SEC Reg. No. 34218

November 12, 2020

Securities and Exchange Commission
SEC Building, Mandaluyong City

Attention: **Director Vicente Graciano P. Felizmenio, Jr.**
Director, Markets and Securities Regulation Department

The Philippine Stock Exchange, Inc.
6/F Philippine Stock Exchange Tower
5th Avenue corner 28th Street,
Bonifacio Global City, Taguig City

Attention: **Ms. Janet A. Encarnacion**
Head, Disclosure Department

Philippine Dealing and Exchange Corporation
29/F BDO Equitable Tower
8751 Paseo de Roxas, Makati City 1226

Attention: **Atty. Marie Rose M. Magallen-Lirio**
Head, Issuer Compliance and Disclosure Department

Mesdames/Gentlemen:

Please be informed that on 12 November 2020, Ayala Corporation disclosed a press release related to its operational and financial results for the first nine months of 2020.

Attached herewith is a copy of said press release.

Very truly yours,

Jose Teodoro K. Limcaoco
Chief Finance Officer

C07908-2020

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)
   Nov 12, 2020
2. SEC Identification Number
   34218
3. BIR Tax Identification No.
   000-153-610-000
4. Exact name of issuer as specified in its charter
   AYALA CORPORATION
5. Province, country or other jurisdiction of incorporation
   PHILIPPINES
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
   32F to 35F, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City
   Postal Code
   1226
8. Issuer's telephone number, including area code
   (02)7908-3000
9. Former name or former address, if changed since last report
   N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	627,375,842
Preferred B Series 1 Shares	20,000,000
Preferred B Series 2 Shares	30,000,000
Voting Preferred Shares	200,000,000

11. Indicate the item numbers reported herein
   Item 9

Ayala Corporation
AC

PSE Disclosure Form 4-31 - Press Release
References: SRC Rule 17 (SEC Form 17-C)
Section 4.4 of the Revised Disclosure Rules

Subject of the Disclosure

Ayala posts better performance in 3Q on improved economic activity

Background/Description of the Disclosure

Ayala's net income in the third quarter more than doubled to ₱3.4 billion compared to the previous quarter, mainly on improved performance of Ayala Land and AC Industrials, lower loan loss provisions booked by BPI, and the absence of remeasurement losses from Manila Water recognized in 2Q.

Ayala Corporation's net income in the first nine months of the year declined 75 percent to ₱11.4 billion, mainly as a compounded effect of restricted construction activity and mall operations in Ayala Land since mid-March, BPI's aggressive loan loss provisions especially in the second quarter, and the base effect from divestment gains in power and education booked in the same period last year.

Other Relevant Information

Please see attached earnings release for more details.

Filed on behalf by:

Name	Celeste Jovenir
Designation	Investor Relations Head

AYALA CORPORATION
9M 2020 EARNINGS RELEASE
November 12, 2020

Ayala posts better performance in 3Q on improved economic activity

3Q20 vs 2Q20 Highlights

"It is encouraging to see improvements in the performance of our businesses as the economy gradually reopens. Ayala Land, BPI, and AC Industrials have all shown a marked recovery in their third quarter results compared to the previous period. Meanwhile, Globe and AC Energy are fairly stable components that have provided a boost in our portfolio in recent months. We are hoping to see this trajectory sustained in our businesses with a further loosening of restrictions," Ayala President and COO Fernando Zobel de Ayala said.

- The improvement in mobility, business operations, and overall economic activity brought about by the gradual easing of quarantine protocols from March to September enabled Ayala's subsidiaries to perform better on a quarter-on-quarter basis.

- Ayala's net income in the third quarter more than doubled to ₱3.4 billion compared to the previous quarter, mainly on improved performance of Ayala Land and AC Industrials, lower loan loss provisions booked by BPI, and the absence of remeasurement losses from Manila Water recognized in 2Q.

    - Ayala Land's net income accelerated to ₱1.8 billion from ₱200 million as mobility and sentiment improved starting September when Metro Manila reverted to more relaxed restrictions under a General Community Quarantine from a Modified Enhanced Community Quarantine.

