



**GT CAPITAL**  
HOLDINGS INCORPORATED

*Defined by Excellence,  
Refined through Partnership*

[gtcapital.com.ph](http://gtcapital.com.ph)

# First Half 2018

## Financial & Operating Results



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## **Mr. Jose "Joey" B. Crisol, Jr.**

First Vice President and Head, Investor Relations, Strategic Planning & Corporate Communication Dept.  
jose.crisol@gtcapital.com.ph

## **Mr. David Louis B. de Jesus**

Investor Relations & Strategic Planning Officer  
david.dejesus@gtcapital.com.ph

## **Mr. Bruce Ricardo O. Lopez**

Investor Relations Officer  
bruce.lopez@gtcapital.com.ph

**TEL:** +632 836 4500 **FAX:** +632 836 4159

43/F GT Tower International, Ayala Ave. cor. H.V. dela Costa St., Makati, Metro Manila, Philippines 1227

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# Strategic Direction

## Synergy

- Toyota unit sales through MBT/PSBank auto loans/TFS lease-to-own package
- Federal Land & Pro-Friends home mortgages by MBT/PSBank
- AXA bancassurance through MBT/PSBank branch network
- Motor vehicle insurance
- Cross-selling of GT Capital products into MPIC subsidiaries



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## New Sectors

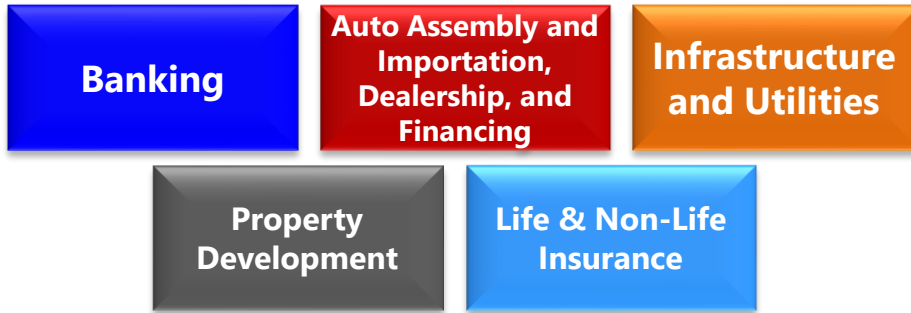
- New strategic partners
- Infrastructure (MPIC)
- Logistics (for Toyota)
- Retail (e.g. Isetan Mitsukoshi/Nomura RE)

## Expansion in Existing Sectors

- ✓ TMP/MBT expansion in Next Wave Cities
- ✓ Wider property sector product offerings (from Pro-Friends' economic to Fed Land's upper mid-end)
- ✓ Master-planned communities
  - Retail spaces
  - BPO/Commercial space

# Corporate Profile

GT Capital directly owns market-dominant businesses in underpenetrated sectors of the Philippine economy, namely banking; automotive assembly, importation, dealership, and financing; infrastructure; property development; and life- and non-life insurance.



Listed on the PSE since April 2012

Included in PSEi 16 September 2013

Included in FTSE All World Index 21 March 2014

Included in MSCI Philippine Index 29 May 2015

All-Time High Market Capitalization  
(10 August 2016): Php282 billion

## Strategic Partnerships with Best-of-Class Brands



# Trusted by partners from Japan and around the world

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**TOYOTA**

Toyota Motor Philippines is established with **Toyota Motor Corp** and **Mitsui & Co.** as partners



**MITSUI & CO.**

Toyota Manila Bay Corp is established with **Mitsui & Co. Ltd** as partner



**ORIX**

Global Business Power is established. Later, **ORIX Corporation**, Formosa, and Meralco, become JV partners



**TOYOTA FINANCIAL SERVICES**

**Toyota Financial Services (TFS)** Philippines, a JV with TFS of Nagoya, becomes the Group's official lease-to-own auto financing arm



**Sumitomo Corporation**

**Sumitomo Corporation** and PSBank venture into motorcycle financing



**ORIX Corporation** partners with Federal Land to create Federal Land-Orix Corp., the developer of the Grand Midori



**ORIX Corporation** and Federal Land enter into a venture to build the **Grand Hyatt Manila and Metrobank Center** in Bonifacio



**ISETAN MITSUKOSHI HOLDINGS**

**Isetan Mitsukoshi Holdings** and **NOMURA Real Estate** partner with Federal Land for **Sunshine Fort** at Grand Central Park, Bonifacio



**NOMURA REAL ESTATE**

**AXA Philippines**, a joint venture with **AXA S.A. of France**, assumes the Group's life insurance business

**ANZ Bank** partners with Metrobank to form **Metrobank Card**, the country's number one credit card company

**Marco Polo Hotels** partners with the Group for the **Marco Polo Hotel** in Cebu. Later, the two join forces to build **Marco Polo Residences**

GT Capital acquires affordable economic property developer **Property Company of Friends, Inc. (Pro-Friends)**

GT Capital acquires stake in infrastructure conglomerate **Metro Pacific Investments Corporation**



**TOYOTA**



**TOYOTA MANILA BAY CORP.**



**AXA**



**GLOBAL BUSINESS POWER**



**TOYOTA FINANCIAL SERVICES**



**ANZ**



**MARCO POLO**



**Sumitomo Motor Finance Corporation**



**FEDERAL LAND-ORIX**



**GRAND HYATT**



**PRO-FRIENDS**



**METRO PACIFIC INVESTMENTS**



**SUNSHINE FORT**

1988

1996

1999

2002

2002

2003

2006

2009

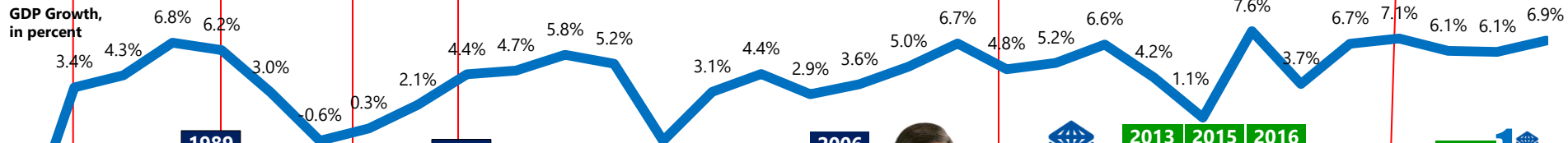
2011

2014

2015

2016

2017



**1989**  
Toyota Motor Philippines achieves its first #1 ranking in overall sales under TMP

**2002**  
Toyota Motor Philippines garners the first of its 16 consecutive Triple Crown awards

**2006**  
Dr. George Ty is awarded the Management Man of the Year

**2013 2015 2016**  
Metrobank is hailed as the country's Strongest Bank by the Asian Banker

**2015**  
Toyota achieves 1,000,000 vehicles sold in the Philippines

**2017**  
Metrobank achieves Php1 trillion asset base

President **CORAZON C. AQUINO**  
1986-1992

President **FIDEL V. RAMOS**  
1992-1998

President **JOSEPH E. ESTRADA**  
1998-2001

President **GLORIA MACAPAGAL-ARROYO**  
2001-2010

President **BENIGNO C. AQUINO III**  
2010-2016

President **RODRIGO R. DUTERTE**  
2016-present

# GT Capital Component Companies



- 1** No. 1 bank in net interest margins as of end-June 2018
- 2** Second **largest Philippine bank** by assets as of end-June 2018
- 1** **Strongest Bank** in the Philippines for 2011, 2013, 2015, and 2016 according to *The Asian Banker*



- ❖ Over **45 years experience** in vertical, residential property development
- ❖ Track record of **landmark developments** in Metro Manila
- ❖ Over 80 hectares of land bank in prime locations



- 1** Market leader in auto financing for Toyota vehicles
- ❖ 17-year track record in auto lease financing
- ❖ Strategic partnership with Toyota Financial Services of Japan



- 1** **Most dominant automotive company** in the Philippines, with 38% market share as of end-June 2018
- 1** **Highest** passenger car, commercial vehicle, and overall sales annually since 2002
- 1** **Triple Crown** winner for 16 consecutive years 2002 – 2017



- ❖ Strategic contiguous land bank of over **2,000 hectares**
- ❖ Established footprint in horizontal, affordable and low-cost housing
- ❖ Presence in Next Wave Cities (Cavite, Iloilo, Cagayan de Oro)



- ❖ Combined penetration rate of 11% among Toyota dealers as of end-June 2018
- ❖ Network of 5 dealer outlets
- ❖ Strategic partnership with Mitsui & Co. of Japan



- 1** Owns **MERALCO**, the Philippines' largest power distribution company
- 1** Owns **GLOBAL BUSINESS POWER**, one of Visayas' largest power generation companies
- 1** Owns **MAYNILAD WATER**, Metro Manila's widest water distribution network
- 1** Owns **METRO PACIFIC TOLLWAYS**, which manages the Philippines' widest toll road network



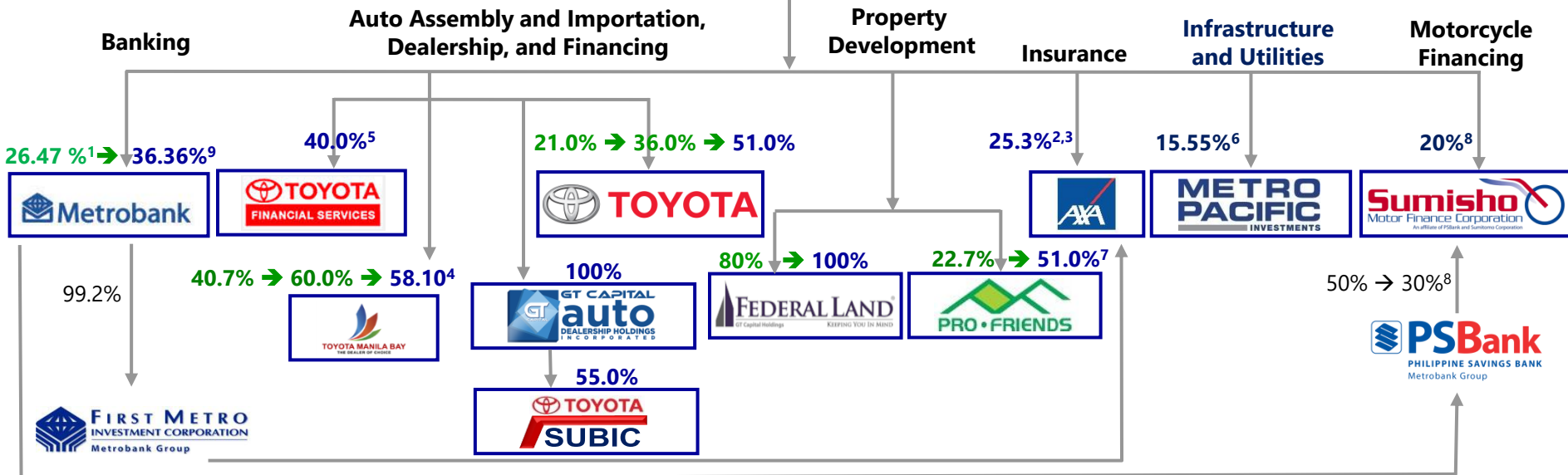
- 2** Second largest life insurance company in terms of gross premiums as of end-2017
- 1** Pioneer in bancassurance
- 1** Pioneer in Health and Protection products
- ❖ Strong bancassurance synergies with Metrobank and PSBank involving all 953 branches



- ❖ Joint venture with **Sumitomo Corporation**, one of Japan's largest conglomerates
- ❖ Nationwide footprint in over **320 motorcycle dealerships**
- ❖ A leading institution in financing Japanese motorcycle brands

# Current Corporate Ownership Structure

**Grand Titan** **56.19%** **Public Float** **43.81%**



<sup>1</sup> Free float (49%), Ty family - related entities (24%); Acquired 9.6% of Metrobank shares in April 2017

<sup>2</sup> AXA SA (45%), FMIC (28%), Others (2%)

<sup>3</sup> In April of 2016, AXA Philippines completed its acquisition of 100% of Charter Ping An Insurance Corp. from GT Capital.

<sup>4</sup> Acquired 40.7% in December 2013 from Ty family - related entities; acquired remaining 19.3% in March 2014 from FMIC. On 7 March 2016, Toyota Manila Bay Corp. and Toyota Cubao, Inc. merged, with Toyota Manila Bay Corp. (TMBC) as the surviving entity.

<sup>5</sup> Acquired 40% on August 2014 from Metrobank and PSBank

<sup>6</sup> Acquired 11.43% of MPIC primary common shares and 4.13% of secondary common shares from Metro Pacific Holdings, Inc.

<sup>7</sup> On June 30, 2016, GT Capital subscribed to an additional Php 8.7B worth of shares, increasing its stake to 51.0%.

<sup>8</sup> On August 8, 2017, GT Capital acquired Sumisho Motor Finance Corporation from Philippine Savings Bank (PSBank).

<sup>9</sup> In April 2017, GT Capital increased its stake in Metrobank to 36.09%. GTCAP further added to its stake in Metrobank as a result of the Bank's 2018 stock rights offering.



# Financial Highlights **First Half 2018**



## Consolidated Net Income

(PPA adjustments for PCFI, MPI, TMBC, TMP)

-1%

**Php7.1 billion**

Php7.2 billion 1H 2017

## Core Net Income

-3%

**Php7.1 billion**

Php7.4 billion 1H 2017

## Revenues

-6%

**Php101.2 billion**

Php108.2 billion 1H 2017

TMP & TMBC - Auto Sales

**Php 85.0 billion** -10%

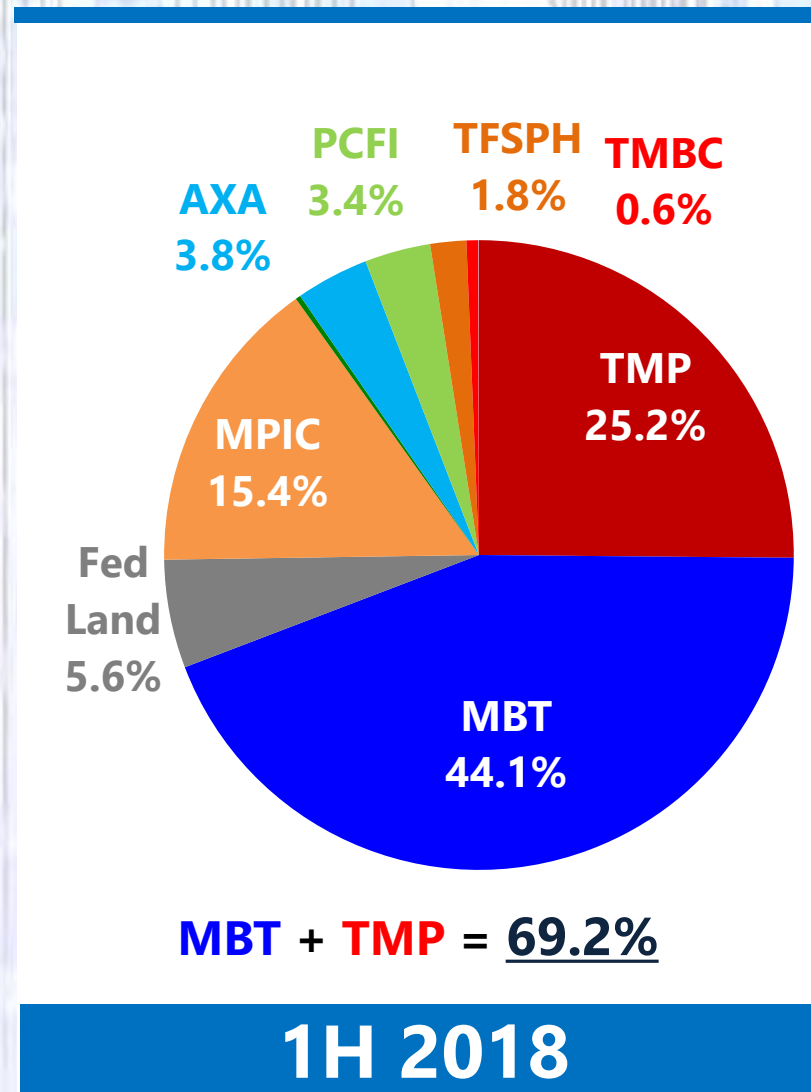
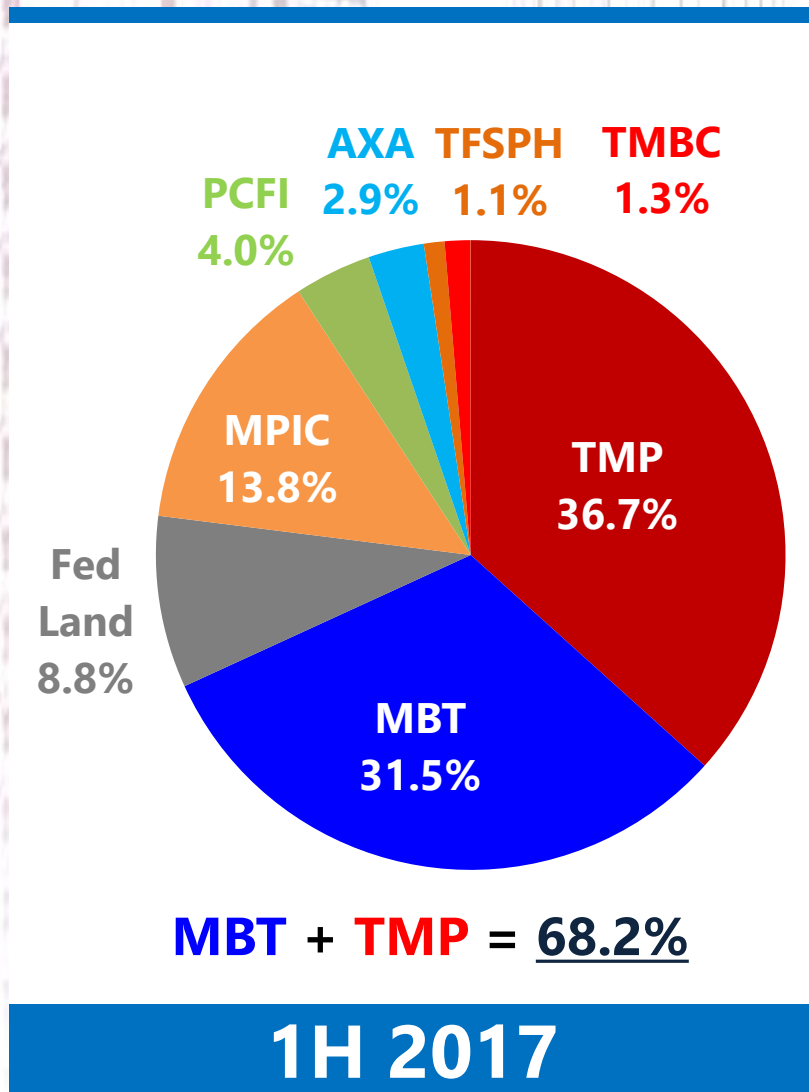
Equity in net income of associates  
(MBT Php4.0B, MPIC Php1.4B, AXA Php0.3B, & TFS Php0.2B)

