MEGAWORLD

Analyst Briefing
FY 2018

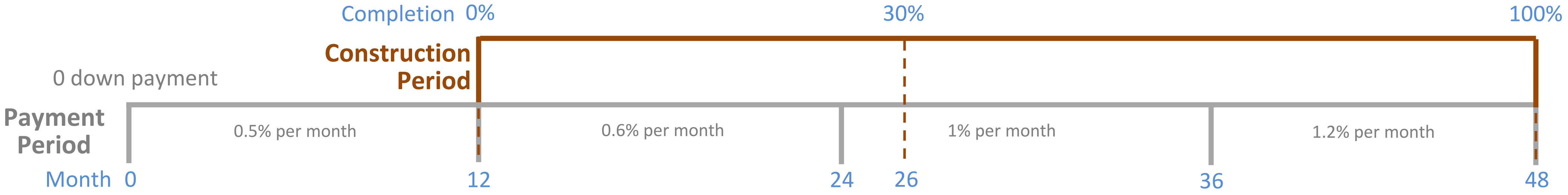
OLD ACCOUNTING

MEGAWORLD

1. 25 % collection threshold
2. Fully book RES/COGS
3. Percentage of completion on GP
4. Deferred gross profits

Typical Payment Scheme

Total contract price: P10m
- 60% Amortized Payments: P6m
  - Monthly: step up per year
  - 5% per anniversary date: P500k
- 40% Turnover Balance: P4m



Monthly payments	50k (0.5%)	500k (5%) lump sum	60k (0.6%)	500k (5%) lump sum	100k (1%)	500k (5%) lump sum	120k (1.2%)	500k (5%) lump sum
Annual payments		P1.1m (11%)		P1.2m (12%)		P1.7m (17%)		P2m (20%) +P4m (40%)
Cumulative payment		P1.1m (11%)		P2.3m (23%)		P4m (40%)		P10m (100%)

~70% presold

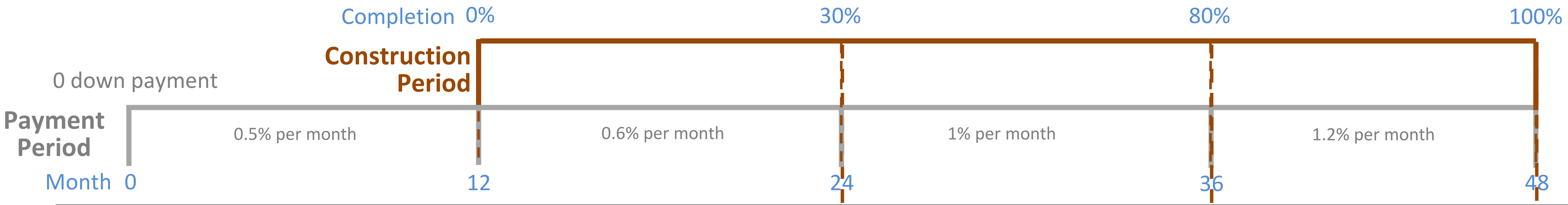
25% booking threshold

Real Estate Sales	P10m
Cost of RES	(P6m)
Gross Profit	P4m
Deferred GP	(P2.8m)
Realized GP	P1.2m

To be realized based on percentage of completion

NEW ACCOUNTING

1. 10 % collection threshold
2. Balancing of collections and completion
3. Contract Asset (CA) = completed
4. Contract Liability (CL) = collected



Monthly payments	50k (0.5%)	500k (5%) lump sum	60k (0.6%)	500k (5%) lump sum	100k (1%)	500k (5%) lump sum	120k (1.2%)	500k (5%) lump sum

	Month 12	Month 24	Month 36	Month 48
	11% collected 0% completed	+12% collected (23%) +30% completion (30%)	+17% collected (40%) +50% completion (80%)	+60% collected (100%) +20% completion (100%)
Real Estate Sales	P0m	P3m	P5m	P2m
Cost of RES	(P0m)	(P1.8m)	(P3m)	(P0.8m)
Total GP	P0m	P1.2m	P2m	P1.2m
CL	P1.1m	P2.3m	P0m + P1.7m	P0m + P6m
CA	P0 m	P3 m	P0.7m + P5m	P4m + P2m
	NET CL P1.1m	NET CA P0.7m	NET CA P4m	Balance