    - BPI's net income improved four percent to ₱5.5 billion due to lower loan loss provisions.

    - Globe's net income declined 11 percent to ₱4.4 billion despite healthy data revenues from its mobile and home broadband business on the back of heightened advertisement and promotions costs and non-operating expenses.

    - AC Energy's net income decreased 54 percent to ₱1.1 billion mainly on the absence of revaluation gains on certain investments in the third quarter.

    - AC Industrials significantly narrowed its net loss to ₱224 million from ₱1.3 billion the previous quarter as plant operations normalized across all regions and gross profit margin expanded as a result of better factory performance efficiencies.

9M20 vs 9M19 Highlights

- Ayala Corporation's net income in the first nine months of the year declined 75 percent to ₱11.4 billion, mainly as a compounded effect of:

    - Restricted construction activity and mall operations in Ayala Land since mid-March

    - BPI's aggressive loan loss provisions especially in the second quarter

    - The base effect from divestment gains in power and education booked in the same period last year.

- Ayala's core businesses recorded lower net profits in the period ending September as a result of the health crisis.

    - Ayala Land's net income decreased 73 percent to ₱6.4 billion as a result of lower project bookings from suspended construction activity, restricted mall and hotel operations, and closure of resorts.

    - BPI's net income declined 22 percent to ₱17.2 billion due to the ₱21.1 billion in loan loss provisions it booked in anticipation of an increase in NPL levels. The provision was 4.6x higher than the ₱4.6 billion allocated in the same period last year.

    - Globe's net income contracted 10 percent to ₱15.9 billion, primarily driven by higher depreciation expenses from its continued network investments.

    - AC Energy recorded a net income of ₱5.6 billion, a decline from its year-ago level of ₱24.3 billion, which included gains from the partial divestment of its thermal assets.

Real Estate

- Ayala Land's total revenues declined 48 percent to ₱63.3 billion, while net income fell 73 percent to ₱6.4 billion in the first nine months of the year due to the impact of COVID-19 on its business operations.

- Property development revenues were down 52 percent to ₱40.6 billion mainly due to lower project bookings and limited construction activity.
    - Residential revenues dropped 49 percent to ₱34.5 billion.
    - Office for sale revenues declined 79 percent to ₱2.3 billion.
    - Commercial and industrial lots sales decreased 41 percent to ₱3.8 billion.

- Residential sales reservations in the first nine months of 2020 amounted to ₱60.8 billion, 56 percent of last year's level, despite the limited selling activity during the quarantine period.
    - Notwithstanding the uncertain investment environment, reservations in the third quarter grew 66 percent quarter-on-quarter to ₱22.5 billion.

- Commercial leasing revenues declined 37 percent to ₱17.3 billion because of restricted mall and hotel operations and closure of resorts. This was partially offset by rental revenues from office tenants mainly comprising BPO clients, which continued to operate throughout the quarantine period.
    - Shopping center leasing revenues went down 51 percent to ₱7.4 billion.
    - Office leasing income increased two percent to ₱7.3 billion.
    - Hotels and resorts revenues decreased 52 percent to ₱2.6 billion.

- CAPEX spending stood at ₱45.3 billion in the first nine months of the year, 65 percent of the revised full year budget of ₱69.8 billion.
    - 47 percent was spent on residential projects.
    - 21 percent was spent on commercial projects.
    - 15 percent was spent on estate development.
    - 14 percent was spent on land acquisition.
    - Three percent was spent on other capital investments.

- Ayala Land's balance sheet remains healthy amidst the pandemic and is able to support its financial and operational requirements.
    - Cash and cash equivalents stood at ₱18.5 billion as of end September 2020.
    - Total borrowings ended at ₱210.2 billion and stockholder's equity stood at ₱257.0 billion.
    - Current ratio stood at 1.54.
    - Debt-to-equity ratio tallied at 0.82.
    - Net debt-to-equity ratio reached 0.75 from 0.87 in the first half of 2020.

