

ALLIANCE GLOBAL

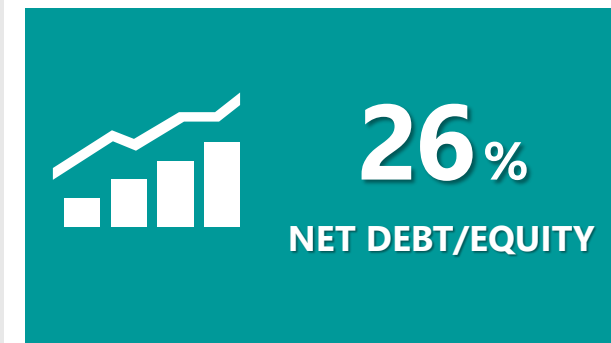
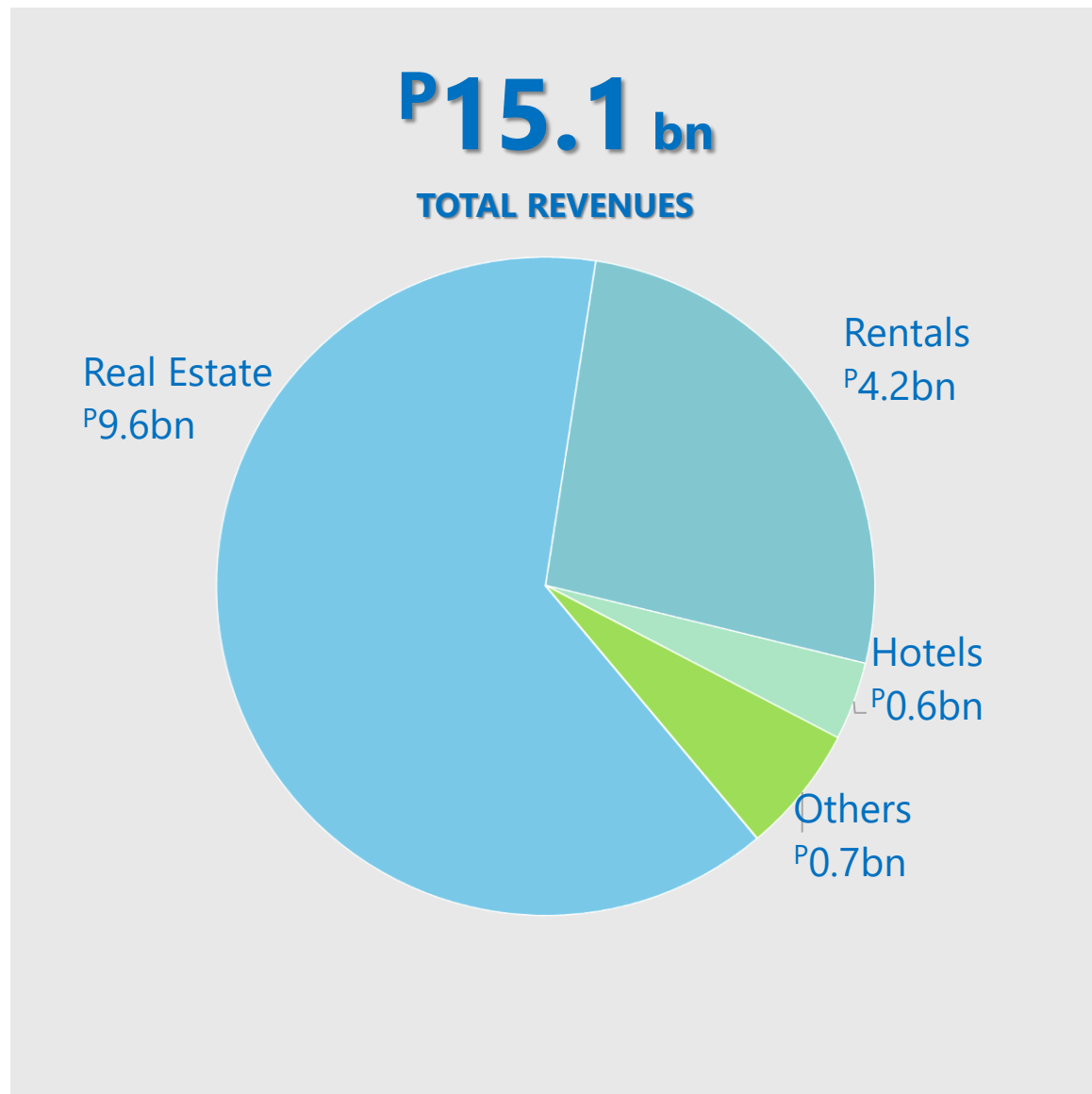


# 1Q 2020

## MEGAWORLD ANALYST BRIEFING

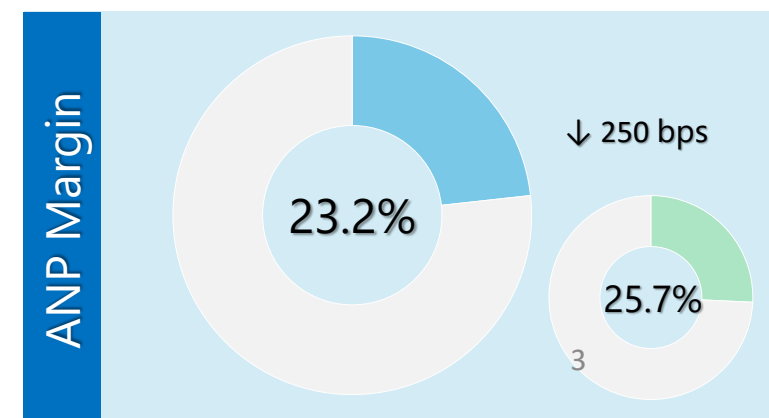
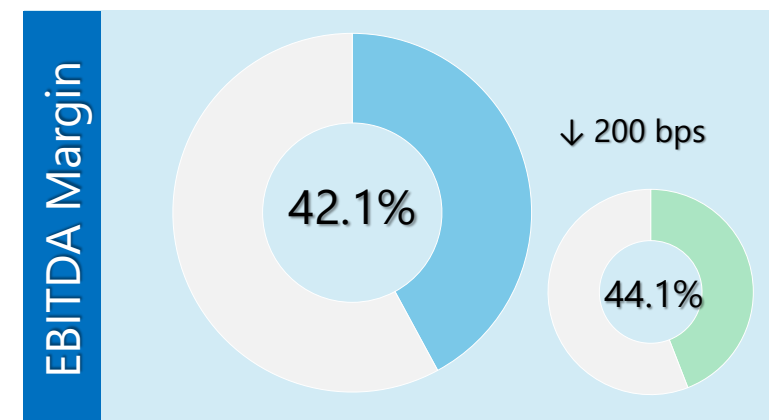
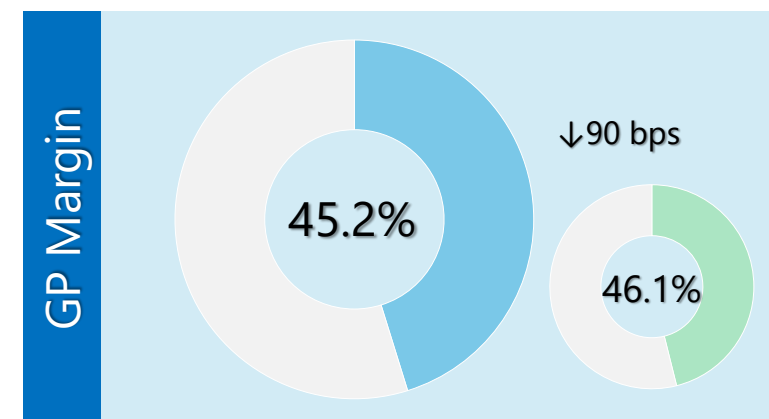


