

ALLIANCE GLOBAL

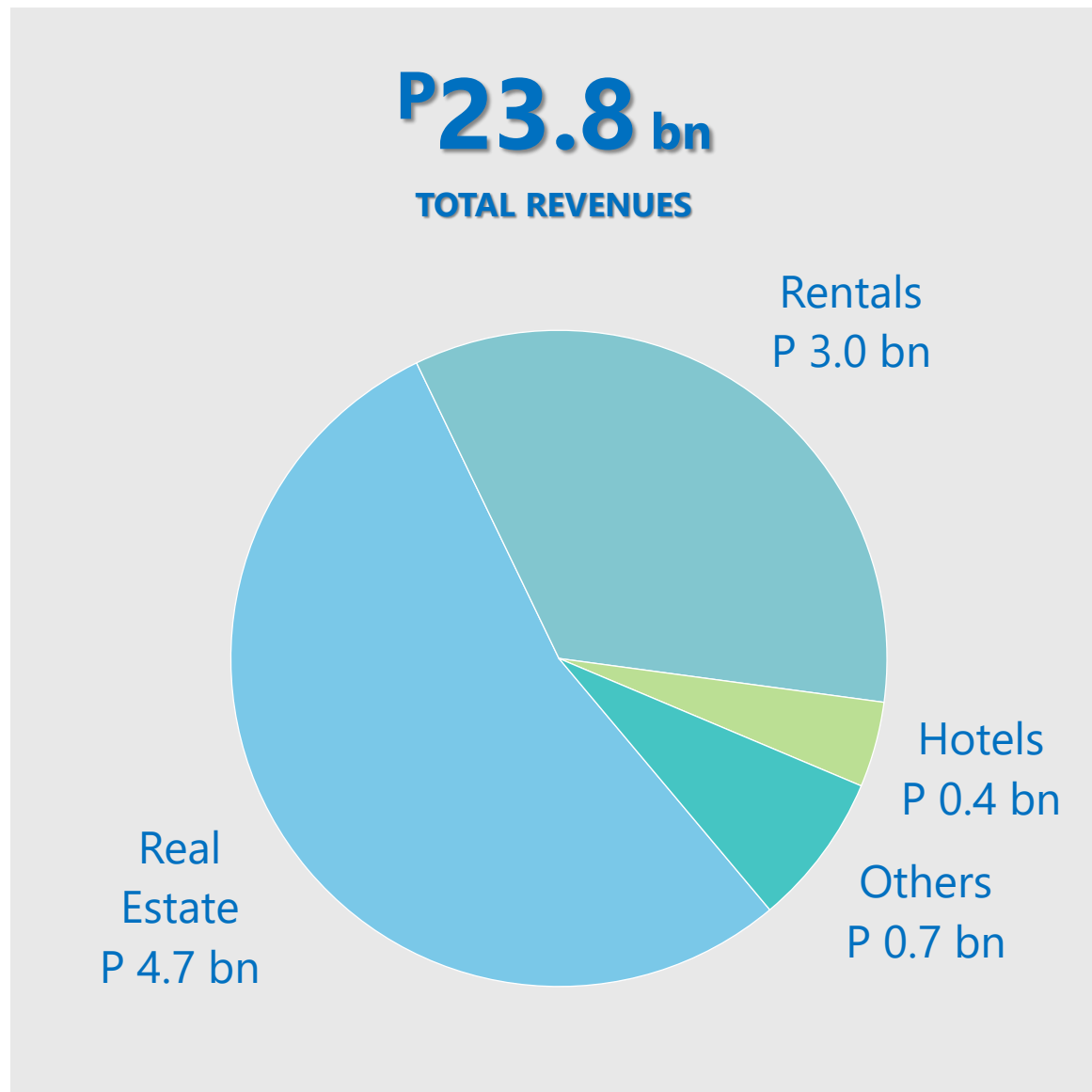


1H 2020

MEGAWORLD ANALYST BRIEFING

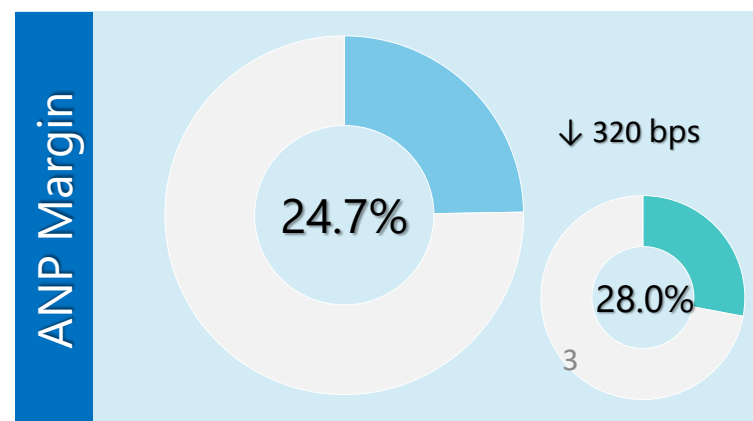
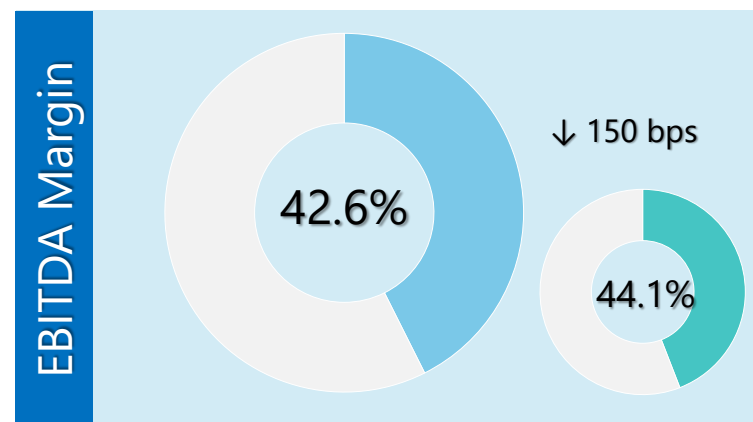
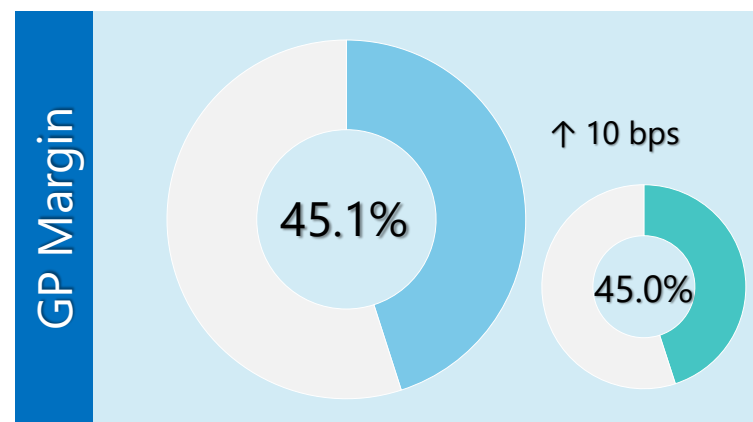


1H 2020 FINANCIAL HIGHLIGHTS

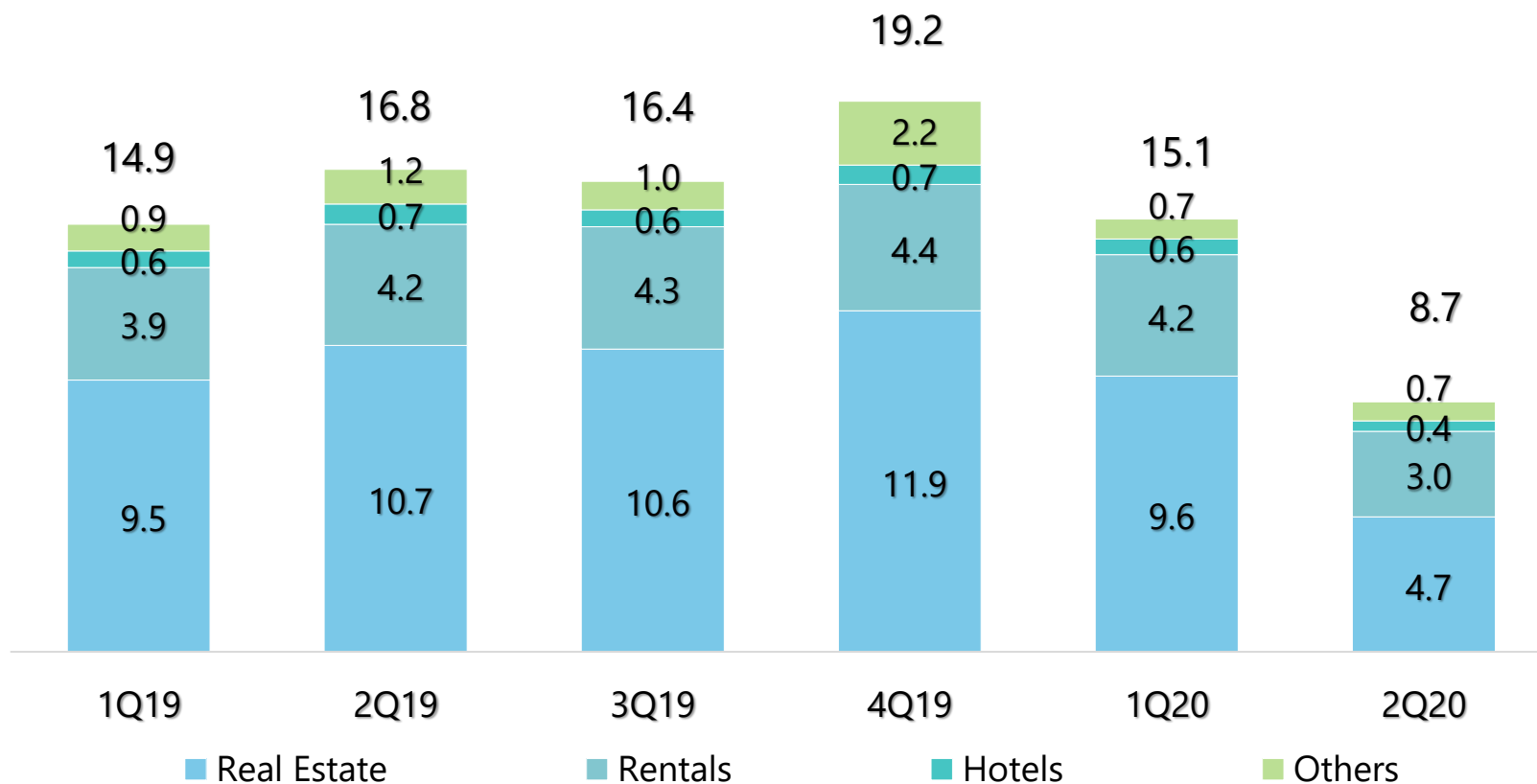


1H 2020 PERFORMANCE UPDATE

	1H20	1H19	%	Remarks
REVENUES	23.8	31.7	-25%	Limited business operations
Real estate sales	14.3	20.2	-29%	Lower bookings due to limited construction activity
Rentals	7.2	8.1	-11%	Partial mall operations
Hotels	0.9	1.3	-29%	Lower check-ins due to travel ban
Others	1.3	2.1	-37%	
COSTS & EXPENSES	17.9	22.9	-22%	Limited business operations
Cost of sales	7.9	11.1	-29%	Decline in construction activity
Hotel costs	0.6	0.8	-28%	Restricted hotel operations due to travel ban
Operating expenses	6.1	6.2	-1%	Lower overhead, cost-management initiatives
Interest & other charges	1.3	1.7	-23%	
Income taxes	2.1	3.1	-34%	Effective income tax rate remains stable at 26%
EBITDA	10.1	14.0	-28%	
ATTRIBUTABLE PROFIT	5.4	8.3	-35%	

