

MEGA WORLD

IR Kit  
1Q 2017

# ALLIANCE GLOBAL STRUCTURE

Focused consumer centric brand

## ALLIANCE GLOBAL

AGI PM  
USD 3.1b



MEGAWORLD

67%

MEG PM  
USD 2.7b

**Real Estate**

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



EMPERADOR INC.

81%

EMP PM  
USD 2.1b

**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



## 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**



**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 



# RESIDENTIAL BUSINESS CYCLE

Tried and tested model

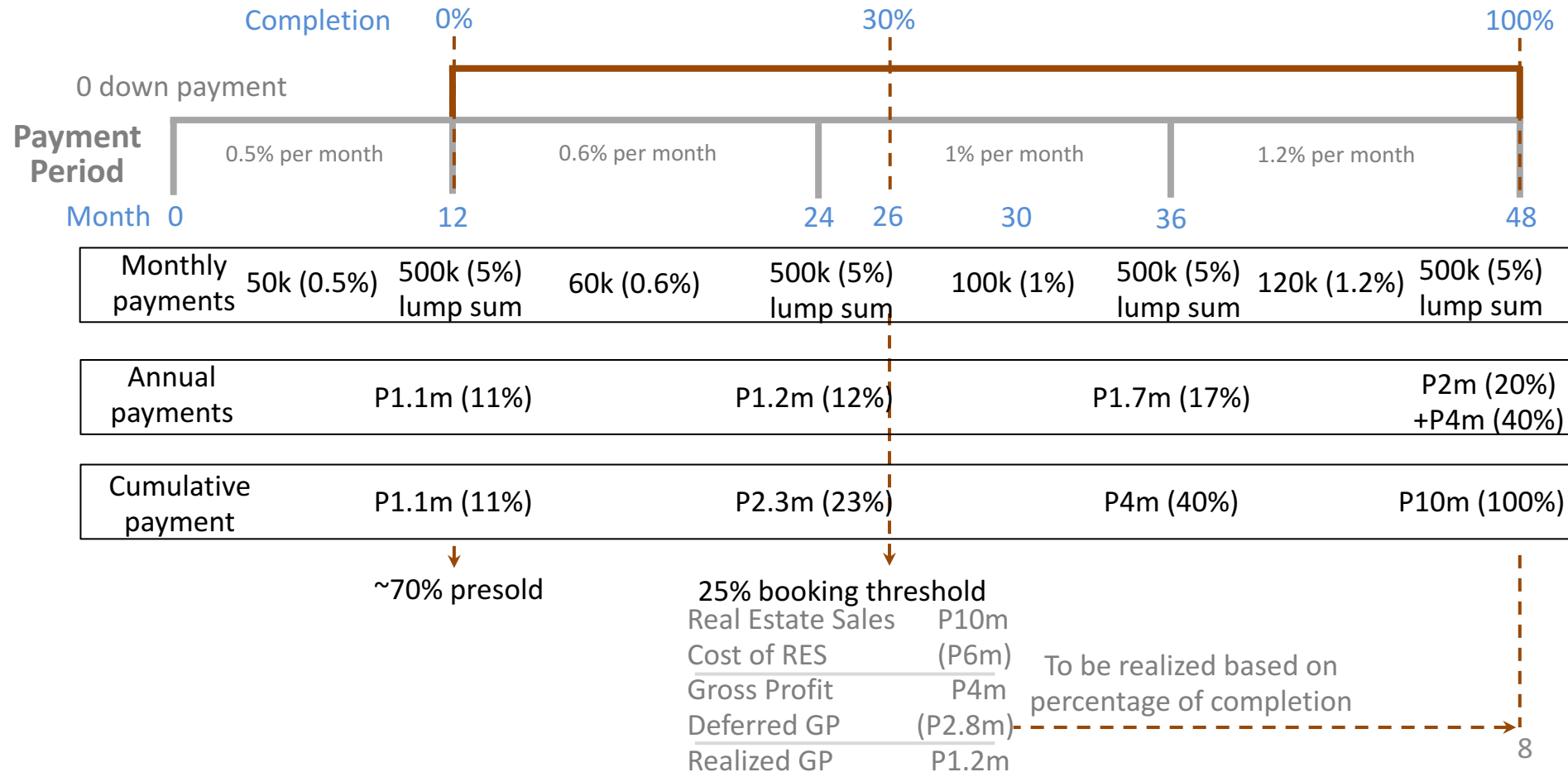
1. Affordable and flexible
2. Self-funding
3. Conservative booking
4. Secured by post dated checks

## 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

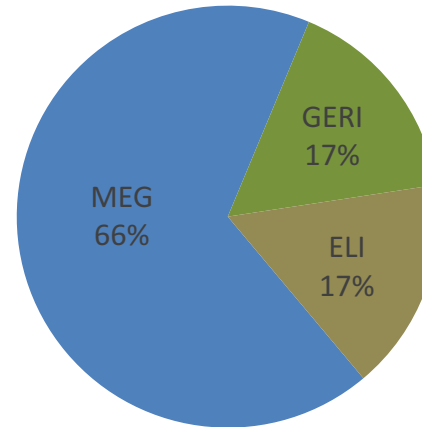
*in PHP millions*

**1Q 2016** (%sales)

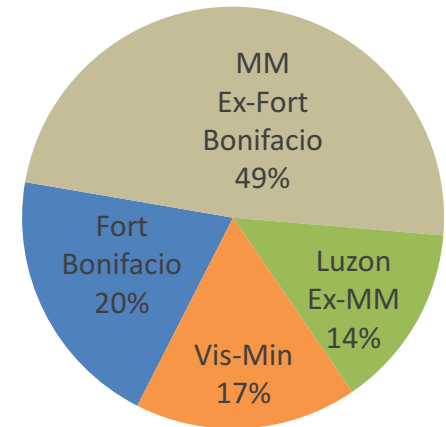
**1Q 2017** (%sales)