- In October, Ayala Land's AREIT, Inc. announced that it will acquire The 30th, a commercial hub located in Pasig City. The 30th is fully occupied predominantly by BPO companies and has an amenity retail podium, which will be operated and leased by Ayala Land from AREIT. The acquisition will increase AREIT's portfolio of assets from 170,000 to 246,000 square meters of gross leasable area.

Banking

- BPI's net income declined 22 percent to ₱17.2 billion in the first nine months of year due to the ₱21.1 billion in loan loss provisions it booked in anticipation of an increase in non-performing loans. The provision is 4.6x higher than the ₱4.6 billion allocated in the same period last year.

- Total revenues increased 10 percent to ₱77.9 billion because of net interest income and non-interest income growth.

    - Net interest income was up 12 percent to ₱54.4 billion on the back of a 5.7 percent expansion in average asset base supported by an 18-basis point improvement in net interest margin, which stood at 3.51 percent.
    - Non-interest income rose 5 percent to ₱23.5 billion primarily from robust securities trading gains.

- Total loans were up about one percent to ₱1.38 trillion, led by the mortgage and corporate loan segments, which increased 8.7 percent and 2.6 percent, respectively. Microfinance loans also grew 22.1 percent.

- Total deposits rose four percent to ₱1.68 trillion with CASA deposits growing 15 percent.
    - CASA ratio stood at 76.2 percent.
    - Loan-to-deposit ratio ended at 82.1 percent.

- NPL ratio and NPL coverage ratio stood at 2.98 percent and 100.4 percent, respectively.

- Operating expenses decreased two percent to ₱36.5 billion because of lower premises, technology, and various discretionary costs.
    - Cost-to-income ratio stood at 46.8 percent, 540 basis points lower year on year.

- Total assets grew four percent to ₱2.20 trillion. Total equity amounted to ₱283.4 billion.
    - Indicative common equity tier 1 ratio stood at 15.46 percent.
    - Indicative capital adequacy ratio stood at 16.35 percent.
    - Return on assets was 1.05 percent.
    - Return on equity was 8.32 percent.

- BPI's early investments to bolster its digital infrastructure starting 2017 was underscored by the surge in demand for remote banking amid the global health crisis.
    - The bank's online platform registered a 15 percent growth since the start of the year in terms of enrollments, reaching 4.3 million as of September.
    - Moreover, more of its existing client base has shifted from physical transactions to banking digitally as its active users surged 32 percent to 2.5 million in the same period.
    - In contrast, over-the-counter branch transactions comprised only 13 percent of total transactions in September from 20 percent at the start of the year, highlighting the shift in consumers' banking behavior.

Telco

- Globe's net income was down 10 percent to ₱15.9 billion in the first nine months of the year due to higher depreciation from continued network investments. On the other hand, its core net income, which excludes the impact of non-recurring charges and foreign exchange and mark-to-market changes, declined 13 percent to ₱15.6 billion.

- Total service revenues dipped one percent to ₱109.1 billion on softness in the mobile segment as a result of quarantine restrictions. Total data revenues accounted for 75 percent of Globe's service revenues compared to the year-ago level of 70 percent.

- Growth in demand for data was evident in the upward momentum of Globe's mobile and home categories despite the softening in corporate due to the prevailing work-from-home setup.
    - Mobile data revenues increased two percent to ₱53.4 billion.
    - Mobile data traffic jumped 47 percent to 1,762 petabytes.
    - Home broadband revenues surged 22 percent to ₱19.5 billion.
    - Home broadband subscriber base increased 82 percent to 3.4 million subscribers.
    - Corporate data revenue declined by three percent to ₱9.3 billion.

- Operating expenses including subsidies were flat at ₱52.8 billion.

- Despite a three percent decline in EBITDA to ₱56.3 billion as a result of lower revenues, EBITDA margin was sustained at 52 percent.

- GCash maintained its status as the country's number one finance app with top use cases being P2P transfers, load purchases, and bank transfers. It has reached record highs amidst the pandemic, serving more than 26 million customers and partnering with around 400,000 social merchants in the P2P network. Additionally, it has seen 3.5x more registration since the start of ECQ with annual gross transaction value tracking at ₱1 trillion. GCash also served as an important money transfer channel as it aided the national government's Social Amelioration Program by providing a means to distribute financial assistance totaling ₱16 billion to 2 million Filipinos.