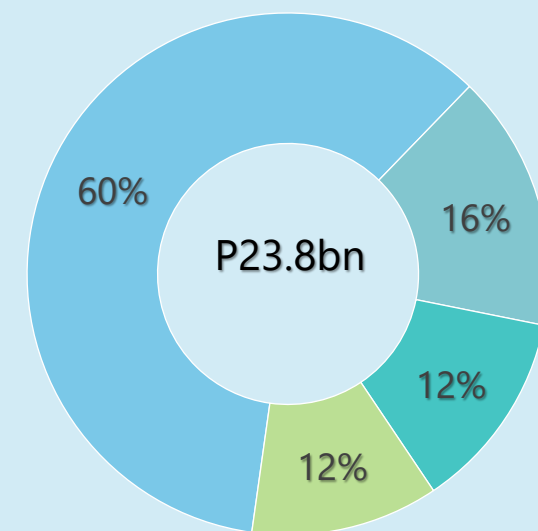


TOTAL REVENUES (Pbn)



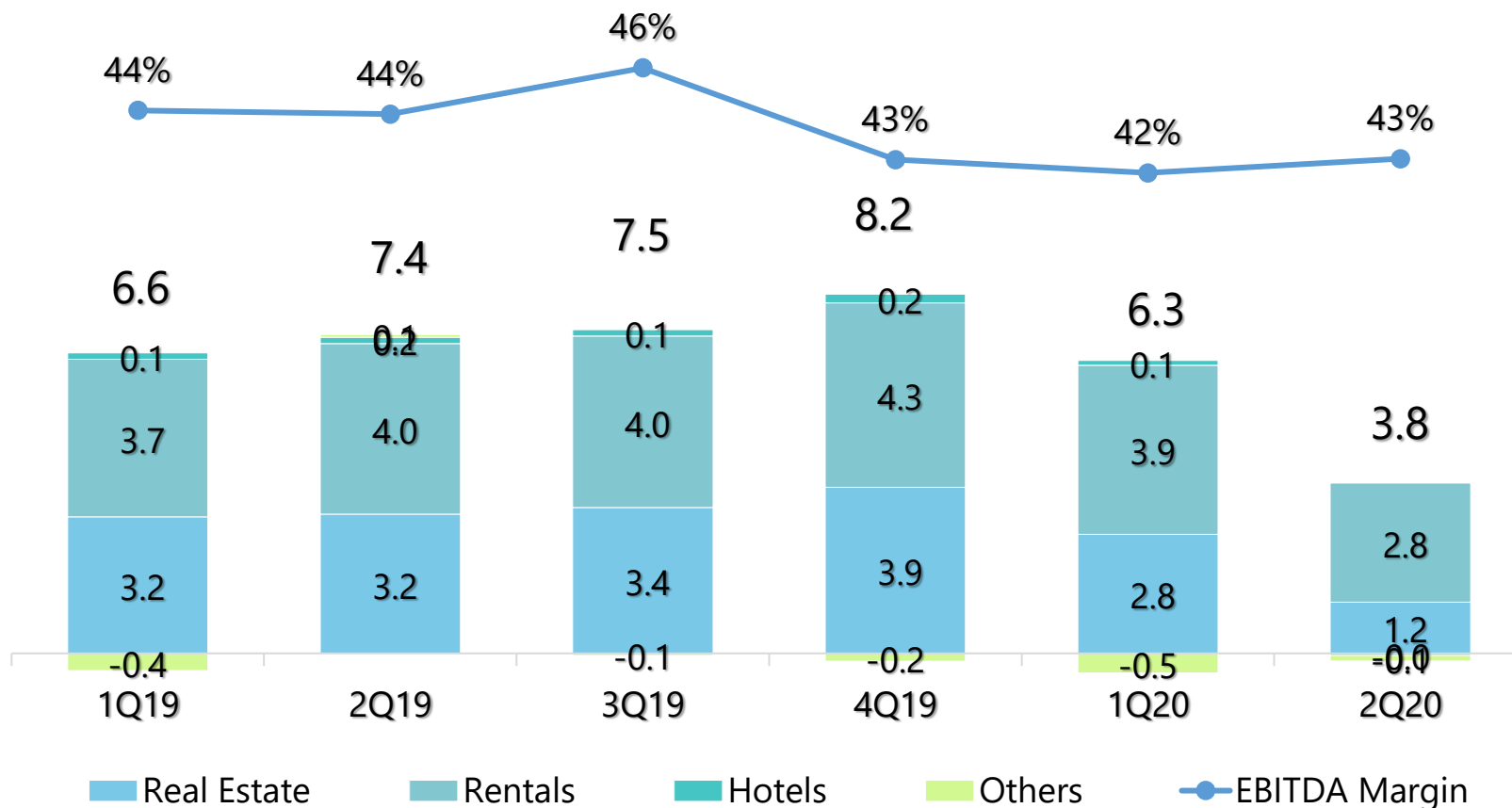
- Real Estate Sales make up the bulk of revenues (54% of total), while rental income accounts for 34%. Hotel operations remain unchanged at 4%

Per Company



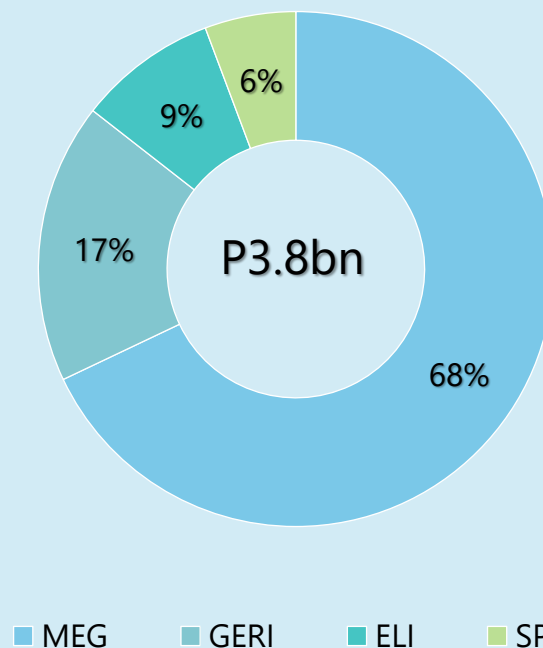
MEG GERI ELI SPI

EBITDA (Pbn) & Margin

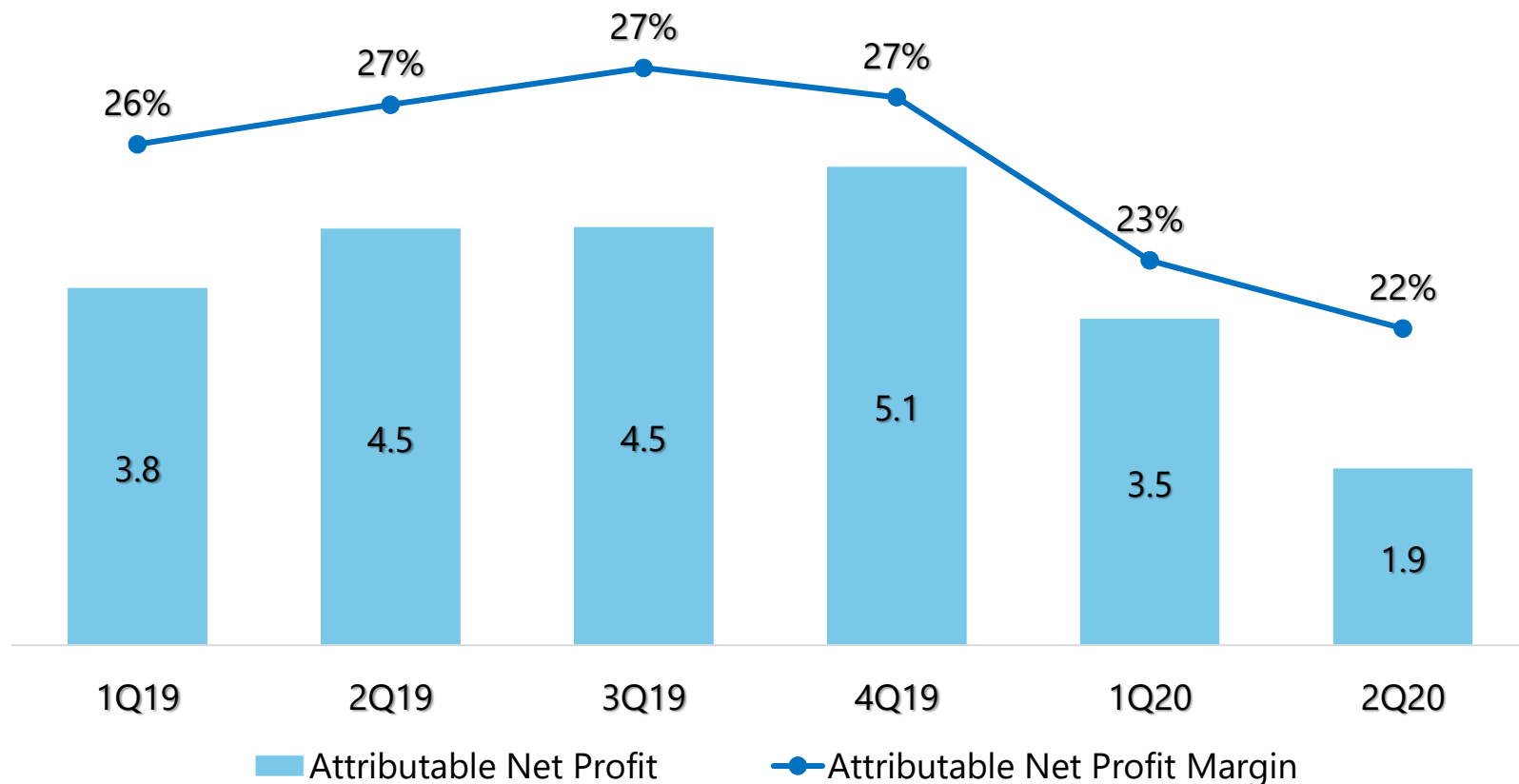


- Cost management efforts by the Company helps minimize impact of lower revenues during the period.