# 1Q2020 FINANCIAL HIGHLIGHTS

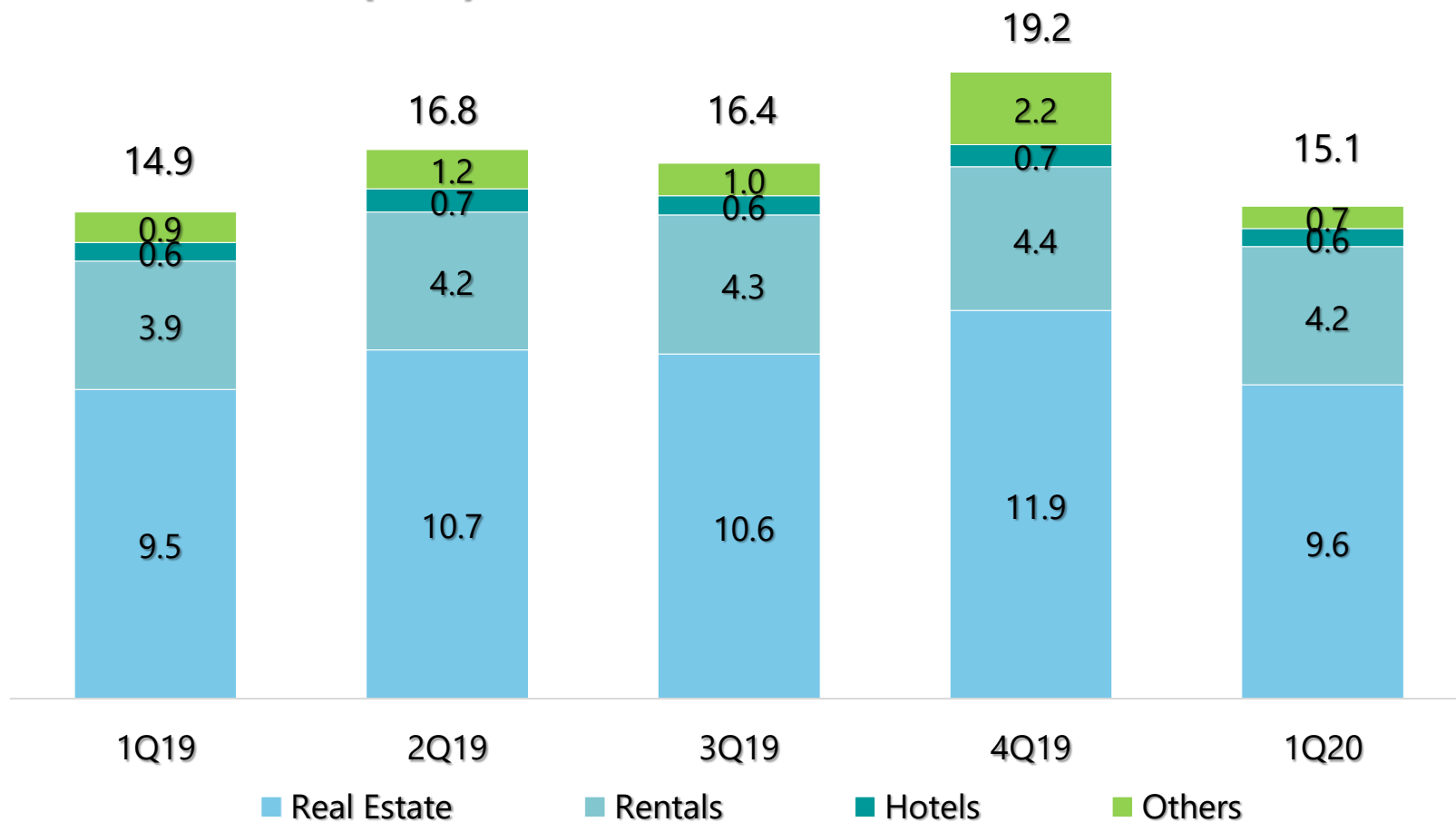


# 1Q2020 PERFORMANCE UPDATE

	1Q20	1Q19	%	Remarks
<b>REVENUES</b>	<b>15.1</b>	<b>14.9</b>	<b>1%</b>	<b>Increasing share of recurring income</b>
Real Estate Sales	9.6	9.5	1%	Construction delays & Taal eruption
Rentals	4.2	3.9	8%	Steady office occupancy, weaker mall rentals
Hotels	0.6	0.6	-4%	Lower occupancy
Others	0.7	0.9	-26%	↓8% if excluding gains
<b>COSTS &amp; EXPENSES</b>	<b>11.3</b>	<b>11.0</b>	<b>3%</b>	<b>Increasing operating expenses</b>
Cost of Sales	5.3	5.1	3%	Higher cost from vertical developments
Hotel Costs	0.3	0.3	1%	Incremental costs from newly-opened hotels
Operating Expenses	3.6	2.9	22%	Depreciation ↑24%; Commission↑48%
Interest & Other Charges	0.7	1.0	-29%	
Income Taxes	1.4	1.4	-1%	
<b>EBITDA</b>	<b>6.3</b>	<b>6.6</b>	<b>-4%</b>	
<b>ATTRIBUTABLE PROFIT</b>	<b>3.5</b>	<b>3.8</b>	<b>-9%</b>	

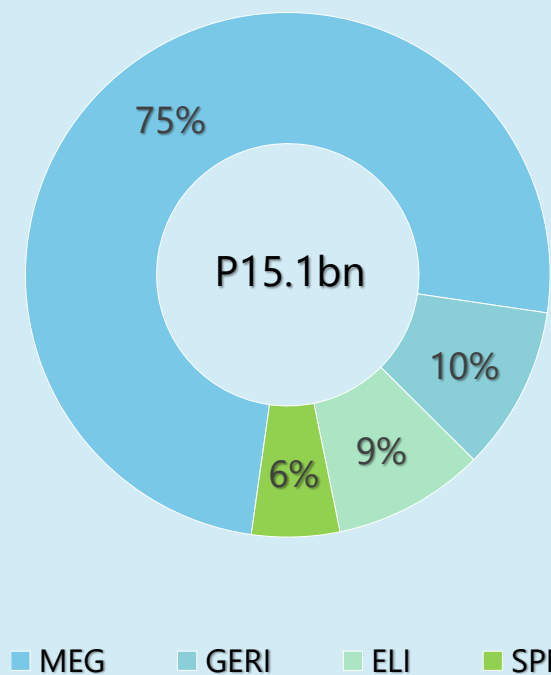


# TOTAL REVENUES (Pbn)

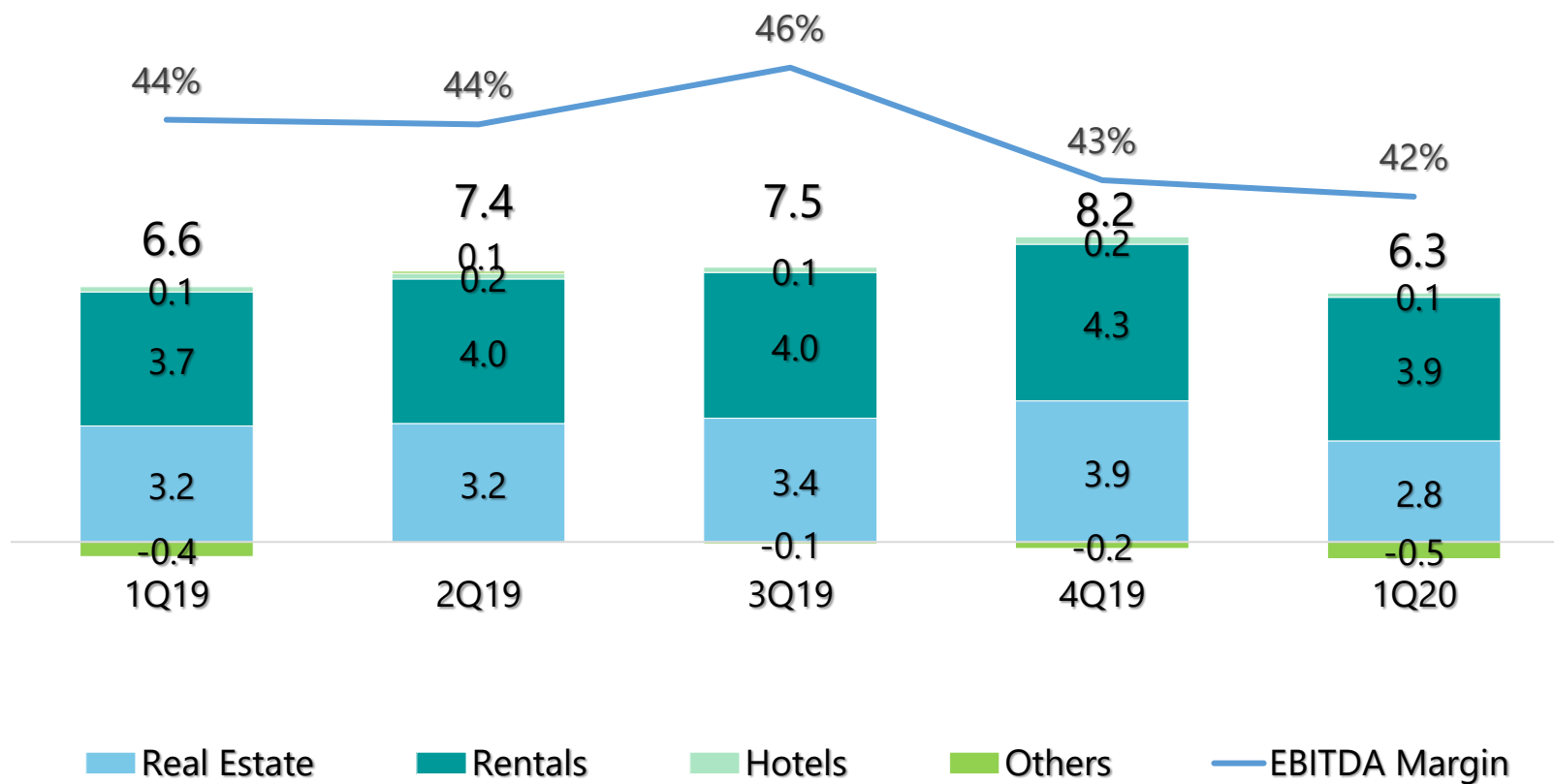


- Real Estate Sales still the biggest contributor (64% of total) but rentals drove the growth

