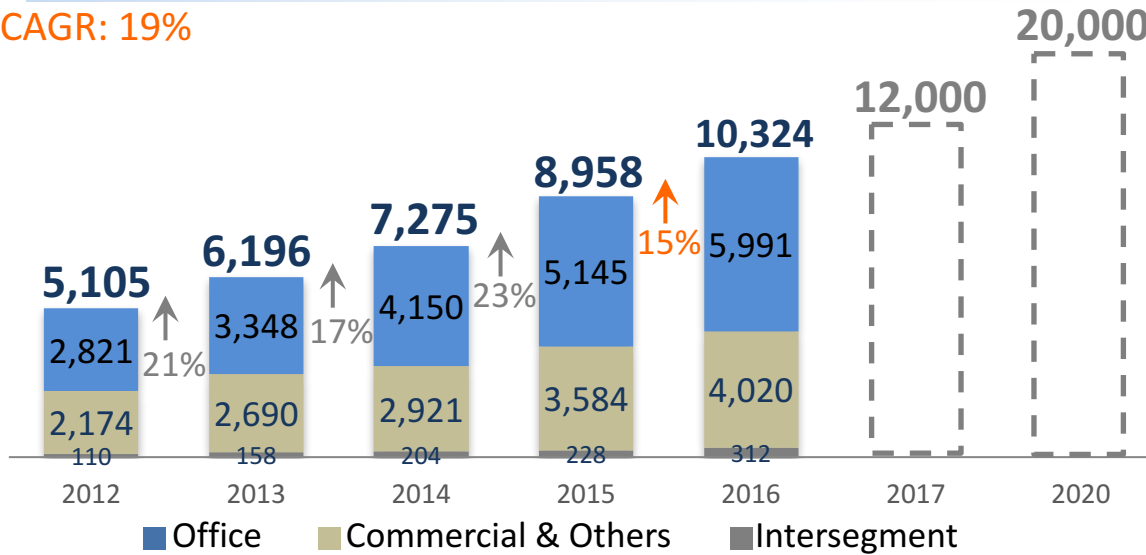
2. Construction cost = P905m



# GROWING RENTAL INCOME – DRIVEN BY OFFICE & COMMERCIAL LEASING

## Increasing Rental Income (in PhP millions)

CAGR: 19%



## Rental

- P10bn in 2016
- P20bn in 2020
- Over 1 million GLA in 2016
- Over 2 million GLA in 2020

