



**GT CAPITAL**  
HOLDINGS INCORPORATED

# FIRST QUARTER 2019 FINANCIAL AND OPERATING HIGHLIGHTS

## BUILDING ON NEW OPPORTUNITIES

## INVESTOR PRESENTATION

June-July 2019



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# Strong Group-wide Footprint



**₱2.4T** Trillion total resources  
**3.8M** Million individual depositors  
**over 10,000** institutional and SME clients  
**953** branches nationwide  
**52** remittance centers  
**20,000** employees Group-wide



**60,000** vehicles built annually at the TMP eco-zone  
**over 1.6M** Toyota units sold in PH from 1987-2018  
**69** dealerships nationwide  
**80%** Pay via financing  
**3,108** employees



**30** ongoing projects  
**108** hectares of prime land bank  
**10,547** registered homeowners  
**90%** Pay via loan financing  
**244** external brokers  
**452** in-house brokers  
**480** full-time employees



**₱84B** Billion AUM  
**over 1M** lives insured (incl. group life)  
**532k** individual client accounts  
**783** institutions insured  
**39** standalone branches  
**4,700** exclusive agents  
**2,419** full-time employees



**850k** vehicle entries on toll roads  
**3.2M** patient visits to MPI hospitals  
**1.4M** Million serviced with water  
**16M** Customers group-wide  
**'000s** Group-wide employees



**31,687**  
group-wide employees  
including contractual & agency

**12**  
global strategic partners

**24.3**  
Million customers

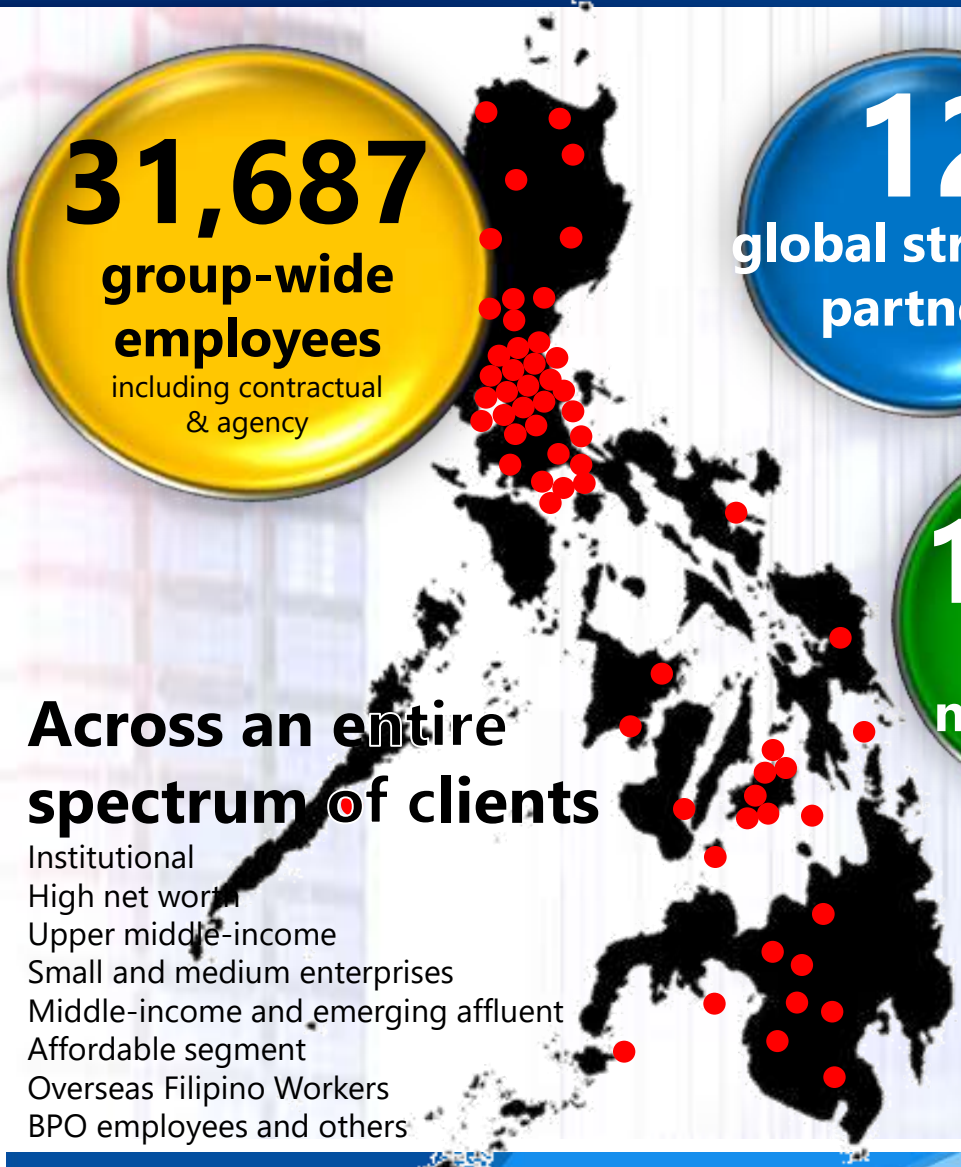
**1,525**  
Branches nationwide

Present in  
**68**  
Provinces

**9,893**  
active salespersons

## Across an entire spectrum of clients

- Institutional
- High net worth
- Upper middle-income
- Small and medium enterprises
- Middle-income and emerging affluent
- Affordable segment
- Overseas Filipino Workers
- BPO employees and others



## *Synergy*

Cross-selling  
within the  
GT Capital Group



## *New Sectors*

Exploring  
underpenetrated  
sectors with new  
strategic partners

## *Expansion in Existing Sectors*

Extending the value  
chain of existing  
businesses



# Strategic Direction

## New Sectors

**Exploring underpenetrated sectors with new strategic partners**

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



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## Expansion in Existing Sectors

**Extending the value chain of existing businesses**

- ✓ TMP/MBT expansion in Next Wave Cities
- ✓ Entry into used car market through JBA Philippines
- ✓ Wider property sector product offerings
- ✓ Master-planned communities
  - Retail spaces
  - BPO/Commercial space

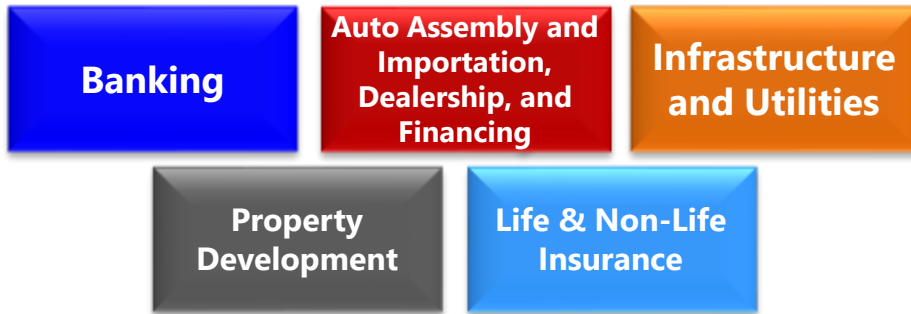
**Cross-selling within the GT Capital Group**

## Synergy

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

# 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

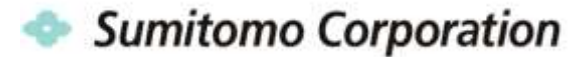
Included in PSEi 16 September 2013

Included in FTSE All World Index 21 March 2014

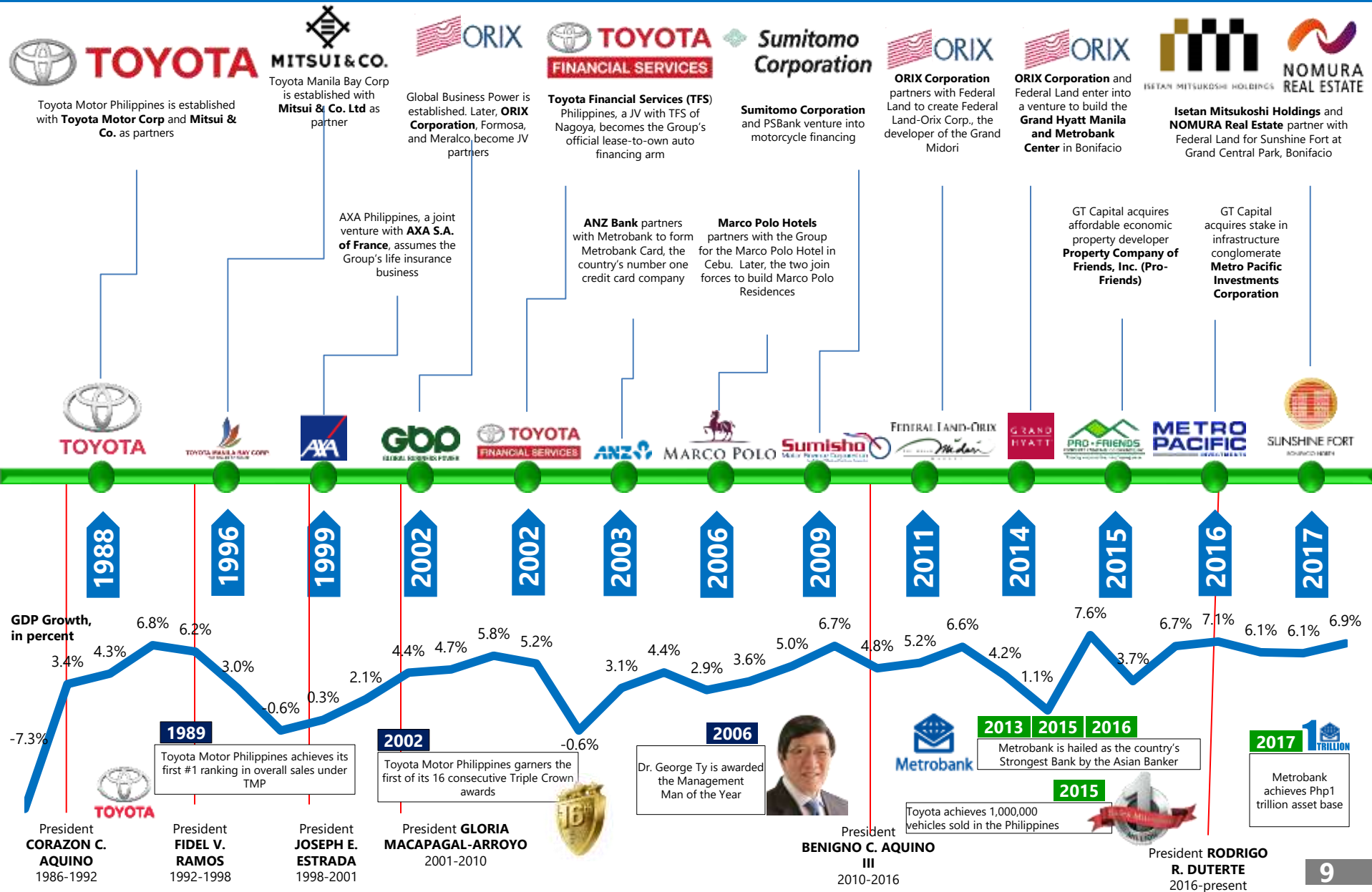
Included in MSCI Philippine Index 29 May 2015

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

## Strategic Partnerships with Best-of-Class Brands







# GT Capital Component Companies



- 1** **Best Managed Bank in the Philippines** for 2018 according to *The Asian Banker*
- 2** Second **largest Philippine bank** by assets as of end-March 2019
- 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 100 hectares of land bank in prime locations



- ❖ Combined penetration rate of 11% among Toyota dealers as of end-March 2019
- ❖ Network of 5 dealer outlets
- ❖ Strategic partnership with Mitsui & Co. of Japan, another leading conglomerate



- 1** **Most dominant automotive company** in the Philippines, maintaining 35% to 40% market share from 2015-2019
- 1** **Highest** passenger car, commercial vehicle, and overall sales annually since 2002
- 1** **Triple Crown** winner for 17 consecutive years 2002 – 2018



- 2** Second largest life insurance company in terms of gross premiums as of end-2018
- 1** Pioneer in bancassurance
- 2** Second largest non-life insurer in terms of net premiums written as of end-2018
- ❖ Strong bancassurance synergies with Metrobank and PSBank



- ❖ 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



- 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



- 1** Market leader in auto financing for Toyota vehicles; Market penetration rate of 24% as of March 2019
- ❖ Nearly two decades-long track record in auto lease financing
- ❖ Strategic partnership with Toyota Financial Services of Japan



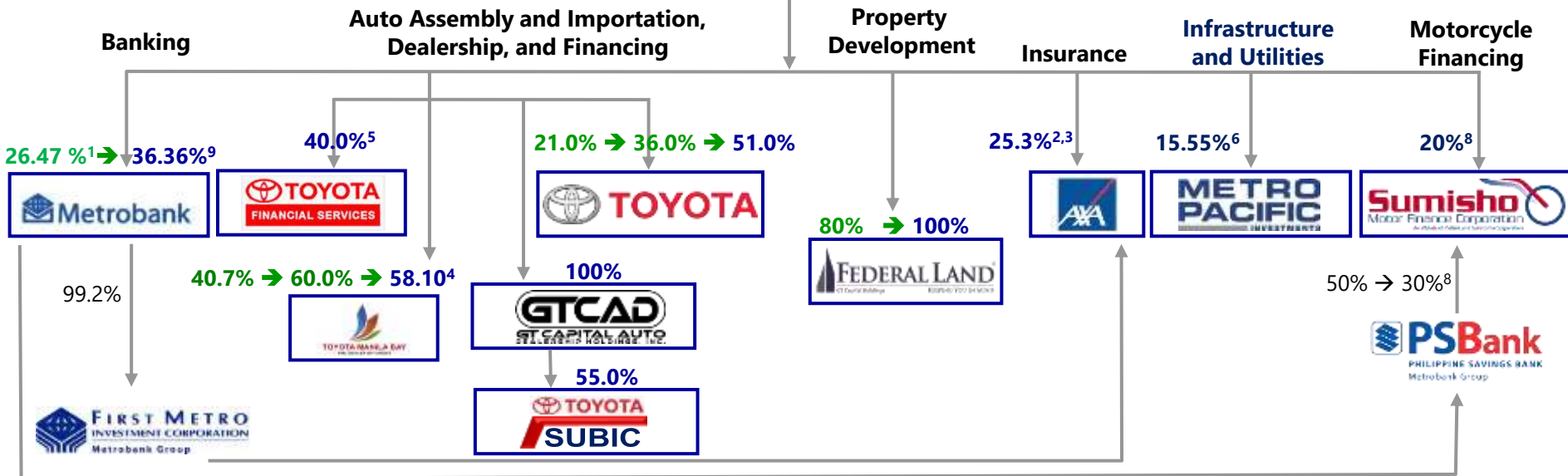
- ❖ Joint venture with **Japan Bike Auction Co., Ltd.**, a subsidiary of USS Co., Ltd.
- 1** Market leader in Indonesia car and motorcycle auction market; 30% market share as of December 2018
- 1** Market leader in Japan motorcycle auction market; 25% market share as of December 2018

# Current Corporate Ownership Structure



**56.19%**

**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 1Q 2019 year-on-year (vs. 1Q18)



## Consolidated Net Income

-8%

**Php3.42 billion**

Php3.74 billion 1Q 2018

## Core Net Income

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

-8%

**Php3.47 billion**

Php3.76 billion 1Q 2018

## Revenues

+3%

**Php47.0 billion**

Php45.5 billion 1Q 2018

Auto Sales (TMP – Php33.8B)

**Php 38.8 billion +2%**

Equity in net income of associates  
(MBT Php2.4B, MPIC Php0.6B, AXA Php0.2B, TFS Php0.07B)

**Php 3.3 billion +14%**

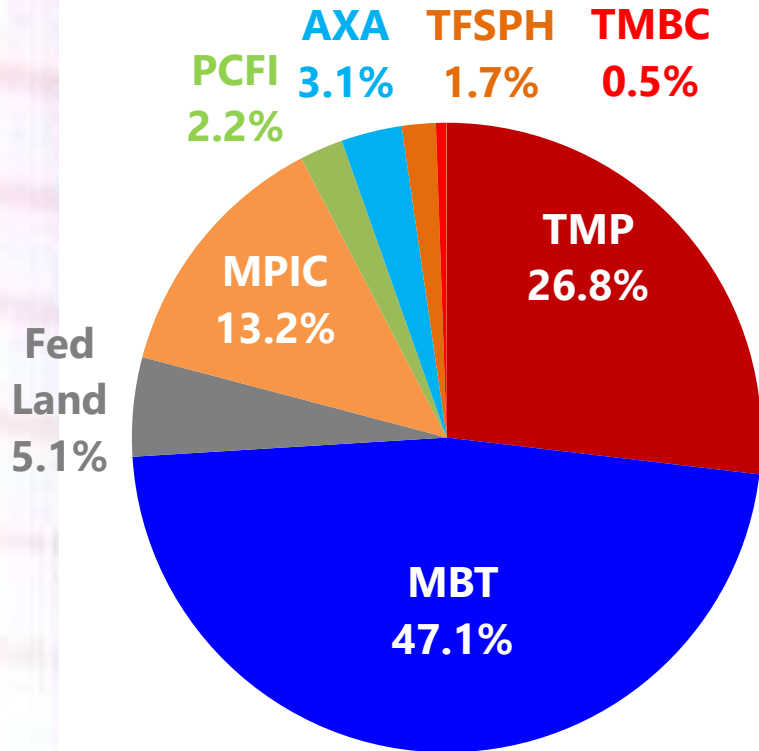
FLI & PCFI - Real Estate Sales and Interest income on Real Estate Sales

**Php 3.7 billion +2%**

# GT Capital Net Income Contribution By Component Company

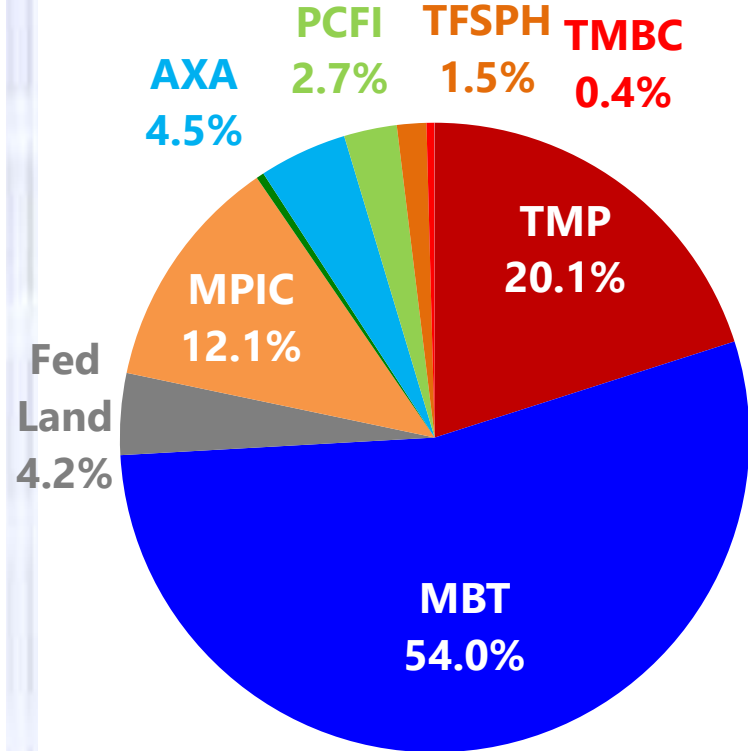


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**MBT + TMP = 73.9%**

**1Q 2018**



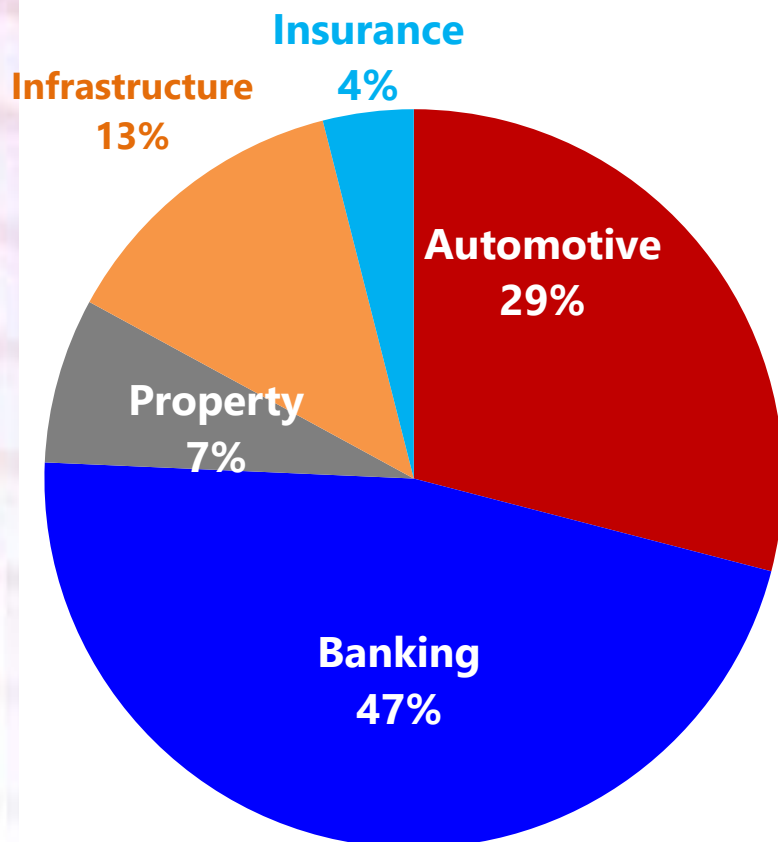
**MBT + TMP = 74.1%**

**1Q 2019**

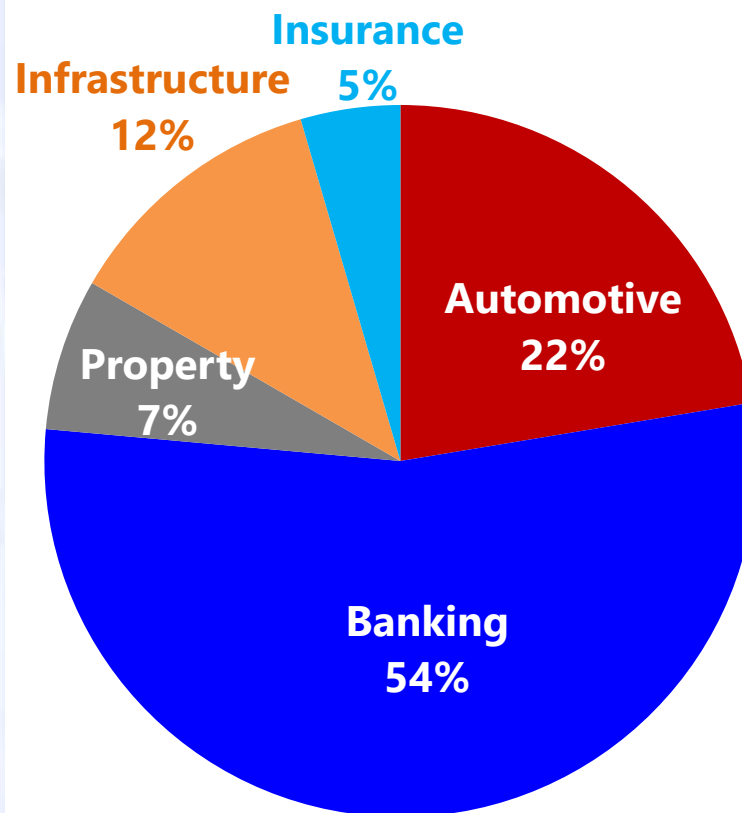
# GT Capital Net Income Contribution by Sector