<b>MEG</b>	<b>4,776</b>	<b>70%</b>	<b>4,542</b>	<b>66%</b>
Taguig	2,287	33%	1,387	20%
Makati	279	4%	856	12%
Pasay&Parañaque	899	13%	442	6%
Quezon City	371	5%	301	4%
Manila	32	0%	114	2%
Cavite	47	1%	-	0%
Cebu	122	2%	67	1%
Iloilo	76	1%	389	6%
Bacolod	-	0%	68	1%
Other Subs	664	10%	918	13%
<b>GERI</b>	<b>1,124</b>	<b>16%</b>	<b>1,143</b>	<b>17%</b>
<b>ELI</b>	<b>958</b>	<b>14%</b>	<b>1,179</b>	<b>17%</b>
<b>TOTAL</b>	<b>6,858</b>	<b>100%</b>	<b>6,863</b>	<b>100%</b>

**1Q 2017 Per Brand**



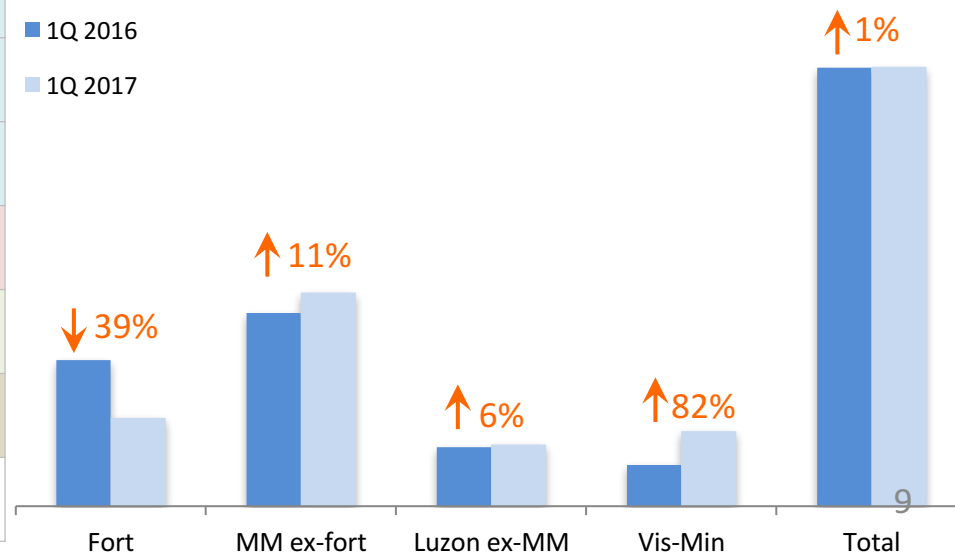
**1Q 2017 Per Location**



## Year-on-Year Growth per Area

■ 1Q 2016

■ 1Q 2017



## STABLE OVERALL RESIDENTIAL MARGINS

<i>In PHP millions</i>	1Q 2016	1Q 2017	%change	
Real Estate Sales (RES)	6,858	6,863	0.1%	
+Interest income on Real Estate Sales	300	304	1.2%	
Total RES	7,158	7,167	0.1%	
-Cost of RES	3,862	3,866	0.1%	
<b>Gross Profit on RES</b>	<b>3,296</b>	<b>3,301</b>	<b>0.2%</b>	
<b><i>Gross Profit Margin</i></b>	<b>46.0%</b>	<b>46.1%</b>	<b>+0.1pp</b>	• Steady high blended GPM
-Deferred Gross Profit	1,587	1,390	-12.4%	
Realized Gross Profit	1,709	1,911	11.8%	
+Realized Gross Profit On Prior Years' Sales	897	1,029	14.8%	
<b>Total Realized Gross Profit</b>	<b>2,605</b>	<b>2,940</b>	<b>12.8%</b>	• Healthy increase in total realized gross profit from continued project completion