**Php 5.9 billion** +33%

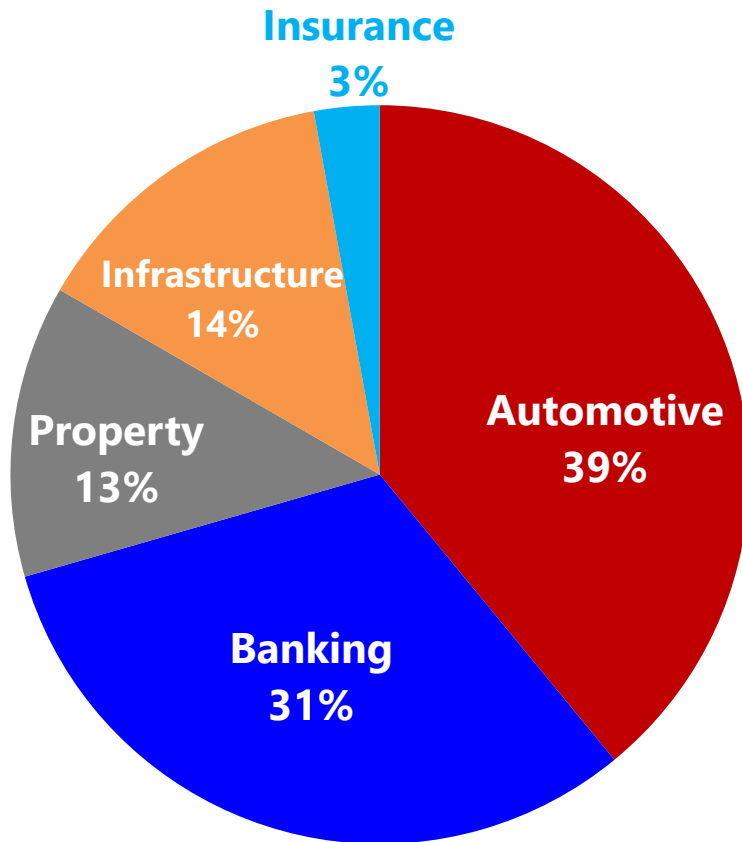
FLI & PCFI - Real Estate Sales and Interest income on Real Estate Sales  
(revenue recognition lag despite reservation sales growth of 7%)

**Php 8.0 billion** +5%

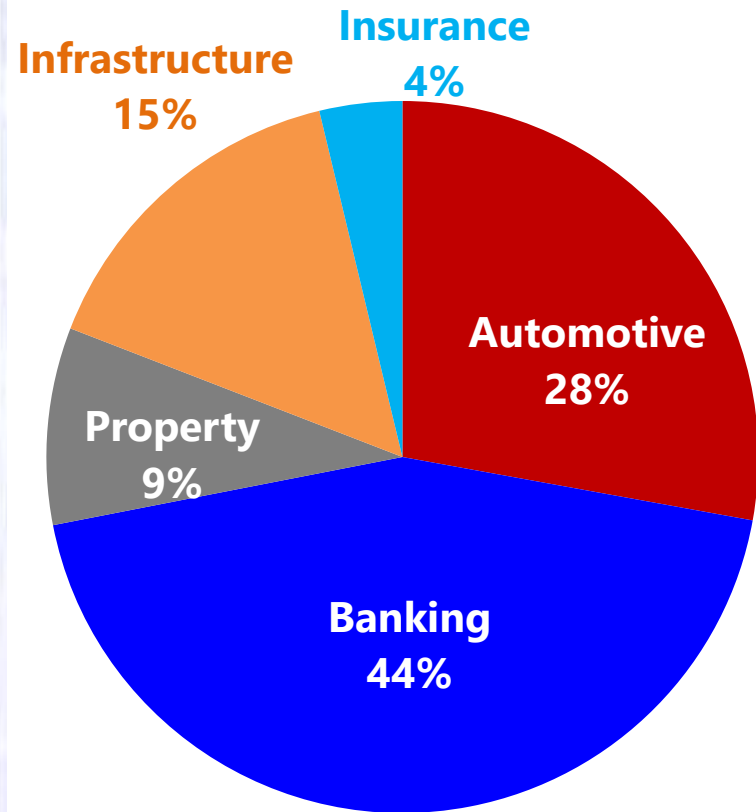
# GT Capital Net Income Contribution by Component Company



# GT Capital Net Income Contribution by Sector



1H 2017



1H 2018



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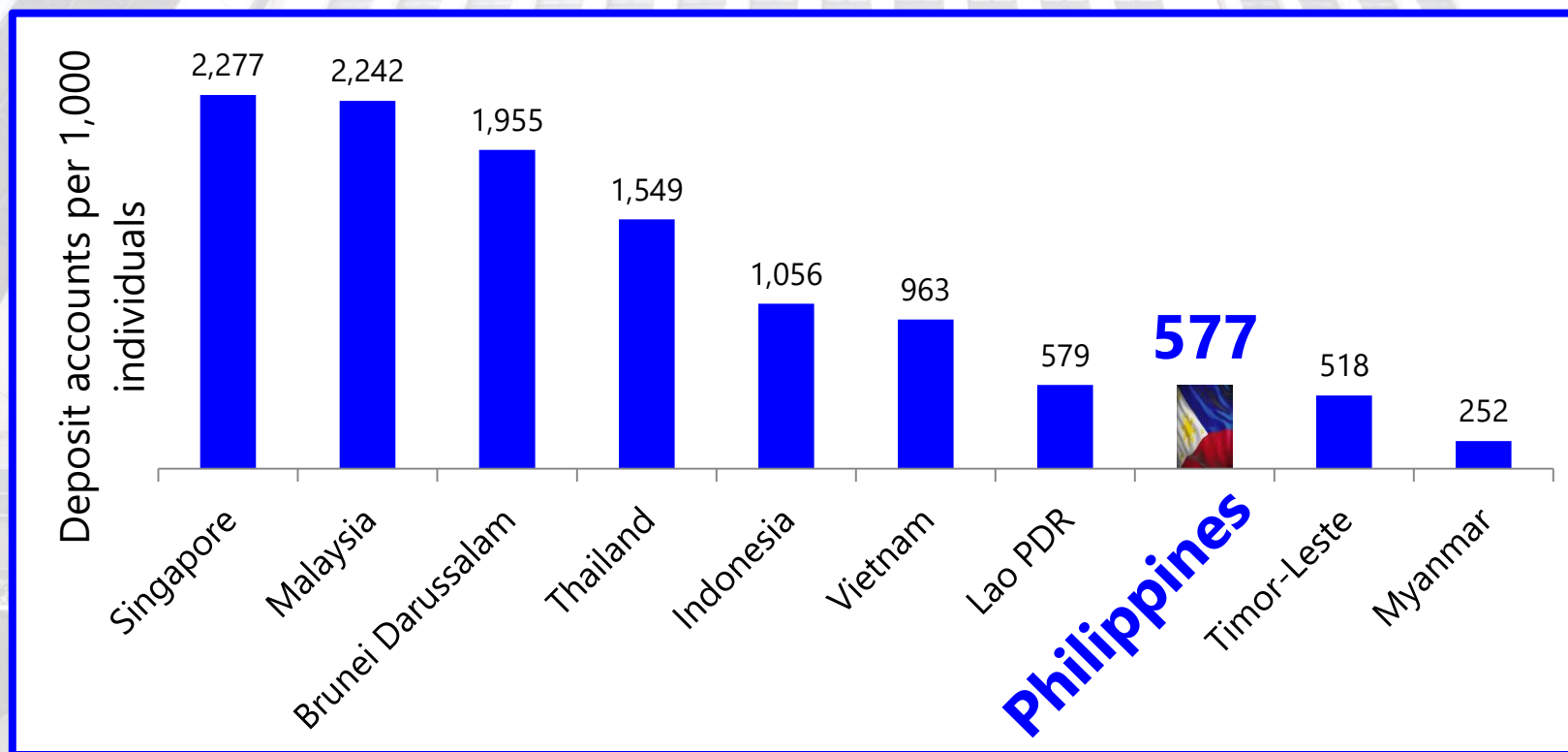
**Metrobank**



## Banking still an underpenetrated sector

### Deposit accounts per 1,000 individuals

ASEAN Members and Observers, 2017



Source: International Monetary Fund Financial Access Survey, Tracking Access to Financial Services, 2017

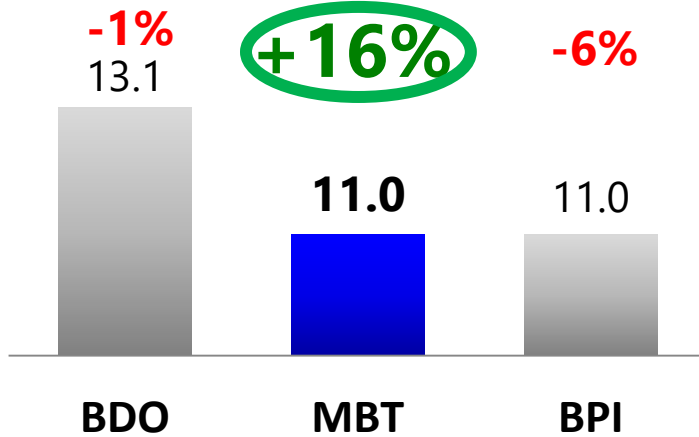
# Peer Banks Highlights



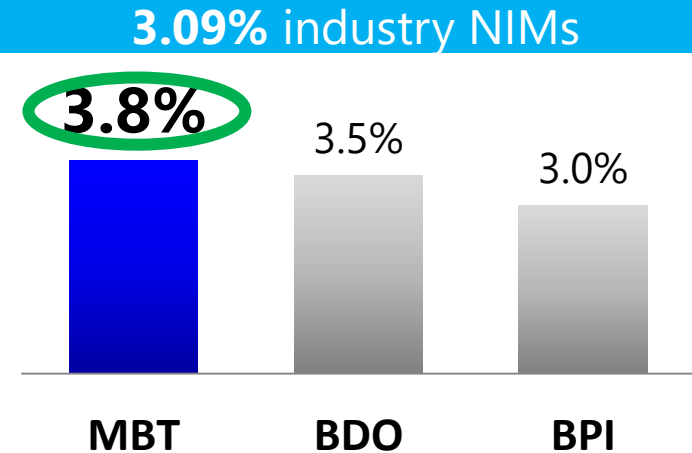
Metrobank



## Net Income (Php Billion)

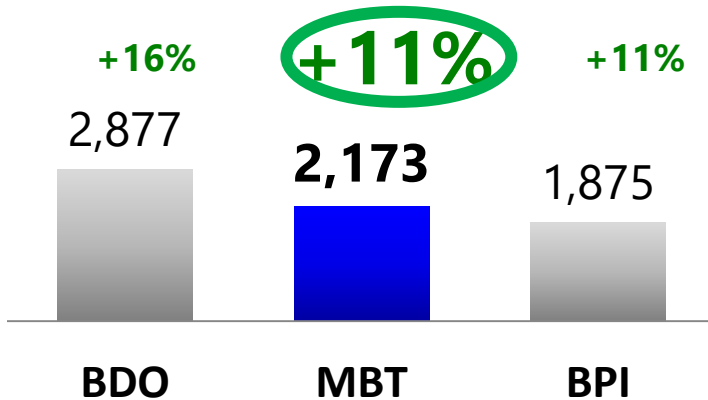


## Net Interest Margin – NIMs (%)



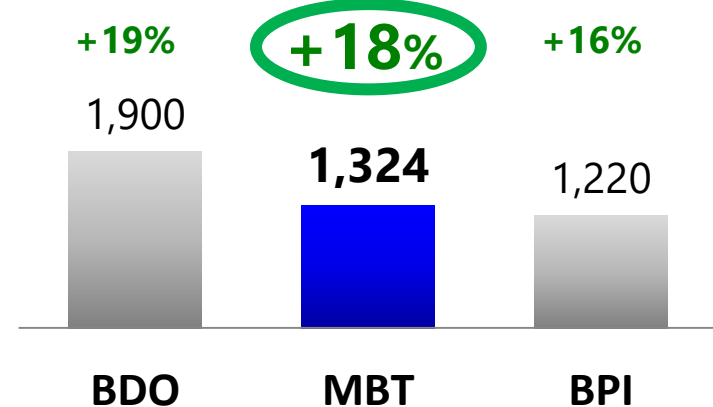
## Total Assets (Php Billion)

+11% industry growth



## Total Loans (Php Billion)

+19% industry growth

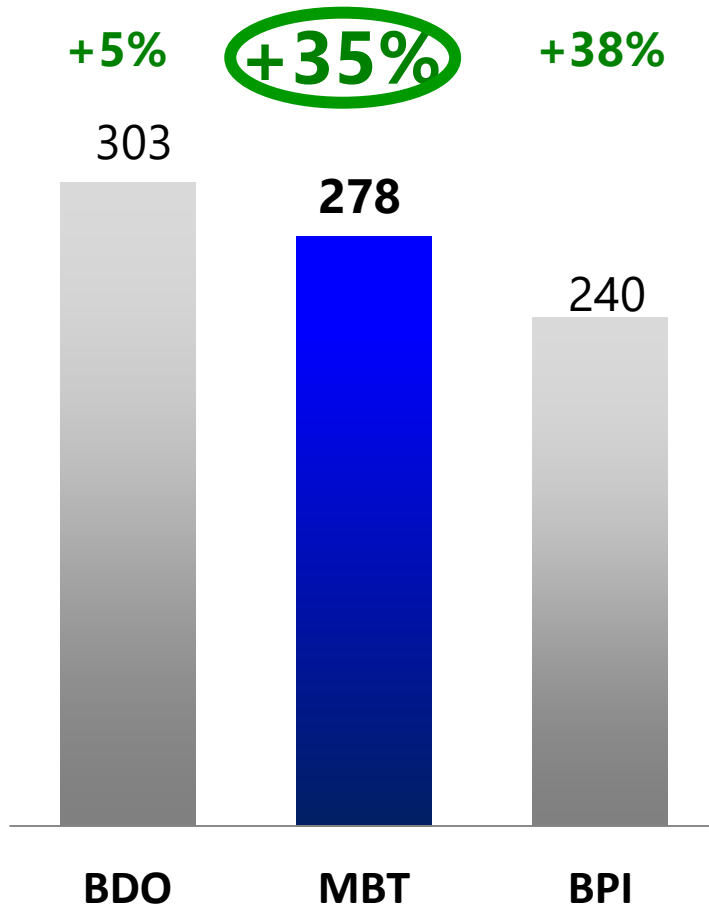


Source: 17-Q Report of Banks as of 30 June 2018 and BSP Report on Financial and Economic Indicators