Per Company

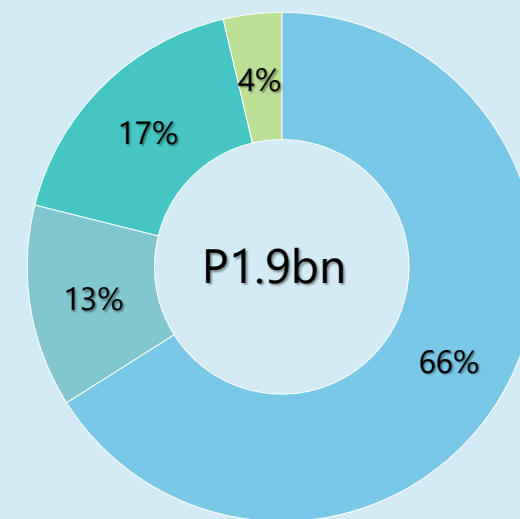


ATTRIBUTABLE NET PROFIT (Pbn) & MARGIN



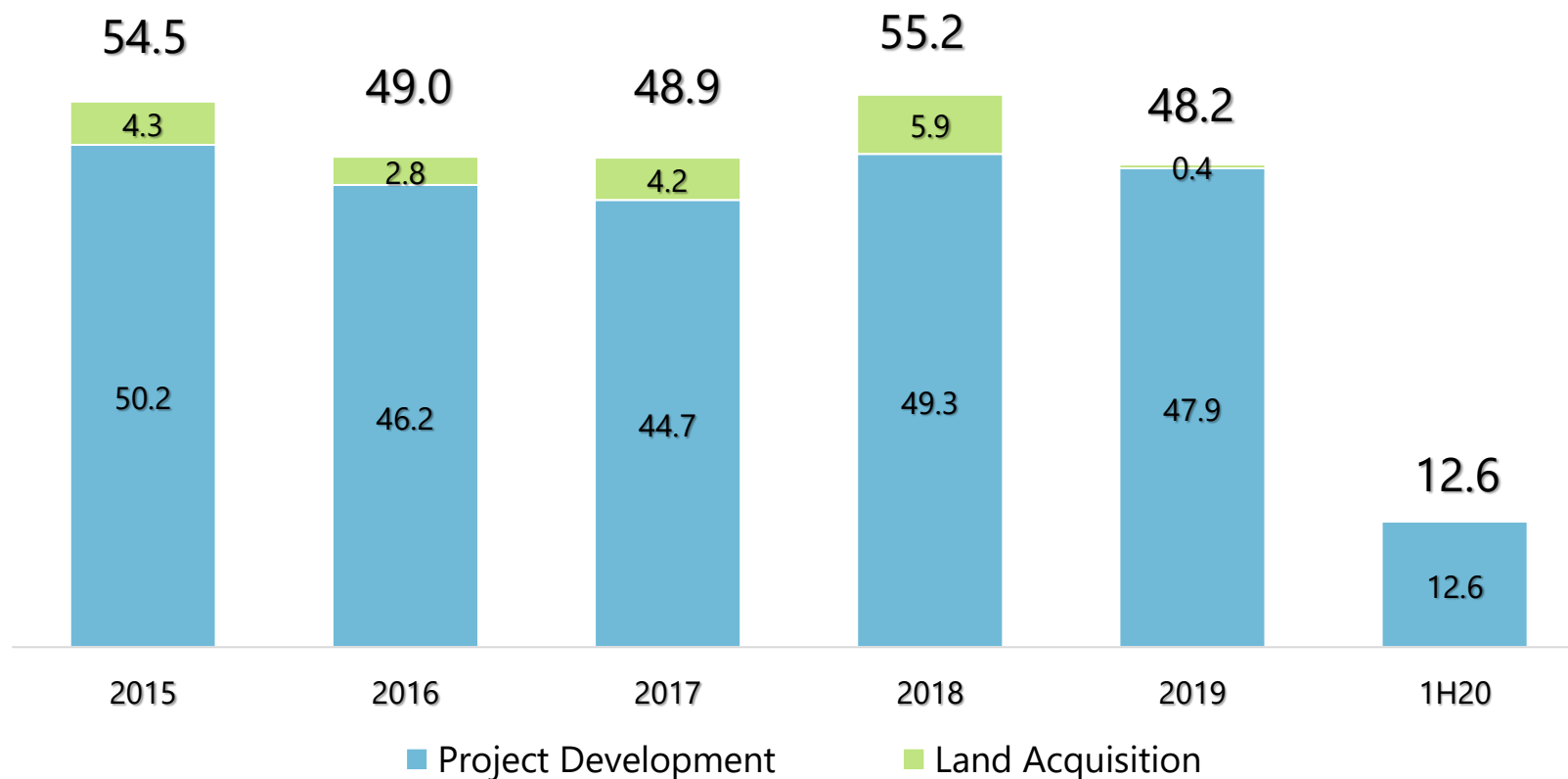
- Slower revenue growth due to weaker sales, coupled with the limited operation of the Company's malls and hotels.

Per Company

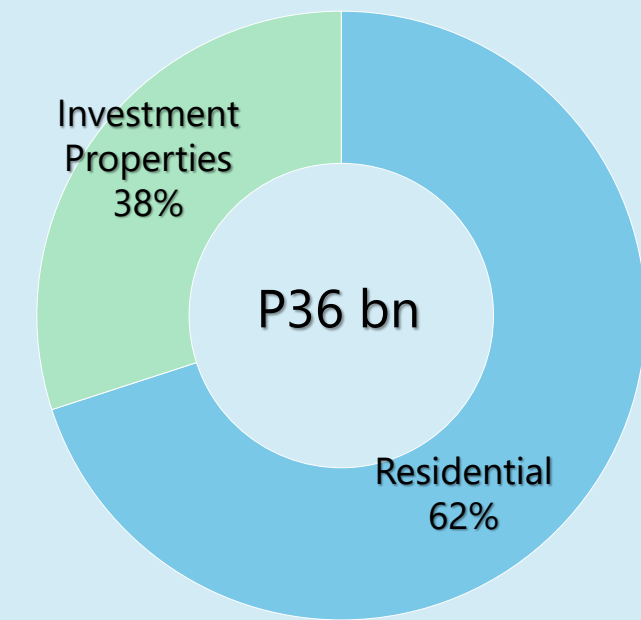


MEG GERI ELI SPI

CAPITAL EXPENDITURES (Pbn)

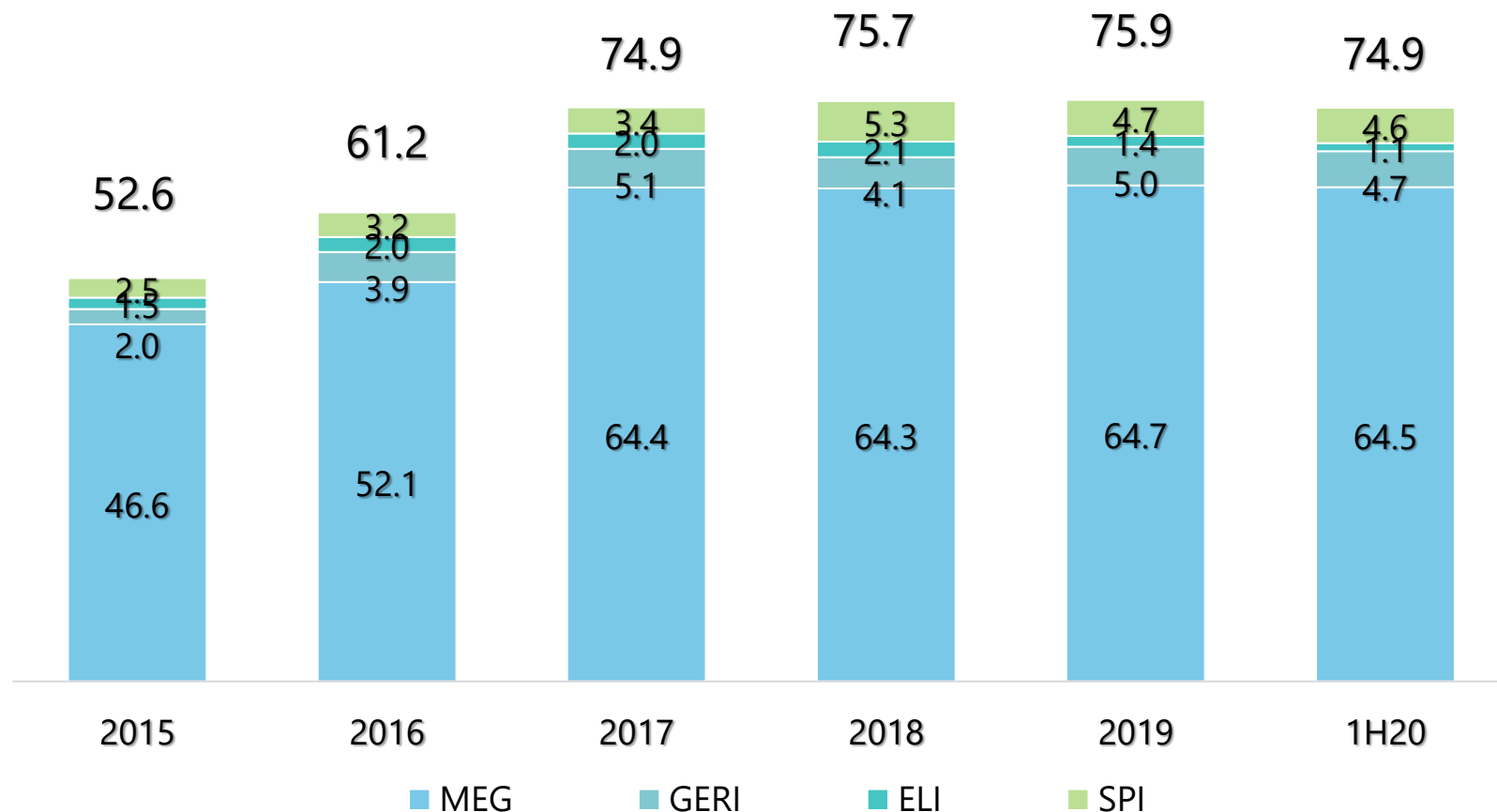


2020 CAPEX BUDGET



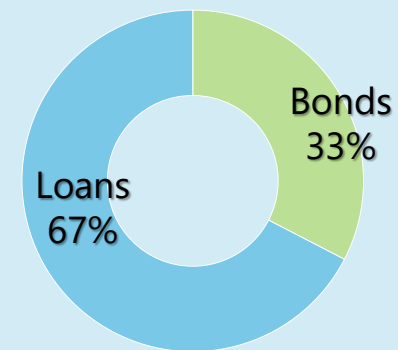
- CAPEX reduced to P36bn (from original budget of P60bn)
- P12.6bn spent during the period (from P23.4bn in 1H19) due to construction delays
- Construction activities only resumed when the ECQ was lifted in NCR

GROSS DEBT (Pbn)

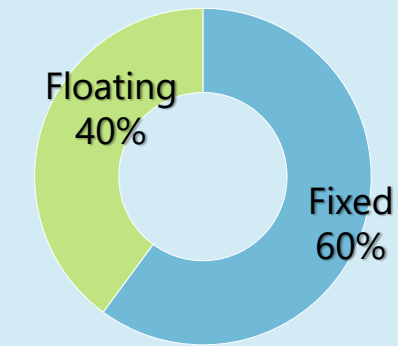


- 40% of borrowings have floating rates – may benefit from the potential decrease in interest rates
- Average cost of debt is \approx 5%

