



  
**MEGAWORLD**

IR Kit  
 1H 2017



 **ALLIANCE GLOBAL**

**AGI PM**  
Market Cap:  
USD 2.7b



**MEGAWORLD**

**67%**

**MEG PM**  
Market cap:  
USD 3.1b

**Real Estate**

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



**EMPERADOR INC.**

**81%**

**EMP PM**  
Market Cap:  
USD 2.2b

**Liquor**

Largest brandy company in  
the world

**TRAVELLERS**  
INTERNATIONAL

**44%**

**RWM PM**  
Market Cap:  
USD 1.1b

**Gaming**

First integrated resort in the  
Philippines



**McDonald's**  
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**  
Market Cap:  
USD 350m

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



Empire East

**82%**

**ELI PM**  
Market Cap:  
USD 198m

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

**362 ha**



SUNTRUST

**172 ha**

**3,356 ha**



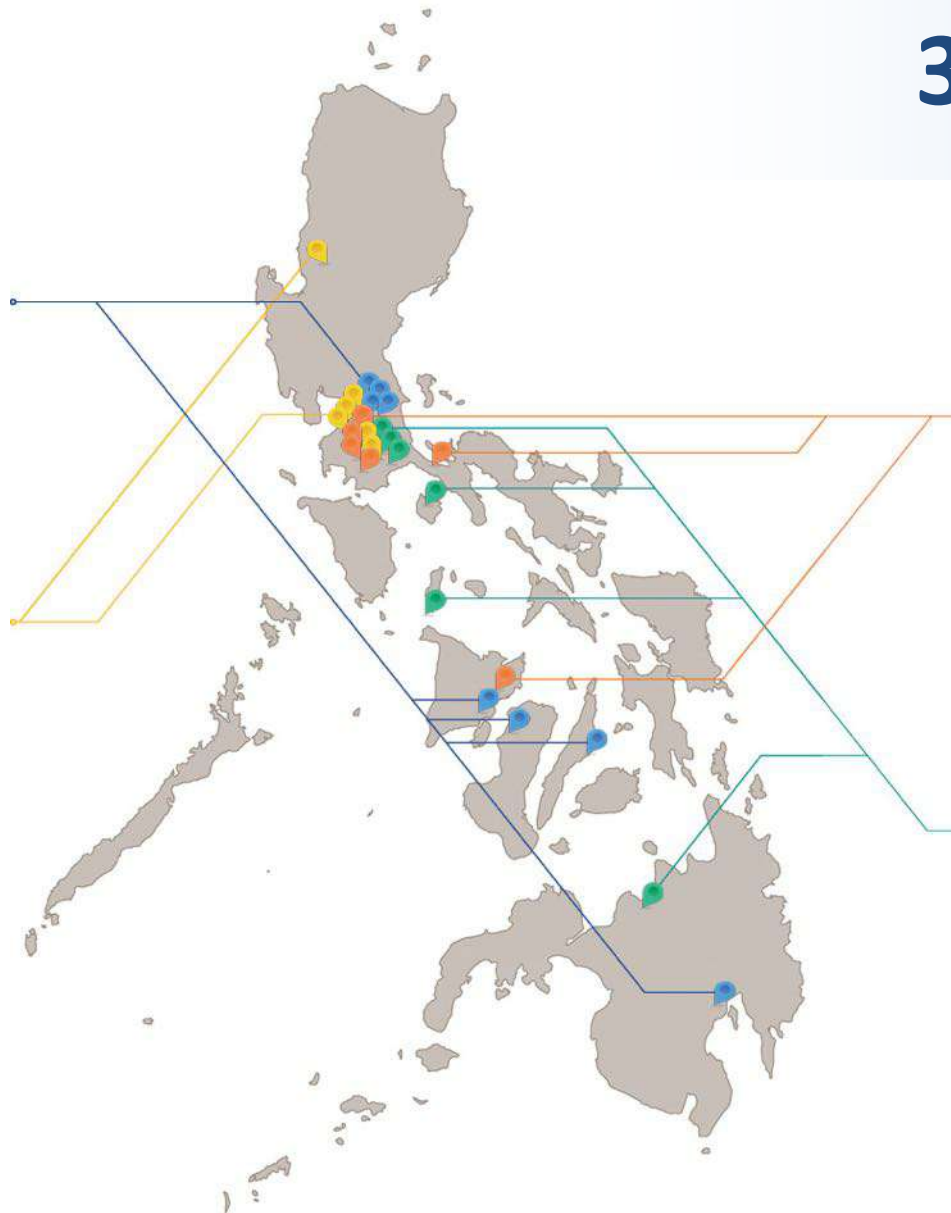
Empire East

**404 ha**

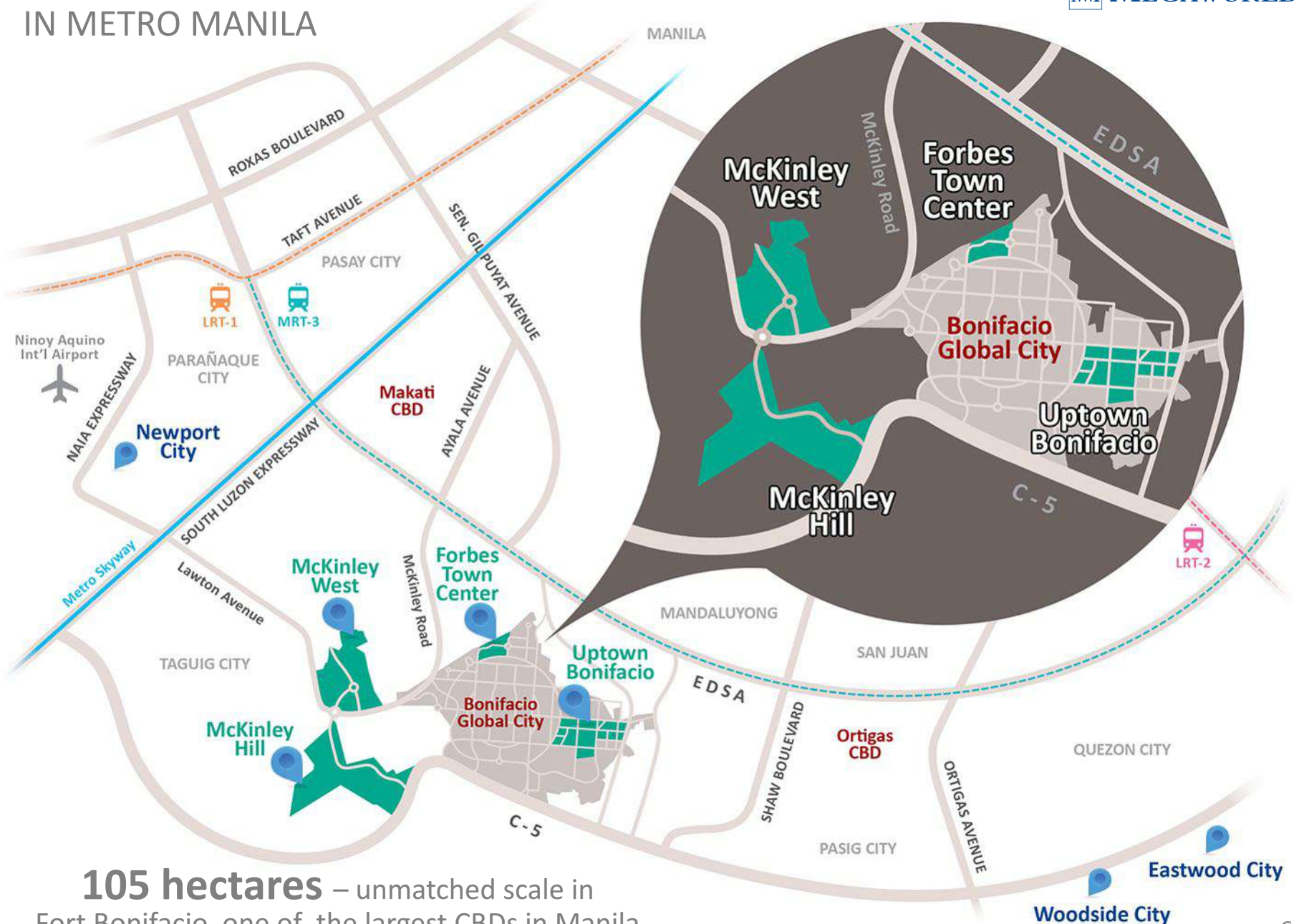


GLOBAL-ESTATE RESORTS, INC.