## Per Company

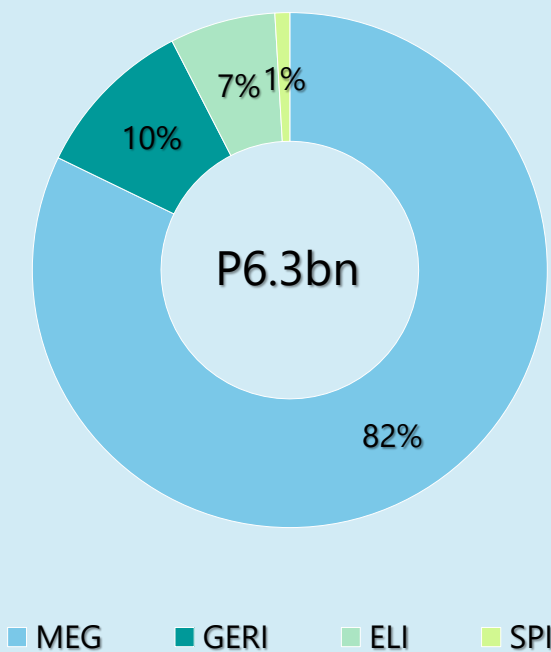


# EBITDA (Pbn) & Margin

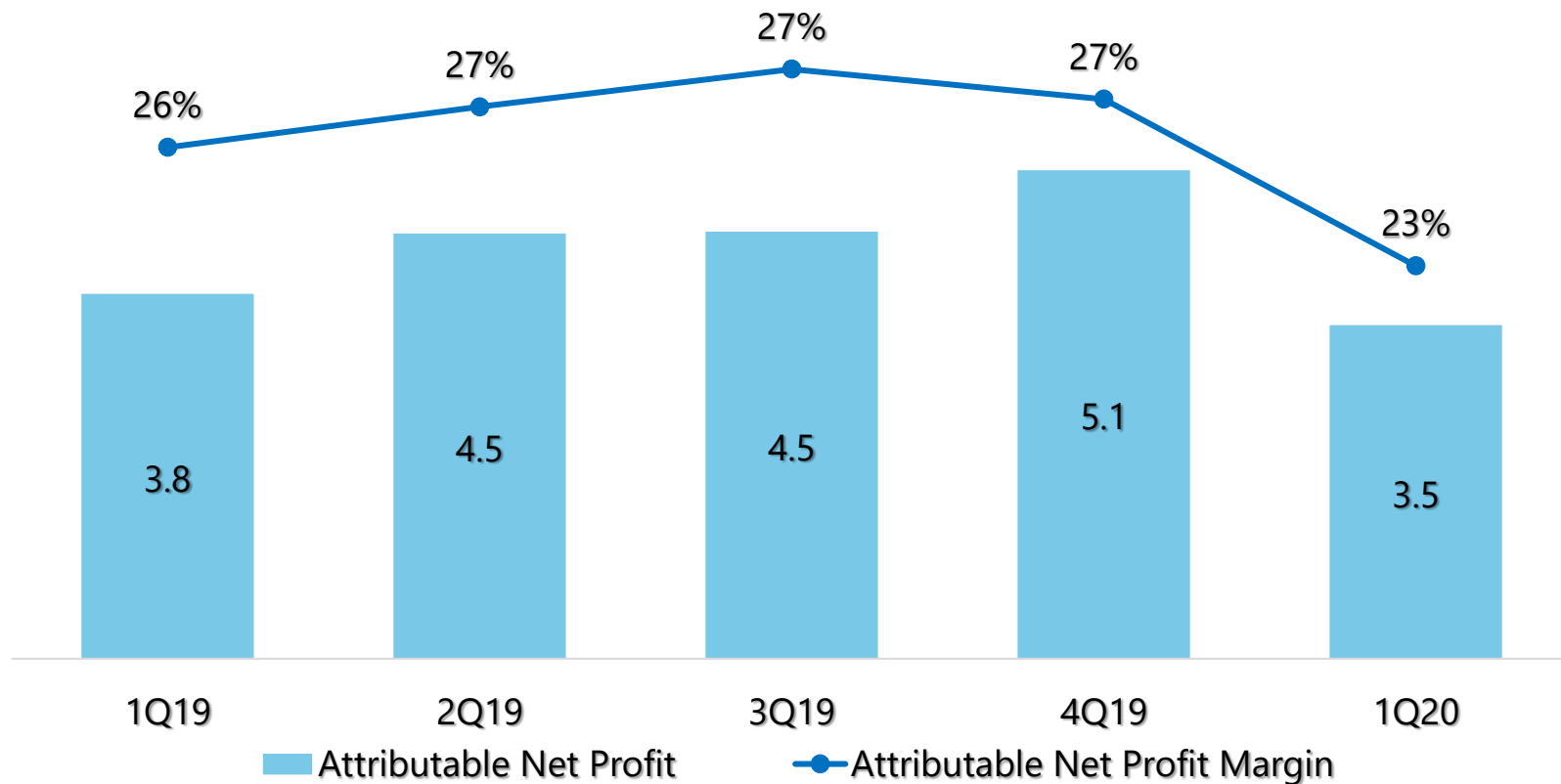


- Rentals drove EBITDA, now contributes 62% of total from 56%

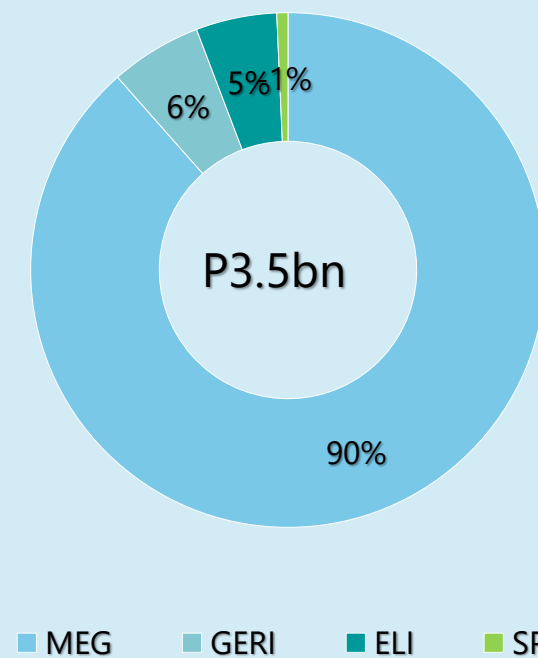
## Per Company



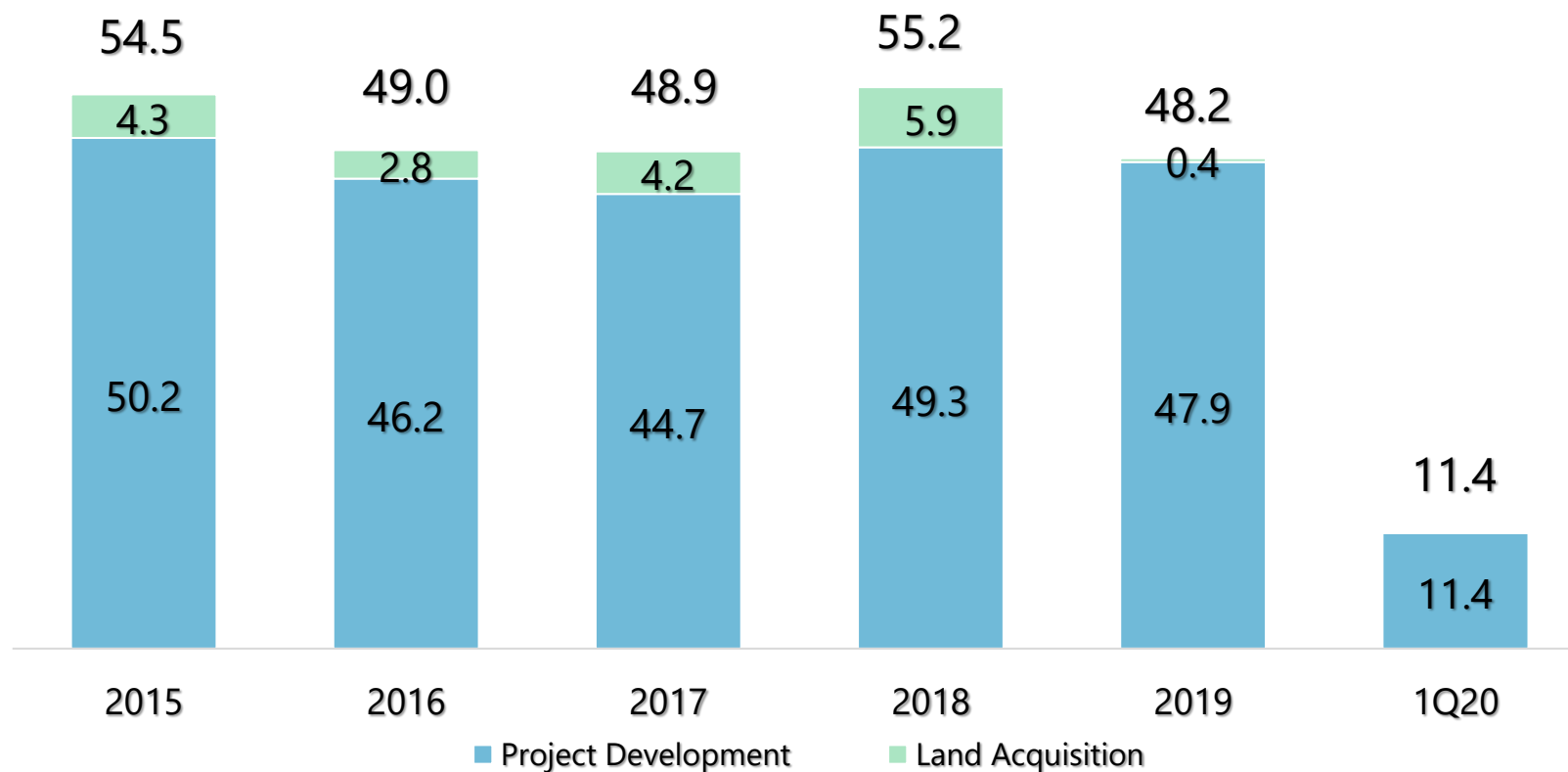
# ATTRIBUTABLE NET PROFIT (Pbn) & MARGIN



