



GT CAPITAL
HOLDINGS INCORPORATED



Metrobank
You're in good hands

First Half 2019

Joint Analyst and Media Briefing

**BUILDING ON
NEW OPPORTUNITIES**

15 August 2019

**GRAND
HYATT**
MANILA



Banking



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**First Half 2019
Financial Highlights**



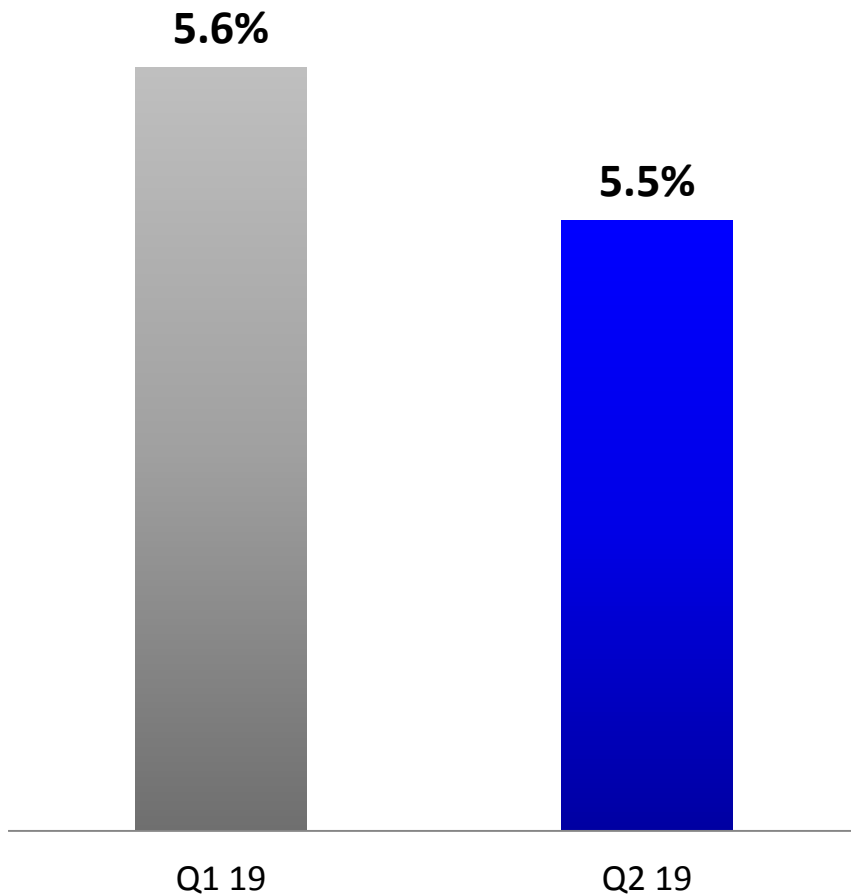
Positive prospects with expectations of lower inflation and interest rates



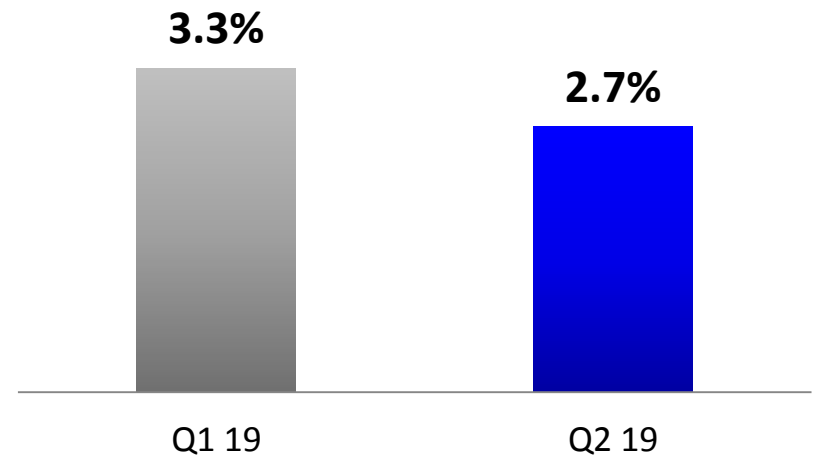
Metrobank



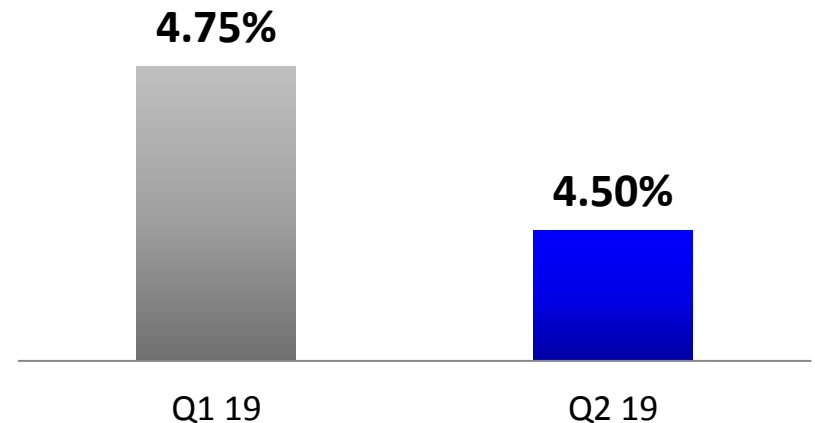
Philippine GDP Growth



Inflation Rate



Overnight RRP Rate



Consistent earnings growth

1H 2019 Operating Highlights

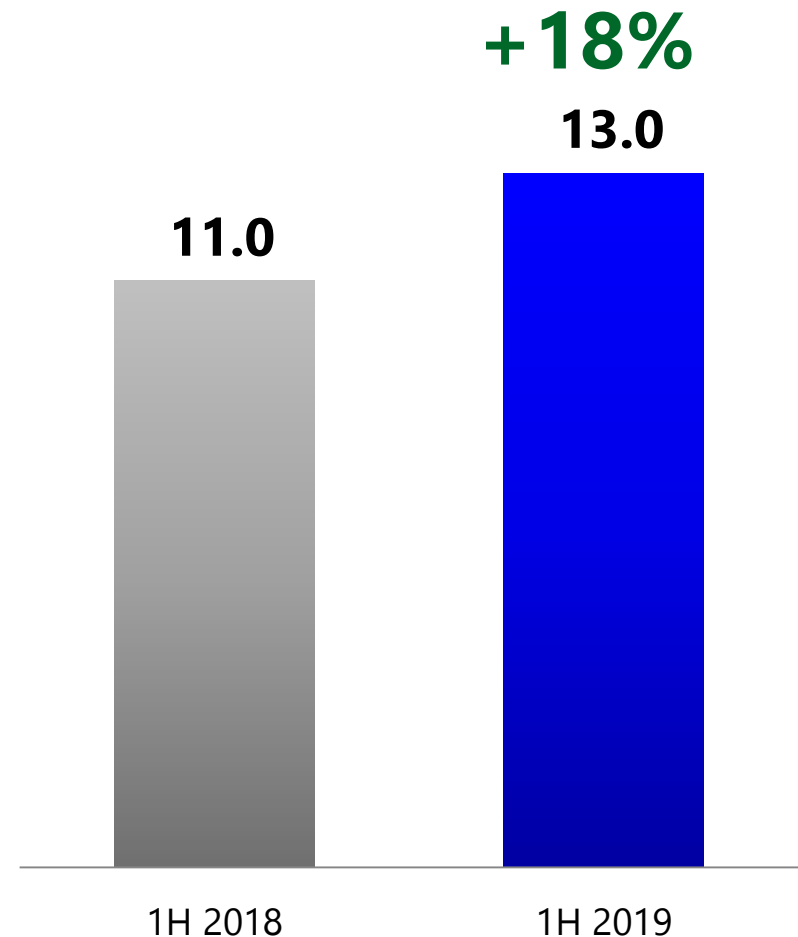
Results are well-within expectations

- PHP13.0 bn net income, **+18%** YoY
- ✓ Sustained earnings growth on the back of quality performance drivers

Positive results for all growth drivers

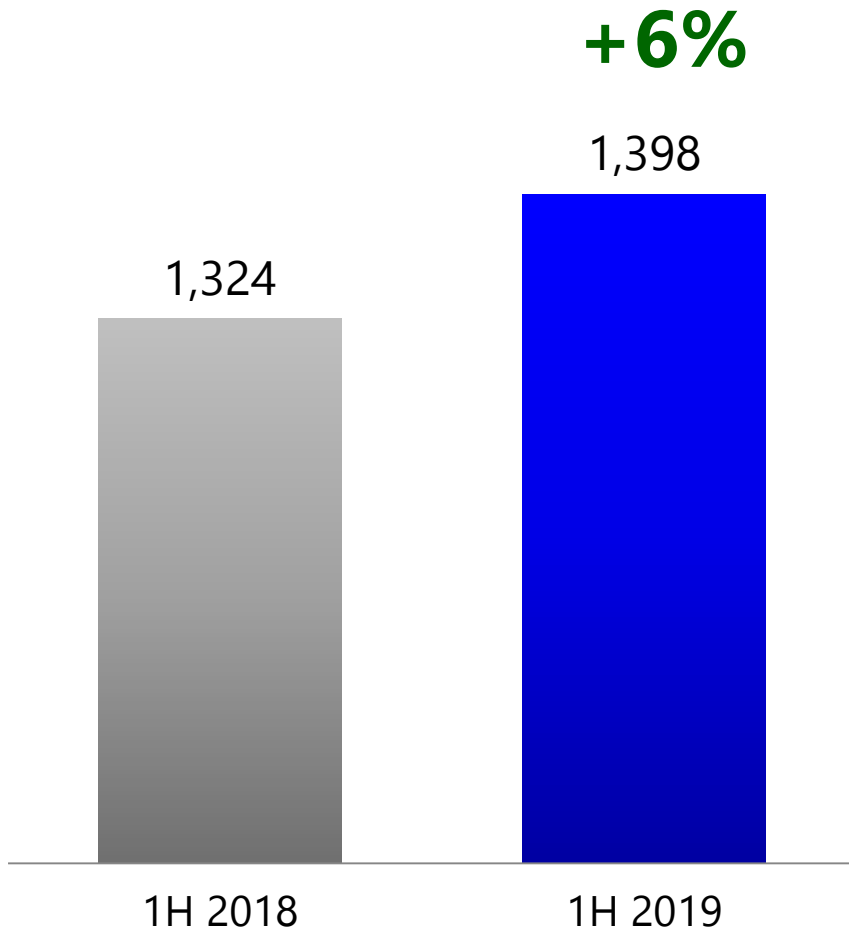
- Loan growth **+6%** from PHP1.3 tn to PHP1.4 tn
- Deposit growth at **4%** to PHP1.6 tn
- NIM expansion **+6 bps** to 3.83%
- Non-Interest income **+16%**
- CIR improved to **55.7%**
- ✓ OPEX grew 7%, from PHP26.0 bn to PHP27.8 bn

1H 2019 Net Income (PHP bn)

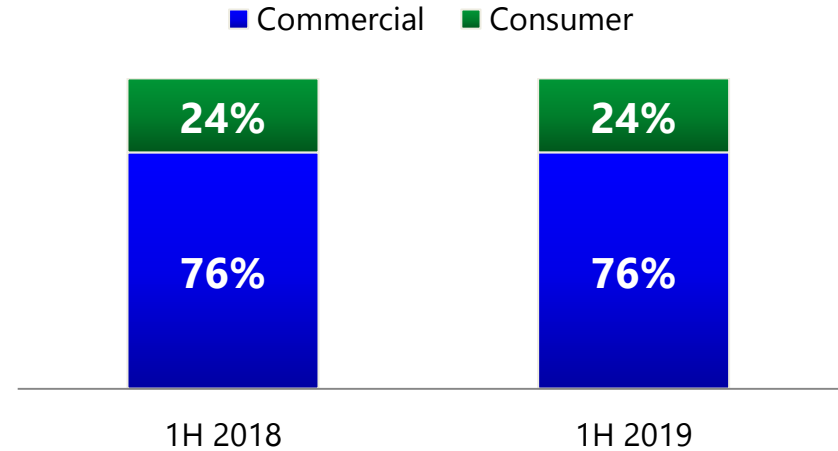


Credit demand driven by solid economic growth

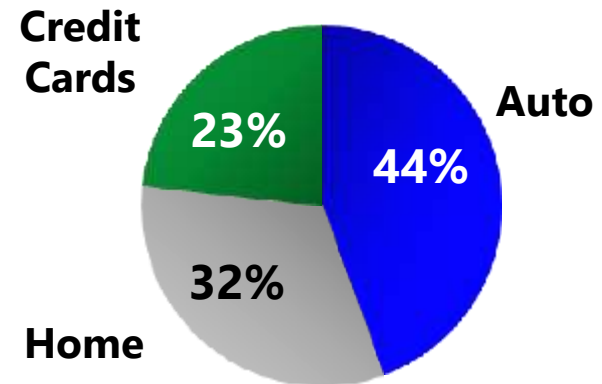
Loan Portfolio (PHP bn)