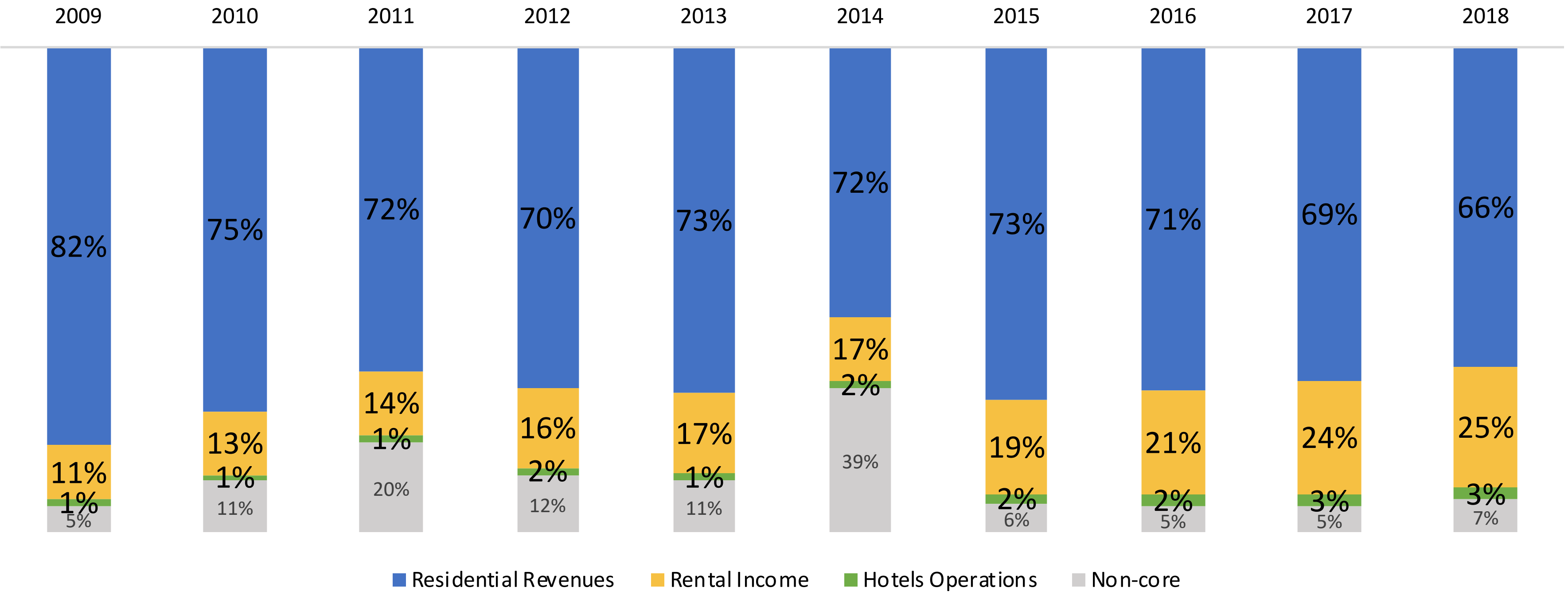
MEGAWORLD

In PHP billions	**2017**	**2018**	**%change**
Revenues	**50.1**	**57.4**	14.6%
Real Estate Sales	34.1	38.0	11.5%
Rental	11.8	14.3	20.6%
Hotel	1.3	1.5	13.7%
Other Revenues	2.8	3.6	27.7%
Cost & Expenses	**36.4**	**41.4**	13.8%
Cost of Real Estate Sales	18.0	20.5	13.7%
Hotel	0.8	0.8	8.6%
OPEX & Other Expenses	12.1	12.9	6.7%
Operating Income	**19.2**	**23.0**	19.7%
Interest Expense	1.5	1.6	12.1%
Pre-tax Income	**17.8**	**21.4**	20.4%
Income Tax Expense	4.1	5.5	36.4%
Net Income	**13.7**	**15.8**	15.6%
Minority Interest	0.6	0.6	11.3%
Net Income to Owners	**13.1**	**15.2**	15.8%
EBIT Margin	*38.4%*	*40.1%*	*+170bps*
Net Income Margin	*27.3%*	*27.6%*	*+20bps*

- Double-digit growth for all segments
- Second year of double-digit growth for resi
- Rental growth in line with 2020 target
- Cost growth growing behind of topline growth
- OPEX growth at 16%, D&A ↑22%
- ~16% net income expansion within expected double-digit growth range
- Earnings margin appreciation from strong performance and changing mix

CONSOLIDATED REVENUE BREAKDOWN

MEGAWORLD



In PHP billions	**2017**	**2018**	**%change**
Real Estate Sales	34.1	38.0	11.5%
Rental	11.8	14.3	20.6%
Hotel	1.3	1.5	13.7%
Non-Core	2.8	3.6	27.7%
Total Revenues	**50.1**	**57.4**	14.6%

- Healthy growth in RES anchors revenues at 66% contribution
- Steep rental income growth pushes contribution to 25% of revenues
- ESNEA ↓ 22%, IOI ↑30%

Uptown Arts Residences
Uptown Bonifacio
P 10.0 billion | 56% sold

Vion Tower
Makati
P 8.0 billion | 65% sold

La Victoria Global Residences
The Mactan Newtown
P 1.6 billion | 58% sold

The Verdin
Maple Grove
P 631 million
| 32% sold

MEGAWORLD

Launches

- 1Q – P36.7bn
- 2Q – P29.5bn
  - 1H – P66.2bn
- 3Q – P12.2bn
  - 9M – P78.4bn
- 4Q – P27.9bn
  - FY – P106.3bn

Bayshore Residential Resorts Phase 2 (WSC)
P 18.0 bn | 100% sold

Park McKinley West Tower 2 (MKW)
P 7.0 bn | 100% sold

Saint Dominique – South Wing (IBP)
P 773 mn | 85% sold

18 Avenue de Triomphe (AVC)
P6.4 bn | 59% sold

The Fifth Towers 1 & 2 (GERI, Pasig)
P 8.2 bn | 62% sold

One Regis (TUE)
P 1.2 bn | 100% sold

MEGAWORLD

Sales Reservation

- 1Q – P42.7bn
- 2Q – P33.4bn
  - 1H – P76.1bn
- 3Q – P29.7bn
  - 9M – P105.8bn
- 4Q – P29.7bn
  - FY – P135.6bn

