Ayala

# Ayala Corporation

**1Q24 Analysts' Briefing**

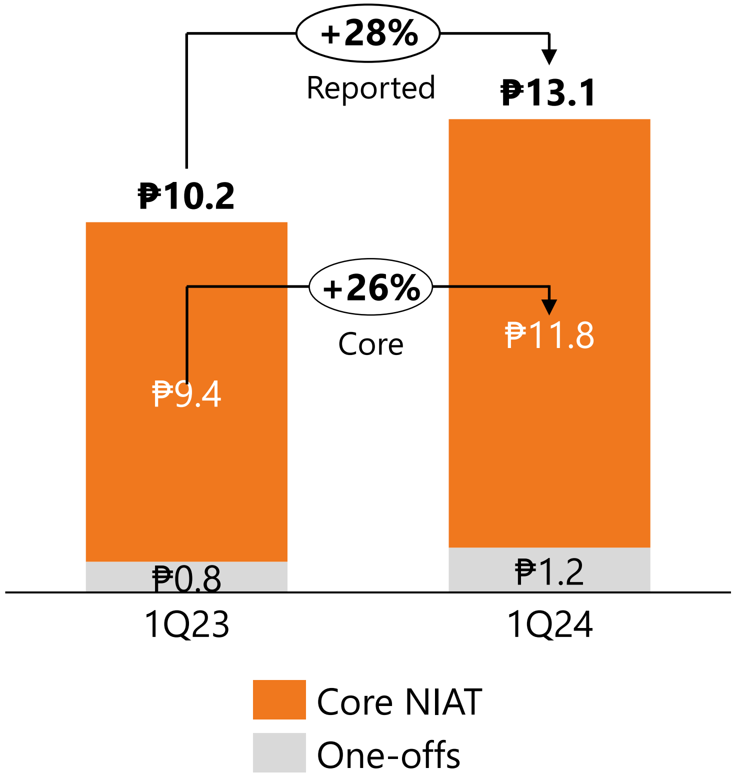
Financial and Operating Results

May 14, 2024

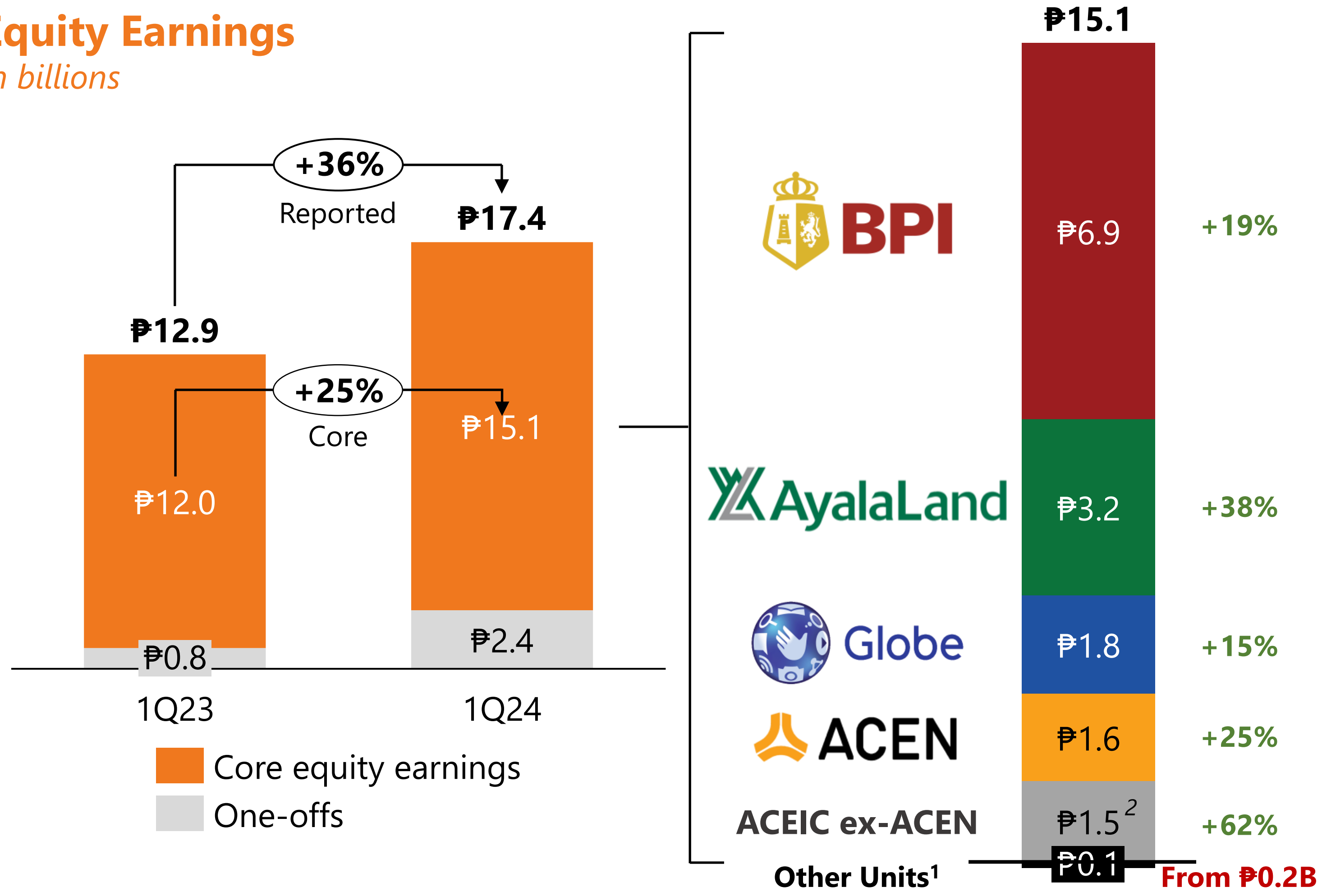
*https://www.ayala.com/investors/presentations*