Total Loan Portfolio Breakdown



Consumer Loan Portfolio Breakdown

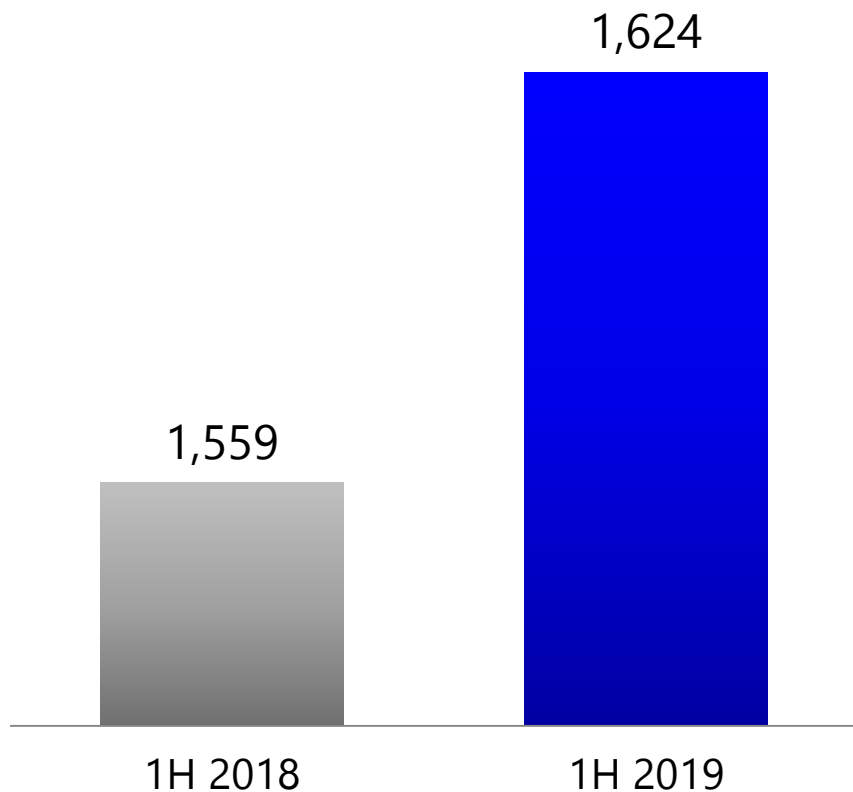


Healthy deposit growth while CASA maintained above 60%



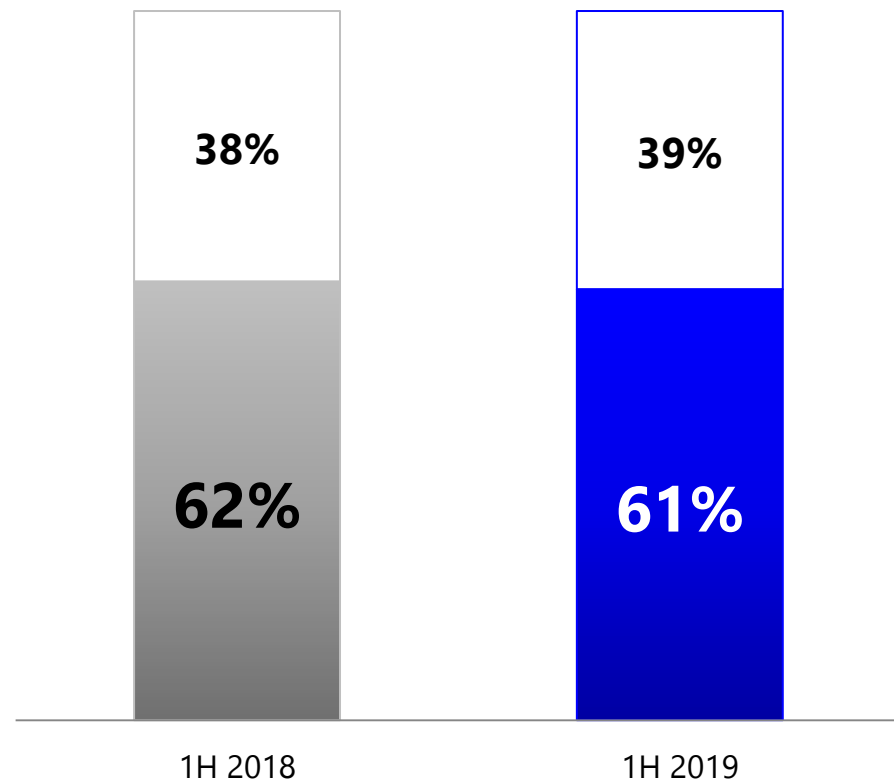
Deposit Base

+4%



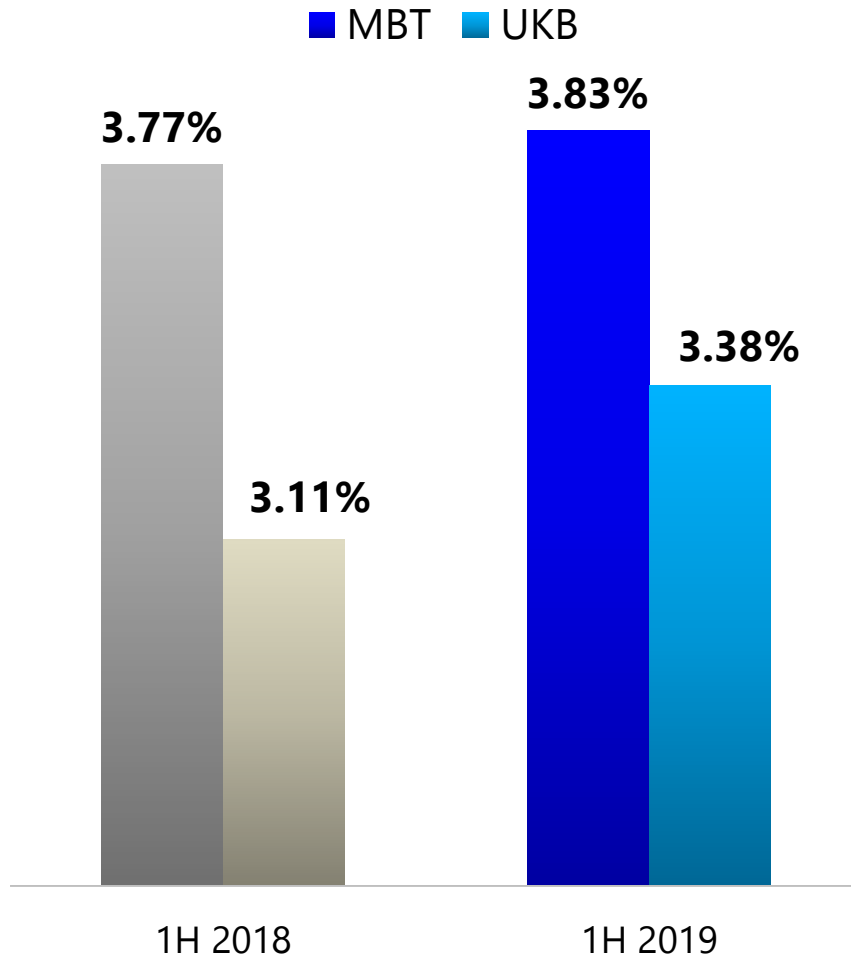
CASA Ratio

■ CASA □ TD



Sustained NIM expansion

Net Interest Margin (NIM)



Pricing strategy anchored on profitability

NIMs consistently above industry and sustained at same level

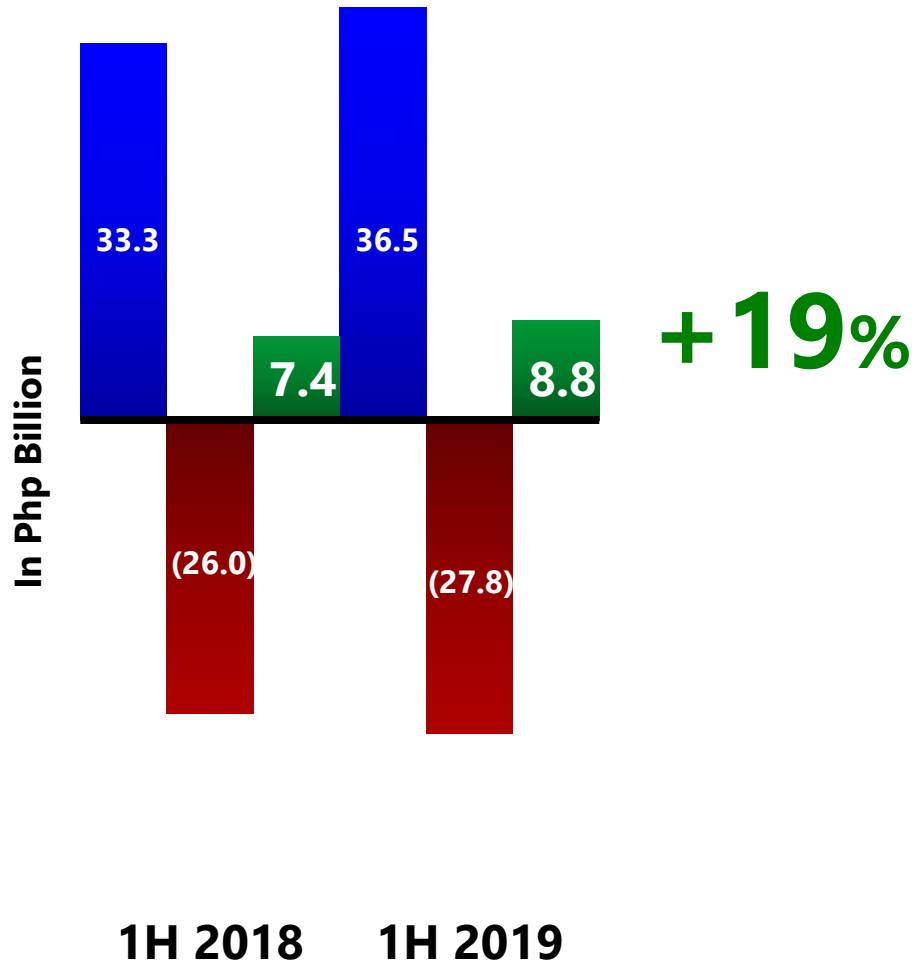
- **+6 bps** vs. 1H 2018

NIM drivers

- Improving loan yields
- CASA ratio maintained above 60%

Recurring revenue growth outpacing costs

NII Less OPEX

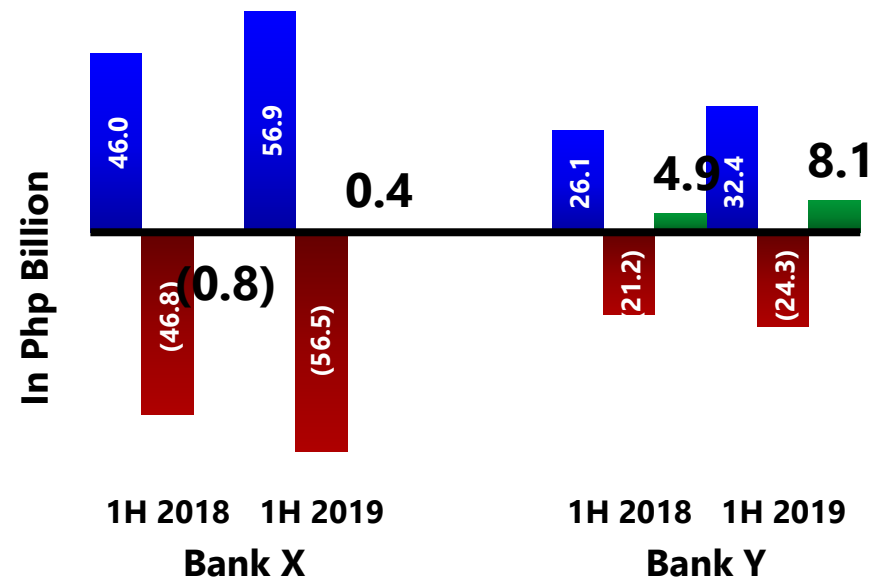


NII growth outpacing costs

- NII growth 10% vs. 7% OPEX growth

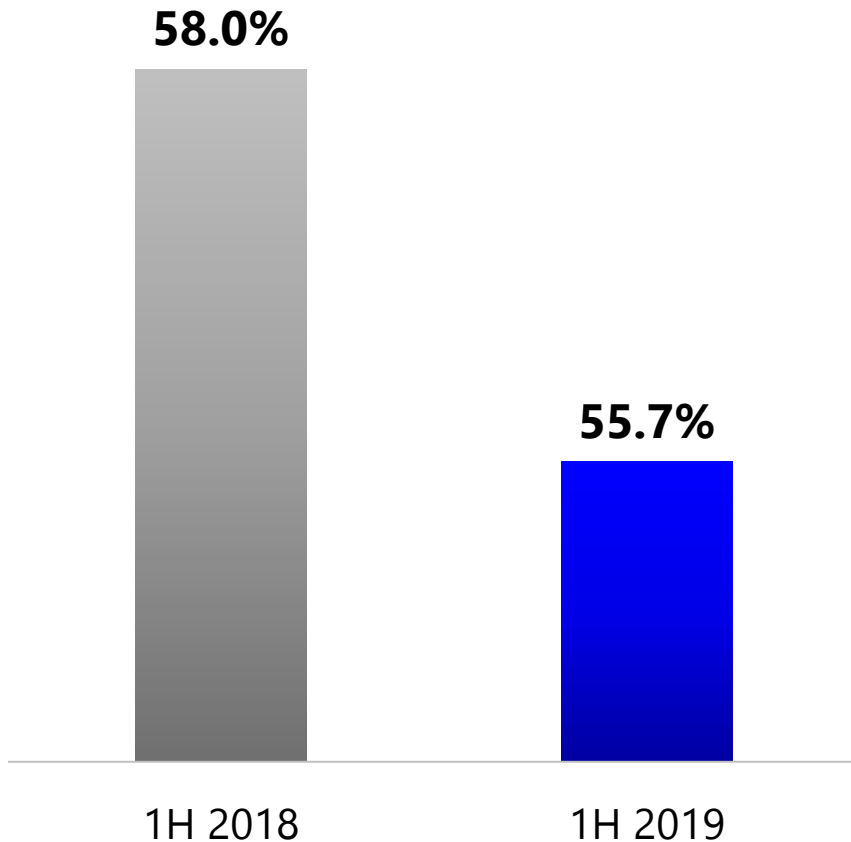
NII less OPEX metric most favorable vs peers

- Traditional banking revenues more than cover for operating expenses



Improving efficiency ratios

Cost Income Ratio (CIR)



Realizing efficiency gains

- CIR dropped from 58.0% to **55.7%**

Non interest income +16%

- Service fees & bank charges increased **8%** from PHP6.1 bn to PHP6.6 bn
- Trading and FX gains at PHP3.6 bn

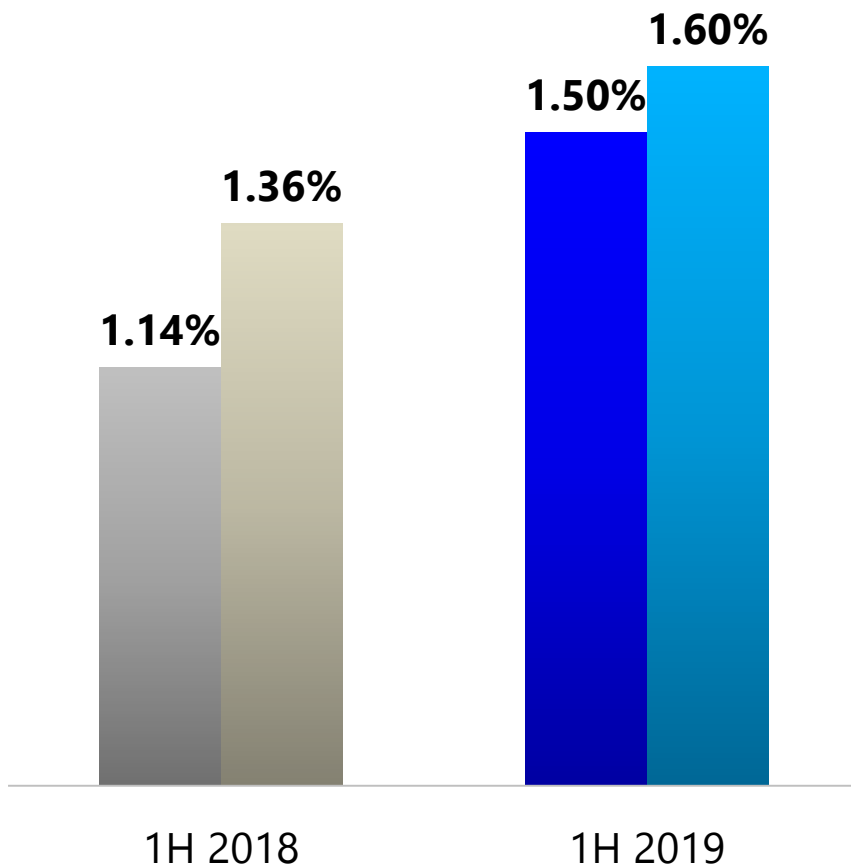
Opex growth slowest among peers

- Branch network relatively flat at **957**
- Lower cost-to-serve and push for use of e-channels

Asset quality better than industry

NPL Ratio

■ MBT ■ UKB



Prudent balance sheet buildup

- Modest portfolio growth without compromising credit standards and asset quality

Better-than-industry NPL ratio

Provisions for credit and impairment losses at Php4.6 bn

- Estimated credit cost 66 bps

- ✔ Credit demand driven by **solid economic growth**
- ✔ **Healthy** deposit growth with **above 60% CASA ratio**
- ✔ **Sustained** NIM expansion
- ✔ Recurring revenue growth **outpacing** costs
- ✔ **Improving** efficiency ratios
- ✔ Asset quality **better** than industry



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Thank You!



An aerial view of a multi-lane highway at dusk, with several cars driving away from the viewer. In the background, a city skyline is visible, featuring several tall skyscrapers, including one with a distinctive pointed top. The sky is a mix of blue and orange, suggesting the sun is setting or rising.

GT Capital Holdings First Half 2019 Financial Highlights

On the road to sustainable recovery

Financial Highlights 1H 2019



Consolidated Net Income

(MBT +19%, FLI +14%, TMP -3%, TMBC 0%)

+3%

Php7.34 billion

Php7.14 billion 1H 2018

Core Net Income

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

+4%

Php7.42 billion

Php7.15 billion 1H 2018

Revenues

+3%

Php104.3 billion

Php101.2 billion 1H 2018

Auto Sales (TMP – Php76.1B)

Php 87.0 billion +2%

Equity in net income of associates
(MBT Php4.7B, MPIC Php1.3B, AXA Php0.3B, TFS Php0.15B)

Php 6.5 billion +10%

Real Estate Sales and Interest income on Real Estate Sales*

Php 7.8 billion -2%

*PAS 10: On July 4, 2019, the PCC approved the redemption of PCFI shares in exchange for selected assets. Estimated gain on redemption is Php3B.