- On track to meet its full year guidance of ₱50.3 billion, Globe's CAPEX spend grew four percent to ₱33.4 billion, representing 31 percent of gross service revenues and 59 percent of EBITDA. Bulk of the spending went towards data-related requirements, which comprised 81 percent of total for the period.

- Globe has laid out a three-part strategy that includes aggressive cell site builds, upgrade of all its sites to have 4G/LTE, and fast-tracking of fiber rollout to Filipino homes nationwide. As of September, Globe has exceeded its cell site upgrades by 26 percent to 7,780 towers upgraded compared to the same period last year. The cell sites have been made 4G/LTE capable to give customers faster connectivity and better mobile experience. Likewise, Globe is continuously accelerating its 5G deployment, now offering the next wave technology in 11 cities within Metro Manila.

Power

- AC Energy posted a net income of ₱5.6 billion in the first nine months of the year, a decline from the ₱24.3 billion in the same period last year, which included gains from its partial divestment in AA Thermal.
    - Earnings was supported by additional operating capacity in Vietnam, higher profits from commercial operations, and improved thermal availability including pre-operating revenues from GN Power Kauswagan. Gains from the sale of investments in Infigen also contributed to earnings in the period.

- AC Energy currently operates in four markets with consolidated attributable capacity of 2,600 MW including assets in operation and under construction. This includes 1,000 MW under listed platform AC Energy Philippines on a 100 percent basis.
    - AC Energy has 65 percent of its attributable capacity onshore, 21 percent in Vietnam, and seven percent each in Indonesia and India.
        - Onshore, AC Energy has 1,700 MW of attributable capacity from thermal and renewable sources: 1,000 MW under AC Energy Philippines and 700 MW from legacy assets directly under AC Energy, Inc.
        - Offshore, it continues to expand its regional portfolio with 900 MW of attributable renewable capacity:
            - The first phase of the Mui Ne wind farm in Vietnam started operations this quarter, adding 40 MW of operating capacity to the portfolio.
            - AC Energy recently broke ground on the landmark 210 MW Quang Binh wind farm that is expected to be the largest wind farm in Vietnam.
            - The company also started construction of the 140 MW Sitara solar project in Rajasthan, and the 70 MW Paryapt solar project in Gujarat, marking its first investments in India.
    - 62 percent of AC Energy's attributable capacity comes from operational assets while the balance of 38 percent reflects those from assets under construction.
    - Renewables make up 52 percent of its portfolio while the remainder is largely composed of legacy thermal assets, which the company plans to completely divest by 2030.

- On November 10, 2020 the board AC Energy, Inc. approved the proposed investment of GIC through its affiliate, Arran Investment Pte Ltd, into AC Energy Philippines. The ₱20 billion investment, which will translate to a 17.5 percent stake in ACEN, will be implemented through a combination of subscription to 4 billion primary shares in ACEN to be done via a private placement and purchase of secondary shares from AC Energy.
    - Both transactions will be priced at ₱2.97 per share on a post-stock rights offering basis and is subject to agreed price adjustments.
    - The completion of the subscription of primary shares is subject to definitive documentation being signed by the parties and satisfaction of agreed conditions precedent, which includes among others, the completion by ACEN of the SRO, which is expected to occur in the first quarter of 2021, and applicable regulatory approvals.

- On the other hand, the completion the purchase of secondary shares from AC Energy is subject to definitive documentation being signed by the parties and the completion of the infusion by AC Energy of its international business into ACEN by way of a property for shares swap, which is expected to occur by the third quarter of 2021, and applicable regulatory approvals.

Water

- Manila Water's net income in the first nine months decreased 29 percent to ₱3.1 billion as a compounded effect of lower earnings from non-East Zone businesses and higher depreciation and interest expense.
    - The parent company, which houses the East Zone Concession, saw net profits decline nine percent to ₱3.4 billion driven by the recognition of impairment loss in MWTS and higher direct costs with more water supply coming from the Cardona Treatment Plant and deep wells.