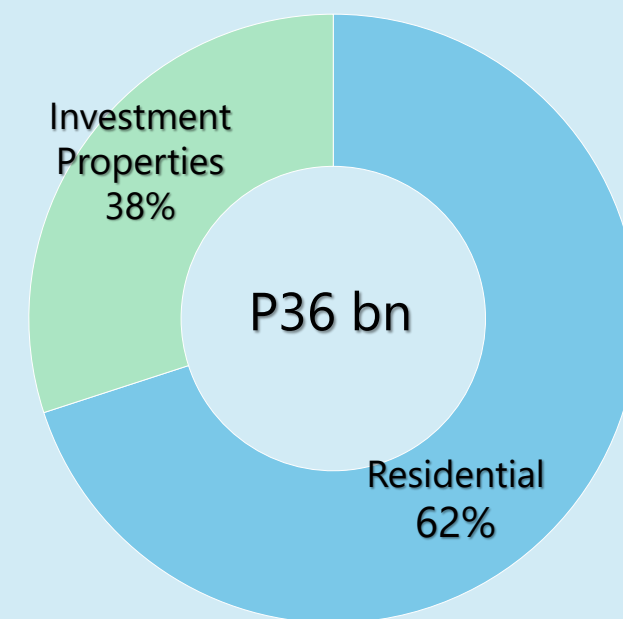
## Attributable Net Profit



# CAPITAL EXPENDITURES (Pbn)

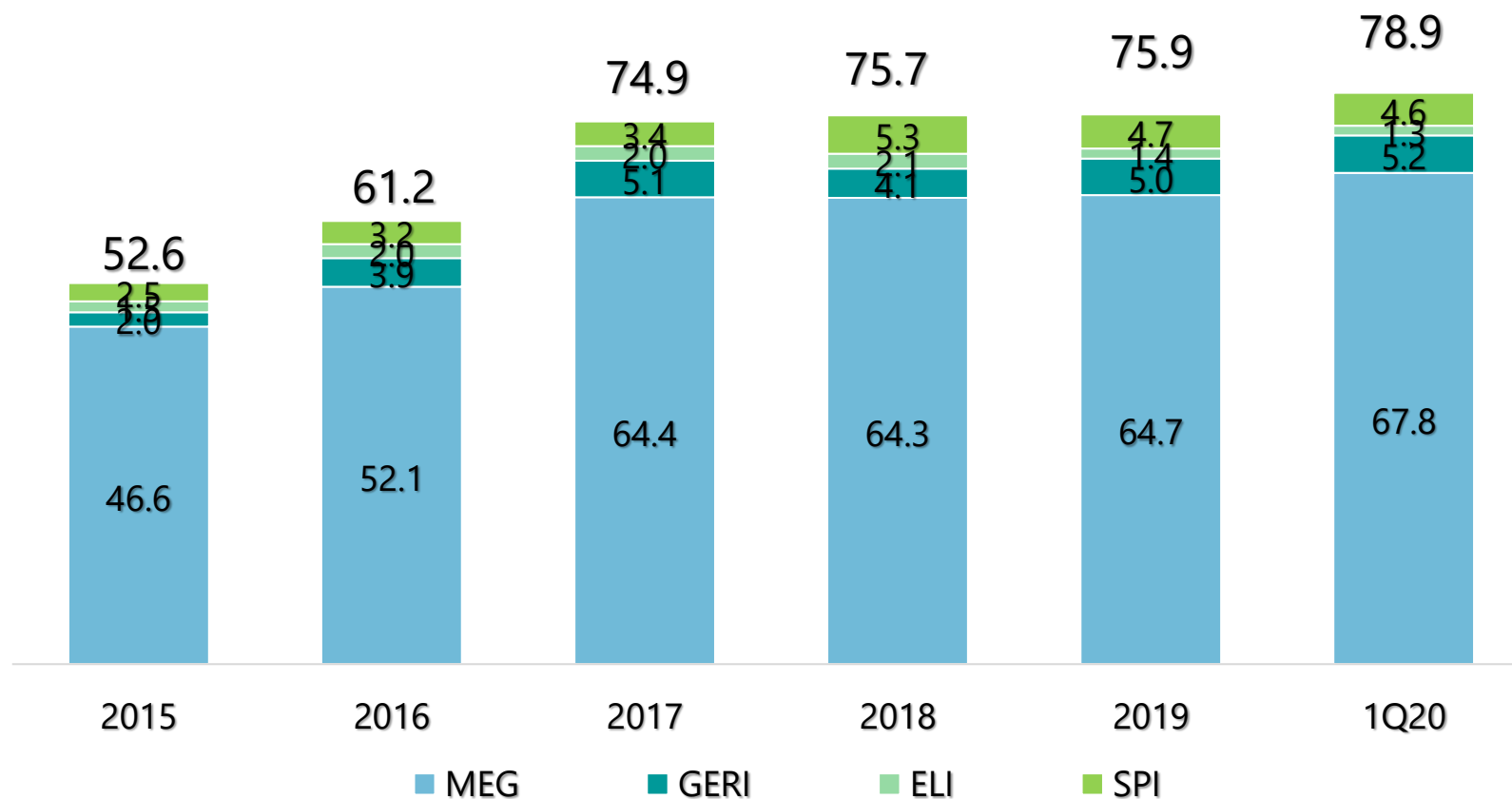


## 2020 CAPEX



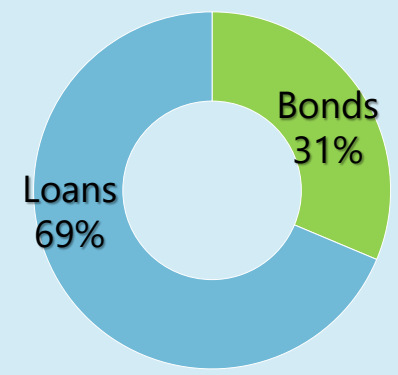
- CAPEX reduced to P36bn (from original budget of P60bn)
- P11bn spent during the period (from P13bn in 1Q19) due to construction delays

# GROSS DEBT (Pbn)

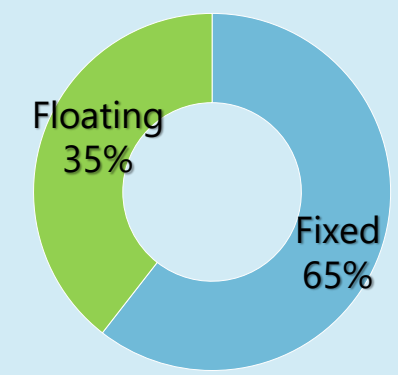


- The company borrowed additional P5bn in 1Q20 in line with general requirements
- 35% of borrowings have floating rates – may benefit from the potential decrease in interest rates
- Average cost of debt is ≈ 5%