Strong second quarter 2019

GT Capital Consolidated Core Net Income Comparative

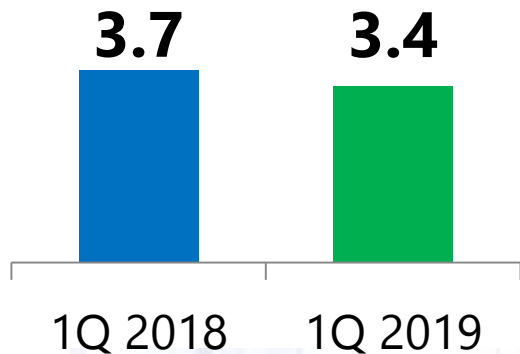


1Q 2018 vs. 1Q 2019

- FLI -23%
- TMP -24%
- MBT +15%
- TMBC -22%
- MPIC +0.3%
- AXA +46%
- Life +50%
- GI >100%

-9%

in Php Billion

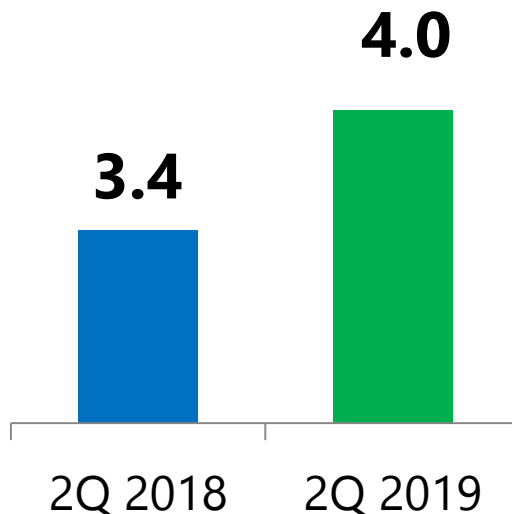


2Q 2018 vs. 2Q 2019

- FLI +39%
- TMP +24%
- MBT +22%
- TMBC +17%
- MPIC +1%
- AXA -53%
- Life -6%
- GI >100%

+17%

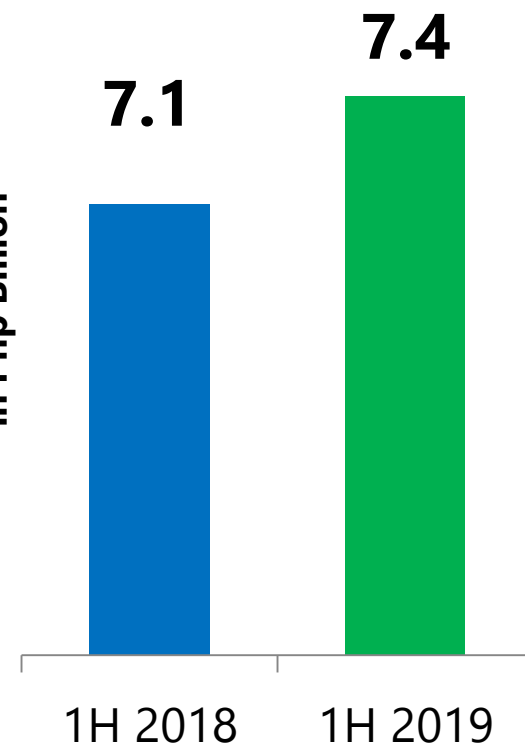
in Php Billion



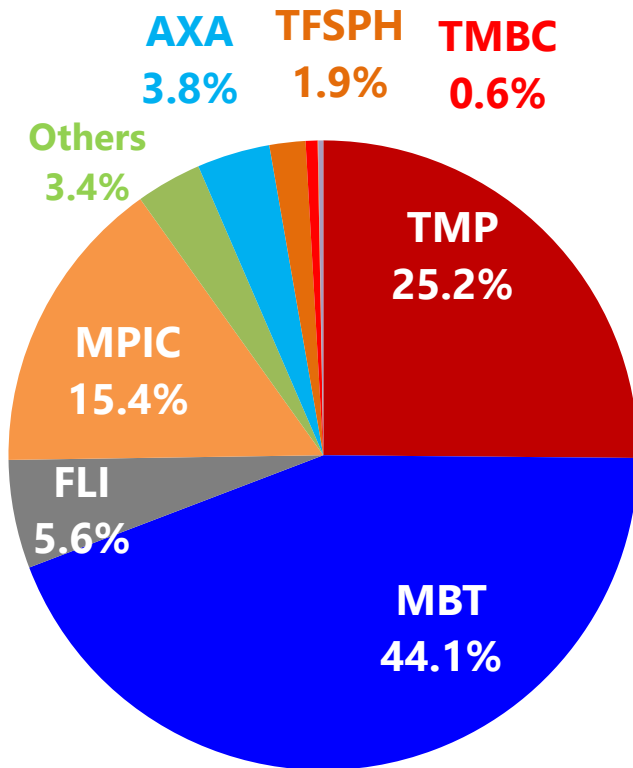
1H 2018 vs. 1H 2019

+4%

in Php Billion

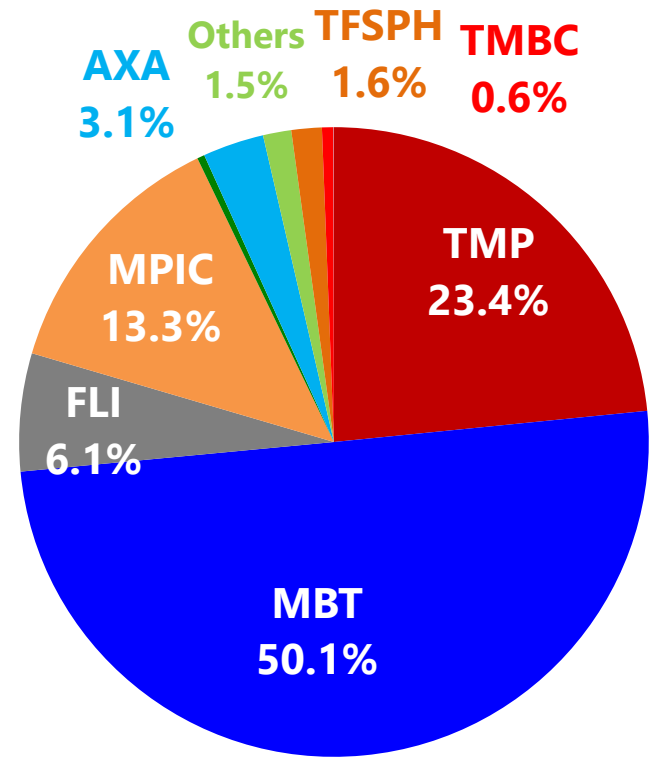


GT Capital Net Income Contribution 1H2019



MBT + TMP = 69.2%

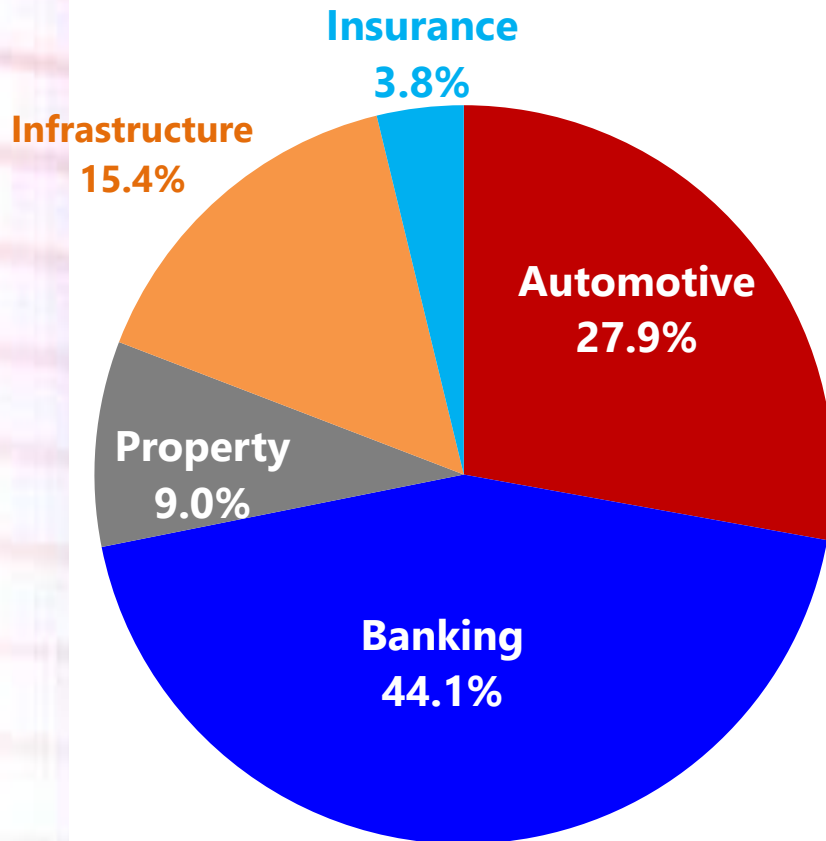
1H 2018



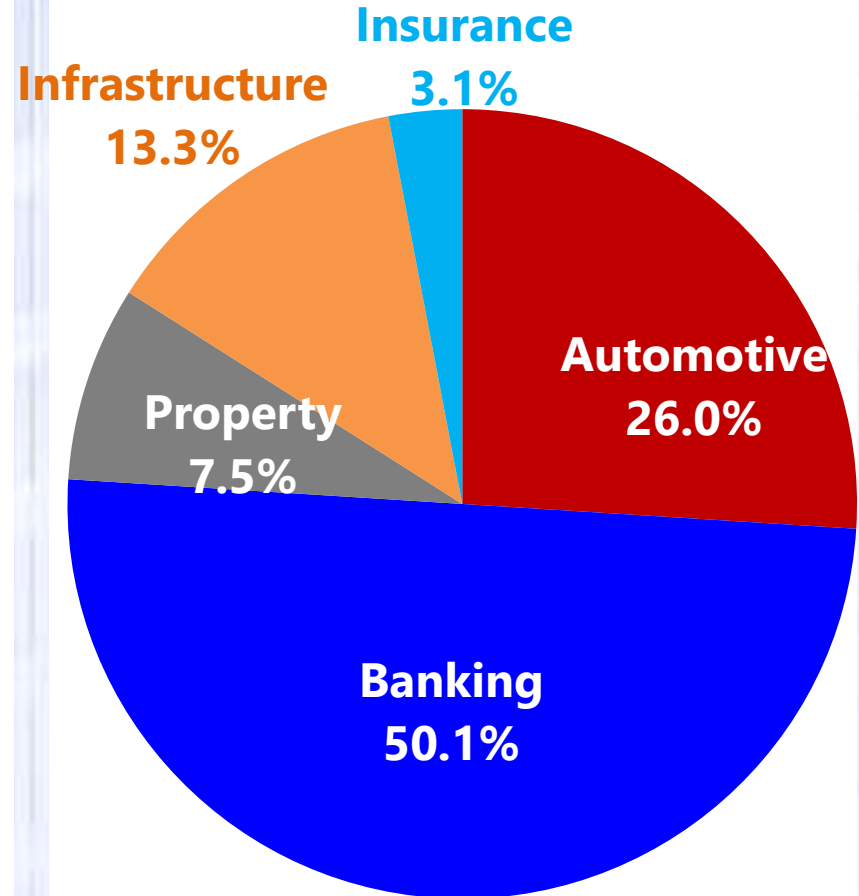
MBT + TMP = 73.5%

1H 2019

GT Capital Net Income Contribution by Sector

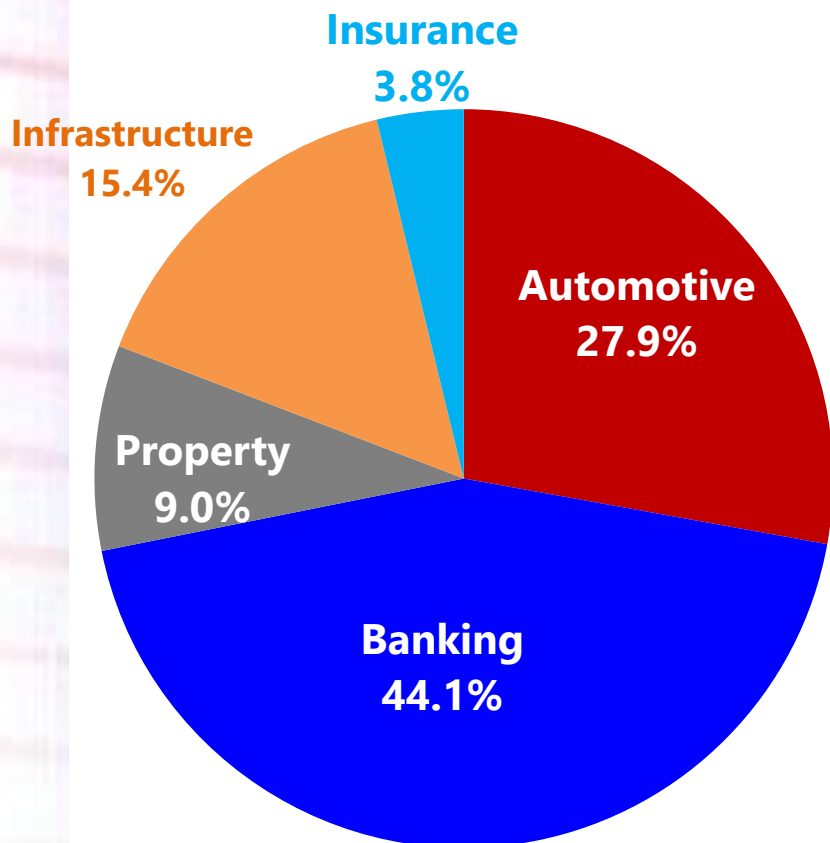


1H 2018

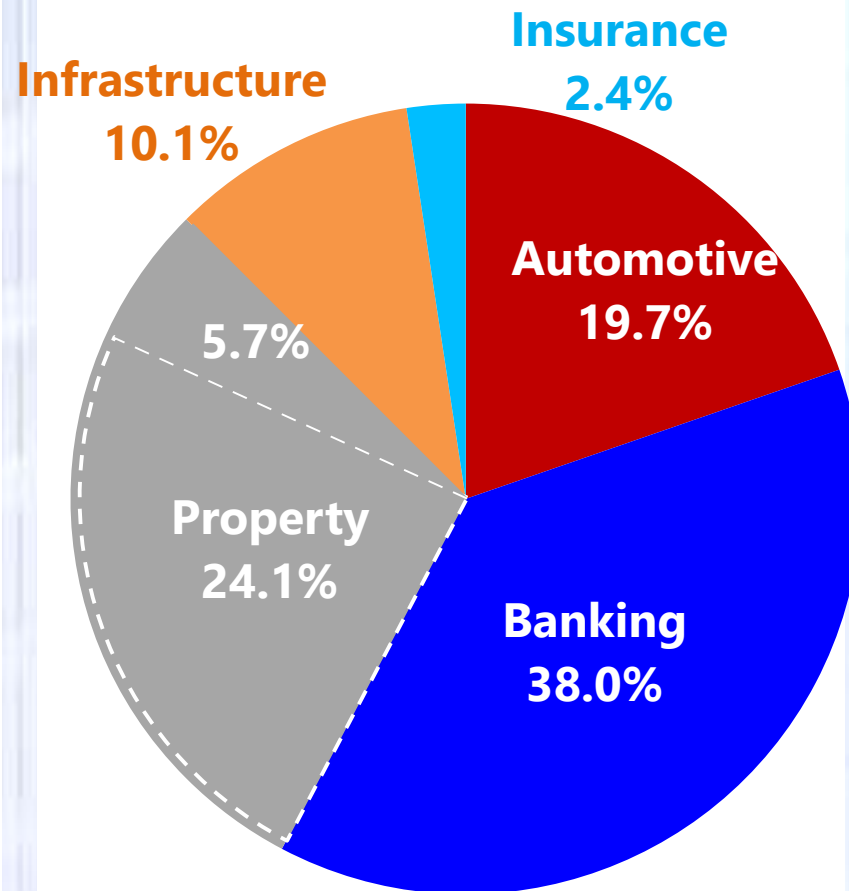


1H 2019

Positive developments in property will contribute around 22% to FY19E GT Capital Pro-forma Net Income Contribution