- Revenues were flat at ₱16.1 billion as improved billed volume in the East Zone was dragged by lower contributions from onshore and offshore subsidiaries.

- EBITDA decreased four percent to ₱9.4 billion despite OPEX improvement as lower equity share in net income of associates, net foreign exchange losses, and provisions for probably losses weighed down on profitability. EBITDA margin stood at 58 percent.

- In line with Manila Water's commitment to address environmental concerns while providing a reliable and sustainable water supply, the company initiated the following projects during the period:
    - The company partnered with DENR and several local government units for the rehabilitation of the San Juan River and its tributaries.
    - In an agreement with DENR, Manila Water will be upgrading and expanding the sewerage network of the East Avenue Sewage Treatment Plant in Quezon City.
    - Manila Water will be constructing the Hinulugang Taktak Sewage Treatment Plant in Antipolo City in an effort to rehabilitate the Hinulugang Taktak Falls and ensure that wastewater discharged is properly cleansed.

Industrial Technologies

- AC Industrials recorded a net loss of ₱2.1 billion in the first nine months as its global manufacturing arm started to gradually recover on the back of renewed demand and normalized operations. Its Philippine automotive business was still challenged as the industry continues to be negatively affected by the health crisis.

- IMI registered a net loss of US$11.9 million in the first nine months compared to the US$0.5 million net income it booked in the same period last year on lower demand across its product lines, except Medical and Telecom, and restricted plant operations.
    - Revenues decreased by 16 percent to US$789 million in the first nine months albeit trending up from the height of quarantine restrictions in the second quarter when plant operations and demand were at their weakest. Topline increased 42 percent to US$312 million on a quarter-on-quarter basis.
    - Gross profit margin likewise contracted by 80 basis points to 7.7 percent in the first nine months due to the effects of the pandemic. Quarter-on-quarter, it grew by 470 basis points to 9.7 percent.

- The combined revenues of IMI's subsidiaries Via Optronics and STI decreased by one percent to US$183.3 million in the first nine months of the year. The subsidiaries saw demand from segments that establish support for the new normal: consumer mobile devices for study-from-home and work-from-home arrangements, along with ventilators and other medical products.

- Via Optronics raised US$93.76 million in gross proceeds from its initial public offering of 6.3 million American Depository Shares priced at US$15.00 per ADS. Via ADS are listed in the New York Stock Exchange under the ticker symbol "VIAO".

- AC Motors incurred a net loss of ₱770 million as demand in the local automotive space softened as an effect of the health crisis.

Balance Sheet Highlights

- Parent level cash stood at ₱16.6 billion.

- Net debt stood at ₱104.0 billion.

- Parent net debt-to-equity ratio stood at 79 percent.

- Group net debt-to-equity stood at 63 percent.

- Loan-to-value ratio, the ratio of its parent net debt (excluding the fixed-for-life perpetuals which have no maturity) to the total value of its assets, was at 11.5 percent.

- Parent-only CAPEX stood at ₱9.2 billion, which went mostly to the newer businesses of Ayala.

AYALA CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at September 30, 2020 (With Comparative Audited Figures as at December 31, 2019)
(Amounts in Thousands)