**2,418 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 ■



\*Launched in 2016

# RESIDENTIAL BUSINESS CYCLE

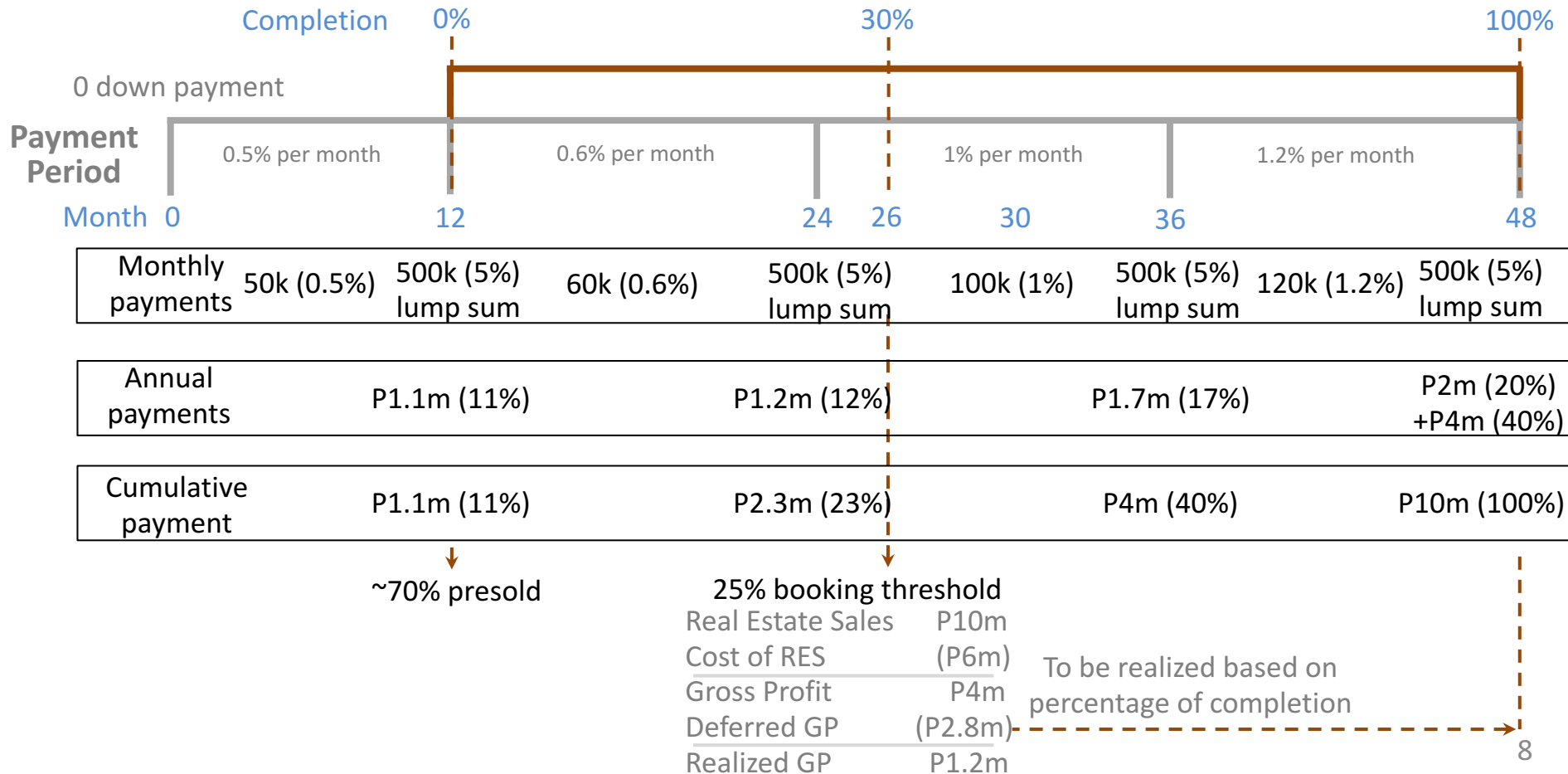
Tried and tested model

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





# DIVERSIFIED REAL ESTATE SALES MIX

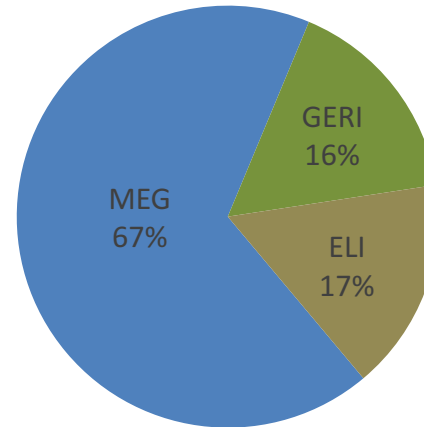
*in PHP billions*

**1H 2016** (%sales)

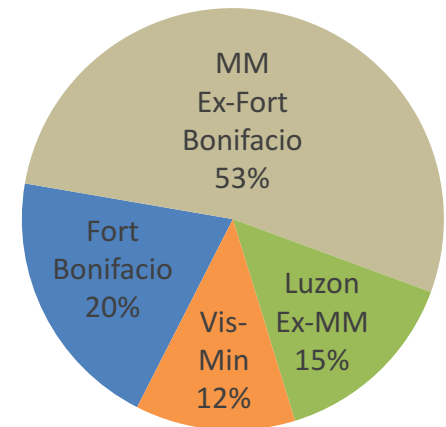
**1H 2017** (%sales)

	1H 2016	(%sales)	1H 2017	(%sales)
<b>MEG</b>	<b>9.1</b>	<b>67%</b>	<b>9.2</b>	<b>67%</b>
Taguig	3.2	24%	2.8	20%
Makati	1.1	8%	1.9	14%
Pasay&Parañaque	2.0	15%	1.0	8%
Quezon City	0.7	5%	0.8	6%
Manila	0.1	1%	0.2	1%
Cavite	>0.1	0%	0.1	0%
Cebu	0.2	1%	0.2	1%
Iloilo	0.5	4%	0.4	3%
Bacolod	0.1	0%	0.1	1%
Other Subs	1.3	10%	1.9	14%
<b>GERI</b>	<b>2.1</b>	<b>16%</b>	<b>2.1</b>	<b>16%</b>
<b>ELI</b>	<b>2.3</b>	<b>17%</b>	<b>2.3</b>	<b>17%</b>