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1Q 2018



1Q 2019





 **Metrobank**

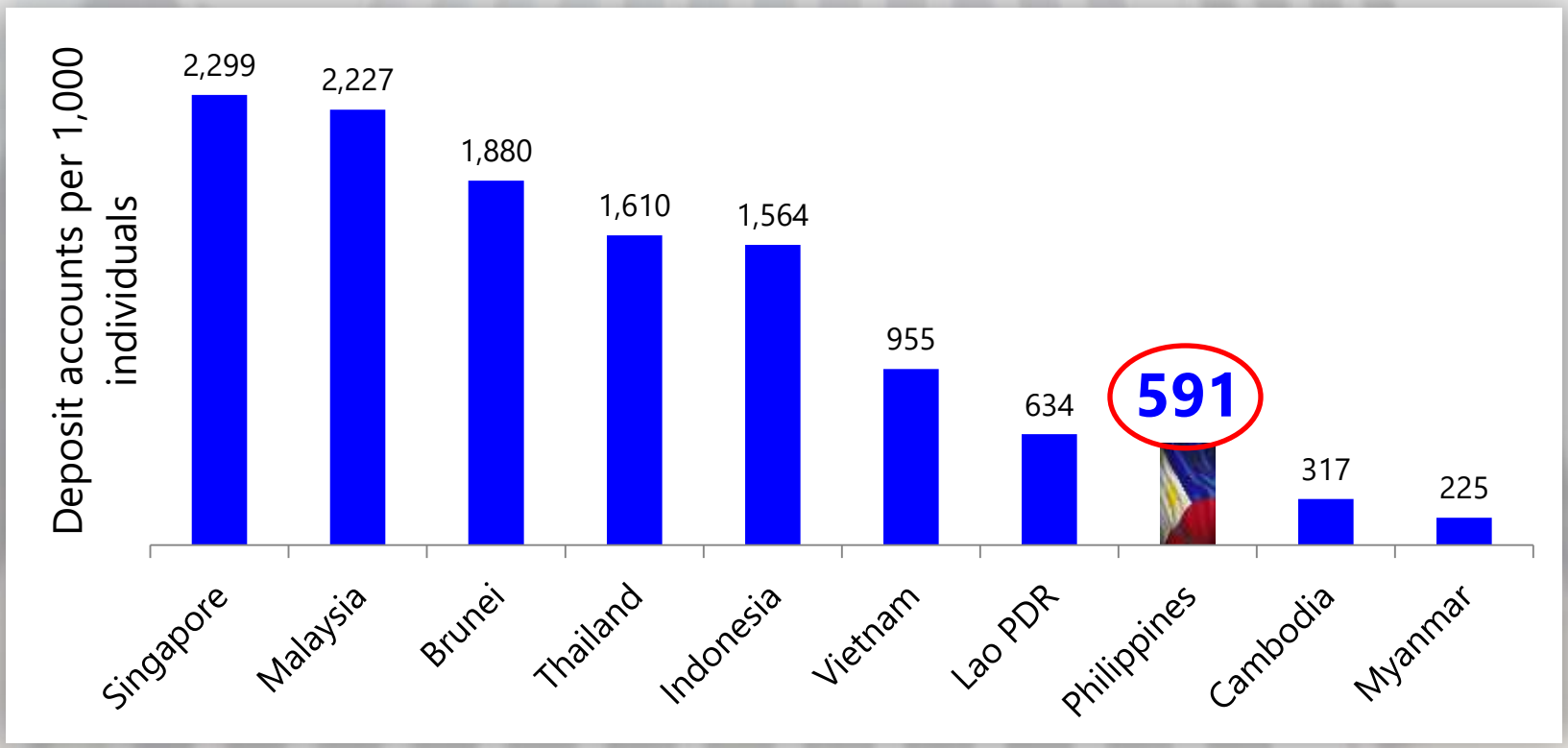


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## Banking Sector Highlights

# Deposit accounts per 1,000 individuals

ASEAN Members and Observers, 2018



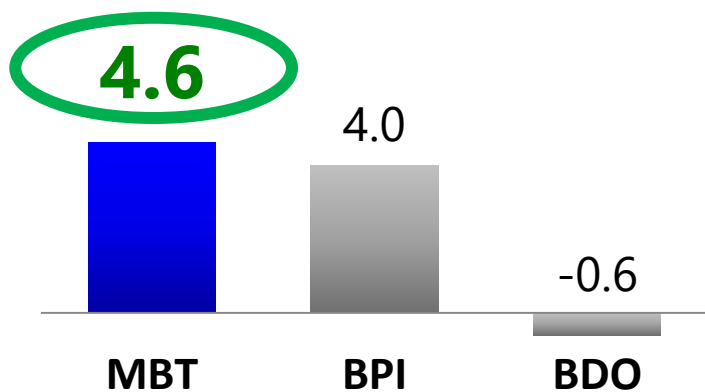
Source: International Monetary Fund Access to Financial Services Survey

# 1Q 2019 Peer Banks Highlights

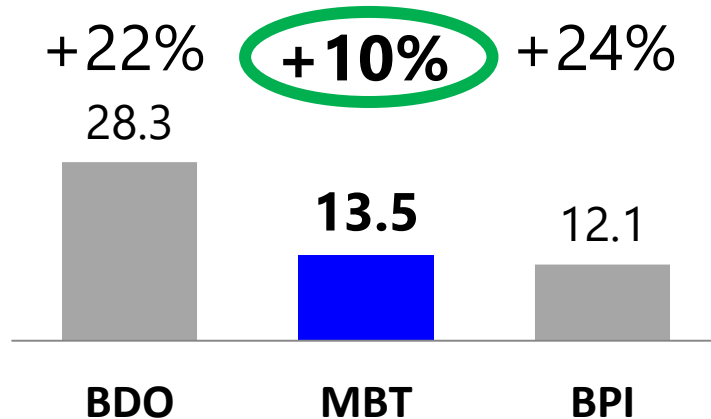
MBT delivered NIM expansion and prudent operational expenditures



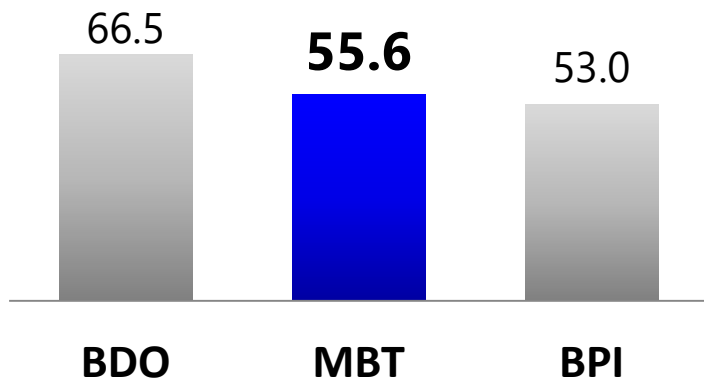
## NII less Opex (Php Billion)



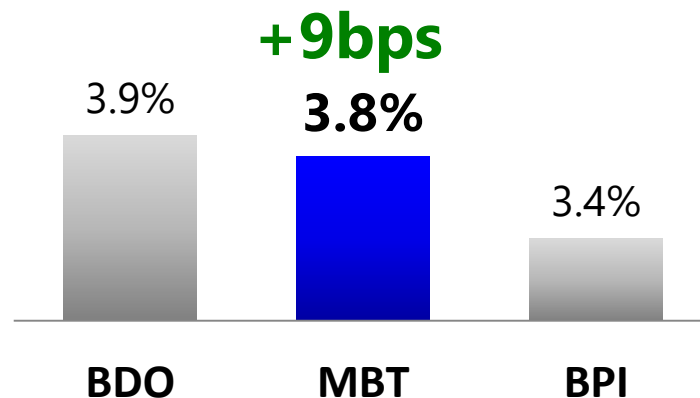
## Operating Expenses (Php Billion)



## Cost-to-Income Ratio (In %)



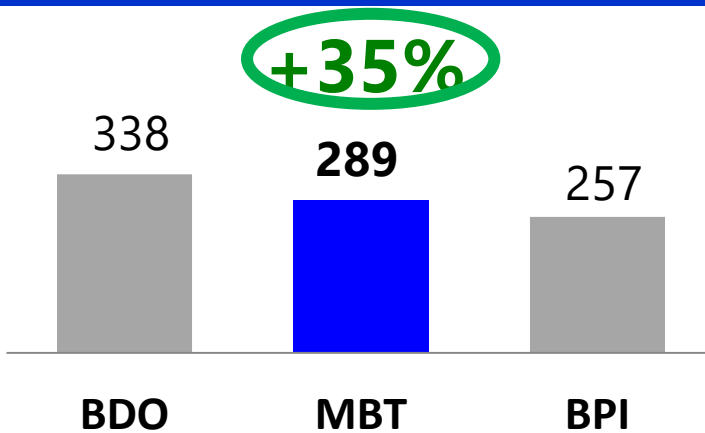
## Net Interest Margin – NIMs (%)



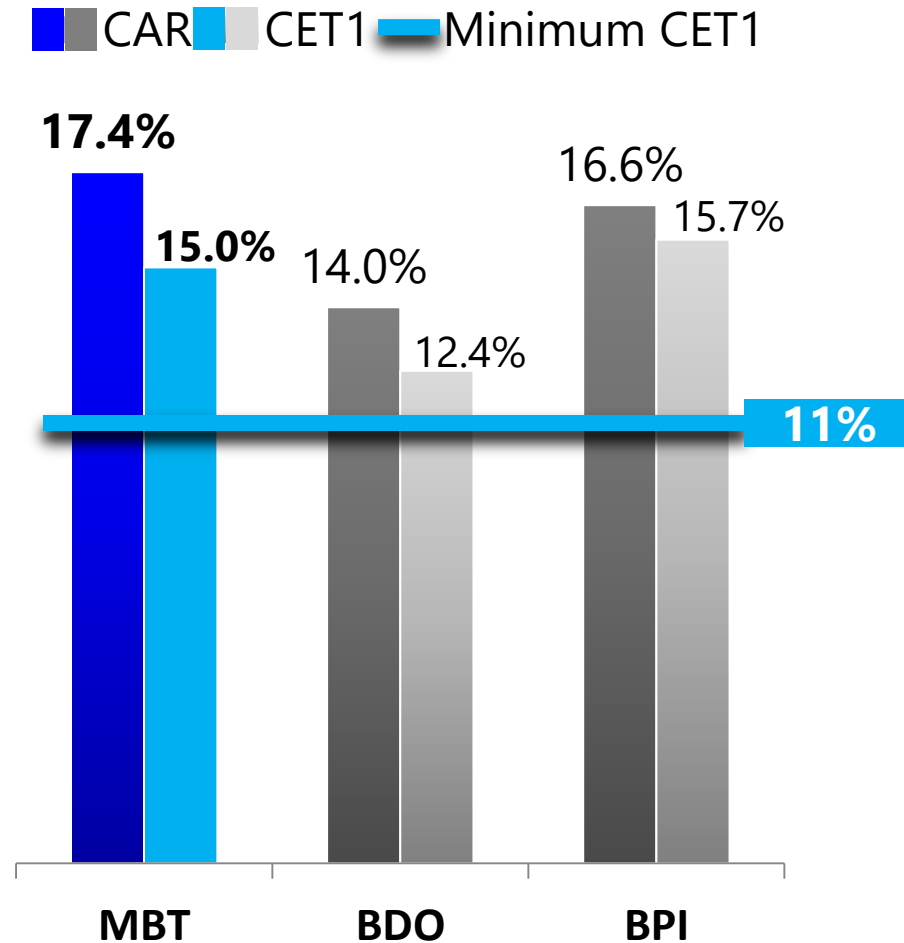


# 1Q 2019 Peer Banks Highlights

## Total Equity (Php Billion)

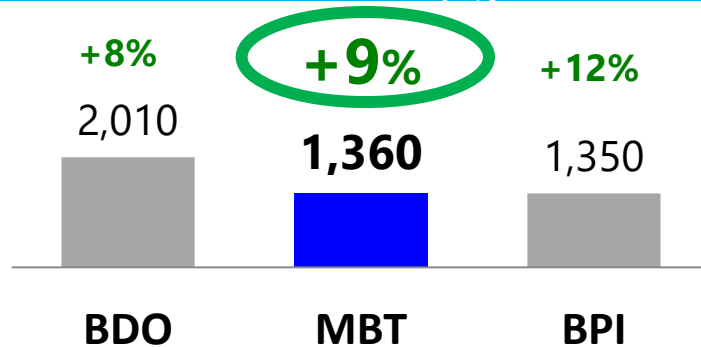


## Total CAR and CET1 (%)



## Total Loans\* (Php Billion)

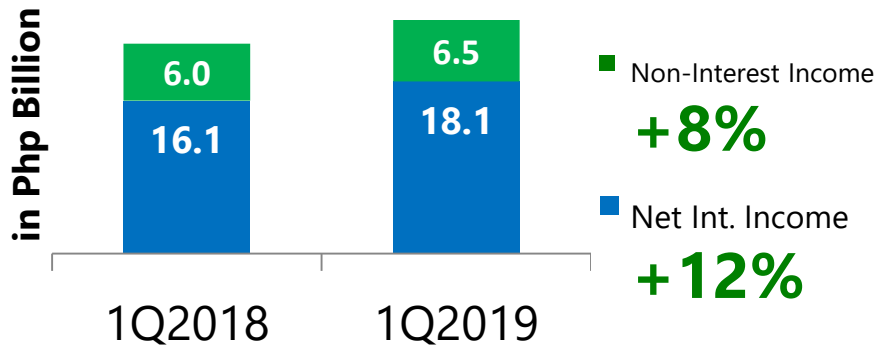
+9.9% industry growth



\*excludes IBL and spurra

# Metrobank Financial Highlights

## Operating Income



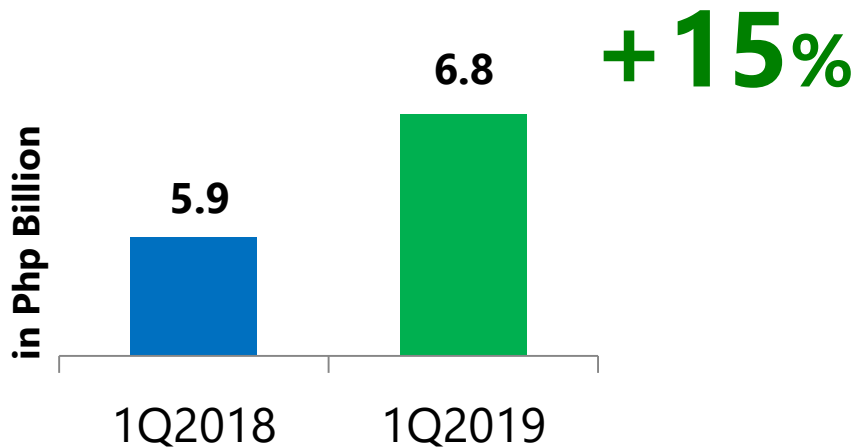
- Net Interest Income **+12%** (Php18.1B or **74% of Operating Income**)

- Loan portfolio **+9%** at **Php1.36T**
  - Commercial **+9%**
  - Consumer **+5%**
  - NIMs at 3.84%

- Non-Interest income **+8%**

- Service fees & bank charges **+9%** from **Php2.9B** to **Php3.1B**
- Trading and FX gain **2x** from **Php0.7B** to **Php1.5B**

## Net Income



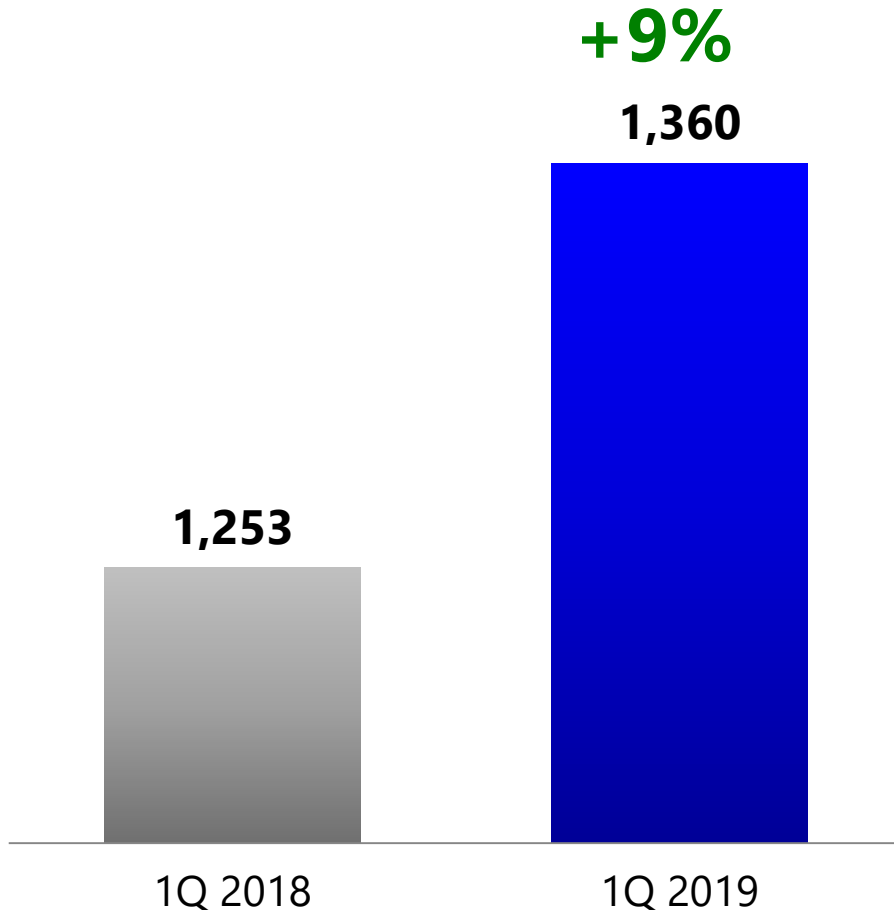
- Provisions for credit and impairment losses reached **Php2.4B**