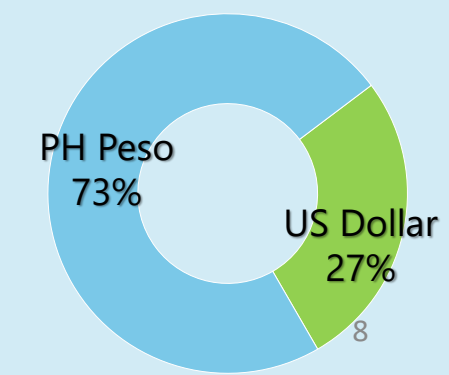
Type of Debt



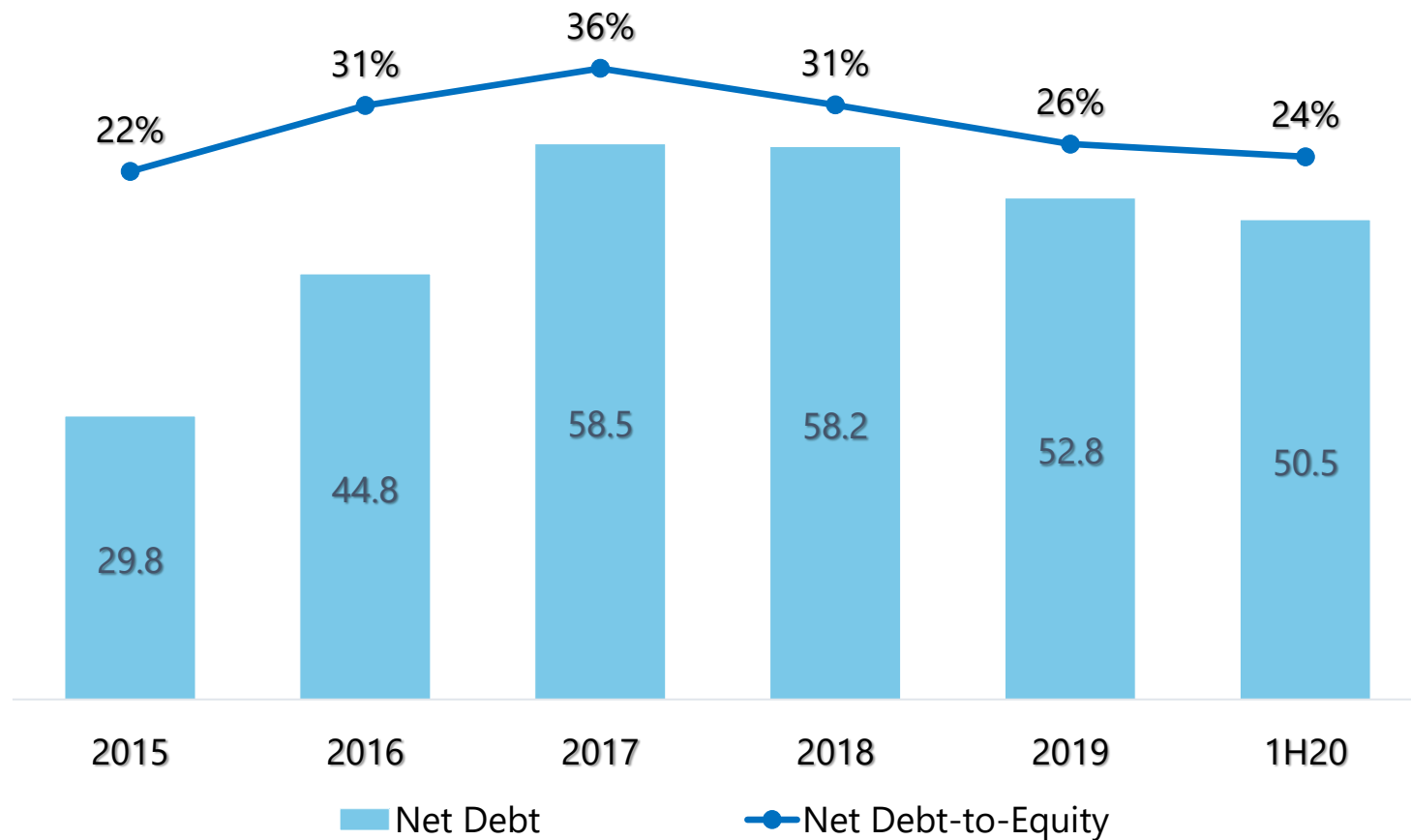
Interest Rate



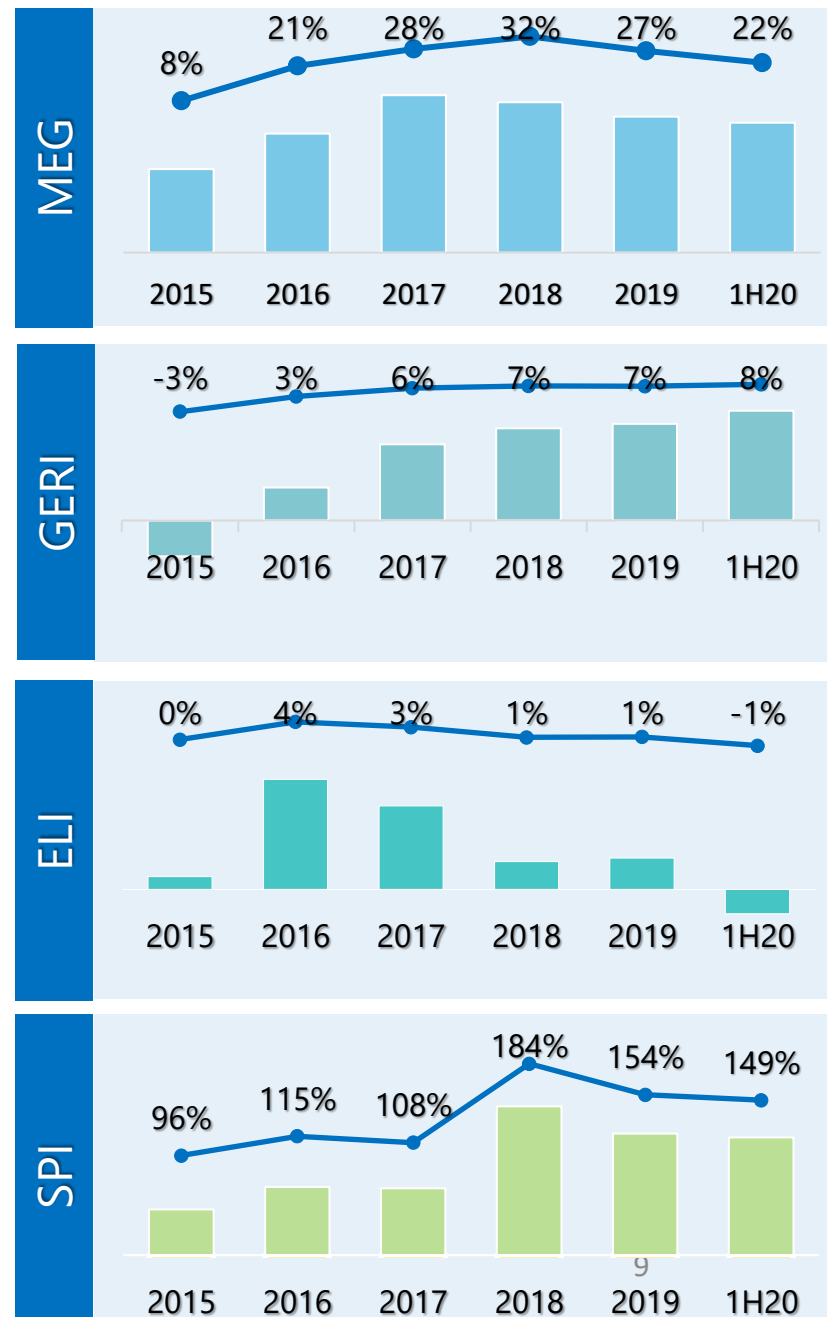
Currency



NET DEBT (Pbn) & NET DEBT/EQUITY



- Low net gearing of 24% provides enough financial flexibility to deal with any developments that may arise



CORE BUSINESSES



REAL ESTATE



MEGAWORLD



GLOBAL-ESTATE RESORTS, INC.