1H 2018



1H 2019

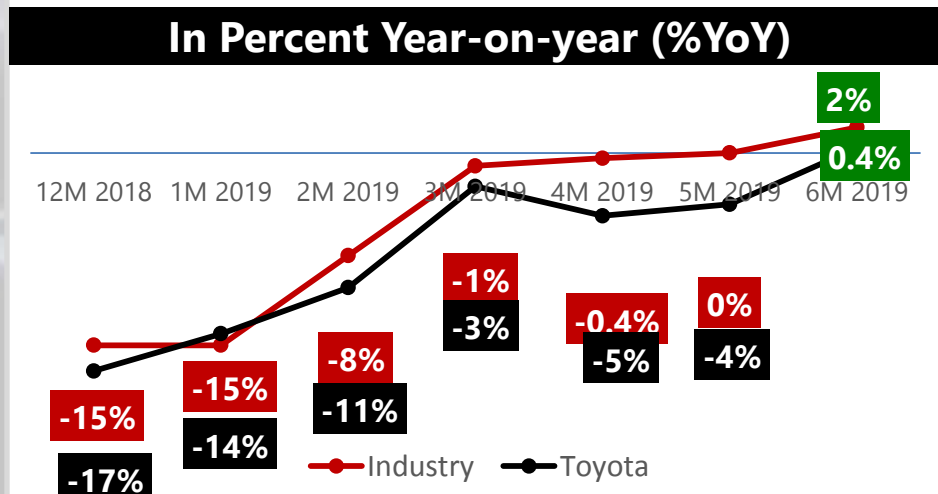
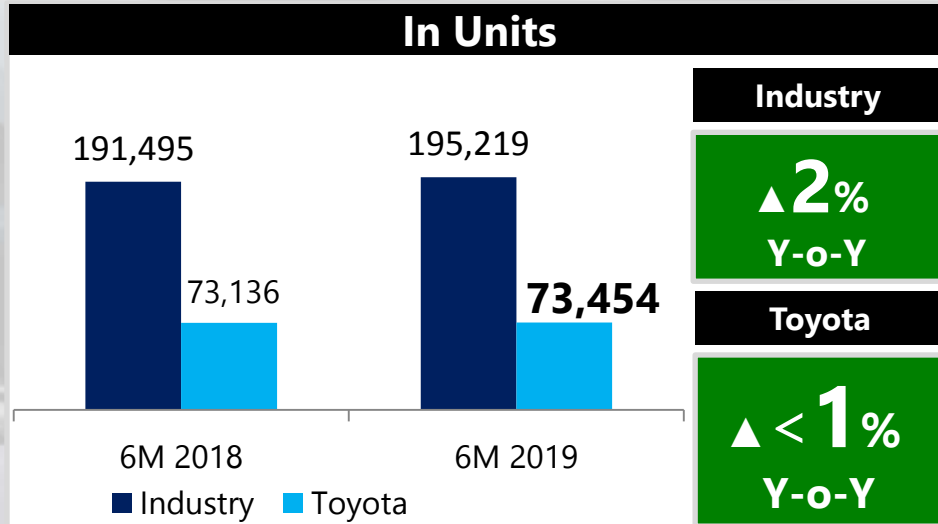


Automotive

Retail auto unit sales volume



As of June 2019 YTD



Source: Company data, CAMPI, AVID

Industry factors:

- Signs of recovery due to easing inflation, declining interest rates, and rebound in consumer confidence

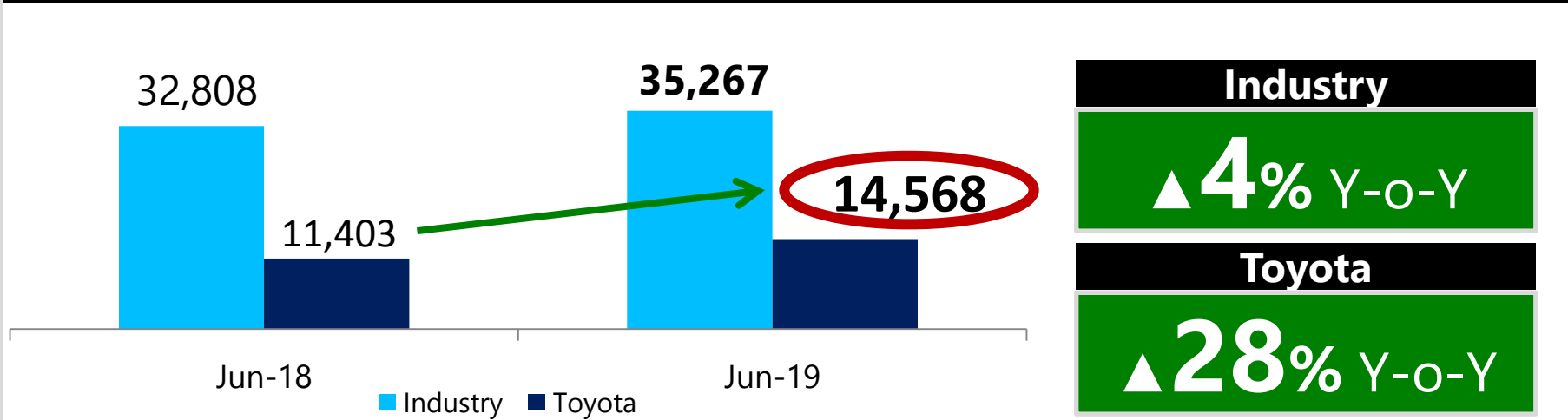
1H 2019 results due to:

- New model introductions—Hiace (Mar) and Avanza phased out (May)
- Offset by Rush **+124%** introduced in May 2018
- Vios recovery **+10%** in 1H2019 from -26% in 1H2018 due to marketing campaigns and fleet sales
- Hilux regains top spot in pickup category with **31%** market share
- Innova dominates MPV category at **35%** market share

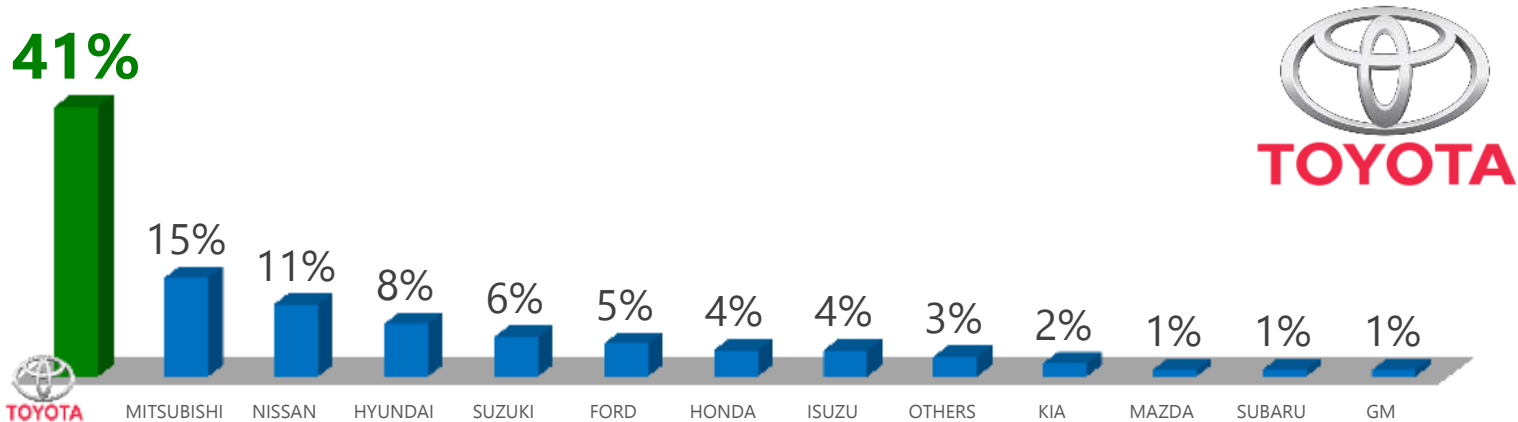
Retail auto unit sales volume

For the month of June

In Units



Market Share for the Month of June 2019



Source: Company data, CAMPI, AVID

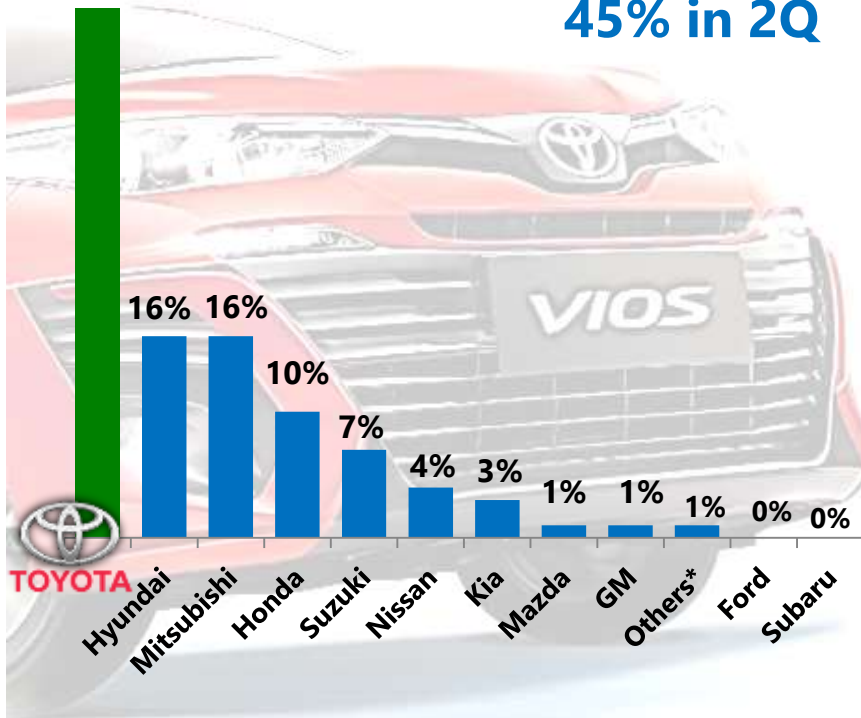
Toyota is still PH's dominant auto brand

Auto Industry Market Share As of June 2019 YTD

Passenger Car

42% in 1H

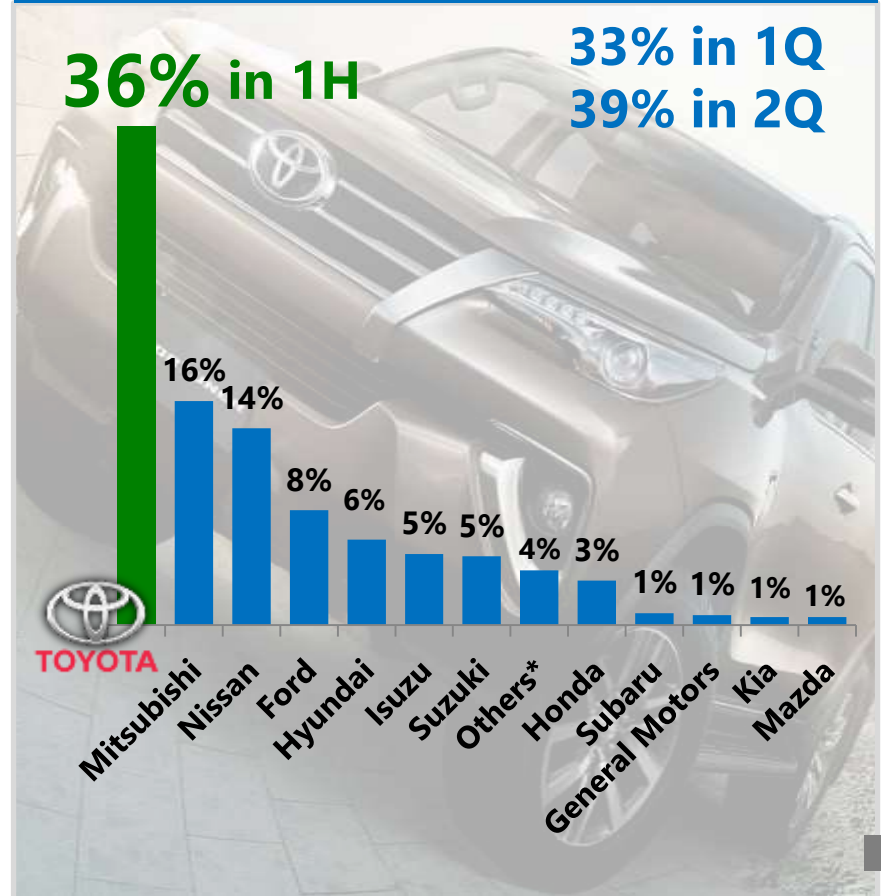
39% in 1Q
45% in 2Q



Commercial Vehicle

36% in 1H

33% in 1Q
39% in 2Q



Source: Company data, CAMPI, AVID

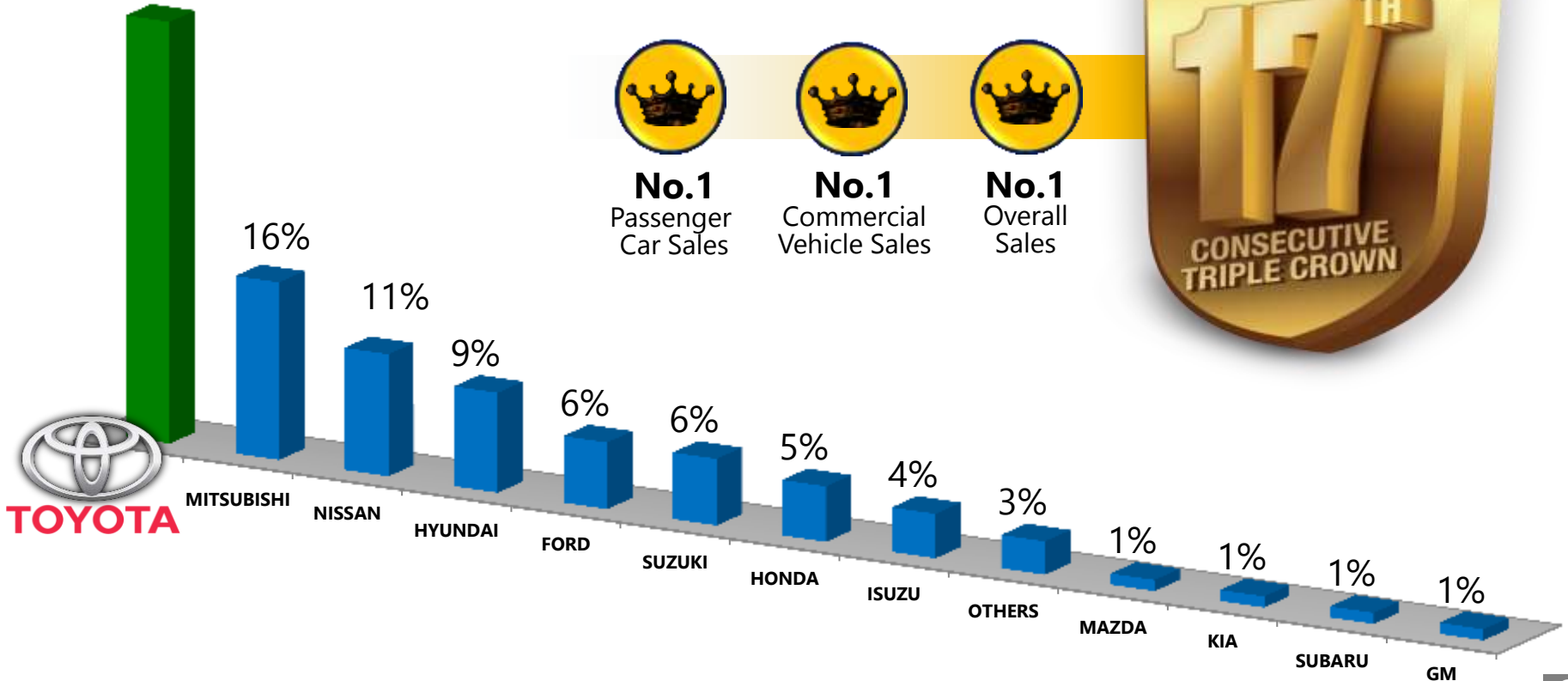
Toyota is still PH's dominant auto brand

