Ayala

Ayala Corporation

9M23 Analysts' Briefing

Financial and Operating Results

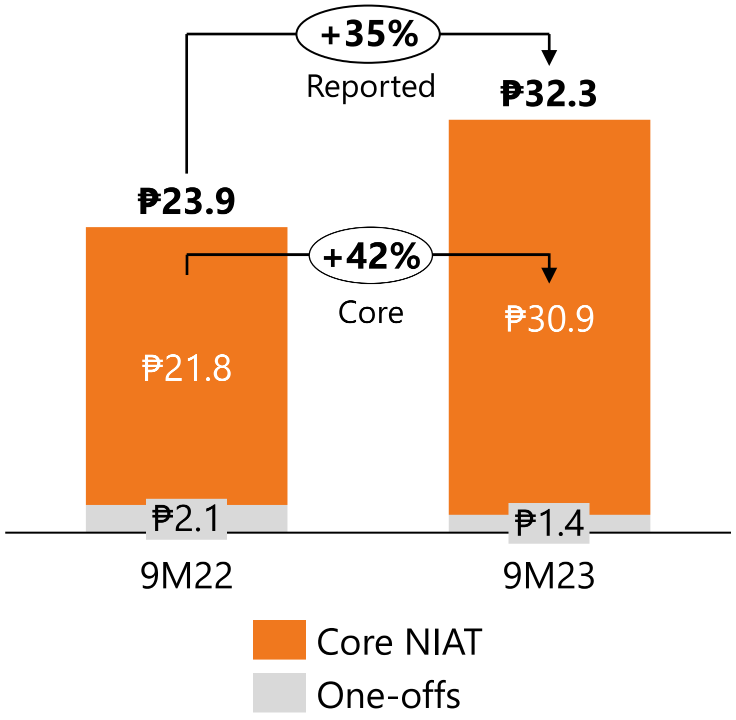
November 14, 2023

https://www.ayala.com/investors/presentations

NIAT growth trajectory sustained as BPI, Ayala Land, and AC Energy drove a 35% increase