<b>TOTAL</b>	<b>13.4</b>	<b>100%</b>	<b>13.6</b>	<b>100%</b>

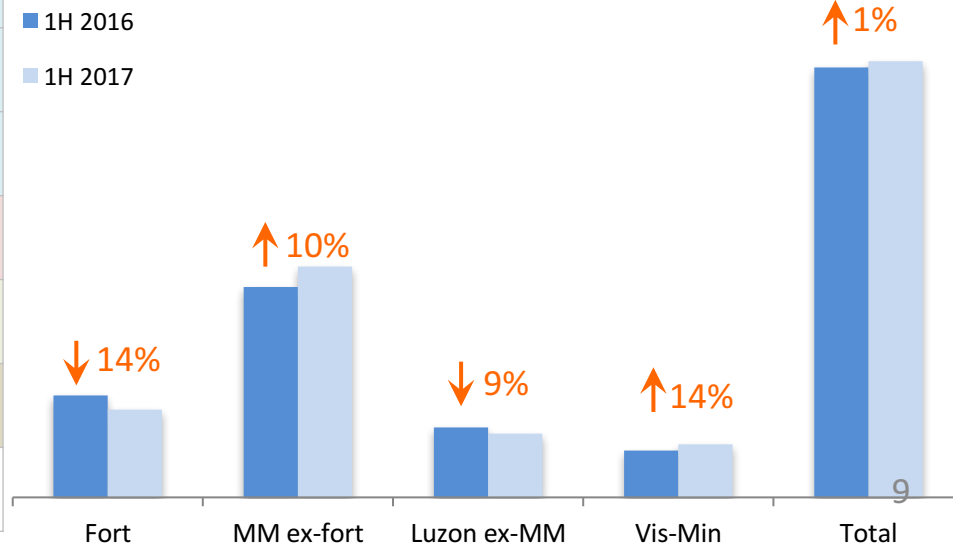
**1H 2017 Per Brand**



**1H 2017 Per Location**



## Year-on-Year Growth per Area



# STABLE OVERALL RESIDENTIAL MARGINS

<i>In PHP billions</i>	1H 2016	1H 2017	%change
Real Estate Sales (RES)	13.4	13.6	1.4%
+Interest income on Real Estate Sales	0.6	0.6	-0.2%
<b>Total RES</b>	<b>14.0</b>	<b>14.2</b>	<b>1.4%</b>
-Cost of RES	7.6	7.7	1.0%
<b>Gross Profit on RES</b>	<b>6.4</b>	<b>6.5</b>	<b>1.8%</b>
<b><i>Gross Profit Margin</i></b>	<b>45.7%</b>	<b>45.8%</b>	<b>+10bps</b>
-Deferred Gross Profit	2.7	2.3	-17.1%
Realized Gross Profit	3.7	4.3	15.7%
+Realized Gross Profit On Prior Years' Sales	2.1	2.2	5.8%
<b>Total Realized Gross Profit</b>	<b>5.8</b>	<b>6.5</b>	<b>12.2%</b>

- Steady high blended GPM
- Healthy increase in total realized gross profit from continued project completion