- NPL ratio at 1.5%

- Increase in OPEX **+10%** from **Php12.3B** to **Php13.5B**

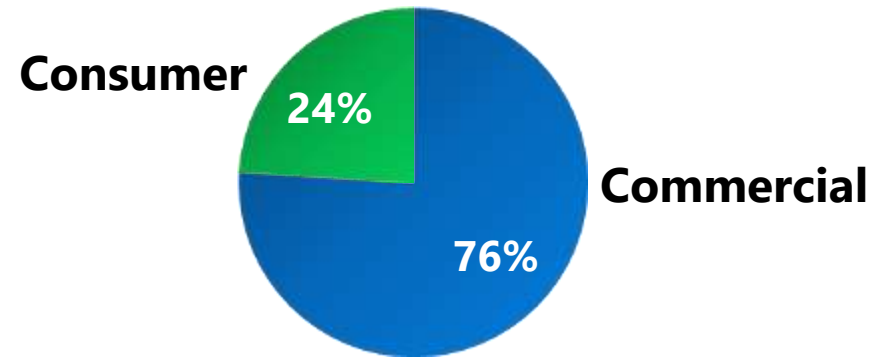
# Key Performance Drivers

## Loans and Receivables (Php Billion)

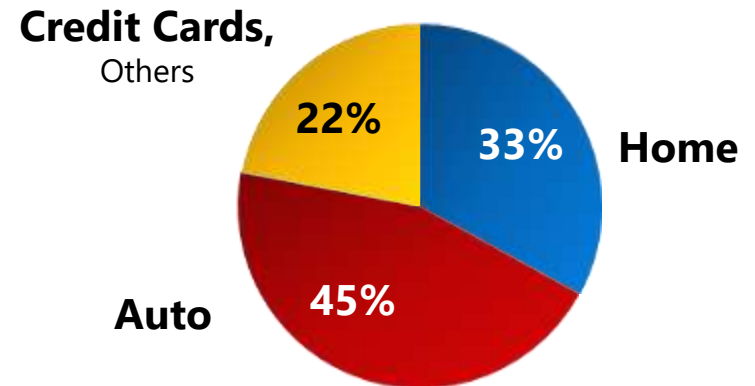


Source: 17Q Report as of 31 March 2019

## Total Loan Portfolio Breakdown



## Consumer Loan Portfolio Breakdown





# Investment Case



- ✔ **Solid net income growth**
  - ✔ **Loan growth remains healthy**
  - ✔ **Sustained NIM expansion**
  - ✔ **Expanding recurring revenue base**
  - ✔ **Stable asset quality**
-



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## Incentives



### Model Life Budget

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

### 40% *Fixed Investment Support (FIS)*



Body Shell Assembly



Large Plastic Assemblies



Common Parts



Shared Testing Facility

**12.5% to 30%**

maximum **5%**

### *Production Volume Incentive (PVI)*

Dependent on **three factors**:



**Volume** produced in excess of 200,000



**Actual annual production volume**



**Size of locally-made high tech parts**



## **Rationale and Regulations**

- 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



**Php5.24 B**  
Total Toyota CARS Project  
Investment Plan as of Sept 2017

**Php1.03 B**  
Vehicle production

**Php4.21 B**  
Parts localization

Participating model **THE NEW VIOS**

**348 parts** Confirmed as of July 2017

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

**40%**  
Current Localization

**Php1.3 billion**  Aggregate Investments

### Out-house parts projects

BOI-registered auto parts partners

 **Manly** PLASTICS, INC. **Php520.0 million**

 **Valerie** VALERIE PRODUCTS MANUFACTURING, INC. **Php495.9 million**

 **TE** TECHNOL EIGHT PHILIPPINES CORP. **Php94.5 million**

 **TB** TOYOTA BOSHOKU **Php167.2 million**

with technical partners

 **Ogihara**  
OGIHARA (THAILAND) CO., LTD.

 **TOYODA GOSEI**

## 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

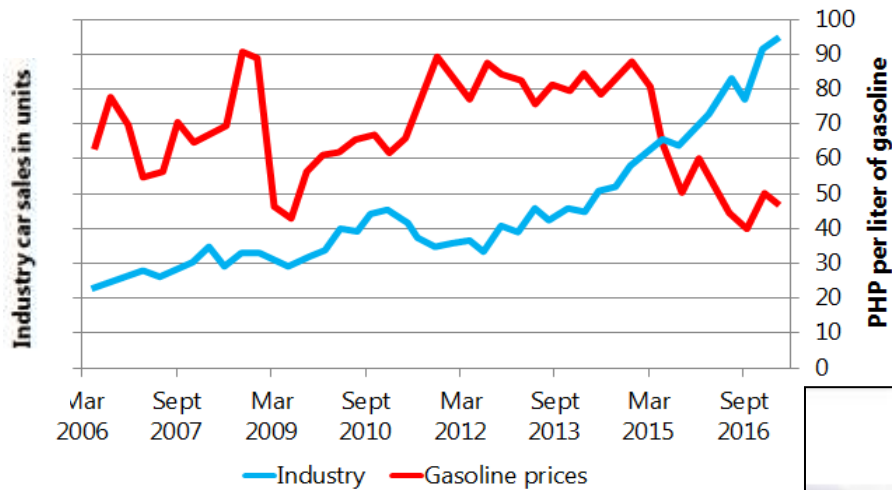
*From left to right:* TMP EVP for Manufacturing Tomohiro Iwamoto; TMP SEVP and GT Capital Director Dr. David Go, TMP President Satoru Suzuki, DTI Secretary Ramon Lopez, Bol Governor Henry Co, CARS Program Management Office Director Romulo Manlapig

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

# Factors in relation to industry car sales



## Industry car sales vs. gasoline prices



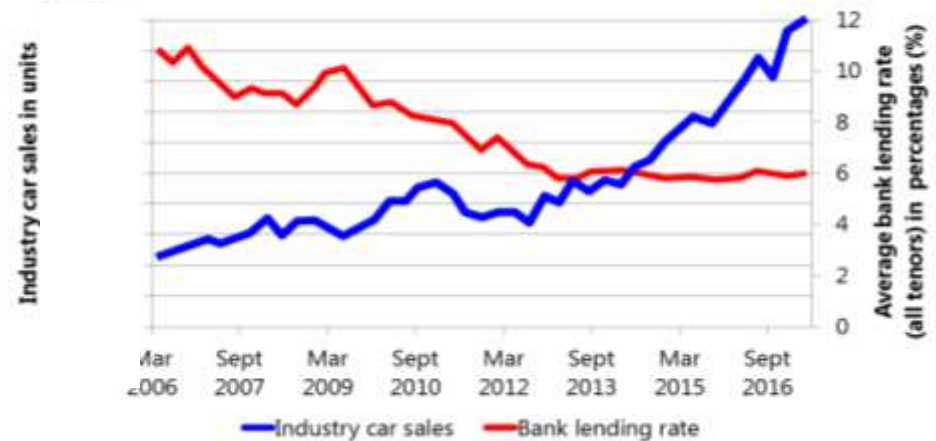
Historically, gasoline prices have not had a significant correlation with Philippine industry car sales.



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

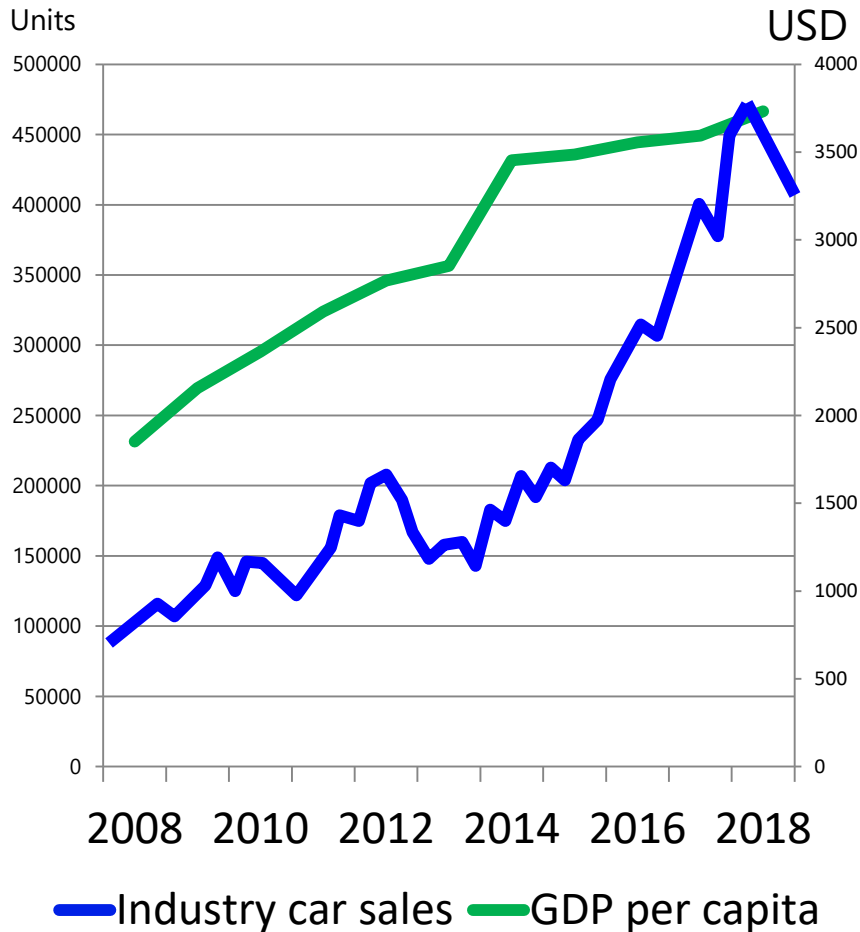


Source: CAMPI, PEP-BAML

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



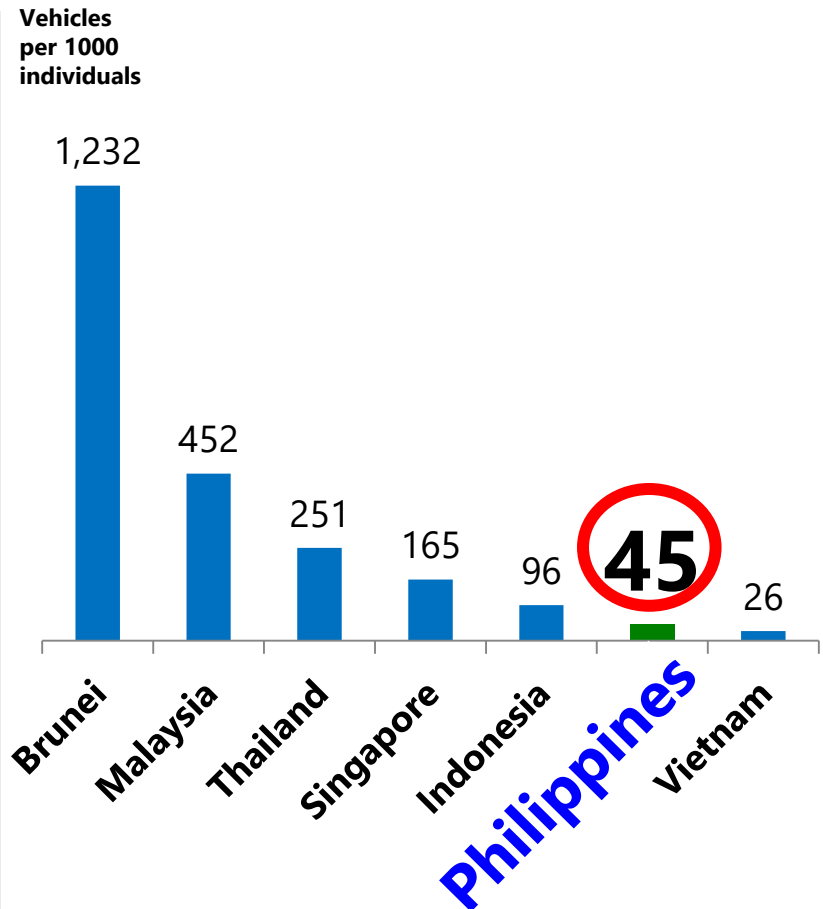
## Industry car sales vs. PH GDP per capita



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



# 2018 Global Toyota Sales Performance Rankings



**2018**

**Still Top 9**

**Despite sales compression**

**2017**

**Top 9**

**2016**

**Top 10**

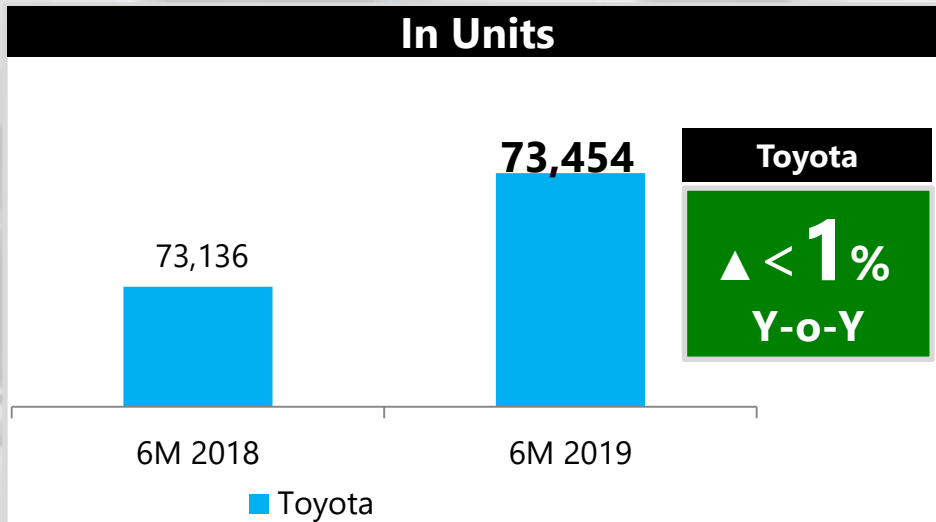
	Market	Total
1	United States	2,426,795
2	Japan	1,564,309
3	P.R. China	1,474,543
4	Indonesia	357,390
5	Thailand	315,113
6	Canada	231,646
7	Australia	225,880
8	Brazil	202,843
<b>9</b>	<b>Philippines</b>	<b>153,004</b>
10	India	150,289
11	Saudi Arabia	137,804
12	Russia	133,777
13	South Africa	130,397
14	United Kingdom	124,843
15	Taiwan (R.O.C.)	123,675
16	Mexico	108,761
17	France	106,136
18	Argentina	94,110
19	Italy	90,517
20	Germany	85,850

# Retail auto unit sales volume

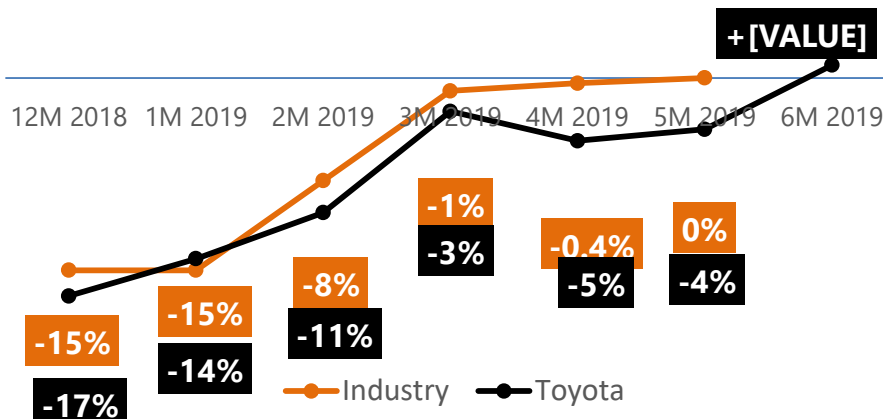


As of June 2019 YTD

## In Units



## In Percent Year-on-year (%YoY)



Source: Company data, CAMPI, AVID

## Industry factors:

- Signs of recovery in volume from seasonally high 4Q
- Flat YoY due to easing inflation and rebound in consumer sentiment

## TMP lower-than-industry in May due to:

- Base effect:
  - Jan. 2018 had spillover from Dec. 2017 front loading
  - April 2018 base effect from Vios sales push
- Hiace and Avanza import run-out
- Different fiscal year-end for other Japanese brands

## 5M 2019:

Toyota 58,886 (-4.6%)

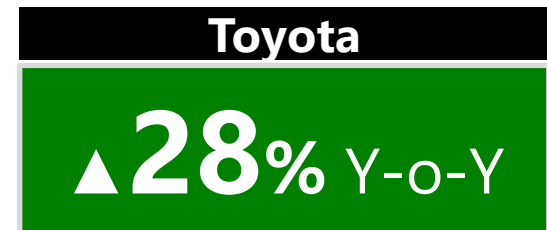
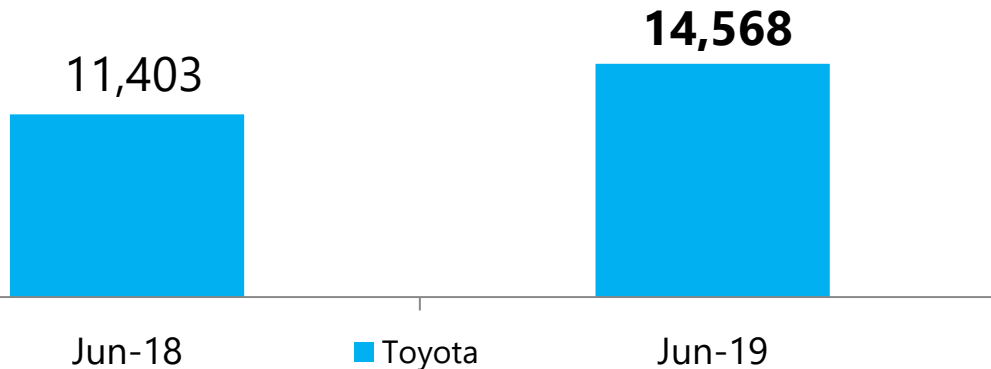
Industry 158,885 (+0.1%)

# Retail auto unit sales volume

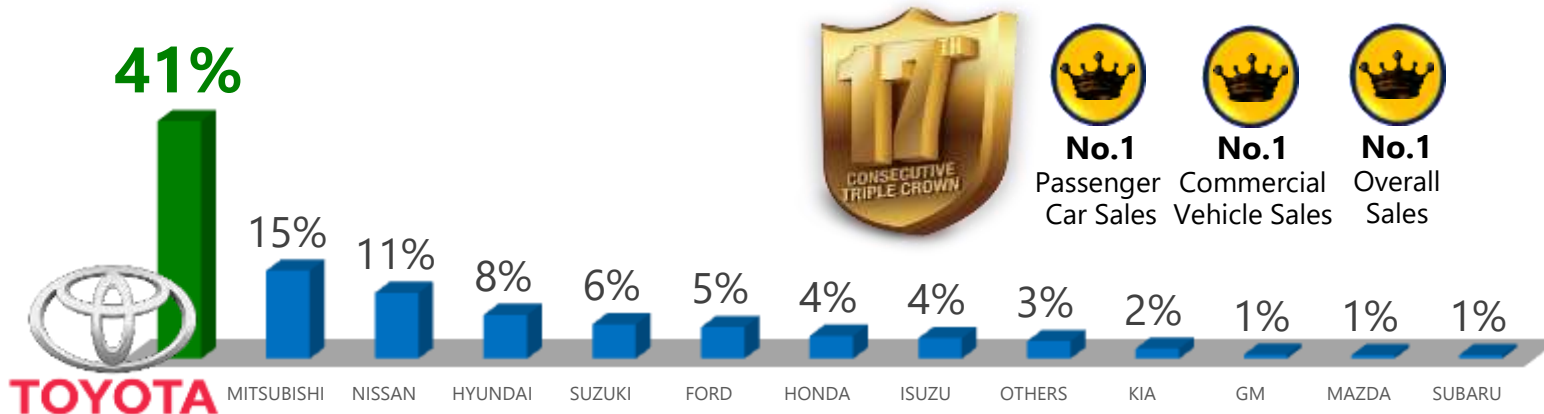
Month-to-date June 2019

In Units

Toyota



Market Share, Month of May 2019 [industry not yet available for June]