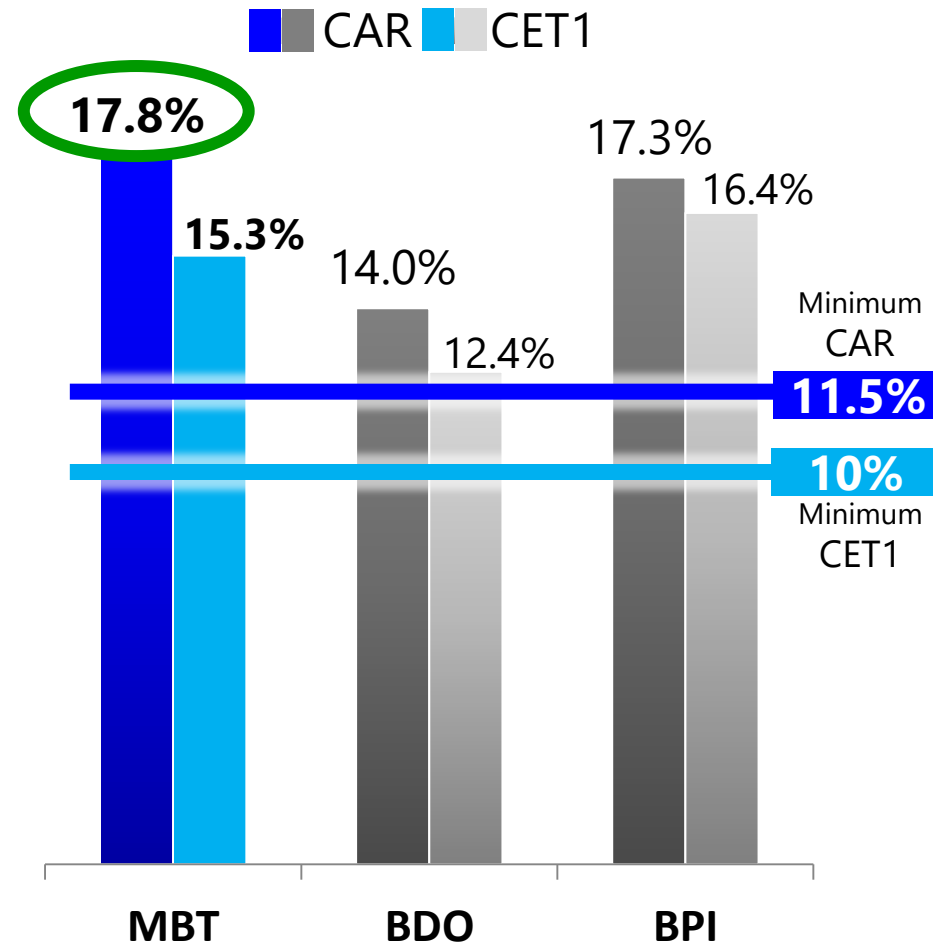
# Peer Banks Highlights

## Total Equity (Php Billion)

+15% industry growth



## Total Capital Adequacy Ratio and CET1 (%)

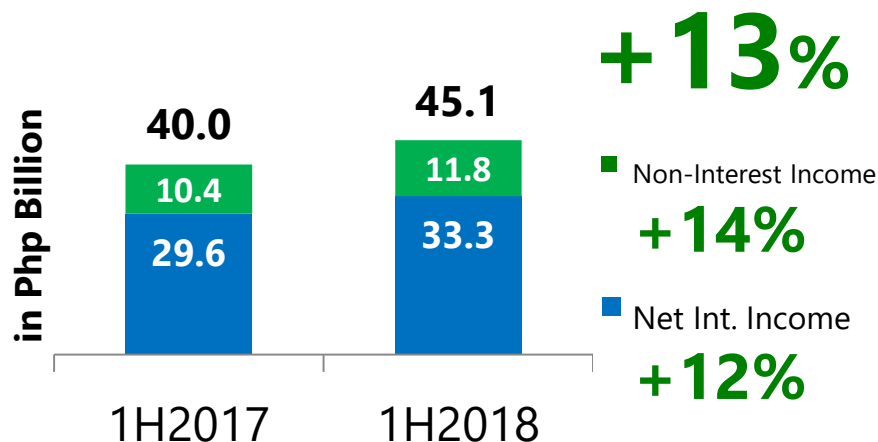


Source: 17-Q Report of Banks as of 30 June 2018 and BSP Report on Financial and Economic Indicators

# Metrobank Financial Highlights



## Operating Income



- Net Interest Income **+12%** (Php33.3B or **74% of Operating Income**)

- NIMs from 3.72% to 3.77%
- Loan portfolio **+18%** from **Php1.1T** to **Php1.3T** vs. Industry **+19%**
  - o Commercial **+21%**
  - o Consumer **+13%**

- Non-Interest income **+14%**

- Service fees & bank charges **+17%** from **Php5.2B** to **Php6.1B**
- Trading and FX gain -20% from **Php1.7B** to **Php1.4B**

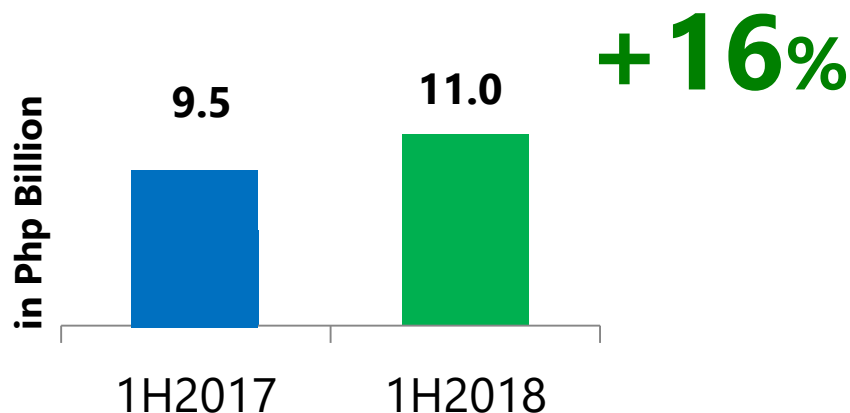
- Provisions for credit and impairment losses **+39%** from **Php2.5B** to **Php3.5B**

- NPL ratio from 0.93% to 1.14%
- NPL coverage from 109% to 111%
- Est. credit cost from 0.45% to 0.52%

- Increase in OPEX **+13%** from **Php23.0B** to **Php26.0B**

- Higher taxes and licenses (DST)

## Net Income ATP

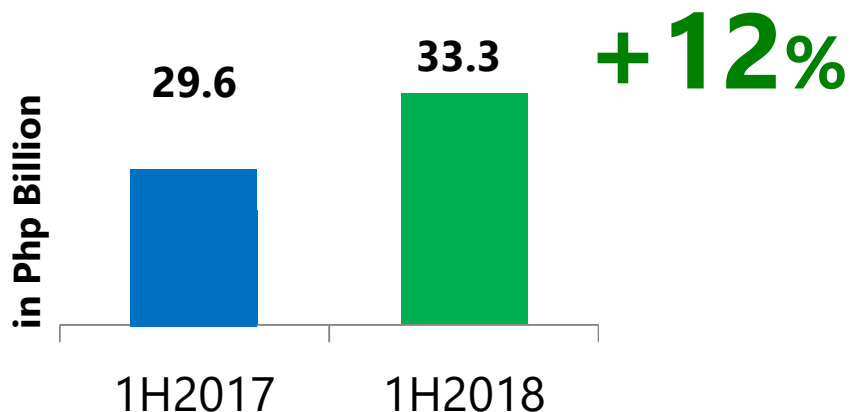




# Metrobank Components of Income



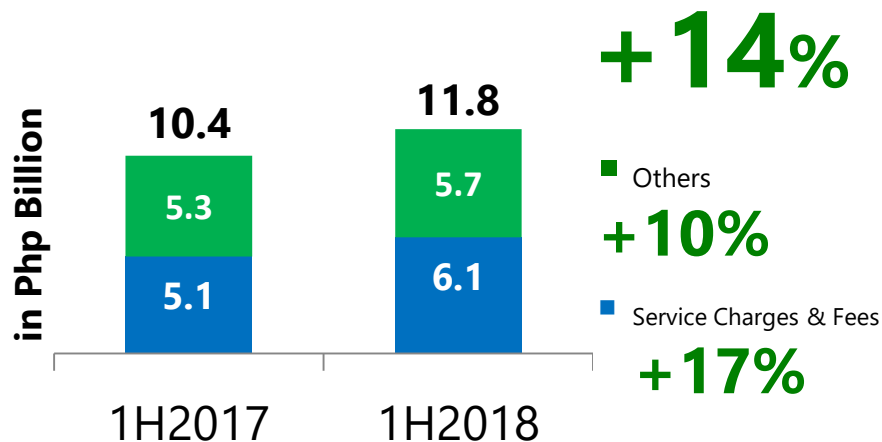
## Net Interest Income



- Net Interest Income **+12%** (Php33.3B or **74% of Operating Income**)

- Sustained double-digit growth in loans (**+18%**) from **Php1.1T** to **Php1.3T**
  - Commercial **+21%**
  - Consumer **+13%**
- CASA growth at 8% to Php964B; CASA ratio remains comfortably high at 62%
- Above industry NIMs from 3.72% to 3.77%, +5bps compared to 1H 2017

## Non-Interest Income



- Non-Interest income **+14%**

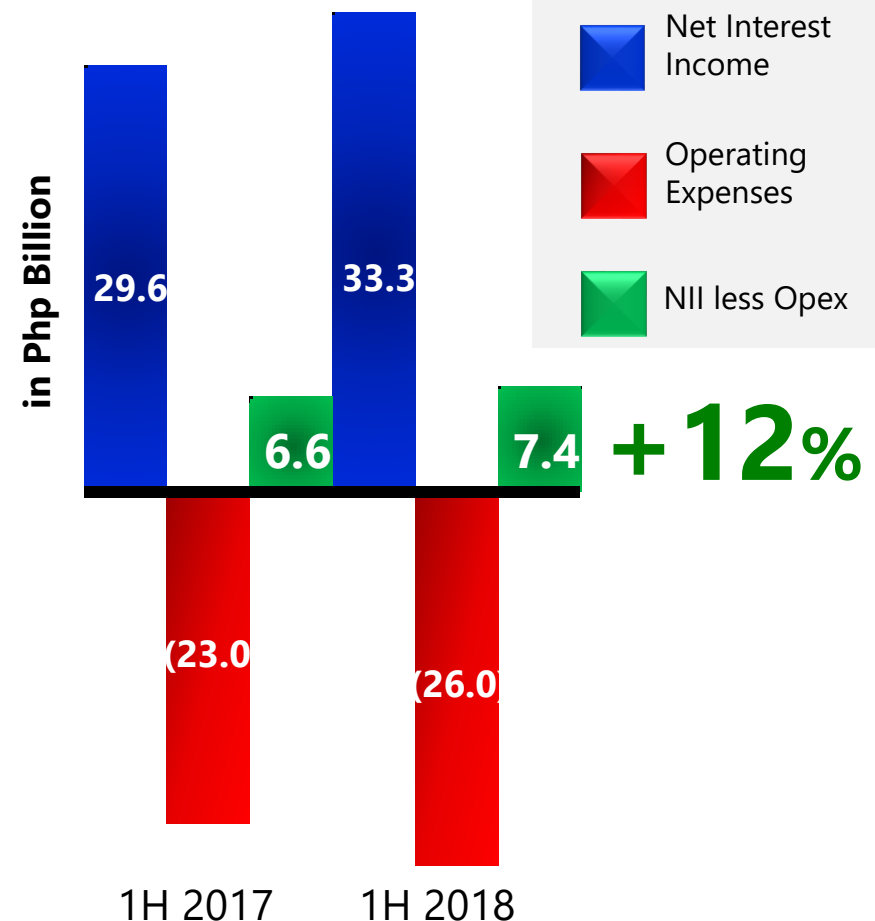
- Service fees & bank charges **+17%** from **Php5.2B** to **Php6.1B**
- Trading and FX gain at **Php1.4B**, within guidance

# Key Performance Drivers

## 1H 2018 Operating Highlights

- Php11.0B net income, up 16%
- Sustainable growth in recurring revenue base
  - NII more than covers for OPEX
  - Against peers, MBT superior in the NII less OPEX metric
- Increase in OPEX +13% from **Php23.0B** to **Php26.0B**; Net of taxes and licenses (mainly DST), OPEX growth at 10%
- Provisions for credit and impairment losses at **Php3.5B**
  - Better-than-industry NPL ratio at 1.1%
  - NPL coverage from 109% to 111%
  - Est. credit cost at 0.52%, well within guidance

## NII less Opex



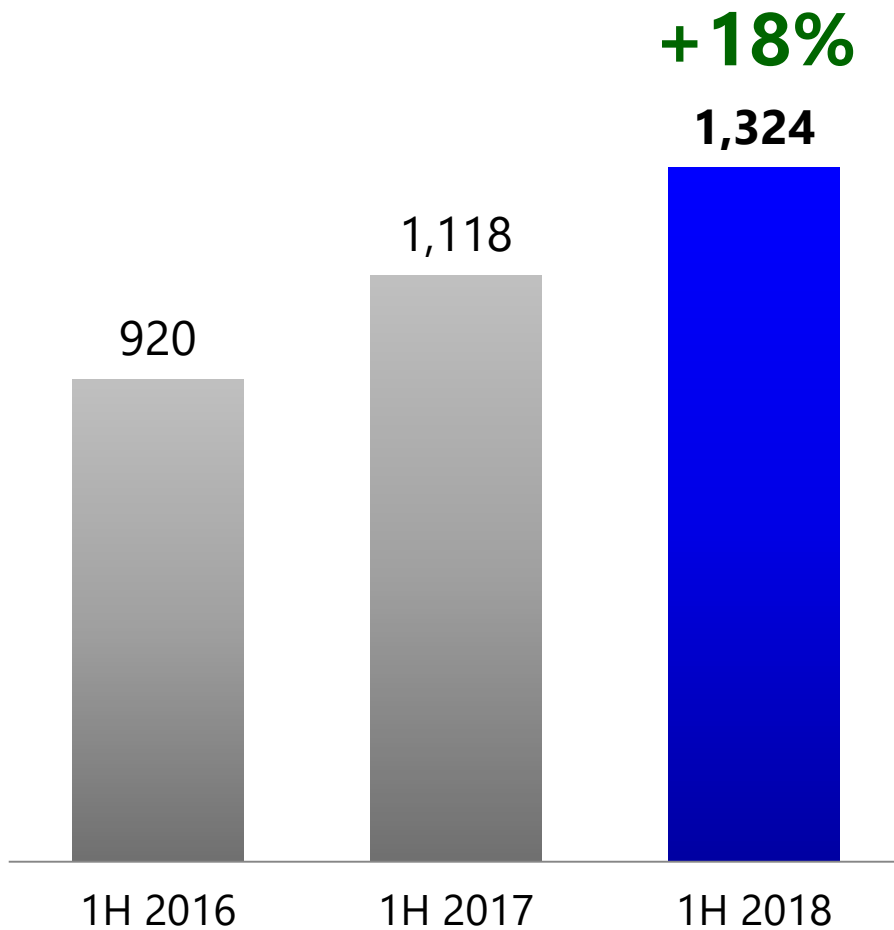
# Metrobank Financial Highlights



Metrobank

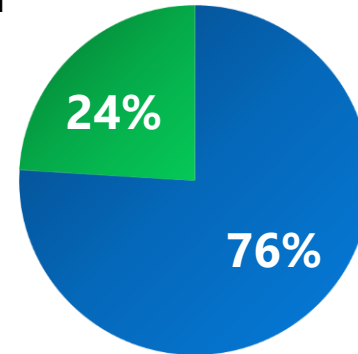


## Loans and Receivables (Php Billion)



## Total Loan Portfolio Breakdown

**Consumer**  
+13%



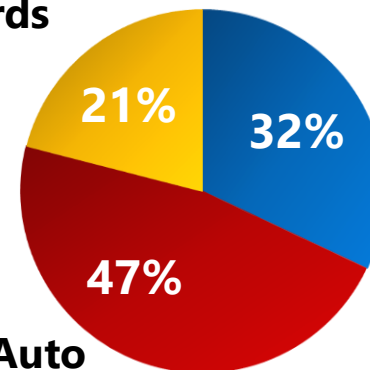
**Commercial**  
+21%

**Top Corporate**  
+21%

**Mid-Mkt/SME**  
+16%

## Consumer Loan Portfolio Breakdown

**Credit Cards**  
+17%



**Home**  
+7%

**Auto**  
+16%

Source: Bank data



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**30**  
YEARS

ALWAYS BETTER CARS. ALWAYS BETTER LIVES.



 **TOYOTA**

## Incentives



### Model Life Budget

Maximum amount of incentive given to each participant  
 In the form of tax incentive certificates

### Fixed Investment Support (FIS)

**40%**

			
Body Shell Assembly	Large Plastic Assemblies	Common Parts	Shared Testing Facility
<b>12.5% to 30%</b>		maximum <b>5%</b>	

### Production Volume Incentive (PVI)

Dependent on **three factors**:

			
<b>Volume</b> produced in excess of 200,000	<b>Actual annual production volume</b>	<b>Size of locally-made high tech parts</b>	

## Rationale and Regulations

- Aims to increase local content from 30% to 60%
- Manufacturing of model, body shell, large plastic assemblies, common parts, OEM parts, and shared testing facility are covered
- **Php9.0 billion** maximum incentive in the form of **tax certificates**
  - Incentive per unit of 8% of price per unit or Php45,000 per unit
  - **40%** given for tooling, equipment and training costs for the initial start-up operation (Fixed Investment Support)
  - **60%** given for volume-based incentive (Production Volume Incentive)
- Only entirely new models or full model change (FMC) units can qualify
- Minimum production volume of 200,000 units over six years (33,333 units per year or 2,750 units per month)

# CARS Program Updates

## Comprehensive Automotive Resurgence Strategy



**Php1.03 billion**  
Vehicle production

Participating model  
**THE NEW VIOS**

**348 parts**  
Confirmed as of July 2017

**Php4.21 billion**  
Parts localization projects

**91** Toyota suppliers  
**30** Confirmed direct suppliers for the new Vios

**60%** Large press parts localization

**Php5.24 billion**

Total Toyota CARS Project Investment Plan as of Sept 2017

# CARS Program Updates

## Out-house parts projects



### BOI-registered auto parts partners

**Php495.9**  
million



**Php520.0**  
million



**Php94.5**  
million



**Php167.2**  
million



TOYOTA BOSHOKU



**Php1.3**  
billion

Aggregate Investments



## Press parts (Body shell)



Stamping die storage expansion at Press Shop

- Machine installation/ trial **1H 2018**
- Investment plan **Php1.29 billion**

## New in-house manufacturing capabilities

- 3000T Plastic Injection System
- 1600T AO Servo Press Machine
- Stamping Dies
- Roller Hemming System
- Major equipment for press & resin parts

## Large plastic parts manufacturing



24 Nov 2017 – Inauguration of TMP's new plastic molding facility

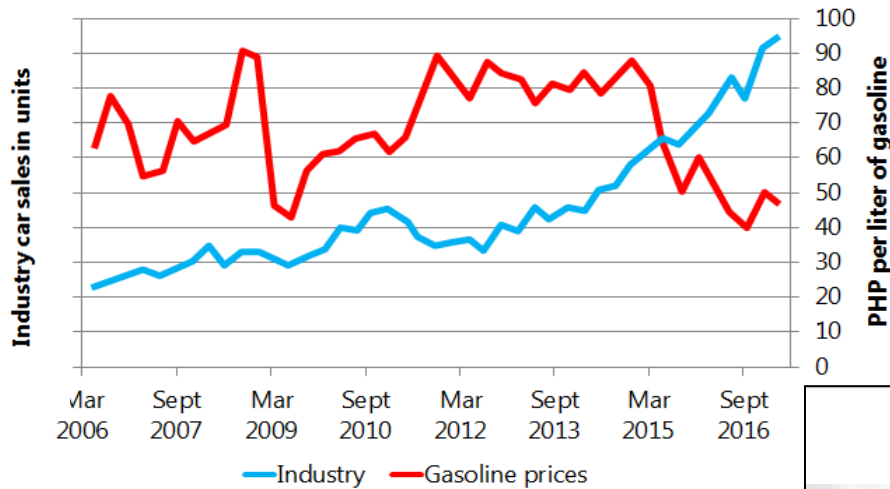
*From left to right:* TMP EVP for Manufacturing Tomohiro Iwamoto; TMP SEVP and GT Capital Director Dr. David Go, TMP President Satoru Suzuki, DTI Secretary Ramon Lopez, Bol Governor Henry Co, CARS Program Management Office Director Romulo Manlapig

- Machine installation/ trial **3Q 2017**
- Investment plan **Php0.9 billion**

# Factors in relation to industry car sales



## Industry car sales vs. gasoline prices



Historically, gasoline prices have not had a significant correlation with Philippine industry car sales.