# INVESTMENT PROPERTIES

## High margin and yielding business

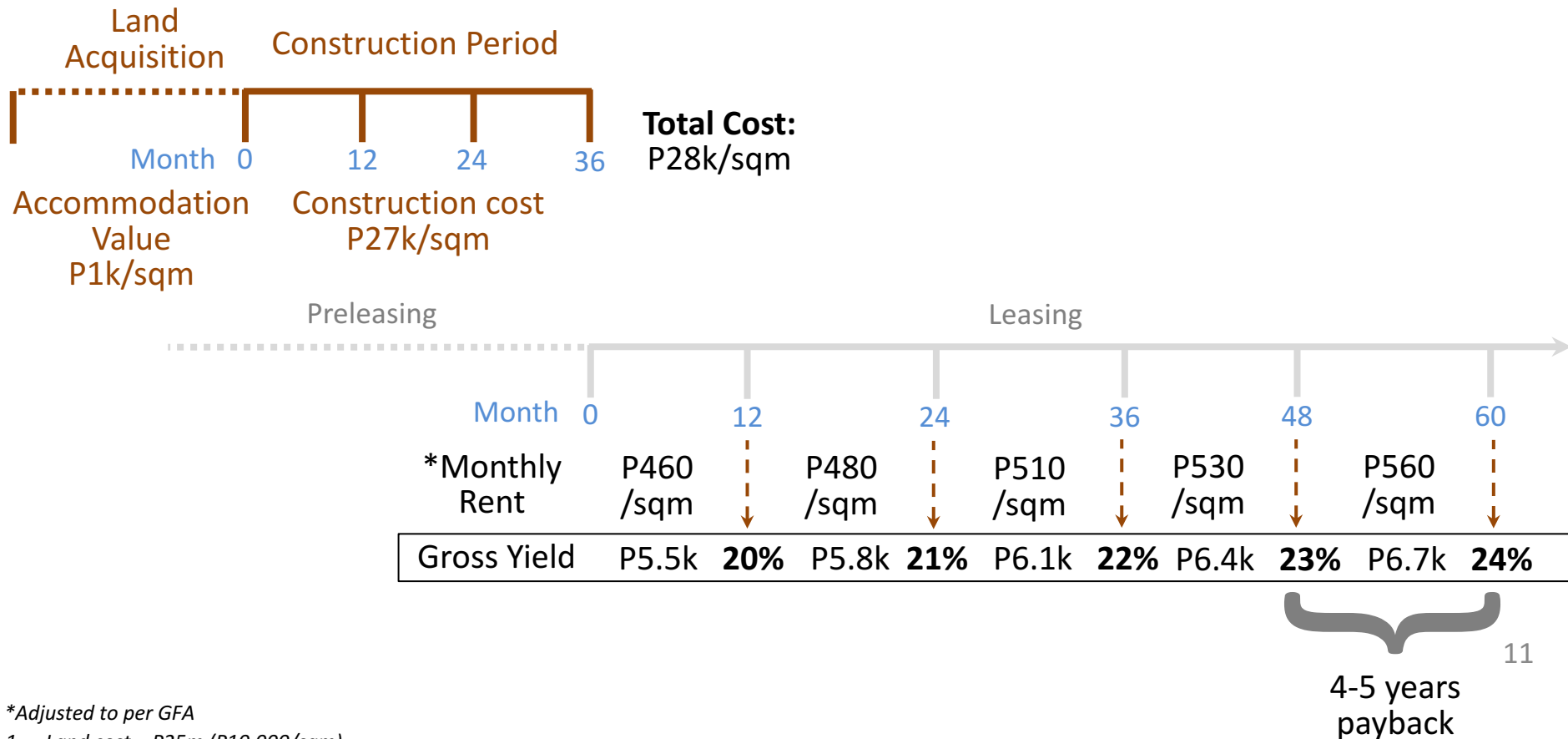
### eCommerce (Eastwood City)

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

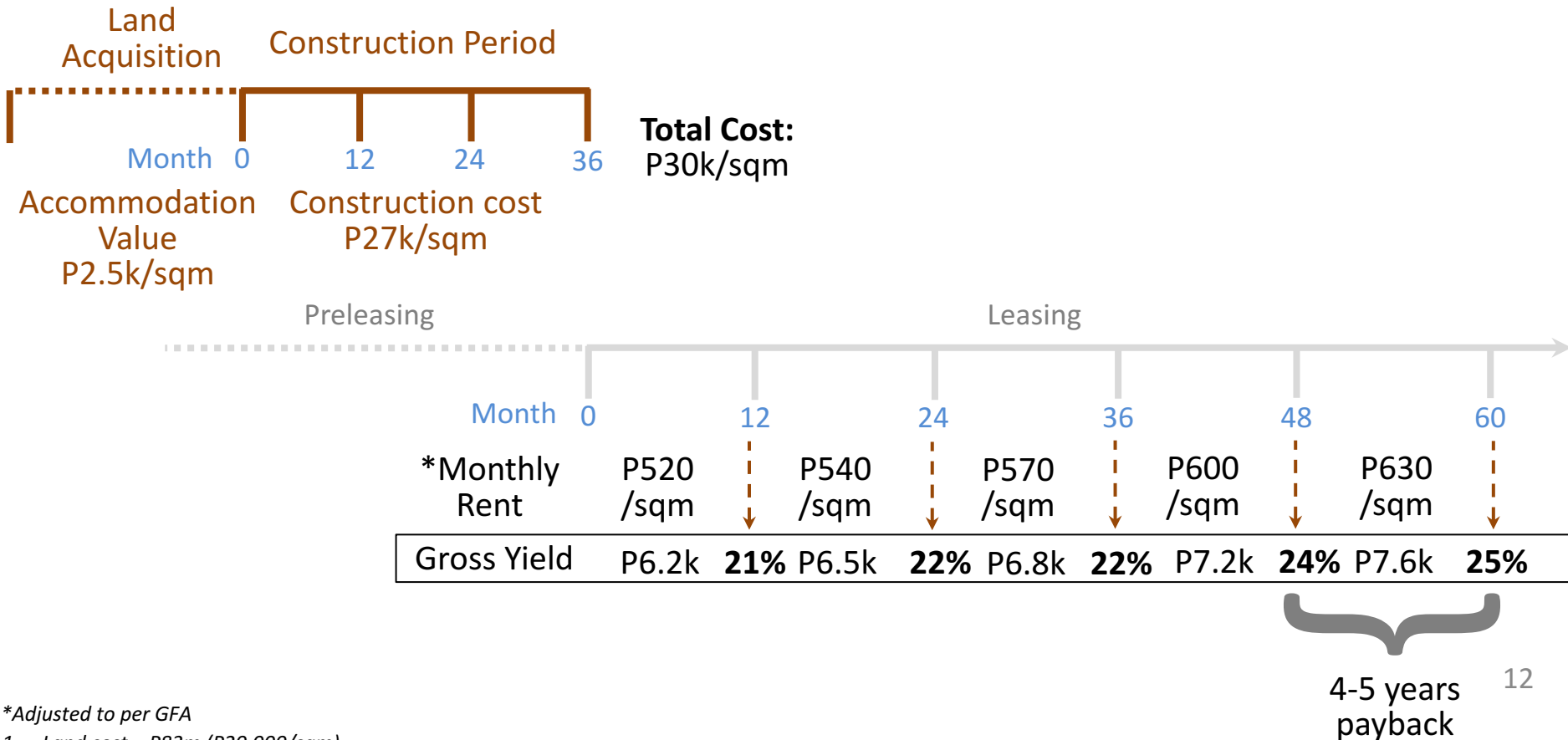
### One World Square (McKinley Hill)