Empire East



OFFICES



MALLS



HOTELS



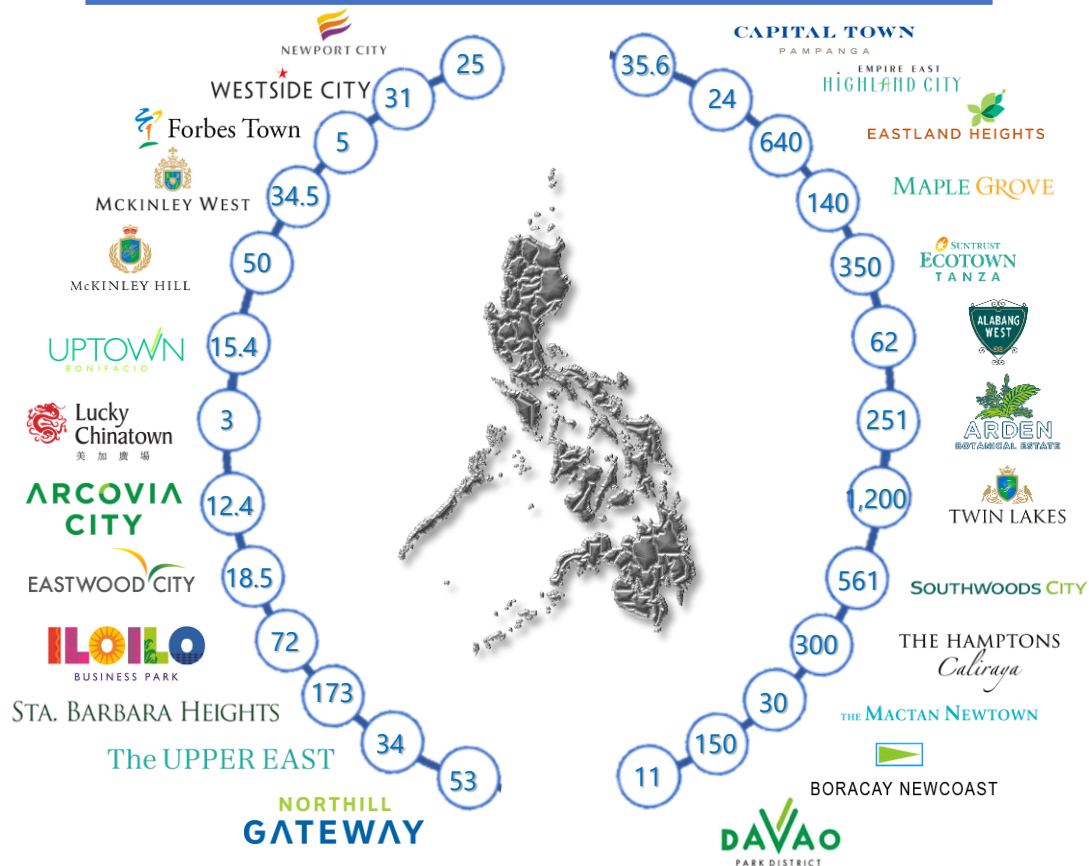
1H 2020 OPERATIONAL HIGHLIGHTS

P37.6 bn
RESERVATION SALES

4,300 has
LANDBANK

P4.4 bn
PROJECT LAUNCHES

26 TOWNSHIPS (4,282 Hectares)



1.3m
OFFICE GLA

453k
MALL GLA

3,637
HOTEL ROOM KEYS



MEGAWORLD
REAL ESTATE

P14.3 bn

REAL ESTATE SALES

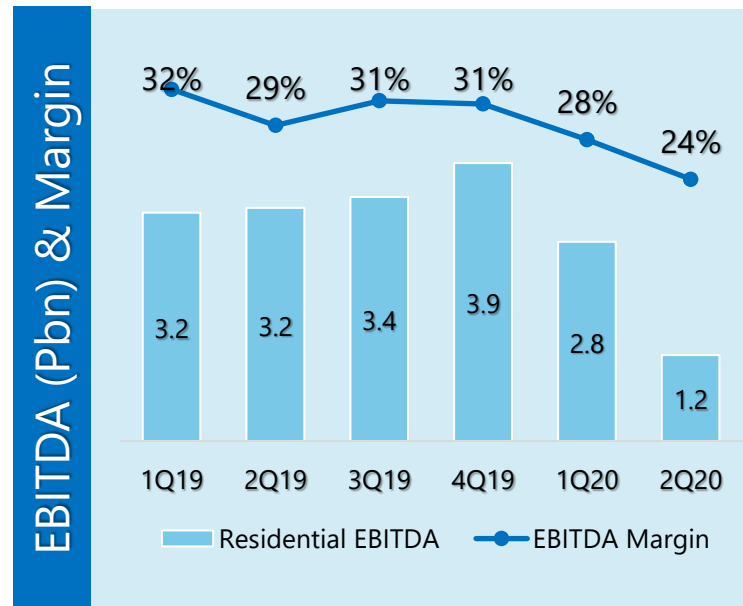
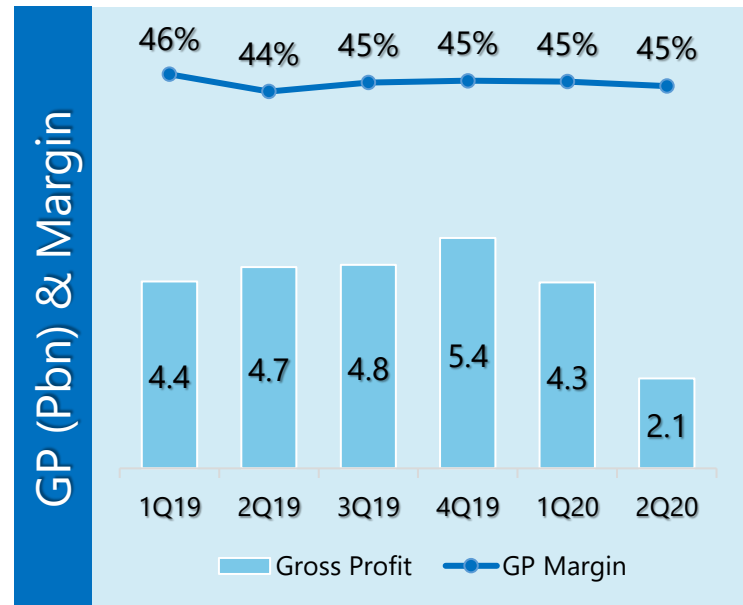
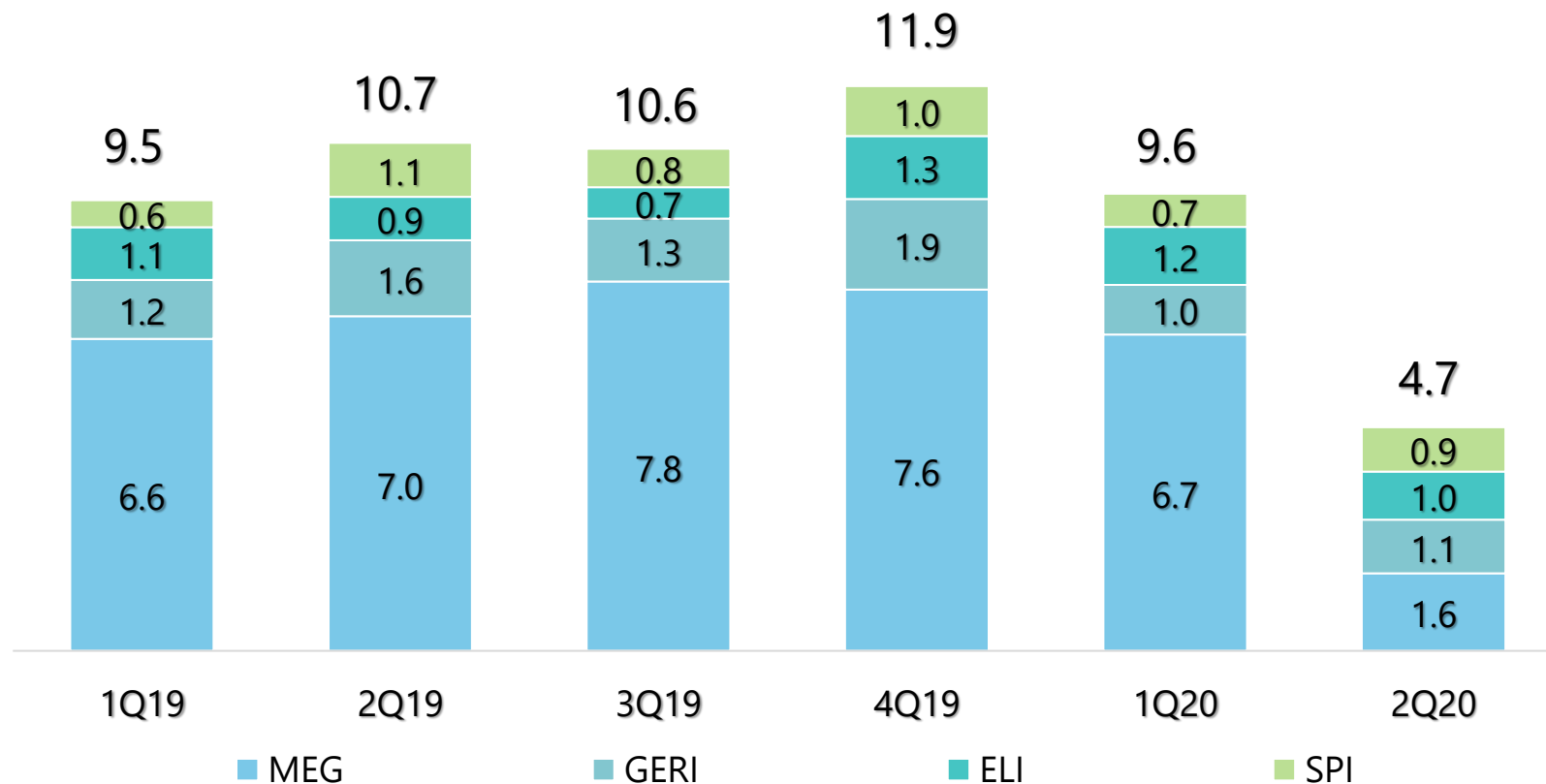
P37.8 bn

