



GT Capital's Bonds Keep Highest Ratings

The ratings for the total outstanding P22 Billion bonds of GT Capital Holdings, Inc. (GT Capital), the listed holding company of the diversified business interests of the Ty family in the Philippines, was maintained at **PRS Aaa/Outlook: Stable** by Philippine Rating Services Corporation (PhilRatings).

GT Capital is a major Philippine conglomerate, with interests in market-leading businesses in banking; property development; power generation; automotive assembly, importation, distribution, dealership, and financing; and life and non-life insurance.

Obligations rated **PRS Aaa** are of the highest quality with minimal credit risk. The obligor's capacity to meet its financial commitment on the obligation is extremely strong. **PRS Aaa** is the highest rating assigned by PhilRatings.

The ratings reflect GT Capital's growing and diversified investments portfolio, comprised of companies that have solid market positions; its strong partnership with recognized best of class global experts; its very good management team; sound capitalization; and the favorable industry outlook for its component companies, as the domestic economy continues its positive performance.

PhilRatings' ratings are based on available information and projections at the time that the rating review was performed. PhilRatings shall continuously monitor developments relating to GT Capital and may change the ratings at any time, should circumstances warrant a change.

Metropolitan Bank & Trust Company (Metrobank) is a universal bank (unibank) that provides, together with other members of the Metrobank Group, a full range of banking and other financial services. The bank's customer base covers a cross section of the top Philippine corporate market. Metrobank, however, is particularly strong in the middle market corporate sector. Metrobank ended 2014 with 920 branches and 2,100 automated teller machines (ATMs).

Metrobank was the country's second largest bank, based on its assets, deposits and capital accounts which stood at P1.6 trillion, P1.2 trillion, and P158.8 billion, respectively, as of end-2014. Metrobank's share of the country's banking system was 14.3% of assets, 13.9% of deposits, and 11.1% of capital accounts. Metrobank's non-performing loan (NPL) ratio dropped from 1.3% as of end-2013 to 1.0% as of end-2014, indicating the bank's good asset quality. Capital adequacy ratio (CAR) remained above the regulatory minimum, at 16.03%.

Federal Land, Inc. (Fed Land) is a seasoned major developer focusing on high-rise condominium projects in the upper-mid end property market. It offers high quality residential units in strategically located, master planned communities. Fed Land's association with the GT Capital Group gives the property company a competitive advantage, as it reaches a wider network of potential customers.

In August 2015, GT Capital publicly disclosed that it has signed an agreement to acquire 22.7% of Property Company of Friends, Inc. (ProFriends) for P7.2 billion, subject to closing conditions and with an option to increase its direct shareholdings in ProFriends to 51% in the next three years. The partnership combines the product expertise and strategic land bank of ProFriends with GT Capital's financial resources and access to capital. The acquisition further expands GT Capital's presence in the property sector, allowing the Group to offer a more complete range of projects.

Global Business Power Corporation (GBPC), together with its subsidiaries, is one of the leading independent power producers (IPPs) in the Visayas, with a combined gross dependable capacity of 704 megawatts (MW) as of end-2014 (696.5 MW and 7.5 MW of power supplied to the Visayas grid and

Mindoro island, respectively). GBPC's experience in designing, building and operating power plants in the Visayas allows it to be a market leader in the region.

Toyota Motor Philippines Corporation (TMP) is the dominant automotive company in the country. TMP exclusively distributes Toyota products and services as approved by Toyota Motor Corporation (TMC) and Toyota Motor Asia Pacific (TMAP), according to their Toyota Distributorship Agreement. Backed by its popular models mix and well-positioned sales distribution and service network, TMP kept its industry leadership in 2014 in terms of overall, passenger car, and commercial vehicle sales. Sales statistics for 2014 also included the record unit sales of the locally-assembled Vios and Innova.

Based on industry data from the Chamber of Automotive Manufacturers in the Philippines, Inc. (CAMPI), Truck Manufacturers Association (TMA) and Association of Vehicle Importers and Distributors (AVID), the top six automobile companies in the Philippines accounted for 84.5% of total vehicles sold in 2014. Toyota remained as the leading brand in the Philippines, with a 2014 market share of 39.4%, which is 21 percentage points higher than its closest competitor.

Based on company data, the top six financing companies accounted for 85.3% of the total Toyota vehicles financed in 2014. Toyota Financial Services Philippines Corporation (TFSPH) had the highest market share at 41.5%, followed by Philippine Savings Bank (PSBank, the thrift banking arm of the Metrobank Group) at 17.7%.

AXA Philippines is a partnership between Metrobank and the AXA Group, one of the world's largest financial protection and wealth management companies, with 103 million customers in 59 countries. AXA Philippines has 500 financial executives, 33 branch offices, and 2,100 exclusive financial advisors. It also has a nationwide distribution platform through 750 Metrobank and PSBank branches. AXA Philippines is considered a significant player in the country's life insurance industry. Based on data from the Insurance Commission (IC), AXA Philippines' ranking for 2014 was: second, based on premium income (P18.3 billion); third, paid-up capital (P1 billion); third, net income (P1.2 billion) and ninth, net worth (P2.9 billion).

Charter Ping An (CPA), formerly known as Philippine Charter Insurance Corporation, offers fire, property, motor car, bonds, personal accident, maritime cargo and hull, casualty and engineering insurance products. Based on IC data, CPA's ranking in 2014 was: fourth, in terms of premiums earned (P1.7 billion); fourth, net premiums written (P1.9 billion); fifth, gross premiums written (P4 billion); fifth, assets (P7.5 billion); sixth, paid-up capital (P513 million); and sixteenth, net income (P64 million).

Notwithstanding that the present Chairman of GT Capital is a non-family member, the Ty family continues to be active in GT Capital's Board of Directors and management. While PhilRatings generally views concentrated ownership structures less favorably, the Ty family is seen as having a supportive and stabilizing influence on the GT Capital Group, given the family's well-established reputation and credibility. The family has a reputable track record of growing businesses, while showing an in-depth knowledge of the local business environment.

In PhilRatings' view, the strategic partnerships that the Ty family has established with globally-recognized companies serve as a testament to GT Capital's professional management. Added positives are the GT Capital Group's large geographic footprints in key segments of the economy, and the Group's well-defined synergistic cross-selling platform.

Consolidated debt to equity (DE) ratio, defined as interest-bearing debt divided by equity, was still considered prudent, at 0.7x as of end-2014. The ratio was up slightly from 0.6x as of end-2013, with the 24.7% hike in debt tempered by a 14.5% equity increase. The increase in debt was due the issuance of P12 billion retail bonds by the Parent Company. Growth in equity was attributable to the increase in retained earnings (+39.6%) and non-controlling interests (+20.7%).