

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATIONS CODE (SRC) AND SRC RULE 17(a)-1(b)(3) THEREUNDER

1. November 14, 2023
Date of Report (Date of earliest event reported)
2. 34218 3. 000-153-610-000
SEC Identification Number BIR Tax Identification Number
4. AYALA CORPORATION
Exact Name of registrant as specified in its charter
5. PHILIPPINES 6. (SEC Use Only)
Province, country or other jurisdiction of Industry Classification Code
incorporation
7. 37F to 39F, Ayala Triangle Gardens Tower 2, Paseo de Roxas 1226
cor Makati Avenue, Makati City
Address of principal office Postal code
8. (02)7908-3000
Registrant's telephone number, including area code
9. N/A
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 4 and 8 of the SRC

| Title of Each Class | Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding |
|-----------------------------|--|
| Common Shares | 619,807,425 shares |
| Preferred A Series 1 Shares | 5,244,515 shares |
| Preferred B Series 1 Shares | 20,000,000 shares |
| Preferred B Series 2 Shares | 30,000,000 shares |
| Voting Preferred Shares | 200,000,000 shares |

: Item 9- Other Events

Re: Ayala Corporation 9M 2023 Earnings Release

Pursuant to the requirements of the Securities Regulations Code, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AYALA CORPORATION

Registrant



Jose Martin C. Lopez

Head – Investor Relations

Date : November 14, 2023

* Print name and title of the signing officer under the signature.

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 14, 2023
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
37F to 39F, Ayala Triangle Gardens Tower 2, Paseo de Roxas cor Makati 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
NA
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 | 619,807,425 |
| Preferred A Shares (Reissued) | 5,244,515 |
| 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

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange,

and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



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's 9M23 core earnings up 42 percent to P31B

Background/Description of the Disclosure

Ayala Corporation's ("Ayala") core net income in the first nine months of 2023 grew 42 percent year-on-year to P31 billion, anchored by strong results from BPI, Ayala Land, and ACEN. Ayala's year-to-date core net income is already at par with its full year 2019 net income.

Accounting for all one-off items, Ayala posted P32.3 billion in net income in the first nine months of 2023, up 35 percent versus the same period last year.

Other Relevant Information

Please see attached press release.

November 14, 2023

Securities and Exchange Commission

17/F SEC Headquarters, 7907 Makati Avenue
Barangay Bel-Air, Makati City

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

The Philippine Stock Exchange, Inc.

6/F PSE Tower
5th Avenue corner 28th Street,
Bonifacio Global City, Taguig City

Attention: **Ms. Alexandra D. Tom Wong**
Officer-In-Charge, Disclosure Department

Philippine Dealing and Exchange Corporation

29th Floom, 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 November 14, 2023, Ayala Corporation disclosed a press release regarding its financial and operating results for the first nine months of 2023.

Very Truly Yours,



Jose Martin C. Lopez
Head - Investor Relations



AYALA CORPORATION
9M 2023 EARNINGS RELEASE
November 14, 2023

Ayala's 9M23 core earnings up 42% to ₱31B
Sustained growth driven by BPI, Ayala Land, and ACEN