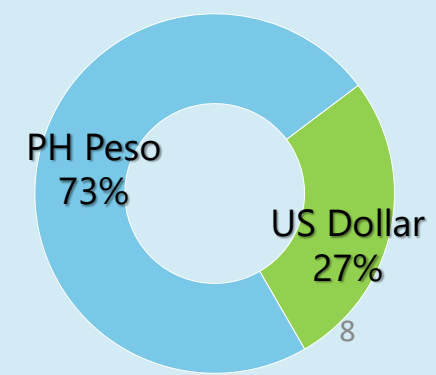
## Type of Debt



## Interest Rate

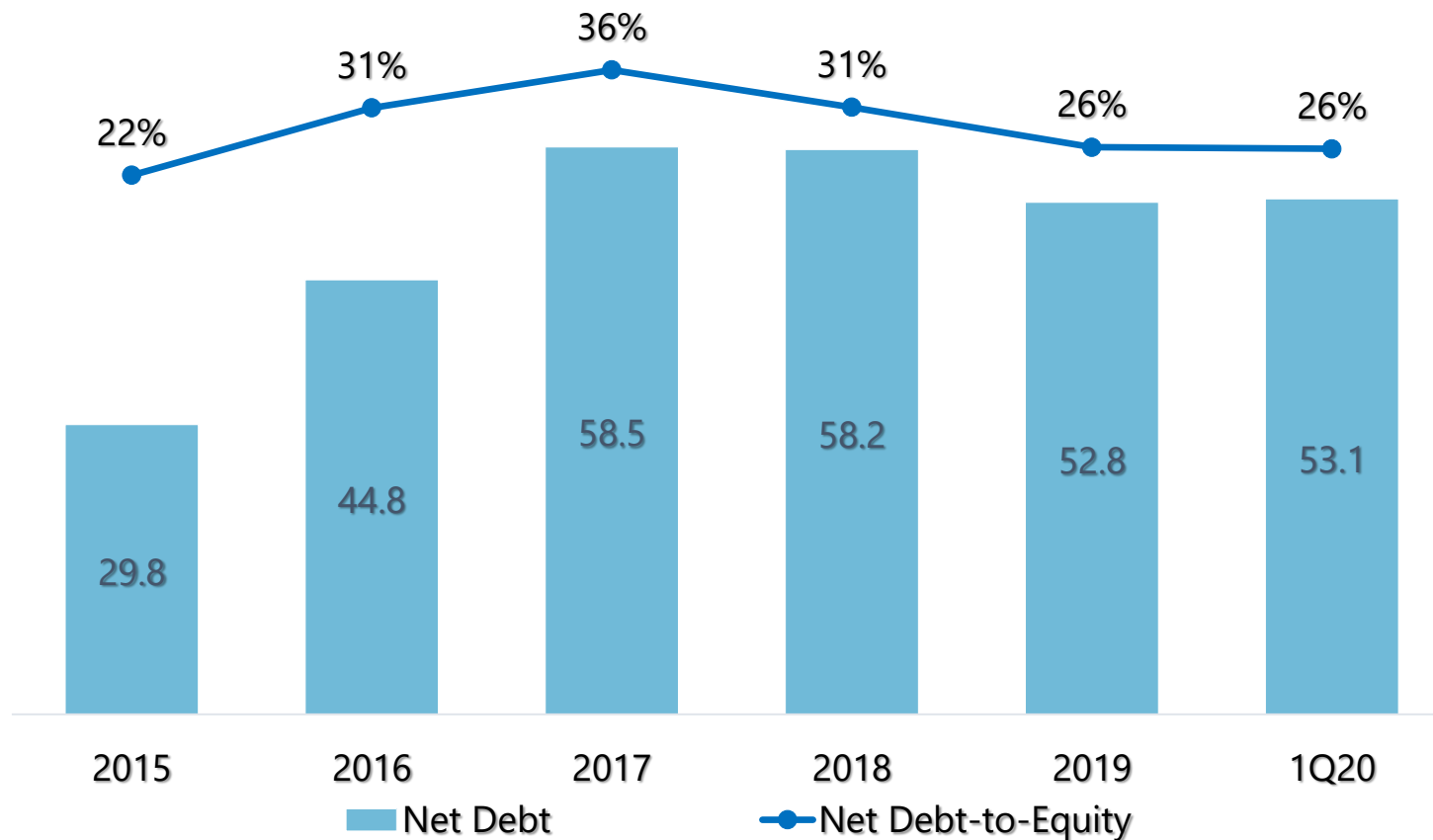


## Currency

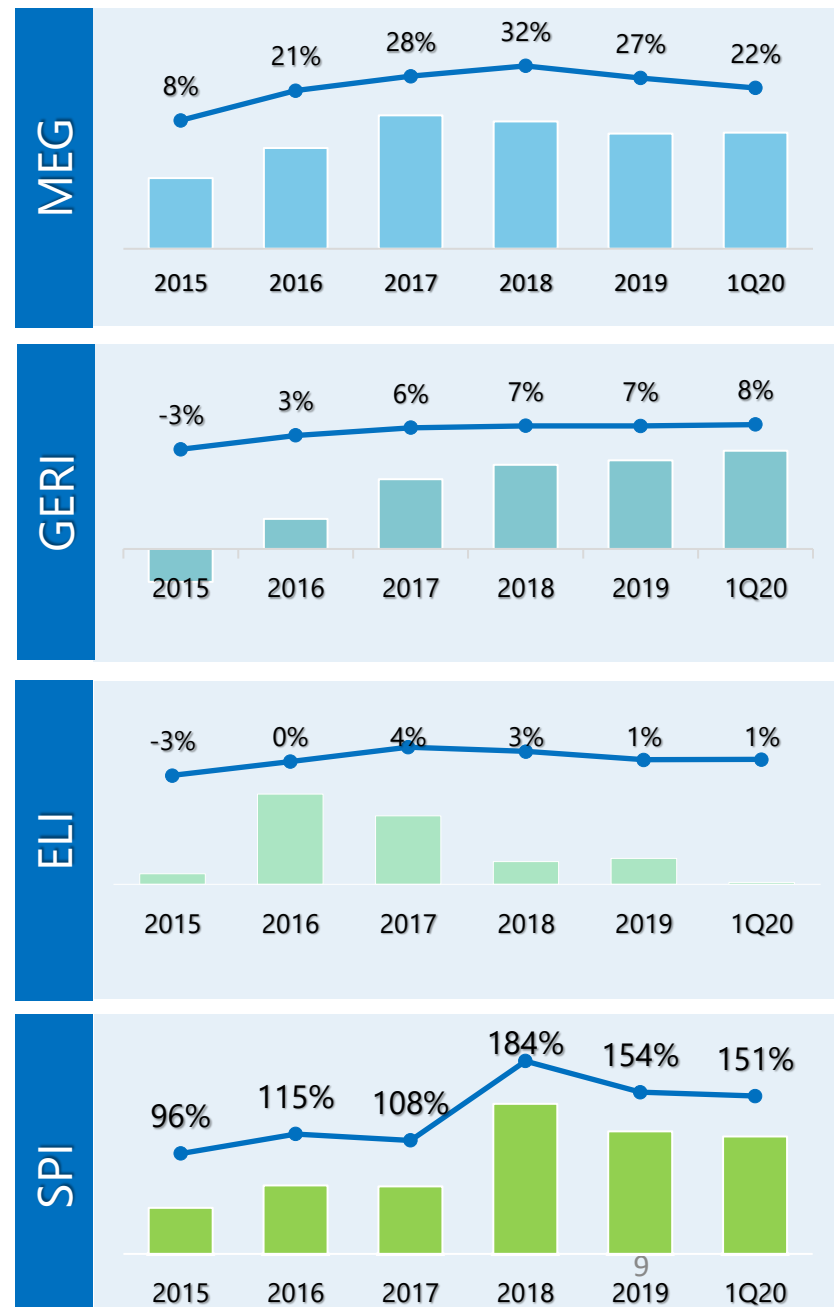




# NET DEBT (Pbn) & NET DEBT/EQUITY



- Low net gearing of 26% provides enough financial flexibility to deal with any developments that may arise



# CORE BUSINESSES



## REAL ESTATE



MEGAWORLD



GLOBAL-ESTATE RESORTS, INC.



Empire East