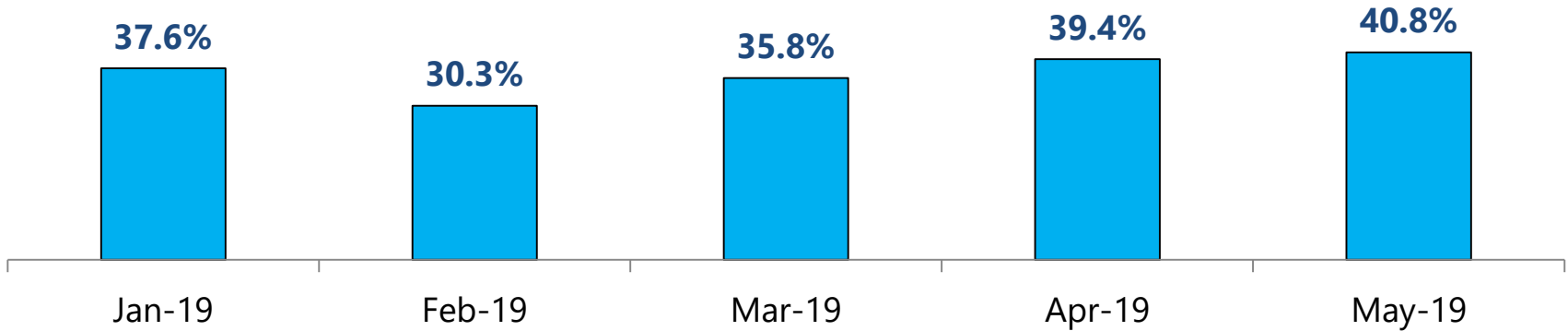


Source: Company data, CAMPI, AVID

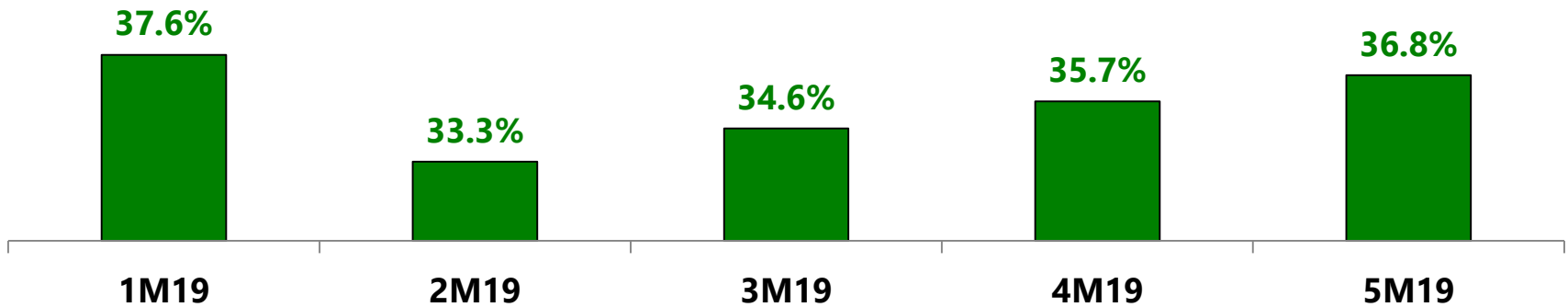
# Monthly Market Share

## Highest Market Share in May 2019

### Toyota Market Share (Standalone Month)



### Toyota Market Share (Year-to-date)

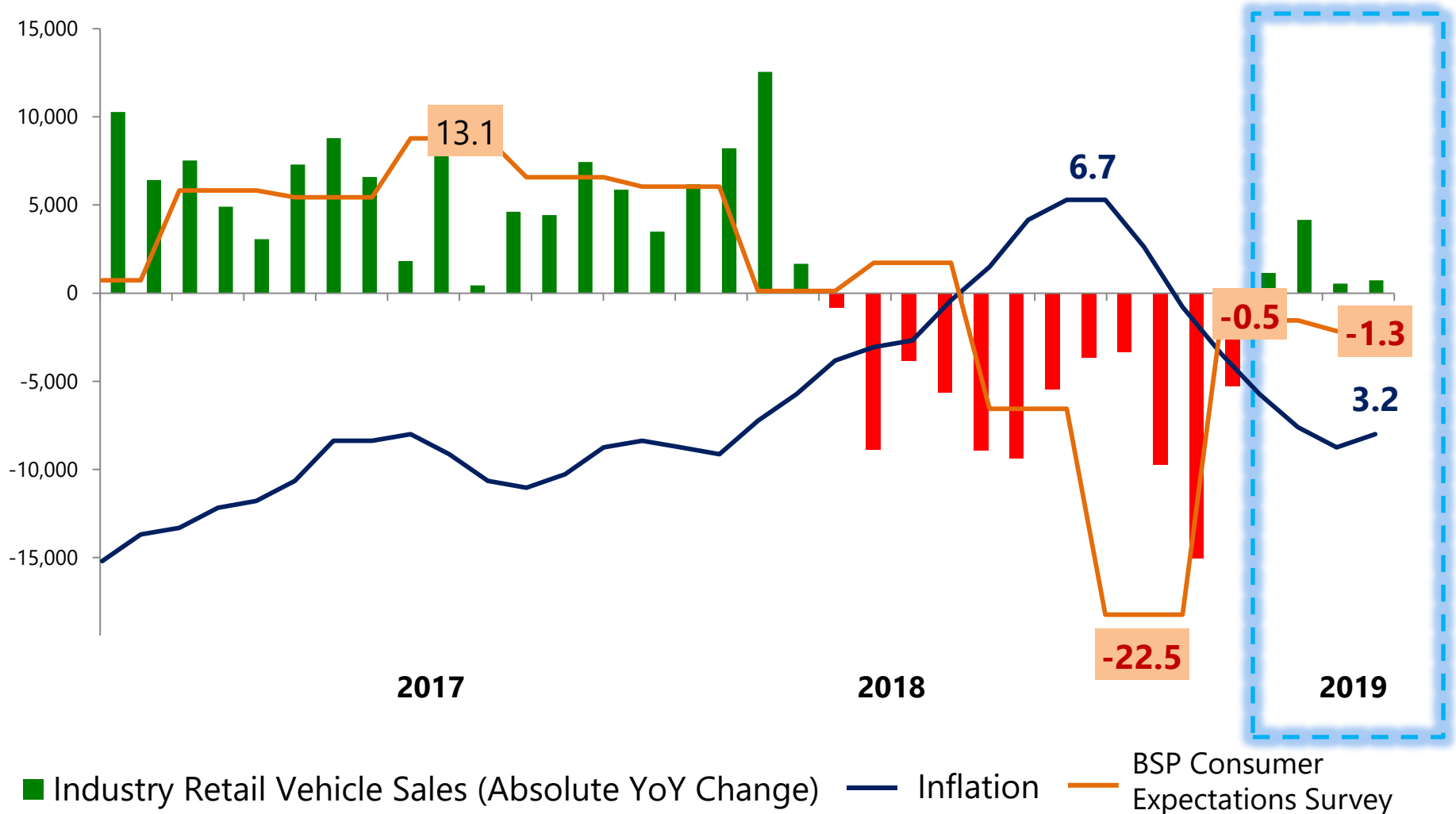


# Signs of recovery

Industry vehicle sales grew YoY for the first time in 12-mos. last Feb. 2019 due to easing inflation and rebound in consumer sentiment



## Industry Vehicle Sales (Absolute YoY Change) vs. Inflation (In %) and BSP Consumer Expectations Survey (In %)



Source: Company data, CAMPI, AVID, BSP, PSA



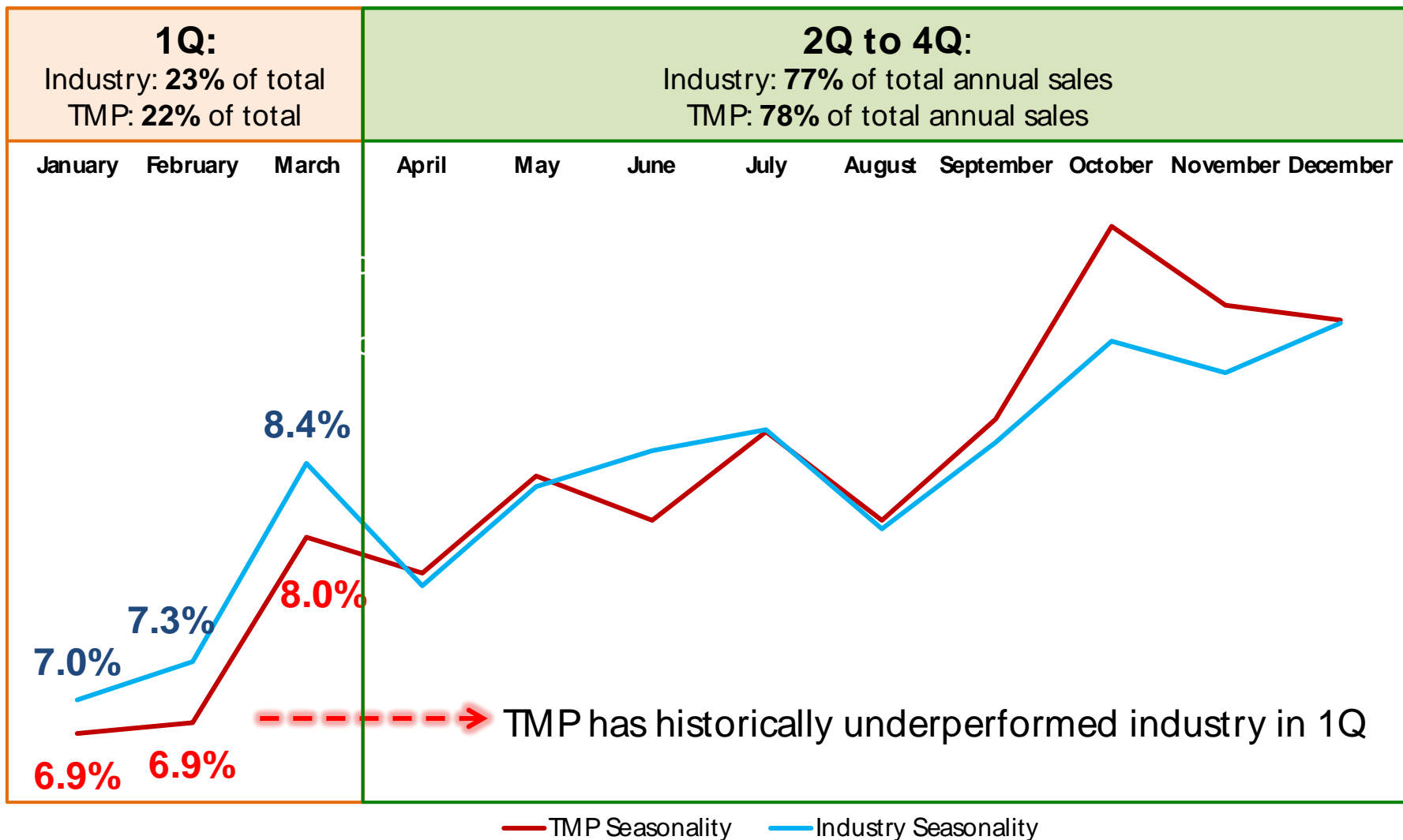
# Seasonality

Volume to improve due to higher 2Q to 4Q seasonality

TMP historically below industry in 1Q due to competitors fiscal year-end



## Seasonality – Industry and TMP (2009 to 2018)



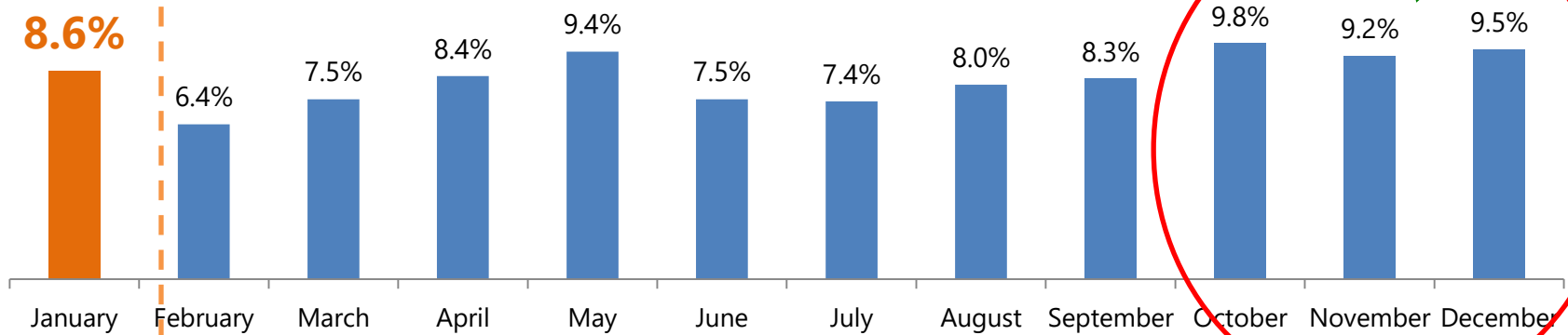
# Base effect

Toyota retail volume in Jan. 2018 had spill over from Dec. 2017 front loading



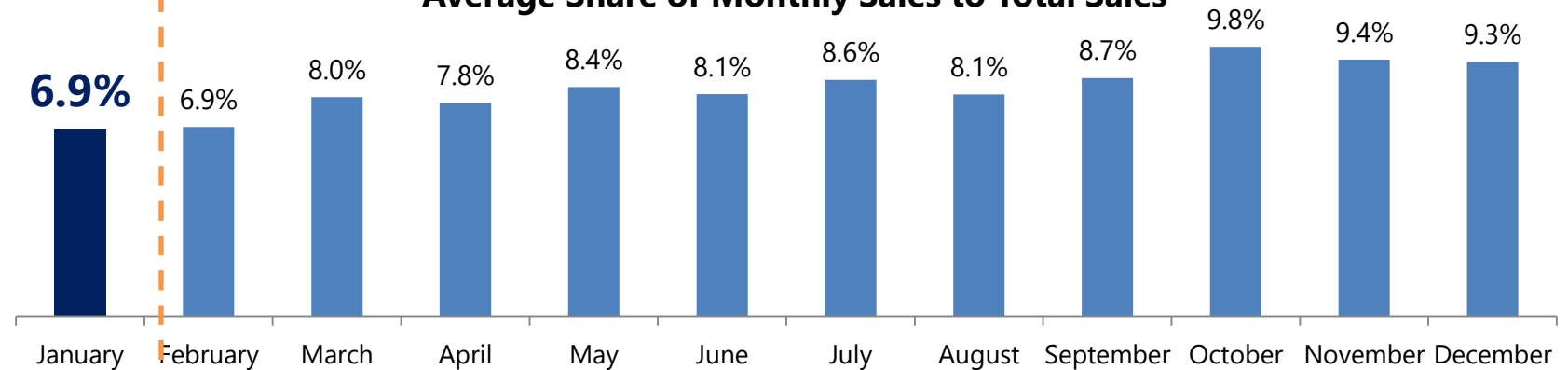
Jan 2018.  
spill over

### TMP Retail Sales Units - 2018 Average Share of Monthly Sales to Total Sales



\*vs. Industry:  
7.1%

### TMP Retail Sales - 2009 to 2018 Average Share of Monthly Sales to Total Sales



\*vs. Industry:  
7.0%

Source: Company data, CAMPI, AVID

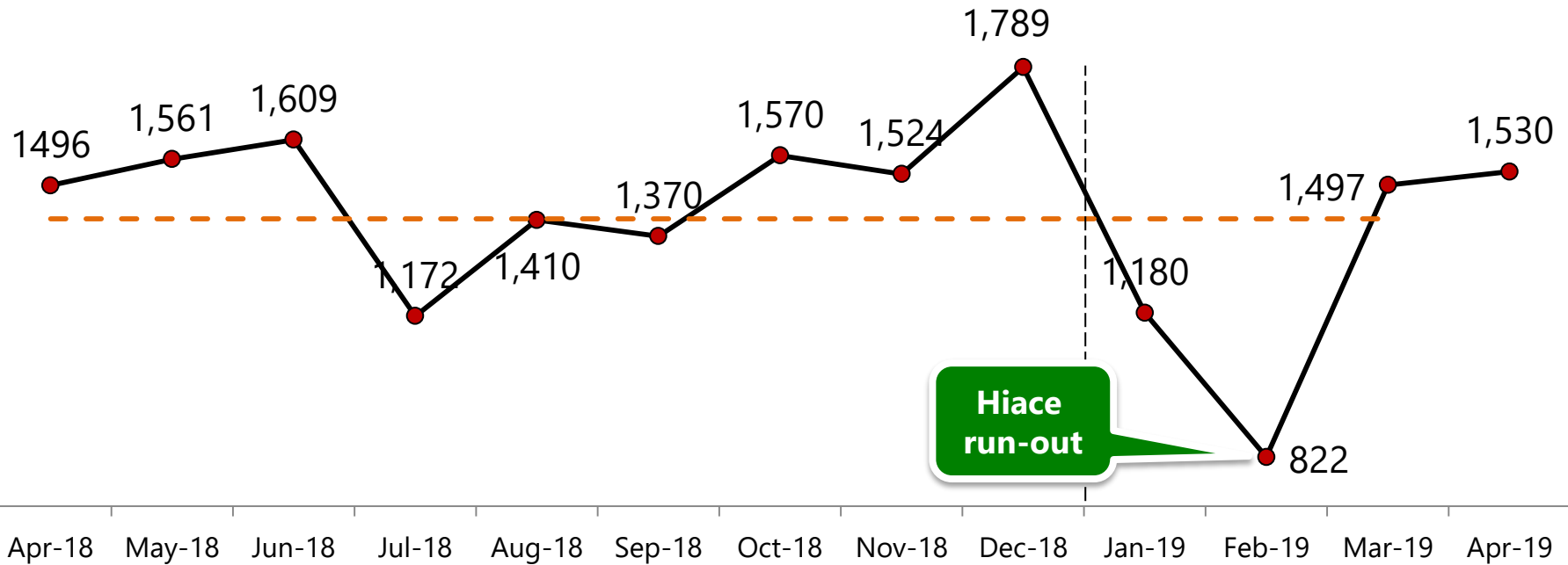
# Hiace Run-out

(PH Largest market in the world at 17,000 units/annum)

Contributed 11% of monthly sales in 2018



## Hiace Retail Sales (In Units)



Hiace run-out

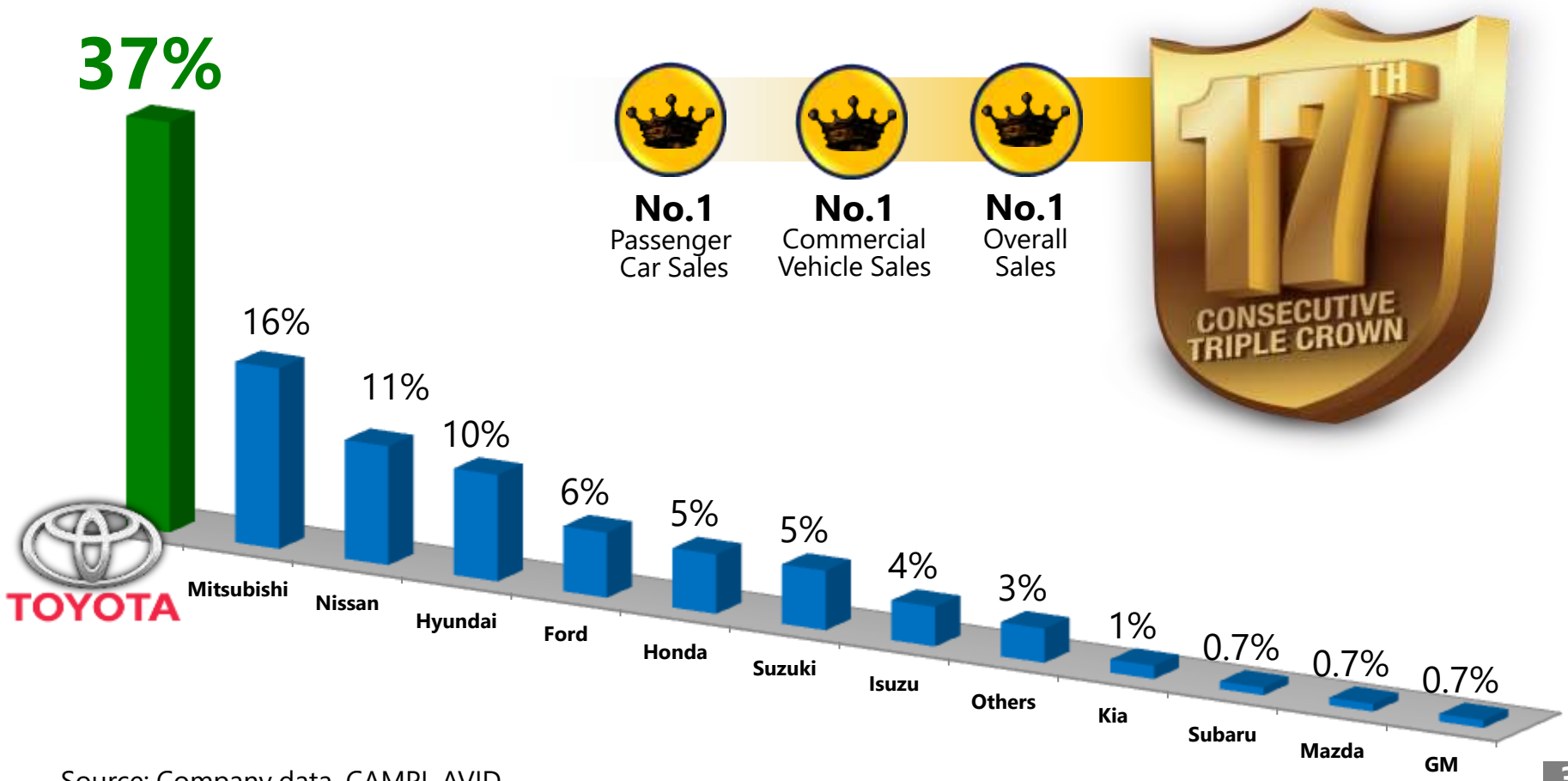


● Hiace    - - 2018 average (1,413 Units)