Overall Market Share As of June 2019 YTD

38% in 1H

35% in 1Q

41% in 2Q



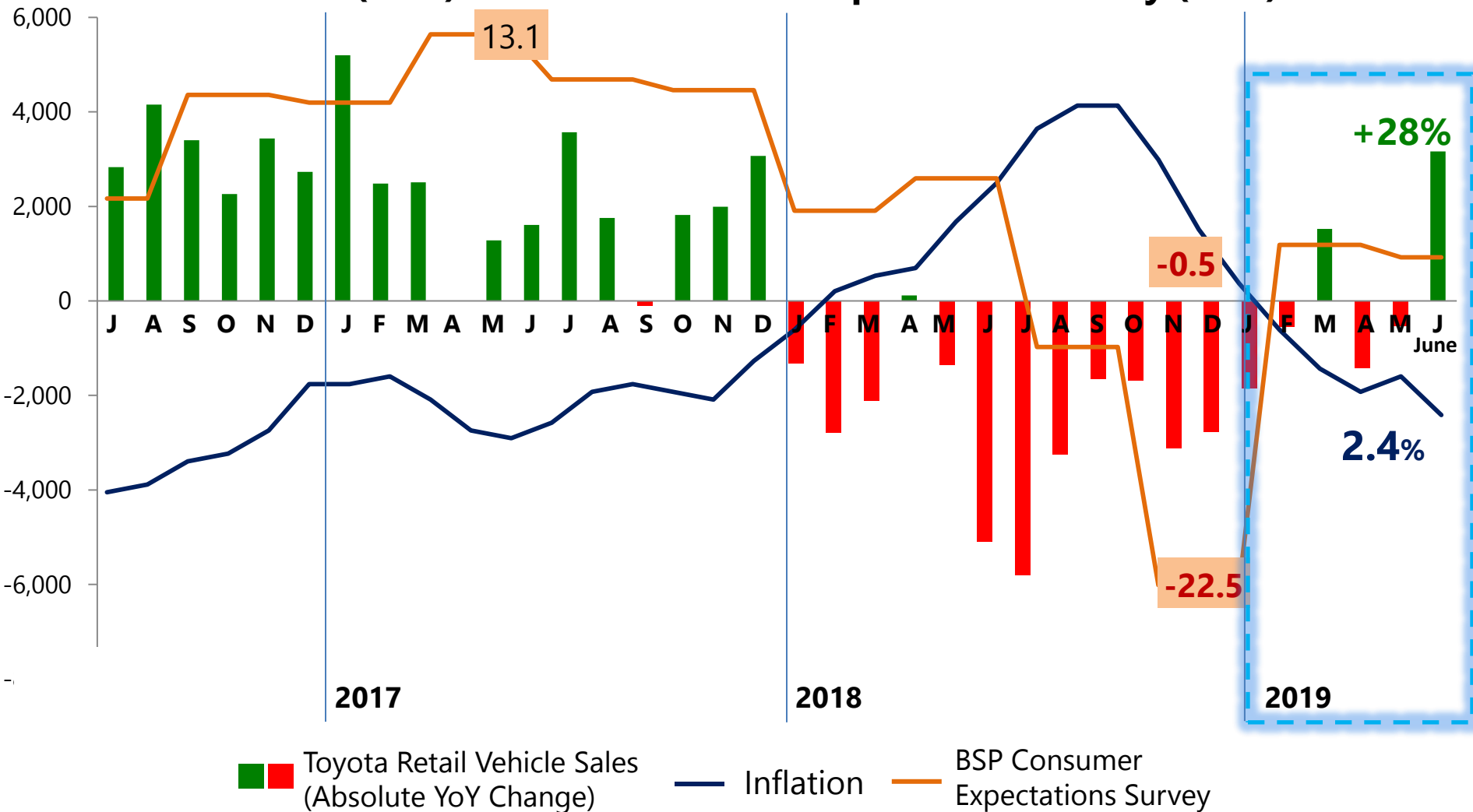
Source: Company data, CAMPI, AVID

Green shoots grow taller than before

Toyota vehicle sales post strongest growth in two years despite still relatively weak consumer confidence



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



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



TOYOTA

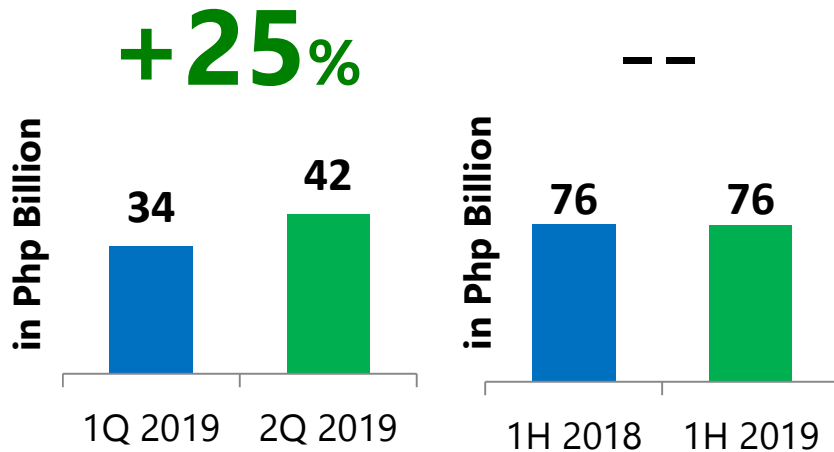


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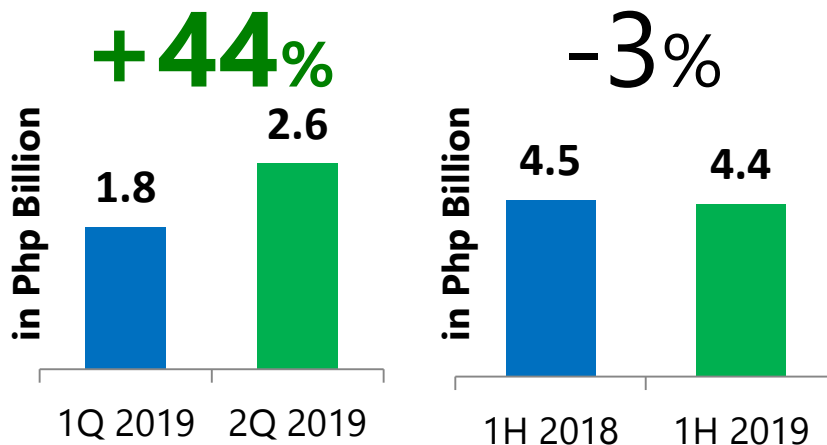
TMP Financial Highlights



Revenues



Net Income



- **Wholesale** -3% **72,794** units
 - Hiace (Mar), Avanza (May) phased out
 - Offset by Rush **+124%** (May 2018)
- **Retail** **+0.4%** **73,454** units (vs **+2%** Industry)
 - PCs: Vios **+10%**, Wigo -19%
 - CVs: Hilux **+35%**, Fortuner -16%, Innova **+6%**, Hiace -13%, Rush **+130%** & Avanza -48%
- Selective price increase for commercial vehicles in January 2019 (*Recently disclosed across-the-board **+1%** effective July)
- Favorable models mix and FX
- Improved GPM and OPM
- Higher advertising & sales promo/rebates in Q1, increase in OPEX and OH costs and depreciation expense on New Vios

TOYOTA MOVING FORWARD
New model launches



HIACE February 2019
Php1.442-2.686M

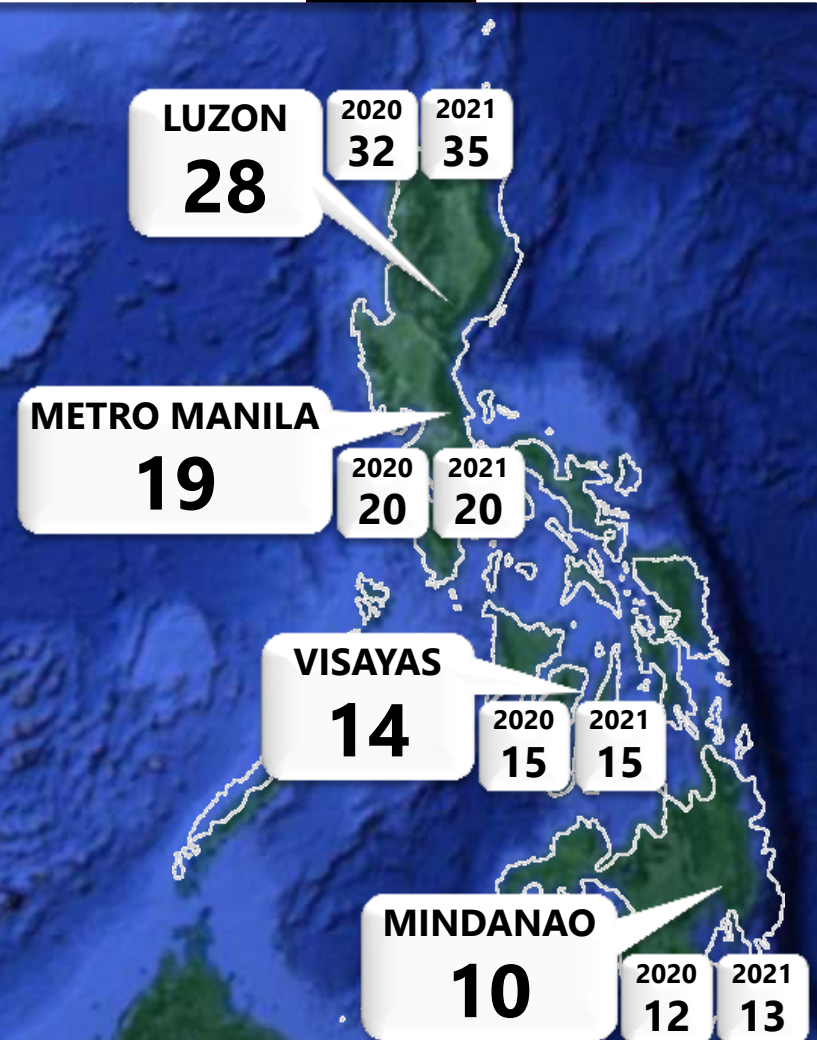
RAV4 January 2019
Php1.638 – 2.203M



Dealership Expansion



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





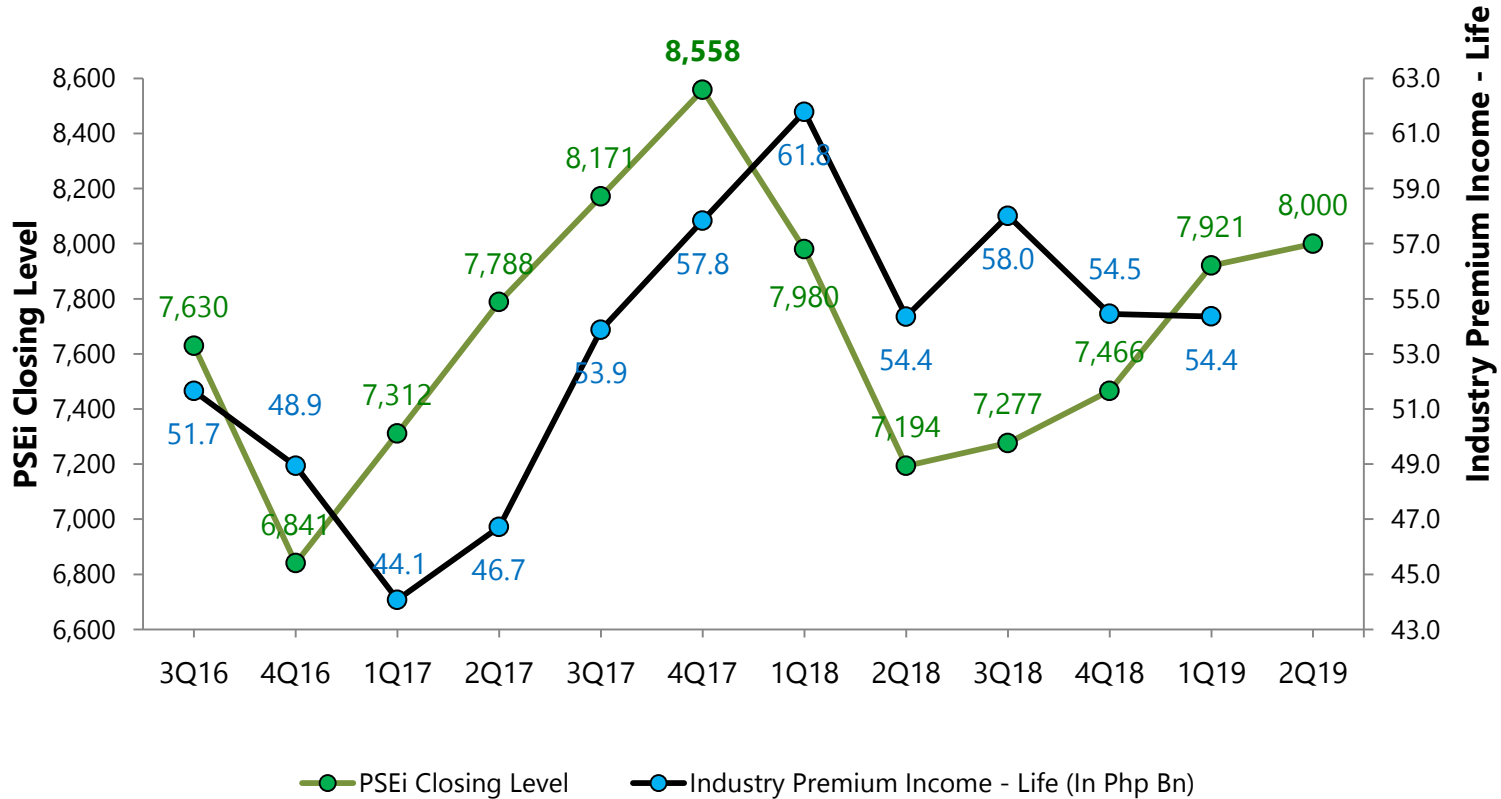
Insurance

Insurance Industry Updates

Premium income may increase as PSEi continues its bull run



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



Source: Insurance Commission, PSE, 2019

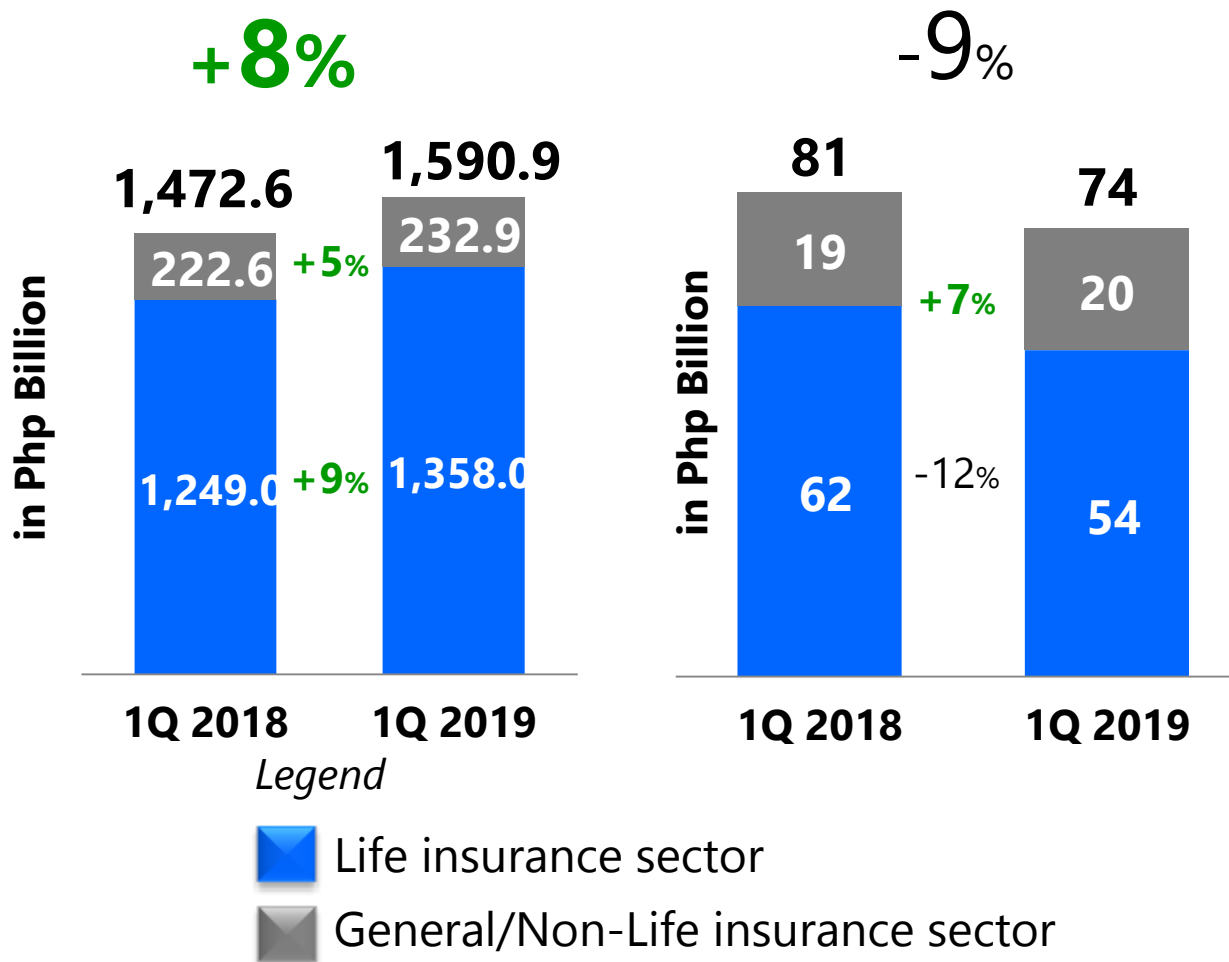
Insurance Industry Updates

As of March 2019 (released July 2019)