9M23 vs 9M22 Highlights

- Ayala Corporation's ("Ayala") core net income in the first nine months of 2023 grew 42 percent year-on-year to ₱31 billion, anchored by strong results from BPI, Ayala Land, and ACEN. Ayala's year-to-date core net income is already at par with its full year 2019 net income.
 - BPI's net earnings rose 26 percent to ₱38.6 billion due to sustained loan growth, margin expansion, and reduced provisions. Excluding a gain from a property sale last year, core net income increased 44 percent.
 - Ayala Land's net income grew 38 percent to ₱18.4 billion driven by sustained gains in its property development and commercial leasing businesses.
 - ACEN's net income jumped 59 percent to ₱6.6 billion as new operating capacity and the company's sustained net seller position were further lifted by one-off gains related to the partial sale of the Salak and Darajat plant. These gains were partially offset by ACEN's impairment provision for UPC Solar India.
 - AC Energy & Infrastructure (ACEIC), the parent company of ACEN, grew its profit 2.1x to ₱10.4 billion due to improved operating earnings from ACEN, pre-operating revenues from GN Power Dinginin, as well as gains related to the divestments of the Salak and Darajat plant in Indonesia and GN Power Kauswagan. Excluding one-offs, ACEIC's core net income was up 63 percent to ₱7.2 billion.
 - Globe's net income decreased 27 percent to ₱19.4 billion, primarily because of a one-time gain on the partial sale of Globe's data center business registered in the same period last year.
 - Excluding the impact of non-recurring charges, foreign exchange and mark-to-market charges, Globe's core net income was down eight percent to ₱14.8 billion as revenue growth was outpaced by higher OPEX, depreciation, and interest expenses.
- Accounting for all one-off items including a ₱2.2 billion gain from the sale of the MCX toll road, Ayala posted ₱32.3 billion in net income in the first nine months of 2023, up 35 percent versus the same period last year.

“Despite macroeconomic and geopolitical headwinds, our outlook remains intact as we look to end the year with profits exceeding pre-COVID levels. We continue to build on our solid 9M results and rationalize our portfolio wherever it makes sense to do so.”, Ayala President and CEO Cezar P. Consing said.

- In line with Ayala’s portfolio rationalization initiatives, it has completed the following divestments year-to-date:
 - IMI’s sale of its 80 percent shareholdings in STI Enterprises Limited to London-based private investment firm, Rcapital, in July. The parties agreed on an enterprise valuation of £7.5 million, resulting in Ayala recognizing a one-time loss of ₱2.5 billion in the second quarter.
 - AC Industrials’ sale of its 92.45 percent stake (held through its Singaporean subsidiary, AC Industrials (Singapore) Pte. Ltd.) in MT Technologies GmbH to Callista Asset Management 18 GmbH in August. The transaction resulted to Ayala recognizing a ₱2.2 billion provision for impairment in the second quarter.
 - Ayala’s sale of 288,998,734 Manila Water Company, Inc. (MWC) common shares and 436,243,932 MWC participating preferred shares to MWC for a gross consideration of ₱P5.7 billion. Ayala retains an effective 23.5 percent voting stake and 22.5 percent economic stake in MWC post-transaction. The transaction was completed on October 11, 2023.
- Meanwhile, Ayala continues to scale its emerging businesses, AC Health and AC Logistics.
 - AC Health’s Healthway Cancer Care Hospital is scheduled to be inaugurated before year-end. The facility will be the country’s first dedicated cancer hospital, offering cancer procedures for detection, treatment, and rehabilitation. It is a ~100-bed facility featuring state-of-the-art technology and will be manned by many of the country’s top oncologists.
 - AC Logistics continues to integrate its assets to eliminate redundancies, improve operational efficiency, and generate cost savings. It also looks to capture more business from within the Ayala group. Its cold storage facility in Cagayan de Oro, in partnership with Glacier Megafridge, already reached 100 percent utilization.

Banking

- BPI’s net earnings increased 26 percent year-on-year to ₱38.6 billion in the first nine months of 2023, anchored by healthy loan growth, margin expansion, and lower provisions. Return on equity was stable at 15.6 percent.

- Total revenues grew 15 percent year-on-year to ₱100.9 billion, attributable to sustained growth in net interest income, offsetting a decline in non-interest income.
 - Total loans were up eight percent to ₱1.8 trillion on the back of growth across all loan segments. Loan mix improved as consumer lending increased 20 percent during the period. Net interest margin widened 54 basis points to 4.07 percent.
 - Fee income was down 10 percent to ₱20.6 billion because of the property sale gain registered last year. Excluding this, fee income was up 15 percent due to growth in fees from the credit cards business, insurance, and wealth management services.
- Total deposits grew seven percent year-on-year to ₱2.2 trillion while the CASA ratio dipped alongside the industry, lower by 6.8 percentage points to 69.3 percent.
- Asset quality continued to be healthy.
 - NPLs were up 10 percent to ₱35.2 billion.
 - NPL ratio was slightly increase to 1.97 percent.
 - NPL cover remained sufficient, lower by 18 basis-points to 159 percent.
 - Total provisions declined 60 percent to ₱3 billion.
- Operating expenses increased 21 percent year-on-year to ₱48.6 billion due to larger spends on manpower, technology, and marketing, resulting in a cost-to-income ratio of 48.2 percent.