MEGAWORLD

Launches

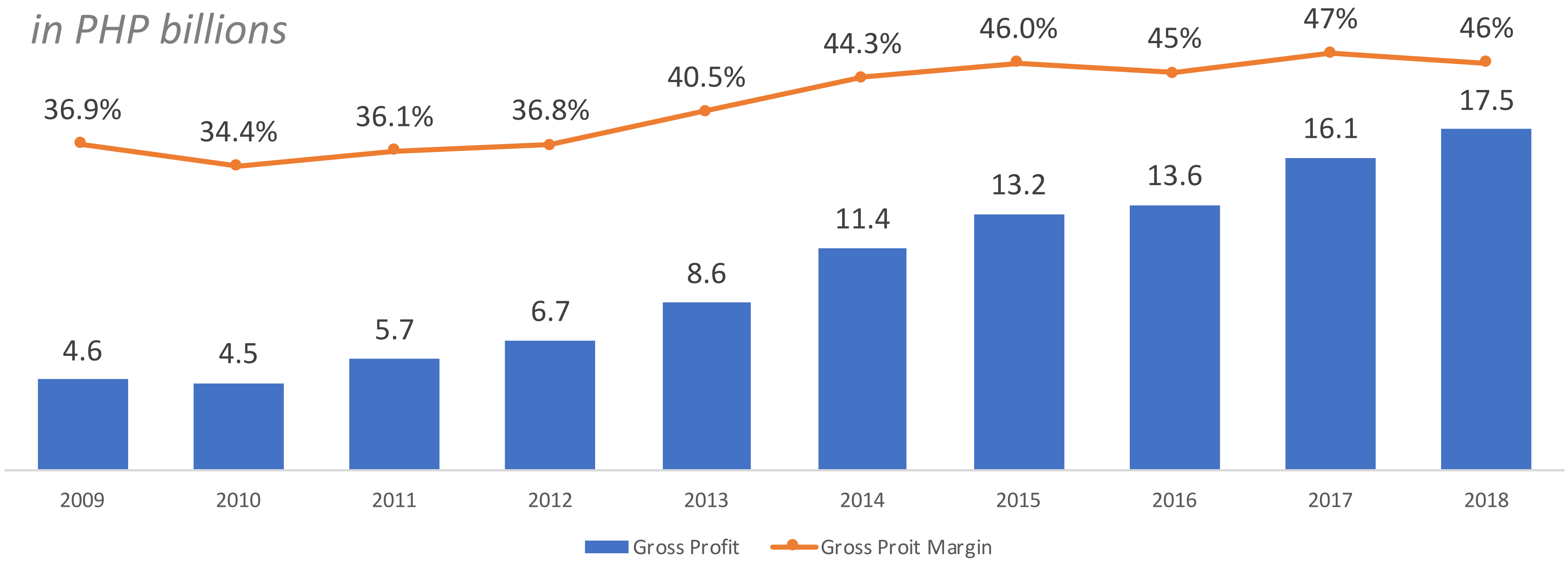
- 1Q – P36.7bn
- 2Q – P29.5bn
  - 1H – P66.2bn
- 3Q – P12.2bn
  - 9M – P78.4bn
- 4Q – P27.9bn
  - FY – P106.3bn

Sales Reservation

- 1Q – P42.7bn
- 2Q – P33.4bn
  - 1H – P76.1bn
- 3Q – P29.7bn
  - 9M – P105.8bn
- 4Q – P29.8bn
  - FY – P135.6bn

STABLE OVERALL RESIDENTIAL MARGINS

MEGAWORLD



In PHP billions	**2017**	**2018**	**%Change**
Real Estate Sales	34.1	38.0	11.5%
-Cost of Real Estate Sales	18.0	20.5	13.7%
Total GP	**16.1**	**17.5**	9.0%
Gross Profit Margin	*47.1%*	*46.0%*	*-110 bps*

- High residential margin stable at current levels

DIVERSIFIED REAL ESTATE SALES MIX

MEGAWORLD

In PHP billions	**2017**	**2018**	**%Change**
Established Areas	**18.3**	**18.7**	2.1%
Taguig	7.7	9.4	22.0%
Makati	4.0	2.9	-27.2%
Iloilo	0.9	1.3	49.6%
Cebu	1.2	1.7	43.8%
Others	4.5	3.4	-25.4%
Emerging Areas	**3.2**	**5.0**	54.6%
Pasay & Paranaque	3.2	4.2	33.5%
Pampanga	0.0	0.1	-
Cavite	0.0	0.4	-
Bacolod	0.1	0.3	361.4%
Others	0.0	0.0	-
Subsidiaries	**12.6**	**14.4**	14.0%
GERI	5.2	6.4	22.8%
ELI	3.9	3.6	-8.9%
SPI	3.5	4.4	26.7%
MEG Consolidated Total	**34.1**	**38.0**	11.5%

- Established areas anchoring residential business
- Taguig growth driven by nearing completion of projects in the area
- Continued growth in the Visayas region

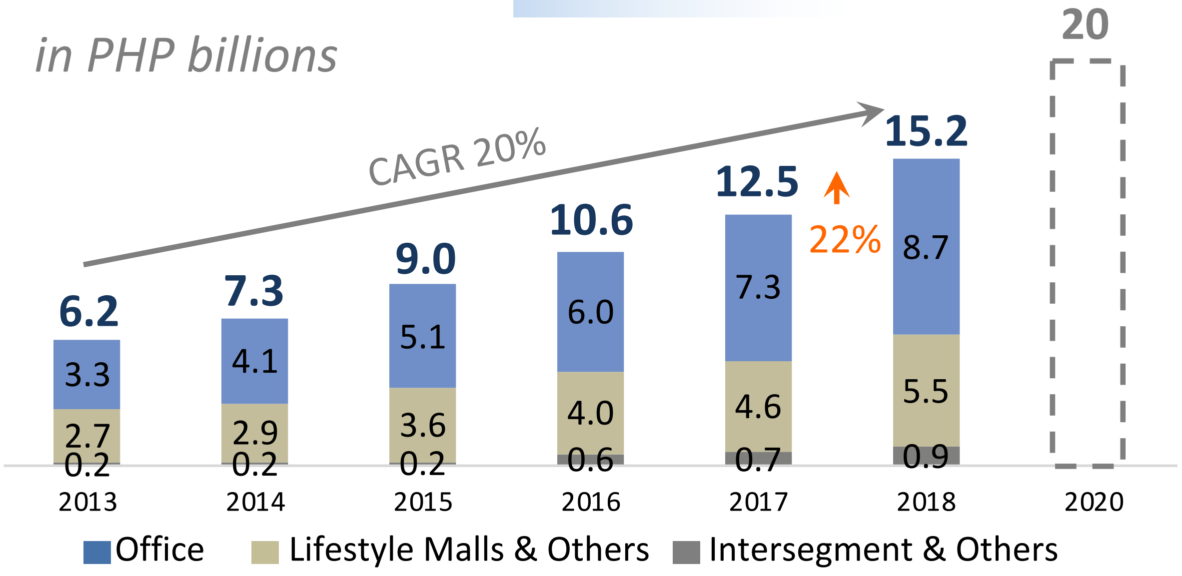
- Emerging areas providing uplift to booked sales
- Westside City projects contributing bulk
- Growing pool of emerging areas

