



# ANALYSTS' BRIEFING FIRST QUARTER 2011

13 MAY 2011

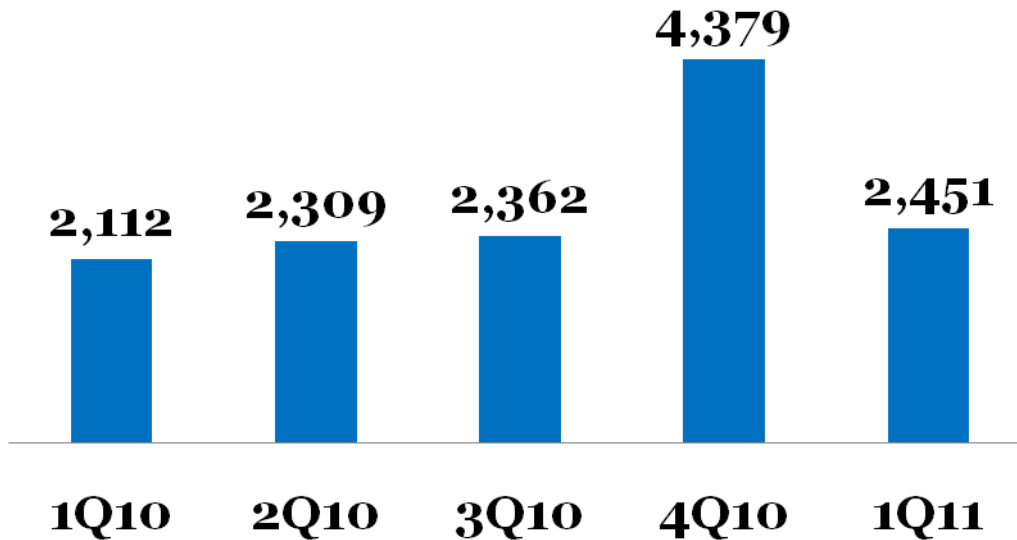
# Key Highlights



- Earnings growth sustained in 1Q11 with net income up 16% year-on-year driven by key business units:
  - ALI: Strong revenue and earnings growth due to robust residential demand and improvement in leasing operations
  - BPI: Solid business growth with higher interest income, net interest margin, and healthy loan growth
  - GLOBE: Turnaround in 4Q10 sustained with revenues at an all-time high in 1Q11
  - MWC: Steady revenue growth and strong core earnings
- Improving trend in LiveIt and AG Holdings
- Pipeline of new business initiatives progressing

# Consolidated Net Income

(in million pesos)

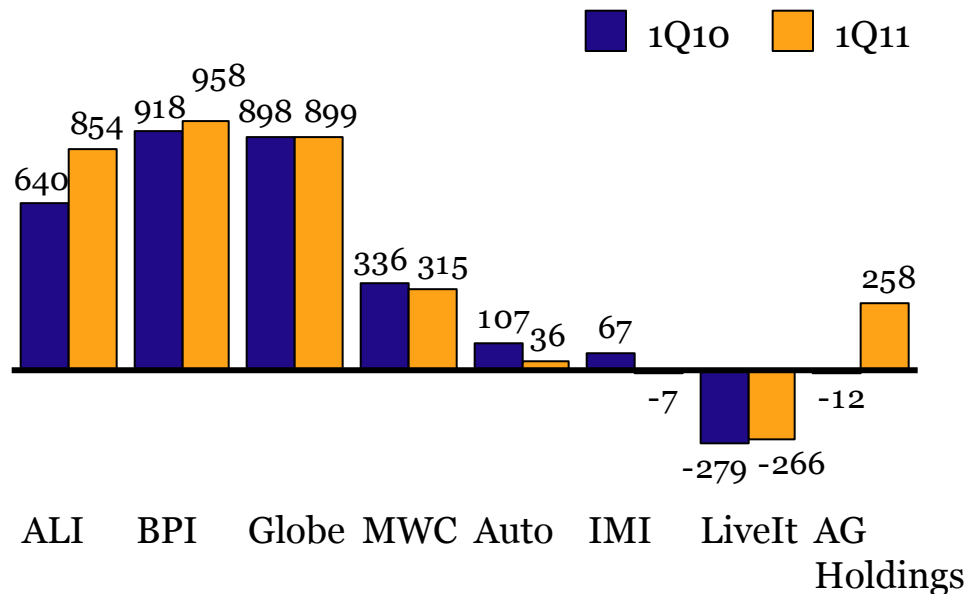
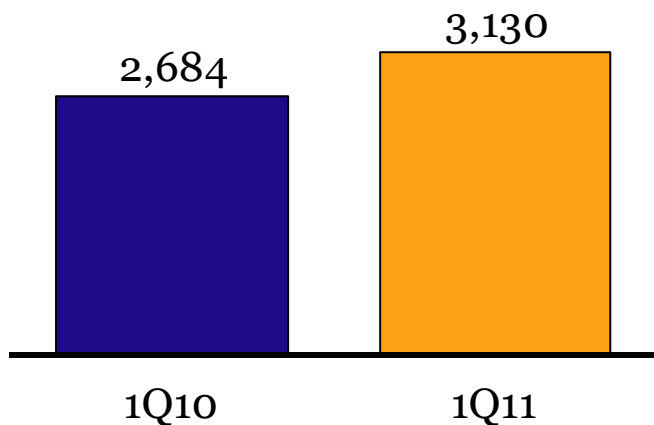


- 1Q11 net income up 16% vs 1Q10 mainly from 16% growth in equity earnings
- Earnings include P226M net gain mainly as a result of Arch/TRG transaction

*Note: 4Q10 included revaluation gains from LiveIt and Manila Water*

# Equity In Net Earnings

(in million pesos)



- Equity earnings up 16% in 1Q11 vs 1Q10
- ALI, BPI, Globe & MWC are main drivers accounting for 96% of total equity earnings

- Equity earnings from ALI up 33%; BPI up 4%; stable equity earnings from Globe; MWC down by 6%