# INVESTMENT PROPERTIES

## High margin and yielding business

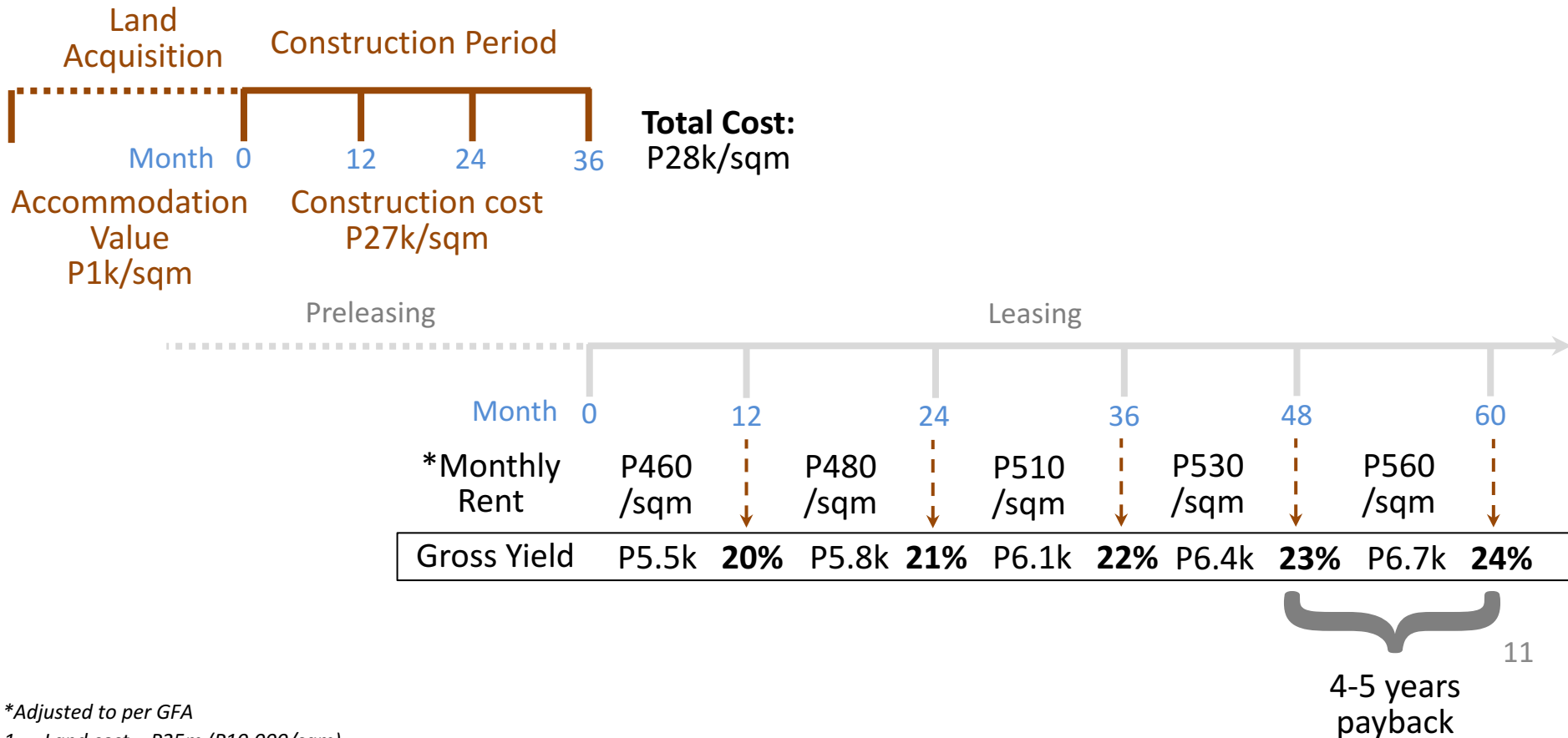
### eCommerce (Eastwood City)

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

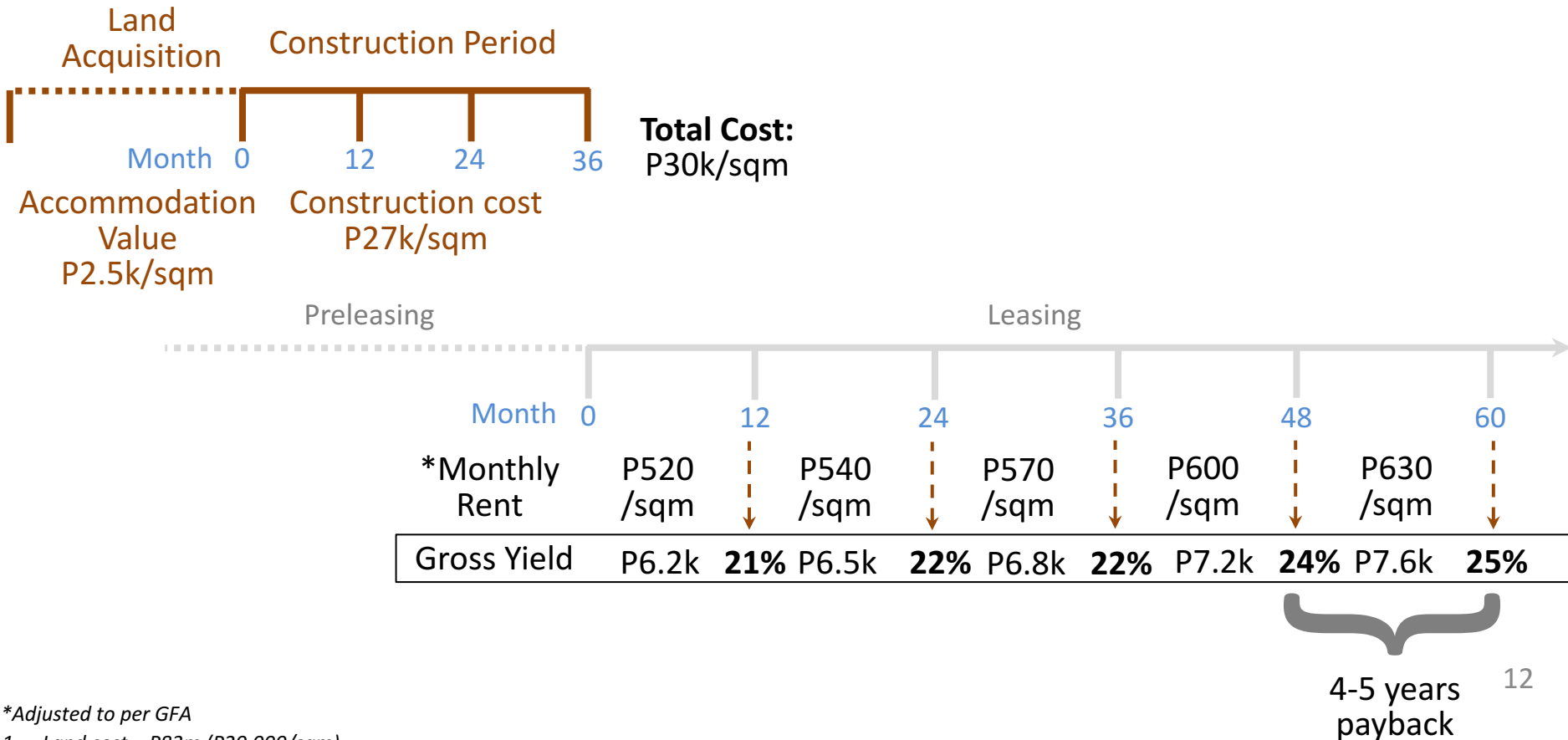
### One World Square (McKinley Hill)