Total Assets

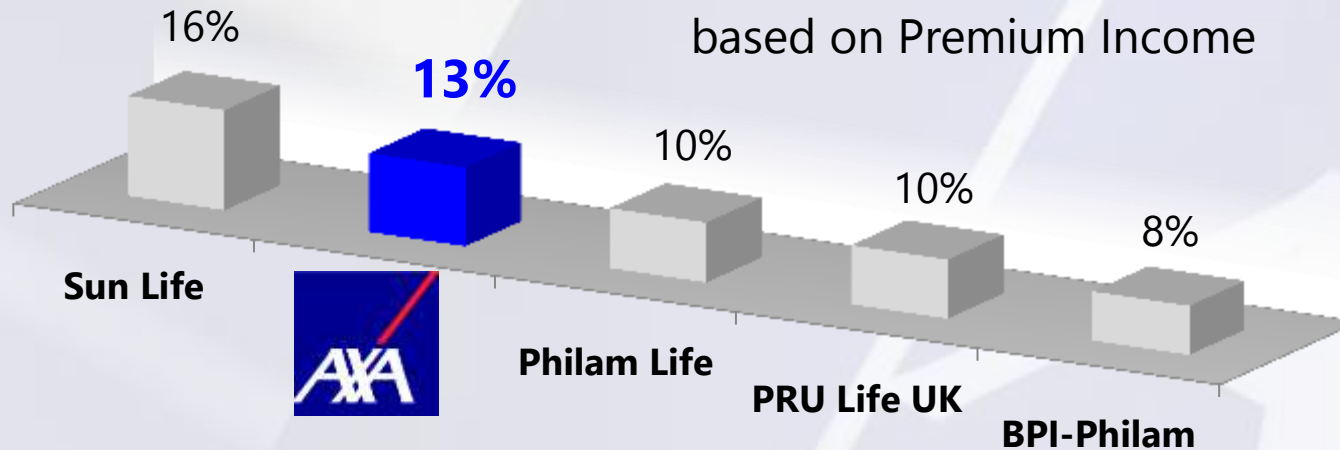
Total Premiums



Insurance Rankings as of Full-Year 2018

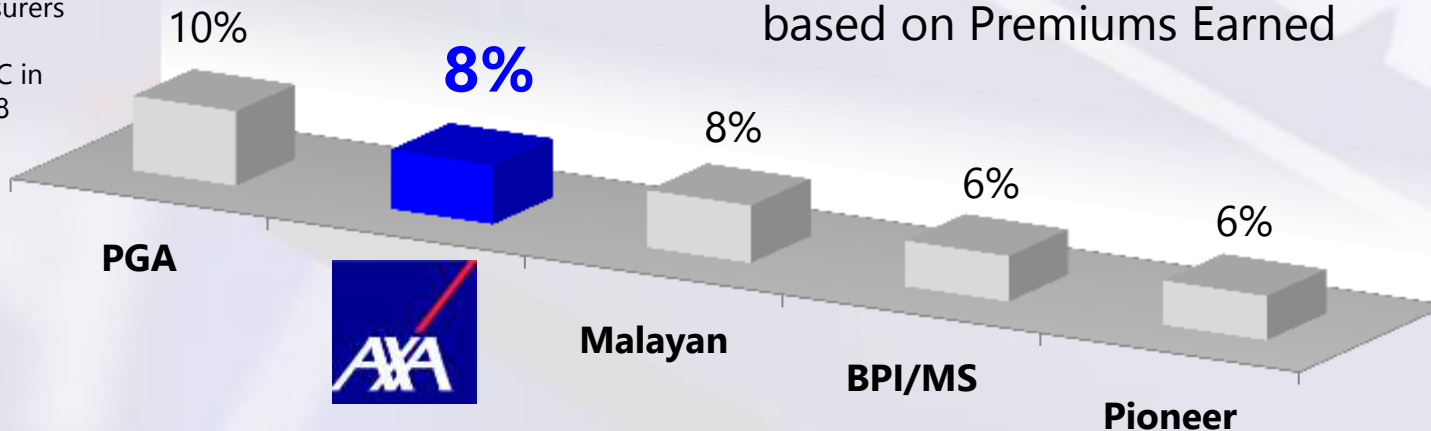


Life Sector Market Share based on Premium Income



5
non-life insurers
ordered
closed by IC in
March 2018

General Sector Market Share based on Premiums Earned



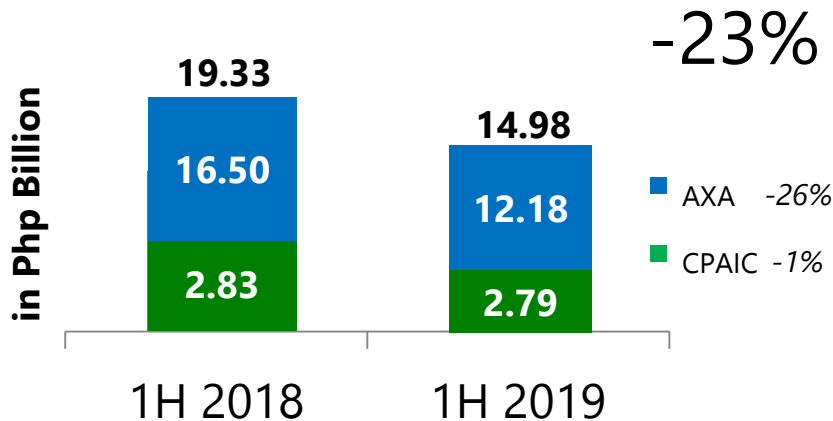


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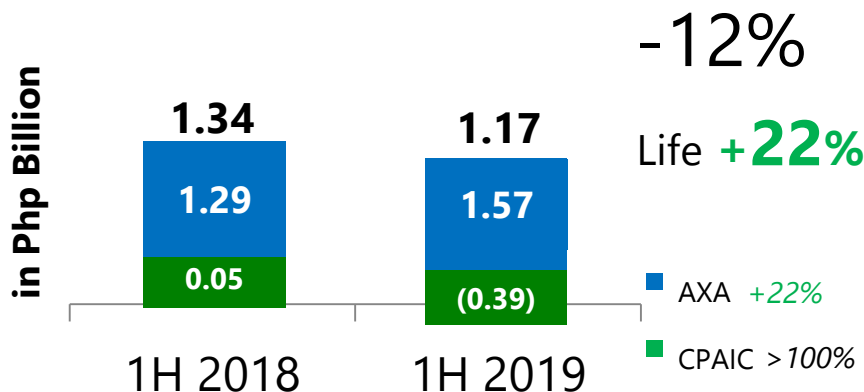
AXA Philippines Financial Highlights



Gross Premium



Net Income



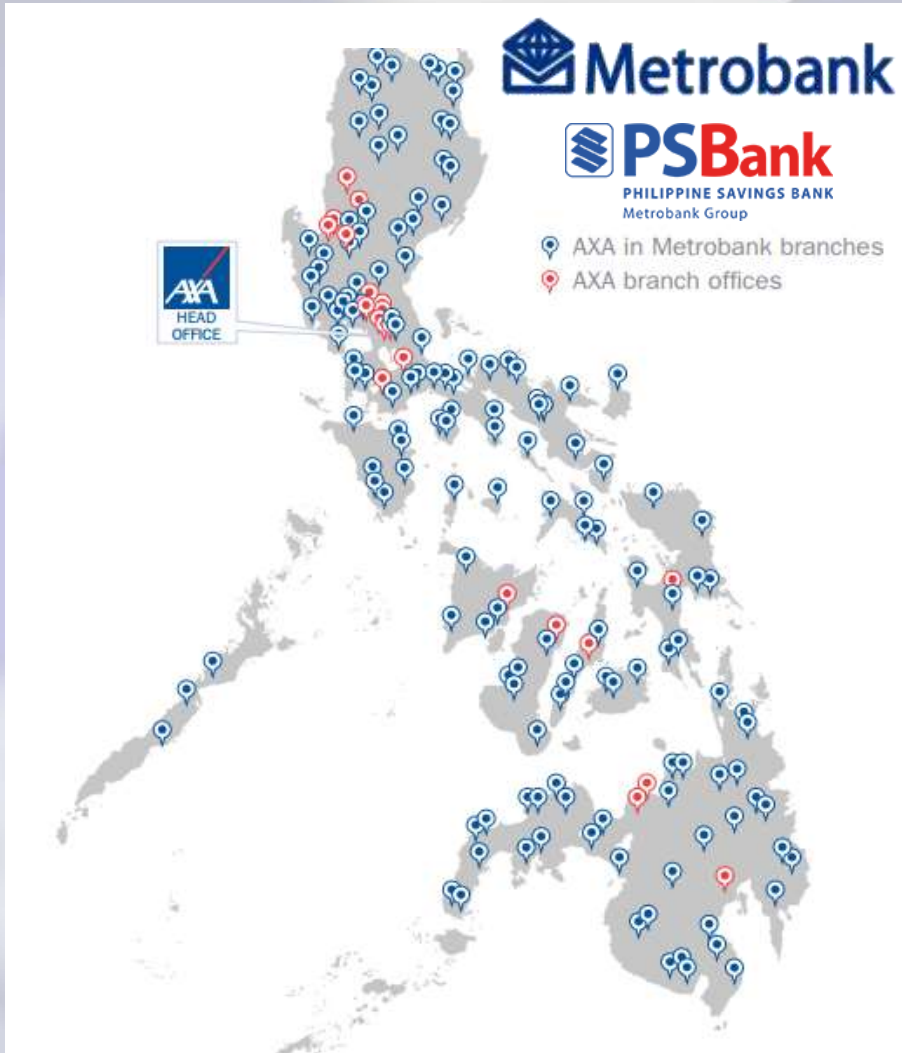
Life

- APE **-9%** from **Php3.8B** to **Php3.5B** due to significant drop in single premium
- RP **+8%** SP **-59%**
- SP/RP mix
 - New business: **25:75** to **11:89**
 - Premium income: **59:41** to **33:67**
- Premium margins **Php4.1B +5%**
- AUM-Linked **Php93B** to **Php104B**
 - +12% Asset management fees
 - Php1.0B +14%**
- Realized and Unrealized gains from bonds and equities of **Php106M**

Non-life

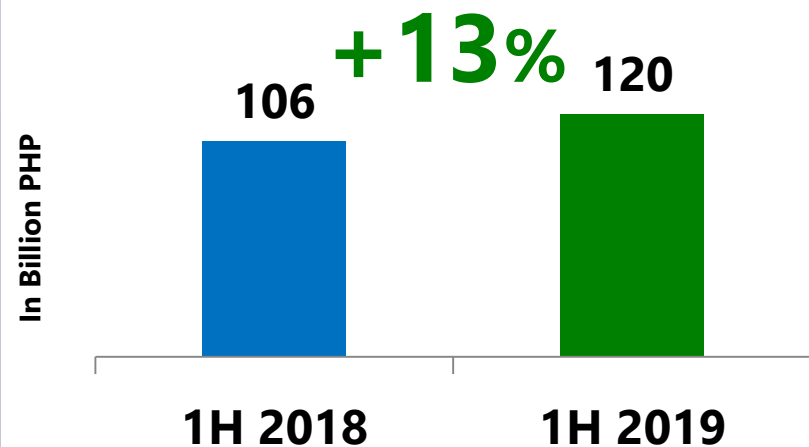
- Flat GWP **Php2.7B**
- Net loss **Php391M**
 - Large property losses (claims for fire and earthquake)
 - Higher reinsurance costs and commissions

Strong synergy and growth



- Exclusive financial advisors: **5,272**
vs 5,000 in 1Q 2019
- Total bancassurance (Metrobank and PSBank) branches: **957**
- AXA branches nationwide: **65**

Assets Under Management





Infrastructure and Utilities

Infrastructure Project Updates

1H 2019 project opening

**METRO
PACIFIC**
INVESTMENTS



MPTC
METRO PACIFIC TOLLWAYS

CAVITEX - C5 South Link

Segment 3A-1

2.2km from Taguig to
Merville, Paranaque

Opened

July 2019

View of the C5 South Link segment 3A-1 in Taguig City

Infrastructure Project Updates

New project proposal

**METRO
PACIFIC**
INVESTMENTS



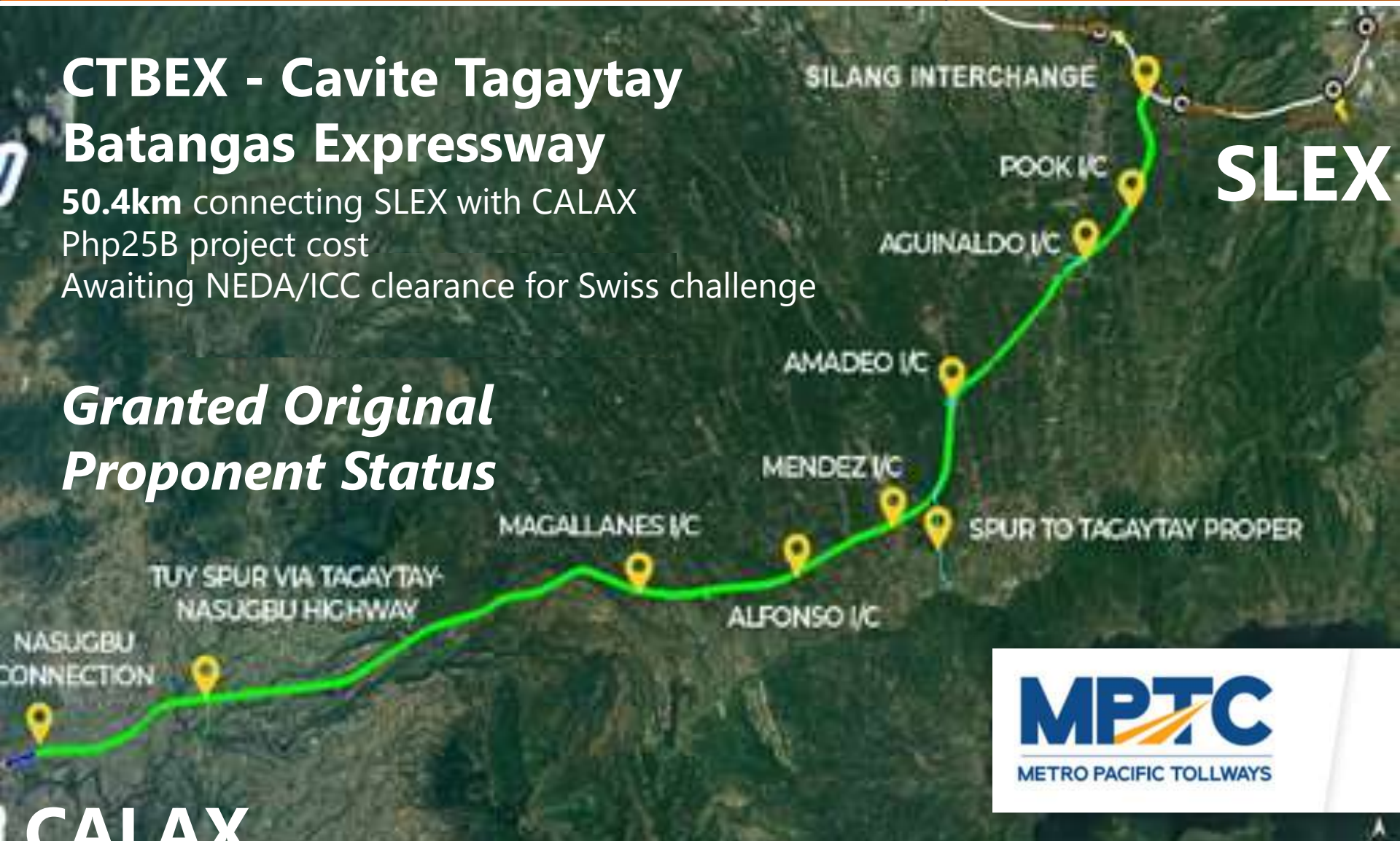
CTBEX - Cavite Tagaytay Batangas Expressway