## Office

Excellent Tenant Base  
Quality & Quantity

- Over 130 tenants
- Blue-chip companies

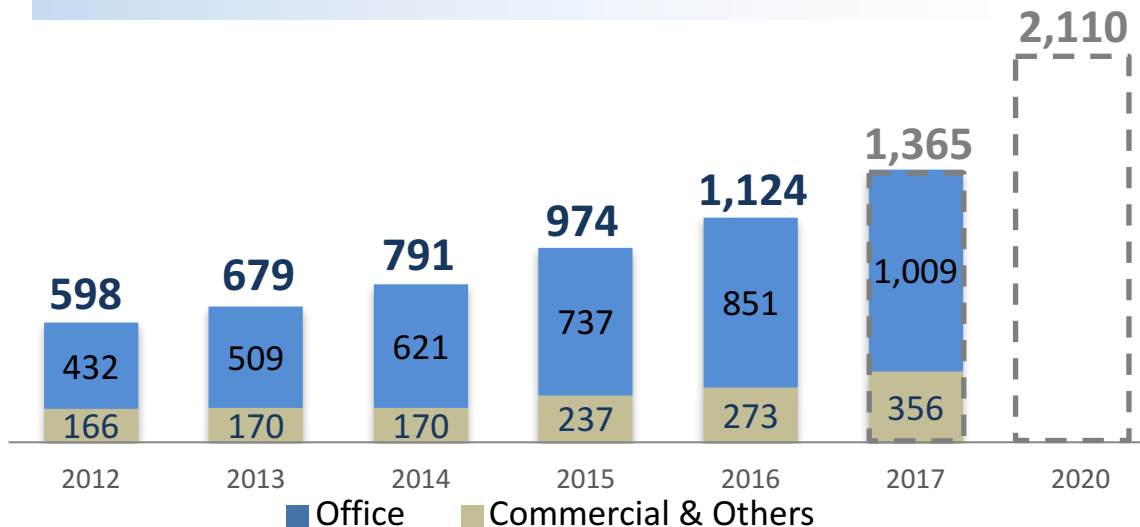
Aggressive Pre-leasing

## Commercial

Captured Market  
Megaworld Lifestyle Malls

Top Retailers

## Rental portfolio ('000 sqm)



# GROWING RENTAL INCOME – HIGH MARGIN BUSINESS

<i>In PHP millions</i>	FY 2015	FY 2016	%change
<b>Revenues</b>			
Rental	8,730	10,012	14.7%
Intersegment Sales	228	312	37.0%
<b>Total Rental Revenues</b>	<b>8,958</b>	<b>10,324</b>	15.3%
-Operating Expense	2,315	2,615	13.0%
<b>Rental EBIT</b>	<b>6,643</b>	<b>7,709</b>	16.0%
<b>Rental EBIT Margin</b>	<b>74.2%</b>	<b>74.7%</b>	+0.5pp

- Rental income inline with P10bn target
- 60/40 split between office and commercial
- Strong and steady rental EBIT Margin

<i>In PHP millions</i>	FY 2015	% share	FY 2016	% share
<b>EBIT Contribution</b>				
Real Estate	8,004	54%	8,512	52%
Rental	6,643	45%	7,709	47%
Hotel	164	1%	241	1%
Corporate & Elimination	-51	0%	-90	-1%
<b>Total EBIT</b>	<b>14,759</b>	100%	<b>16,372</b>	100%

- Almost 50-50 split on EBIT; +2pp contribution towards rental

# OFFICE PIPELINE

## 2017

Pacific World Tower  
 One Town Square  
 South East Asian Campus  
 Two Techno Place  
 Southwoods BPO 1 & 2  
 Davao Finance Center

Township	GLA (sqm)
The Mactan Newtown	12,000
Las Piñas	20,000
McKinley Hill	50,000
Iloilo Business Park	9,000
Southwoods City	37,000
Davao Park District	<u>30,000</u>
	<b>158,000</b>

## 2019

World Commerce Plaza  
 BPO 7  
 One Paseo

Township	GLA (sqm)
Uptown Bonifacio	105,000
Iloilo Business Park	9,000
ArcoVia City	<u>43,000</u>
	<b>157,000</b>

## 2018

Two Paseo  
 10 West Campus  
 Festive Walk BPO  
 BPO 6  
 The Upper East BPO  
 One Republic Plaza  
 Emperador House  
 Eastwood Sky Plaza 1  
 Eastwood Global Plaza

Township	GLA (sqm)
ArcoVia City	43,000
McKinley West	34,000
Iloilo Business Park	12,000
Iloilo Business Park	9,000
The Upper East	30,000
Davao Park District	20,000
Davao Park District	10,000
Eastwood City	20,000
Eastwood City	<u>32,000</u>
	<b>210,000</b>

## 2020

Eastwood Sky Plaza 2  
 Block 3  
 Park West 1  
 BPO 8  
 The Capital BPO  
 Maple Grove BPO

Township	GLA (sqm)
Eastwood City	20,000
Uptown Bonifacio	55,000
McKinley West	30,000
Iloilo Business Park	9,000
The Capital	20,000
Maple Grove	<u>20,000</u>
	<b>154,000</b>

# COMMERCIAL PIPELINE

2017	Township	Gross floor area (sqm)	Leasable area (sqm)	Common area (sqm)
Uptown Residences McKinley West BPO D, E, F Southwoods Mall Festive Walk Annex Festive Walk Mall King's Plaza Arcovia Parade	Uptown Bonifacio McKinley West Southwoods City Iloilo Business Park Iloilo Business Park Manila ArcoVia City	186,000	82,400	105,600
2018	Davao Park District Boracay Newcoast Alabang West The Upper East Maple Grove The Capital Mactan Newtown Northhill Gateway	53,200	28,800	24,800

# COMMERCIAL PIPELINE

## 2019

	Township	Gross floor area (sqm)	Leasable area (sqm)	Common area (sqm)
Governors' Hills	Governors' Hills	85,000	26,900	38,600
Boracay Belmont	Boracay Newcost			
The Pad	Shaw			