# Core NIAT up 26% to ₱12 billion as all core BUs delivered double digit profit growth

## Consolidated NIAT
*In billions*




## Equity Earnings
*In billions*




[1]Includes AC Industrials, AC Health, AC Logistics, MWC, and others
[2]Based on AC's effective share of ACEN's net income after deducting its share of ACEIC's bond interest

# Strong demand propels results of BPI and ALI; EBITDA growth and solid Mynt results benefit GLO; higher RE output and WESM exposure boost ACEN's income

## BPI

- **NIAT up 26%** on higher net interest income (+24%) and non-interest income (+28%).
- **Gross loans grew 18.7%** (+11.9% ex-RBC)**.**
  - Corp up 13%; consumer led by credit cards (+37%), mortgage (+31%), personal loans (+147%), and auto (+38%).
  - NIM up **25bps YoY** to 4.19%.
- **NPL ratio remained healthy at 2.12%,** 30bps higher as expansion in key segments supported 97bps increase in asset yield.
- **CIR declined -193bps to 45.6%** on strong revenue growth.
- **ROE at 15.69%,** up+33bps; ROA at 2.02%, up +14bps.

## AyalaLand

- **NIAT up 39%** supported by healthy property demand and consumer leasing activity.
- **Property development revenues up 47%** on healthy bookings and lot sales.
  - Reservation sales up 20% YoY and 19% QoQ.
  - 4 project launches worth ₱14B.
- **Leasing revenues up 8%** on higher rents and occupancy.
  - Shopping centers (+9%): 89% lease out rate.
  - Offices (+5%): 90% lease out rate.
  - Hotels & Resorts (+8%): 65% occupancy in hotels, 56% in resorts.

## Globe

- **NIAT down 7%** due to sale of tower assets last year.
  - **Core NIAT up 13%** as GSR growth (+3%) and higher equity earnings from Mynt and prudent cost management.
  - EBITDA up 4% while **EBITDA margin rose to 52%.**
- **Mynt equity earnings up 2.4x** to ₱962M (11% of NIBT).
  - GCash maintained 5x MAU and 9x DAU vs next e-wallet.
  - ₱135B loans disbursed since 2018, up 180% YoY.
  - 6.3M GInsure users since 2020, up 2.1x.
- 1Q24 CAPEX **down 22%** to ₱13.7B.

## ACEN

- **NIAT up 34%** on increased output from new plants and a higher net selling position in WESM.
- **Attributable RE generation output up 49%** to 1,580 GWh on new solar and wind plants mostly in Philippines, Australia, and India.
- Attributable RE capacity at 4.8GW with >1GW of signed agreements, **putting ACEN two years ahead of its 5GW goal.**
  - 65% or 4GW of this is fully operational.