Real Estate

- Ayala Land's net income rose 38 percent year-on-year to ₱18.4 billion in the first nine months of 2023, driven by the continuing resilience of the residential market and vibrant consumer activity despite macroeconomic challenges.
- Property development revenues were up four percent year-on-year to ₱57.2 billion on higher residential completion, stable bookings, and improved office unit sales.
 - Residential revenues increased four percent to ₱47.5 billion.
 - Office for sale revenues grew 31 percent to ₱2.8 billion.
 - Revenues from commercial and industrial lots softened eight percent to ₱6.9 billion.
- Residential sales reservations grew 11 percent year-on-year to ₱85.9 billion, buoyed by strong demand in projects such as Ayala Land Premier's Ciela, Arcilo, and Parklinks South Tower, Alveo's Park East Place, and Avida's Tower Makati Southpoint.
 - Total launches as of September reached 11 projects valued at ₱36.3 billion. In the third quarter alone, Ayala Land launched five new projects worth ₱4.3 billion.

- Commercial leasing revenues grew 32 percent year-on-year to ₱30.8 billion because of better occupancy and rental rates across malls, office, and leisure developments.
 - Shopping center revenues registered a 40 percent increase to ₱15.7 billion.
 - Office leasing income grew seven percent to ₱8.8 billion.
 - Hotel and resorts revenues expanded 62 percent to ₱6.3 billion.
- Capital expenditures reached ₱57.6 billion, 63 percent of which was allocated to the completion of residential and commercial leasing developments.

Power

- ACEN's net income grew 59 percent year-on-year to ₱6.6 billion in the first nine months of 2023 due to new capacity and a sustained net selling position. Earnings were boosted by value realization and remeasurement gains related to the sale of a stake in the Salak and Darajat plants in Indonesia.
 - Core operating earnings, which exclude value realization gains, provisions for impairment, and other items such as foreign exchange impact, guarantee fee income, and pre-COD earnings from projects under construction, more than doubled to ₱3.9 billion due to increased capacity despite higher overhead and development expenses.
- Quarter-on-quarter, ACEN's net income was up six percent to ₱2.3 billion.
 - Core operating earnings in the third quarter amounted to ₱176 million, down from ₱2.3 billion in the second quarter due to seasonally lower wind resources, softer spot market prices, and the reduced stake in the Salak and Darajat geothermal plants.
- Total attributable renewables output expanded 27 percent year-on-year to 3,174 GWh, driven by better wind regime and commissioning of newly operational plants.
 - Philippine renewables output was up 29 percent to 769 GWh.
 - International renewables output grew 27 percent to 2,405 GWh.
- Consolidated revenues rose 13 percent year-on-year to ₱28.7 billion because of fresh contributions from New England Solar and Pagudpud Wind as well as higher RES tariffs, which offset lower WESM prices.
- Attributable EBITDA, which includes ACEN's shares of EBITDA from non-consolidated associates and joint ventures, grew 21 percent year-on-year to ₱14.1 billion.
- ACEN's generation portfolio reached 4,515 MW of attributable capacity from facilities in the Philippines, Australia, Vietnam, Indonesia, India, and United States. Renewables account for 98 percent of total generation portfolio.