GFA: 33,000 sqm

GLA: 29,200 sqm

Construction per sqm: P27k/sqm

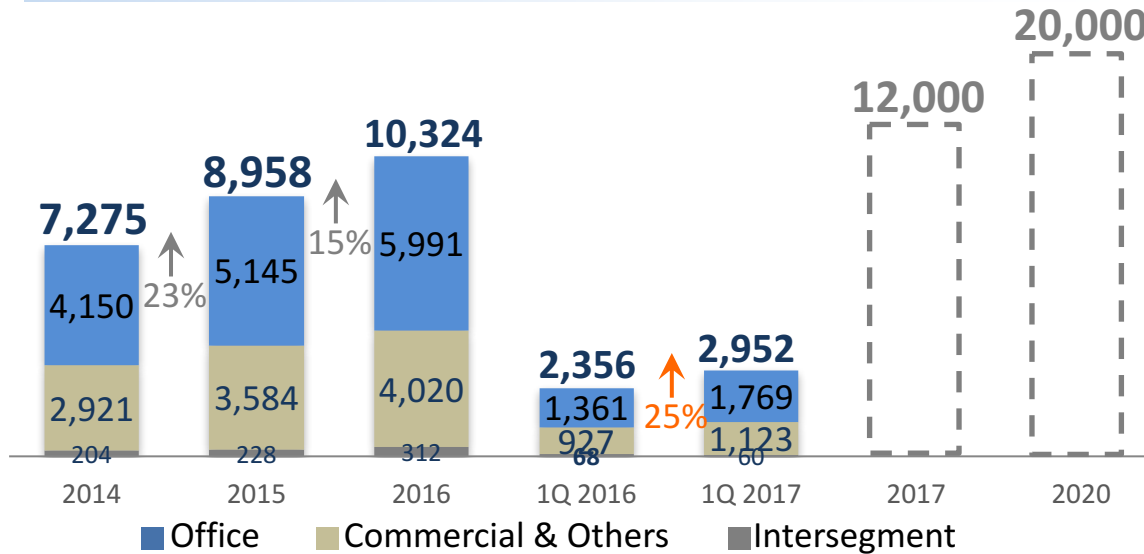
Accommodation Value: P2.5k/sqm



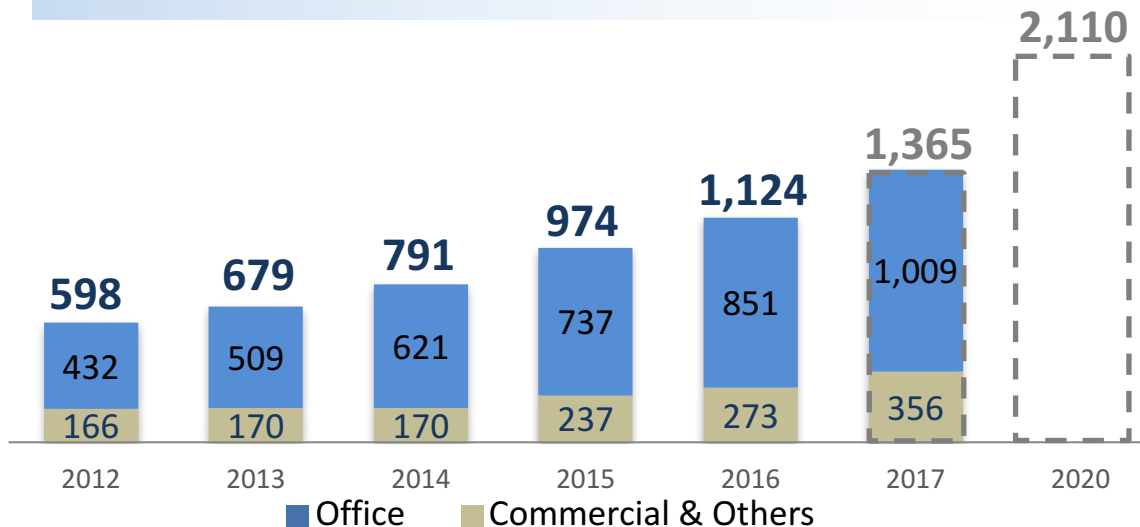
\*Adjusted to per GFA  
1. Land cost = P83m (P20,000/sqm)  
2. Construction cost = P905m