## OFFICES



## MALLS



## HOTELS



# 1Q 2020 OPERATIONAL HIGHLIGHTS



**P20 bn**  
RESERVATION SALES

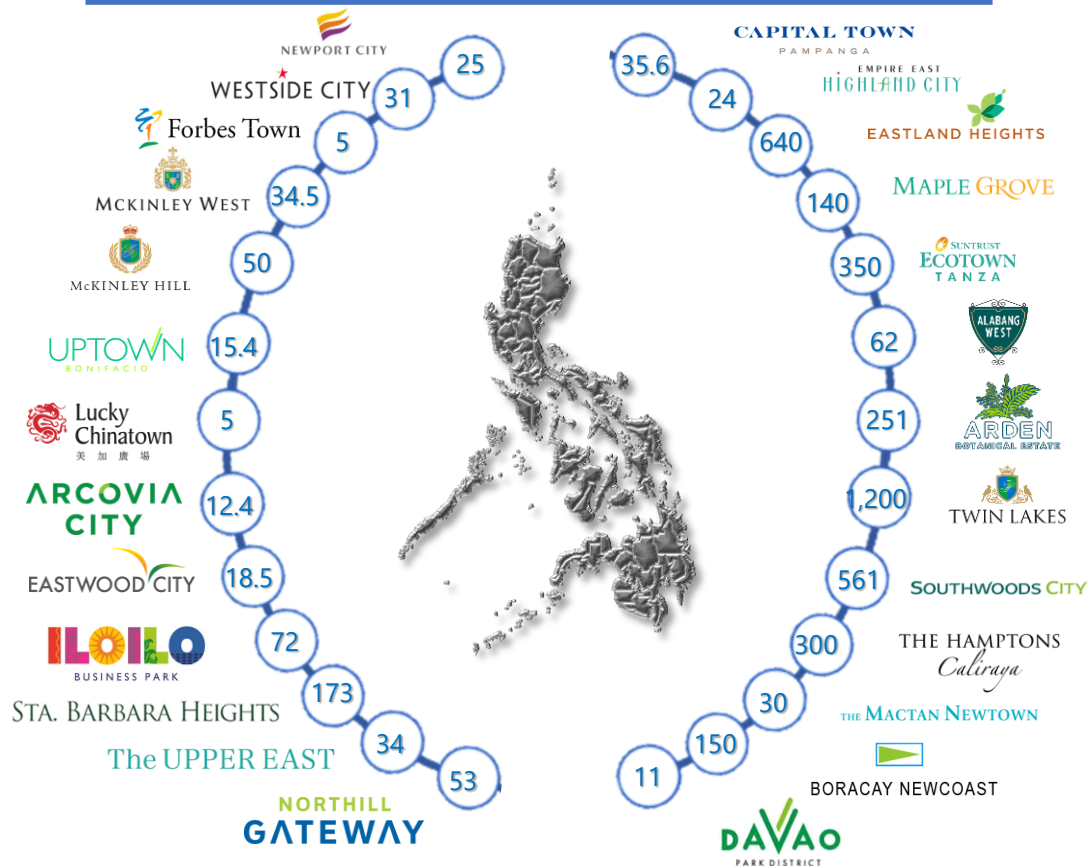


**4,300 has**  
LANDBANK



**P4.4 bn**  
PROJECT LAUNCHES

## 26 TOWNSHIPS (4,284 Hectares)




**1.3m**  
OFFICE GLA



**453k**  
MALL GLA



**3,637**  
HOTEL ROOM KEYS





MEGAWORLD  
REAL ESTATE

**P9.6 bn**

REAL ESTATE SALES

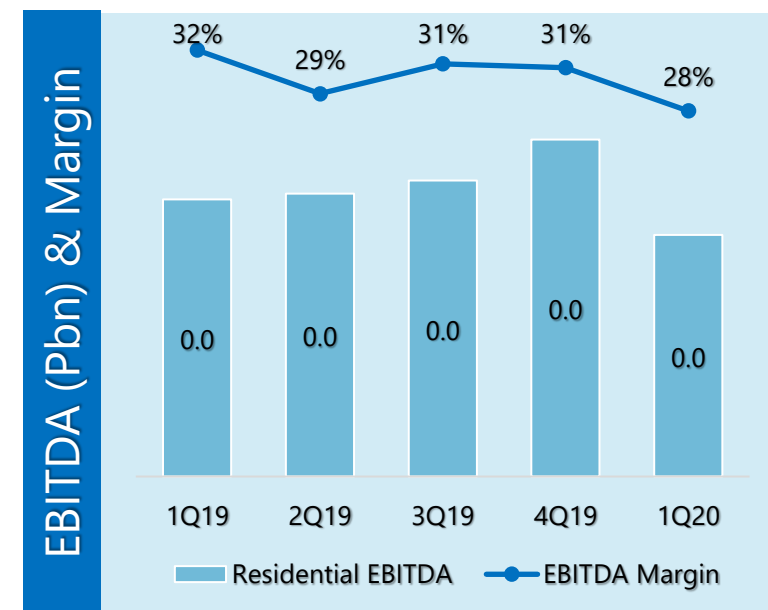
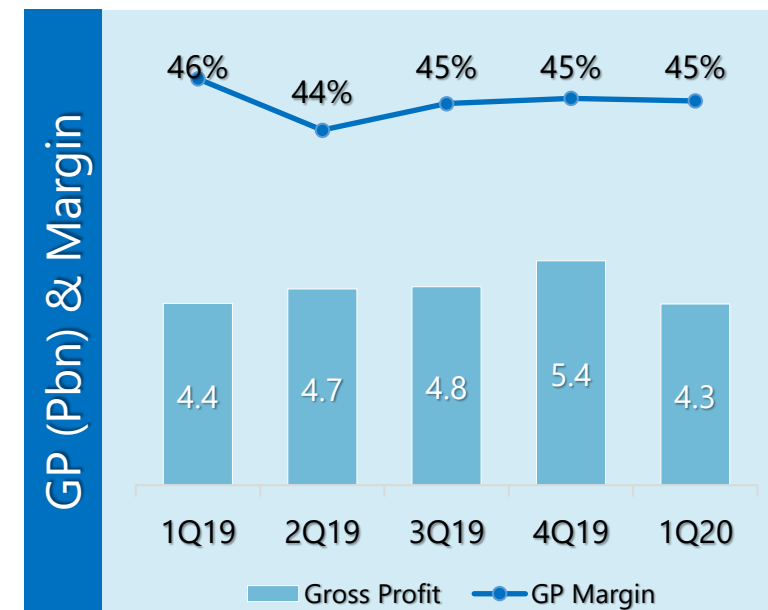
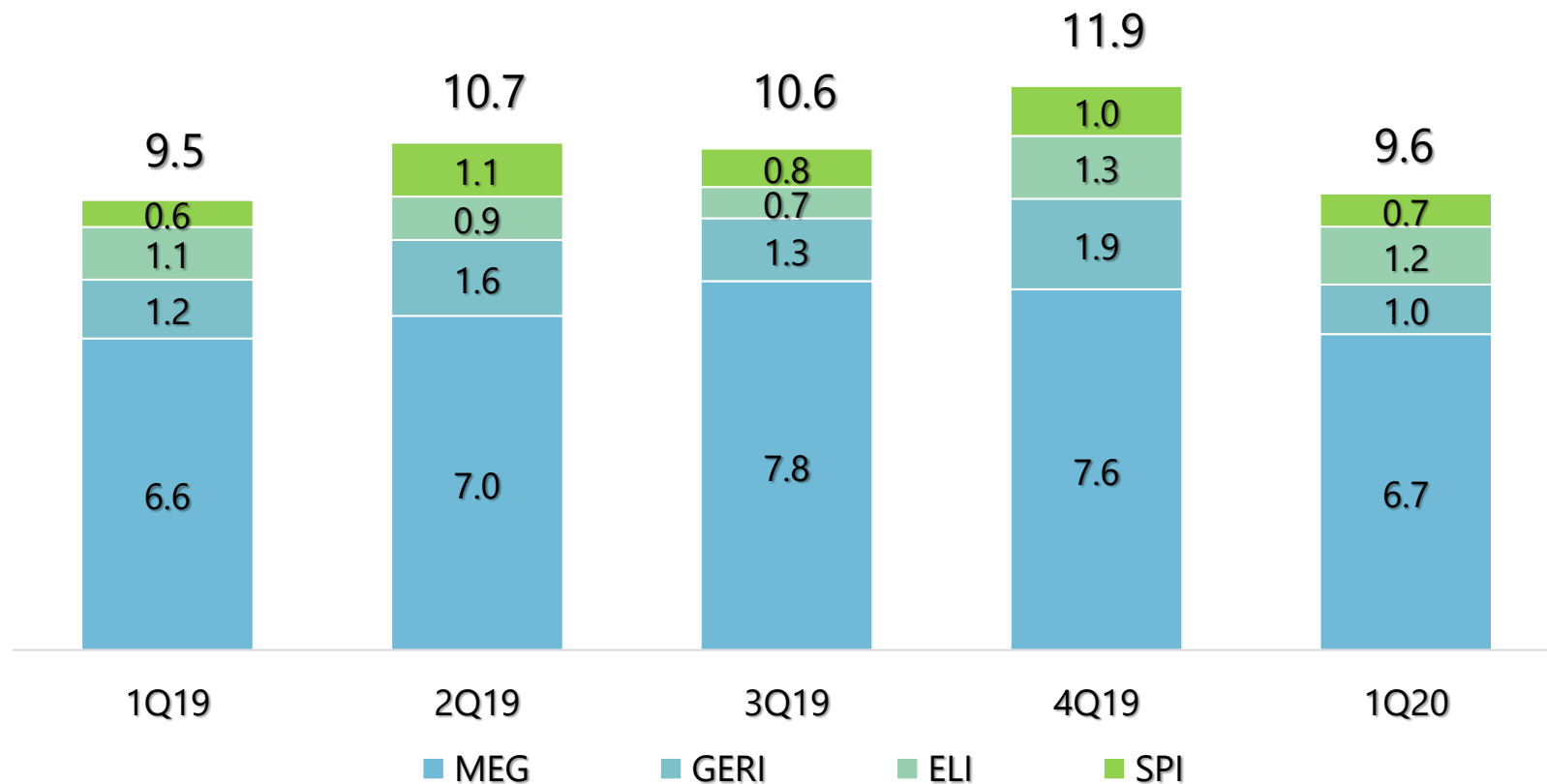
**P20 bn**