- Healthy growth on the subsidiaries

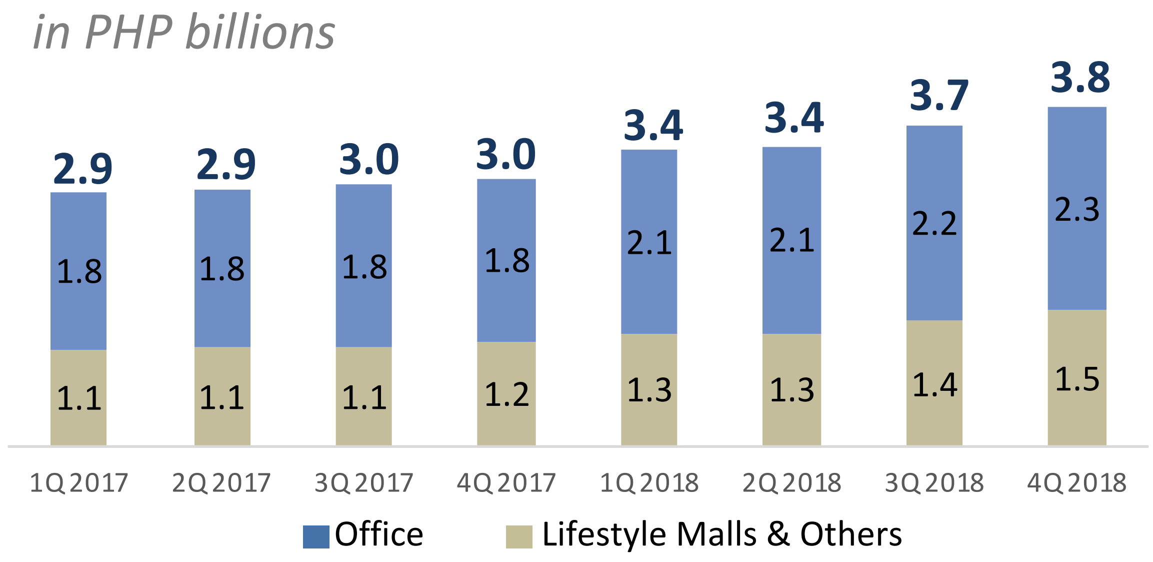
GROWING RENTAL INCOME DRIVEN BY OFFICE & LIFESTYLE MALL LEASING

MEGAWORLD

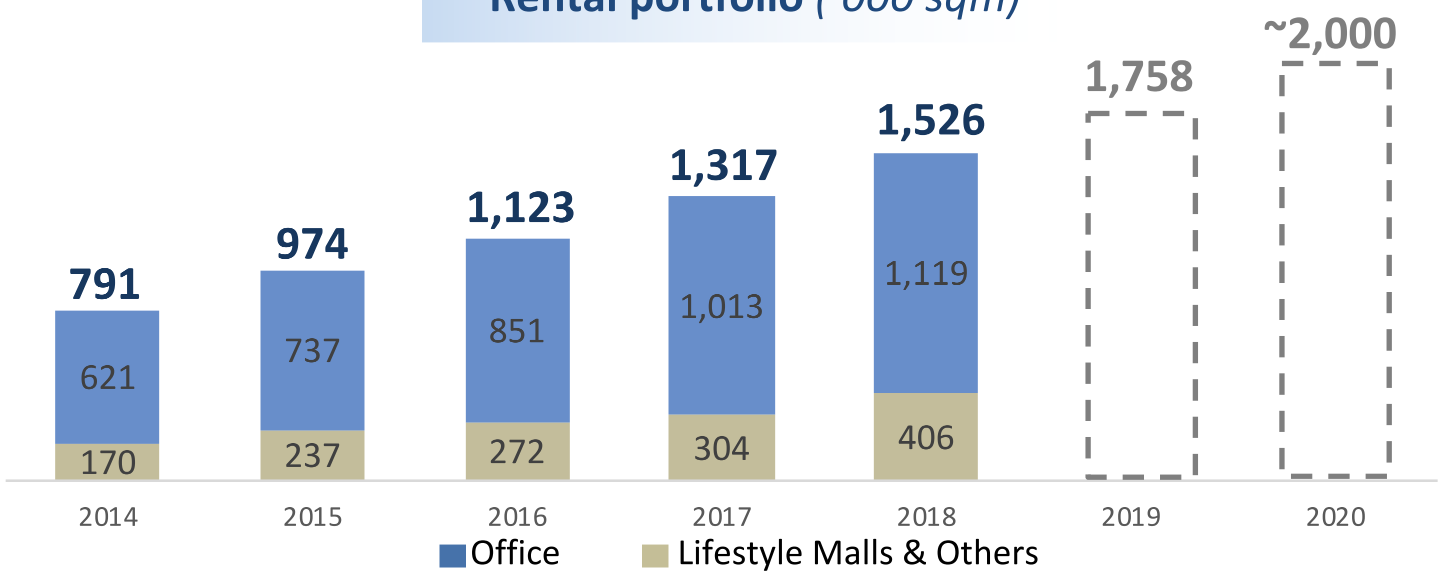
YoY



QoQ



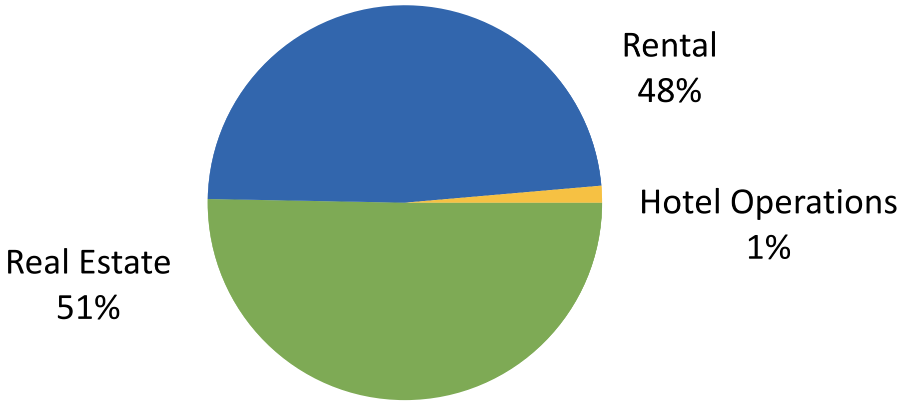
Rental portfolio *('000 sqm)*



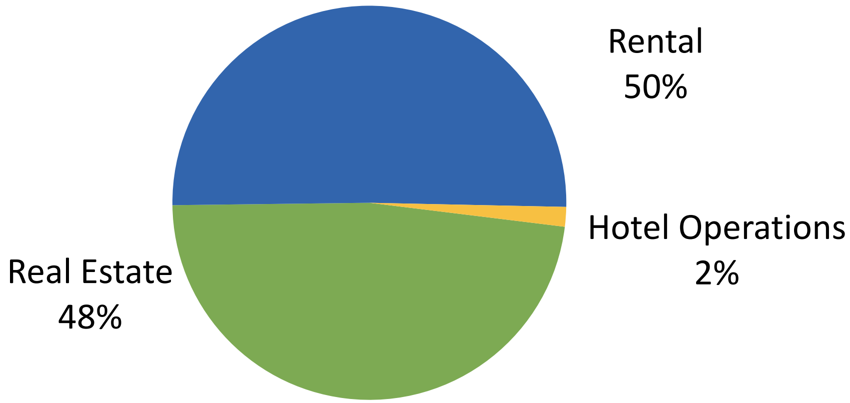
GROWING RENTAL INCOME – HIGH MARGIN BUSINESS

MEGAWORLD

Current EBIT Mix



Current EBITDA Mix



In PHP billions	2017	2018	%change
Revenues			
Rental	11.8	14.3	20.6%
Intersegment Sales & Interest Income	0.7	0.9	41.0%
Rental Revenues	**12.5**	**15.2**	21.7%
-Operating Expense	3.5	4.0	13.7%
Rental Operating Income	**9.0**	**11.2**	24.7%
+Interest Expense	**0.5**	**0.3**	-28.8%
Rental EBIT	**9.5**	**11.6**	22.1%
+Dep. & Amor.	**1.5**	**1.8**	25.6%
Rental EBITDA	**10.9**	**13.4**	22.5%
Rental EBIT Margin	**75.9%**	**76.2%**	*+30bps*
Rental EBITDA Margin	**87.7%**	**88.3%**	*+60bps*

- Rental revenues with intersegment sales up 22%
- Rental EBIT growth of 25%
- Expansion of 22.5% on EBITDA
- Appreciating margins

OFFICE PIPELINE

MEGAWORLD

2019		
Acrovia City	One Paseo	23,100
Davao Park District	Clocktower	1,300
Iloilo Business Park	One Fintech Place	16,300
McKinley West	One LeGrand Tower	48,300
Uptown Bonifacio	World Commerce Place	103,500
	Total GLA	**192,500 sqm**

2020		
Capital Town	Pasudeco Tower 1	10,000
Iloilo Business Park	Two Fintech Place	17,100
Uptown Bonifacio	Worldwide Plaza	67,300
Westside City	One Fintech Tower	21,600
	Total GLA	**116,000 sqm**

2021		
Capital Town	Pasudeco Tower 2	9,900