RESERVATION SALES

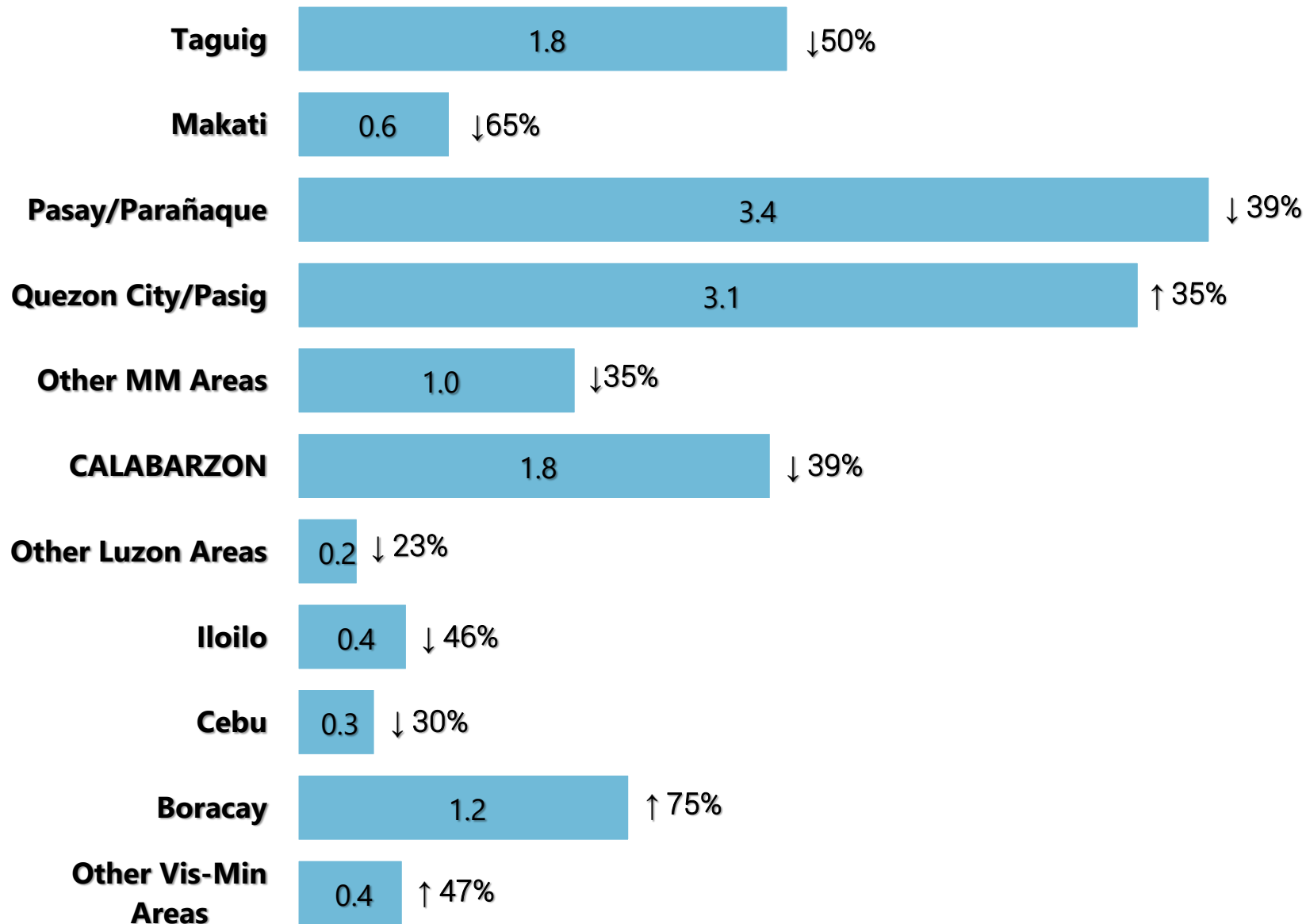
P4.4 bn

PROJECT LAUNCHES

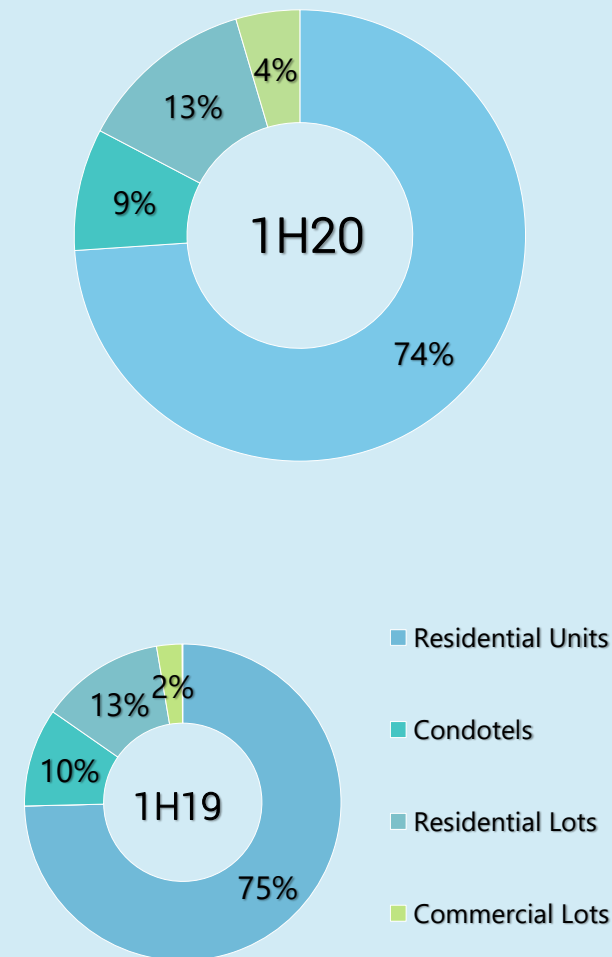
REAL ESTATE SALES (Pbn) & MARGINS



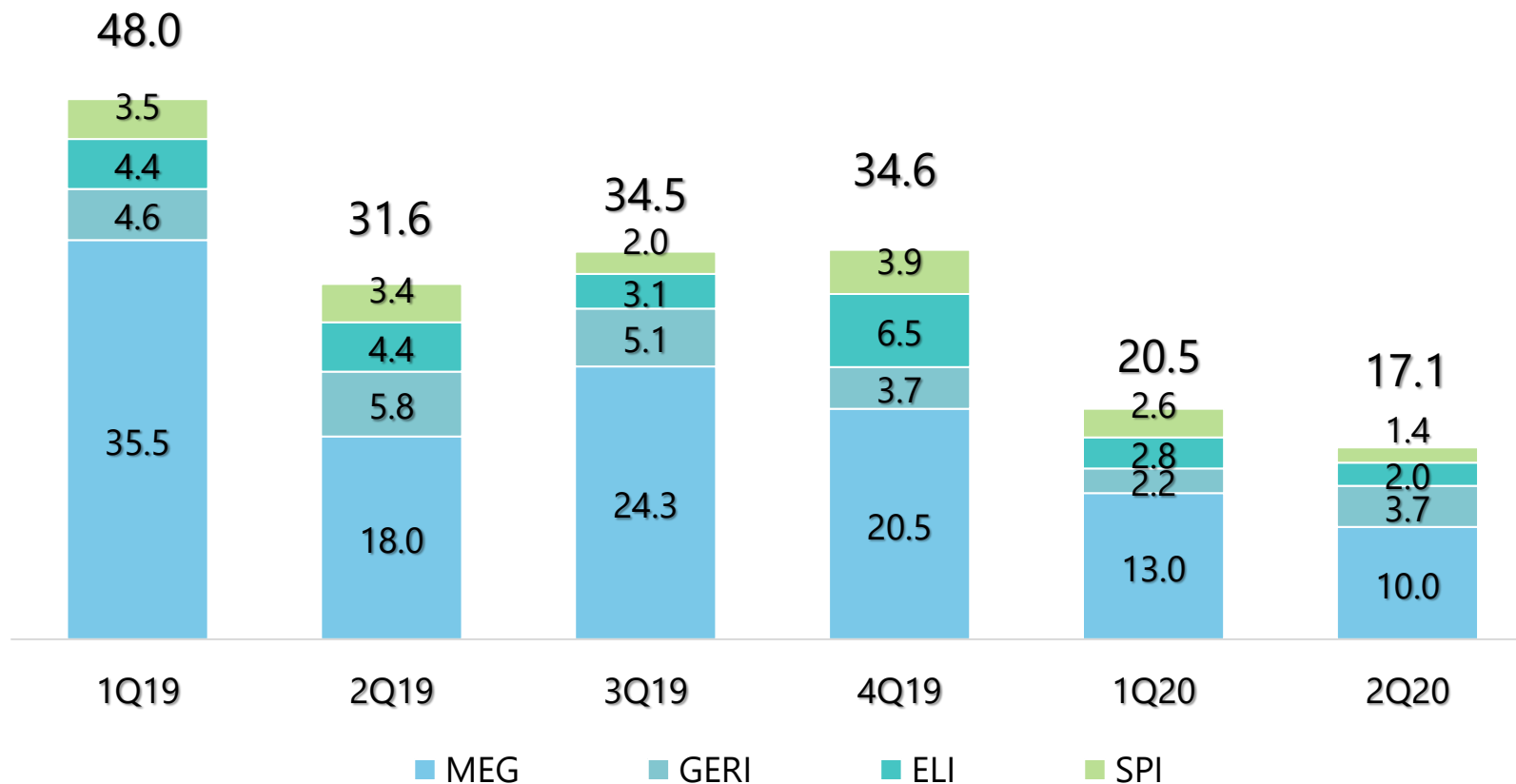
1H 2020 REAL ESTATE SALES MIX (Pbn)



By Classification

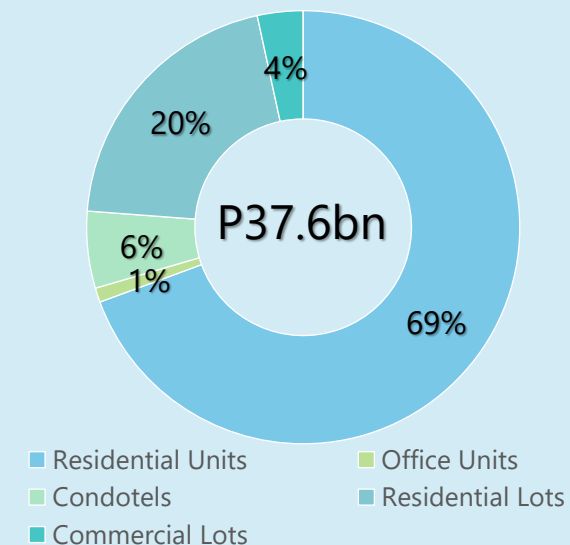


RESERVATION SALES (Pbn)

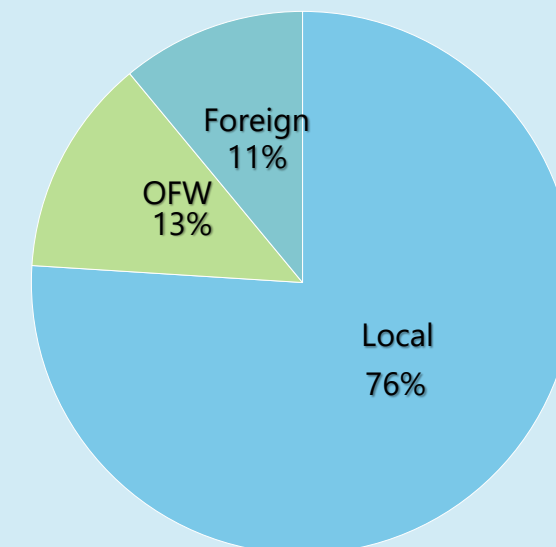


- Reservation sales for the quarter amounted to P17bn, P7bn of which was registered in the month of June alone.
- This was made possible through the company's online sales channel

By Classification



Buyer's Profile



PROJECT LAUNCHES (Pbn)

PROJECT NAME	LOCATION	VALUE
MEGAWORLD		1.0
Bryant Parklane North Wing	The Capital Town	1.0
EMPIRE-EAST		3.4
Highland City – Arcadia T2	Highland City	3.4
TOTAL		4.4