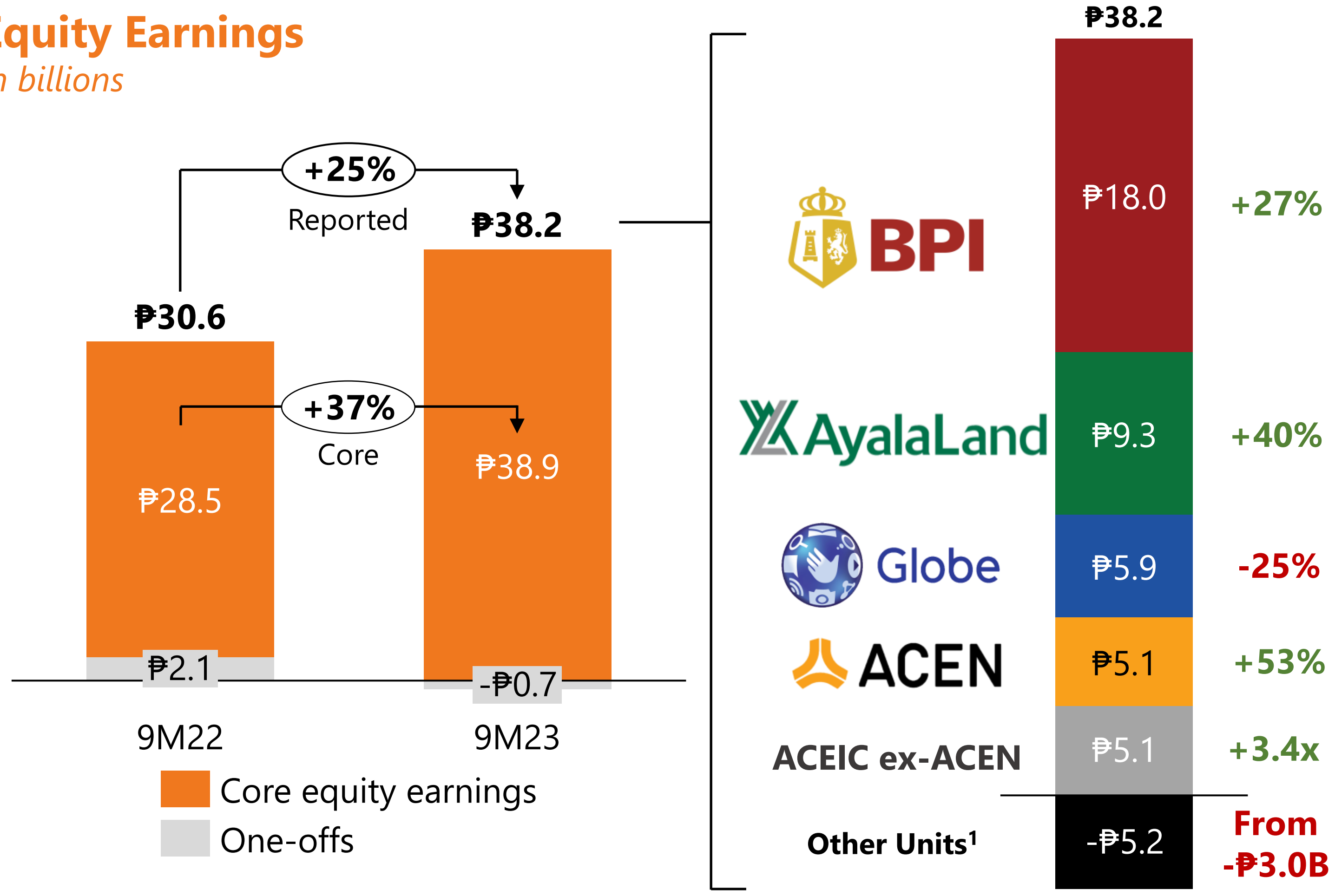
Consolidated NIAT

In billions



Equity Earnings

In billions



[1]Includes AC Industrials, AC Health, AC Logistics, MWC, and others

BPI, ALI, and ACEN continue to deliver strong earnings; Globe's GSR continues to expand driven by data and digital services

BPI

- NIAT up 26%; **ex-gains from asset sale last year, NIAT up 44%** on higher net interest income (+25%), fee income (+15%) and lower provisions (-60%).
- **8.4% loan growth**
  - Corp up 5%; consumer led by credit cards (+38%) and personal loans (+2.2x).
  - 3Q23 NIM up **+50bps YoY** to 4.16%.
- **NPL ratio slightly higher at 1.97%** and NPL cover at 159%.
- CIR at 48.2%, **down 70bps YoY.**
- **Sustained ROE** at 15.56%; ROA at 1.95%, highest in a decade.
- **3.5M digital clients**, up 20% YoY.

AyalaLand

- **NIAT up 38%** on the resilience of the residential market and vibrant consumer activity.
- **Property development revenues (+4%)** improved on steady bookings and higher residential completions, and sales of office units.
  - Reservation sales rose by 11%.
  - 11 project launches worth ₱ 36B in 9M23.
- **Leasing revenues up 32%** due to higher rents and occupancy.
  - Shopping centers (+40%): 84% occupancy.
  - Offices (+7%): 89% occupancy.
  - Hotels & Resorts (+62%): 67% occupancy in hotels, 42% in resorts.

Globe

- **NIAT down 27%** due to gain from data center sale last year.
  - **Core NIAT down 8% while EBITDA up 1%** as GSR (+3%) growth was offset by higher OPEX, D&A, and interest expense.
  - EBITDA margin still at 50%.
- **Growth in ARPUs post SCR:** postpaid flat, prepaid up 25%, and TM up 35%.
- **Mynt equity earnings up 2.5x** to ₱1.6B.
  - GCash maintains **5x MAU and 10x DAU** vs next e-wallet.
  - ₱103B loans disbursed to date (+2.2x) .
  - 13.5M insurance policies sold to date (+3.2x).
- 9M23 CAPEX **down 27%** to ₱54B.