# Recent Developments



- Acquired 50% ownership in Northwind Power Corp. which operates 33-MW wind farm in Ilocos Norte
- Formed joint venture with Sta. Clara Power Corporation for the development of run-of-the-river hydroelectric power projects across the Philippines
- Successfully issued 6.8% P10-billion fixed rate multiple put bond which was 2.3 times oversubscribed

# Cash Position and Debt Profile

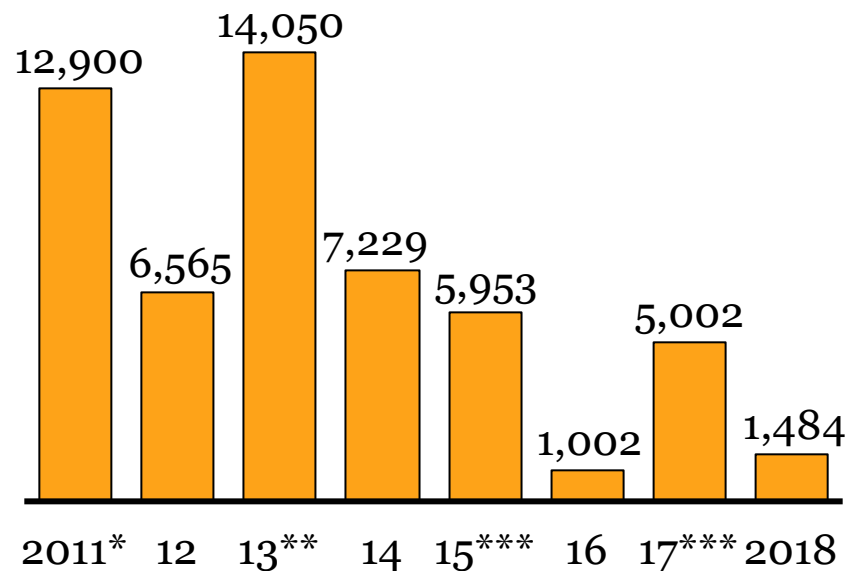


<i>in billion pesos</i>	As of 3.31.11	As of 12.30.10
Gross Debt*	<b>42.0</b>	42.3
Cash	<b>27.9</b>	29.1
Net Debt	<b>14.1</b>	13.2
Net Debt to Equity	<b>0.13:1</b>	0.12:1
Debt Mix (%)		
Peso	<b>84</b>	84
Dollar	<b>16</b>	16
Interest Rate		
Floating	<b>32</b>	32
Fixed	<b>68</b>	68
Cost of Debt %	<b>5.3</b>	5.7

\*Excludes preferreds



## Debt Maturities (in million pesos)



\*2011 includes Pref B and P2B loan due originally in 2012;

\*\*2013 includes Pref A

\*\*\*2015 and 2017 includes 50% each of putable bond

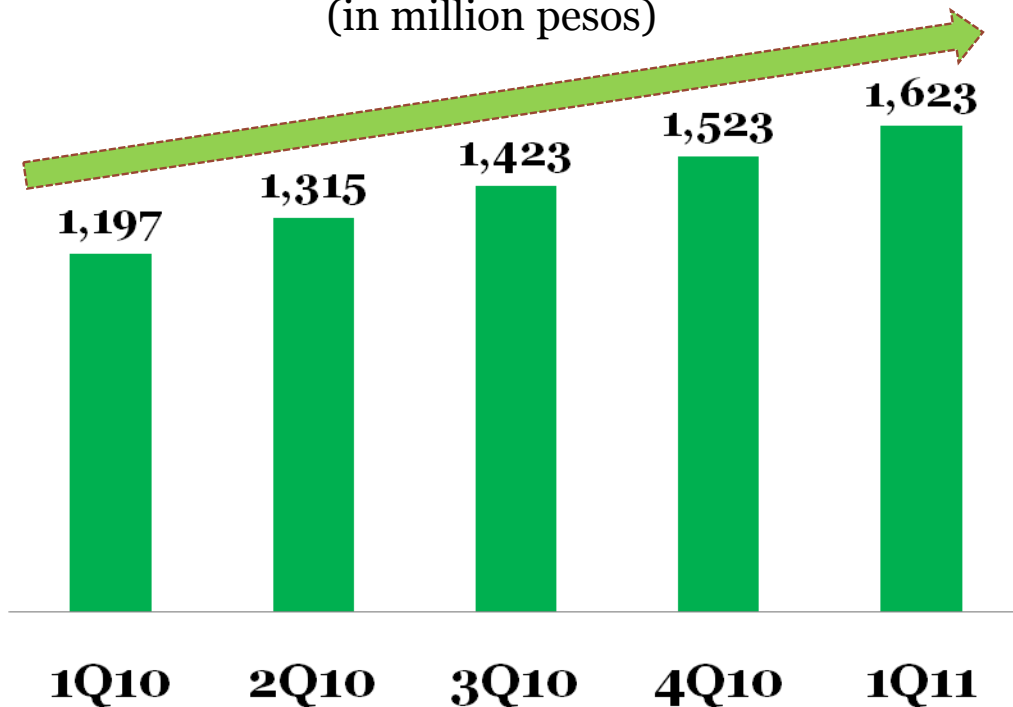


# BUSINESS UNIT REVIEW

# Strong earnings growth sustained



## Consolidated Net Income (in million pesos)



■ Quarterly earnings momentum sustained with 1Q11 net income up 36% vs 1Q10 and 7% higher vs 4Q10