Telco

- Globe's net income was down 27 percent year-on-year to ₱19.4 billion in the first nine months due to a gain from the partial sale of its data center business registered last year.
 - Excluding non-recurring charges, foreign exchange and mark-to-market charges, Globe's core net income declined eight percent to ₱14.8 billion as higher OPEX, depreciation, and interest expenses outpaced GSR growth.
- Total service revenues were up three percent year-on-year to ₱121.1 billion due to contributions from mobile data, corporate data, and digital service revenues.
 - Mobile data revenues grew seven percent to ₱67 billion on the back of higher data consumption.
 - Corporate data revenues increased eight percent to a record ₱13.6 billion.
 - Digital service revenues soared 44 percent to ₱4.1 billion.
 - Home broadband revenues were down seven percent to ₱19 billion as earnings improvement in postpaid fiber was outstripped by the decline in fixed wireless. Meanwhile, pre-paid fiber continues to gain traction due to its affordability and convenience.
- Equity earnings from Mynt more than doubled year-on-year to ₱1.6 billion because of GCash's sustained traction.
 - Total loan disbursements jumped 2.2x to ₱103 billion with unique borrowers reaching 3.4 million individuals, up 104 percent.
 - GCash has also sold 13.5 million insurance policies life-to-date.
- EBITDA was slightly up one percent year-on-year to ₱60.7 billion as topline growth was offset by the five percent increase in OPEX (including subsidy).
 - EBITDA margin remained at 50 percent, in line with Globe's guidance for the year.
- Capital expenditures contracted 27 percent year-on-year to ₱54 billion, on track to meet full year guidance of US\$1.3 billion.

Balance Sheet Highlights

- Consolidated cash ended at ₱82.9 billion from ₱77 billion as of end-2022.
- Consolidated net debt ended at ₱495.1 billion from ₱475.4 billion as of end-2022.
- Consolidated net debt-to-equity was at 0.73 from 0.80 as of end-2022, well within the company's covenant of 3.0.
- Parent level cash ended at ₱12.3 billion from ₱11.2 billion as of end-2022.
- Parent net debt decreased to ₱144.5 billion from ₱149.3 billion as of end-2022.

- Net debt-to-equity improved to 0.91 from 1.04 as of end-2022 due to the ₱13.1 billion Preferred Shares issuance, which was priced at a spread of 40 basis points over benchmark rate. Parent net-debt-to equity is expected to be at the end-2022 level with the redemption of ₱10.0 billion Preferred Shares in November 2023.
- 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, remained at 11.1 percent.

AYALA CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2023 (With Comparative Audited Figures as at December 31, 2022)

(Amounts in Thousands)