## 2020

ArcoVia Palazzo	ArcoVia City	267,700	168,200	99,300
Boracay Chancellor	Boracay Newcost			
Block 20	McKinley West			
Roma Cainta	Cainta			
The Capital Retail 2	The Capital			
Maple Grove Retail 2	Maple Grove			
San Antonio Residences	San Antonio Residences			
Resorts World Retail	Westside City			



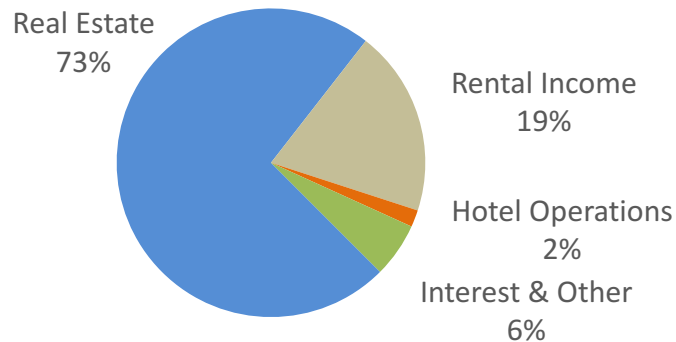
# PERFORMANCE UPDATE

<i>In PHP millions</i>	FY 2015	FY 2016	%change	
<b>Revenues</b>	<b>44,814</b>	<b>46,735</b>	4.3%	
Real Estate Sales	27,262	27,451	0.7%	• Steady high residential base
Rental	8,730	10,012	14.7%	• Inline with P10bn target
Hotel	796	1,163	46.1%	• Hotels breaking 1bn mark
Other Revenues	8,026	8,109	1.0%	
<b>Cost &amp; Expenses</b>	<b>34,421</b>	<b>35,105</b>	2.0%	• Modest consolidated cost growth
Cost of Real Estate Sales	15,435	15,515	0.5%	
Hotel	468	682	45.6%	
OPEX & Other Expenses	13,842	14,012	1.2%	
<b>Operating Income</b>	<b>15,070</b>	<b>16,526</b>	9.7%	• OPEX up 4.5%
Interest Expense	1,392	1,407	1.1%	
<b>Pre-tax Income</b>	<b>13,678</b>	<b>15,120</b>	10.5%	
Income Tax Expense	3,285	3,489	6.2%	
<b>Net Income</b>	<b>10,393</b>	<b>11,630</b>	11.9%	• Net income inline with double-digit growth target
Minority Interest	360	378	5.0%	
<b>Net Income to Owners</b>	<b>10,033</b>	<b>11,253</b>	12.2%	
<b>EBIT Margin</b>	<b>33.6%</b>	<b>35.4%</b>	1.7%	• Margin appreciation from efficient cost management
<b>Net Income Margin</b>	<b>23.2%</b>	<b>24.1%</b>	0.9%	

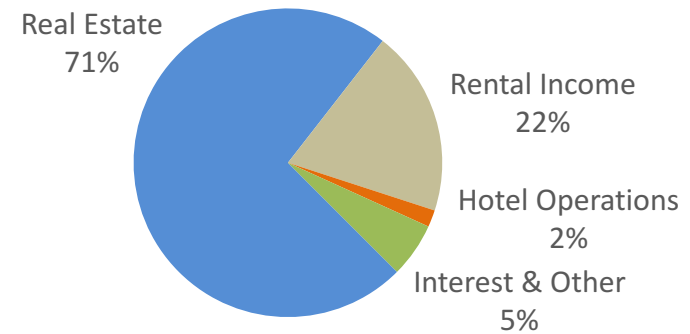
Excluding non-recurring gains of PHP 181 million in FY 2015 and PHP 82 million in FY 2016