Capital Town	Casa de Emperador	7,700
Iloilo Business Park	IBP BPO 10	18,000
Iloilo Business Park	IBP BPO 11	18,000
Mactan Newtown	TMN BPO 6	10,000
The Upper East	TUE BPO 1	10,000
The Upper East	TUE BPO 2	10,000
Westside City	Two Fintech Tower	28,000
	Total GLA	**111,600 sqm**


One LeGrand Tower (2019)


World Commerce Place (2019)


Two Fintech Place (2020)


Two Fintech Tower (2020)

COMMERCIAL PIPELINE

MEGAWORLD

2019	
Alabang West	Alabang West Retail 1
Arcovia City	One Paseo
Arcovia City	The View Deck
Boracay Newcoast	Boracay Belmont
Davao Park District	Clock Tower
Davao Park District	Davao Finance Center
Eastwood City	Eastwood Global Plaza
Eastwood City	One Eastwood Tower 2
Iloilo Business Park	Festive Walk Parade 1B
Iloilo Business Park	One Madison Tower 1 and 2
Makati	Greenbelt Hamilton 2
Makati	Salcedo Skysuites
McKinley Hill	Venice Grand Canal Mall Area 7
McKinley West	Le Grand Park
Uptown Bonifacio	Uptown Parksuites
Uptown Bonifacio	Uptown Ritz
Uptown Bonifacio	World Commerce Place
Westside City	Bayshore 1
Total GLA	**40,600 sqm**

Clock Tower (2019)

Uptown Parksuites (2019)

COMMERCIAL PIPELINE

MEGAWORLD

2020	
Boracay Newcoast	Boracay Beachfront
Boracay Newcoast	Boracay Arrival
Davao Park District	Art Deco
Davao Park District	Colonnade
Highland City	Skymall
Iloilo Business Park	One Fintech Place
Iloilo Business Park	Two Fintech Place
Mactan Newtown	Mactan Newtown Beach
Maple Grove	The Greenhouse
McKinley West	One Le Grand Tower
Northill Gateway	The Ruins
Westside City	Sunset Boulevard & One Fintech
Total GLA	**120,500 sqm**