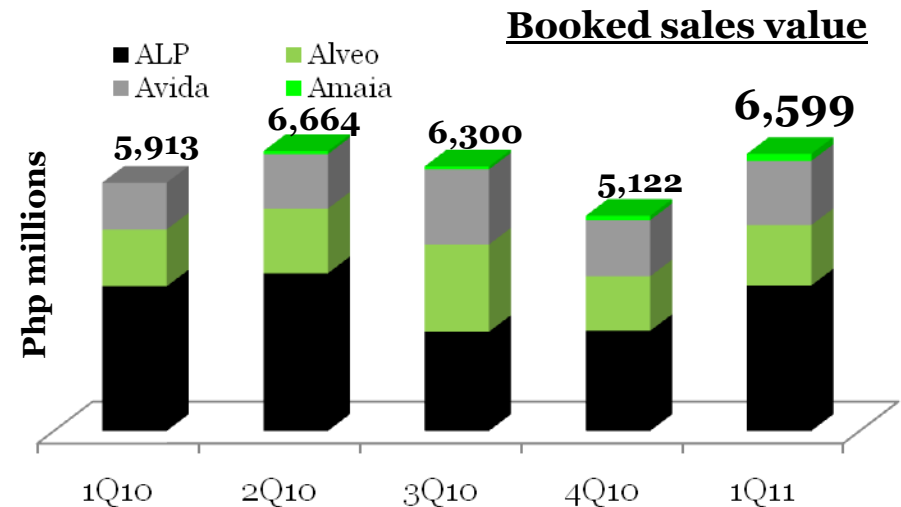
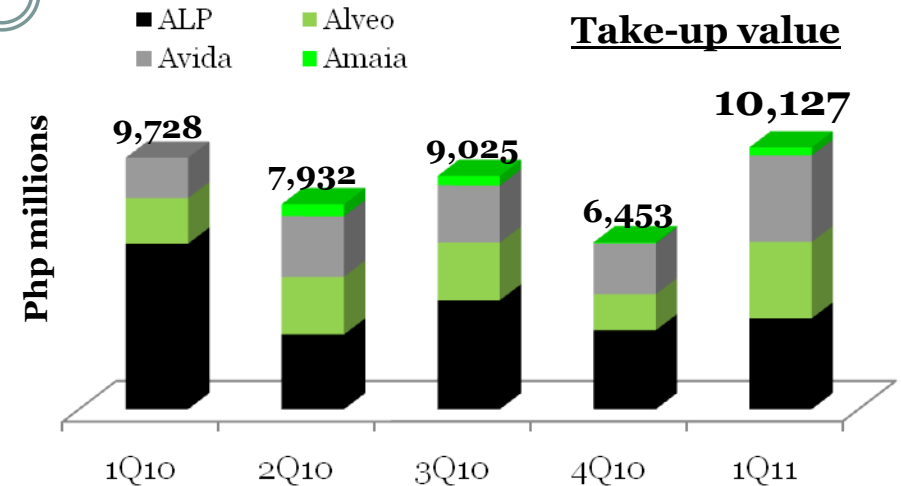
# Revenue growth driven by property development and commercial leasing

Revenue Breakdown (in million pesos)	1Q11	1Q10	% Change
<b>Property Development</b>	<b>6,342</b>	<b>5,113</b>	<b>+ 24%</b>
<b>Residential Units</b>	<b>5,782</b>	<b>4,893</b>	<b>+ 18%</b>
<b>Comm'l/Ind'l Lots</b>	<b>560</b>	<b>220</b>	<b>+ 155%</b>
<b>Commercial Leasing</b>	<b>1,684</b>	<b>1,458</b>	<b>+ 16%</b>
Shopping Center	1,100	991	+ 11%
Office	583	466	+25%
<b>Hotels &amp; Resorts</b>	<b>560</b>	<b>482</b>	<b>+ 16%</b>
<b>Services</b>	<b>1,408</b>	<b>1,740</b>	<b>-19%</b>
Construction	1,130	1,482	- 24%
Property Mgmt	278	258	+ 8%
<b>Others</b>	<b>596</b>	<b>429</b>	<b>+ 39%</b>
<b>Total</b>	<b>10,590</b>	<b>9,221</b>	<b>+ 15%</b>

- Consolidated revenues of **P10.6B**, up 15% YoY
- Residential revenues up 18% with steady completion of projects and strong sales of Alveo and Avida
- Leasing revenues up 16% (Shopping Center +11%; Office + 25%) with higher average lease rates in malls and improving occupancy in mall and BPO
- Hotels & Resorts up 16%

# Residential demand remains robust

- New record P10.1B in take-up exceeded even 1Q10 (*which had Park Terraces and Santierra surge*)
- Take-up strong across all brands; combined take-up of Alveo and Avida nearly doubled
- 4,511 units launched in 1Q11; 22% of full year 2011 planned launches



# Revenue growth driven by property development and commercial leasing



Revenue Breakdown (in million pesos)	1Q11	1Q10	% Change
Property Development	6,342	5,113	+ 24%
Residential Units	5,782	4,893	+ 18%
Comm'l/Ind'l Lots	560	220	+ 155%
<b>Commercial Leasing</b>	<b>1,684</b>	<b>1,458</b>	<b>+ 16%</b>
<b>Shopping Center</b>	<b>1,100</b>	<b>991</b>	<b>+ 11%</b>
<b>Office</b>	<b>583</b>	<b>466</b>	<b>+25%</b>
Hotels & Resorts	560	482	+ 16%
Services	1,408	1,740	-19%
Construction	1,130	1,482	- 24%
Property Mgmt	278	258	+ 8%
Others	596	429	+ 39%
Total	10,590	9,221	+ 15%

- Consolidated revenues of P10.6B, up 15% YoY
- Residential revenues up 18% with steady completion of projects and strong sales of Alveo and Avida
- **Leasing revenues up 16% (Shopping Center +11%; Office + 25%) with higher average lease rates in malls and improving occupancy in mall and BPO**
- Hotels & Resorts up 16%