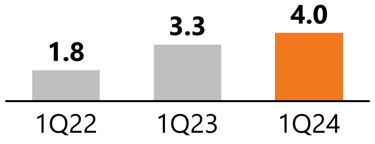
# AC Health continues to gain traction across all pillars – pharma, clinics, and hospitals

AC Health
An Ayala Company

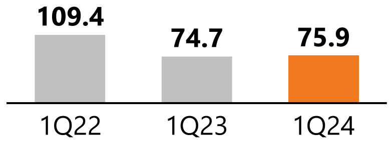
- **Revenues up 14%** to ₱2.2B.
  - **Provider group up 21%** on better utilization.
  - **Pharma group up 11%** on higher transaction count.
- **EBITDA** net of cancer hospital start-up costs grew **36% to ₱127M**.
- **Net loss at -₱191M** mainly on cancer hospital start-up costs and higher depreciation and interest expense.

## Hospitals

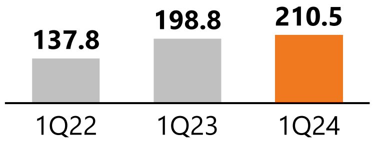
**Inpatient Count**
*(in 000)*



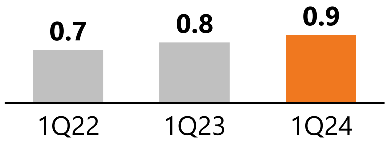

**Inpatient Average Spend**
*(in ₱ 000)*




**Outpatient Procedures**
*(in 000)*



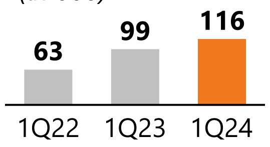

**Outpatient Average Spend**
*(in ₱ 000)*




- **Expansion of service offerings and programs and doctor engagement strategies** are new patient count drivers.
- Inpatient occupancy is **back to pre-pandemic while average spend remains elevated** post-pandemic.
- Outpatient procedures are **up 30% vs. pre-pandemic.**
- Ongoing investments in new equipment (e.g. mammograms, CathLab) **increase value of service.**

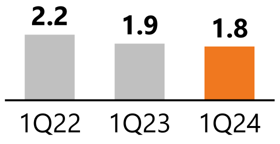
## Clinics

**Patient Count**
*(in 000)*




- Higher patient count primarily due to **mature clinics.**
- Ramp up of new clinics **slowly gaining traction**.

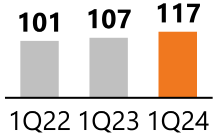
**Average Spend**
*(in ₱ 000)*




- Average spend higher vs pre-pandemic but lower YoY due to **competitive price adjustments.**

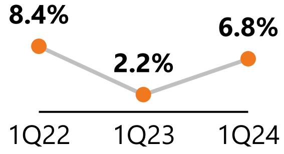
## Pharma Retail

**Transaction count**
*(daily ave per store)*




- TC driven by **focused store activity executions, stable supply and marketing.**

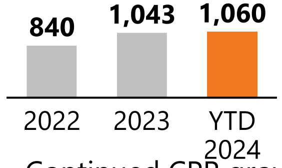
**SSSG**




- **Stronger generics sales and higher serve rates** fuel healthy SSSG.

## Pharma Distribution

**CPR[1] Count**




- Continued CPR growth **driven by new products** that cater to priority therapeutic areas.

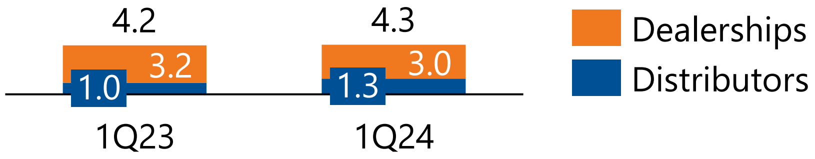
[1]*Certificate of Product Registration, indicative of number of molecules*

# AC Industrials continues to see narrower losses; rationalization in AC Logistics yielded cost savings and better asset utilization

## AC Industrials
An Ayala Company

- **IMI: Ongoing initiatives to turn around the business** by improving procurement capabilities, improving product mix, and renegotiating select contracts, among others.
    - Automotive revenues up 5% as demand from existing and new businesses ramps up
    - Net loss at -$3.7M as industrial customers continue to see softness in their end-consumer markets
- **ACMobility:** Net loss at -₱35M on lower unit sales and higher costs from select brands.
    - Honda saw normalized units sales post launch of the BRV
    - Isuzu encountered supply issues on a strong selling model
    - Kia unit sales up but higher costs due to unfavorable FX, higher interest rates, and a higher mix of low-margin products impacted profitability
    - BYD saw strong sales and now accounts for over half the BEV market
- **Core net loss narrowed by 10%** to -₱243M on improved performance from Merlin and the sale of STI and MTC-Con (₱225M in avoided losses).
    - Reported loss at -₱931M (5% narrower) mainly accounted for by VIA's -₱670M impairment.