2021	
Boracay Newcoast	Boracay Chancellor
Capital Town	Sugarmill Mall
Davao Park District	One Lakeshore Drive
Makati	San Antonio Residences
Shaw	The Pad
The Upper East	Upper East Cinemax Mall
Total GLA	**51,600 sqm**

The Ruins (2020)

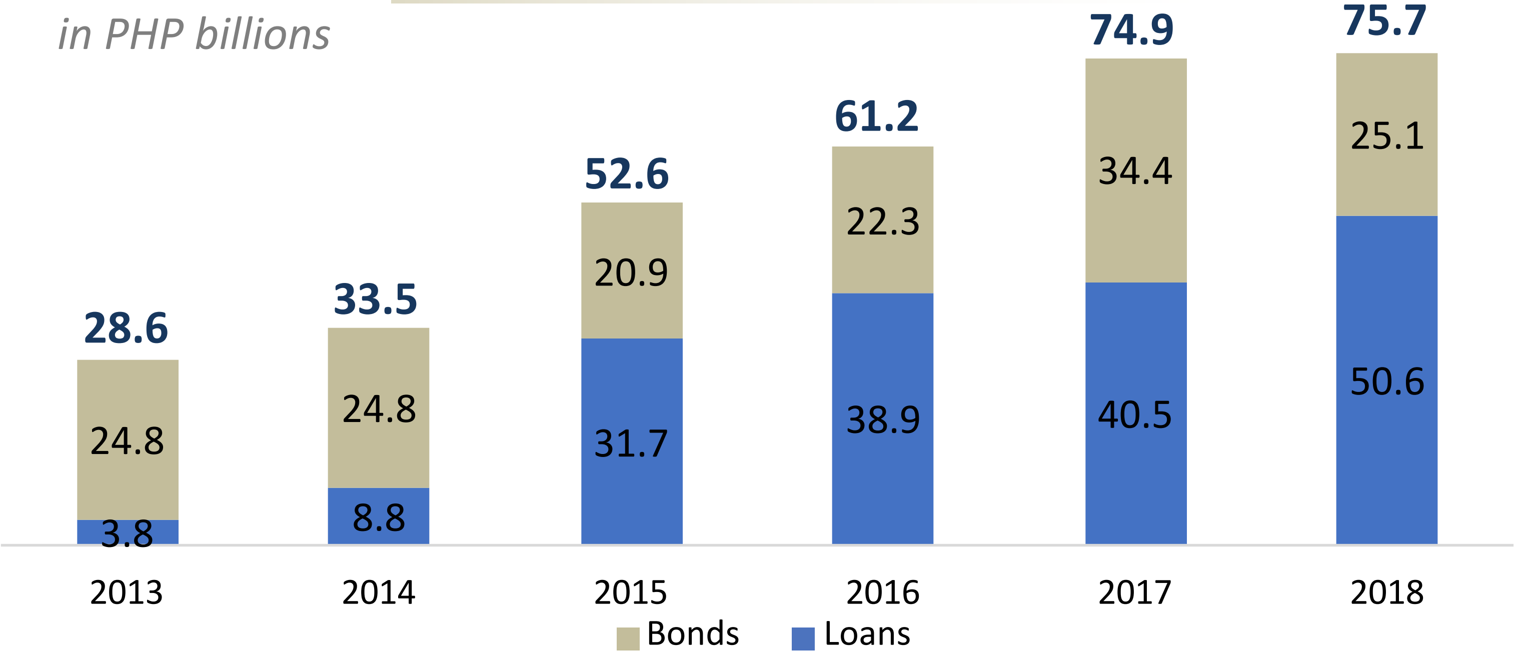
The Greenhouse (2020)