ACEN

- **NIAT up 59%** on strong overall performance.
- **Core operating earnings up 2.1x** on 27% increase in attributable output, higher RES tariffs, and gains from the sale of Salak and Darajat.
  - Strong net seller position partially offset by lower spot prices.
  - 3.5x increase in overhead and development costs for PH and AU expansion.
  - Delays in completion of some power plants. Estimated impact to 2023 EBITDA is ₱3.7 billion.

AC Health seeing improvement in revenues across pharma, clinics, and hospitals; profitability still impacted by new businesses

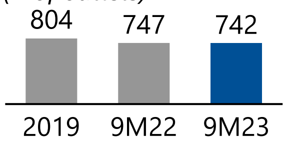
AC Health
An Ayala Company

- **Revenues up 19% to ₱6.2B** due to higher stake in IE Medica and improving patient census in Healthway clinics and hospitals.
- **Net loss of -₱304M** from ₱88M net income due to ongoing start-up costs (KMD & cancer hospital), increased manpower & marketing expenses.
- Excluding losses in KMD & the cancer hospital and one-offs, **net loss was -₱83M** coming from a ₱21M NIAT.

Pharma Retail

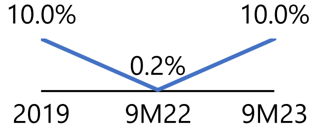
Generika Stores

(# of outlets)



- Target to have **1,000 stores by 2025.**
- Down from 2019 due to store rationalization.

Same-Store Sales Growth

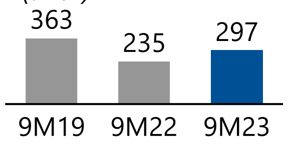


- SSSG back to pre-COVID levels due to **stronger generics sales and higher serve rates.**

Clinics

Patient Census

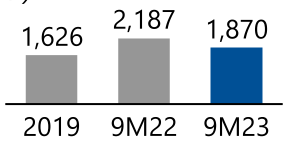
(in th)



- Foot traffic almost at pre-COVID levels.
- **Clinic expansion to accelerate census growth.**

Basket Size

(in ₱)



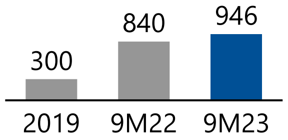
- Basket size higher than pre-COVID levels but lower YoY due to **competitive price adjustments.**

Digital Health

- **Downloads in 9M23 up 66% year-on-year to 3.6M.**
- **Transacting users in 9M23 up 130% year-on-year to 209k.**

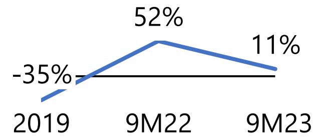
Pharma Distribution

CPR[1] Count



- Robust expansion of CPRs fueling **consistent commercial sales growth.**

Sales Growth



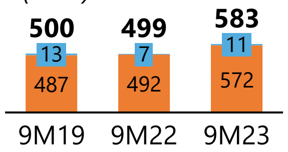
- Driven by **top existing corp clients and brands.**
- Revenues from **government bids** expected to further boost 4Q numbers.

Hospitals

Inpatient Outpatient

Patient Census

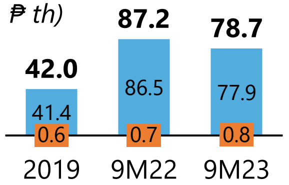
(in th)



- Total patient census has surpassed pre-COVID levels by 18%.

Basket Size

(in ₱ th)



- Spend remains elevated but lower YoY due to resurgence of less complex cases (pedia, dengue, pneumonia).
- **Investments in new equipment to increase value of services.**

The Healthway Cancer Care Hospital will be the first dedicated cancer facility in the PH featuring top oncologists and state-of-the art equipment.