Toyota achieved 37% market share in 5M19

# Overall Market Share

As of May 2019 YTD



Source: Company data, CAMPI, AVID

**Toyota continues to be the Philippines' dominant auto company**



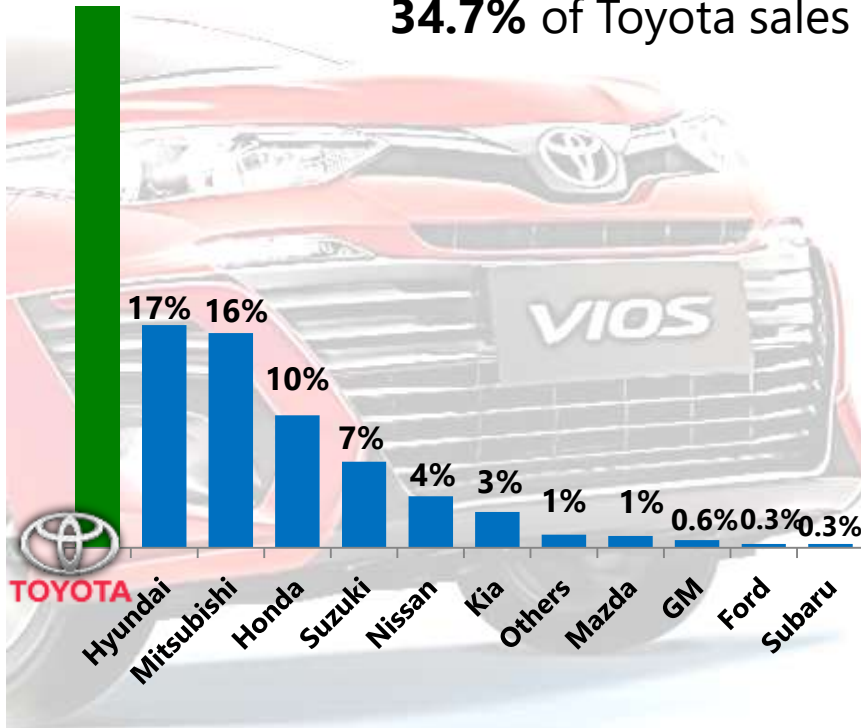
# Auto Industry Market Share

## As of May 2019 YTD

### Passenger Car

**41%**

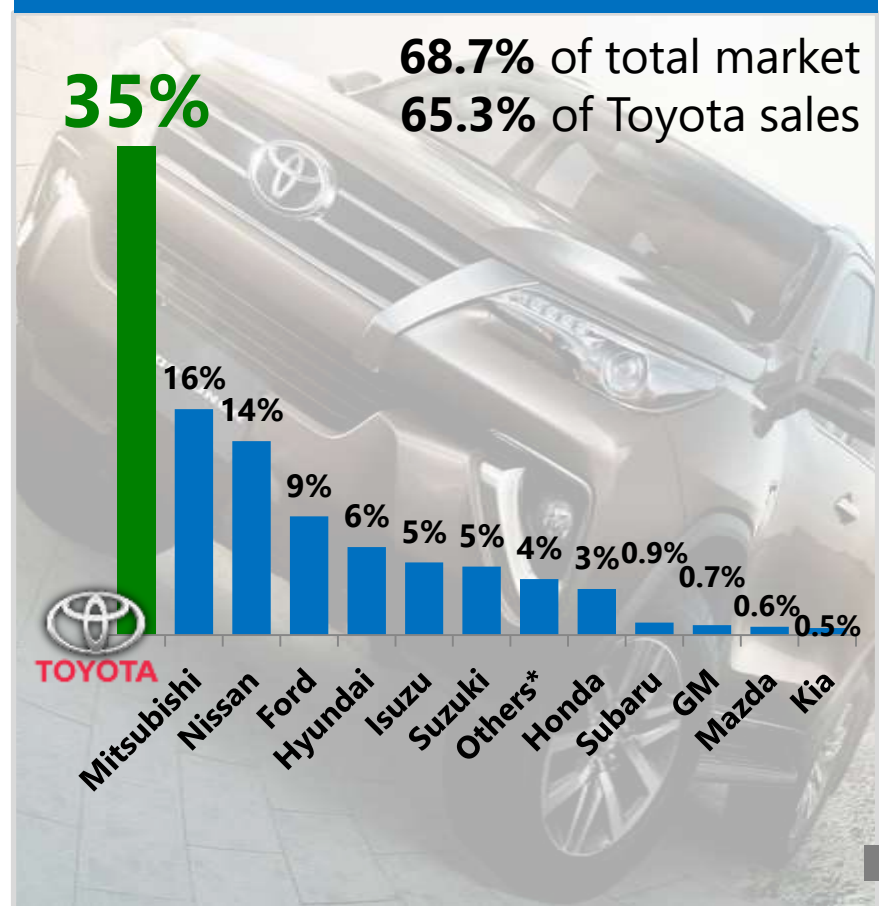
**31.3%** of total market  
**34.7%** of Toyota sales



### Commercial Vehicle

**35%**

**68.7%** of total market  
**65.3%** of Toyota sales



Source: Company data, CAMPI, AVID



# New model launch update

Dominant in respective segments



**RUSH** May 2018

**45% segment share** since launch



**VIOS** July 2018

**34% segment share** since launch



**CAMRY** Dec. 2018

**76% segment share** since launch



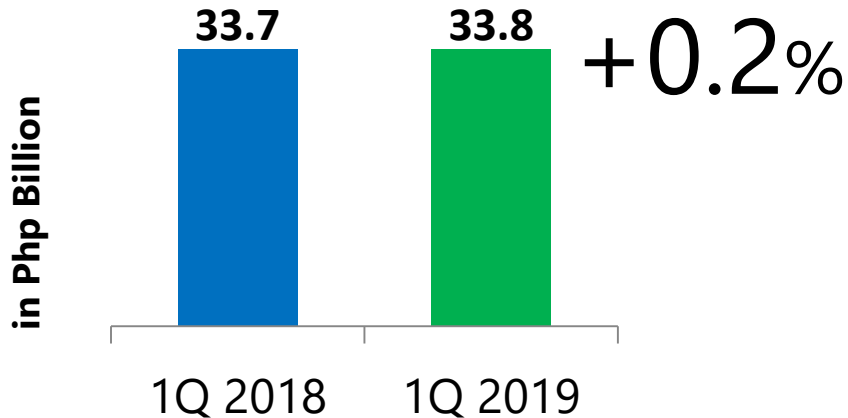
**HIACE** Feb. 2019

**55% segment share** since launch

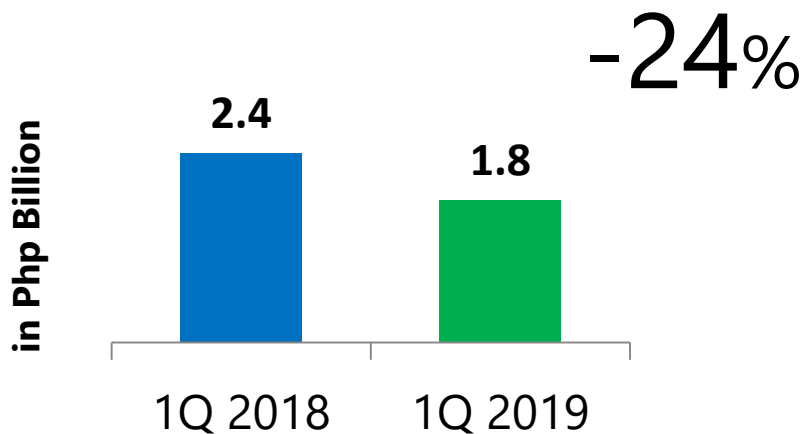
# TMP Financial Highlights (YoY)



## Revenues



## Net Income ATP



- WSV -4% **32,394** units; RSV -3% vs. 0% Industry
  - Hiace: Runout Feb 2019
  - Fortuner & Vios: increased network discount
  - Avanza: Runout March 2019
- Sales volume:
  - PCs: Vios -6%, Wigo -14%
  - CVs: Hilux +50%, Fortuner -21%, Innova -5%, Hiace -15%, Rush **+100%** & Avanza -40%
- Overall market share from **35.5%** to **34.6%**
- To jump-start sales:
  - higher advertising & sales promo/sales rebates,
  - increase in OPEX & OH costs

TOYOTA MOVING FORWARD  
**New model launches**



**HIACE** February 2019  
Php1.442-2.686M | FY'18: 11.0% of sales

**Highest unit sales for  
HIACE in the world**



**RAV4** January 2019  
Php1.638 – 2.203M | FY'18: 0.3% of sales



**Rush** Introduced  
May 2018  
Php958k – 1.090M  
FY'18: 7.0% of sales



**VIOS** July 2018  
Php659k – 1.110M  
FY'18: 16.8% of sales



**CAMRY** Dec 2018  
Php1.806 – 2.007M  
FY'18: 0.1% of sales

# Toyota Dealership Expansion

Target by end of year	2014	2015	2016	2017	2018	2019	2020E	2021E
Number of Dealers	<b>45</b>	<b>49</b>	<b>52</b>	<b>61</b>	<b>69</b>	<b>71</b>	<b>79</b>	<b>83</b>



March 2019

**DARAGA Albay**



July 2019

**Valenzuela** NEAR BULACAN

**71** Dealerships as of July 2019

**Upcoming:** Cebu (renovation), Lucena (Quezon), Sucat (Paranaque), Antipolo (Rizal),  
**GT Capital-TMBC Group:** Imus (Cavite)



# 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	1.821 – 2.022		1.938	
<b>Model</b>	<b>Corolla Altis</b>	<b>Elantra</b>	<b>Civic</b>	
Price	0.961 – 1.492	0.970 – 1.065	1.115 – 1.608	
<b>Model</b>	<b>Vios</b>	<b>Accent (Sedan)</b>	<b>City</b>	<b>Mirage G4</b>
Price	0.662 – 1.113	0.790 – 1.038	0.828 – 1.068	0.735 – 0.839
<b>Model</b>	<b>Innova</b>			
Price	1.025 – 1.694			
<b>Model</b>	<b>Fortuner</b>	<b>Santa Fe</b>	<b>CR-V</b>	<b>Montero Sport</b>
Price	1.607 – 2.275	2.158 - 2.538	1.668 – 2.138	–
<b>Model</b>	<b>Hiace</b>	<b>Starex</b>		
Price	1.457 – 2.686	1.248 – 2.938		
<b>Model</b>	<b>Wigo</b>		<b>Brio (Hatch)</b>	<b>Mirage (Hatch)</b>
Price	0.557 – 0.696		0.598 – 0.742	0.699 – 0.760
<b>Model</b>	<b>Rush</b>	<b>Kona</b>	<b>BR-V</b>	<b>Xpander</b>
Price	0.968 – 1.100	1.188 - 2.388	1.035 – 1.155	0.999 – 1.175

Source: Company websites; Retail prices as of 1 July 2019

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



<b>Model</b>	<b>Camry</b>			<b>Accord</b>	
Price	35,497 — 39,415			37,778	
<b>Model</b>	<b>Corolla Altis</b>	<b>Elantra</b>		<b>Civic</b>	
Price	18,733 — 29,084	18,908 — 20,760		21,735 — 31,345	
<b>Model</b>	<b>Vios</b>	<b>Accent (Sedan)</b>		<b>City</b>	<b>Mirage G4</b>
Price	12,904 — 21,696	15,400 — 20,234		16,140 — 20,819	14,327 — 16,355
<b>Model</b>	<b>Innova</b>				<b>Xpander</b>
Price	19,981 — 33,021				19,474 — 22,904
<b>Model</b>	<b>Fortuner</b>	<b>Santa Fe</b>		<b>CR-V</b>	<b>Montero Sport</b>
Price	31,326 — 44,347	42,066 — 49,474		32,515 — 41,676	30,507 — 43,860
<b>Model</b>	<b>Hiace</b>	<b>Starex</b>			
Price	28,402 — 52,359	24,327 — 57,271			
<b>Model</b>	<b>Wigo</b>			<b>Brio (Hatch)</b>	<b>Mirage (Hatch)</b>
Price	10,858 — 13,567			11,657 — 14,464	13,626 — 14,815
<b>Model</b>	<b>Rush</b>	<b>Kona</b>		<b>BR-V</b>	
Price	18,869 — 21,442	23,158 — 46,550		20,175 — 22,515	

Source: Company websites; Retail prices as of 1 July 2019  
 Converted prices based on average Peso-Dollar rate of Php51.30/USD1.00

# Grab drivers are now in better hands with Toyota



## Deal signed among TMP, TFS, Grab PH

### *For existing Grab partners*

- Special loan packages
  - Maintenance Packages
  - Trade-in discounts
  - Fuel rebates
  - Free dash cam
- 
- Available in all Toyota dealerships w/in NCR

Signed **24 Oct 2018**  
Effective **05 Nov 2018**



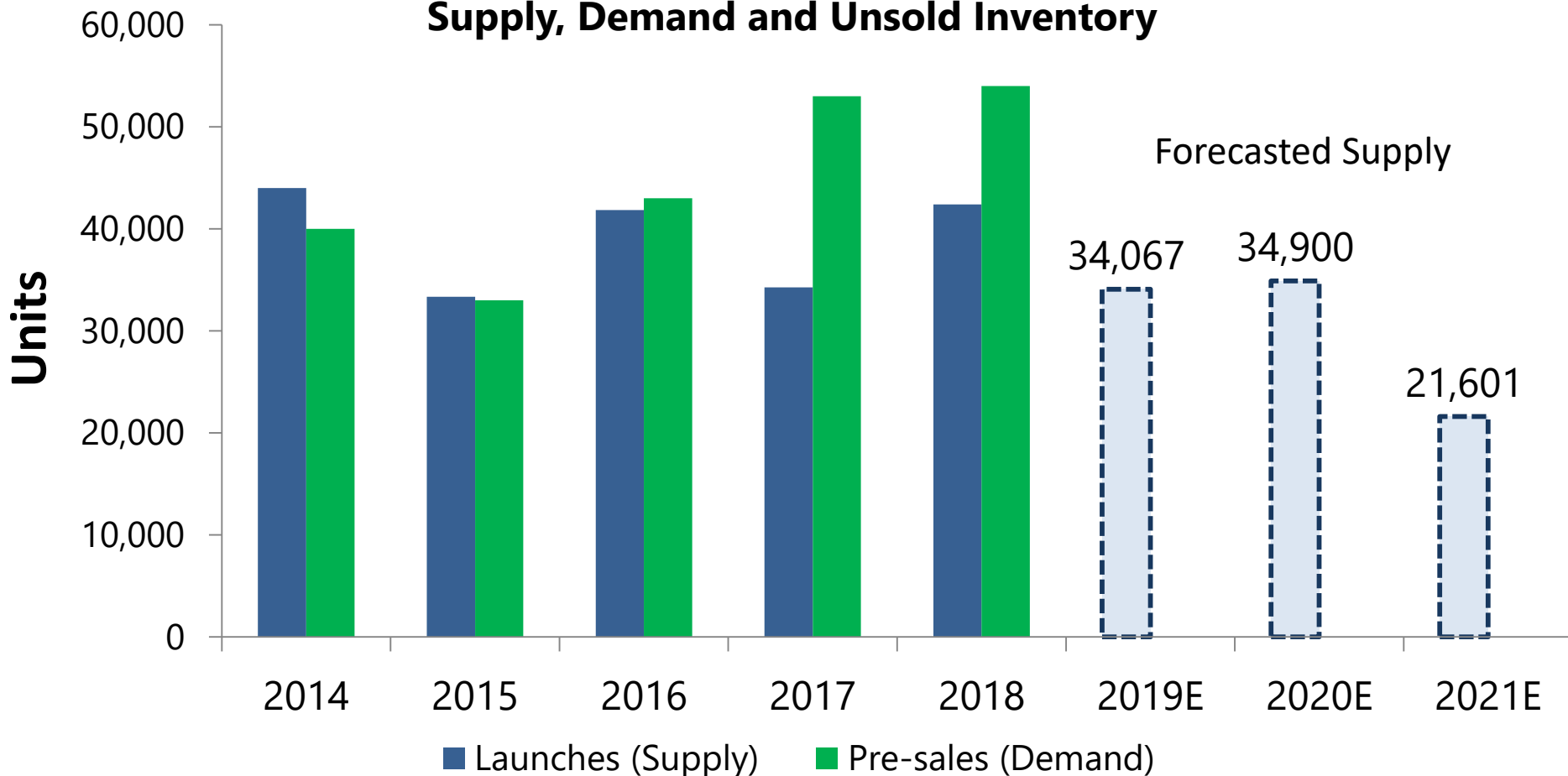


# RESIDENTIAL SUPPLY AND DEMAND

Condominium demand continues to exceed supply;  
Unsold inventory expected to be steady from 2019 to 2021



## Metro Manila Residential Condominium Supply, Demand and Unsold Inventory

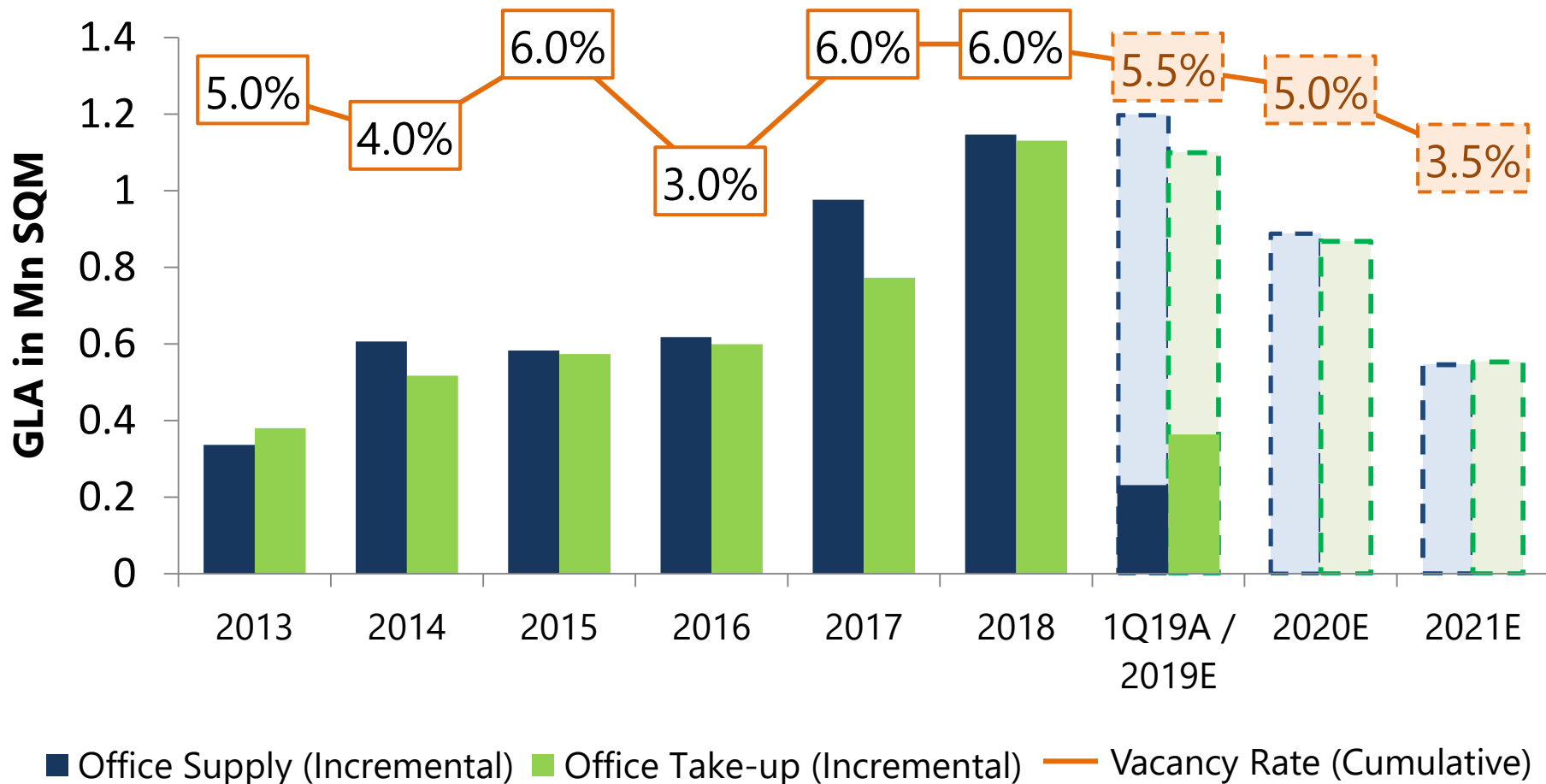




# OFFICE SUPPLY AND DEMAND

1Q19 office demand exceeded supply;  
Office supply and vacancy expected to decline by 2020

## Metro Manila Office Supply (In SQM) vs. Average Vacancy Rate (In %)



# 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
- **8** launched in 2018

---

**4** planned launches in 2019

## 8 Different Locations

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

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

**18 sqm. to 400 sqm.**  
unit size range  
**PHP20M – PHP101M**  
price range

# Project Launches

Two projects launched in 1Q 2019; Two more planned  
*Number of units are all estimates and subject to change*



## **The Estate AYALA AVENUE**

Feb 2019  
188 units, Php18.0B (JV 50%)