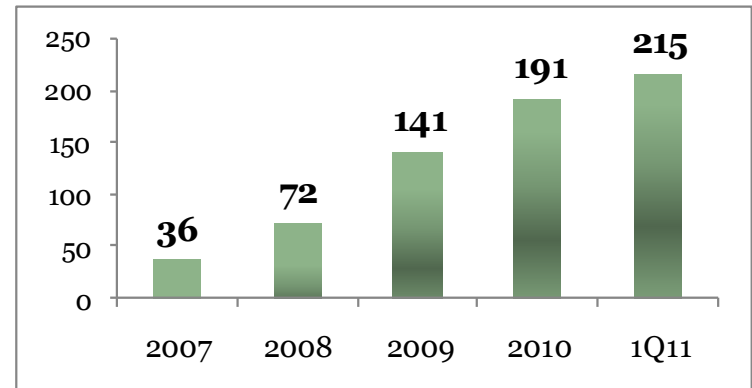
# Continued improvement in commercial leasing portfolio



## OFFICE LEASING

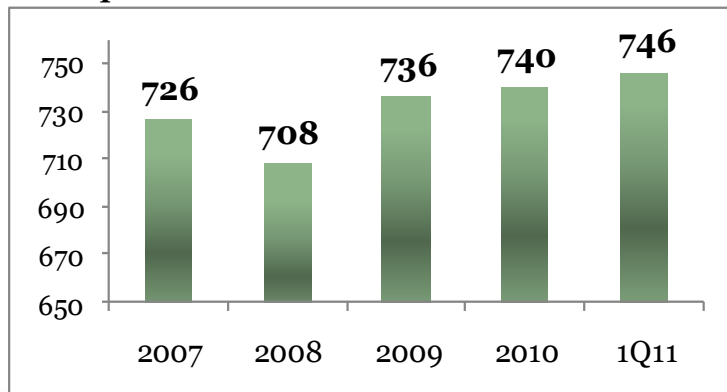
- Occupied BPO GLA reached 215K sqm, up 27% YoY and up 16% QoQ
- Occupancy at 80% (85% leased out) from 66% in 1Q10
- BPO lease rates per location increasing but average rate of P557/mo is lower due to increasing mix of non-CBD locations

## Occupied BPO office GLA '000 sqms GLA



## Occupied mall GLA

'000 sqms GLA



## SHOPPING CENTERS

- Average occupancy at 97% vs. 93% in 1Q10
- Average lease rates up 5% with lease rates per mall increasing

# Revenue growth driven by property development and commercial leasing

Revenue Breakdown (in million pesos)	1Q11	1Q10	% Change
Property Development	6,342	5,113	+ 24%
Residential Units	5,782	4,893	+ 18%
Comm'l/Ind'l Lots	560	220	+ 155%
Commercial Leasing	1,684	1,458	+ 16%
Shopping Center	1,100	991	+ 11%
Office	583	466	+25%
<b>Hotels &amp; Resorts</b>	<b>560</b>	<b>482</b>	<b>+ 16%</b>
Services	1,408	1,740	-19%
Construction	1,130	1,482	- 24%
Property Mgmt	278	258	+ 8%
Others	596	429	+ 39%
Total	10,590	9,221	+ 15%

- Consolidated revenues of P10.6B, up 15% YoY
- Residential revenues up 18% with steady completion of projects and strong sales of Alveo and Avida
- Leasing revenues up 16% (Shopping Center +11%; Office + 25%) with higher average lease rates in malls and improving occupancy in mall and BPO
- **Hotels & Resorts up 16%**

# Continued expansion in margins across businesses



- Consolidated margin at 15% from 14%
- Steady margins for NUVALI projects
- Higher margins for NUVALI commercial lots
- Improving mall occupancy and lease rates
- Higher BPO occupancy
- Start-up costs for Apulit Island resort
- Steady margins for both construction and property management

	1Q11	1Q10
<b>Residential</b> ( <i>Gross Profit</i> )		
Horizontal	44%	44%
Vertical	33%	32%
<b>Shopping Centers</b> ( <i>EBITDA</i> )	60%	59%
<b>Office</b> ( <i>EBITDA</i> )	82%	80%
<b>Hotels &amp; Resorts</b> ( <i>EBITDA</i> )	32%	33%
<b>Services</b> ( <i>EBITDA</i> )	8%	8%

# New projects coming on stream in retail and hotels & resorts portfolio



## Abreeza Mall (Davao)

- Opening: May 12, 2011
- 53,000 sqm retail GLA
- Ave lease rate of P900/sqm/mo
- 92% leased out
- Target: 60% occupied upon opening



## Kukun Cagayan de Oro

- Groundbreaking: Feb 14, 2011
- 150 rooms
- Target completion: 4Q 2012



## Pangulasian Island Resort

- Ongoing construction
- 42 villas
- Target opening: 4Q 2011

# Secured growth platforms



## **UP-IS property**

- 7.4 hectares with a 25-year lease
- University Town concept with mixed-use retail and office development (Retail: 63,000 sqm GLA; Office: 8,000 sqm GLA)
- Start of construction: 2011
- Target completion: 4Q 2013



## **West Makati mixed-use development**

- 21 hectares (3 kms. from Makati CBD)
- Mixed-use development to be anchored by Alveo (~11,000 residential units with retail, entertainment, and office components)
- Target launch: 2012