RESERVATION SALES

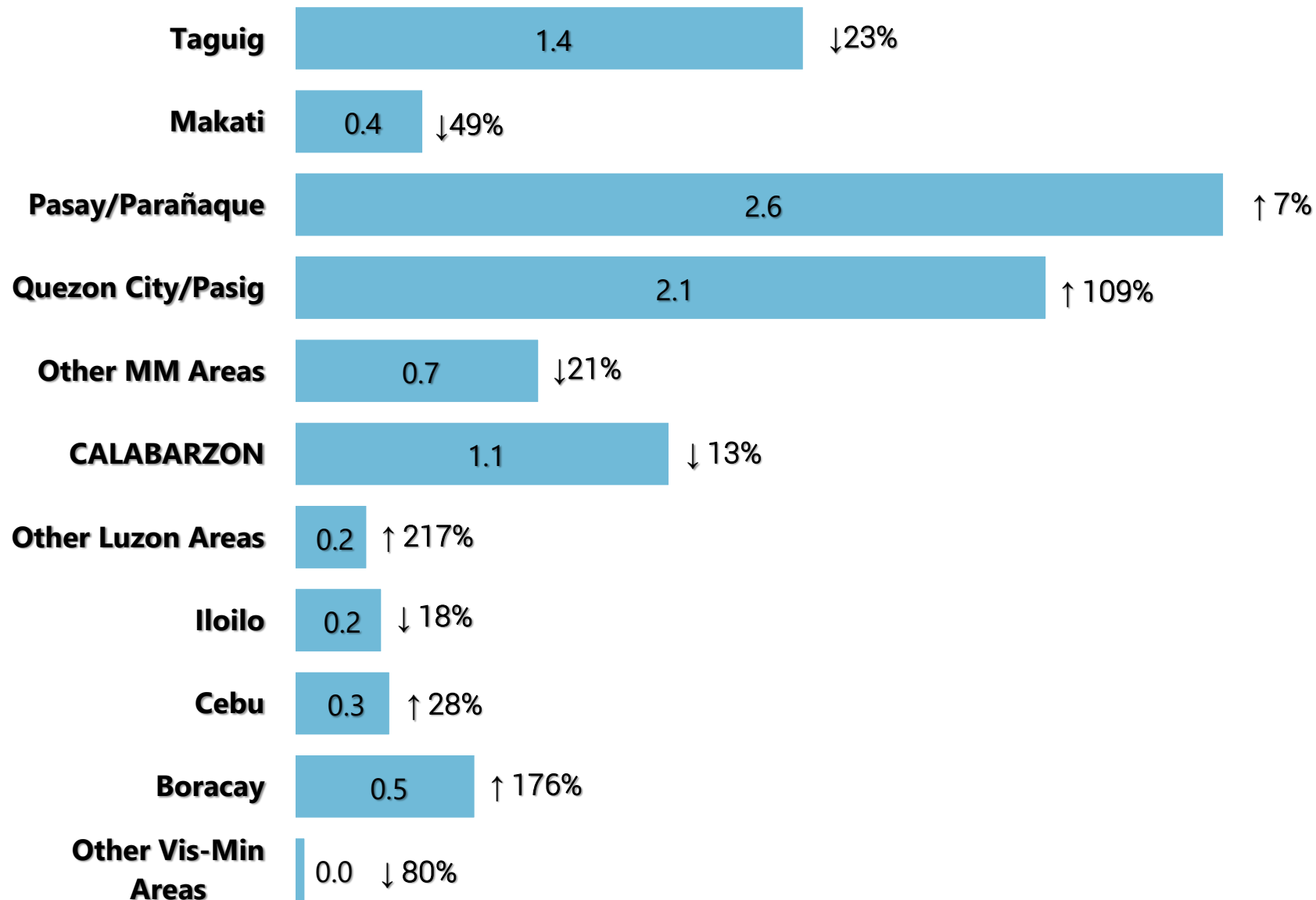
**P4.4 bn**

PROJECT LAUNCHES

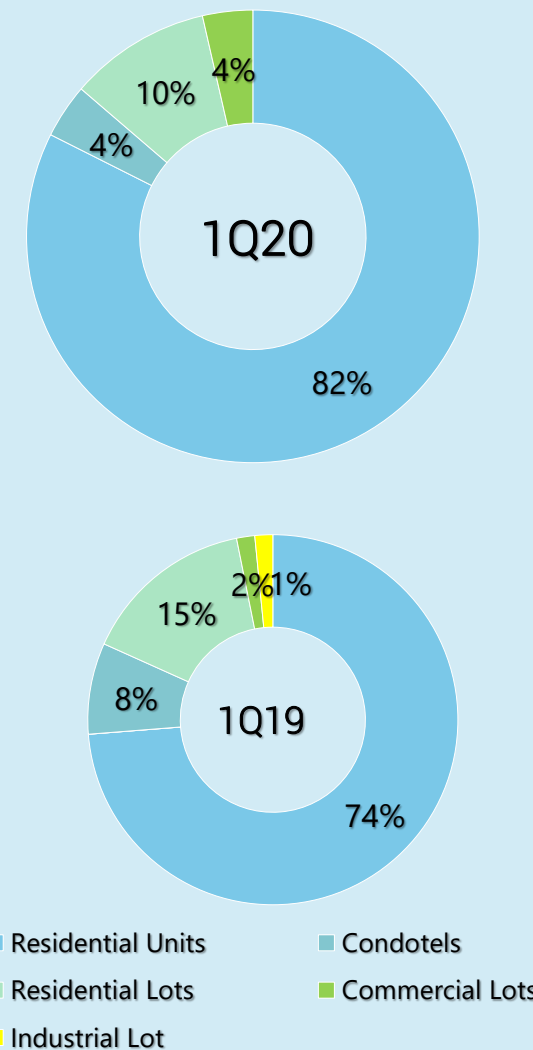
# REAL ESTATE SALES (Pbn) & MARGINS



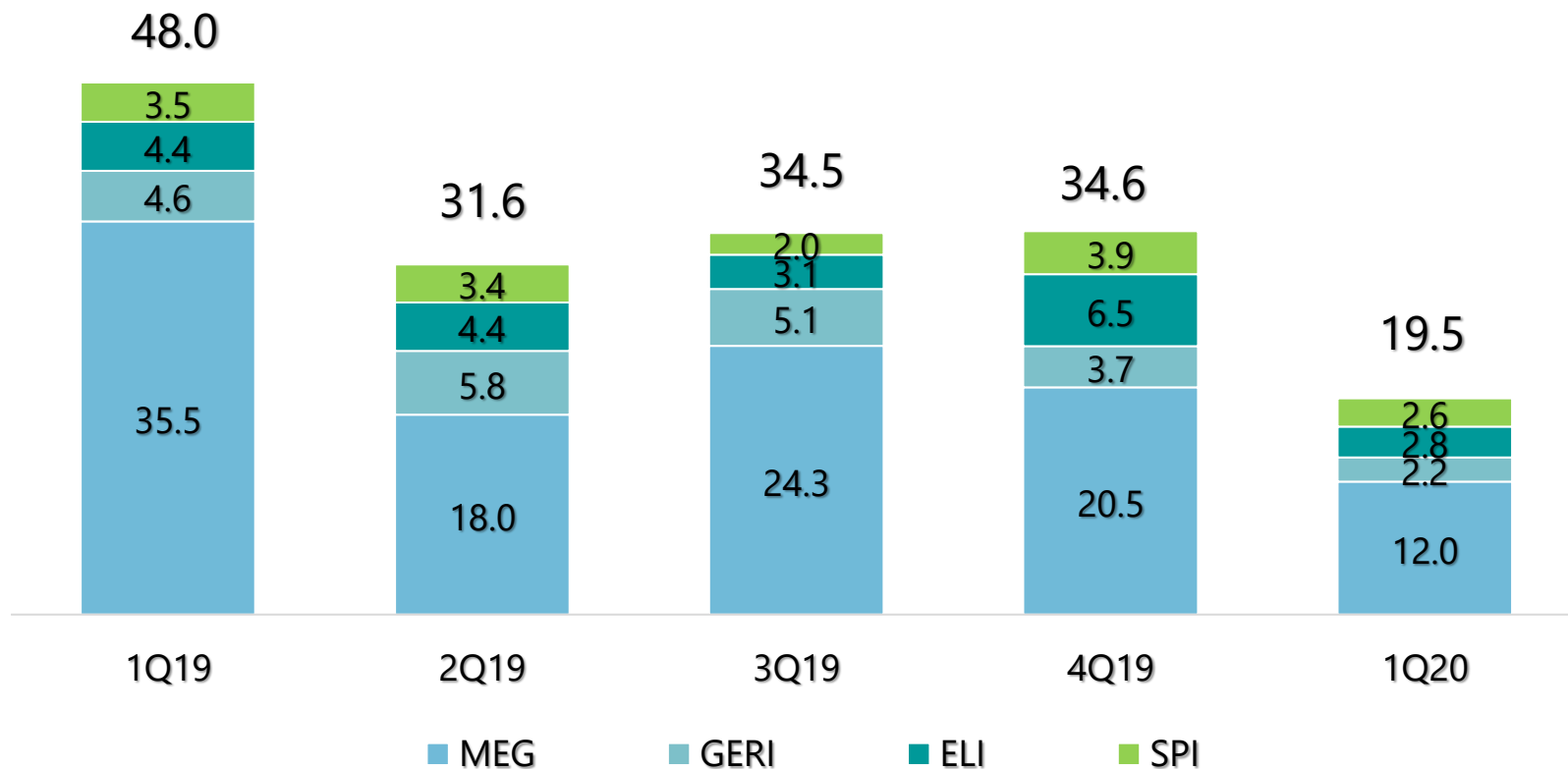
# 1Q2020 REAL ESTATE SALES MIX



## By Classification

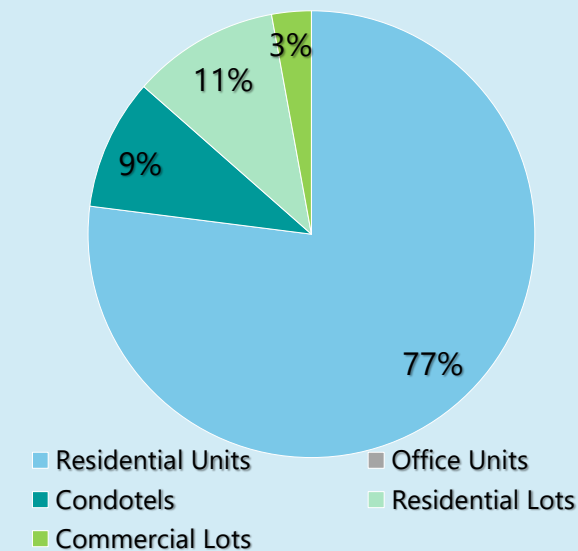


# RESERVATION SALES (Pbn)

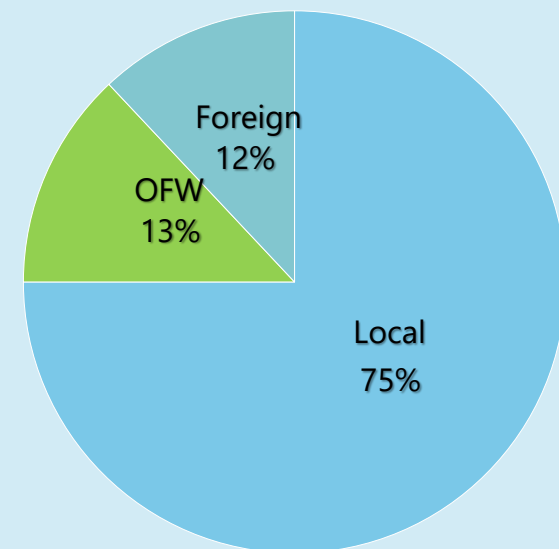


- Reservation sales weighed by Taal Volcano eruption (which affected sales in Southern Luzon) and uncertainty over COVID-19 pandemic (which affected consumer confidence)

## By Classification



## Buyer's Profile



# PROJECT LAUNCHES (Pbn)

PROJECT NAME	LOCATION	VALUE
<b>MEGAWORLD</b>		<b>1.0</b>
Bryant Parklane North Wing	The Capital Town	1.0
<b>EMPIRE-EAST</b>		<b>3.4</b>
Highland City – Arcadia T2	Highland City	3.4
<b>TOTAL</b>		<b>4.4</b>