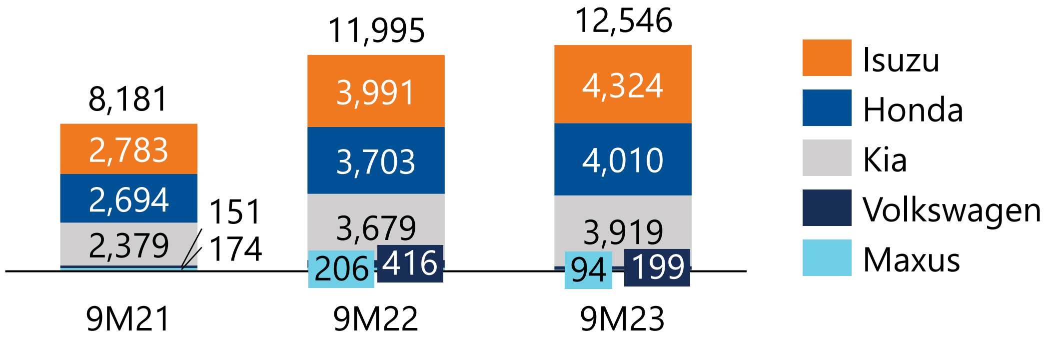
[1]Certificate of Product Registration, indicative of number of molecules

AC Industrials achieved better results on growth in 4W business and divestments of non-performing assets while AC Logistics' profitability is still challenged

AC Industrials
An Ayala Company

- **Net income of ₱245M in 3Q23.** For 9M23, Losses ex one-offs declined to -₱765M
  - Revenues grew 5%; reported net loss was at -₱4.8B due to provisions worth ₱4.1B for STI and MT-C-Con.
- **ACI's core assets now profitable.**
  - Income from IMI core up 17% on gross margin improvement and lower depreciation.
  - AC Motors' net income grew to ₱386M from ₱4M on the strong performance of its 4-wheel business, led by Isuzu, Honda, and Kia.
- Merlin Solar's topline grew by 54% but profitability remains challenged.

AC Motors unit sales by brand



AC Logistics
An Ayala Company

- AC Logistics acquired an **additional 20% of AHI**, increasing its stake to 80%.
- **AC Logistics:** Net loss of -₱974M, still mostly due to Entrego.
  - **Entrego:** Narrower net loss of -₱850M as non-e-commerce revenues grew 81%.
  - **AHI**: 15% growth in revenues and 40% in EBITDA on improvement in on-time deliveries to 94% from 74% and stronger demand from the aviation industry. Slight loss of -P36M, driven by manpower costs, and one-offs.
  - **GMAC:** Utilization of CDO facility above target at 100%.
- Ayala group requirements expected to add **~6% to revenues** for 2023; target to grow contributions by ~60% next year
- Initiatives are ongoing to improve profitability:
  - Increase coverage by 45% to 33k barangays by optimizing branches
  - Increase asset utilization by consolidating last mile volumes
  - Increase cross-selling initiatives across the units to provide full suite of logistics solutions

AC Motors is bulking up its EV line-up starting with BYD and Kia as it builds on its EV ecosystem

Automotive Portfolio strategy

- BYD and Kia to **introduce more EVs** in the next 3-5 years.
- Current line-up offers the widest price range in EV space.
- AC Motors to continue supply traditional cars alongside EV transition.

Dolphin
₱1.4M

Atto3
To be launched Nov 17

Han
₱3.1M

Tang
₱3.3M

Kia EV6
₱3.8M

EV Charging Infrastructure

- Expand charging network to **100 locations by 2024**, in partnership with Ayala Land.
- Collaboration with 917Ventures to build a **charger discovery and payments system (EVRO).**

After-Market Service

- AC Motors secured **master franchise of Bosch Car Service** to offer EV-specific services & partnerships with OEMs

Ayala continues to maintain a strong balance sheet with sufficient liquidity and low cost of debt