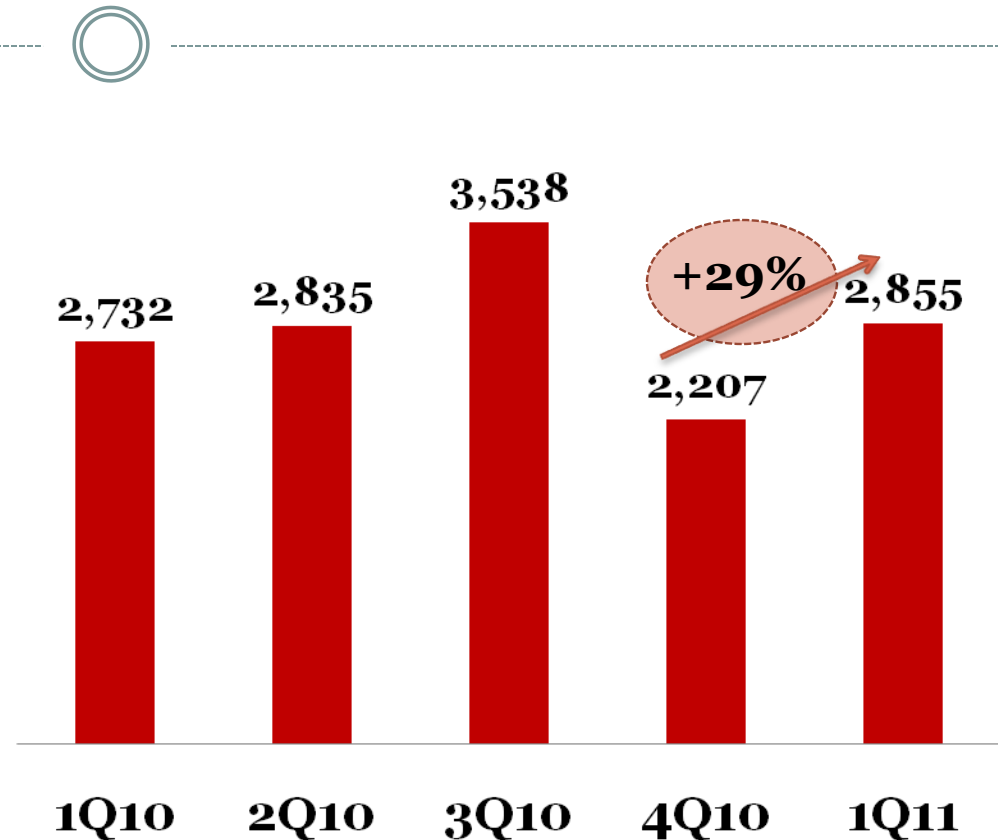


## **Quezon City mixed-use development**

- 15 hectares
- Multi-tower Avida high-rise anchoring a mixed-use development
- Medium-sized retail community center with BPO offices

# Solid Business Growth Continued in 1Q11

- 1Q11 net income of P2.86B up 4% year-on-year and up 29% quarter-on-quarter
- Revenues up 5% to P9.4B
  - Net interest income up 15% to P6.3B due to 12% increase in average asset base
  - Net interest margin improved by 8 basis points
  - Non interest income contracted by 9% due to lower gains from securities trading, foreign exchange, and miscellaneous income



# Bank of the Philippine Islands



	YoY Growth	As of March 31, 2011 (in Php B)
Total Resources	+9%	761
Deposits	+ 8%	604
Assets Held In Trust	+40%	626
Net Loans	+ 13%	360

- Total resources grew by 9% as deposits expanded by 8%
- Completed acquisition of trust and investment management business of ING Manila pushed assets under management 40% higher
- Net loans rose by 13%: Middle Market/SME loans up 22%; Consumer loans up 15%; loans to Top Tier Corporates up 6%



# Bank of the Philippine Islands



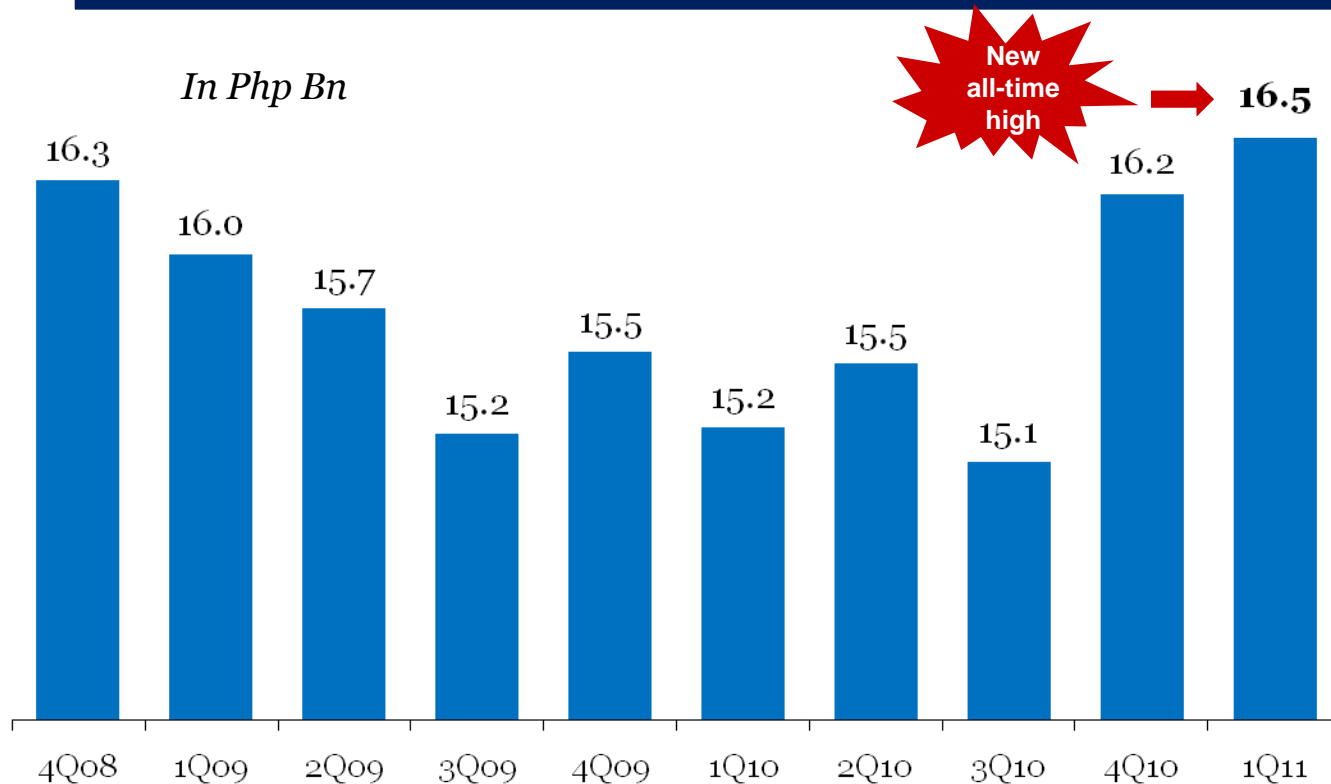
<b>Selected Ratios</b>	<b>March 2011</b>	<b>March 2010</b>	<b>Dec. 2010</b>
<b>NPL Ratio (Net 30-day)</b>	<b>2.4%</b>	<b>3.0%</b>	<b>2.0%</b>
<b>Cost -to-Income Ratio</b>	<b>55.9%</b>	<b>54.0%</b>	<b>53.8%</b>
<b>ROE</b>	<b>14.4%</b>	<b>16.6%</b>	<b>15.6%</b>
<b>Basel II CAR</b>	<b>16.1%</b>	<b>14.7%</b>	<b>15.45%</b>
<b>Market Cap (Php B)</b>	<b>203.6</b>	<b>146.1</b>	<b>210.0</b>