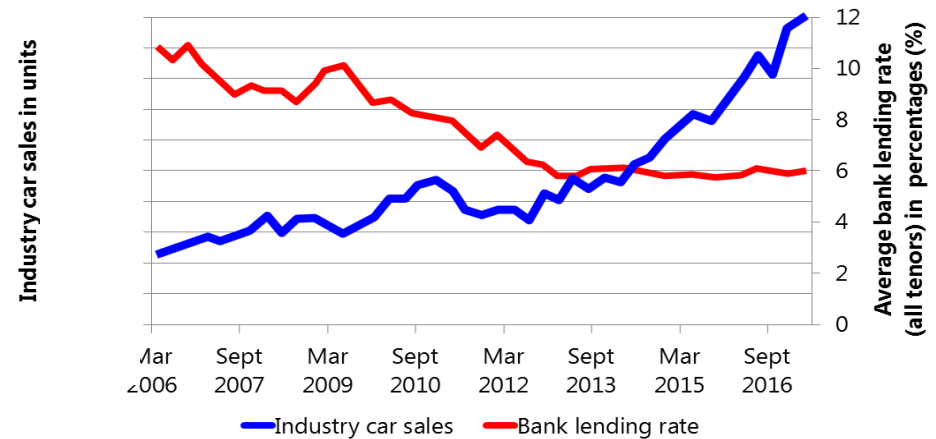


Source: PEP-BAML report, CAMPI, Bloomberg

More significant contributors to auto sales would be the affordability of car loan interest rates and the increase in Filipinos' disposable incomes.



## Industry car sales vs average bank lending rates

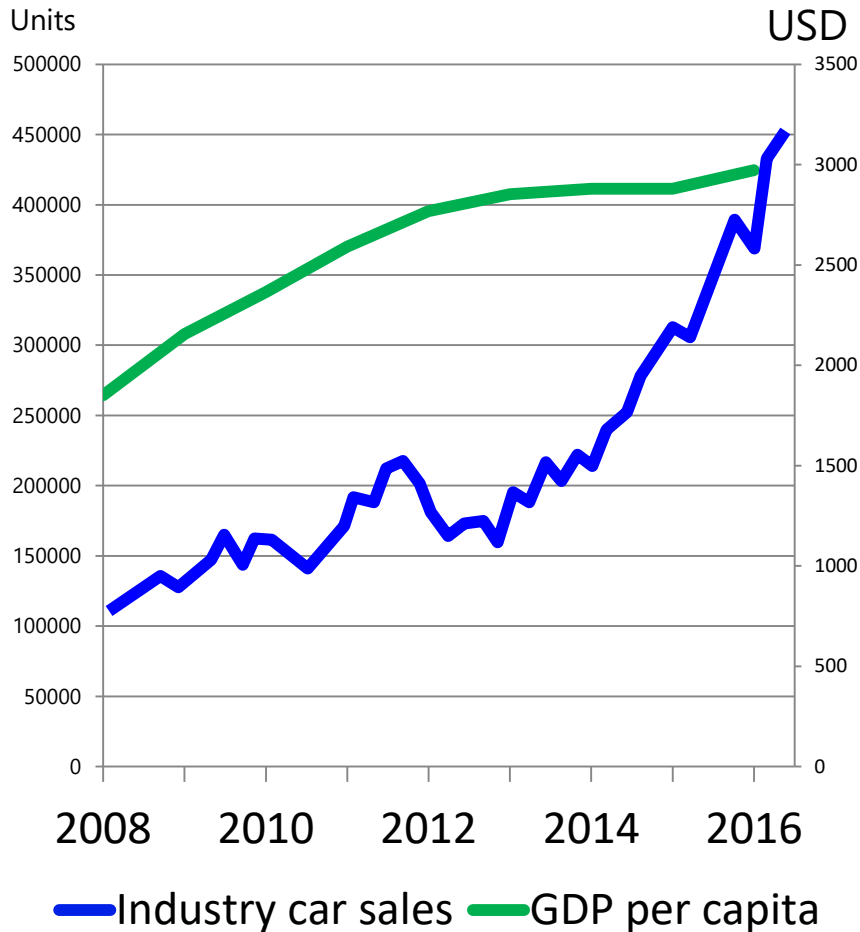


Source: CAMPI, PEP-BAML

# The Philippines is now enjoying the benefits of economic "motorization" amid low vehicle penetration



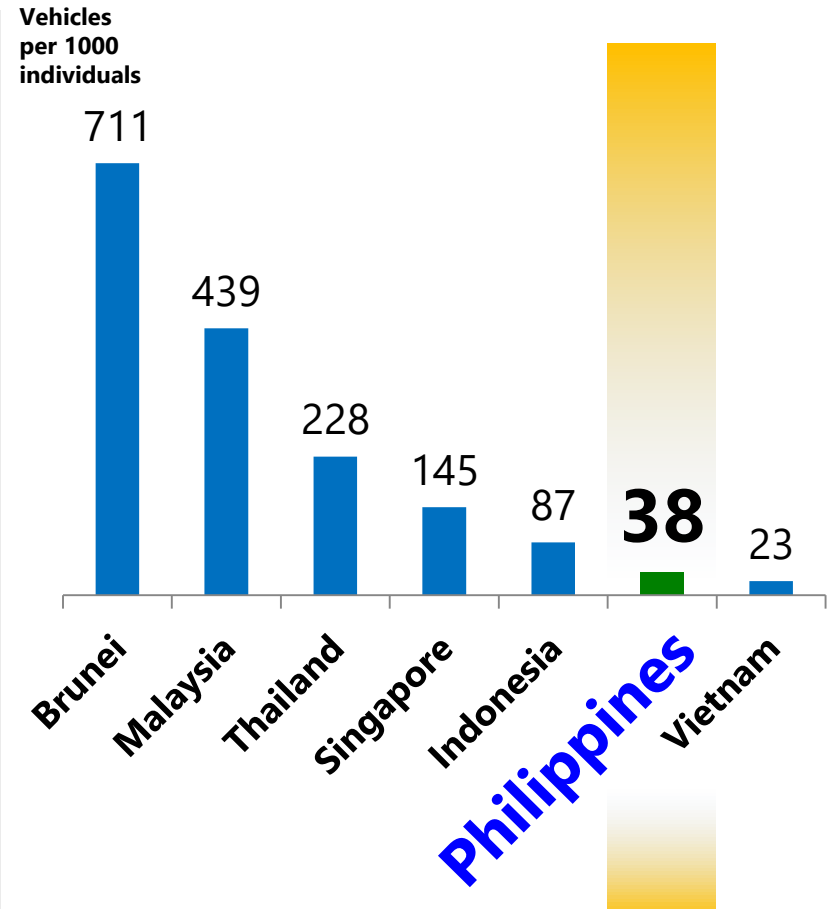
## Industry car sales vs. PH GDP per capita



Source: CAMPI, PEP-BAML

## Motor vehicle penetration in ASEAN

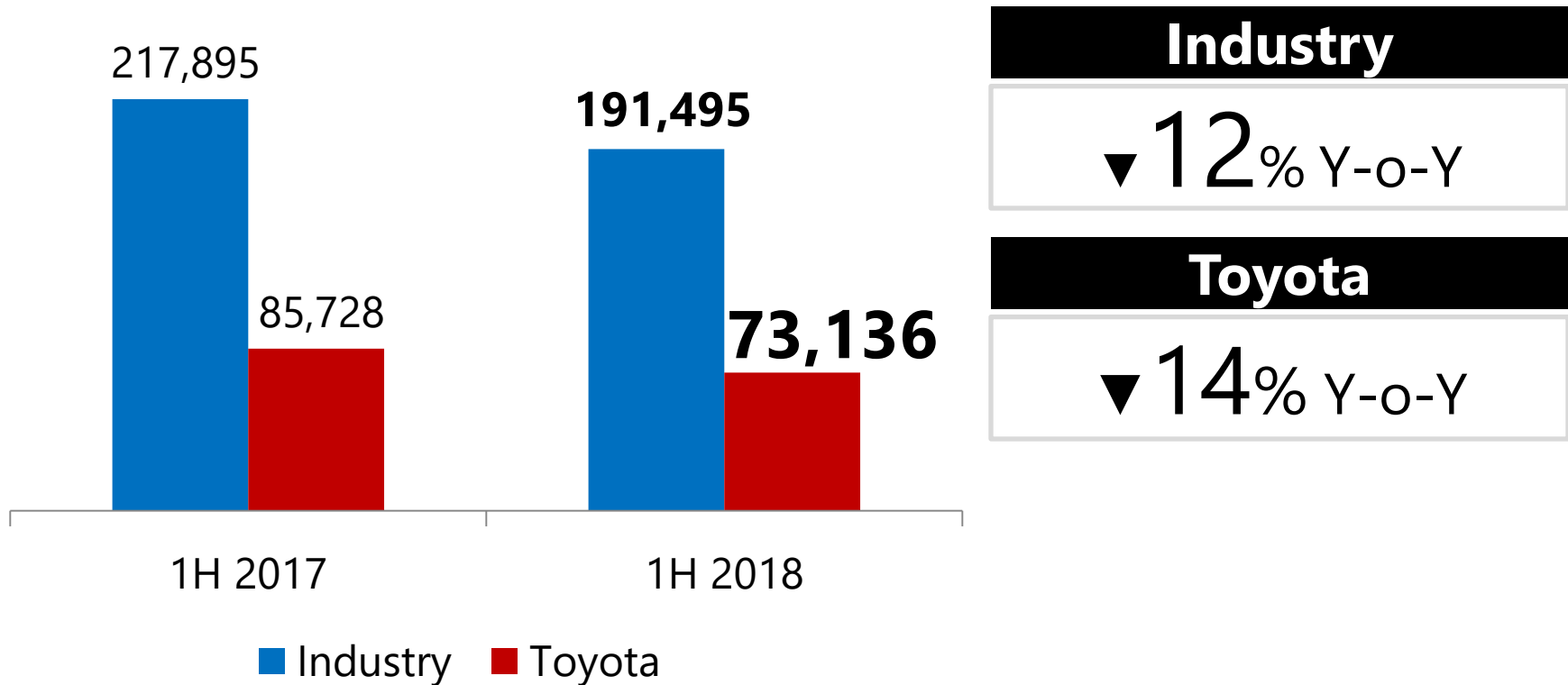
### Vehicles per 1,000 individuals, 2017



Source: Organisation Internationale des Constructeurs d'Automobiles (OICA)/International Organization of Motor Vehicle Manufacturers