GFA: 33,000 sqm

GLA: 29,200 sqm

Construction per sqm: P27k/sqm

Accommodation Value: P2.5k/sqm



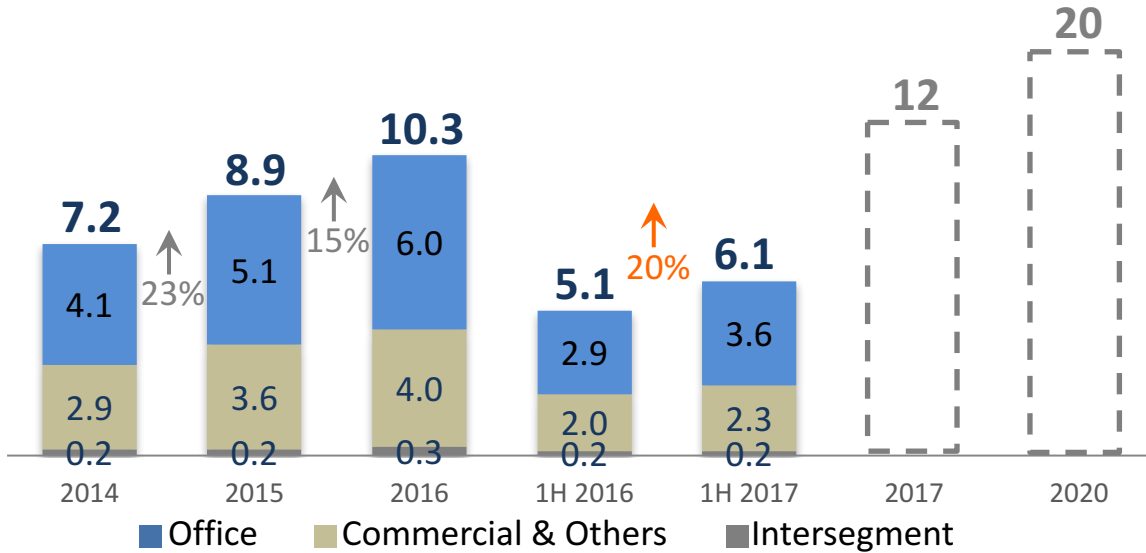
\*Adjusted to per GFA

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

2. Construction cost = P905m

# GROWING RENTAL INCOME – DRIVEN BY OFFICE & COMMERCIAL LEASING

## Increasing Rental Income (in PhP billions)



## 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

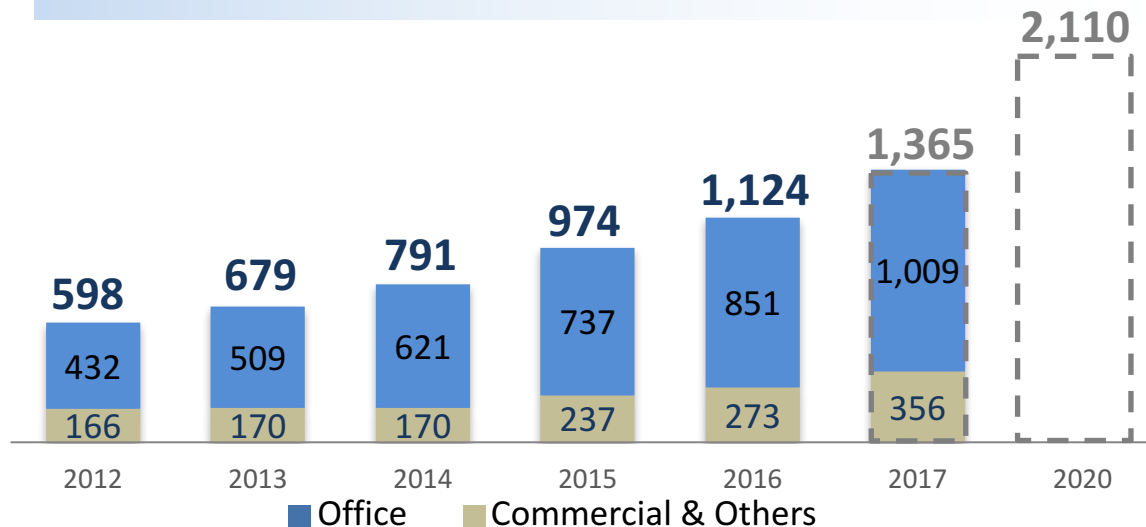
Healthy Pre-leasing

## Commercial

Captured Market  
Megaworld Lifestyle Malls

Top Retailers

## Rental portfolio ('000 sqm)



# GROWING RENTAL INCOME – HIGH MARGIN BUSINESS

<i>In PHP billions</i>	1H 2016	1H 2017	%change
<b>Revenues</b>			
Rental	4.8	5.8	<b>20.3%</b>
Intersegment Sales	0.2	0.2	<b>0.7%</b>
<b>Total Rental Revenues</b>	<b>5.0</b>	<b>6.0</b>	<b>19.7%</b>
-Operating Expense	1.3	1.5	<b>16.9%</b>
<b>Rental EBIT</b>	<b>3.7</b>	<b>4.5</b>	<b>20.7%</b>
<b>Rental EBIT Margin</b>	<b>74.5%</b>	<b>75.1%</b>	<b>+60bps</b>

- Total rentals in line with FY target

- Strong and steady rental EBIT Margin

<i>In PHP billions</i>	1H 2016	% share	1H 2017	% share
<b>EBIT Contribution</b>				
Real Estate	4.0	51%	4.7	51%
Rental	3.7	47%	4.5	49%
Hotel	0.1	2%	0.1	1%
Corporate & Elimination	0.0	0%	-0.1	-1%
<b>Total EBIT</b>	<b>7.8</b>	<b>100%</b>	<b>9.2</b>	<b>100%</b>

- 50/50 split on EBIT

# OFFICE PIPELINE

## 2017

	Township	GLA (sqm)
Davao Finance Center	Davao Park District	30,000
Two Techno Place	Iloilo Business Park	9,000
One Town Square	Las Piñas	20,000
South East Asian Campus	McKinley Hill	50,000
Southwoods BPO 1 & 2	Southwoods City	37,000
Pacific World Tower	The Mactan Newtown	<u>12,000</u>
		<b>158,000</b>