- NPL declined to 2.4% and is better than industry's 2.9%
- Operating expenses increased by 9% due to manpower, premises and software, regulatory and variable costs
- Basel 2 CAR comfortably high at 16.1%
- BPI remains highest in terms of market cap



# Turnaround in 4Q10 sustained in 1Q11 with quarterly revenues at an all-time high

## QUARTERLY CONSOLIDATED REVENUES



- 1Q11 revenues at all-time high and was up 8% year-on-year
- Growth driven by continued uptick in mobile performance and sustained double-digit growth of broadband



**Globe**

*4Q10 service revenues were normalized to exclude a one-time upward adjustment of P526 million representing prepaid load credits that have either expired or have already been used up.*

# Mobile business posted strong results while broadband business continued to grow



## Consolidated Net Income and Revenue Breakdown (in million pesos)

	2010	12M 10 vs 12M09	1Q11	1Q10	1Q11 vs 1Q10
Total Mobile	49,977	(6%)	13,060	12,530	4%
Broadband	5,748	75%	1,788	1,174	52%
Fixed Line Voice	2,816	1%	654	696	(6%)
Fixed Line Data	3,488	15%	950	831	14%
<b>Total Revenues</b>	<b>62,029</b>	<b>(1%)</b>	<b>16,452</b>	<b>15,321</b>	<b>8%</b>
<b>Net Income</b>	<b>9,745</b>	<b>(22%)</b>	<b>2,991</b>	<b>2,947</b>	<b>1%</b>

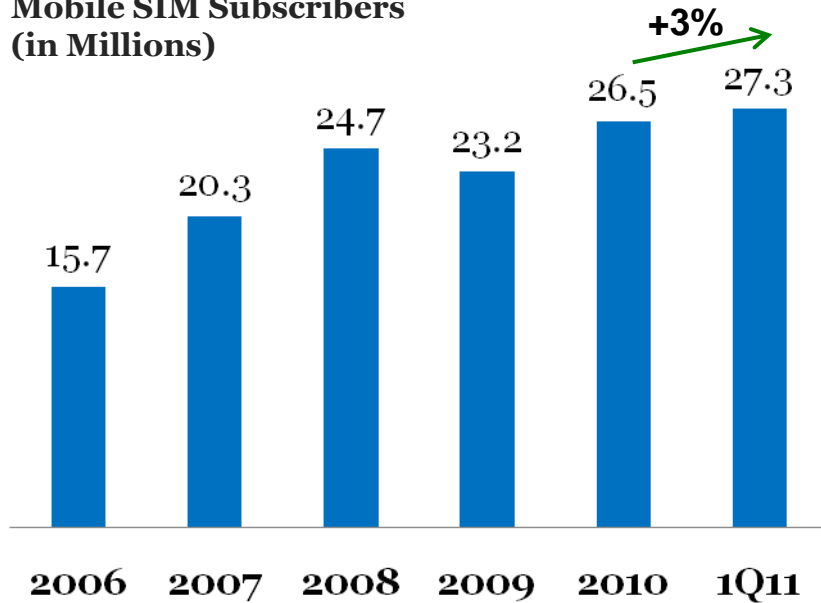
- Mobile revenues up 4% with 10% growth in postpaid and 2% increase in prepaid revenues
- 1Q11 net income is the highest in seven quarters and was 30% higher than 4Q10
- Core net income in 1Q11 at P3B, 6% higher than in 1Q10 and 52% higher vs 4Q10



# Sustained growth in mobile and broadband subscribers

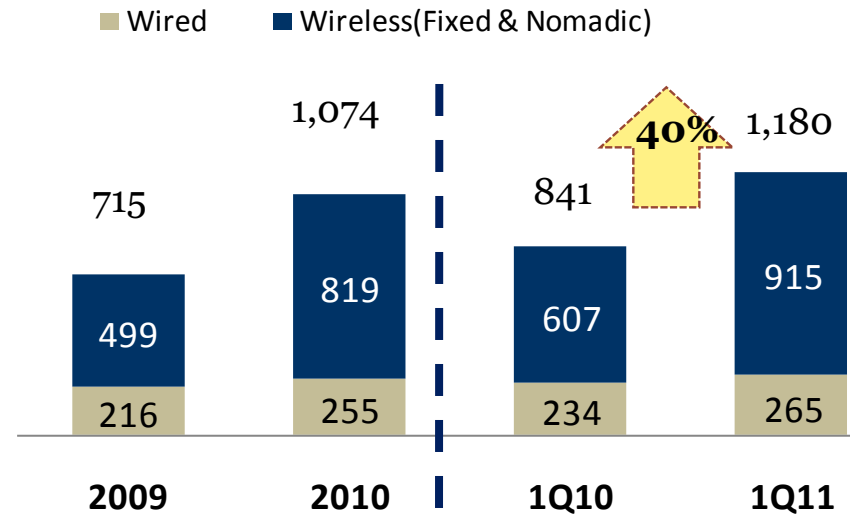


**Mobile SIM Subscribers  
(in Millions)**



- Mobile SIM base of 27.3M in 1Q11 up 14% year-on-year
  - Postpaid subs up 30% YoY
  - Prepaid subs up 14% YoY