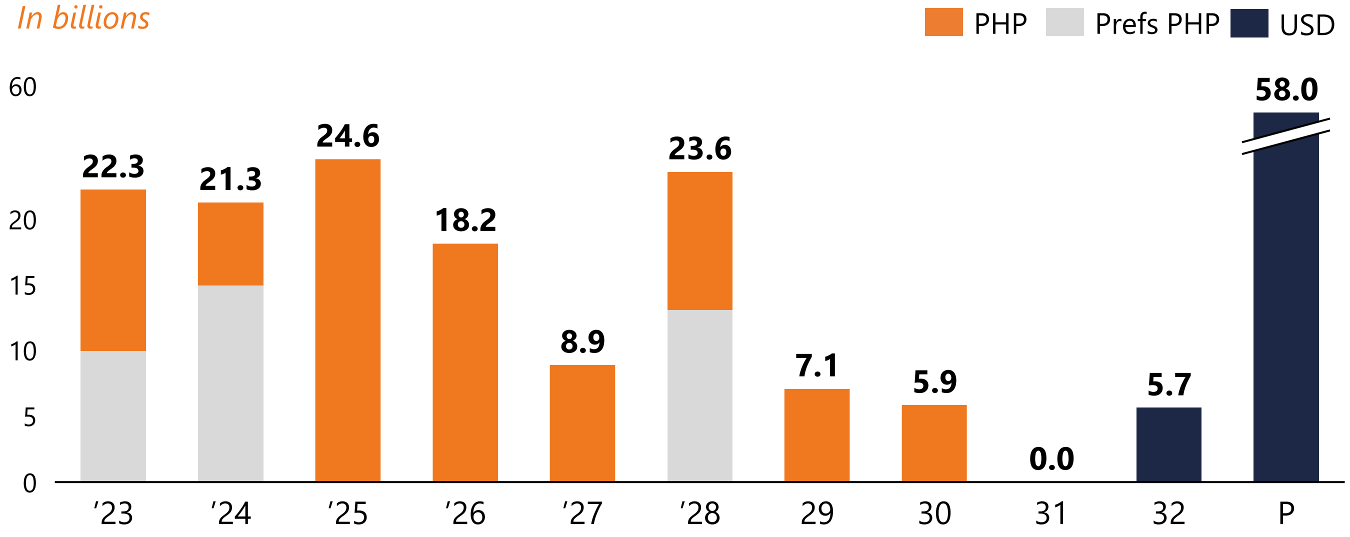
Balance Sheet Metrics

In billions

	End-2022	1H23	9M23
Consolidated			
Cash	77.0	77.4	82.9
Gross debt	552.5	567.0	578.0
Net debt	475.4	489.6	495.1
Net D/E	0.80	0.77	0.73
Parent			
Cash	11.2	12.8	12.3
Gross debt	160.5	153.5	156.8
Net debt	149.3	140.7	144.5
Net D/E	1.04	0.88	0.91
LTV ratio	**11.1%**	**11.4%**	**11.1%**

Schedule of Obligation Maturities

In billions



Debt Profile

	End-2022	1H23	9M23
Debt in ₱	61.1%	59.7%	59.6%
Debt with fixed rates	81.9%	82.0%	74.8%
Blended cost of debt	4.48%	4.98%	5.16%

Ayala's near-term aspirations are focused on portfolio management, earnings growth, and sustainability

1 Sharpen the portfolio

- ✓ **Value realized ₱37B** worth of assets
- ✓ **Recycle capital** towards better performing assets

3 Strive for market leadership and sustained growth across core BUs

Ayala Land
- Reduce landbank by half in 5 years
- Increase focus on higher-end brands
- Grow leasing business and inject more assets into AREIT

BPI
- Grow consumer loan book
- Service broad base with relevant products
- Lower CIR through digitalization

Globe
- Revert to positive FCF by 2025
- Taper down CAPEX
- Continue growing digital solutions business

ACEN
- Execute on 2030 20GW target
- Optimize contracting mix
- Mitigate execution risk through board oversight on a project basis

2 Take unlisted BUs to profitability

- ✓ Divested STI & MTC-CON, **cutting down ~₱800mn in yearly losses**

AC Health
- Expand pharma footprint and widen store format
- Expand housebrand portfolio
- Roll out higher margin services in clinics & hospitals

AC Logistics
- Restructure unprofitable units
- Improve efficiency
- Grow exposure to Ayala group

AC Industrials
- Continue divesting profitability drags
- Launch more EVs and hybrid models in the near-term

4 Strengthen our sustainability push

- ✓ **Completed net zero roadmaps of Ayala Land, Globe, and ACEN**

- Complete BPI's roadmap by Nov 2023; AC by Apr 2024
- Get ACEN's portfolio to 100% RE by 2025
- Drive EV adoption in the country

Disclaimer

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