| | September 2023 Unaudited | December 2022 Audited |
|---|-----------------------------|--------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | P 80,962,112 | P 73,847,371 |
| Short-term investments | 1,934,972 | 3,201,800 |
| Accounts and notes receivable | 161,669,510 | 161,601,551 |
| Inventories | 208,250,342 | 201,517,144 |
| Other current assets | 93,252,058 | 89,793,317 |
| | <u>546,068,994</u> | <u>529,961,183</u> |
| Assets under PFRS 5 | - | 11,821,057 |
| Total Current Assets | <u>546,068,994</u> | <u>541,782,240</u> |
| Noncurrent Assets | | |
| Noncurrent accounts and notes receivable | 109,152,164 | 96,029,149 |
| Investments in associates and joint ventures | 360,421,138 | 328,120,295 |
| Investment properties | 244,215,375 | 246,733,570 |
| Property, plant and equipment | 137,757,652 | 114,113,551 |
| Right-of-use assets | 25,366,538 | 22,861,767 |
| Service concession assets | - | 1,420,977 |
| Intangible assets | 40,852,747 | 43,536,382 |
| Deferred tax assets - net | 17,552,429 | 18,370,869 |
| Other noncurrent assets | 90,608,162 | 65,576,336 |
| Total Noncurrent Assets | <u>1,025,926,205</u> | <u>936,762,896</u> |
| Total Assets | <u>P 1,571,995,199</u> | <u>P 1,478,545,136</u> |
| LIABILITIES AND EQUITY | | |
| Current Liabilities | | |
| Short-term debt | P 53,813,859 | P 36,526,898 |
| Accounts payable and accrued expenses | 191,151,725 | 203,115,284 |
| Income tax payable | 1,120,933 | 1,272,406 |
| Current portion of: | | |
| Long-term debt | 47,217,966 | 31,496,742 |
| Lease liabilities | 3,048,244 | 2,364,727 |
| Service concession obligation | - | 60,280 |
| Other current liabilities | 30,590,284 | 34,178,420 |
| Total Current Liabilities | <u>326,943,011</u> | <u>309,014,757</u> |
| Noncurrent Liabilities | | |
| Long-term debt - net of current portion | 476,983,660 | 484,464,227 |
| Lease liabilities - net of current portion | 29,776,988 | 27,978,713 |
| Service concession obligation - net of current portion | - | 51,515 |
| Deferred tax liabilities - net | 10,109,873 | 9,193,910 |
| Pension liabilities | 3,311,761 | 3,499,705 |
| Other noncurrent liabilities | 46,380,038 | 49,043,265 |
| Total Noncurrent Liabilities | <u>566,562,320</u> | <u>574,231,335</u> |
| Total Liabilities | <u>893,505,331</u> | <u>883,246,092</u> |
| Equity | | |
| Equity attributable to owners of the parent company | | |
| Paid-in capital | 99,187,779 | 86,380,257 |
| Share-based payments | - | 38,950 |
| Remeasurement losses on defined benefit plans | (3,549,980) | (4,516,242) |
| Fair value reserve of financial assets at fair value through other comprehensive income (FVOCI) | (3,055,526) | (3,042,026) |
| Cumulative translation adjustments | 3,913,399 | 4,344,422 |
| Equity reserve | 25,000,208 | 29,091,712 |
| Retained earnings | 296,402,310 | 267,836,258 |
| Treasury stock | (12,546,350) | (13,070,802) |
| | <u>405,351,840</u> | <u>367,062,529</u> |
| Non-controlling interests | 273,138,028 | 228,236,515 |
| Total Equity | <u>678,489,868</u> | <u>595,299,044</u> |
| Total Liabilities and Equity | <u>P 1,571,995,199</u> | <u>P 1,478,545,136</u> |

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 | |
|---|------------------------------------|---------------------|
| | 2023 | 2022 |
| CONTINUING OPERATIONS | | |
| REVENUE | | |
| Rendering of services | ₱ 134,054,342 | ₱ 119,266,562 |
| Sale of goods | 74,147,631 | 66,819,154 |
| Share in net profits of associates and joint ventures | 34,049,851 | 26,052,042 |
| Interest income from real estate | 3,130,824 | 4,064,185 |
| | 245,382,648 | 216,201,943 |
| COSTS AND EXPENSES | | |
| Costs of rendering services | 104,941,754 | 97,300,187 |
| Costs of goods sold | 52,749,969 | 49,259,279 |
| General and administrative expenses | 32,736,591 | 21,578,279 |
| | 190,428,314 | 168,137,745 |
| OTHER INCOME (CHARGES) - Net | | |
| Interest income | 7,753,267 | 6,446,726 |
| Other income | 10,717,820 | 6,021,637 |
| Interest and other financing charges | (22,262,241) | (20,269,421) |
| | (3,791,154) | (7,801,058) |
| INCOME BEFORE INCOME TAX | 51,163,180 | 40,263,140 |
| PROVISION FOR INCOME TAX | | |
| Current | 5,383,354 | 5,947,948 |
| Deferred | 1,103,045 | (1,003,441) |
| | 6,486,399 | 4,944,507 |
| NET INCOME | ₱ 44,676,781 | ₱ 35,318,633 |
| Net Income Attributable to: | | |
| Owners of the Parent Company | ₱ 32,312,919 | ₱ 23,895,321 |
| Non-controlling interests | 12,363,862 | 11,423,312 |
| | ₱ 44,676,781 | ₱ 35,318,633 |