**Broadband Subscribers  
(in '000)**



- Broadband subscribers of 1.18M, up 40% year-on-year and up 10% vs year-end 2010
- Continued growth in broadband subs driven by Globe Tattoo and WiMax



# Subscriber growth driven by new and relevant services

## Postpaid



## Globe Prepaid



- **All-New My SuperPlan** – Customized postpaid plans; subscribers can choose between an All-Unlimited Plan and an All-Consumable Plan

- **My Super TXT All** – First-ever unlimited, all-network SMS offer for mobile postpaid subscribers for a fixed monthly fee of Php599

- **Super AllTxt 20** – Now enhanced to allow subscribers to send up to 250 SMS to all networks for only Php20/day

- Continued popularity of **SuperUnli** – Unlimited intra- network call and text service for Php25 a day

## TM



- Good take-up for **AstigText** (unlimited intra-network SMS) and **AstigTxtAll** (bulk, all-network SMS)



# Financial and Operating Results



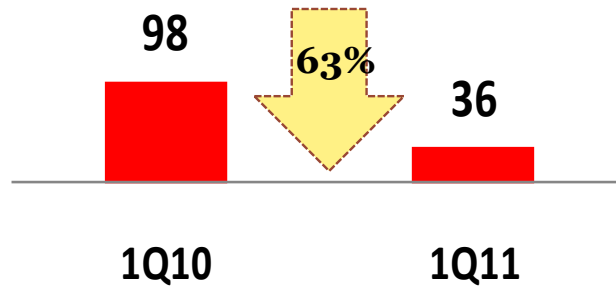
(unaudited - in million pesos)	1Q11	1Q10	% Change
Revenue	2,671	2,539	+ 5%
Operating Expenses	745	714	+ 4%
EBITDA	1,926	1,825	+ 6%
Net Income	816	839	-3%
Core Income	1,188	1,042	+ 14%
Billed Volume (in million cubic meters)	98.9	98.7	+ 0.2%
Household Connections ('000)	1,171	1,107	+ 6%
NRW	11.9%	14.2%	-2.3 ppts

# Automotive Group

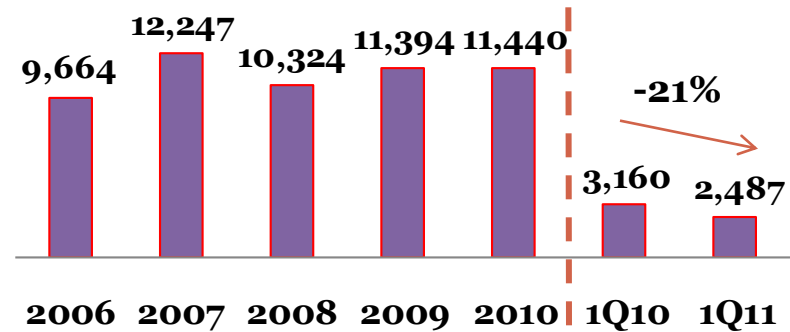


## Net Income

(in million pesos)



## Ayala Automotive Unit Car Sales



- Revenues of P2.5B down 20% vs 1Q10 due to lower vehicle sales
- Honda dealerships registered 27% decline in unit sales; Isuzu dealership sales up 4%

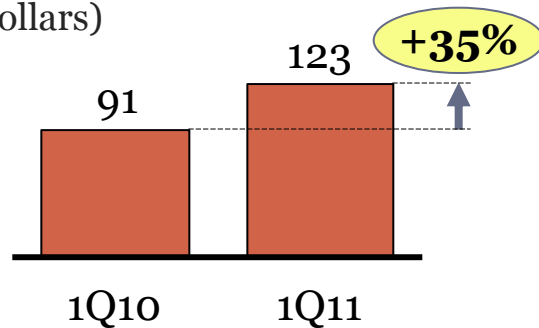
- Ayala's Honda dealerships account for 46% share of total Honda network sales
- Ayala's Isuzu dealerships registered a percentage point improvement in market share to 32%



# Integrated Microelectronics, Inc.

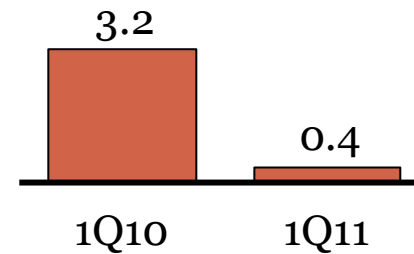
## Revenues

(in million dollars)



## Net Income

(in million dollars)



- Revenues up 35% vs last year; excluding contribution from newly acquired PSI, a 13% improvement
- Sales mix is 82% turnkey and 18% consignment
- Net income lower due to increase in direct material costs and one-time FX gain in 1Q10
- Completed acquisition of EPIQ subsidiaries in Bulgaria, Mexico and Czech Republic

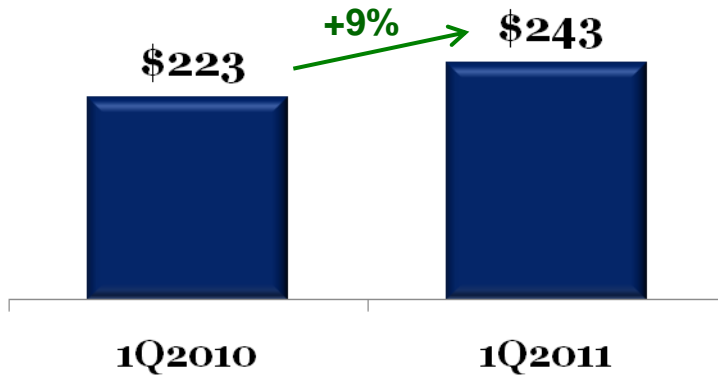


# Combined BPO Performance



## Revenues

(In US\$ Millions)