# GROWING RENTAL INCOME – DRIVEN BY OFFICE & COMMERCIAL LEASING

## Increasing Rental Income (in PhP millions)



## Rental portfolio ('000 sqm)



## 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



# GROWING RENTAL INCOME – HIGH MARGIN BUSINESS

<i>In PHP millions</i>	1Q 2016	1Q 2017	%change	
<b>Revenues</b>				
Rental	2,288	2,892	26.4%	
Intersegment Sales	68	60	-11.5%	
<b>Total Rental Revenues</b>	<b>2,356</b>	<b>2,952</b>	<b>25.3%</b>	• 60/40 split between office and commercial
-Operating Expense	608	746	22.8%	
<b>Rental EBIT</b>	<b>1,748</b>	<b>2,206</b>	<b>26.2%</b>	
<b>Rental EBIT Margin</b>	<b>74.2%</b>	<b>74.7%</b>	<b>+0.5pp</b>	• Strong and steady rental EBIT Margin

<i>In PHP millions</i>	1Q 2016	% share	1Q 2017	% share	
<b>EBIT Contribution</b>					
Real Estate	1,871	52%	1,971	47%	
Rental	1,748	48%	2,206	53%	• Higher rental contribution on EBIT
Hotel	61	2%	71	2%	
Corporate & Elimination	-74	-2%	-58	-1%	
<b>Total EBIT</b>	<b>3,606</b>	100%	<b>4,190</b>	100%	

# OFFICE PIPELINE

## 2017

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

### Township

The Mactan Newtown  
Las Piñas  
McKinley Hill  
Iloilo Business Park  
Southwoods City  
Davao Park District

GLA  
(sqm)

12,000  
20,000  
50,000  
9,000  
37,000  
30,000  
**158,000**

## 2019

World Commerce Plaza  
BPO 7  
One Paseo

### Township

Uptown Bonifacio  
Iloilo Business Park  
ArcoVia City

GLA  
(sqm)

105,000  
9,000  
43,000  
**157,000**

## 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

ArcoVia City  
McKinley West  
Iloilo Business Park  
Iloilo Business Park  
The Upper East  
Davao Park District  
Davao Park District  
Eastwood City  
Eastwood City

43,000  
34,000  
12,000  
9,000  
30,000  
20,000  
10,000  
20,000  
32,000  
**210,000**

## 2020

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

Eastwood City  
Uptown Bonifacio  
McKinley West  
Iloilo Business Park  
The Capital  
Maple Grove

20,000  
55,000  
30,000  
9,000  
20,000  
20,000  
**154,000**

# COMMERCIAL PIPELINE

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

# 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 Newcoast			
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			

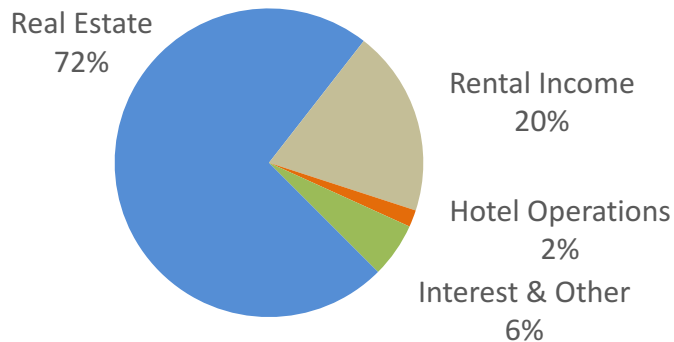
# PERFORMANCE UPDATE

<i>In PHP millions</i>	1Q 2016	1Q 2017	%change	
<b>Revenues</b>	<b>11,465</b>	<b>11,991</b>	<b>4.6%</b>	
Real Estate Sales	6,858	6,863	0.1%	<ul style="list-style-type: none"> <li>Steady high residential base</li> <li>Robust rental &amp; hotel income growth</li> </ul>
Rental	2,288	2,892	26.4%	
Hotel	271	335	23.3%	
Other Revenues	2,048	1,901	-7.2%	
<b>Cost &amp; Expenses</b>	<b>8,831</b>	<b>9,065</b>	<b>2.6%</b>	<ul style="list-style-type: none"> <li>Modest cost expansion</li> </ul>
Cost of Real Estate Sales	3,862	3,866	0.1%	
Hotel	132	194	46.6%	
OPEX & Other Expenses	3,577	3,671	2.6%	<ul style="list-style-type: none"> <li>Deferred GP down 12.4%</li> <li>OPEX up 6.5%</li> </ul>
<b>Operating Income</b>	<b>3,893</b>	<b>4,260</b>	<b>9.4%</b>	
Interest Expense	399	409	2.5%	
<b>Pre-tax Income</b>	<b>3,494</b>	<b>3,851</b>	<b>10.2%</b>	
Income Tax Expense	860	925	7.5%	
<b>Net Income</b>	<b>2,634</b>	<b>2,926</b>	<b>11.1%</b>	<ul style="list-style-type: none"> <li>Net income inline with double-digit growth target</li> </ul>
Minority Interest	96	91	-5.0%	
<b>Net Income to Owners</b>	<b>2,538</b>	<b>2,835</b>	<b>11.7%</b>	
<b>EBIT Margin</b>	<b>34.0%</b>	<b>35.5%</b>	<b>1.6%</b>	<ul style="list-style-type: none"> <li>Margin improvement from efficient cost management</li> </ul>
<b>Net Income Margin</b>	<b>23.0%</b>	<b>23.6%</b>	<b>0.6%</b>	