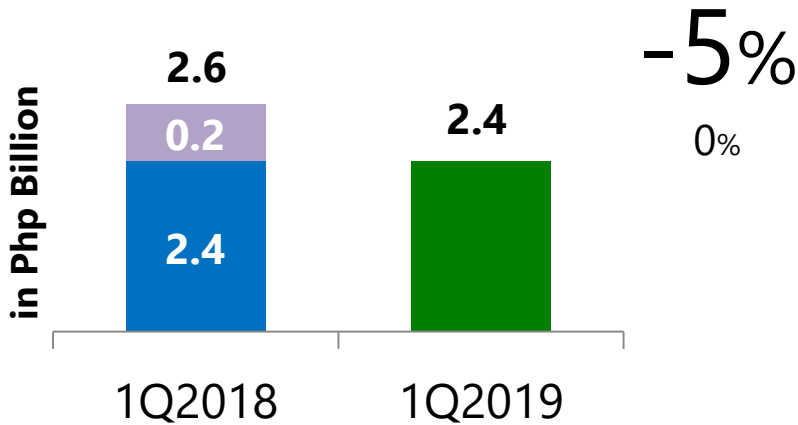
## **Mi Casa Tower 1 BAY AREA, PASAY**

March 2019  
158 units, Php3.8B



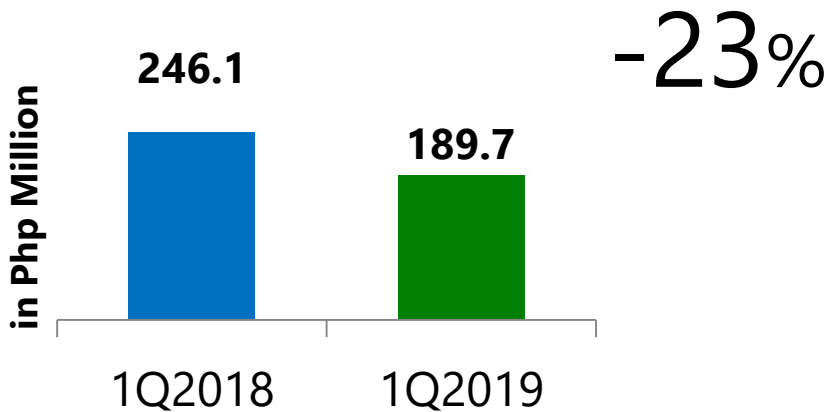
# Federal Land Financial Highlights

## Revenues



- Reservation Sales **+20%** to Php4.3B
- Real Estate Sales -12% to **Php1.8B** due to lower POC (due to delayed launches)
- Php6.0B** revenues on hand, awaiting prescribed POC
- Rent **+12%** to **Php306M** due to higher occupancy in Bay Area projects
- Commission income **+473%** from **Php13M** to **Php73M** due to higher sales (GHR2 and AVEIA)
- GP margin **+4%** from **34%** to **38%** due to lower cost adjustments/variations
- OPEX +30% from **Php525M** to **Php683M** due to increased shared services, RPT (zonal value), & DST
- Interest Expense: **Php116M**

## Net Income



# Master-planned townships continue to grow and are nearing completion



## Grand Central Park Bonifacio

**10 hectares**

Grand Hyatt  
Manila-Metrobank  
Center  
Sunshine Fort  
(Isetan Mitsukoshi/  
Nomura RE)  
Mitsukoshi Mall  
The Big Apple Mall

Madison Park West  
Park Avenue  
Park West  
Central Park West  
Grand Hyatt  
Residences  
Grand Hyatt Gold  
Residences



## Metro Park Bay Area

**36 hectares**

i-Met BPO Hub  
Met Live! Mall  
Blue Bay Walk

Six Senses  
Residences (6)  
Palm Beach West  
(4)  
Manila Tytana  
Colleges



# Land Bank Location



Location	Land Bank (in hectares)
<b>Metro Manila</b>	
Bay Area, Pasay	14.8
Marikina	8.8
Mandaluyong	5.3
Fort Bonifacio	1.9
Kalaw, Manila	0.6
Paranaque	0.3
<b>Outside Metro Manila</b>	
Iloilo	0.3
Binan, Laguna	63.5
General Trias, Cavite	3.0
Santa Rosa, Laguna	7.9
<b>Total nationwide land bank (MM+Prov)</b>	<b>106.2</b>

Source: **Company data**

# PRO-FRIENDS Share Redemption

10 May 2019





# Exchange of Pro-Friends Shares for Land

Agreement signed on 10 May 2019  
(Subject to regulatory approvals)



**Redemption**  
of 64,530,712  
Series A Preferred Shares  
in PCFI  
**(51% of PCFI)**

**702 hectares**  
of selected assets



Approximately  
**Php20 Billion**



# Investment History 2015 to 2018

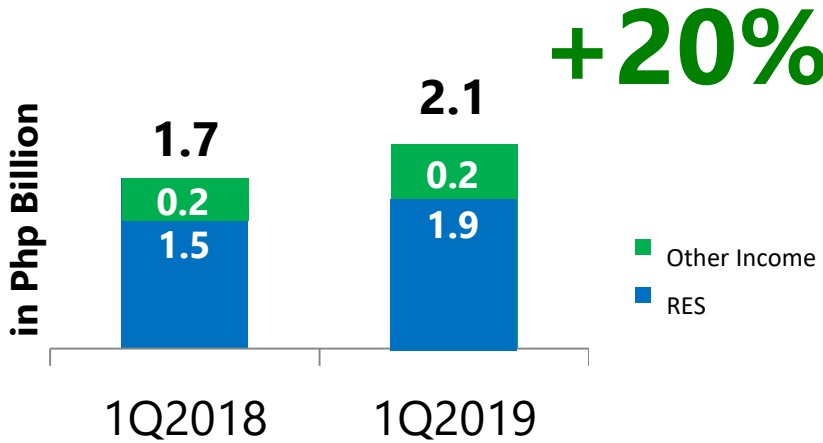


- GT Capital invested **Php16.0 billion** for a **51.0%** direct equity stake in Pro-Friends
- **Tranche 1:** August 2015, Php7.24B for 22.68%
- **Tranche 2:** June 2016, Php8.76B for 28.3%
- **Investment rationale:** attain foothold in horizontal, affordable, low-cost housing sector

# PRO-FRIENDS Financial Highlights

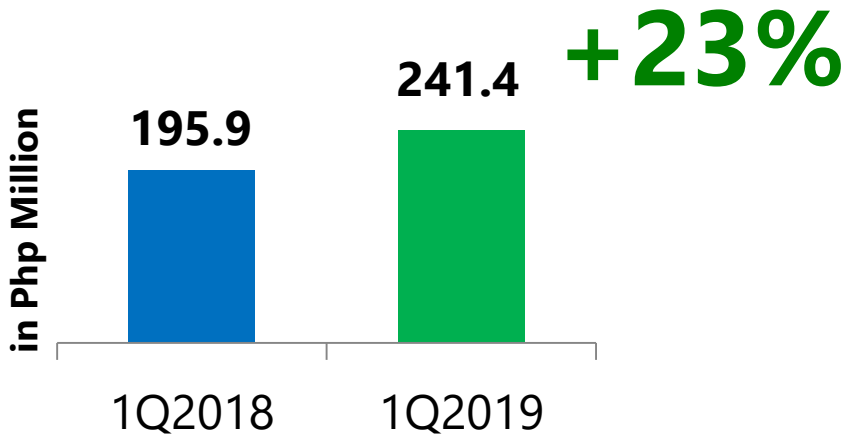


## Revenues



- Ave. Bank Takeout from **Php655M** to **Php853M**
- Real estate sales **+20%** from **Php1.6B** to **Php1.9B**
- Rental income **+76%** to **Php23M** due to GLA increase, additional tenants, & rate escalation
- Other income **+91%** to **Php87M** due to CCS pre-termination (**Php44M**)
- GP margin improved from **46%** to **48%**
- SME **+55%** from **Php77M** to **Php119M** due to sales promo incentives
- OPEX **+16%** from **Php351M** to **Php409M** due to increase in salaries, professional fees, repairs & maintenance, & taxes & licenses

## Net Income





**TARGET COMPLETION DATES:**  
CAVITEX - 2021  
CAVITEX C-5 South Link - 2021  
CALAX - 2022

**Ongoing infrastructure projects may translate to higher land prices in the medium-term**



# Rising property values from infra & other property developments

## Sale to McDonald's

Php64.0 million 2,027 sq. m @  
**Php31,579/sq. m**  
 February 2019

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

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

## Sale to MetroPac Movers, Inc.

Php1.1 billion 202,110 sq. m @  
**Php5,628/sq. m**  
 July 2018  
 Ground breaking: April 3. Target opening: 4Q21

## NLEX-SLEX Connector Road

## NAIA Expressway

## CAVITEX

## CAVITEX C-5 South Link

## LRT-1 Extension

## Daang-Hari

## MCX

## CALAX Exit 1

## LRT-6

## SLEX

## CALAX Exit 2

## CTBEX





# Valuation Methodology

- 702 hectares of Selected Assets appraised by Cuervo Appraisers
- Reyes Tacandong issued fairness opinion on Enterprise Value of PCFI using various methodologies
- Values converge at **Php20 Billion for 51%**

# Redemption Rationale

- The selected 702 hectares are **best suited for master-planned, mixed-use developments**
  - Use for affordable homes no longer optimal and best use of land bank
    - Land values no longer suitable for affordable housing
    - Spin-off inevitable
    - Partners to focus on areas of expertise
    - Right Timing
  - Key developments and ongoing infrastructure projects within the area are expected to translate to higher land prices in the medium-term
  - IT-BPM labor workforce outside Metro Manila projected to grow 10% annually
  - Cavite expected to have the second highest office supply pipeline in the medium term

## Capital Requirements:

- Capex for commercial and retail significantly higher vs. affordable housing
- GT Capital to focus resources on mixed-use developments

# Redemption of PRO-FRIENDS Shares

## CALABARZON and Cavite Demographics

### CALABARZON



**21%**

**Source of OFWs**  
Highest in the Philippines



**2<sup>nd</sup> largest**  
**contributor to GDP**  
only Metro Manila larger



**\$2,058**  
**GDP per capita**



**37.2%**  
**Contribution to**  
**manufacturing GDP**

### CAVITE



**35**

**economic/industrial**  
**estates**



**15**  
**accredited PEZA zones**  
2<sup>nd</sup> highest no. in PH



# Infrastructure and IT-BPAP Roadmap

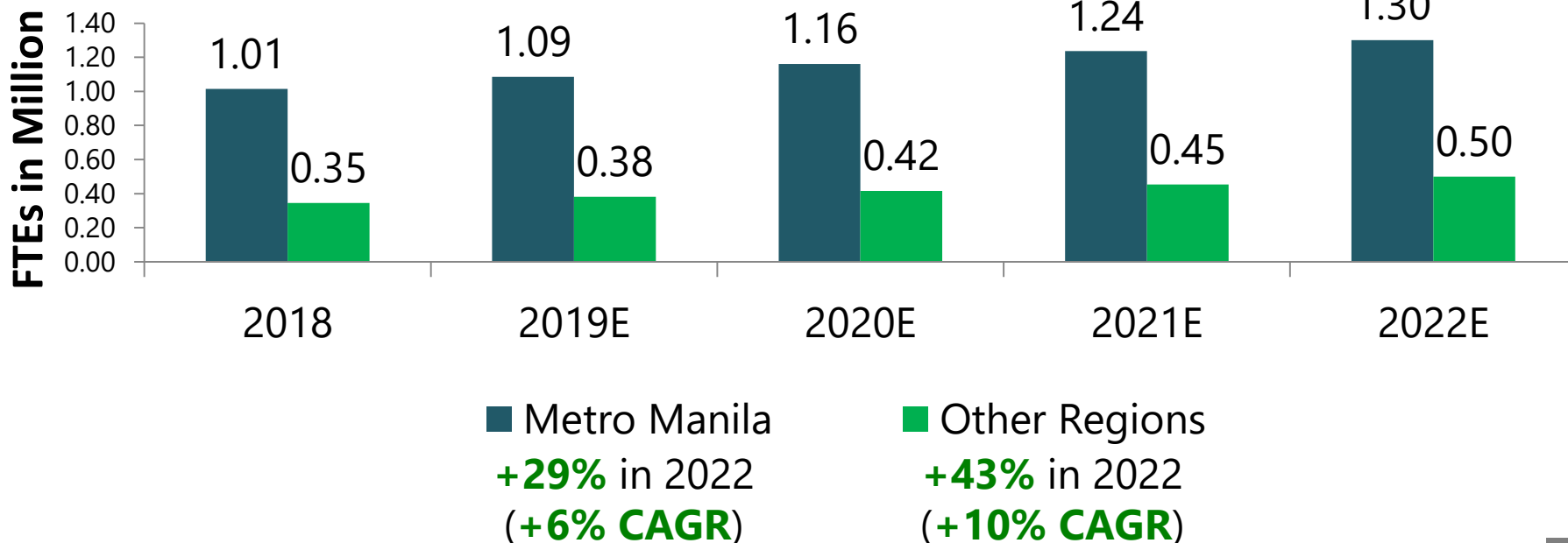
IT-BPM labor workforce outside Metro Manila is expected to grow 10% annually



## Cumulative IT-BPM Full-Time Employees (FTEs) and Infrastructure Project Completions

**CAVITEX-C5 South Link**  
Completion

**CALAX**  
Completion

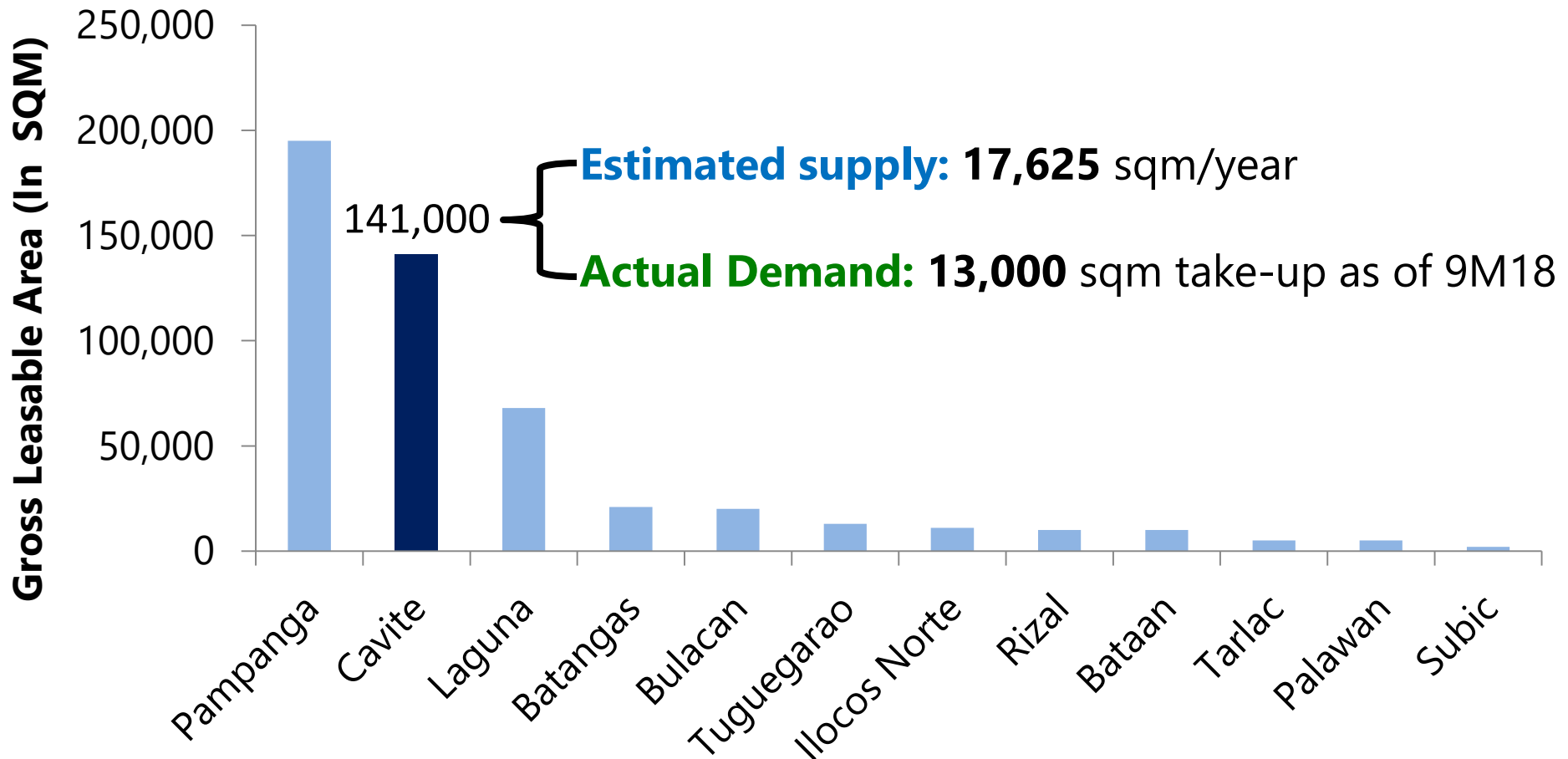


# Office Supply Outside Metro Manila

Cavite expected to have the second highest office supply pipeline in the coming years, due to infra developments



## 2018 to 2025 Expected Office Supply Pipeline in Luzon (excluding Metro Manila)



# Return on GT Capital's Investment

## Return on Investment

**Initial  
Investment**

**Php16.0  
Billion**

**versus**

Approximate Value of  
"Selected Assets"

**Php20.0  
Billion**



Dividends from  
PRO-FRIENDS over 3 yrs

**Php0.9  
Billion**

**Total** **Php20.9 Billion**

**Return  
IN PERCENTAGE**

**31%**

- GT Capital Net Income Contribution from PRO-FRIENDS **CAGR +18%**
- Return on investment of **31%**



**GT CAPITAL**  
HOLDINGS INCORPORATED

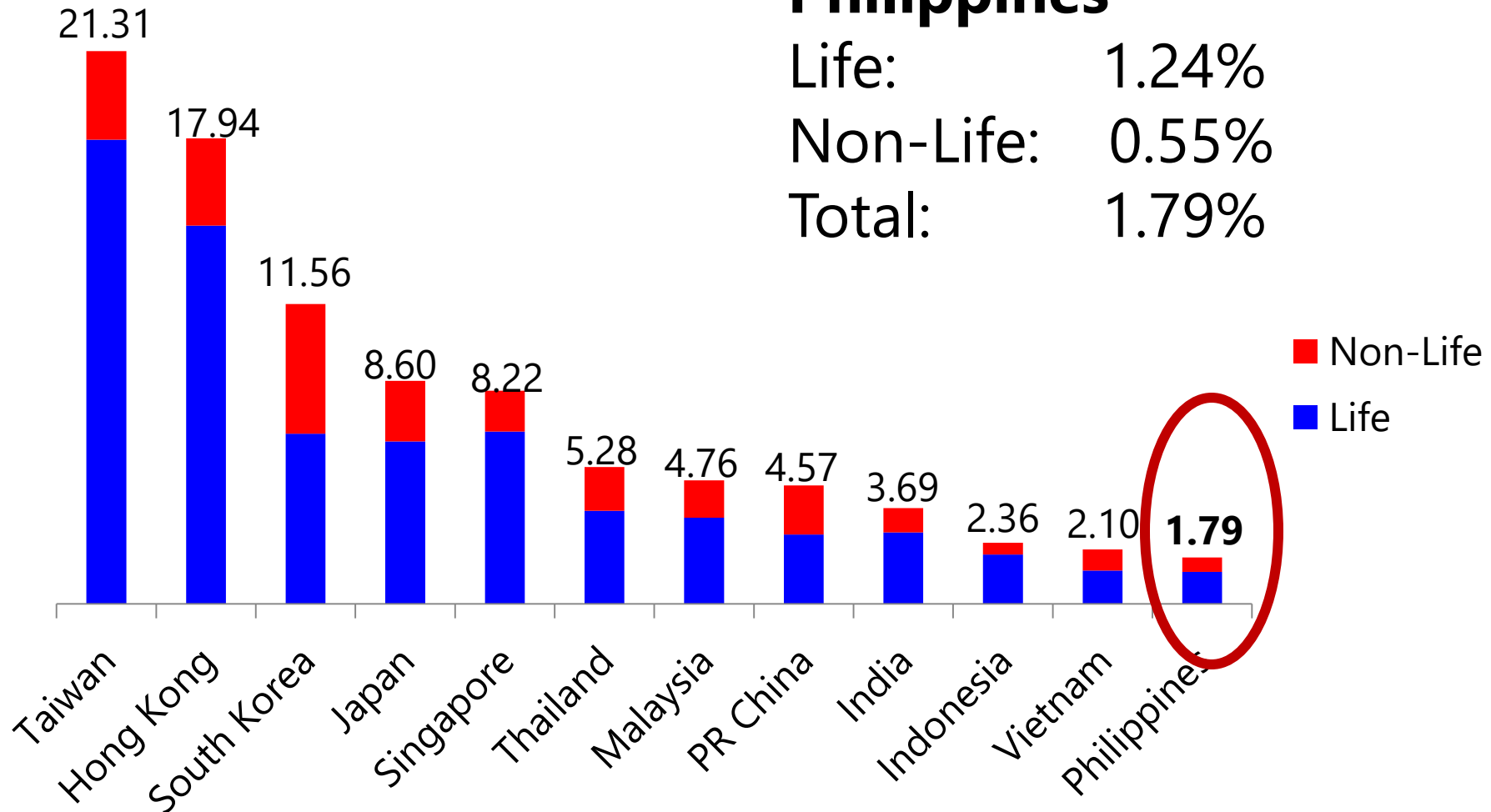
# Still an underpenetrated sector

## Insurance Penetration as a % of GDP



### Philippines

Life: 1.24%  
Non-Life: 0.55%  
Total: 1.79%



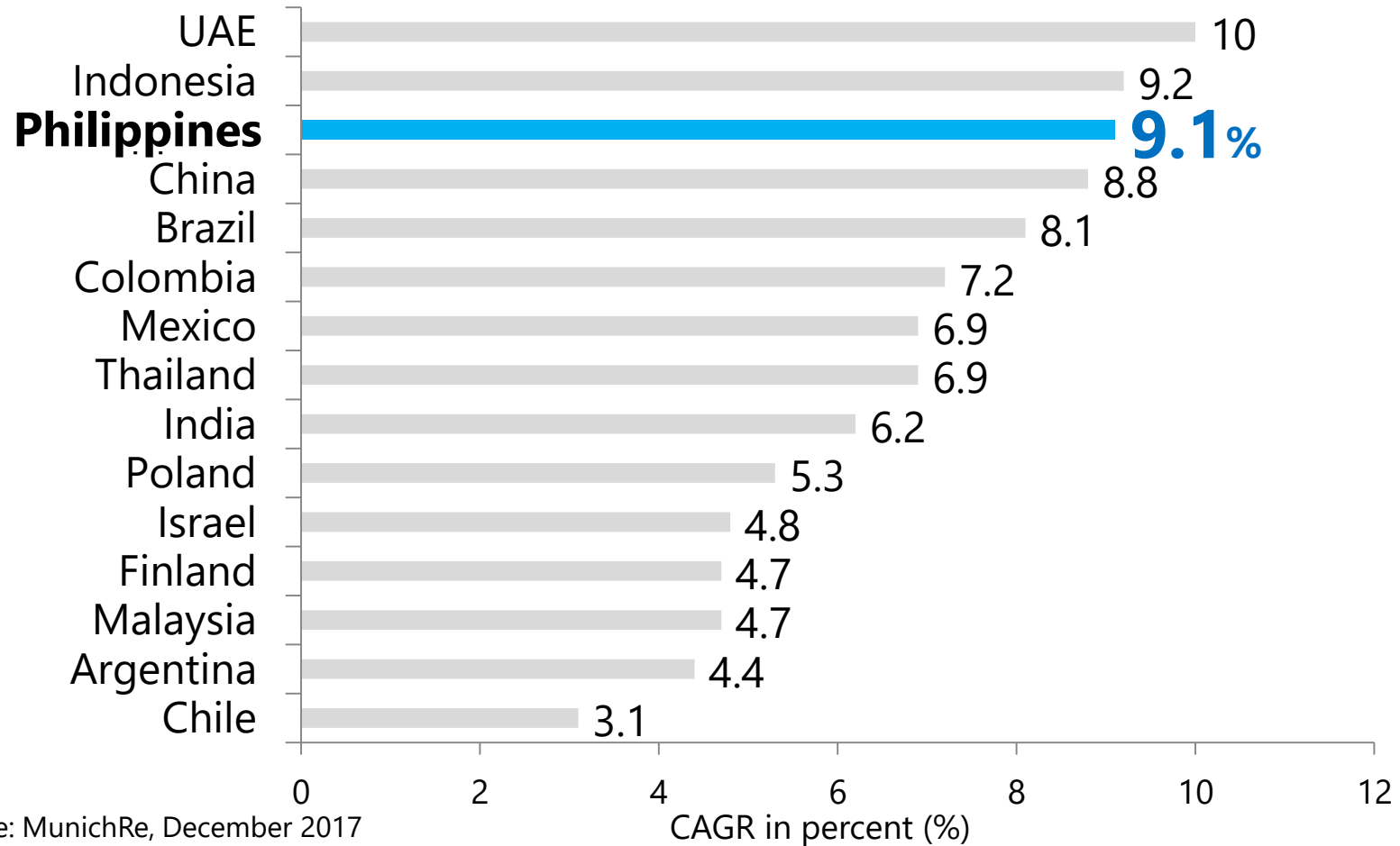
Source: SwissRe global reinsurance company, **October 2018**