# Retail auto unit sales volume

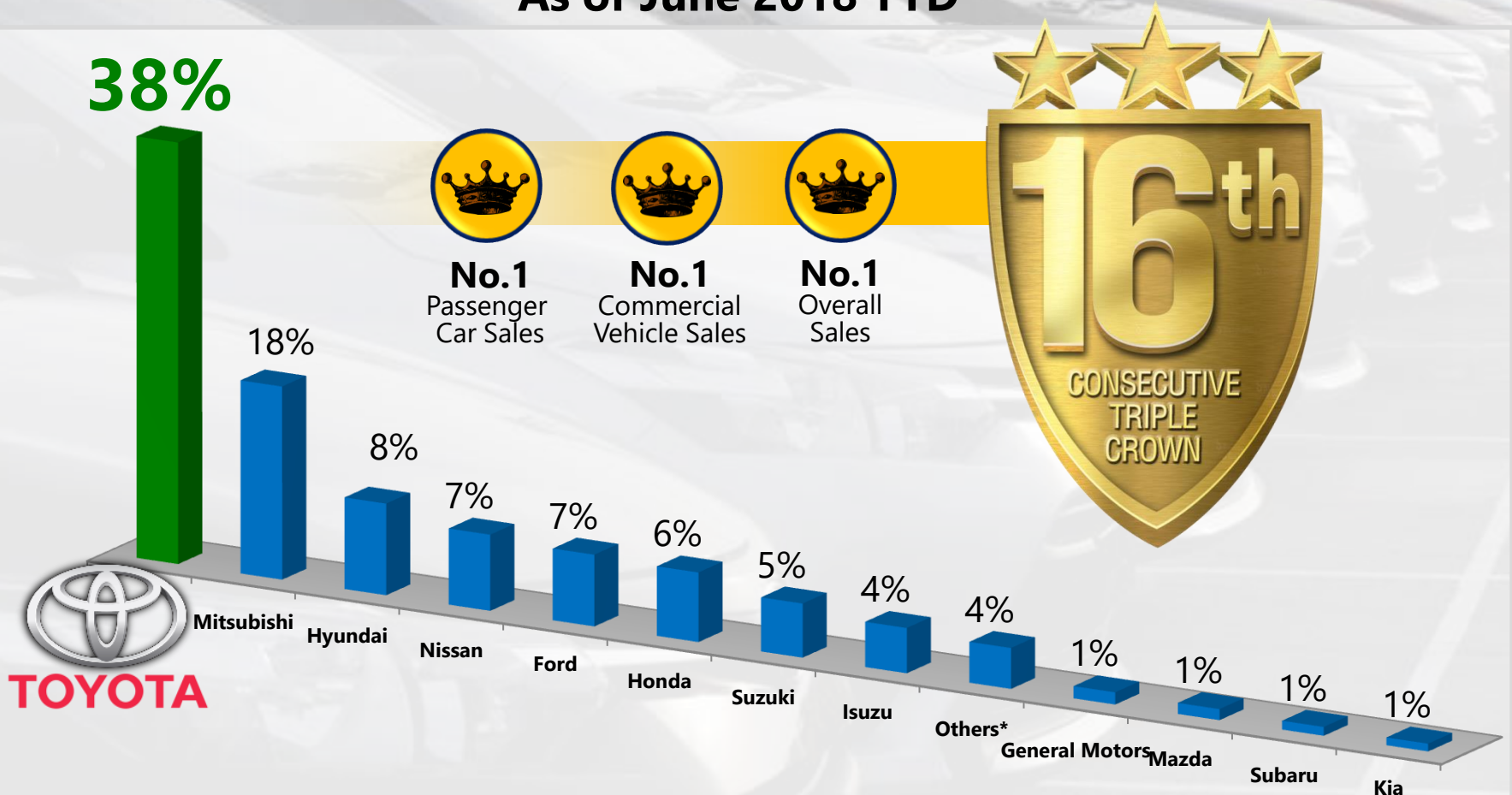
As of June 2018



Source: Company data, CAMPI, AVID

# Toyota continues to be the Philippines' dominant auto company

## Overall Market Share As of June 2018 YTD



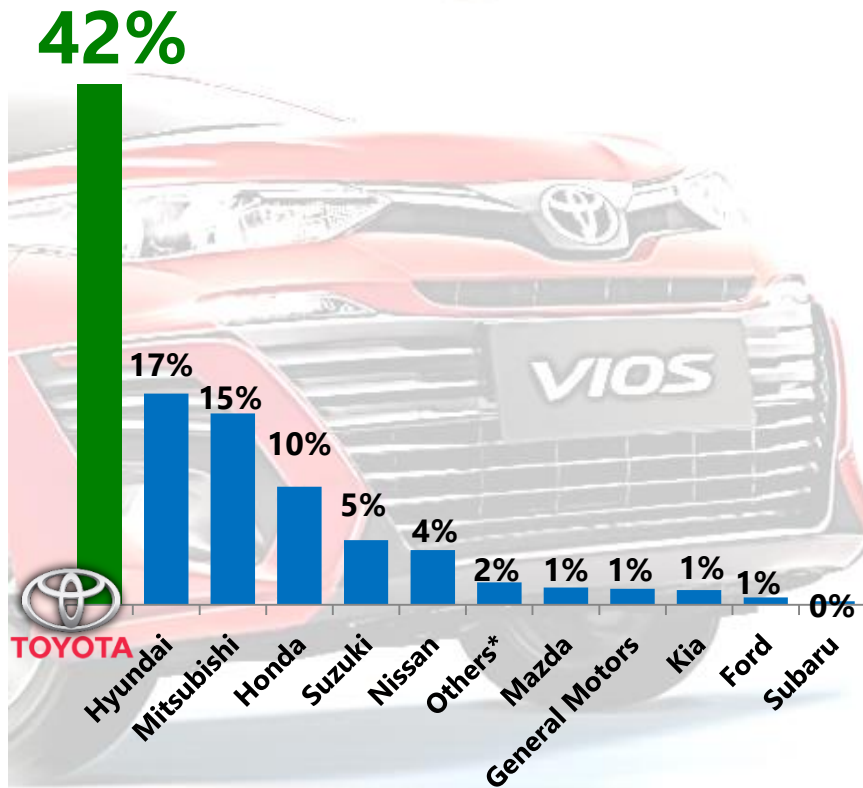
Source: Company data, CAMPI, AVID

Toyota continues to be the Philippines' dominant auto company

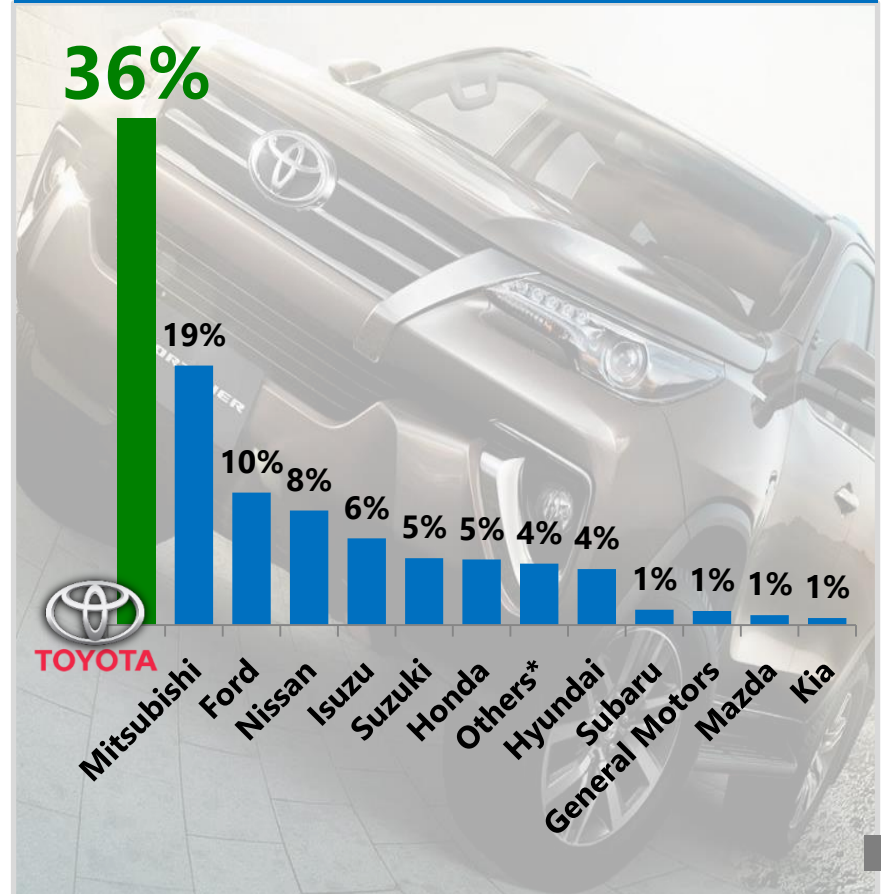
# Auto Industry Market Share

As of June 2018 YTD

## Passenger Car



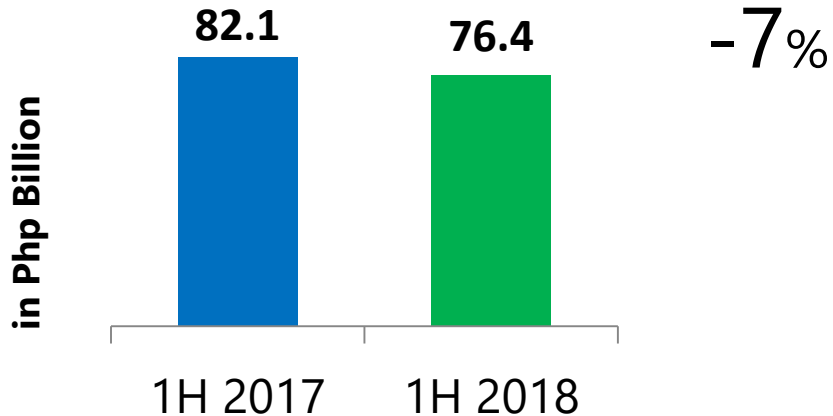
## Commercial Vehicle



Source: Company data, CAMPI, AVID

# TMP Financial Highlights

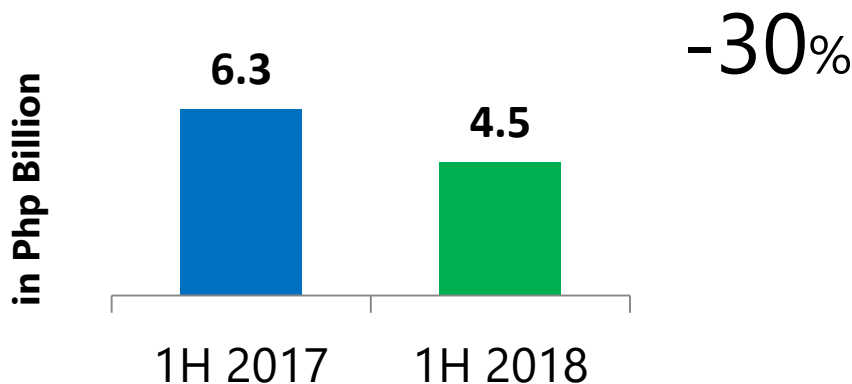
## Revenues



- Wholesale volume -12% (9,839 units) **74,777** units; retail volume -15% (vs -12% industry volume)

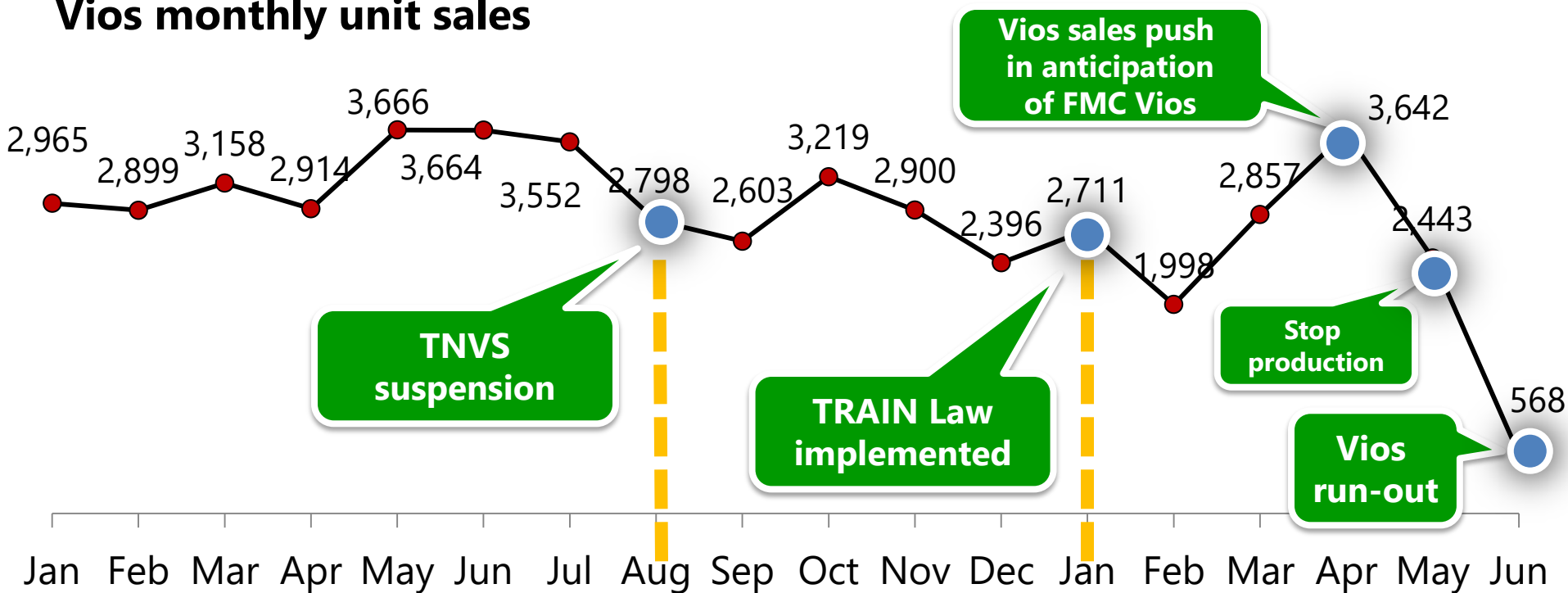
- Front-loading, TRAIN law effect
- TNVS suspension Aug 2017
- Low supply of CV models from exporting countries
- Vios run-out by May & June
- Vios sales decline: (7,613 units lower, or **77%** out of 9,839 unit decline)

## Net Income ATP



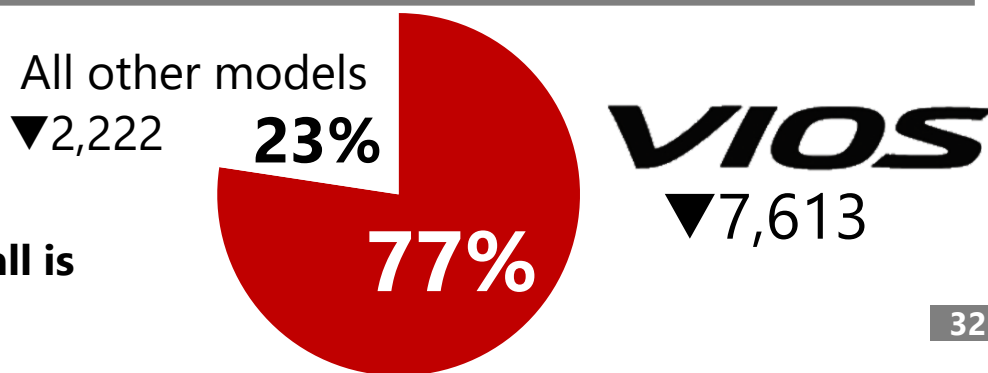
- Overall market share from **39.3%** to **38.2%**
- Lower unit sales, F/X differential, models mix, and higher OPEX and OH costs in relation to dealer support

## Vios monthly unit sales



**Breakdown of 9,839-unit shortfall**  
(1H 2017 vs 1H 2018)

**77% of the year-on-year wholesale shortfall is attributable to the Vios**





# VIOS

## 1<sup>st</sup> Half 2018

- Vios run-out in anticipation of full-model change Vios
- Suspension of new TNVS applications
- Front-loading due to TRAIN Law



## 2<sup>nd</sup> Half 2018

- Launches of the new Rush and Vios
- LTFRB opening up to five new TNVS players
- Expected normalization of market demand towards Q4



TOYOTA MOVING FORWARD

**New model launches in 2018**



**BREAKAWAY FROM THE EVERYDAY**

***Rush***

Model introduction

May 2018



THE ALL-NEW  
**My VIOS**  
**My Drive**

Full-model change

July 2018

# Toyota Dealership Expansion



Target by end of year	2013	2014	2015	2016	2017	Current	2018E
Number of Dealerships	42	45	49	52	61	67	70

## Expansion in *Next Wave Cities* outside Metro Manila

Toyota has a new home in Cagayan Valley.  
TOYOTA TUGUEGARAO IS NOW OPEN TO SERVE YOU.

**Toyota Tuguegarao City** Parts & Service

**Tuguegarao**  
CAGAYAN

May 2018

CONTACT NUMBER  
Trunk line: (078) 846-1735

ADDRESS  
Enrile Boulevard, Cagay  
Tuguegarao City

Committed to bring you quality Toyota products and services in Bukidnon.  
TOYOTA VALENCIA IS NOW OPEN!

**Toyota Valencia City** Parts & Service

**Valencia**  
BUKIDNON

July 2018

CONTACT NUMBER  
TRUNK LINE: (088) 838 0854

ADDRESS  
PIZA SAYRE HIGHWAY, HAGKOL, POBLACION,  
VALENCIA CITY, BUKIDNON

# 67 Dealerships as of 27 August 2018

**Upcoming:** Albay, San Jose del Monte (Bulacan), Subic (Zambales), Valenzuela City  
Subic Bay (owned by GT Capital Auto Dealership Holdings, Inc.)

# Toyota Brand Attributes

**Globally trusted brand**  
QUALITY, DURABILITY, RELIABILITY (QDR)

**Dealership network offering  
full range of services**

**Availability of original parts,  
supplies and service**

**High resale value (up to 50%  
of original selling price for 5  
years old and above)**

**Corporate policy of  
manufacturing original  
parts for models  
discontinued up to 15 years**

# Price Comparable by Category

in Million Philippine Peso (PHP)



In Million PHP	Toyota	Hyundai	Honda	Mitsubishi
<b>Model</b>	<b>Camry</b>		<b>Accord</b>	
Price	1.741 — 1.917		1.884 — 1.938	
<b>Model</b>	<b>Corolla Altis</b>	<b>Elantra</b>	<b>Civic</b>	<b>Lancer</b>
Price	0.961 — 1.477	0.970 — 1.065	1.168 — 1.673	0.928 — 1.238
<b>Model</b>	<b>Vios</b>	<b>Accent (Sedan)</b>	<b>City</b>	<b>Mirage G4</b>
Price	0.659 — 1.095	0.695 — 0.930	0.828 — 1.059	0.666 — 0.816
<b>Model</b>	<b>Innova</b>			
Price	1.010 — 1.664			
<b>Model</b>	<b>Fortuner</b>	<b>Santa Fe</b>	<b>CR-V</b>	<b>Montero Sport</b>
Price	1.592 — 2.245	1.840	1.658 — 2.125	1.413 — 2.164
<b>Model</b>	<b>Hiace</b>	<b>Starex</b>		
Price	1.442 — 2.071	1.248 — 2.085		
<b>Model</b>	<b>Wigo</b>	<b>Eon</b>	<b>Brio (Hatch)</b>	<b>Mirage (Hatch)</b>
Price	0.542 — 0.581	0.508 — 0.576	0.642 — 0.801	0.630 — 0.763
<b>Model</b>	<b>Rush</b>	<b>Kona</b>	<b>BR-V</b>	<b>Xpander</b>
Price	0.948 — 1.070	1.118	1.030 — 1.210	0.885 — 1.060

Source: Company websites; Retail prices as of 27 August 2018

# Price Comparable by Category in United States Dollars (USD)



In US Dollars	Toyota	Hyundai	Honda	Mitsubishi
<b>Model</b>	<b>Camry</b>		<b>Accord</b>	
Price	32,560 — 35,852		35,235 — 36,245	
<b>Model</b>	<b>Corolla Altis</b>	<b>Elantra</b>	<b>Civic</b>	<b>Lancer</b>
Price	17,973 — 27,623	18,141 — 19,918	21,844 — 31,289	17,356 — 23,153
<b>Model</b>	<b>Vios</b>	<b>Accent (Sedan)</b>	<b>City</b>	<b>Mirage G4</b>
Price	12,325 — 20,479	12,998 — 17,393	15,485 — 19,805	12,456 — 15,261
<b>Model</b>	<b>Innova</b>			
Price	18,889 — 31,120			
<b>Model</b>	<b>Fortuner</b>	<b>Santa Fe</b>	<b>CR-V</b>	<b>Montero Sport</b>
Price	29,774 — 41,986	34,412	31,008 — 39,742	26,426 — 40,471
<b>Model</b>	<b>Hiace</b>	<b>Starex</b>		
Price	26,968 — 38,732	23,340 — 38,994		
<b>Model</b>	<b>Wigo</b>	<b>Eon</b>	<b>Brio (Hatch)</b>	<b>Mirage (Hatch)</b>
Price	10,137 — 10,866	9,501 — 10,772	12,007 — 14,980	11,782 — 14,270
<b>Model</b>	<b>Rush</b>	<b>Kona</b>	<b>BR-V</b>	<b>Xpander</b>
Price	17,730 — 20,011	20,909	19,263 — 22,630	16,551 — 19,824

Source: Company websites; Retail prices as of 27 August 2018  
 Converted prices based on average Peso-Dollar rate of Php53.47/USD1.00