DEBT MATURITY PROFILE

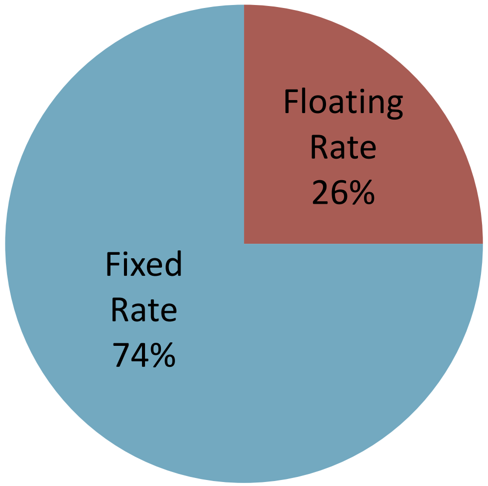
MEGAWORLD

Gross Debts

in PHP billions



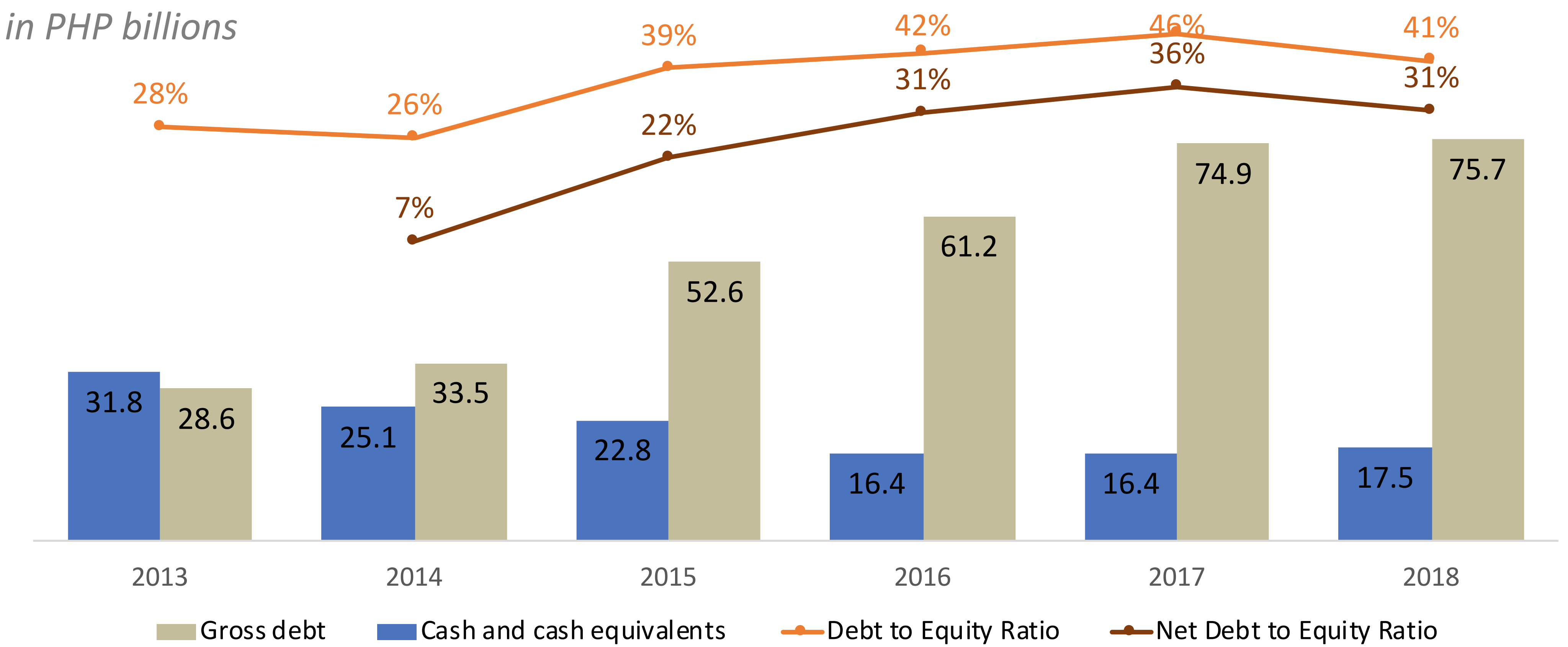
Loans



Bonds	Coupon Rate	Date Issued	Maturity
$250,000,000	4.25%	April 2013	2023
₱12,000,000,000	5.35%	March 2017	2024

Loans	Ave. Rate	Year Issued	Maturity
₱50,639,731,841	~5.00%	Various	Various

MEGAWORLD



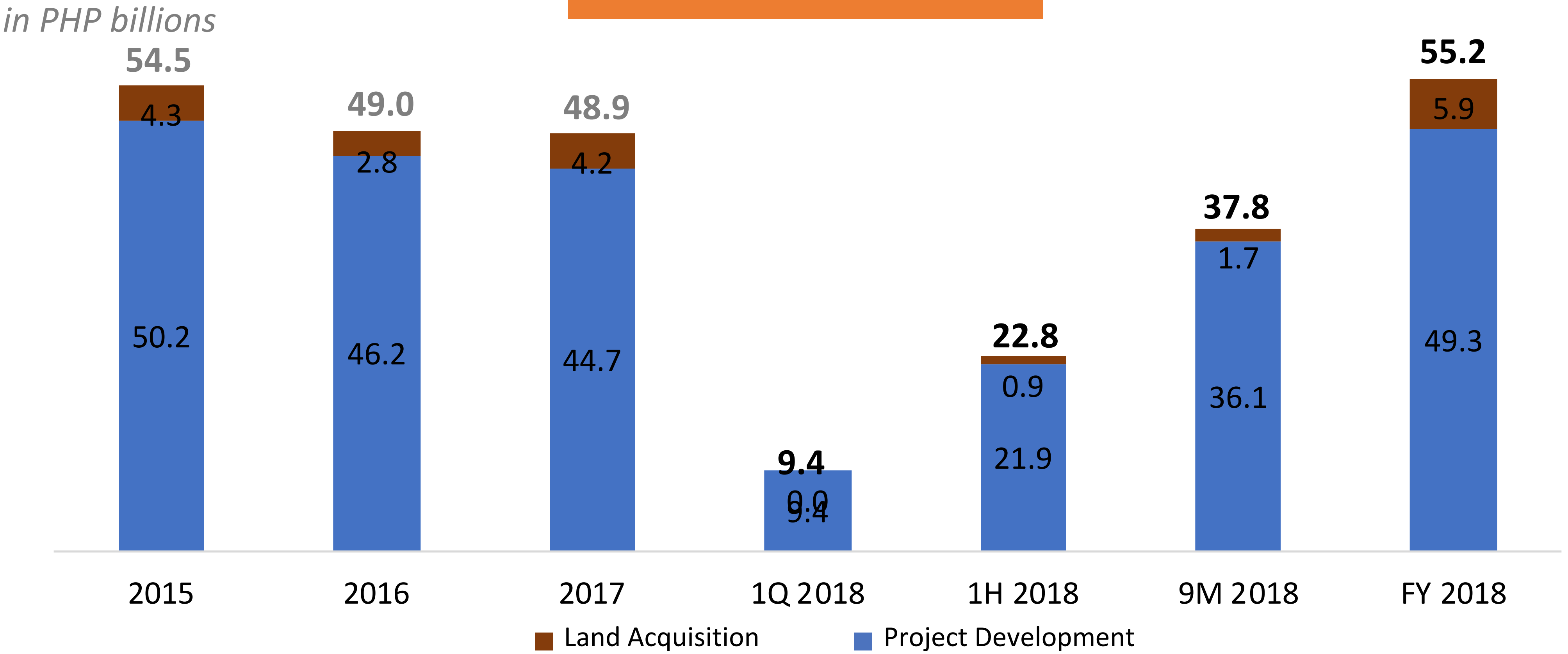
	2013	2014	2015	2016	2017	2018
Debt to Equity	28%	26%	39%	43%	46%	41%
Net Debt to Equity	Net Cash	7%	22%	31%	36%	31%