Bryant Parklane - North Wing
The Capital Town
P1.0bn



Arcadia Tower 2
Highland City
P3.4bn



MEGAWORLD RENTALS

P7.2 bn

RENTAL REVENUES

P5.6 bn

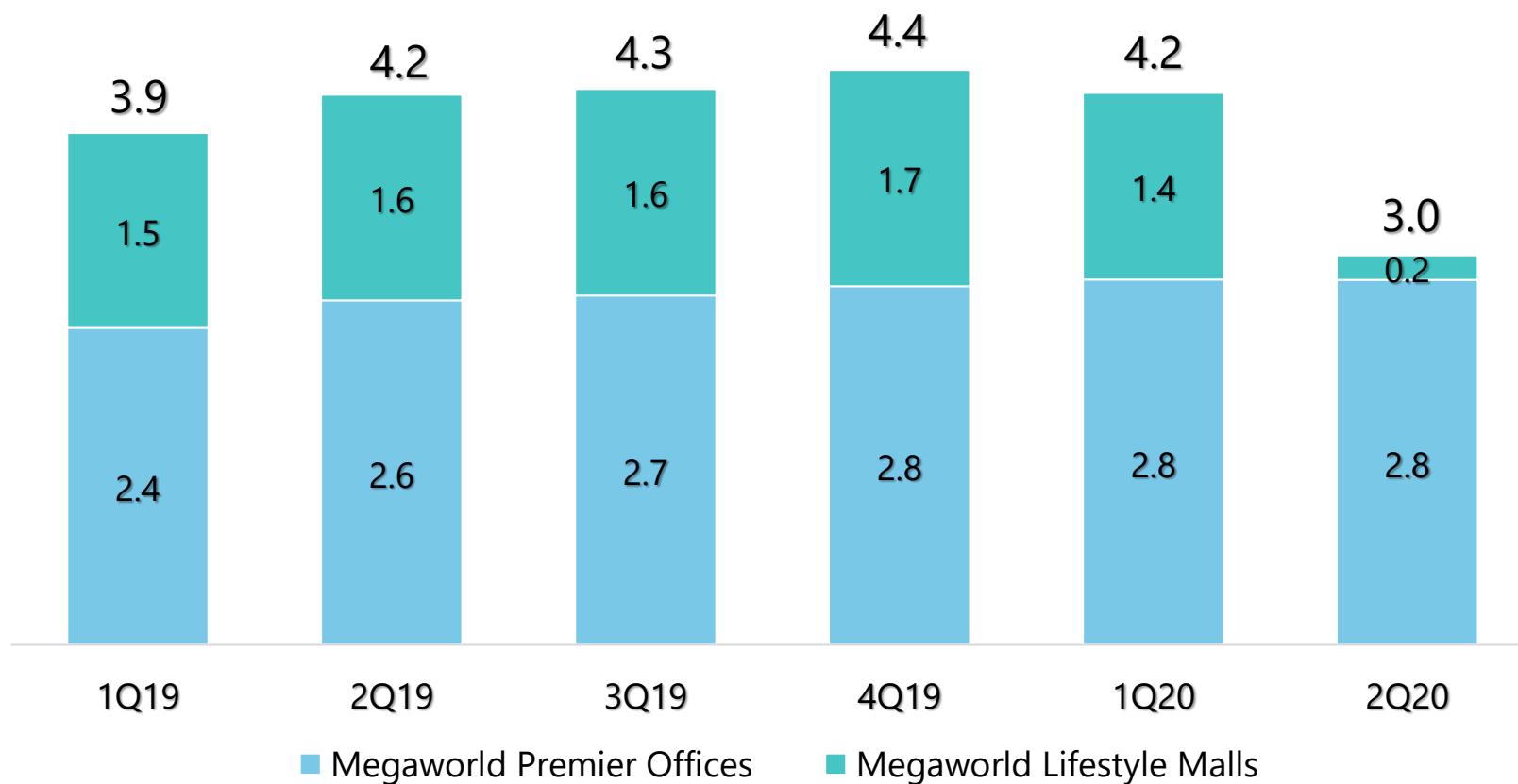
MEGAWORLD PREMIER
OFFICES

P1.6 bn

MEGAWORLD
LIFESTYLE MALLS

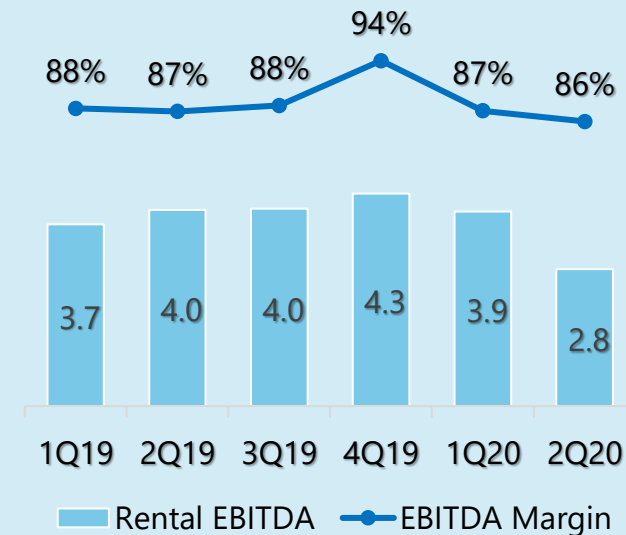


RENTAL INCOME (Pbn)

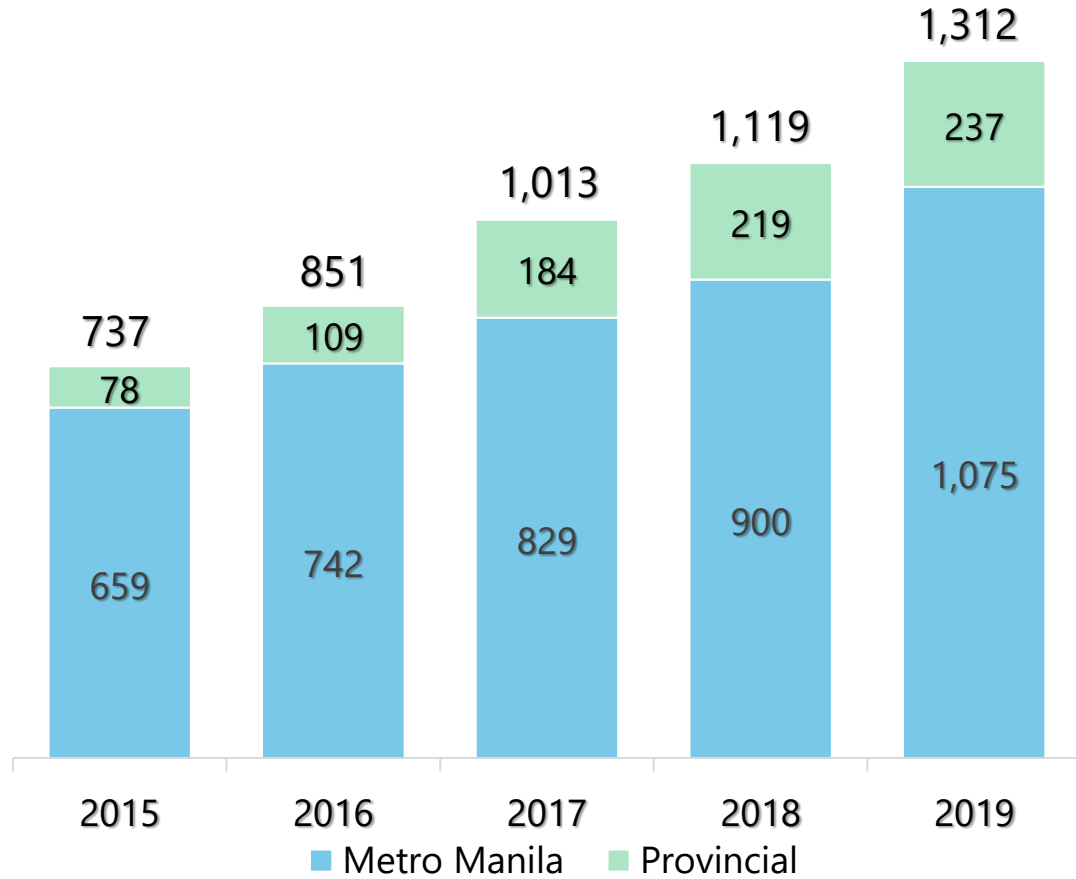


- 6% increase in office rent for the quarter offset the weaker contribution from mall operations

RENTAL EBITDA & MARGIN

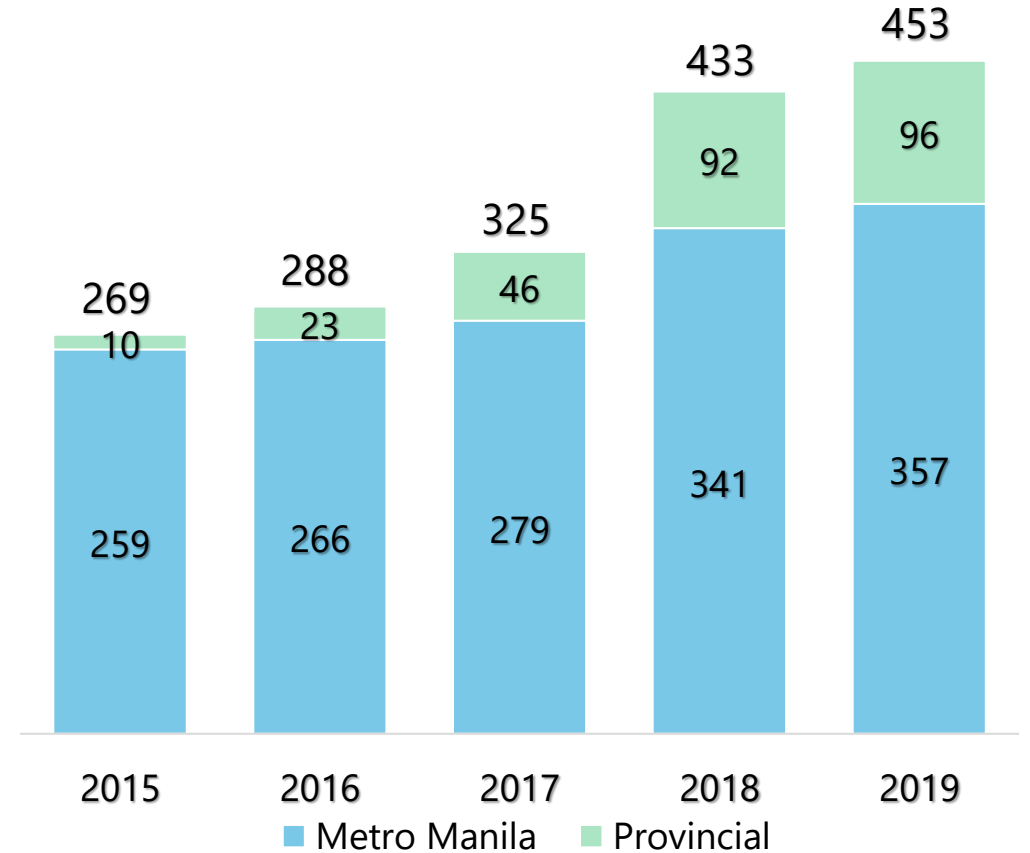


MEGAWORLD PREMIER OFFICES



- Office occupancy level at 95%

MEGAWORLD LIFESTYLE MALLS



- Malls occupancy level at 90%

MEGAWORLD PREMIER OFFICES

PROJECT	TOWNSHIP	GLA
2020		
Two Fintech Place	Iloilo Business Park	17,600
Worldwide Plaza	Uptown Bonifacio	69,200
Total GLA		86,800 sqm

2022		
Suntrust Finance Center	Westside City	20,800
One Fintech Tower	Westside City	17,500
Mactan World Museum	The Mactan Newtown	5,400
Enterprise 1	Iloilo Business Park	36,700
1 Upper East Avenue	Upper East	8,600
International Finance Center	Uptown Bonifacio	69,000
Pasudeco Tower 1	Capital Town	9,000
Total GLA		167,000 sqm



MEGAWORLD LIFESTYLE MALLS

PROJECT	TOWNSHIP
2020	
Lafayette	Iloilo Business Park
808 Building	Iloilo Business Park
World Commerce Plaza	Uptown Bonifacio
The View Deck	Arcovia City
One Legrand Tower	Mckinley West
Clock Tower	Davao Park District
Colonnade	Davao Park District
Art Deco	Davao Park District
Uptown Palazzo	Uptown Bonifacio
Total GLA	25,500 sqm
2021	
Clark Cityfront	Clark, Pampanga
8 Sunset Blvd and One Fintech	Westside City
Clark Parking Square	Clark, Pampanga
Highland Skymall	Highland City
San Antonio Residences	Makati
Boracay Chancellor	Boracay Newcoast
The Pad	Shaw
Palladium	Iloilo Business Park
810 Building	Iloilo Business Park
Total GLA	81,000 sqm