**AC Motors unit sales by brand** *(in k)*




## AC Logistics
An Ayala Company

- **Cross border unit (Ufreight, Uocean, Cargohaus):** reversal to positive core income of P14M. Now the third largest international aircargo mover by volume in the Philippines.
- **Domestic unit:** Post rationalization, manpower is leaner and utilization of space and mid-mile and last-mile trips has improved. Improved cost pricing and further rationalization expected in subsequent quarter.
- **Cold storage:** Since opening in June 2023, the CDO facility is now **EBITDA and earnings positive**. Phase 1 of Davao facility operational within the year.
- **Net loss excluding Entrego's closure costs and other one-offs narrowed significantly post rationalization**; reported loss at –P400M mostly due to costs from Entrego's closure

# Ayala's sustained balance sheet strength, complemented by value realization and diversified funding sources remains, a competitive advantage

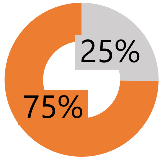
## Balance Sheet Metrics

*In billions*

| | End-2023 | 1Q24 |
|---|---|---|
| **Consolidated** | | |
| Cash | 76.2 | 70.0 |
| Gross debt | 589.8 | 605.3 |
| Net debt | 504.8 | 527.1 |
| Net D/E | 0.75 | 0.76 |
| **Parent** | | |
| Cash | 11.7 | 12.5 |
| Gross debt | 157.9 | 168.4 |
| Net debt | 146.1 | 155.9 |
| Net D/E | 0.96 | 1.02 |
| **LTV ratio** | 11.2% | 12.4% |

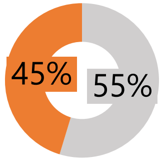
## Profile of Obligations and Credit Lines

**Rate Profile**



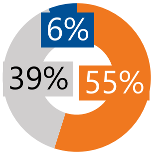

Floating
Fixed

**Credit Lines (~₱61B)**




Committed
Uncommited

**Debt Financing Profile**



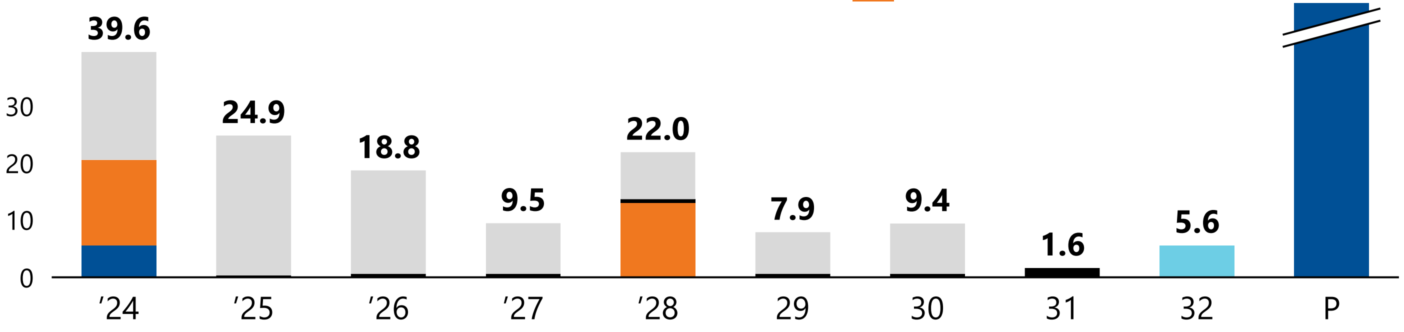

Capital markets
Bilateral bank loans
Sustainable financing

**Average cost of debt:** 5.37%

## Schedule of Obligation Maturities

*In billions*

PHP
USD
PHP (SLL)[1]
USD (SLL)[1]
Prefs PHP




[1]*Sustainability-linked loans*

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