5-YEAR CAPEX PLAN
PHP285.8B UNTIL 2019

₱285.8B

2015	2016	2017	2018	2019
PHP54.5B	PHP49.0B	PHP48.9B	PHP55.2B	PHP65B

Actual CAPEX



MEGAWORLD

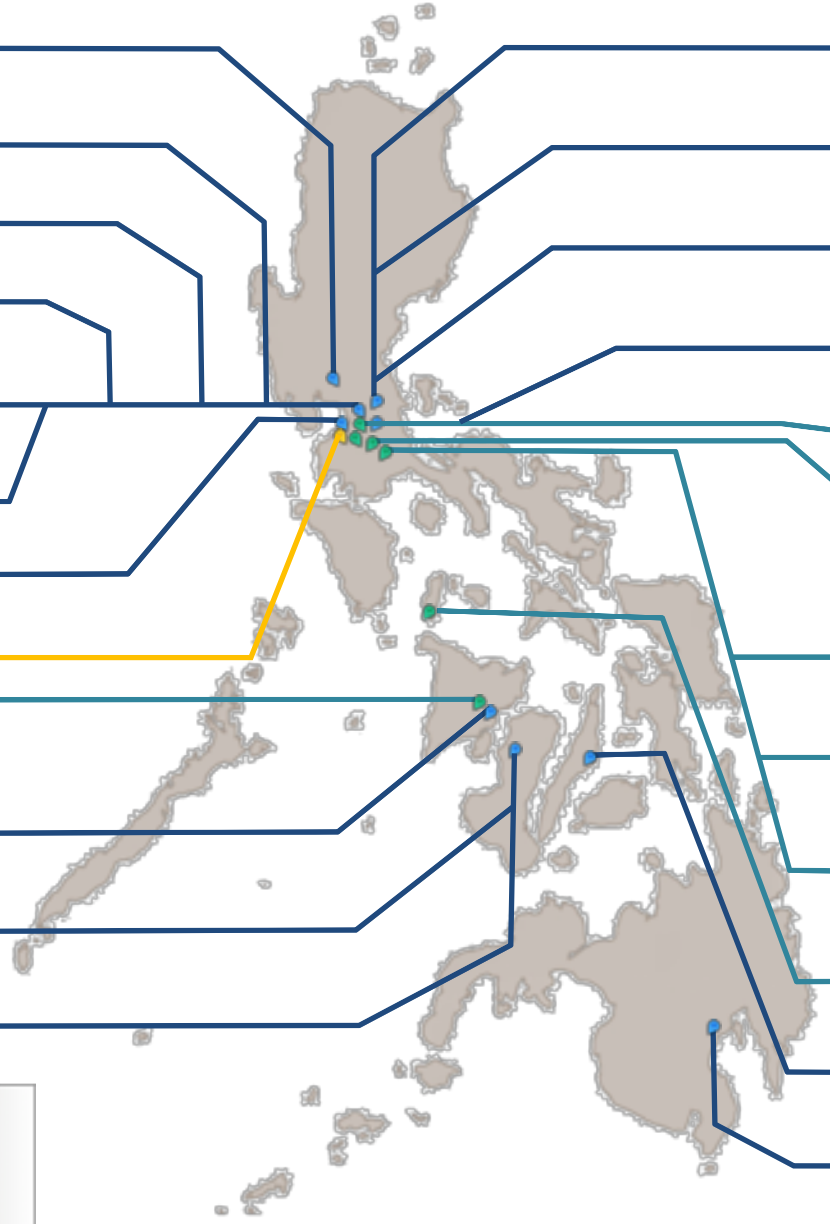
EMPIRE EAST HIGHLAND CITY

- 24th township of Megaworld and Empire East
- 24 hectares
- Along Felix Avenue in Cainta
- CAPEX of P20 billion over the next 10 years

PHILIPPINE'S PREMIER TOWNSHIP DEVELOPER AND PIONEER OF THE "LIVE-WORK-PLAY-LEARN" LIFESTYLE

MEGAWORLD

35.6 ha	CAPITAL TOWN PAMPANGA	EASTWOOD CITY	18.5 ha
5 ha	Forbes Town Center	ARCOVIA CITY	12.4 ha
50 ha	McKINLEY HILL	NEWPORT CITY	25 ha
34.5 ha	McKINLEY WEST	EMPIRE EAST HIGHLAND CITY	24 ha
15.4 ha	UPTOWN BONIFACIO	EASTLAND HEIGHTS	640 ha
31 ha	WESTSIDE CITY	ALABANG WEST	62 ha
140 ha	MAPLE GROVE	SOUTHWOODS CITY	561 ha
350 ha	SUNTRUST ECOTOWN TANZA	The Hamptons Caliraya	300 ha
173 ha	STA. BARBARA HEIGHTS	TWIN LAKES	1,200 ha
72 ha	ILOILO BUSINESS PARK	BORACAY NEWCOAST	150 ha
34 ha	THE UPPER EAST	THE MACTAN NEWTOWN	30 ha
53 ha	NORTHILL GATEWAY	DAVAO PARK DISTRICT	11 ha



Total of **24 Townships**
Covering **4,028 hectares**

MEGAWORLD

Bonifacio Capital District (BCD) Map

- About 160-hectares covering
  - McKinley Hill (54 ha)
  - McKinley West (35 ha)
  - Navy Village (26 ha)
  - Bonifacio South Pointe (33 ha)
  - Consular Property (10 ha)
  - BCDA lot (1 ha)
- Administrative Capital
  - Senate
  - Supreme Court
  - Court of Appeals
- MEG’s expertise in township management

KEY TAKEAWAYS

- Diversified township roster
- 24 townships across the country
- Growing contributions from outside MM

- High residential base
- High blended GPM at ~46%

  FY 2018 presales at P136bn (P130bn 2018 guidance)

  FY 2018 launches at P106bn (P90bn 2018 guidance)

- Growing high margin rental business
- Rental EBIT margin at 75%
- Rental EBITDA margin at 88%

  2020 Target: P20bn