MEGAWORLD
HOTELS

P918_m

HOTEL REVENUES

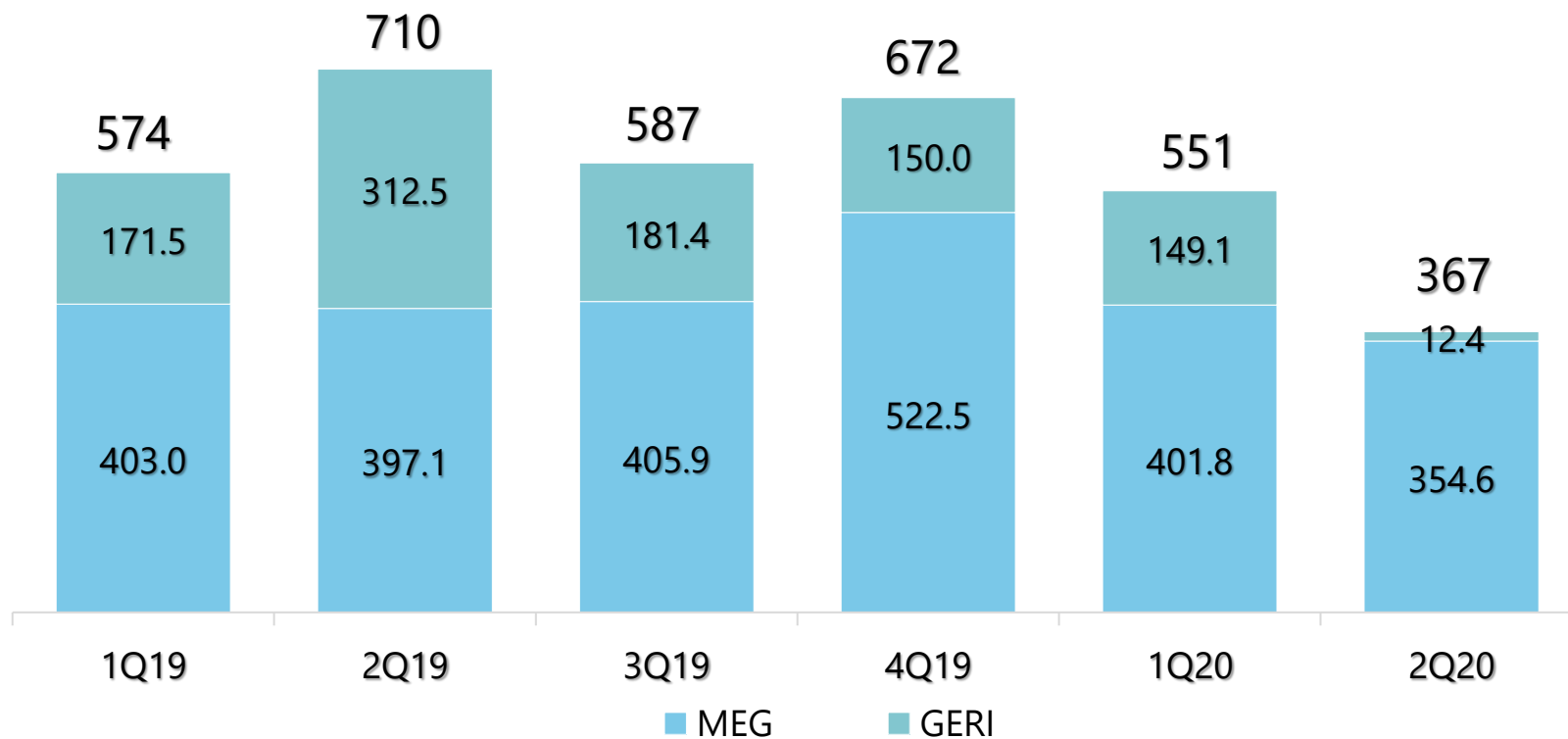
P70_m

HOTEL EBITDA

3,637

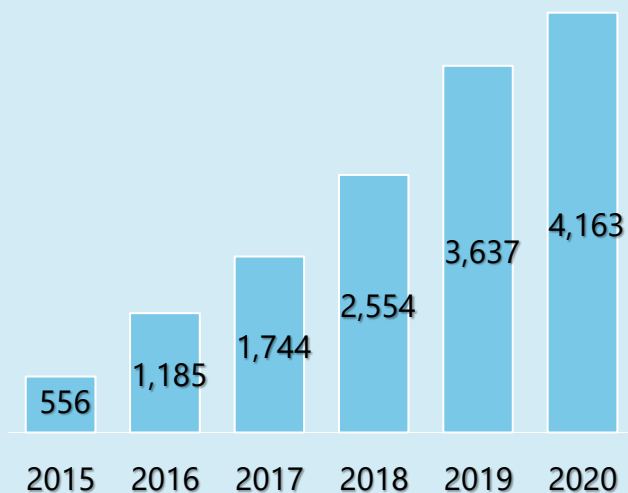
HOTEL ROOM COUNT

HOTEL REVENUES (Pm)

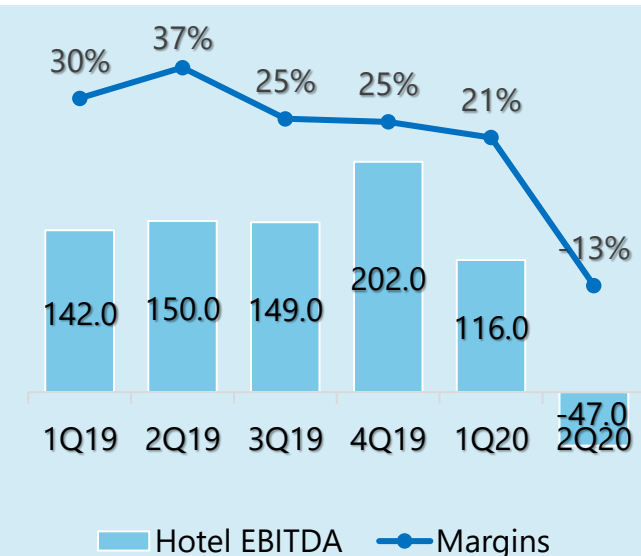


- Hotel occupancy dropped due to the imposition of travel restrictions resulting in the cancellation of room bookings and MICE activities

Hotel Room Count



EBITDA (Pm) & Margin



MEGAWORLD HOTELS

HOTEL NAME	TOWNSHIP	ROOM KEYS
2020		
Kingsford Hotel	Westside City	526
2021		
Chancellor Hotel Boracay	Boracay Newcoast	554
2022		
Grand Westside Hotel	Westside City	1,530
Belmont Hotel Mactan	The Mactan Newtown	550
Total		2,080



Belmont Hotel Mactan



Kingsford Hotel



Grand Westside Hotel

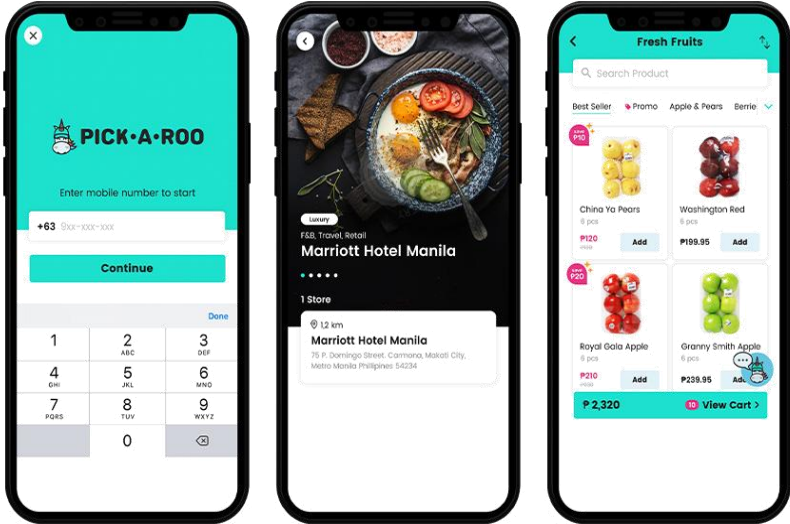
Summary of the Transaction

Issuer	Megaworld Corporation
Issue	USD350 million 4.125% Senior Unsecured Fixed Rate Notes
Tenor	7-Year
Issue Date	July 30, 2020
Maturity Date	July 30, 2027
Use of Proceeds	General corporate purposes including financing capital expenditures, land banking and refinancing of loans.

DIGITAL INNOVATION



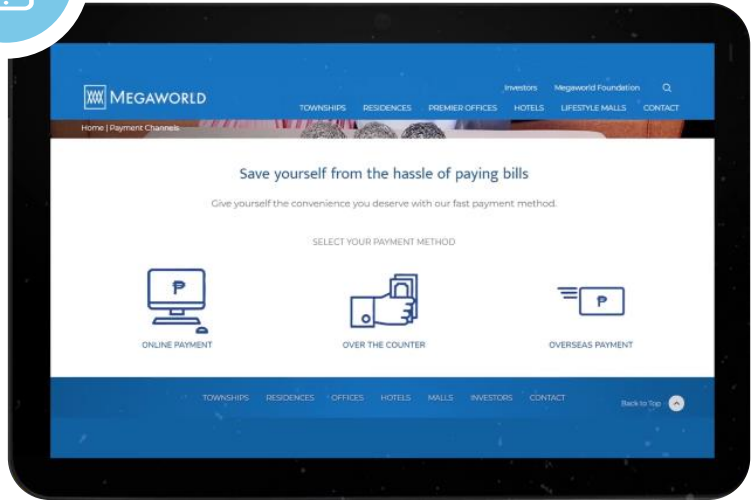
E-commerce platform



AGILE DIGITAL VENTURES, INC.



Online payment channels



Smart home technology



E-concierge mobile app





REAL ESTATE

IMPACT

- Construction activities have been suspended and have slowly resumed on May 16 in selected areas
- Shift in market demand to lot sales and vacation homes
- Pause in new launches for this year as completions are at risk due to work stoppage on site

INITIATIVES

- Maximize digital platforms in selling real estate projects to limit face to face engagements
- Strengthen value proposition through implementation of iTownship initiatives



MEGAWORLD PREMIER OFFICES

IMPACT

- Temporary closure of POGO operations but with no rental holiday.
- BPO offices remain operational while social distancing measures are implemented
- Increased demand for more office spaces in light of physical distancing requirements

INITIATIVES

- Offered deferment of monthly rent without penalty until the end of the year.
- No rent concession provided
- Working closely with tenants to determine needs



MEGAWORLD LIFESTYLE MALLS

IMPACT

- Temporary mall closures with the exception of essential establishments
- Government-imposed travel restrictions resulted in decline in foot traffic
- Some retail partners started to reopen on June 15
- Mall are experiential: more F&B, essentials; less fashion

INITIATIVES

- Implemented enhanced health, safety and sanitation protocols
- Providing customers with cashless and contact-less options for their purchases with designated pick up counters and drive thru stations
- Develop new channels to reach out to customers



MEGAWORLD HOTELS

IMPACT

- Occupancy dropped significantly due to travel restrictions and cancellation of bookings and MICE activities
- Most hotels have limited operations with in-city hotels utilized as lodging for BPOs and returning OFWs.

INITIATIVES

- Launching E-Concierge, a mobile application that allows guests to have contactless interaction with hotel staff from check in to check out, including virtual ordering of food from various Food & Beverage outlets inside the hotels
- Working out new service packages for customers


2020 TARGETS



P75 bn
RESERVATION SALES



P7.5 bn
PROJECT LAUNCHES



P36 bn
CAPEX BUDGET



+87 k
OFFICE GLA (SQM)



+26 k
RETAIL GLA (SQM)



+526
HOTEL ROOM KEYS



KEY TAKEAWAYS



The township model is the way of the future as convenience becomes a way of life. Best model in securing a community.

With cash preservation as a main objective, MEG has decided to reduce its overall capex to P36bn as it plans to finish only its ongoing projects.



MEG expects the BPO sector to continue to drive growth in office space. As the country's largest office landlord, MEG has the scale to take advantage of the expected surge in BPO office demand.

MEG has 4,300 hectares of developable land in prime locations. This is MEG's most valuable asset which will be difficult for most developers to replicate.



MEG's initiatives on digital transformation should strengthen its business moving forward.

MEG has the lowest financial gearing among the major listed property companies. This can give it more flexibility in terms of leveraging once business activity picks up.



ALLIANCE GLOBAL



MEGAWORLD

1H 2020 ANALYST BRIEFING