# CONSOLIDATED REVENUE BREAKDOWN

## FY 2015



## FY 2016



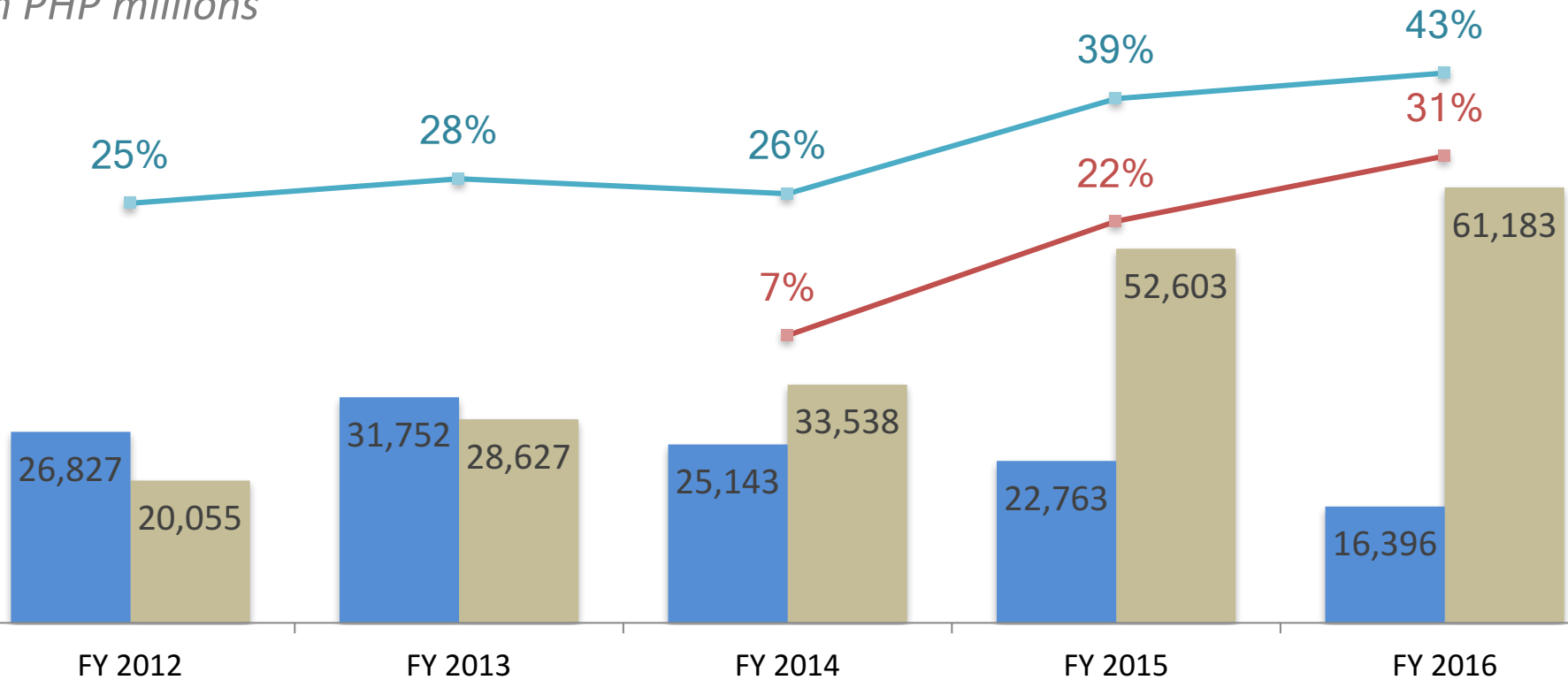
*In PHP millions*

	FY 2015	FY 2016	%change
Real Estate Sales	27,262	27,451	0.7%
Interest income on Real Estate Sales	1,678	1,701	1.4%
Realized Gross Profit on Prior Years' Sales	3,787	3,979	5.1%
Rental	8,730	10,012	14.7%
Hotel	796	1,163	46.1%
Interest & Other income	2,561	2,430	-5.1%
<b>Total Revenues</b>	<b>44,814</b>	<b>46,735</b>	<b>4.3%</b>

- Flattish booked sales but growing RGP
- More topline contribution from rental

# SOLID BALANCE SHEET

*in PHP millions*



■ Total Borrowings    
 ■ Cash & Cash Equivalents    
 —■ Det to Equity    
 —■ Net Debt to Equity