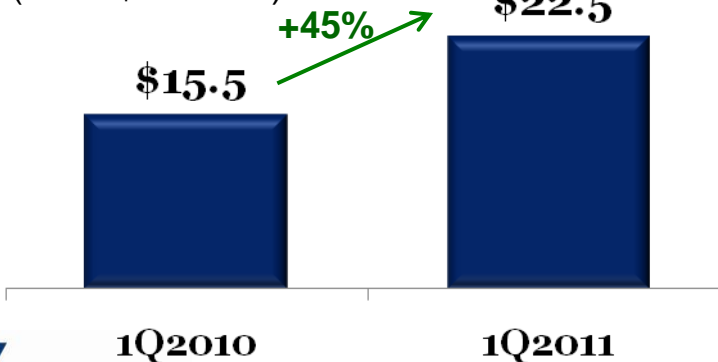


## 1Q2011 versus 1Q2010

- Combined Revenues increased by 9% primarily due to growth of Stream and Integreon client volumes
- Combined EBITDA increased by 45% as a result of greater scale and cost efficiencies

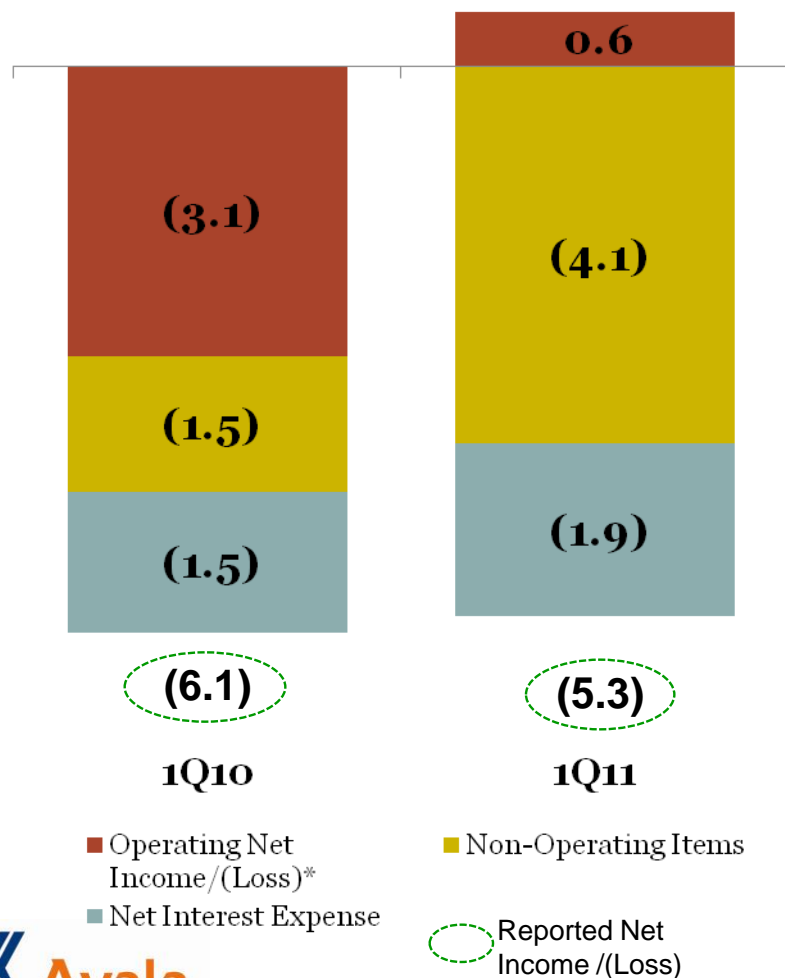
## EBITDA

(In US\$ Millions)



# LiveIt Consolidated Net Income

## 1Q2011 Performance



### 1Q2011 versus 1Q2010

- Achieved Operating Net Income of \$0.6M in 1Q11 versus an Operating Net Loss of \$3.1M due primarily to Stream's and Integreon's operational improvements
- Higher non-operating expenses of \$4.1M versus last year's \$1.5M primarily due to LiveIt's share of:
  - Amortization expense of Stream related to the merger with eTelecare;
  - Pre-operating expense of Integreon in the Cameron McKenna business; and
  - Transaction-related expenses for LiveIt's M&A initiatives
- Reported Net Loss of \$5.3M reduced by 12% versus last year's \$6.1M



Note: \*Operating Net Income/(Loss) = Reported Net Loss less Non-Operating Income/(Expenses) related to acquisitions and Net Interest Expense

# Recent Developments



**IQ BACKOFFICE**

- HRMall, provider of outsourced HR services in Manila, acquired IQ Backoffice, LLC, a Los Angeles-based finance and accounting BPO provider on April 29, 2011.
- Combined companies valued at \$15 Million creates a full service HR, Finance and Accounting BPO provider targeting mid-sized enterprises globally.

 **Integreon**

**C/M/S/ Cameron McKenna**

- Integreon, the leading global provider of research, legal and professional business solutions, commenced its 10-year Middle Office multi-service operations for CMS Cameron McKenna LLP, UK on April 1, 2011.
- This 10-year multi-service contract is considered the legal industry's largest outsourcing contract ever.
- CMS Cameron McKenna LLP. UK, U.K. member firm of CMS, is the leading European provider of legal and tax services.



# AG Holdings



<b>NET ASSET VALUE (in USD million)</b>	<b>Value As of 3-31-11</b>	<b>Value As of 12-31-10</b>
<b>Asia</b>	<b>115.8</b>	<b>98.1</b>
<b>USA</b>	<b>32.5</b>	<b>30.7</b>
<b>Net Other Assets/ (Liabilities)</b>	<b>(37.9)</b>	<b>(37.9)</b>
<b>TOTAL</b>	<b>110.4</b>	<b>90.9</b>

- Net income of about \$6M (P258M) in 1Q11 vs. net loss of \$258K (P12M) in 1Q10



# ANALYSTS' BRIEFING FIRST QUARTER 2011

13 MAY 2011