	September 2020 Unaudited	December 2019 Audited
ASSETS		
Current Assets		
Cash and cash equivalents	₱ 92,556,744	₱ 93,405,253
Short-term investments	1,627,607	13,387,801
Accounts and notes receivable	142,518,846	130,868,711
Contract assets	2,968,358	3,159,675
Inventories	143,891,753	135,064,303
Other current assets	77,385,703	62,932,994
Assets under PFRS 5	194,060,239	170,466,694
Total Current Assets	655,009,250	609,285,431
Noncurrent Assets		
Noncurrent accounts and notes receivable	52,742,328	55,720,290
Investments in associates and joint ventures	260,351,458	246,731,276
Investment properties	241,628,578	246,732,338
Property, plant and equipment	91,716,357	88,781,755
Right-of-use assets	18,771,905	18,220,572
Service concession assets	1,562,290	1,638,516
Intangible assets	19,005,106	16,625,926
Deferred tax assets - net	13,712,706	14,246,325
Other noncurrent assets	49,537,306	47,303,529
Total Noncurrent Assets	749,028,034	736,000,527
Total Assets	₱ 1,404,037,284	₱ 1,345,285,958
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term debt	₱ 51,212,788	₱ 29,788,643
Accounts payable and accrued expenses	180,450,927	195,416,247
Contract liabilities	177,165	252,341
Income tax payable	1,180,756	2,396,901
Current portion of:		
Long-term debt	27,712,894	23,878,725
Lease liabilities	1,393,806	1,028,067
Service concession obligation	13,606	13,607
Other current liabilities	20,539,025	28,394,709
Liabilities under PFRS 5	140,303,832	121,487,625
Total Current Liabilities	422,984,799	402,656,865
Noncurrent Liabilities		
Long-term debt - net of current portion	353,225,486	351,670,789
Lease liabilities - net of current portion	22,118,721	21,353,099
Service concession obligation - net of current portion	52,413	52,412
Deferred tax liabilities - net	8,928,065	8,035,817
Pension liabilities	4,045,179	3,756,048
Other noncurrent liabilities	58,396,053	48,447,370
Total Noncurrent Liabilities	446,765,917	433,315,535
Total Liabilities	869,750,716	835,972,400
Equity		
Equity attributable to owners of the parent company		
Paid-in capital	85,303,552	84,876,225
Share-based payments	197,005	214,617
Remeasurement losses on defined benefit plans	(3,266,312)	(3,117,329)
Fair value reserve of financial assets at fair value through other comprehensive income (FVOCI)	(767,649)	66,917
Cumulative translation adjustments	(1,084,633)	3,234,618
Equity reserve	30,274,156	25,282,942
Retained earnings	234,281,699	225,454,620
Treasury stock	(6,605,153)	(5,737,896)
Reserves under PFRS 5	(1,548,305)	(1,467,449)
	336,784,360	328,807,265
Non-controlling interests	197,502,208	180,506,293
Total Equity	534,286,568	509,313,558
Total Liabilities and Equity	₱ 1,404,037,284	₱ 1,345,285,958

AYALA CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Earnings Per Share Figures)

	For the Periods Ended September 30	
	2020	2019 (As Restated)
CONTINUING OPERATIONS		
REVENUE		
Sale of goods and rendering of services	₱ 133,147,417	₱ 191,477,705
Share in net profits of associates and joint ventures	14,194,586	16,805,555
Interest income from real estate	6,361,069	6,287,731
Dividend income	60,919	84,877
	153,763,991	214,655,868
COSTS AND EXPENSES		
Costs of sales and services	98,703,600	141,172,460
General and administrative expenses	21,669,149	21,414,099
	120,372,749	162,586,559
OTHER INCOME (CHARGES) - Net		
Interest income	2,235,032	2,229,756
Other income	4,213,763	31,231,447
Interest and other financing charges	(20,397,039)	(16,345,509)
	(13,948,244)	17,115,694
INCOME BEFORE INCOME TAX	19,442,998	69,185,003
PROVISION FOR INCOME TAX		
Current	3,865,491	9,475,367
Deferred	229,072	219,693
	4,094,563	9,695,060
NET INCOME AFTER INCOME TAX	15,348,435	59,489,943
OPERATIONS OF SEGMENT UNDER PFRS 5		
Net income after tax	1,920,499	4,127,754
NET INCOME	₱ 17,268,934	₱ 63,617,697
Net Income Attributable to:		
Owners of the Parent Company	₱ 11,367,534	₱ 46,162,417
Non-controlling interests	5,901,400	17,455,280
	₱ 17,268,934	₱ 63,617,697
EARNINGS PER SHARE		
Basic	₱ 16.63	₱ 71.86
Diluted	₱ 16.57	₱ 71.63
Earnings Per Share Before Operations of the Segment Under PFRS 5		
Basic	₱ 14.86	₱ 68.56
Diluted	₱ 14.80	₱ 68.34