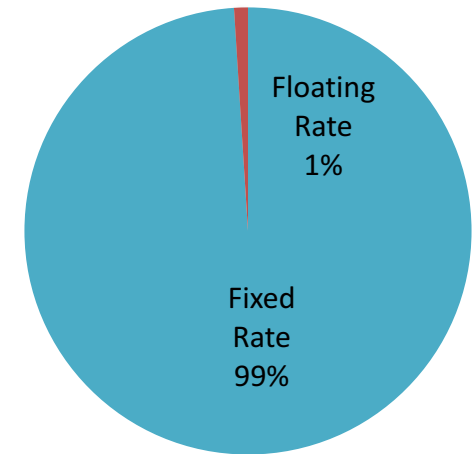
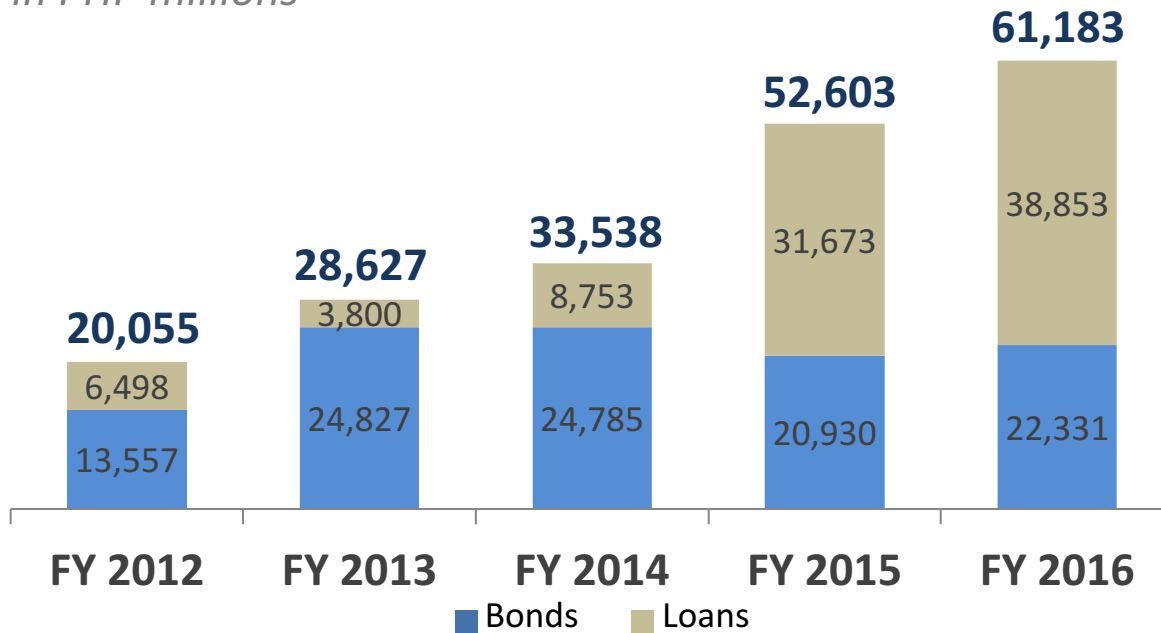
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Debt to Equity</b>	25%	28%	26%	39%	43%
<b>Net Debt to Equity</b>	Net Cash	Net Cash	7%	22%	31%

# DEBT MATURITY PROFILE

## Borrowings

## Loans

in PHP millions



Bonds	Coupon Rate	Year Issued	Maturity
\$250,000,000	4.25%	2013	2023
\$200,000,000	6.75%	2011	2018