**GT CAPITAL**  
HOLDINGS INCORPORATED



**FEDERAL LAND**<sup>®</sup>

GT Capital Holdings

KEEPING YOU IN MIND



# Demand for residential condominiums remains strong in Metro Manila



# Average Selling Prices in CBDs based on projects launched 12 months prior

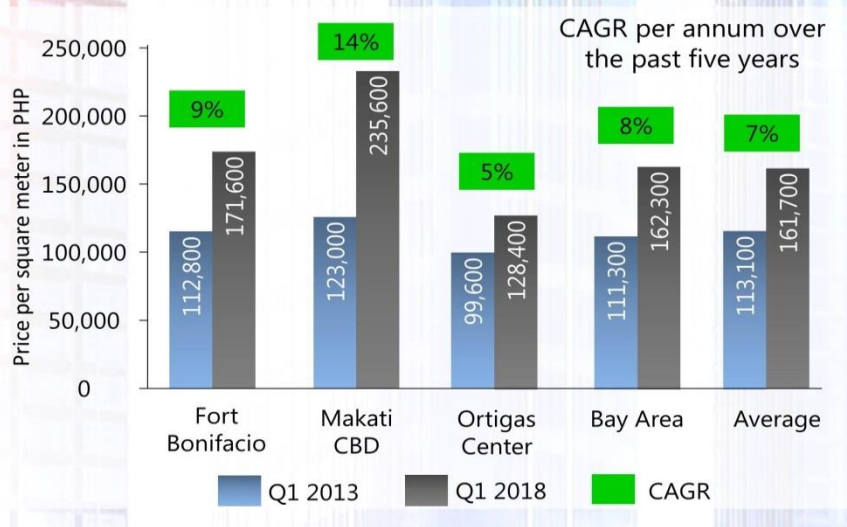


Residential Demand



Source: Colliers International Philippines Research, May 2018

Residential Prices



Source: Colliers International Philippines Research, May 2018

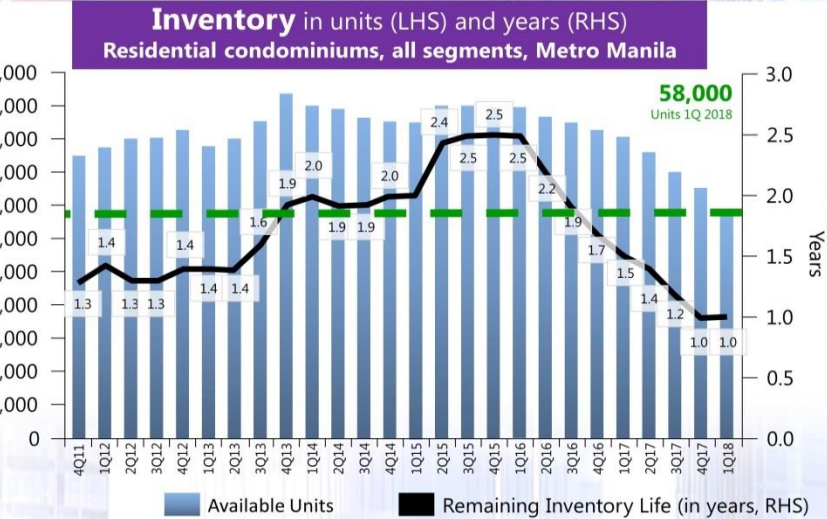
# Declining residential industry inventory a sign of continued strong sales in Metro Manila



# BPOs are mounting a comeback in office demand; positive for i-Met, AXA Center, and GT Tower



Residential Supply

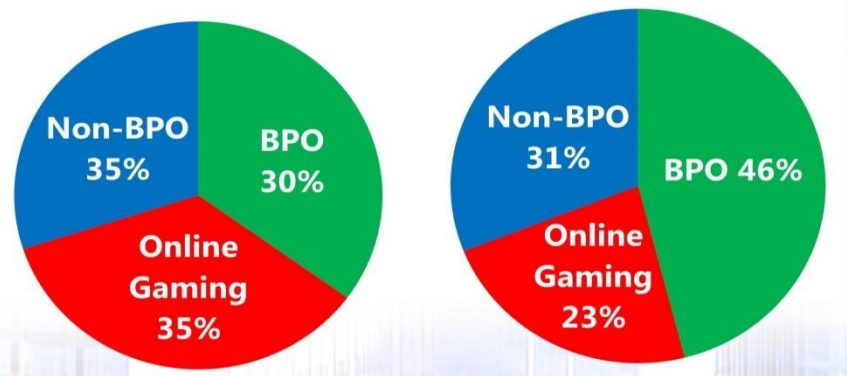


Source: Macquarie Capital Securities Philippines, August 2018

### FY17 office demand mix

### 1Q18 office demand mix

Office



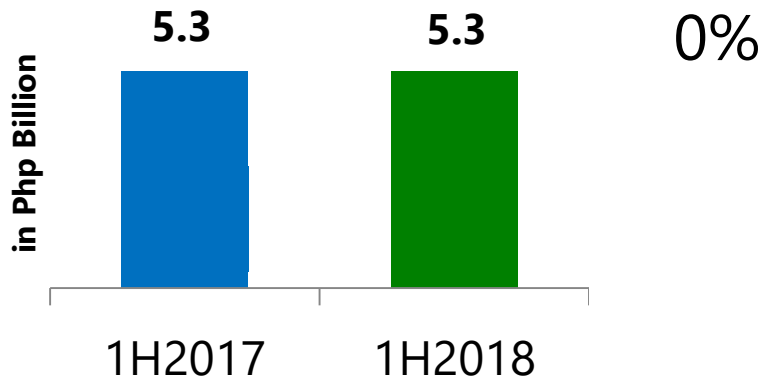
Source: Colliers Philippines, Philippine Equity Partners-Bank of America Merrill Lynch, July 2018



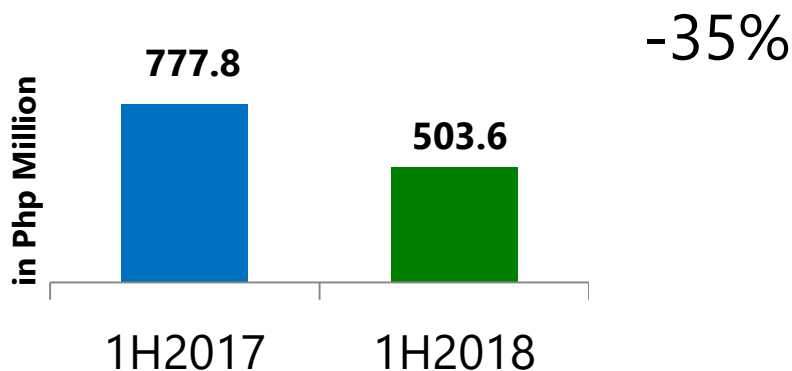
# Federal Land Financial Highlights



## Revenues



## Net Income



- Reservation Sales -6% from **Php6.4B** to **Php6.0B**
  - Inventory -17% from 1,642 units to 1,364 units due to delays in securing permits and licenses for new projects
  - 4 new projects launched to date, 5 to 7 more within 2H
- Real estate sales -2% from **Php4.2B** to **Php4.1B**
- Rent **+30%** from **Php432M** to **Php563M** due to rate escalation, and higher occupancy
- Sale of goods and services **+51%** from **Php248M** to **Php376M** due to additional franchises
- Equity in net earnings down from **Php75M** to **Php-36M** due to sell-out of GH Residences 1 (GHR2 to be launched within 2H 2018)
- Redesign resulted in cost adjustments/ variations,** leading to higher COGS and POC delays

# Federal Land Highlights

## Redesigning of podium for additional commercial space

Increasing retail spaces within high-density residential communities  
Additional GFA of approximately 20,000 sq. m



**The Big Apple Mall** at Grand Central Park, Bonifacio



## Higher revenue recognition with project completion 2018-2019

CLOCKWISE, FROM LEFT

- Grand Hyatt Residences 1
- Central Park West
- Palm Beach West Boracay Tower
- The Capital Rio Tower
- One Wilson Square



◀  
**Florida Sun  
 Estates-Orlando**  
 GENERAL TRIAS, CAVITE  
 February 2018

LTS No. 033109



**Mimosa Tower**  
**Peninsula Garden Midtown Homes**  
 PACO, MANILA  
 April 2018  
 LTS No. 032466



▶  
**Baler Tower**  
**Palm Beach West**  
 METRO PARK, BAY AREA  
 May 2018

LTS No. 033410



◀  
**Quantum  
 Residences**  
 TAFT AVENUE, PASAY  
 August 2018

TLTS No. ENCRFO-18-07-005

# Federal Land Current Projects

## 30 On-going Projects

- **7** launched in 2011
- **11** launched in 2012
- **5** launched in 2013
- **4** launched in 2014
- **3** launched in 2015
- **4** launched in 2016
- **5** launched in 2017

**9 to 11** planned launches in 2018

**18 sqm. to 400 sqm.**  
unit size range

**PHP20M – PHP101M**  
price range

## 8 Different Locations

- **6** cities within Metro Manila
- **2** cities outside Metro Manila

Recurring Income at **9%** of total revenue

### Launches in 2017

Project	Location
<b>Park Avenue</b>	Bonifacio
<b>Siena Residences</b>	Marikina
<b>Palm Beach West – Siargao Tower</b>	Bay Area, Pasay
<b>Palm Beach West – Coron Tower</b>	Bay Area, Pasay
<b>Sunshine Fort township</b>	Bonifacio

# Land Bank Location



Location	Land Bank (in hectares)
<b>Metro Manila</b>	
Bay Area, Pasay	12.85
Marikina	8.63
Mandaluyong	4.34
Fort Bonifacio	1.36
Kalaw, Manila	0.56
Paranaque	0.28
<b>Outside Metro Manila</b>	
Iloilo	0.29
Binan, Laguna	43.49
General Trias, Cavite	2.98
Santa Rosa, Laguna	7.92
<b>Total nationwide land bank (MM+Prov)</b>	<b>82.70</b>

Source: **Company data as of latest 17-A report**



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**PRO • FRIENDS**

**Actual drone shot of  
Lancaster New City**

2

# CAVITEX

**Target completion: 2020**  
**ROW progress: 85%**  
**Status: Ongoing pre-construction activities**

1

# CALAX

**Target completion: 2021**  
**ROW progress: 21%**  
**Status: Ongoing construction for Laguna segment**

3

# C-5 South Link

**Target completion: 2021**  
**ROW progress: 48%**  
**Status: Ongoing construction for Seg. 3A Ph. 1**



CALAX Exit

EPZA

EPZA

MCX

SLEX

**6 NLEX-SLEX Connector Road**

**NAIA Expressway**

**Skyway Extension**

**2 METRO PACIFIC INVESTMENTS**

**Cavitex**

**4 METRO PACIFIC INVESTMENTS**  
**C-5 South Link**

**1 METRO PACIFIC INVESTMENTS**

**CALAX**

**3 METRO PACIFIC INVESTMENTS**  
**LRT-1 Extension**

**1,700 hectares**



**MCX**

**SLEX**

**LRT-6**

**5 METRO PACIFIC INVESTMENTS**

**Aveia Federal Land/ Alveo**

**EPZA**

**EPZA**

**CALAX Exit**

Mt Palay - Palay National Park



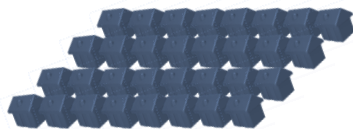
# The Low-Cost Property Sector



## Property Development Sweet Spot

Segment	Demand	Supply	Surplus/ (Deficit)	Segment	Price Range		% to Total Households
					PHP	USD	
Socialized	1,146,275	551,109	(595,166)	Socialized	<400k	<9k	23.0
Economic	2,509,271	618,542	(1,890,729)	Economic	400k – 1.25m	9k – 28k	66.3
Low cost	705,642	276,597	(429,045)	Low cost	1.25m – 3m	28k – 67k	9.6
Middle	34,590	370,109	335,519	Middle	3m – 6m	67k – 133k	0.9
High	6,789	276,597	269,808	High	> 6m	> 133k	0.2

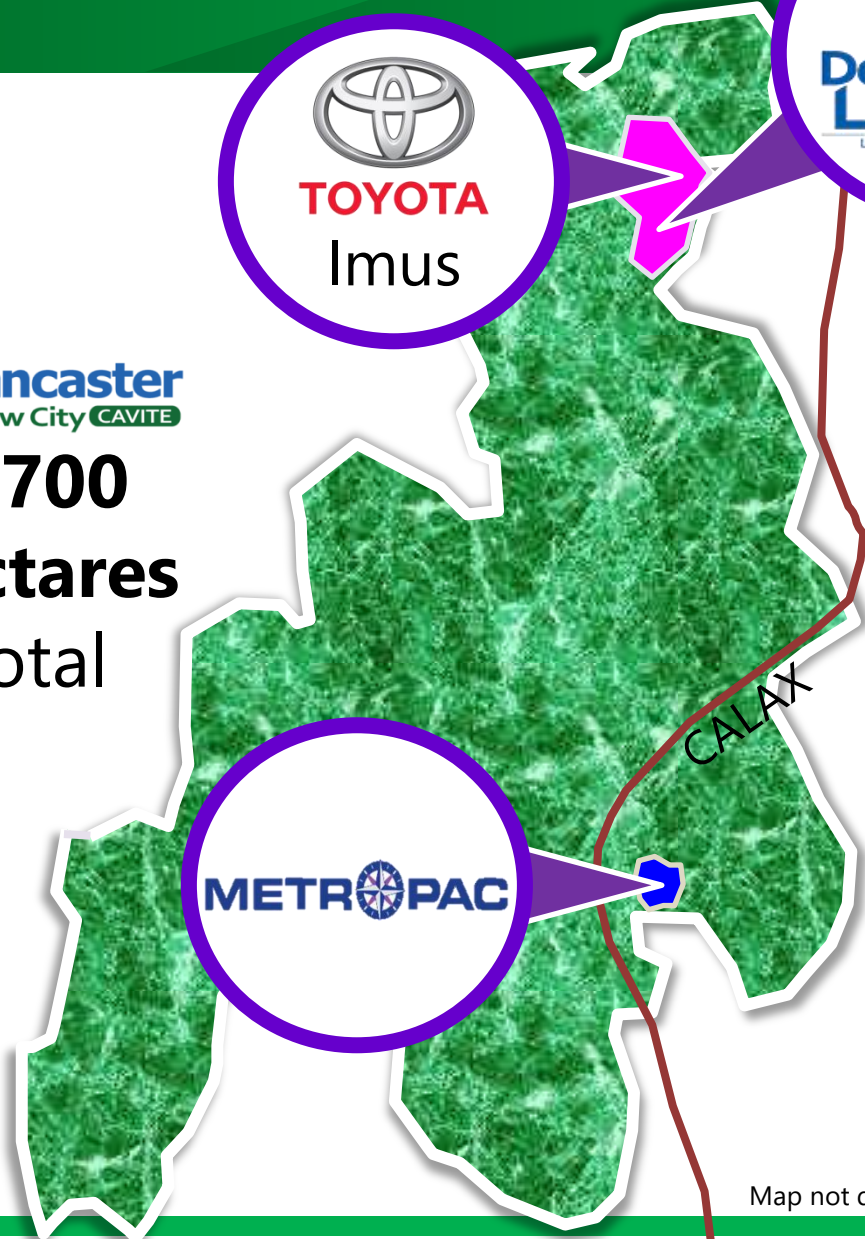
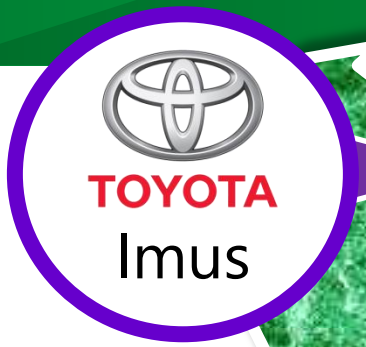
Total backlog in 2016 for low-cost and economic segments  
**2.3 million homes**



By **2030**, backlog is projected to grow to  
**6.5 million homes**



Source: Housing and Urban Development Coordinating Council



**1,700**  
**hectares**  
total

**Sale to Toyota Manila Bay Group to build Toyota Imus dealership**

Php223.8 million  
13,429 sq. m @ Php16,667/sq. m  
June 2018

**Recent Lot Sales at**

**Sale to MetroPac Movers, Inc.**

Php1.1 billion  
202,110 sq. m @ Php5,628/sq. m  
July 2018

Map not drawn to scale

# Construction updates at

As of 30 June 2018

**Kensington 23**



**Brighton 2**



**Westwood 4**



**Glenbrook 2**



66

Retail/commercial locators

1,700

Hectares of land

57,000

Residents

## Now Open

## Soon to Open

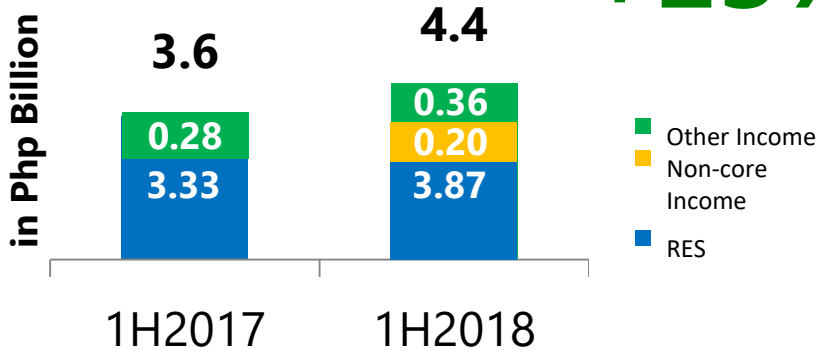


**appen**™ 1,000-seater BPO hub  
Global leader from Australia in high-quality, human-annotated training data for machine learning and artificial intelligence

# PRO-FRIENDS Financial Highlights

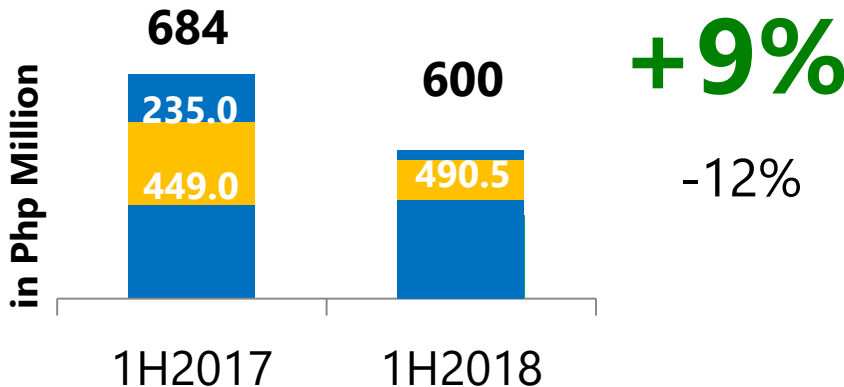


## Revenues



- Reservation sales **+14%** from **Php11.3B** to **Php12.9B** (**Php2.1B** per month)
- Real estate sales **+23%** from **Php3.3B** to **Php4.1B** (excluding lot sale to TMBC **+17%**)
- Rental income **+120%** from **Php16.2M** to **Php35.7M** due to increase in GLA
- YTD bank takeout **Php4.2B**
- YTD houses built **2,886 units**
- 57,000** residents
- 66** retail/commercial outlets
- Profit margins declined due to increase in cost of construction materials and front-loading of sales, marketing, and admin expenses
- Reversal of **Php235M** in extraordinary income