## 2018

Two Paseo	Arcovia City	43,000
One Republic Plaza	Davao Park District	20,000
Emperador House	Davao Park District	10,000
Eastwood Sky Plaza 1	Eastwood City	20,000
Eastwood Global Plaza	Eastwood City	32,000
Festive Walk BPO	Iloilo Business Park	12,000
BPO 6	Iloilo Business Park	9,000
10 West Campus	McKinley West	34,000
The Upper East BPO	The Upper East	<u>30,000</u>
		<b>210,000</b>

## 2019

One Paseo
BPO 7
World Commerce Plaza

## 2020

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

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

Capital Town	20,000
Eastwood City	20,000
Iloilo Business Park	9,000
Maple Grove	20,000
McKinley West	30,000
Uptown Bonifacio	<u>55,000</u>
	<b>154,000</b>

# COMMERCIAL PIPELINE

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



# COMMERCIAL PIPELINE

## 2019

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

## 2020

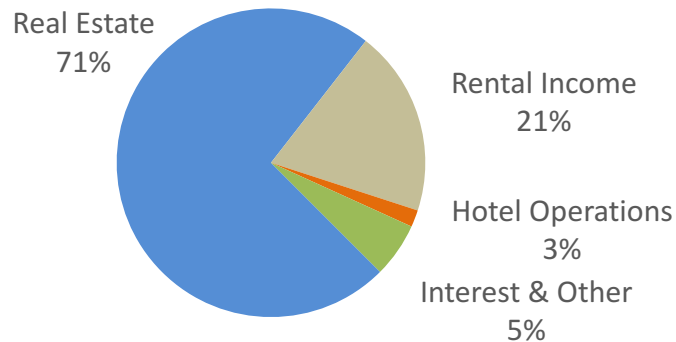
Arcovia Palazzo	Arcovia City	} 267,700	168,200	99,300
Boracay Chancellor	Boracay Newcost			
Roma Cainta	Cainta			
The Capital Retail 2	Capital Town			
Block 20	McKinley West			
Maple Grove Retail 2	Maple Grove			
San Antonio Residences	San Antonio			
Resorts World Retail	Westside City			

# PERFORMANCE UPDATE

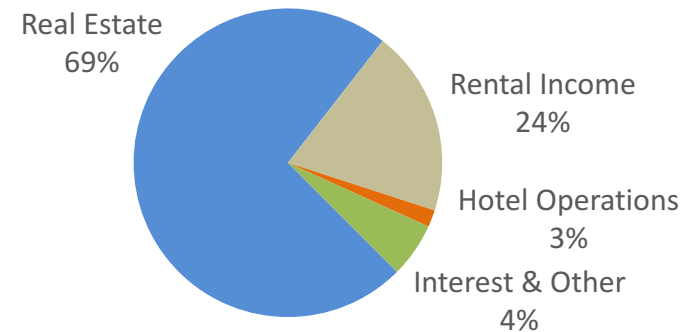
<i>In PHP billions</i>	1H 2016	1H 2017	%change	
<b>Revenues</b>	<b>23.0</b>	<b>24.3</b>	<b>5.4%</b>	
Real Estate Sales	13.4	13.6	1.4%	• Flattish but diversified mix
Rental	4.8	5.8	20.3%	• Robust growth for both rental & hotels
Hotel	0.6	0.6	9.8%	
Other Revenues	4.2	4.2	0.3%	
<b>Cost &amp; Expenses</b>	<b>17.0</b>	<b>17.6</b>	<b>3.4%</b>	• Modest cost expansion
Cost of Real Estate Sales	7.6	7.7	1.0%	
Hotel	0.3	0.4	17.1%	• Deferred GP down 17.1%
OPEX & Other Expenses	6.5	6.7	2.3%	• OPEX up 8.6%
<b>Operating Income</b>	<b>8.5</b>	<b>9.5</b>	<b>11.2%</b>	
Interest Expense	0.7	0.8	5.0%	
<b>Pre-tax Income</b>	<b>7.8</b>	<b>8.7</b>	<b>11.8%</b>	
Income Tax Expense	1.8	2.1	14.5%	
<b>Net Income</b>	<b>6.0</b>	<b>6.7</b>	<b>11.0%</b>	• Net income inline with double-digit growth target
Minority Interest	0.2	0.2	17.9%	
<b>Net Income to Owners</b>	<b>5.8</b>	<b>6.4</b>	<b>10.8%</b>	
<b>EBIT Margin</b>	<b>37.1%</b>	<b>39.2%</b>	<b>+210bps</b>	• Margin improvement from higher rental contribution
<b>Net Income Margin</b>	<b>26.2%</b>	<b>27.6%</b>	<b>+140bps</b>	