# 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



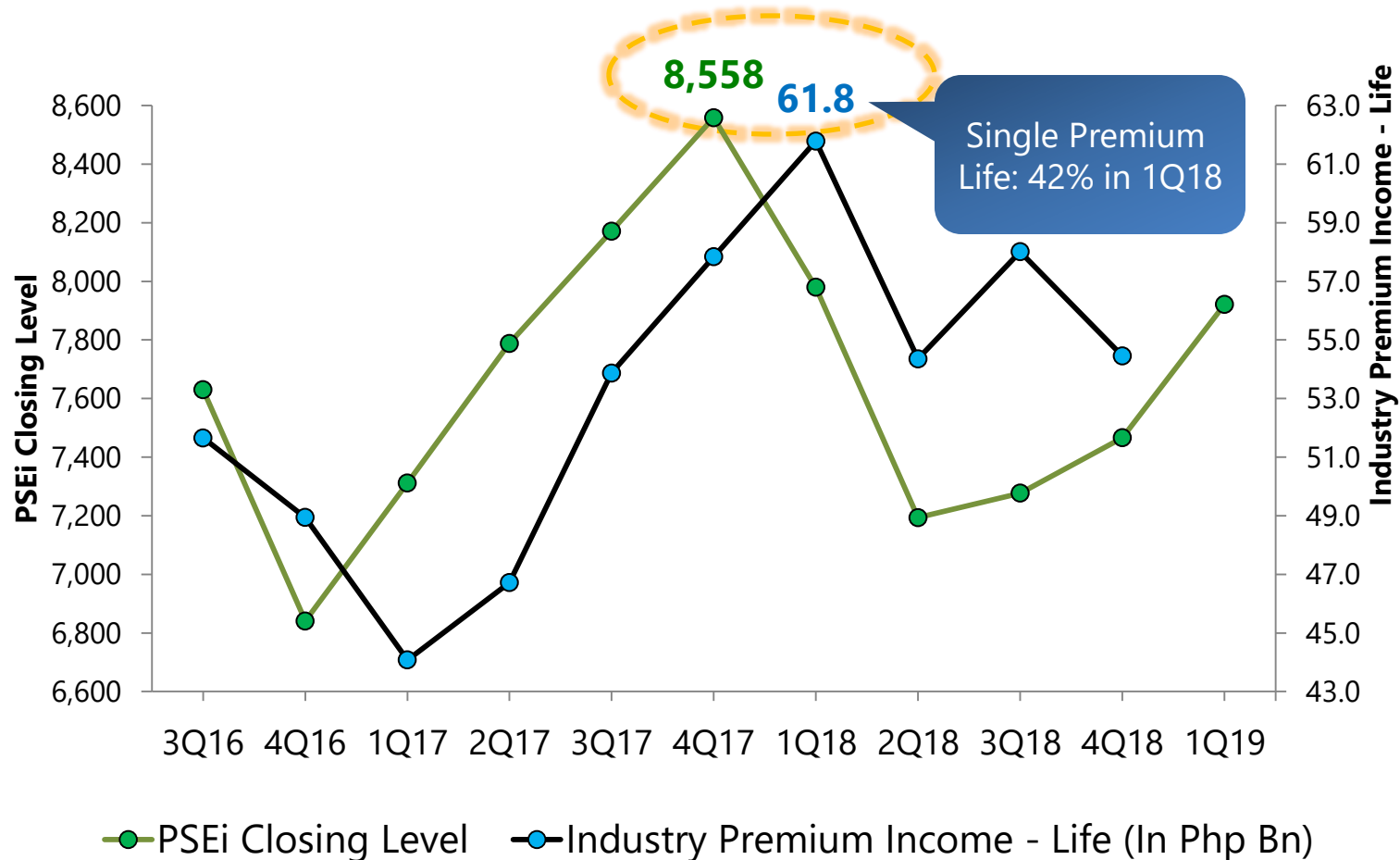
Source: MunichRe, December 2017

# Insurance Industry Updates

Premium income hit record in 1Q18, due to strength in equities market  
 1Q19 premiums are coming from a high base



## Life Insurance Premiums vs. Philippine Stock Exchange Index (PSEi) Performance



# Insurance Industry Updates

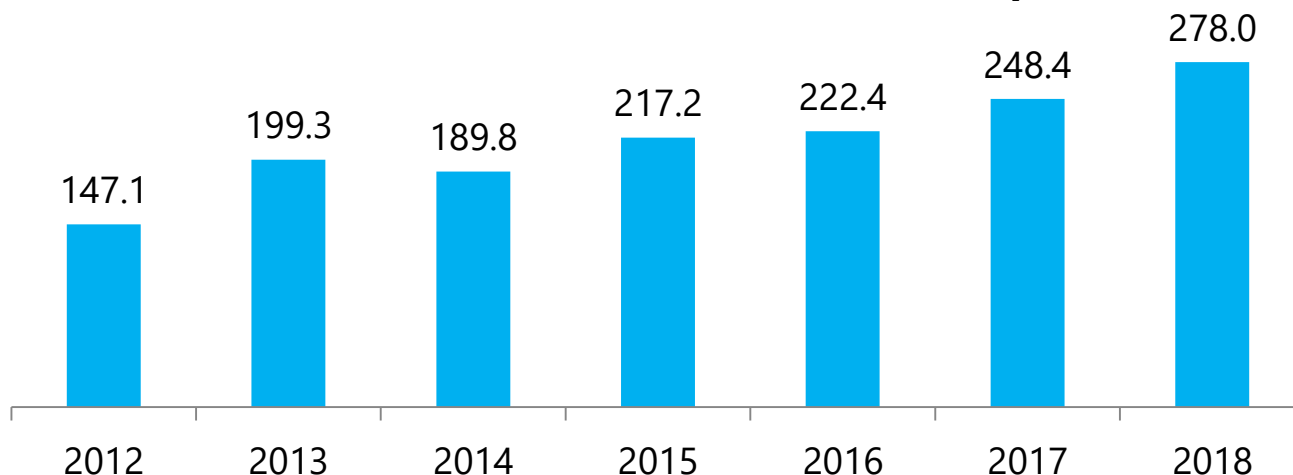
The Philippine insurance industry continues to be an underpenetrated high-growth sector



### Life and General Premium Income (In Php Bn)

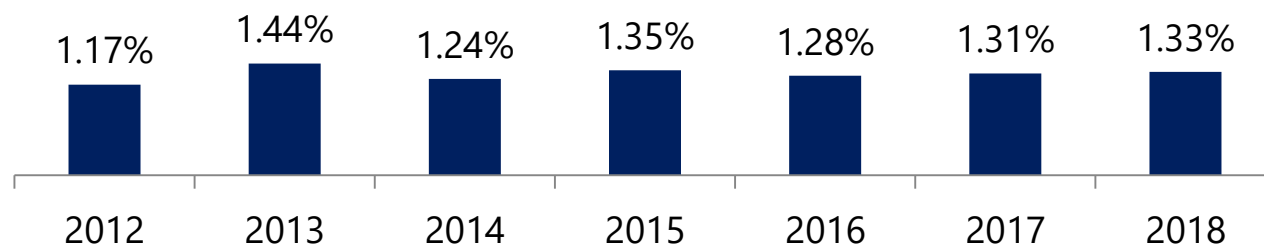
**11%**  
CAGR

Increase in premiums of **Php24 billion** per annum



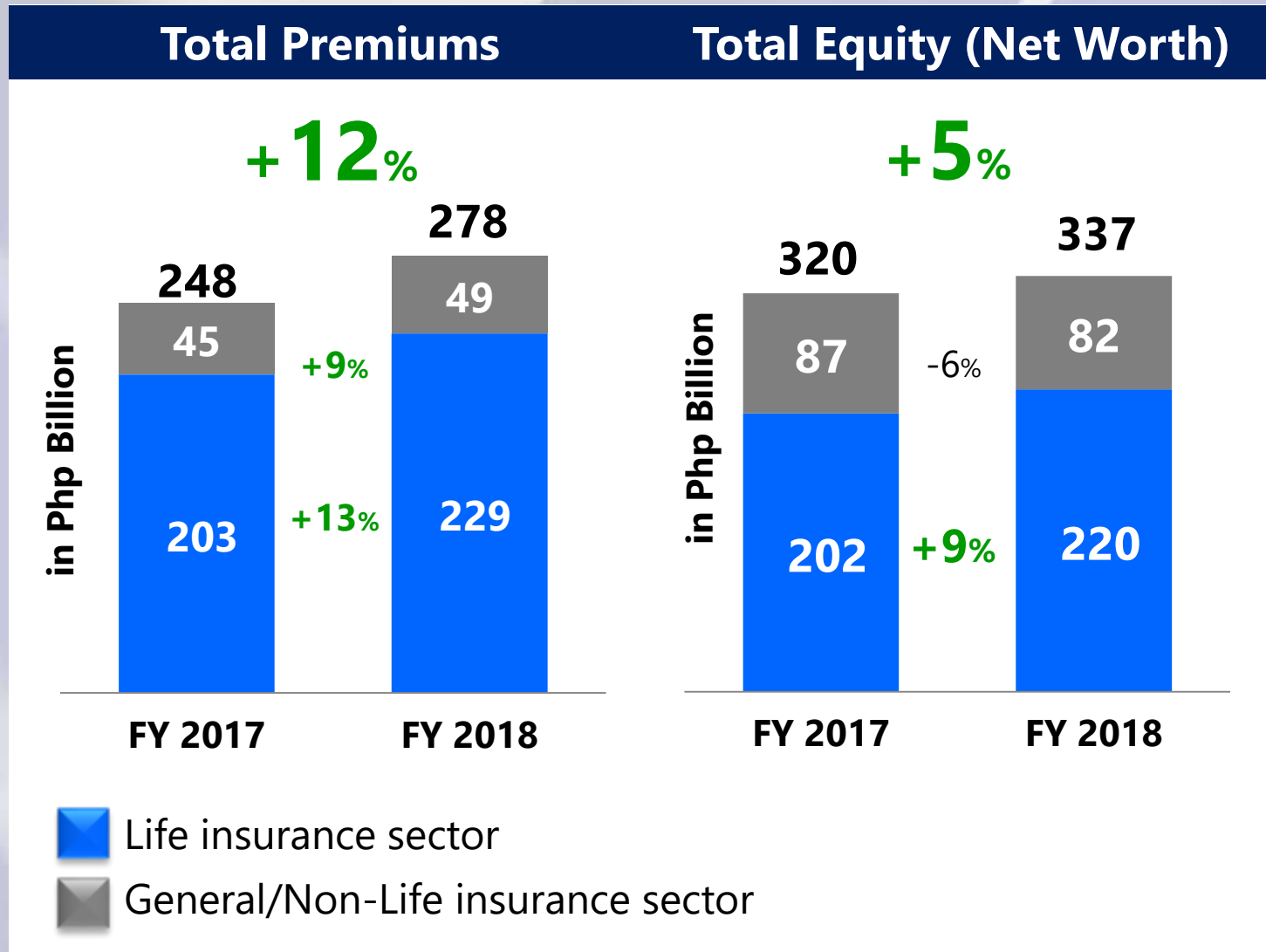
### Life and General Premiums as a % of Gross National Income (GNI)

Insurance premium still **below 1.5% of GNI**



# Insurance Industry Updates

As of December 2018

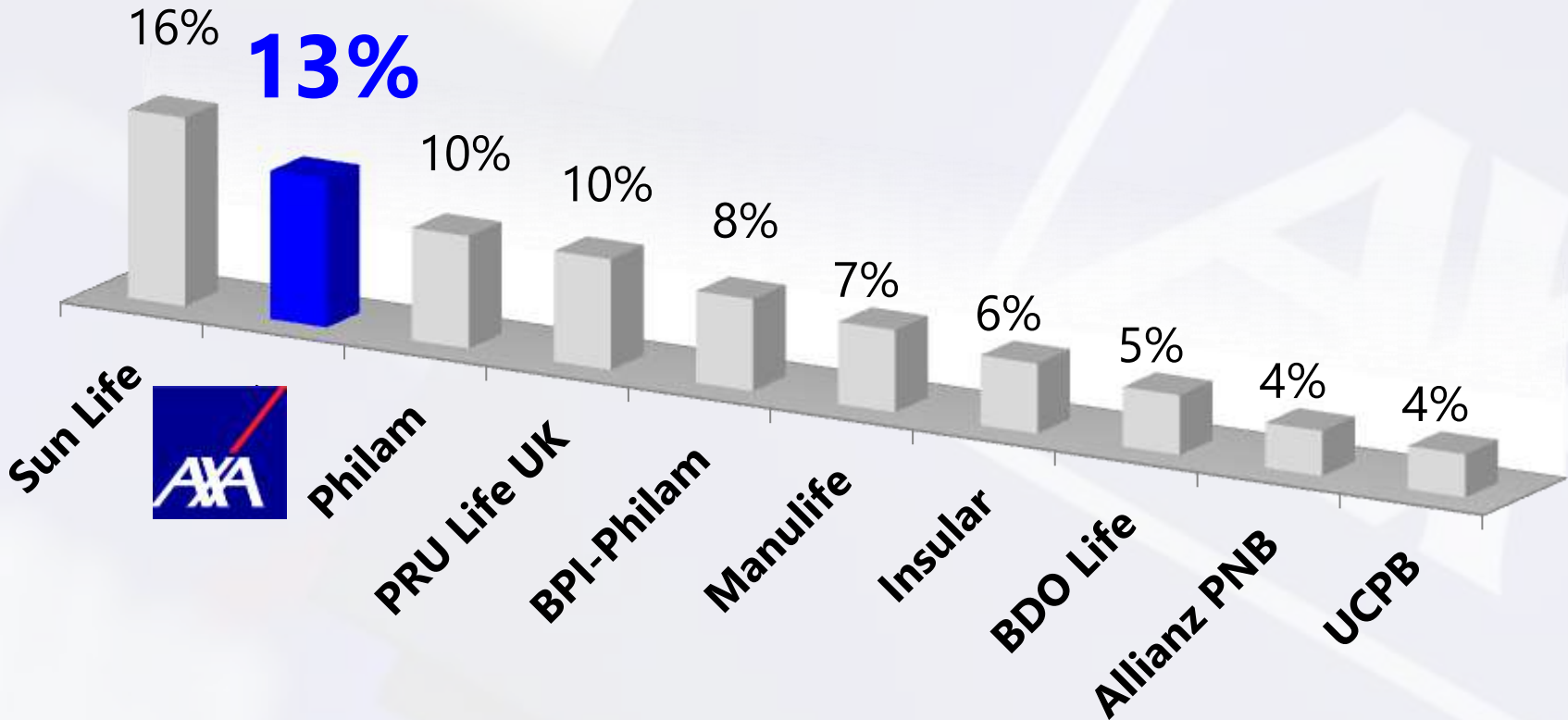


# Life Insurance Ranking

Premium Income, December 2018



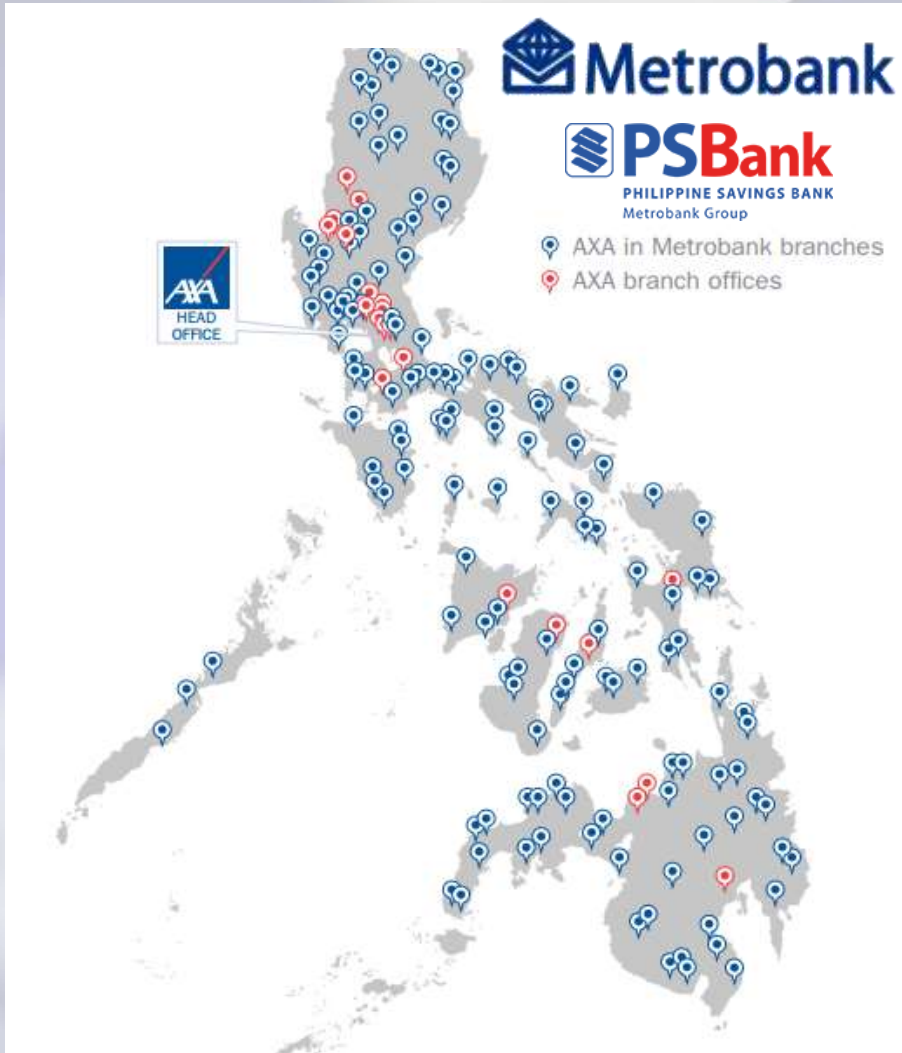
## Market Share



Source: Insurance Commission, 2019

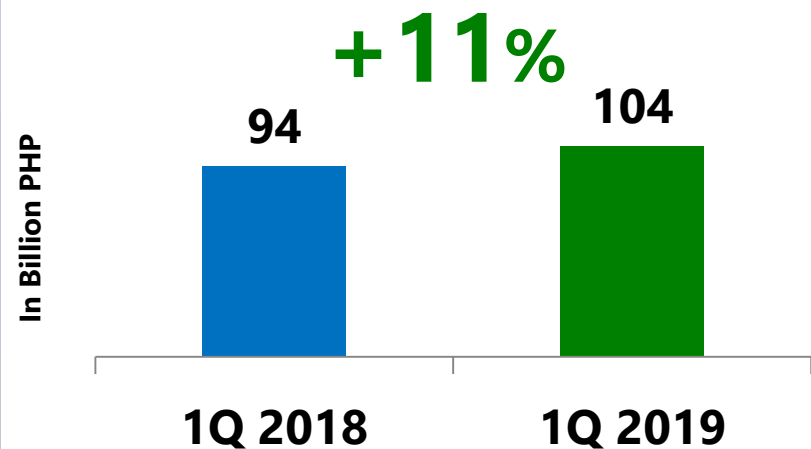


# Strong synergy and growth



- Persistency Ratio: **85.3%**
- Exclusive financial advisors: **5,272**
- Total bancassurance (Metrobank and PSBank) branches: **957**
- AXA branches nationwide **55**