50.4km connecting SLEX with CALAX

Php25B project cost

Awaiting NEDA/ICC clearance for Swiss challenge

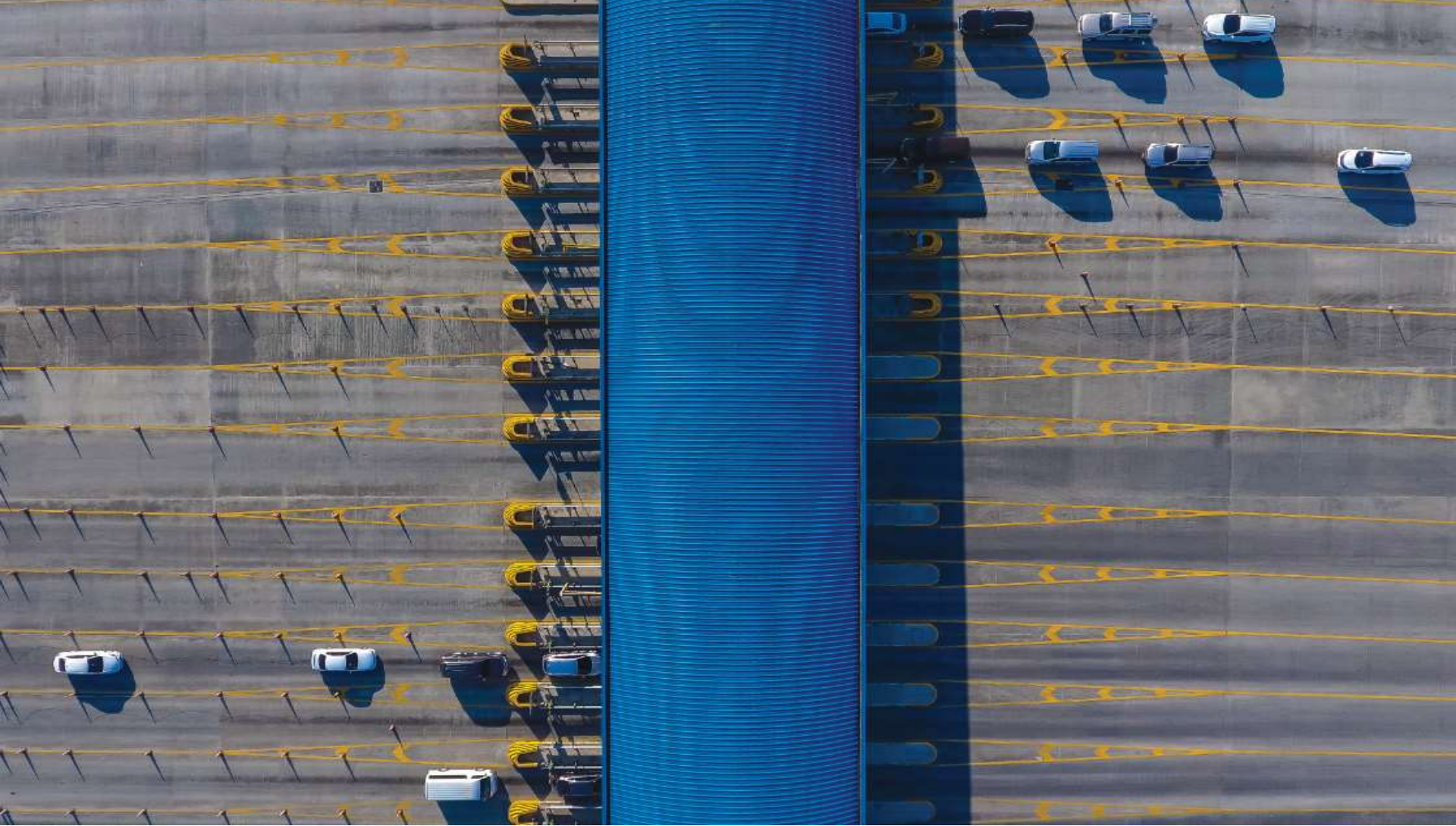
*Granted Original
Proponent Status*



SLEX

CALAX





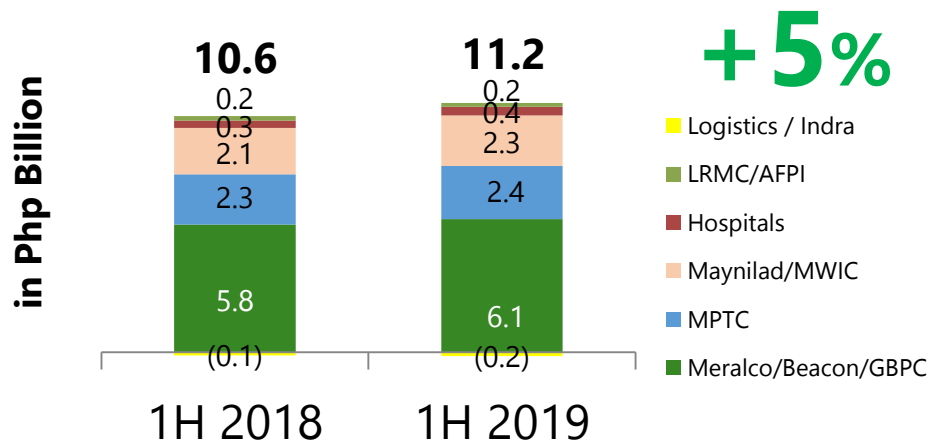
**METRO
PACIFIC**
INVESTMENTS



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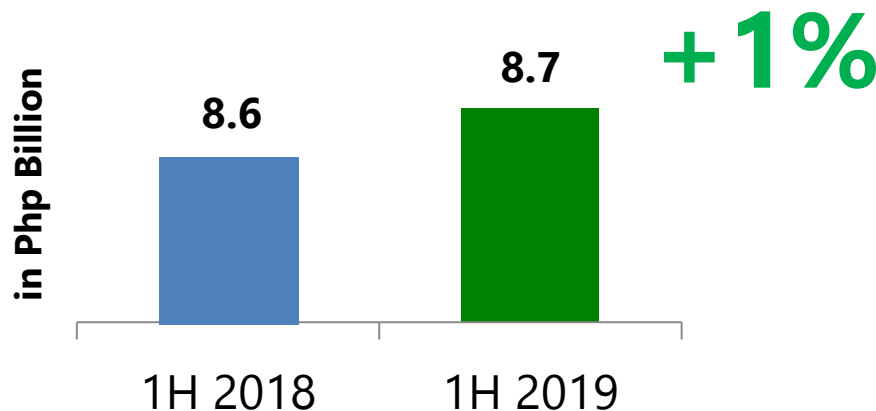
Metro Pacific Financial Highlights

Share in Operating Net Income (Core)



- Power
 - Meralco - Core NI **Php12.3B +14%**
 - GBPC - Core NI **Php1.2B -1%**
- Toll Roads - Core NI **Php2.4B +6%**
- Water - Core NI **Php4.6B +9%**
- Hospitals - Core NI **Php1.3B +14%**
- Rail - Core NI **Php0.3B -18%**
- Logistics - Core net loss **Php0.2B**
- GT Capital's share in NI **-9%** from **Php1.4B** to **Php1.2B**; Higher Interest **Php0.5B** and Non-recurring items **Php0.4B**

Core Net Income





Property Development

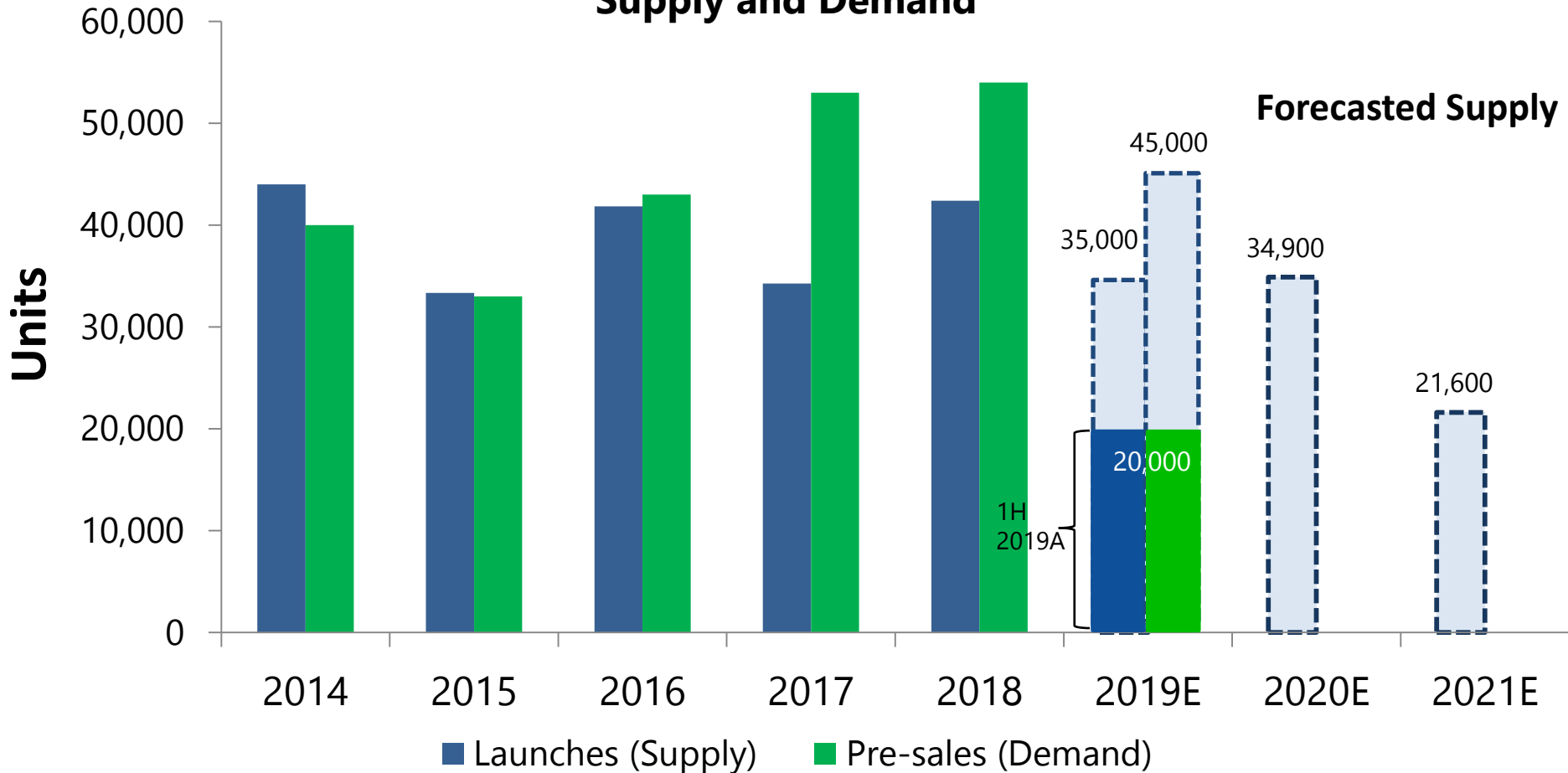


RESIDENTIAL SUPPLY AND DEMAND

Managed growth for new launches



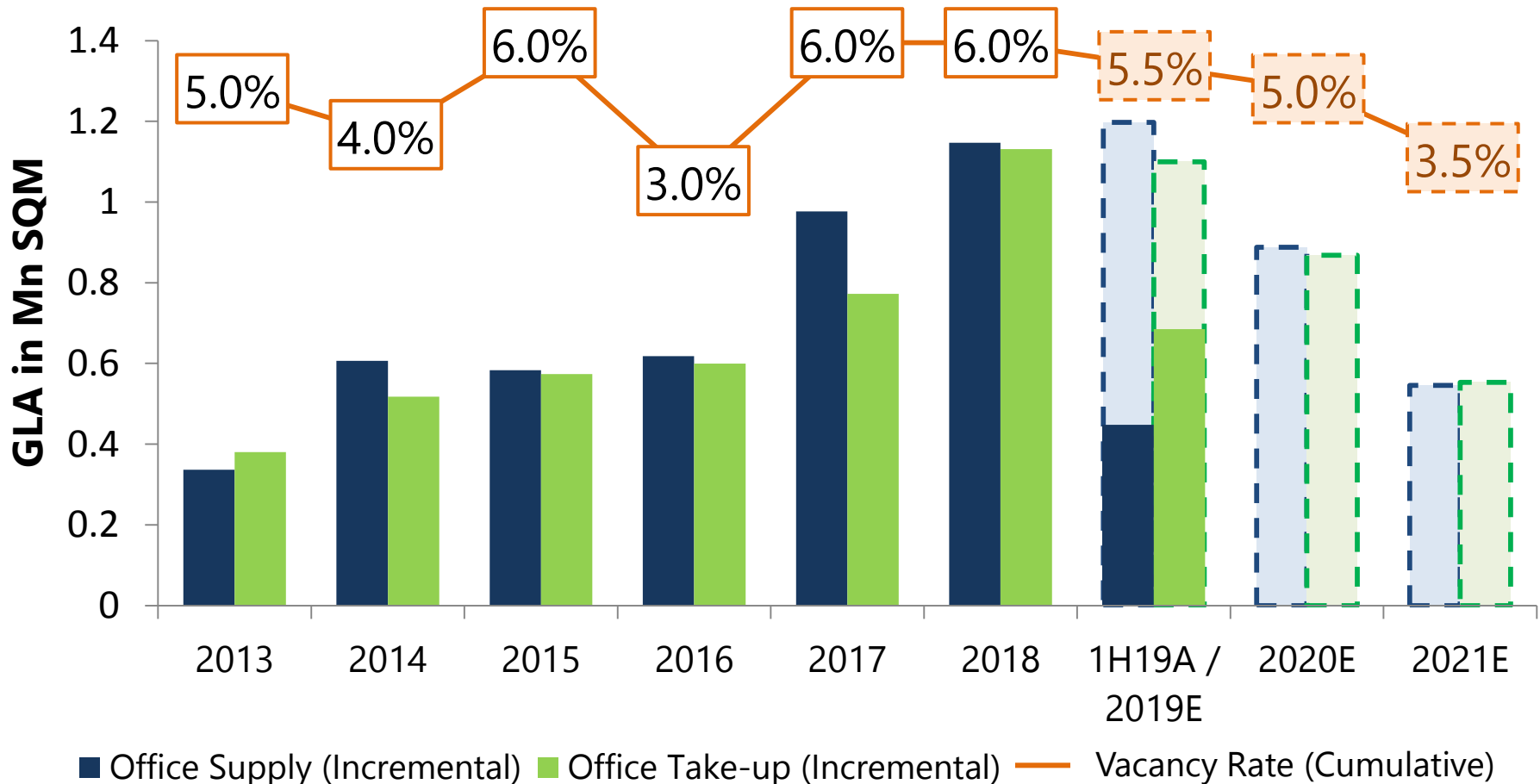
Metro Manila Residential Condominium Supply and Demand