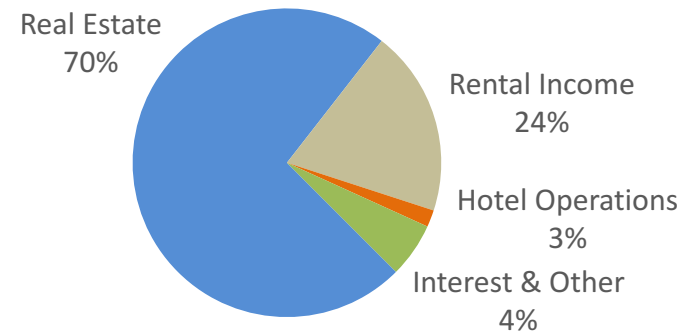


# CONSOLIDATED REVENUE BREAKDOWN

**1Q 2016**



**1Q 2017**



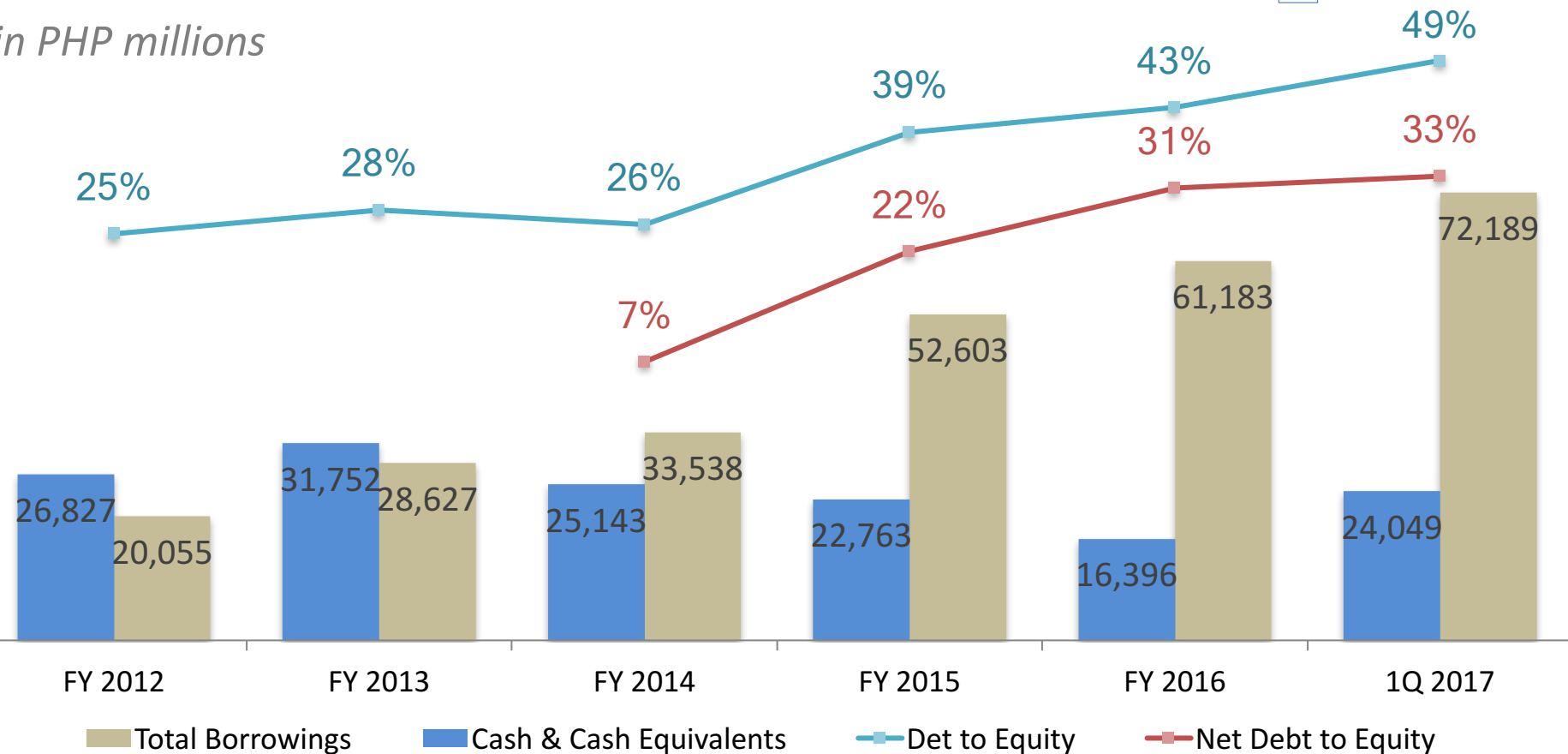
*In PHP millions*

	1Q 2016	1Q 2017	%change
Real Estate Sales	6,858	6,863	0%
Interest income on Real Estate Sales	437	438	0%
Realized Gross Profit on Prior Years' Sales	897	1,029	14.8%
Rental	2,288	2,892	26.4%
Hotel	271	335	23.3%
Interest & Other income	714	434	-39.2%
<b>Total Revenues</b>	<b>11,465</b>	<b>11,991</b>	<b>4.6%</b>