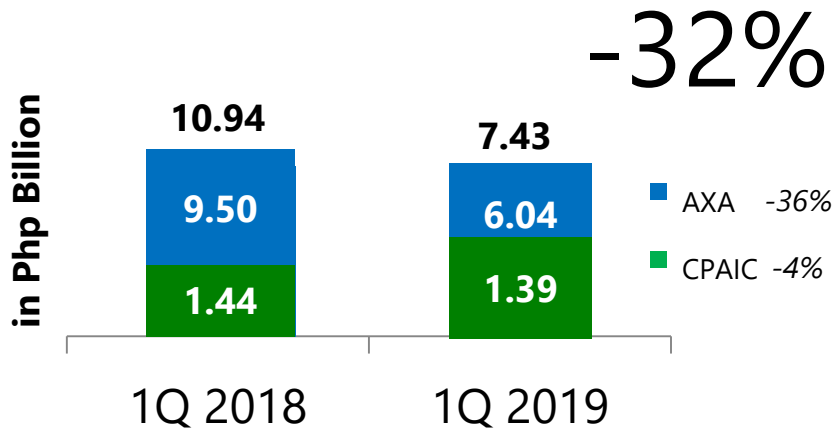
## Assets Under Management



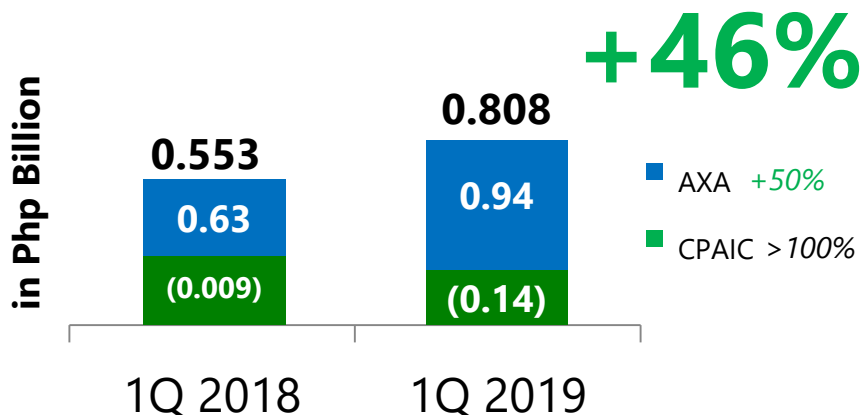
# AXA Philippines Financial Highlights



## Gross Premium



## Net Income

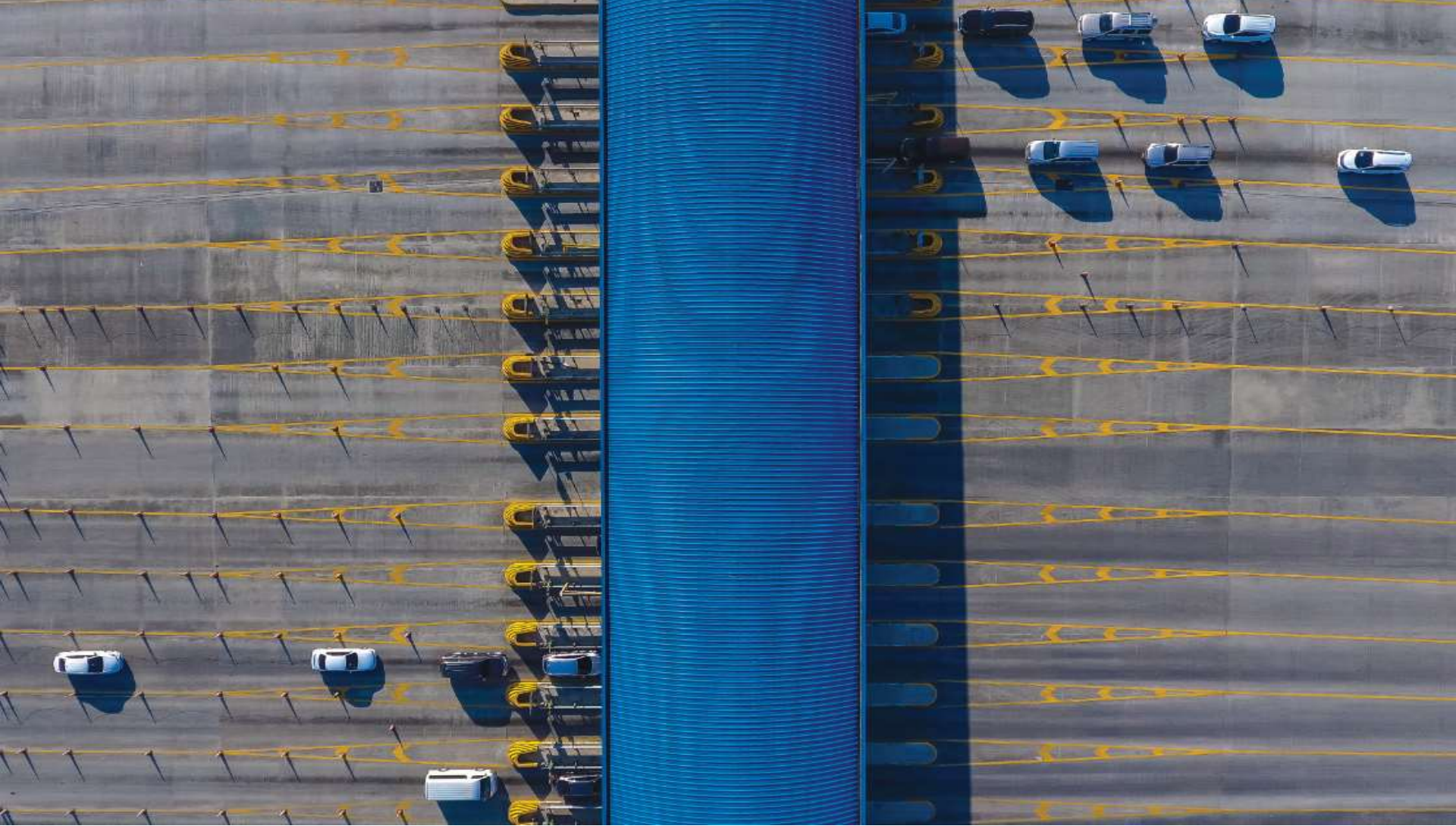


## LIFE

- New Business (APE) -14% from **Php2.0** to **Php1.8B** due to a high base in 2018; continued growth in Protection & Health line
  - RP **+9%**
    - *Traditional +46%* (Health & Protection)
    - *Unit-linked +2%*
  - SP -68%
- SP/RP mix
  - APE: **30:70** to **11:89**
  - Premium income: **65:35** to **33:67**
  - Premium margins: **Php1.9B** to **Php2.2B +16%** due to change in business mix (higher RP) & lower claims & withdrawals
- AUM-Linked **Php94B** to **Php104B +11%**; Asset management fees **Php0.5B +13%**
- Investment income: **Php29M**

## GENERAL

- Flat GWP **Php1.3B** due to stricter underwriting risk selection policies
- Net loss **Php136M**
  - Combined ratio from **103%** to **114%**



**METRO  
PACIFIC**  
INVESTMENTS





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

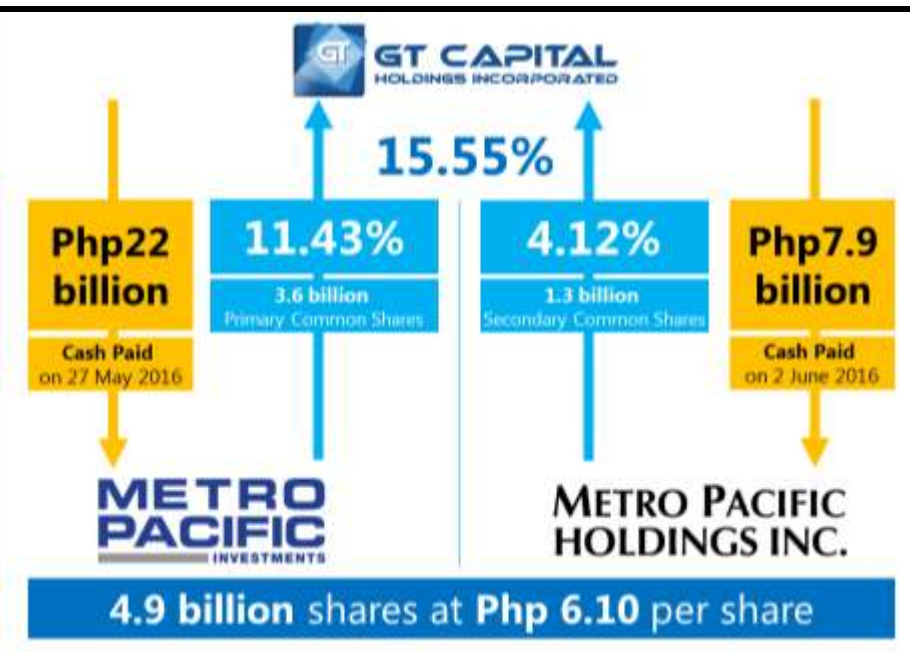


## Two transactions signed on 27 May 2016

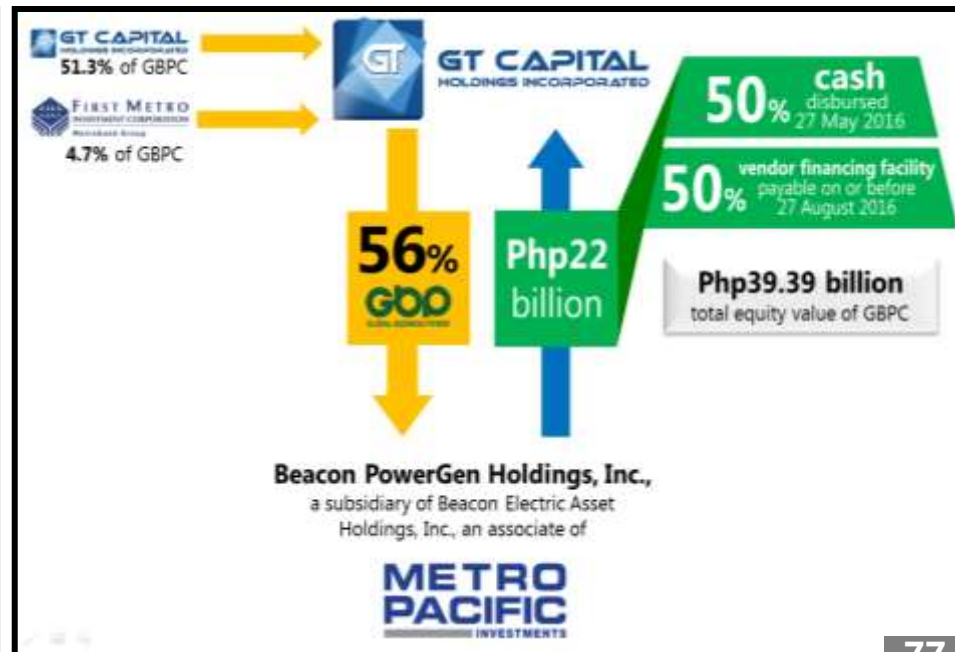
**Acquisition** of 15.55% of Metro Pacific Investments Corp. (MPI) for Php29.9 billion at Php6.10 per share

**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 & Significant Influence

## 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

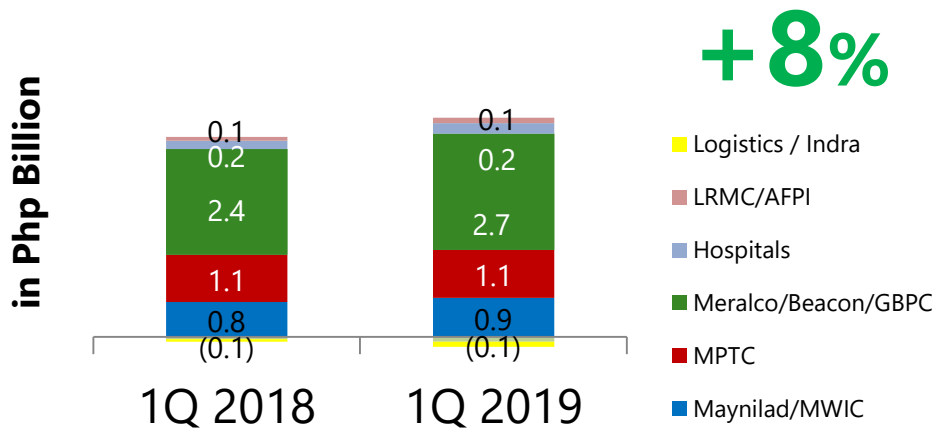
## Accounting Criteria for "Significant Influence"

- **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



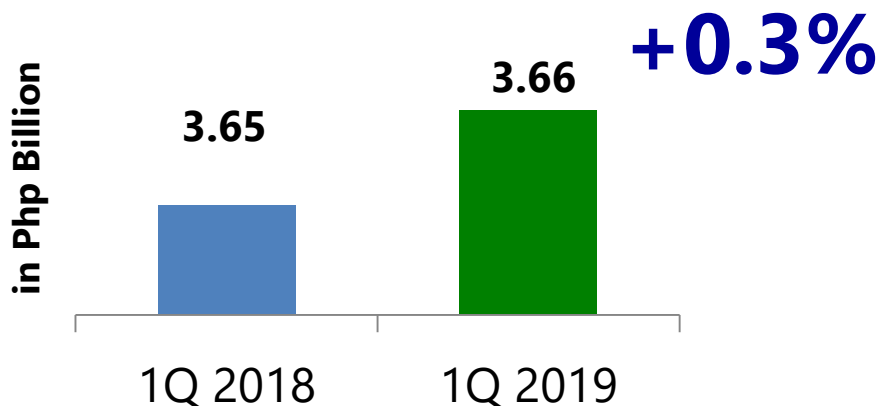
# Metro Pacific Financial Highlights

## Share in Operating Net Income (Core)



- Power
  - Meralco - Core NI **Php5.6B +14%**
  - GBPC - Core NI **Php0.4B -44%**
- Toll Roads - Core NI **Php1.1B +1%**
- Water - Core NI **Php1.8B +12%**
- Hospitals - Core NI **Php0.7B +28%**
- Rail - Core NI **Php0.2B +35%**
- Logistics - Core net loss **Php0.1B**
- Equity accounting net income for GT Capital -7% from **Php0.6B** to **Php0.5B**; Higher interest expenses & non-recurring items (MPTC refinancing & issuance costs)

## 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**

# Macroeconomic Indicators



Inflation  
**3.4%**  
as of June 2019



Foreign direct investments  
**USD1.9 billion** 1Q 2019



Population  
**107.4 million**



Gross international reserves  
**USD85.0 billion**  
7.5 months of import cover



Personal remittances of  
**11 million OFWs**  
**USD7.3Bln**  
First Quarter 2019  
▲4.2% year-on-year



External Debt-to-GDP  
**24.0%** as of 1Q 2019



Thriving BPO sector, FY2018  
**1.2 million** employees  
**USD24.8 billion** revenues  
▲6% year-on-year



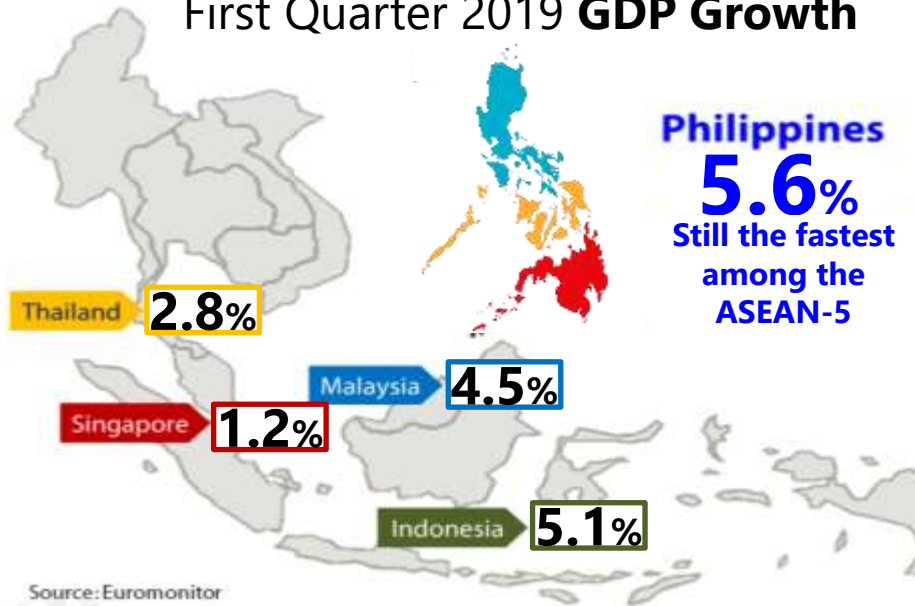
Domestic liquidity, end-April 2019  
**PHP11.7 trillion**  
▲7% from **Php10.9 trillion** in end-April 2018



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

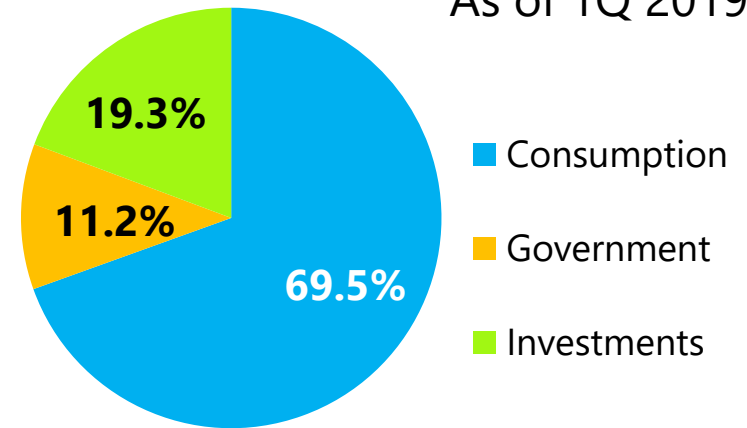
# Macroeconomic Indicators

## First Quarter 2019 GDP Growth



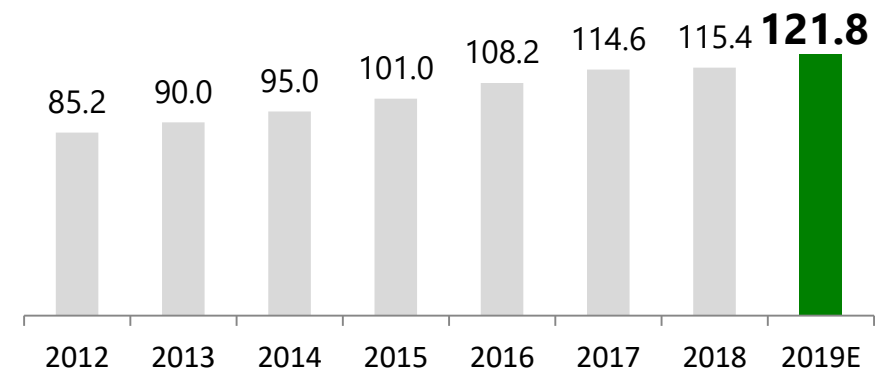
## Components of GDP (%)

As of 1Q 2019



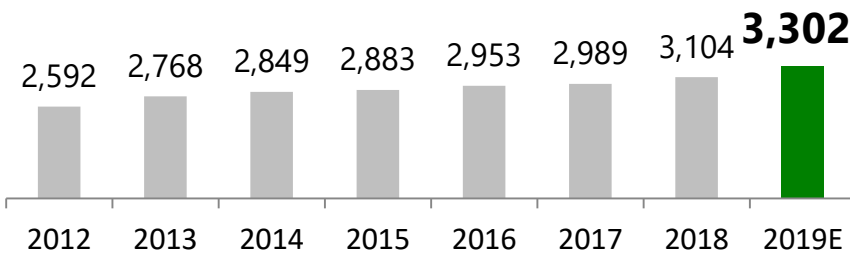
## Household Consumption +6% Year-on-Year

In USD Billion



## GDP Per Capita in USD, nominal

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



Source: Bangko Sentral ng Pilipinas





is a **AAA** Triple Arrow Rated Company

**One of the Top Philippine Companies for 2018**

**ACGS**

**ASEAN Corporate Governance Scorecard**



**Best Managed Bank**  
in the Philippines

**Chairman Arthur Ty**  
CEO Leadership Achievement Award