OFFICE SUPPLY AND DEMAND

1H19 office demand continues to exceed supply;
Office supply and vacancy expected to decline by 2020

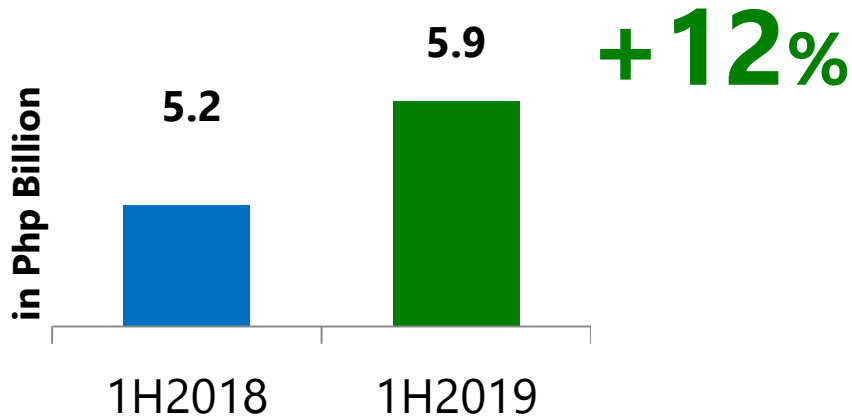
Metro Manila New Office Supply vs. Vacancy Rate



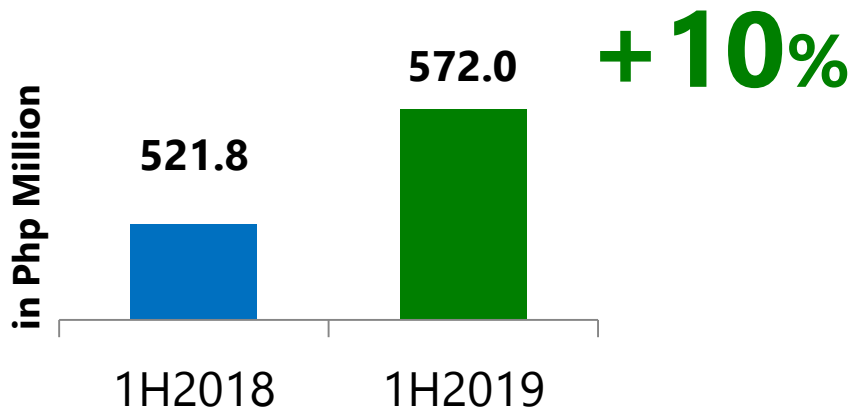


Federal Land Financial Highlights

Revenues



Net Income



- Reservation sales **+52%** from **Php5.9** to **Php8.9B**
 - Inventory **+30%** (1,364 units to 1,774 units)
 - Launched 2 new projects: Mi Casa and The Estate
- Booked real estate sales **+12%** from **Php4.1** to **Php4.6B**
- Rent **+11%** from **Php563M** to **Php625M** due to rate escalation and full occupancy (BBW, MetLive and i-Met)
- Commission **+407%** from **Php27M** to **Php137M** due to higher sales on JV projects
- GP margin improved from **35.5%** to **37.0%** due to lower variation/cost adjustments
- OPEX **+25%** from **Php1.1B** to **P1.4B** due to higher commissions, taxes and licenses, and other expenses
- Interest Expense from **Php158M** to **Php277M**



Project Launches

Project Launches

Two projects launched in 1Q 2019; 2 more by year-end
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



Recent Developments



Toyota Hybrid Forum



Grand Hyatt BGC
May 29, 2019



Part of a global initiative to become a sustainable mobility provider

Most appropriate for PH to adopt hybrids vs. plug-in, battery, or fuel cell for now due to lack of power charging station capabilities

Will introduce hybrid versions of popular models



July 2019
Rebirth of a popular luxury sports car



CARS Program Updates



Php5.38 billion

total TMP investments into
CARS as of July 2019

July 2019

Toyota inaugurates P1-billion high-tech press line



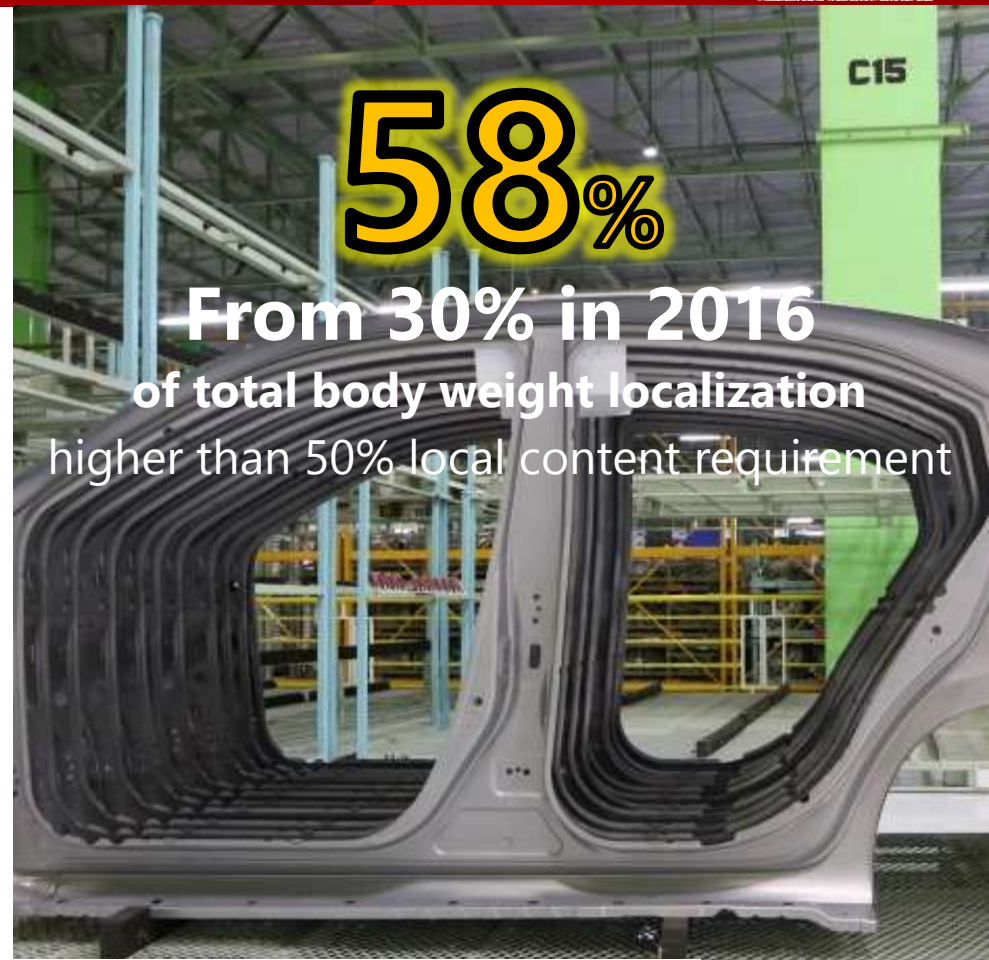
TMP's single largest localization project under CARS


TOYOTA MOTOR PHILIPPINES CORPORATION
INAUGURAL CEREMONY
A0 Line - Side Member Press Machine
17 July 2019

Toyota inaugurates P1-billion high-tech press line



Creates side member panels, which are a car's largest body parts

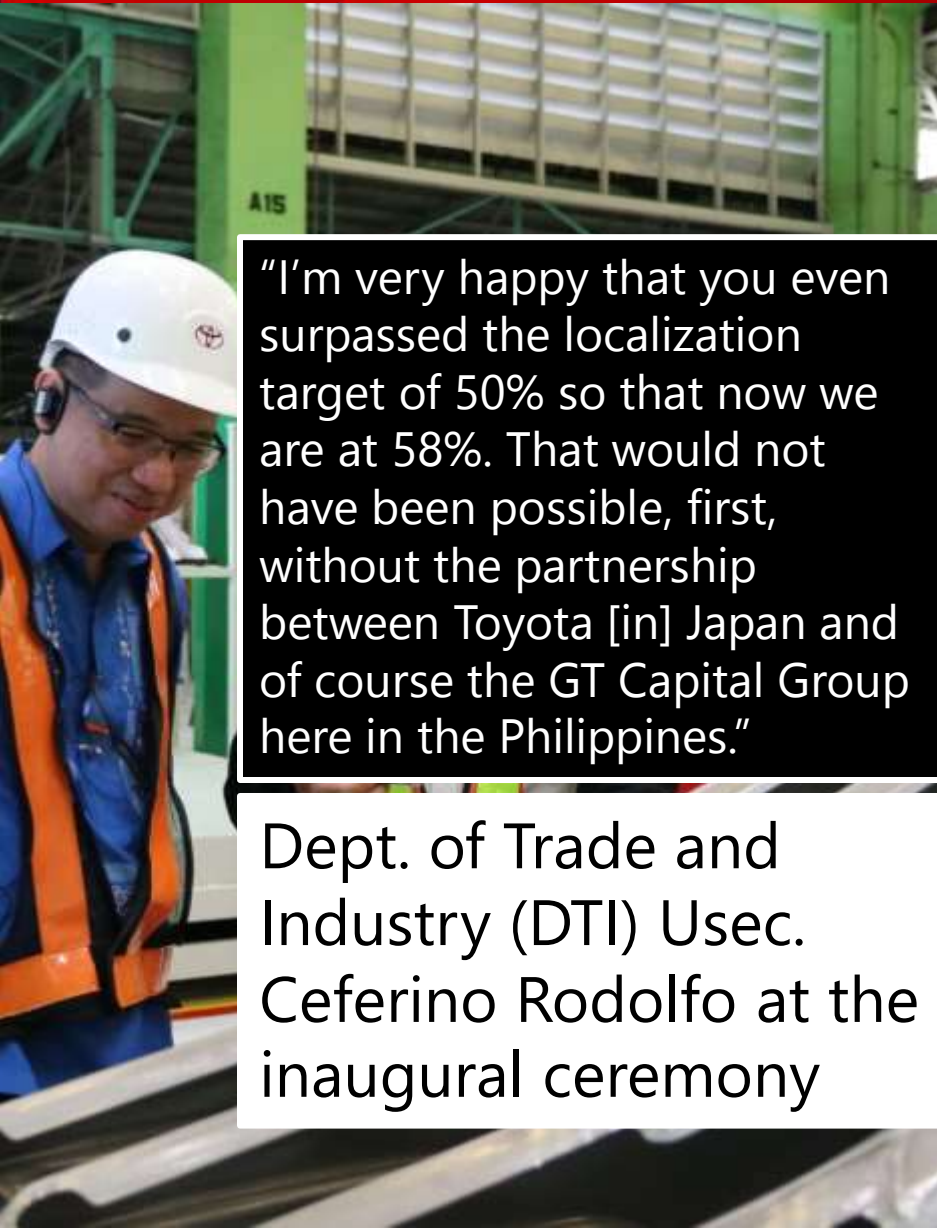


58%

From 30% in 2016
of total body weight localization
higher than 50% local content requirement

1,600-ton Servo-type press machine with automated sheet feeder

Toyota inaugurates Php1-billion high-tech press line



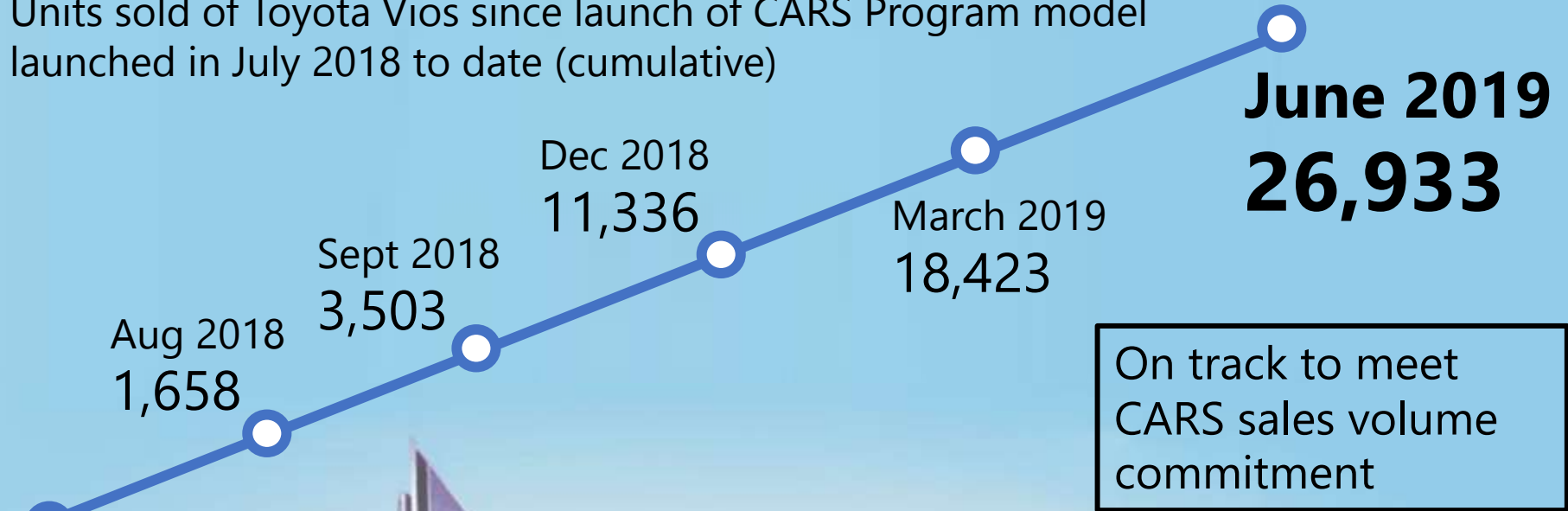
"I'm very happy that you even surpassed the localization target of 50% so that now we are at 58%. That would not have been possible, first, without the partnership between Toyota [in] Japan and of course the GT Capital Group here in the Philippines."

Dept. of Trade and Industry (DTI) Usec. Ceferino Rodolfo at the inaugural ceremony



CARS Unit Sales Progress

Units sold of Toyota Vios since launch of CARS Program model launched in July 2018 to date (cumulative)



Introduction of FMC Vios July 2018 222



New model launch update

Still dominant in respective segments



Launch dates



Rush

May 2018

48% segment share YTD June



VIOS

July 2018

44% segment share YTD June



CAMRY

Dec 2018

79% segment share YTD June



HIACE

Feb 2019

56% segment share YTD June

GT Capital is a top-performing company in ASEAN for CG Triple Arrow Rating from ACGS



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Company

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ASEAN Corporate
Governance Scorecard



Corporate Governance Asia



Macroeconomic Outlook for 3Q/4Q

- Inflation to stabilize
- GDP growth to recover due to infrastructure program catch-up
- Implementation of approved Php3.757 Trillion government budget
- Liquidity to improve due to RRR reduction (100 to 200 bps)
- Further easing of BSP policy rates will lead to lower interest rates
- Consumer confidence to rebound

Outlook for 3Q/4Q

- Improved liquidity and RRR reductions will lead to loan growth and NIM expansion
- One-time gain and monetization of land bank will result in increased income contribution from property sector
- Completion of Masterplan for land bank by year-end 2019
- Recovery of automotive volume sales at single-digit growth



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Thank You!





Conference Wi-fi password

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