- Rising RGP from continued project completion
- More topline contribution from rental

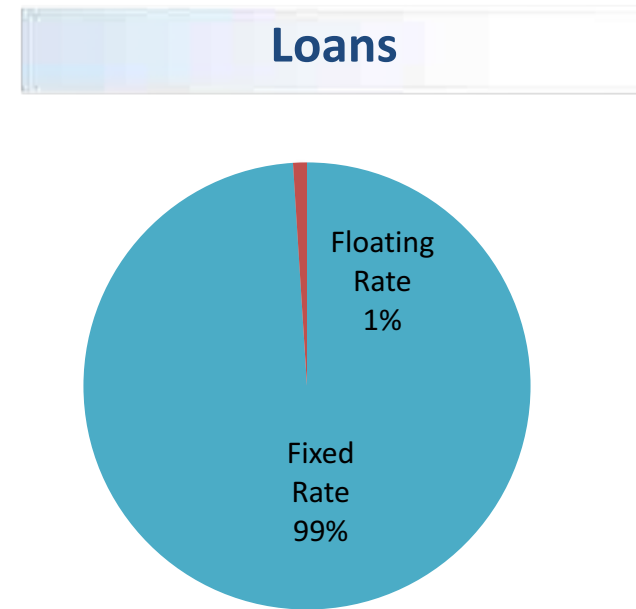
# SOLID BALANCE SHEET

in PHP millions



	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	1Q 2017
Debt to Equity	25%	28%	26%	39%	43%	49%
Net Debt to Equity	Net Cash	Net Cash	7%	22%	31%	33%

# 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

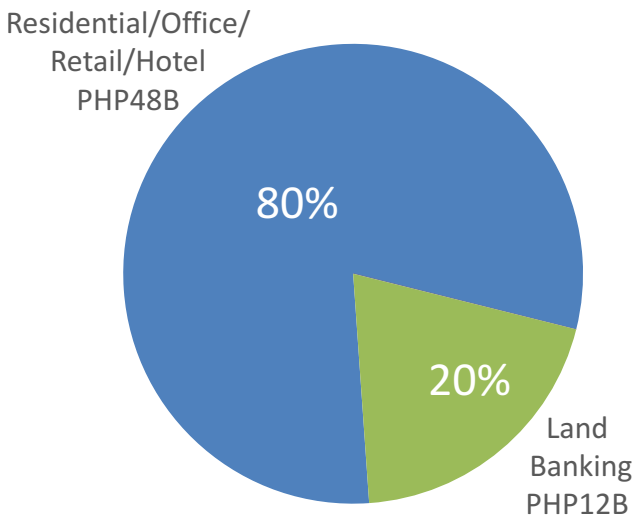
  

Loans	Ave. Rate	Year Issued	Maturity
₱37,726,893,757	~5.00%	Various	Various

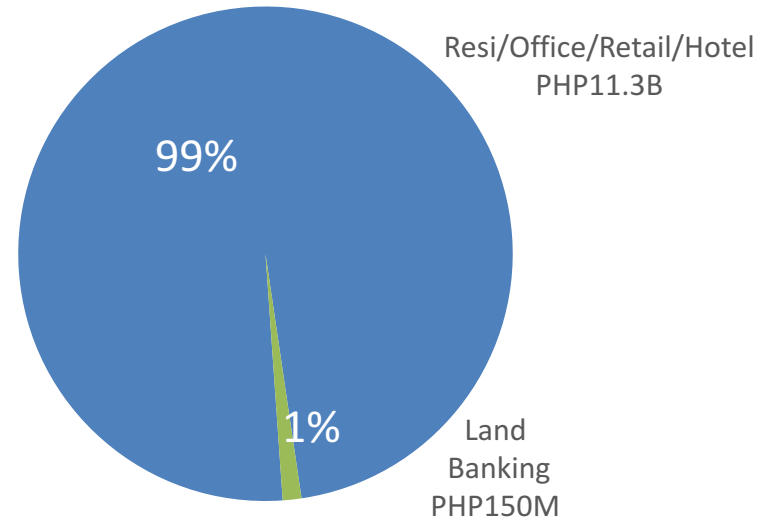
# 5-YEAR CAPEX PLAN PHP285.8B UNTIL 2019