# CONSOLIDATED REVENUE BREAKDOWN

## 1H 2016



## 1H 2017



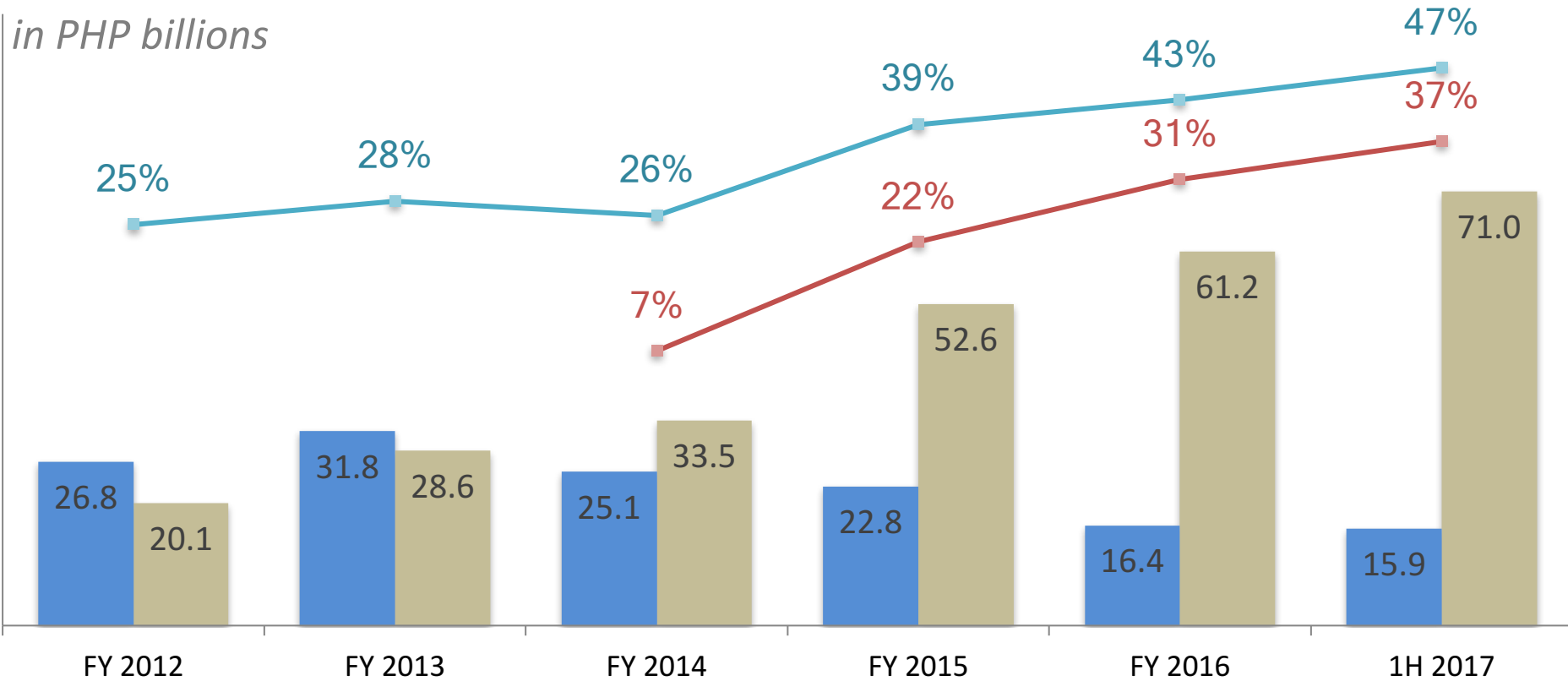
*In PHP billions*

	1H 2016	1H 2017	%change
Real Estate Sales	13.4	13.6	1.4%
Interest income on Real Estate Sales	1.0	1.0	0.1%
Realized Gross Profit on Prior Years' Sales	2.1	2.2	5.8%
Rental	4.8	5.8	20.3%
Hotel	0.6	0.6	9.8%
Interest & Other income	1.1	1.0	-9.6%
<b>Total Revenues</b>	<b>23.0</b>	<b>24.3</b>	<b>5.4%</b>

- Residential revenues up 1.9% driven by growing RGP from continued project completion
- More rental contribution; 300 bp expansion

# SOLID BALANCE SHEET

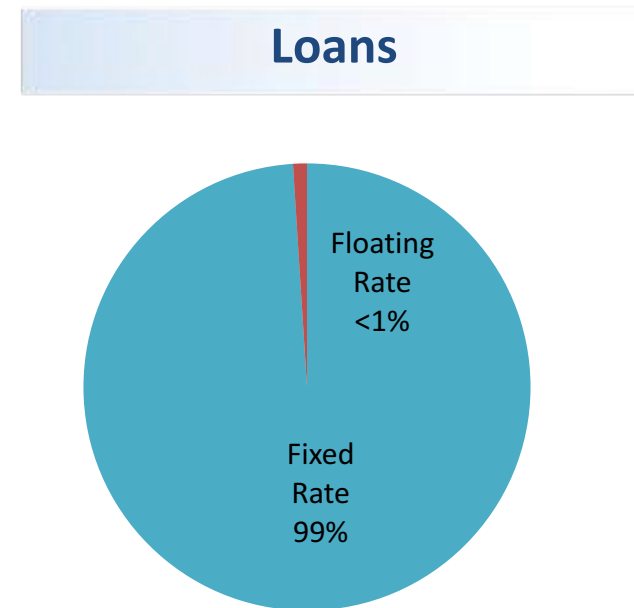
in PHP billions



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

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	1H 2017
<b>Debt to Equity</b>	25%	28%	26%	39%	43%	47%
<b>Net Debt to Equity</b>	Net Cash	Net Cash	7%	22%	31%	37%

# DEBT MATURITY PROFILE



Bonds	Coupon Rate	Date Issued	Maturity
\$250,000,000	4.25%	April 2013	2023
\$200,000,000	6.75%	April 2011	2018
₱12,000,000,000	5.35%	March 2017	2024

Loans	Ave. Rate	Year Issued	Maturity
₱36,386,223,575	~5.00%	Various	Various

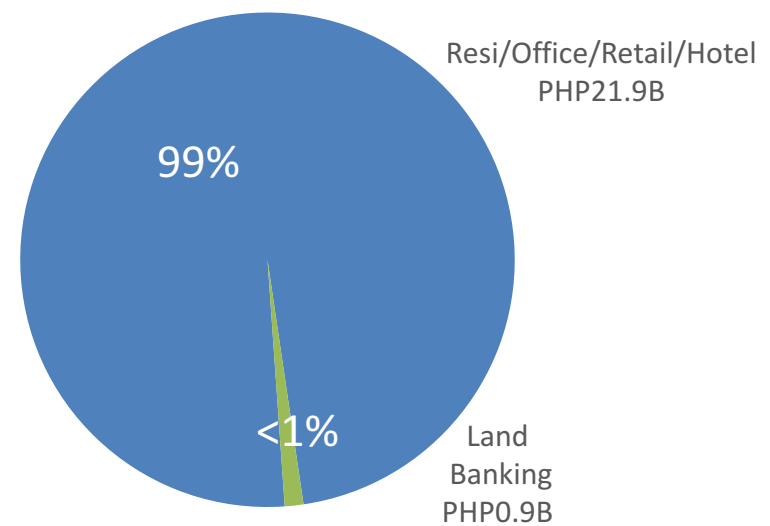
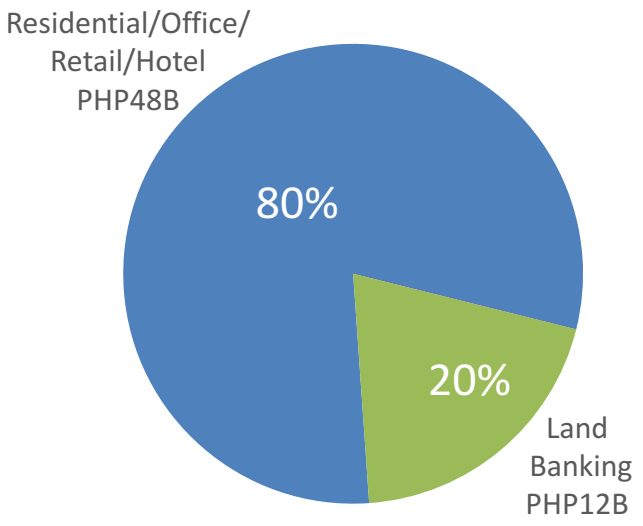
5-YEAR CAPEX PLAN  
 PHP285.8B UNTIL 2019