Loans	Ave. Rate	Year Issued	Maturity
P38,852,773,041	~5.00%	Various	Various

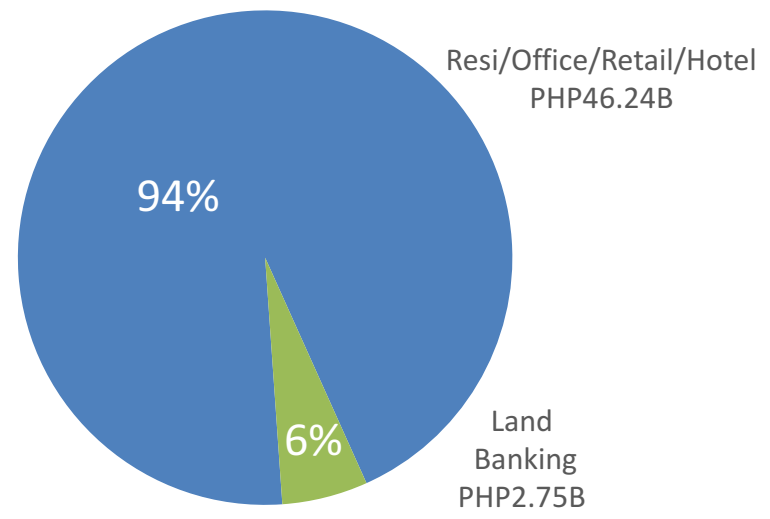
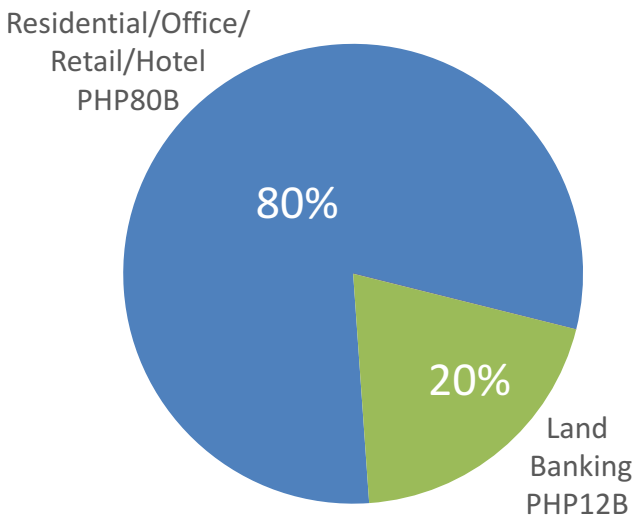
5-YEAR CAPEX PLAN  
 PHP285.8B UNTIL 2019