## Core Net Income





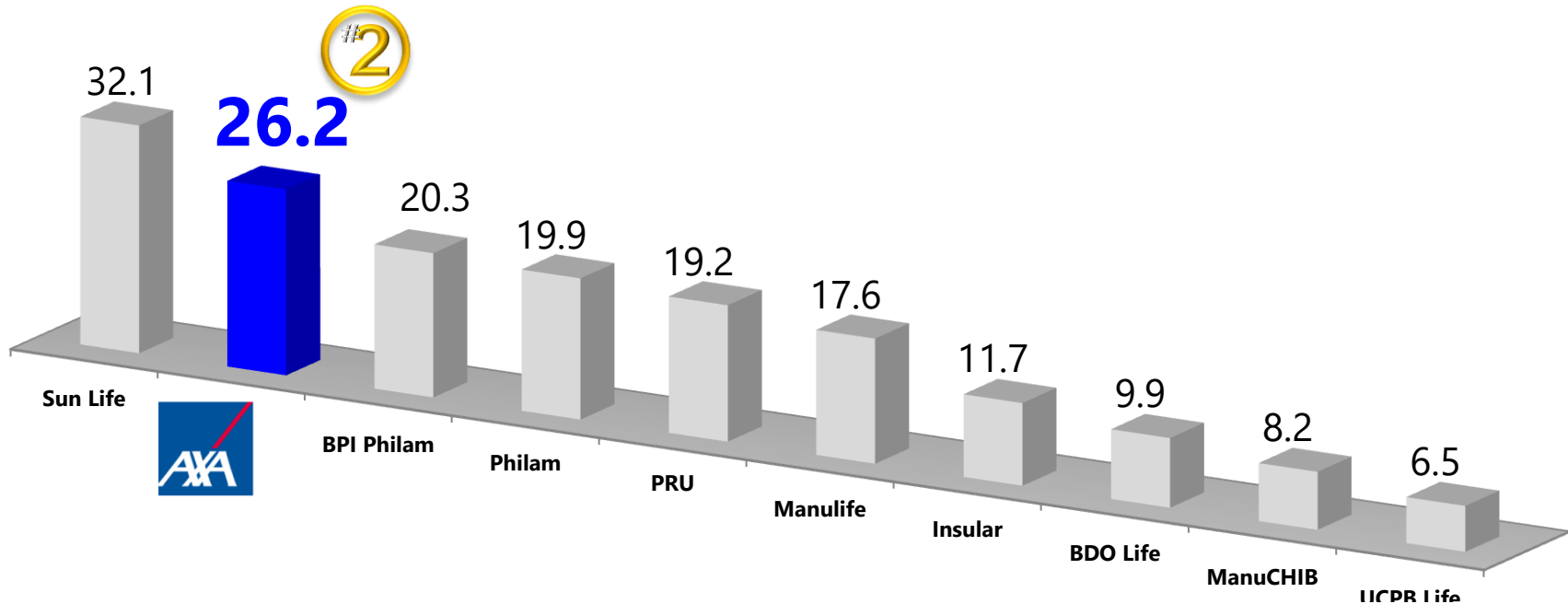
# GT CAPITAL

HOLDINGS INCORPORATED



# FY 2017 Life Insurance Industry Rankings

## Net Premium Income, in billion Php



is the world's number one insurance brand in terms of value  
**Interbrand**



Source: Insurance Commission, May 2018

# FY 2017 General/Non-Life Industry Rankings

## Net Premiums Written, in billion Php



Republic of the Philippines  
 Department of Finance  
**INSURANCE COMMISSION**  
 1071 United Nations Avenue  
 Manila



**Net Premiums Written of Non-Life Insurance Companies**  
**Year 2017**  
*Based on Submitted Annual Statements (AS)*  
*(Tentative as of 29 June 2018)*



#	Name of Company	Net Premiums Written
<b><u>Companies with CA for License Year 2016-2018</u></b>		
1	Charter Ping An (Philippine Charter Ins. Corp.)	4,079,426,121
2	Malayan Insurance Company, Inc.	4,068,429,286
3	BPI/MS Insurance Corporation	2,956,461,047
4	FPG Insurance Co., Inc. (Federal Phoenix)	2,512,844,167
5	Pioneer Insurance & Surety Corporation	2,388,438,522

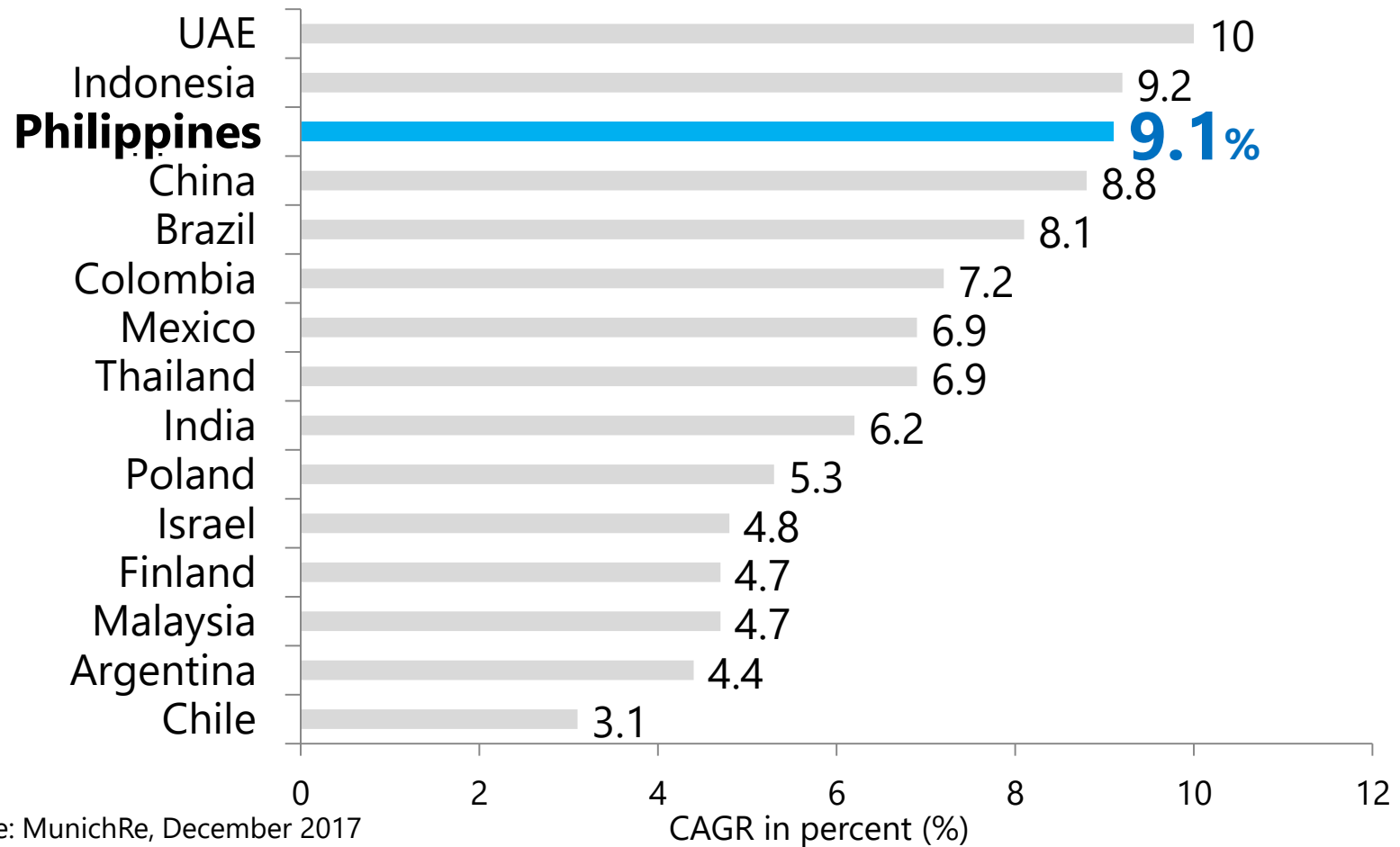
Source: Insurance Commission, June 2018



# The Philippines is one of the fastest-growing insurance markets in the world



**Projected 10-year CAGRs of industry-wide life insurance premiums by country**  
Top 15 fastest growing markets, 2017-2025 % CAGR



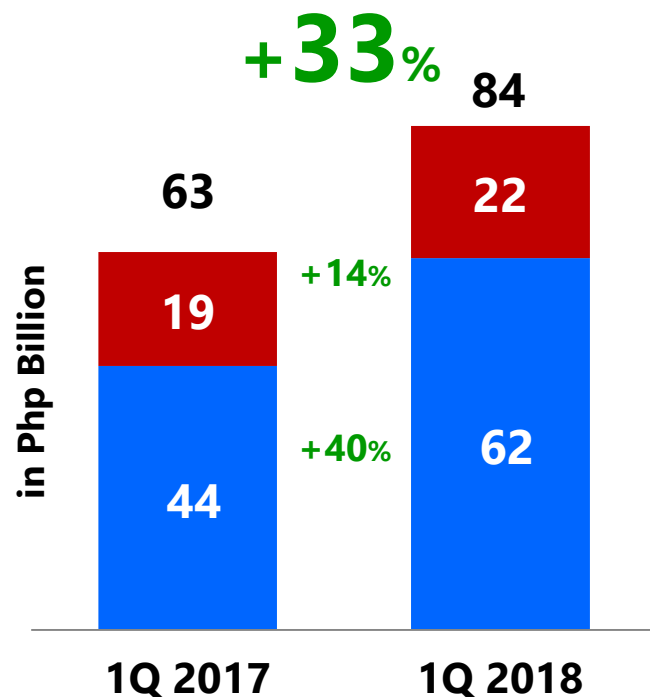
Source: MunichRe, December 2017

# Insurance Industry Updates



As of March 2018



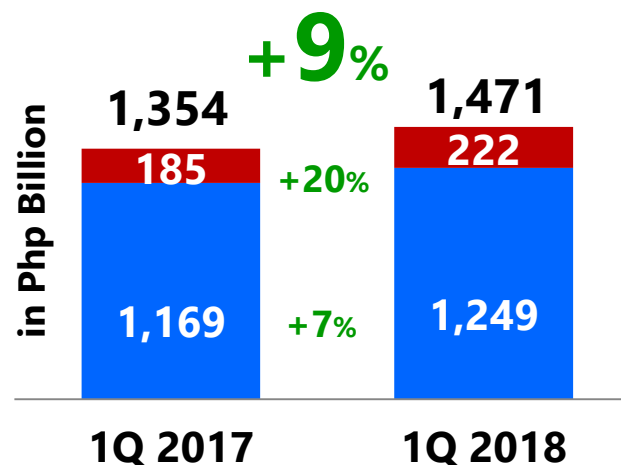
## Total Premiums



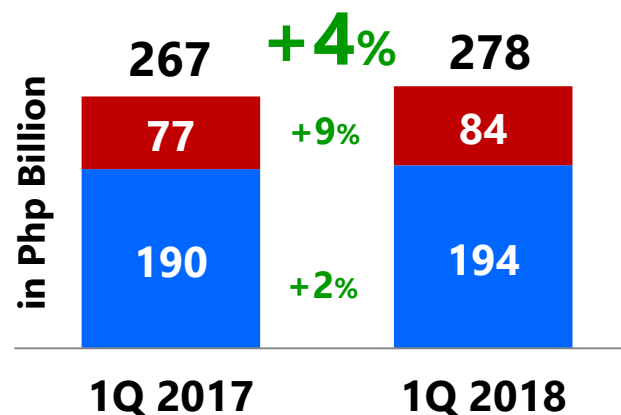
Legend

-  Life insurance sector
-  General/Non-Life insurance sector

## Total Assets



## Total Equity (Net Worth)

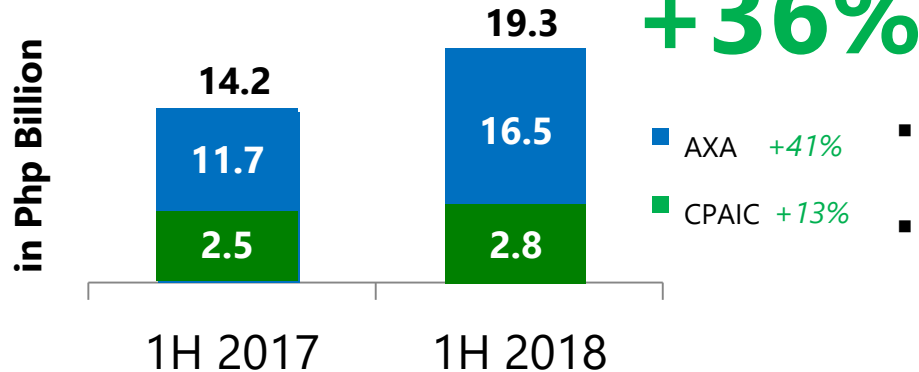


Source: Insurance Commission, July 2018

# AXA Philippines Financial Highlights

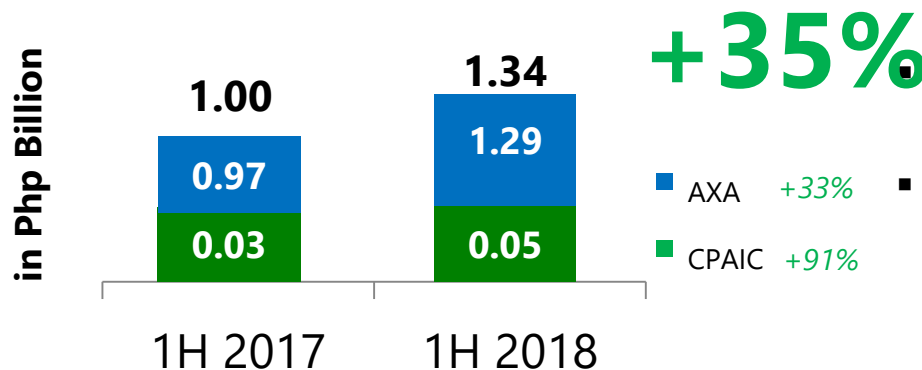


## Gross Earned Premium

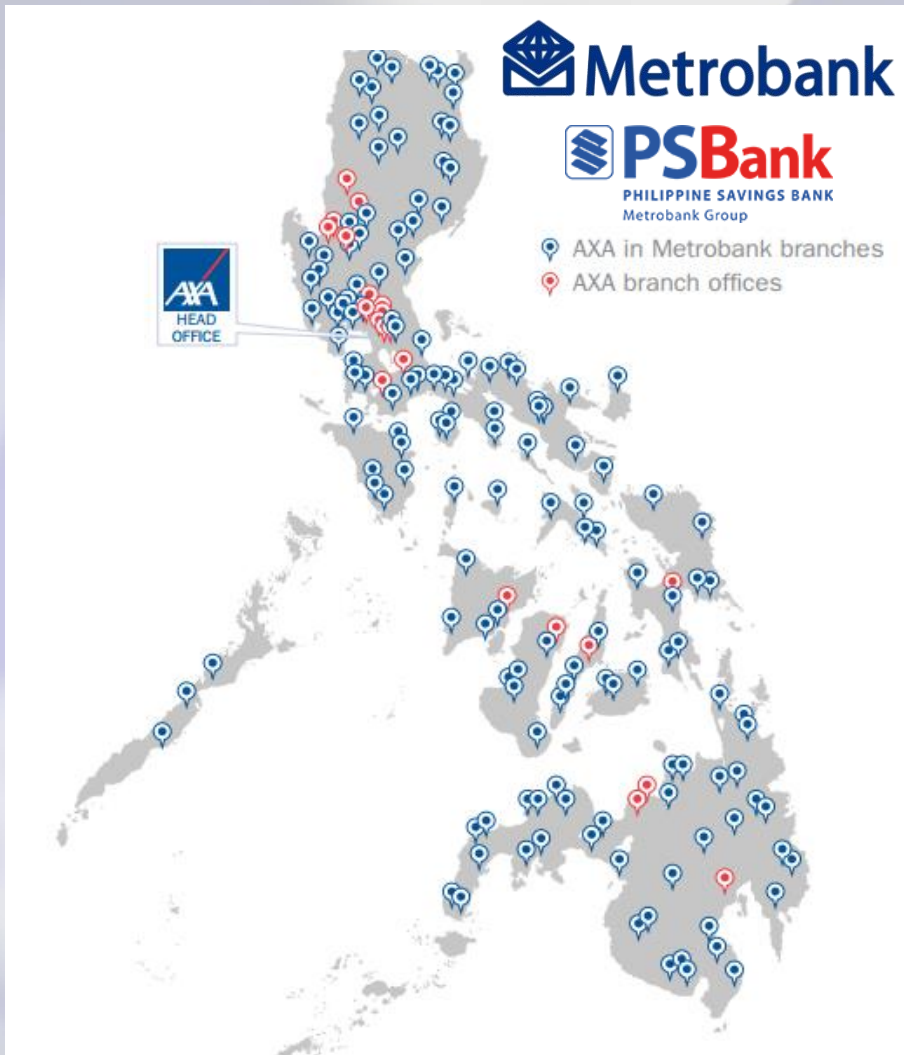


- New Business (APE) **+27%** from **Php3.0B** to **Php3.8B** due to double-digit growth in PSEi in 1Q **+37%** vs. 2Q **+18%**
  - Regular Premium (RP) **+20%**
  - Single Premium (SP) **+58%**
- SP/RP Premium Income mix – from **51:49** to **57:43**
- Premium margins **Php2.6B** to **Php3.9B** **+48%** due to growth in premium income and slower increase in withdrawals
  - Includes the **Php213M** post-tax effect of change in reserving methodology starting Jul 2017
  - Excluding the gain on restatement of reserves, Premium margin **+38%**
- AUM-Linked **Php84B** to **Php93B** **+10%**; Asset management fees **Php0.7B** **+21%**
- CPAIC net income **Php53M**
  - Higher premium spill overs from 2017 **Php301M**
  - Partially offset by larger losses from fire **Php181M**