## 2017 CAPEX Budget

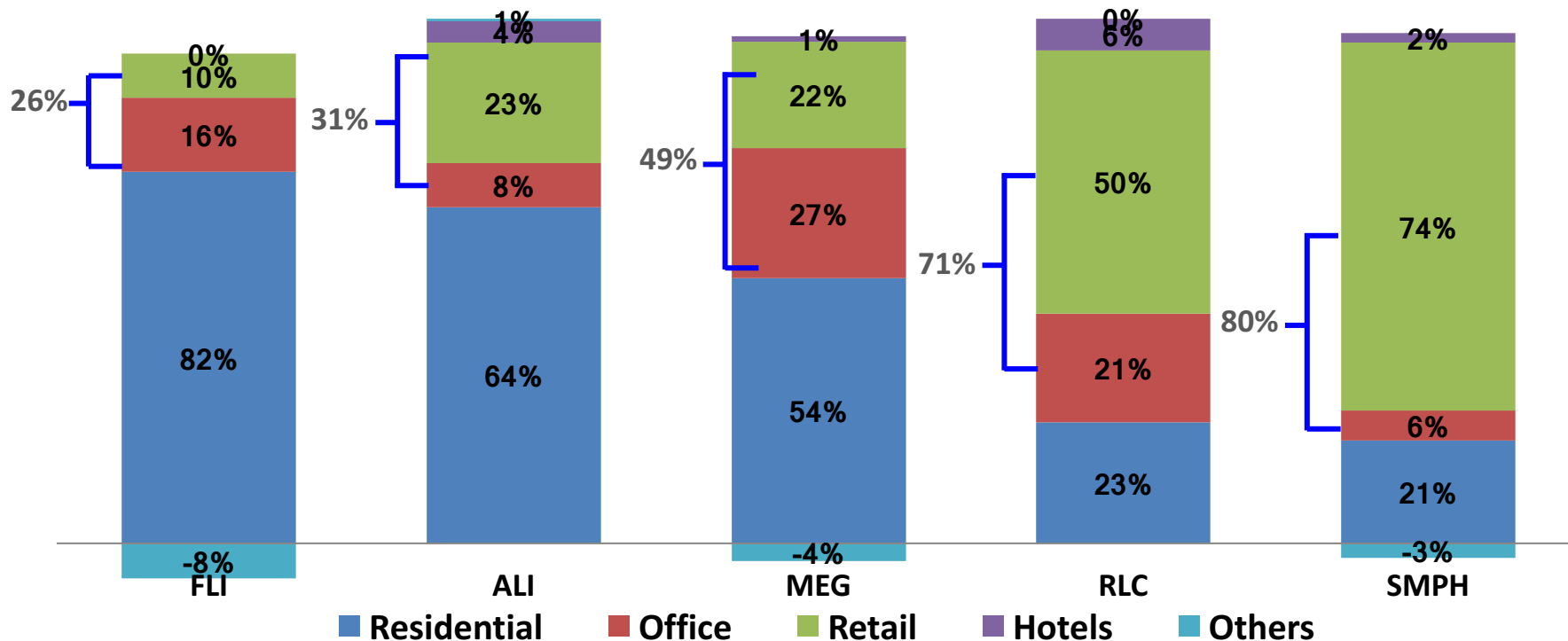


## 1Q 2017 CAPEX Spending

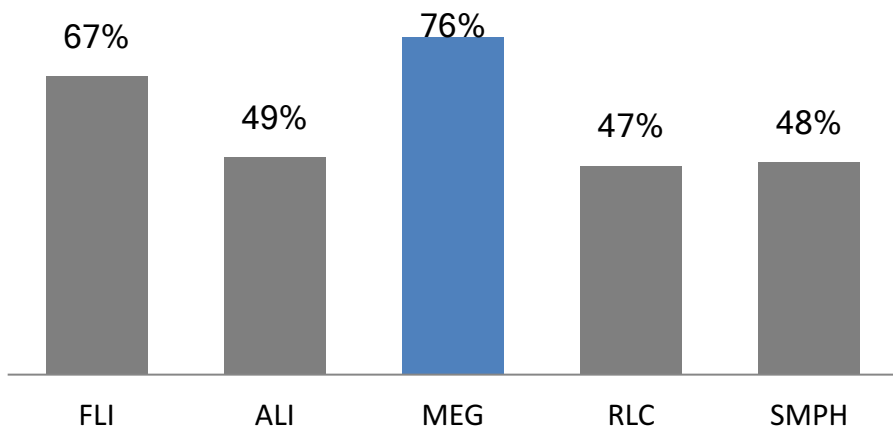


# Impact of Rental Assets on Earnings

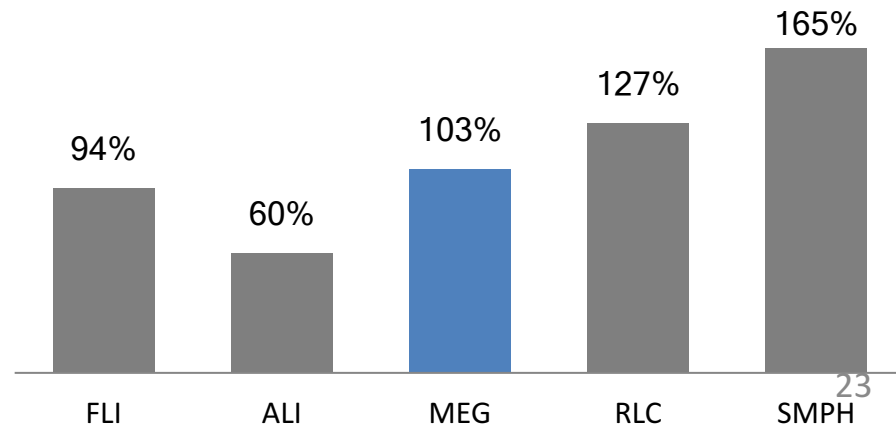
## EBIT Contribution



## 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%  
1Q 2017 presales at P26bn (P90bn E2017 guidance)  
1Q 2017 launches at P5.7bn (P30bn E2017 guidance)
- Growing high margin rental business  
Rental EBIT margin at 75%  
2017 Target: P12bn  
2020 Target: P20bn



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End of Presentation