**PHP285.8B**



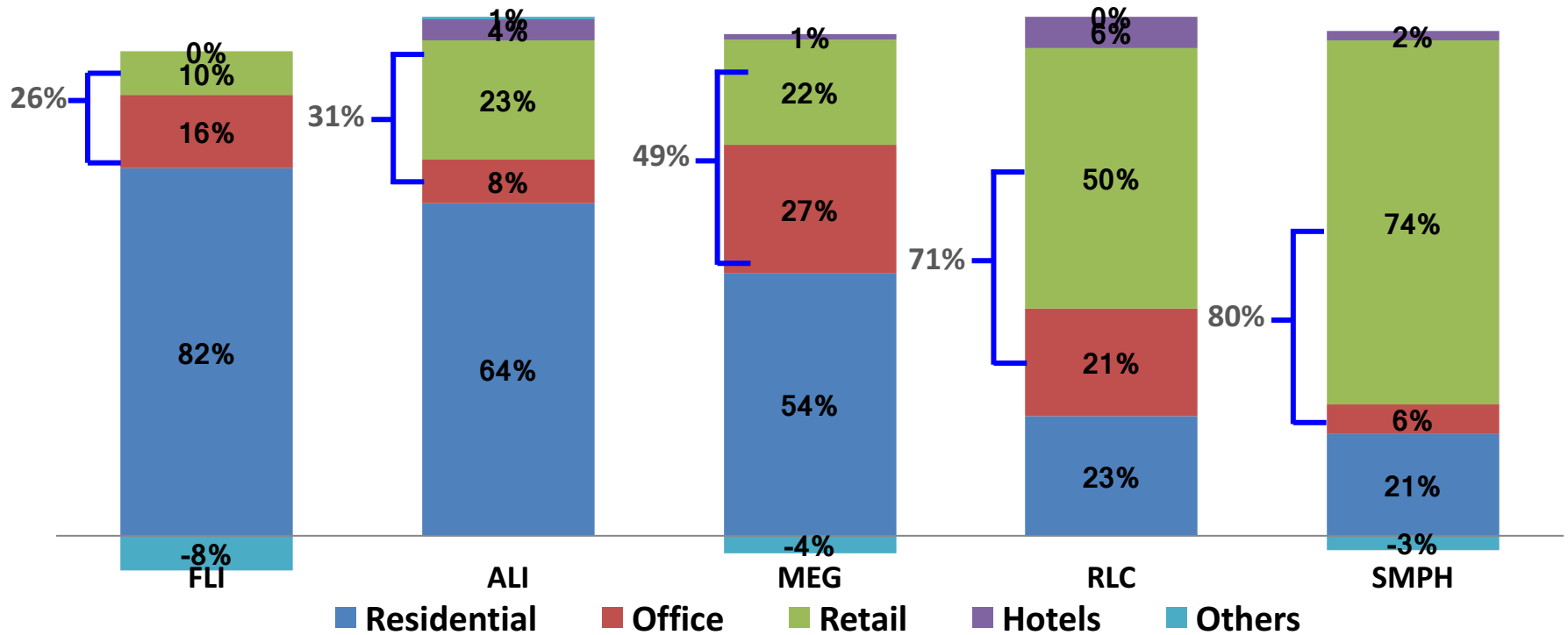
**2017 CAPEX Budget**

**2016 CAPEX Spending**

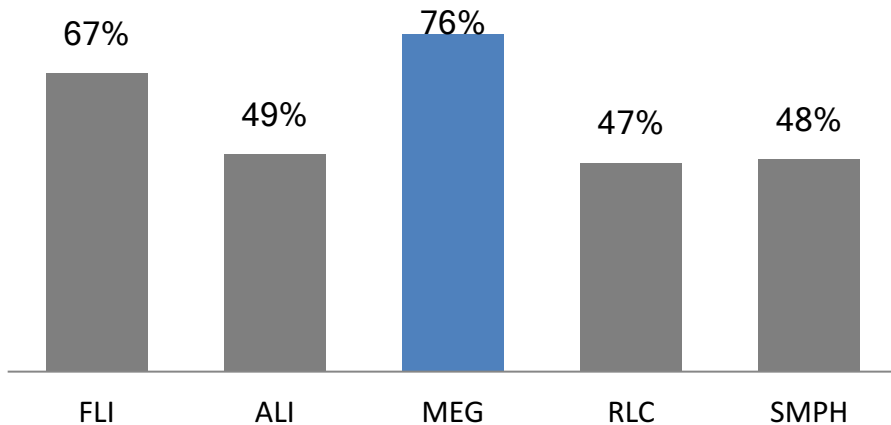




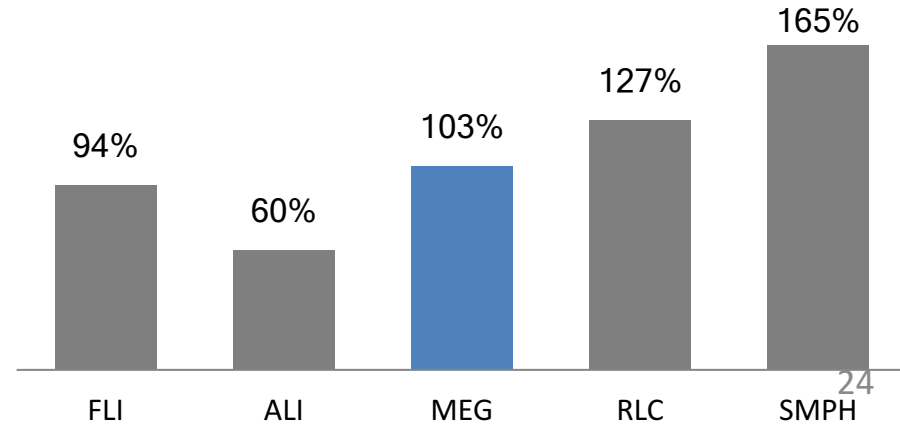
## EBIT Contribution



## Rental Margins



## Rental Income as % of OPEX



- Diversified township roster
  - 22 townships across the country
  - Growing contributions from outside MM
- High residential base
  - High blended GPM at 46%
  - FY 2016: P87bn presales; ~P20bn in launches
  - 2017 Targets: P90bn presales; ~P30bn in launches
- Growing high margin rental business
  - Rental EBIT margin at 75%
  - FY 2016: Inline with P10bn target
  - 2017 Target: P12bn
  - 2020 Target: P20bn



MEGAWORLD

End of Presentation