## Net Income

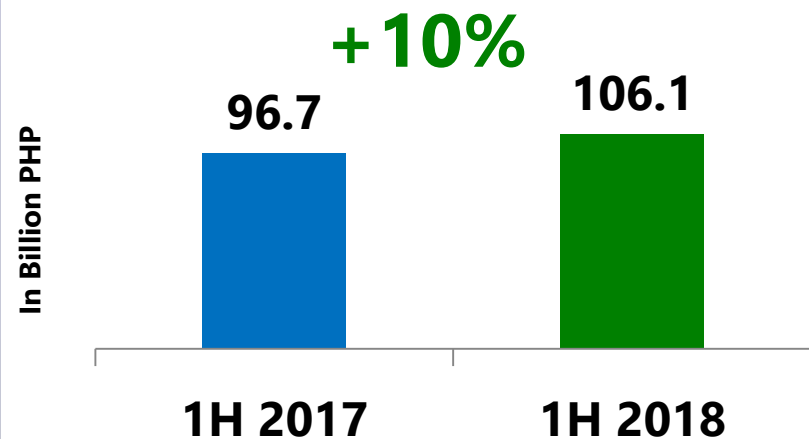


# Strong synergy and growth



- Persistency Ratio: **85.1%**  
▲ from **83.3%** in 1H 2017
- Exclusive financial advisors: **4,000+**
- Total bancassurance (Metrobank and PSBank) branches: **953**
- Branches nationwide **36**

## Assets Under Management





**GT CAPITAL**  
HOLDINGS INCORPORATED



**METRO  
PACIFIC**  
INVESTMENTS

# Strategic Partnership Agreement between GT Capital (GTCAP) and Metro Pacific (MPI)

**METRO PACIFIC**  
INVESTMENTS

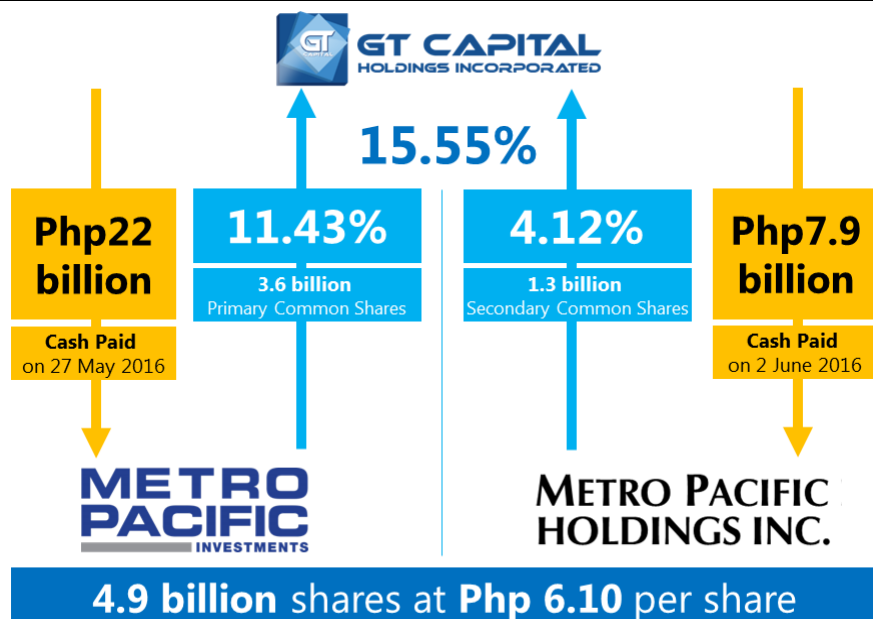


## Two transactions signed on 27 May 2016

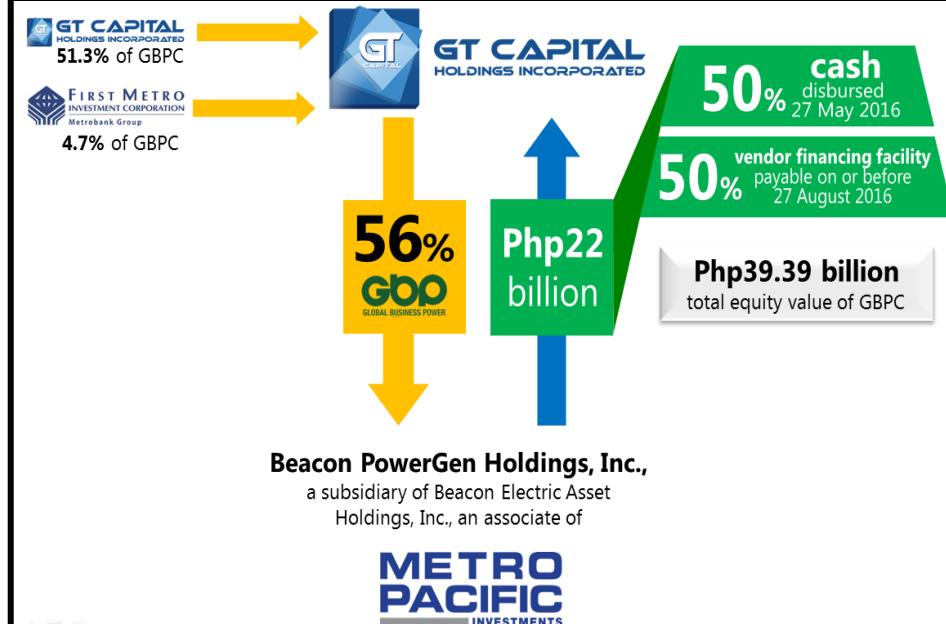
**Acquisition** of 15.55% of Metro Pacific Investments Corp. (MPI) for Php29.9 billion at Php6.10 per share

**Sale** of 56% of Global Business Power Corp. (GBPC) to Beacon PowerGen Holdings, an associate of MPI, for Php22.0 billion

### Buy-Side: Acquisition of 15.55% of MPI



### Sell-Side: Sale of 56% GBPC stake to MPI



## Rationale

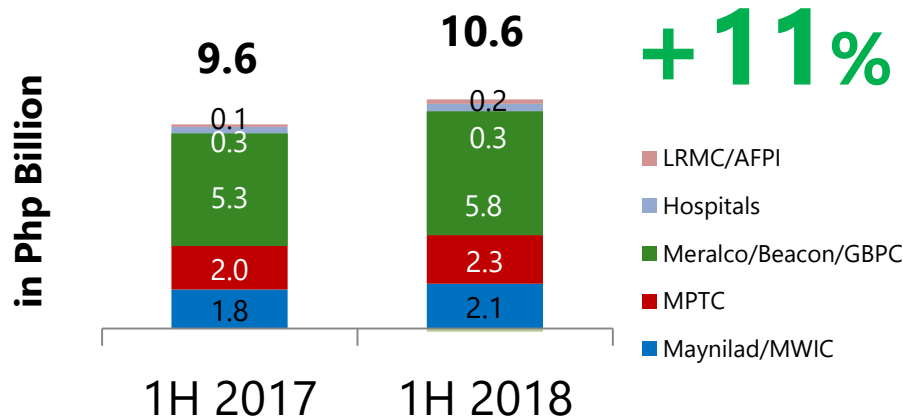
- Diversification of power investments in the Visayas into the high-growth **infrastructure and utilities sectors**
- Many of MPIC's ongoing PPP projects **are in Cavite**, home to Pro-Friends' **Lancaster New City**
- Set up of Logistics subsidiary (MetroPac Movers, Inc.) will create opportunities for logistics hub
- Synergies (vehicle sales, staff housing, mortgage loans, utility connections, insurance, etc.)
- Cross-selling of GT Capital products into MPIC subsidiaries

## Accounting Criteria for "Significant Influence"

- **Two** board seats
- Joint selection of an **Independent Director**
- **Representation in board committees**
- **Entitled to nominate 1/3 members in each of the** Audit, Risk Management, Corporate Governance committees
- **Veto rights on certain corporate acts:** declaration/payment of any dividend, adoption of annual budget or business plan, capital calls, and any amendment to such

# Metro Pacific Financial Highlights

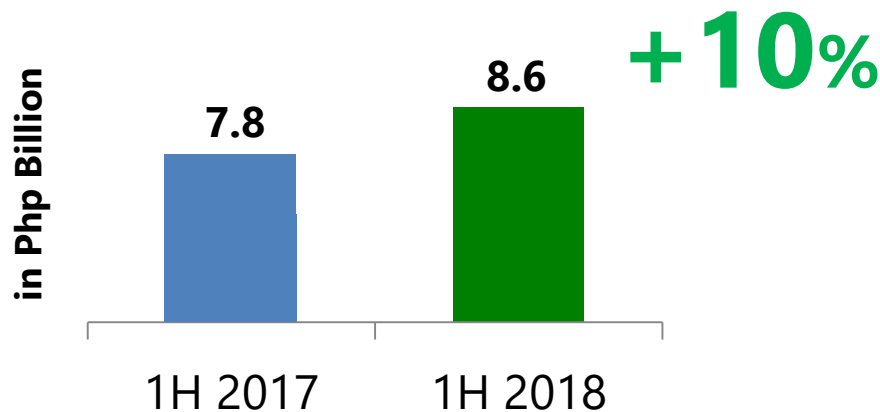
## Share in Operating Net Income (Core)



## CORE NET INCOME PERFORMANCE

- Meralco - **Php10.9B +7%**
- GBPC - **Php1.3B +7%**
- Toll Roads - **Php2.3B +12%**
- Water - **Php4.2B +15%**
- Hospitals - **Php1.0B +13%**
- Rail - **Php0.4B +69%**
- Logistics - Core net loss **Php0.1B** (build-up of operating costs)
- Equity accounting net income for GT Capital at **Php1.4B**

## Core Net Income





# Philippine Administration Agenda



Continue **stable macroeconomic** policies



Increase PH's competitiveness and the **ease of doing business**



Relax **constitutional restrictions** on foreign ownership, except for land



Increase **infrastructure** spending to **9%** of GDP by 2022



Boost **rural productivity** and rural tourism;



Ensure security of **land tenure**



Develop **human capital**, including **health** and **education**



Promote science, math, and arts to enhance **innovation**



Improve **social protection** programs, including **CCT**

Source: Various Philippine broadsheets

# Macroeconomic Indicators



Inflation  
**4.9%**  
as of June 2018



Population  
**106.2 million**



Personal remittances of  
**11 million OFWs**  
**USD31.6Bln**  
▲1% YoY 1H 2018 Annualized



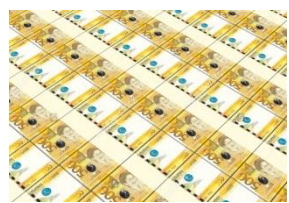
Thriving BPO sector  
**1.2 million** employees  
**USD22.9 billion** revenues  
▲12% year-on-year



Foreign direct investments  
**USD10.0 billion** FY 2017  
▲21% from 8.3 billion Y-o-Y



Gross international reserves  
**USD76.9 billion**  
end-July 2018



External Debt-to-GDP  
**23.0%** as of March 2018



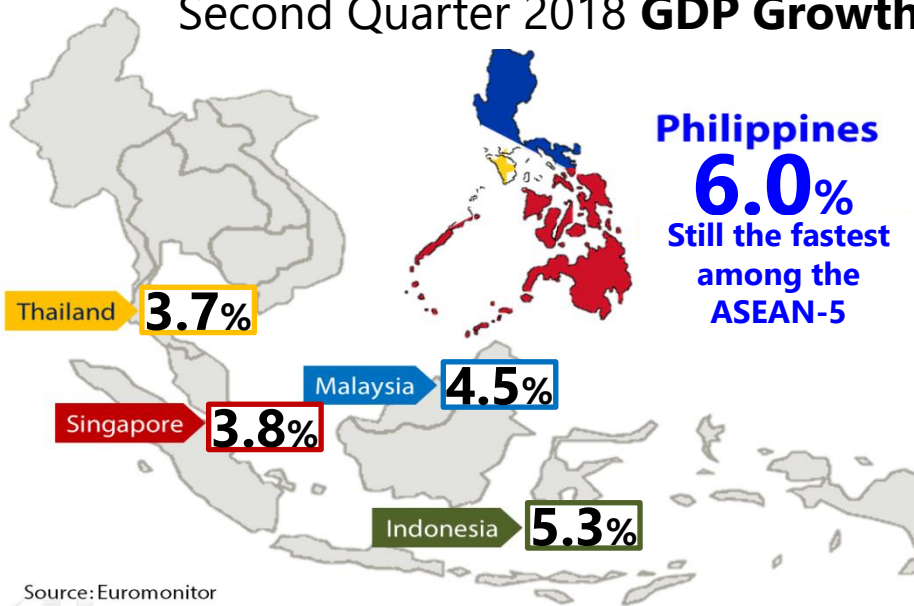
Domestic liquidity, end-June 2018  
**PHP11.1 trillion**  
▲12% from 9.9 trillion in June 2017



**66%** of Filipinos are  
below 25 years old

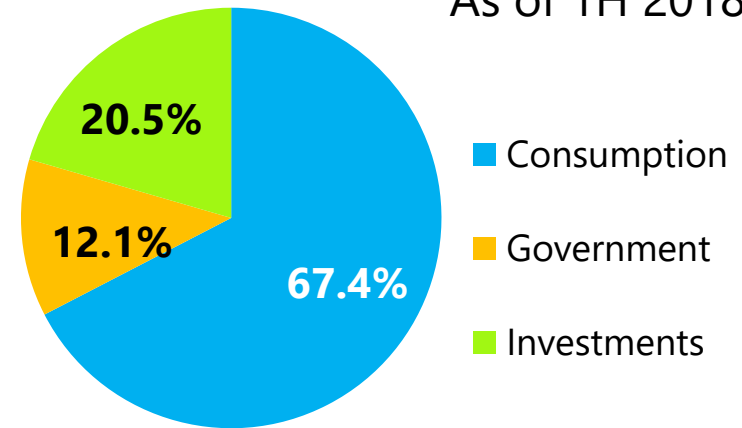
# Macroeconomic Indicators

## Second Quarter 2018 GDP Growth



## Components of GDP (%)

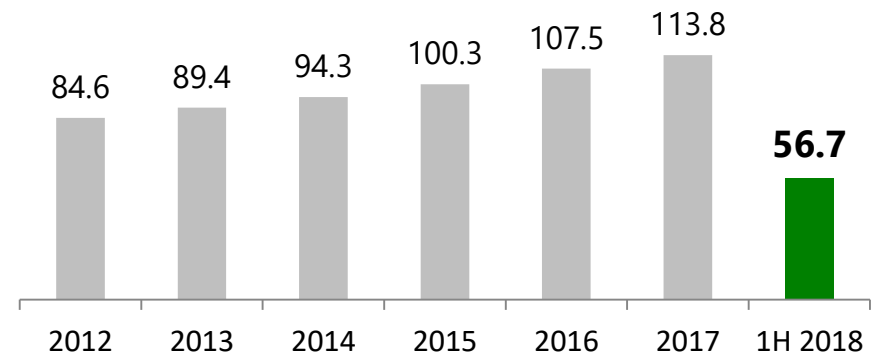
As of 1H 2018



## Household Consumption

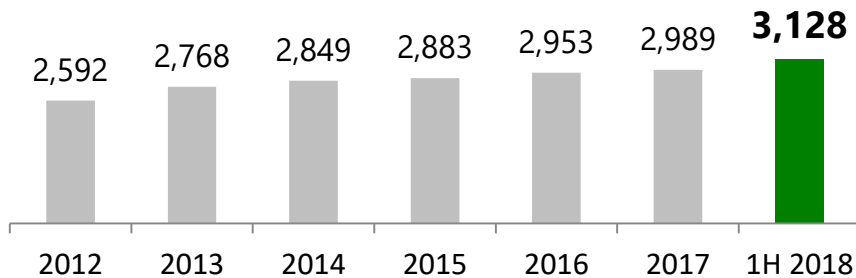
In USD Billion

**+6%**  
Year-on-Year



## GDP Per Capita in USD, nominal

5-year CAGR: **+4%**; PH now in motorization (**\$3,000<**)



Source: Bangko Sentral ng Pilipinas



are recognized by the **Institute of Corporate Directors** as **TOP-PERFORMING COMPANIES** based on the **ASEAN CORPORATE GOVERNANCE SCORECARD**



**Mr. JV Alde**  
**PSBank President**

**Ms. Jette Gamboa**  
**Metrobank SVP**

**Mr. Francis Suarez**  
**GT Capital Group CFO**