**PHP285.8B**

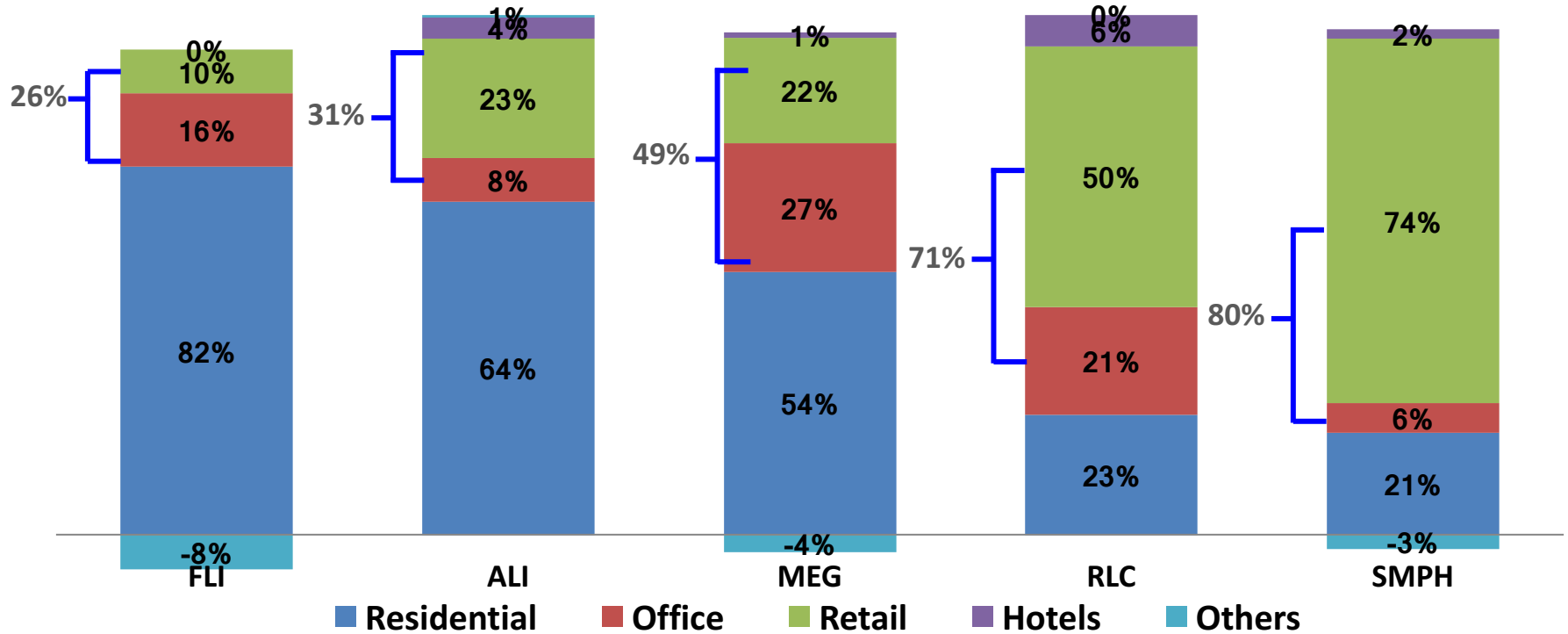


**2017 CAPEX Budget**

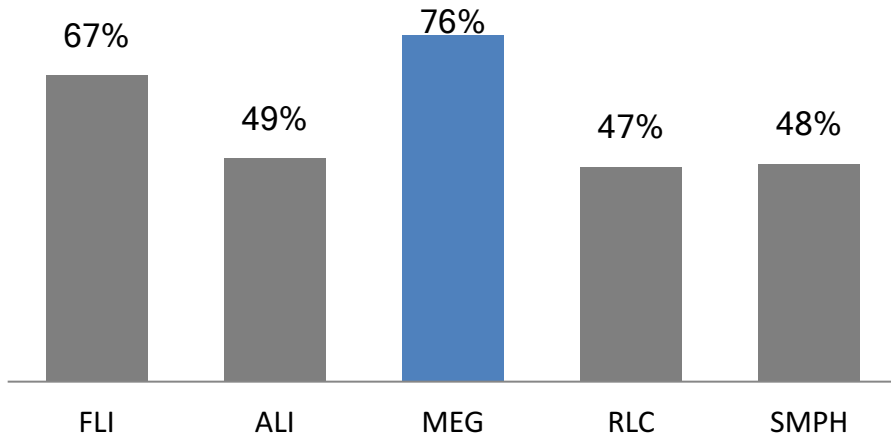
**1H 2017 CAPEX Spending**



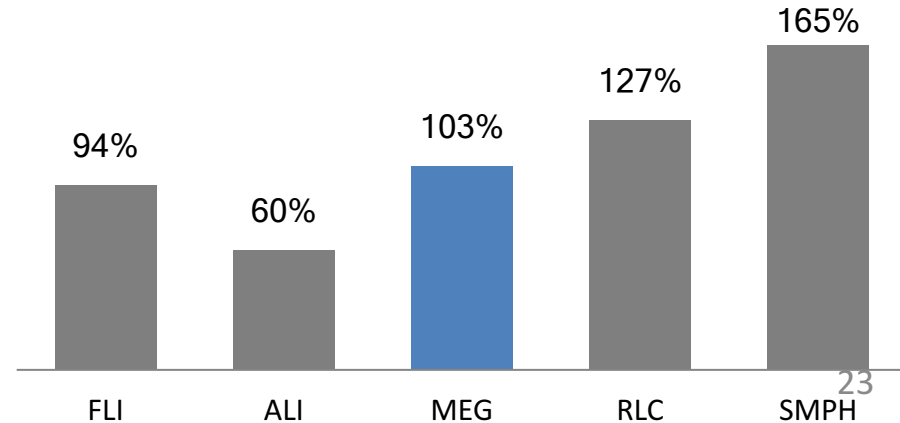
## EBIT Contribution



## 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%
  - 1H 2017 presales at P58.3bn (P90bn E2017 guidance)
  - 1H 2017 launches at P18.4bn (P30bn E2017 guidance)
- Growing high margin rental business
  - Rental EBIT margin at 75%
  - 2017 Target: P12bn
  - 2020 Target: P20bn





End of Presentation