Bryant Parklane - North Wing  
The Capital Town  
P1.0bn



Arcadia Tower 2  
Highland City  
P3.4bn





## MEGAWORLD RENTALS

**P4.2 bn**

RENTAL REVENUES

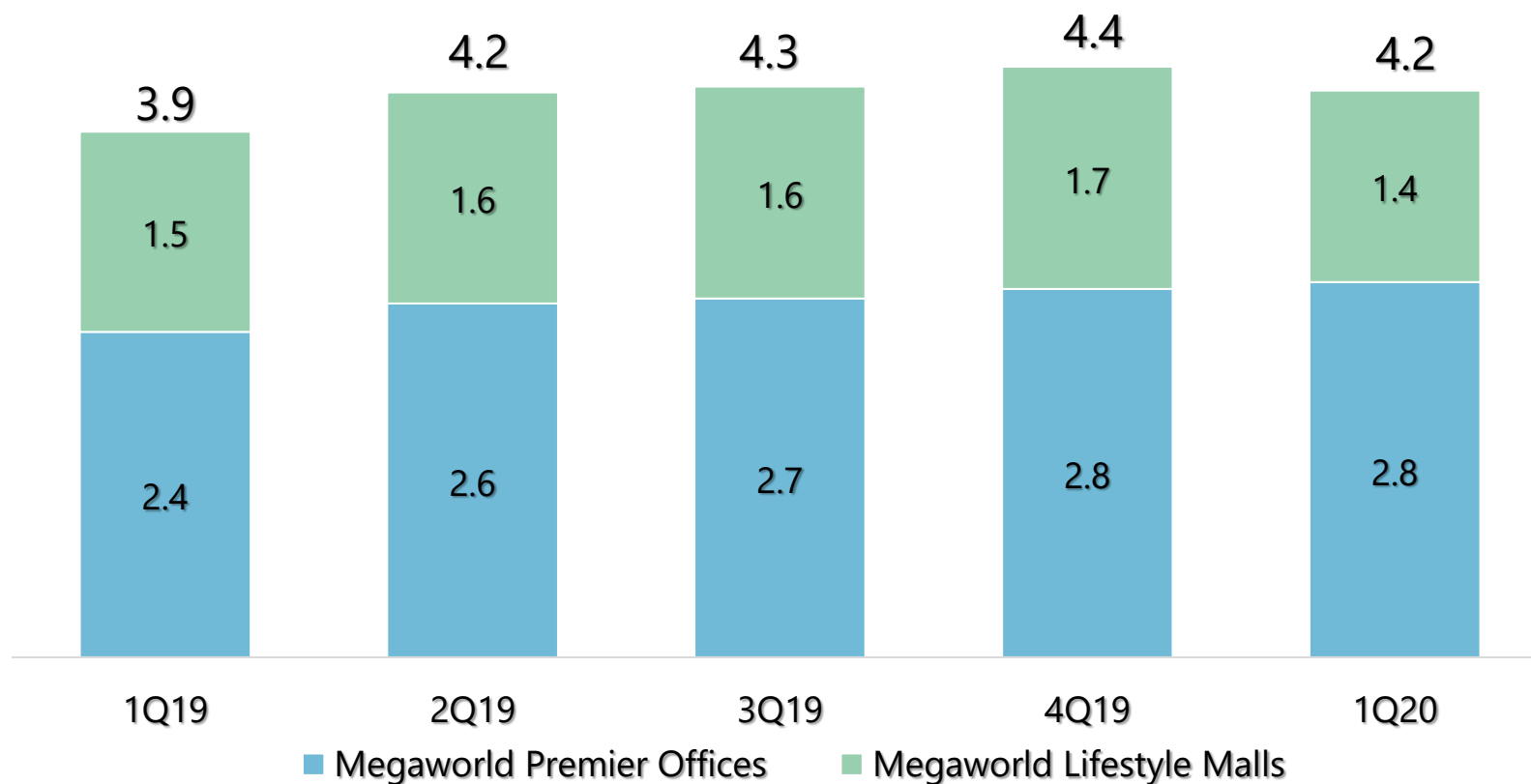
**P2.8 bn**

MEGAWORLD PREMIER  
OFFICES

**P1.4 bn**

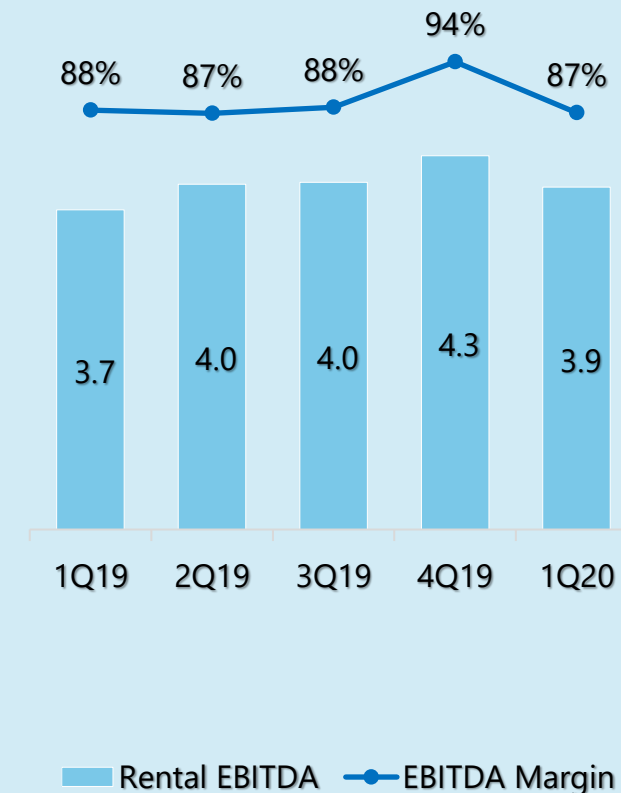
MEGAWORLD  
LIFESTYLE MALLS

# RENTAL INCOME (Pbn)

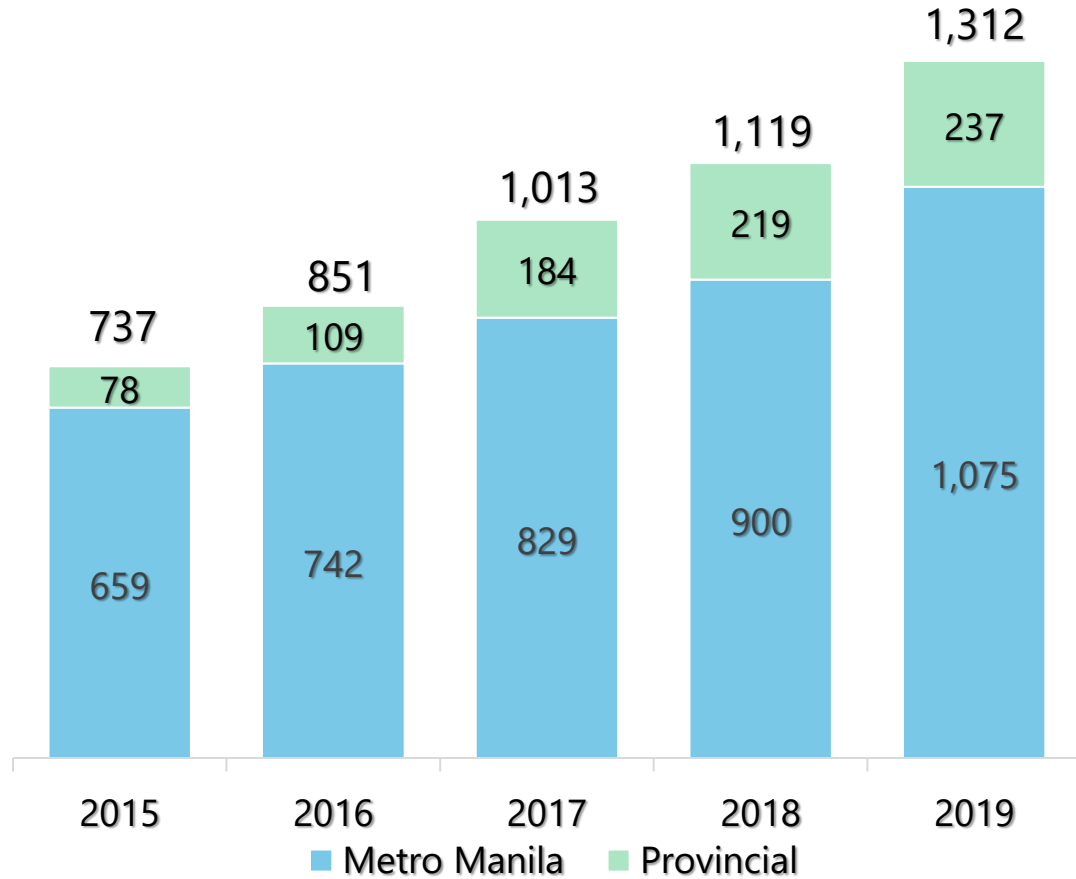


- Steady contribution from office segment mitigated weaker contribution of mall operations due to the initial impact of the pandemic

# RENTAL EBITDA & MARGIN

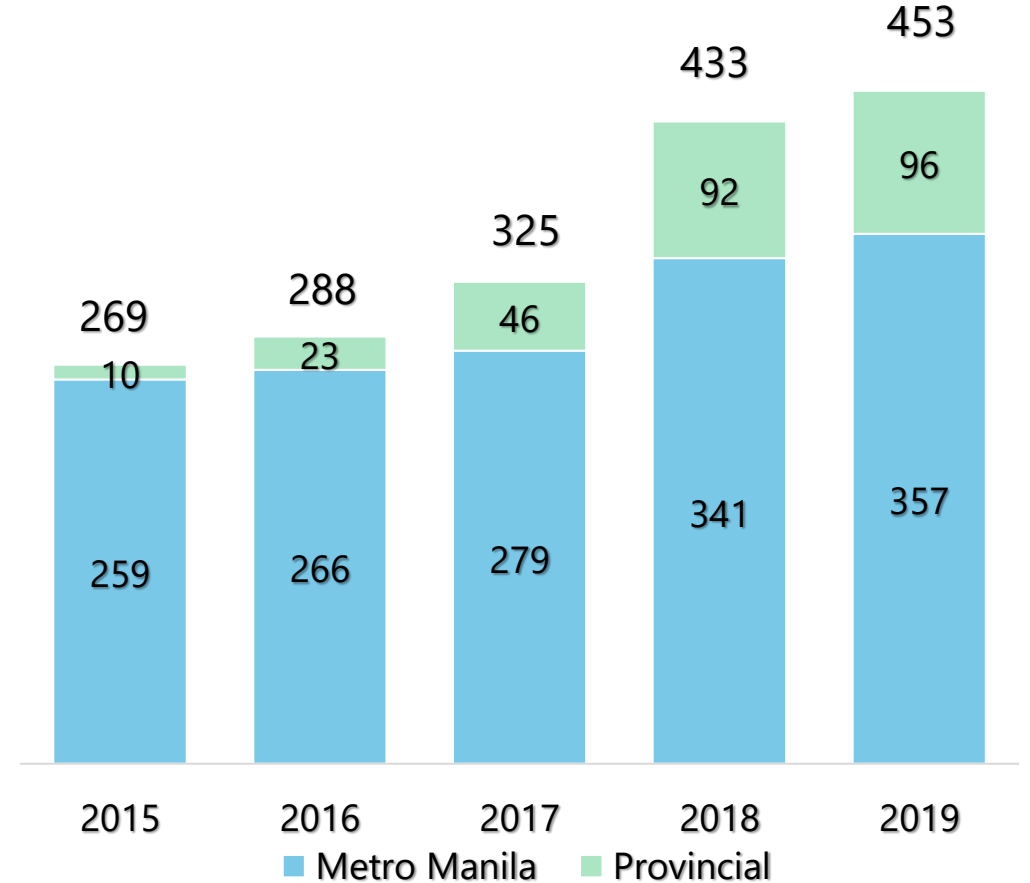


## MEGAWORLD PREMIER OFFICES



- Office occupancy level at 96%

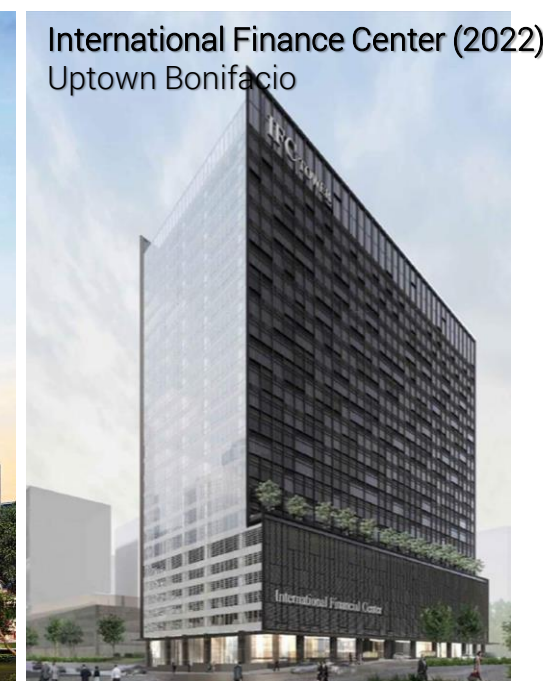
## MEGAWORLD LIFESTYLE MALLS



- Malls occupancy level at 90%

# MEGAWORLD PREMIER OFFICES

PROJECT	TOWNSHIP	GLA
<b>2020</b>		
Two Fintech Place	Iloilo Business Park	17,600
Worldwide Plaza	Uptown Bonifacio	69,200
One Fintech Tower	Westside City	17,500
Mactan World Museum	The Mactan Newtown	5,400
Total GLA		109,700 sqm
<b>2021</b>		
Enterprise 1 (IBP BPO 11)	Iloilo Business Park	36,700
Suntrust Finance Center	Westside City	20,800
1 Upper East Avenue	Upper East	8,600
Total GLA		66,100 sqm
<b>2022</b>		
International Finance Center	Uptown Bonifacio	69,000
Two McWest	McKinley West	54,400
Two Fintech Tower	Westside City	17,600
IBP BPO 10	Iloilo Business Park	39,000
Pasudeco Tower 1	Capital Town	9,000
TMN BPO 6	The Mactan Newtown	10,600
Lapu Lapu Civic Square	The Mactan Newtown	11,000
The Upper East BPO 2	Upper East	8,600
Total GLA		219, 200 sqm



# MEGAWORLD LIFESTYLE MALLS

PROJECT	TOWNSHIP
<b>2020</b>	
Lafayette	Iloilo Business Park
808 Building	Iloilo Business Park
World Commerce Plaza	Uptown Bonifacio
The View Deck	Arcovia City
One Legrand Tower	Mckinley West
Clock Tower	Davao Park District
Collonade	Davao Park District
Art Deco	Davao Park District
Uptown Palazzo	Uptown Bonifacio
<b>Total GLA</b>	<b>25,500 sqm</b>
<b>2021</b>	
Clark Cityfront	Clark, Pampanga
8 Sunset Blvd and One Fintech	Westside City
Clark Parking Square	Clark, Pampanga
Highland Skymall	Highland City
San Antonio Residences	Makati
Boracay Chancellor	Boracay Newcoast
The Pad	Shaw
Palladium	Iloilo Business Park
810 Building	Iloilo Business Park
<b>Total GLA</b>	<b>81,000 sqm</b>





MEGAWORLD  
HOTELS

**P551<sub>m</sub>**

HOTEL REVENUES

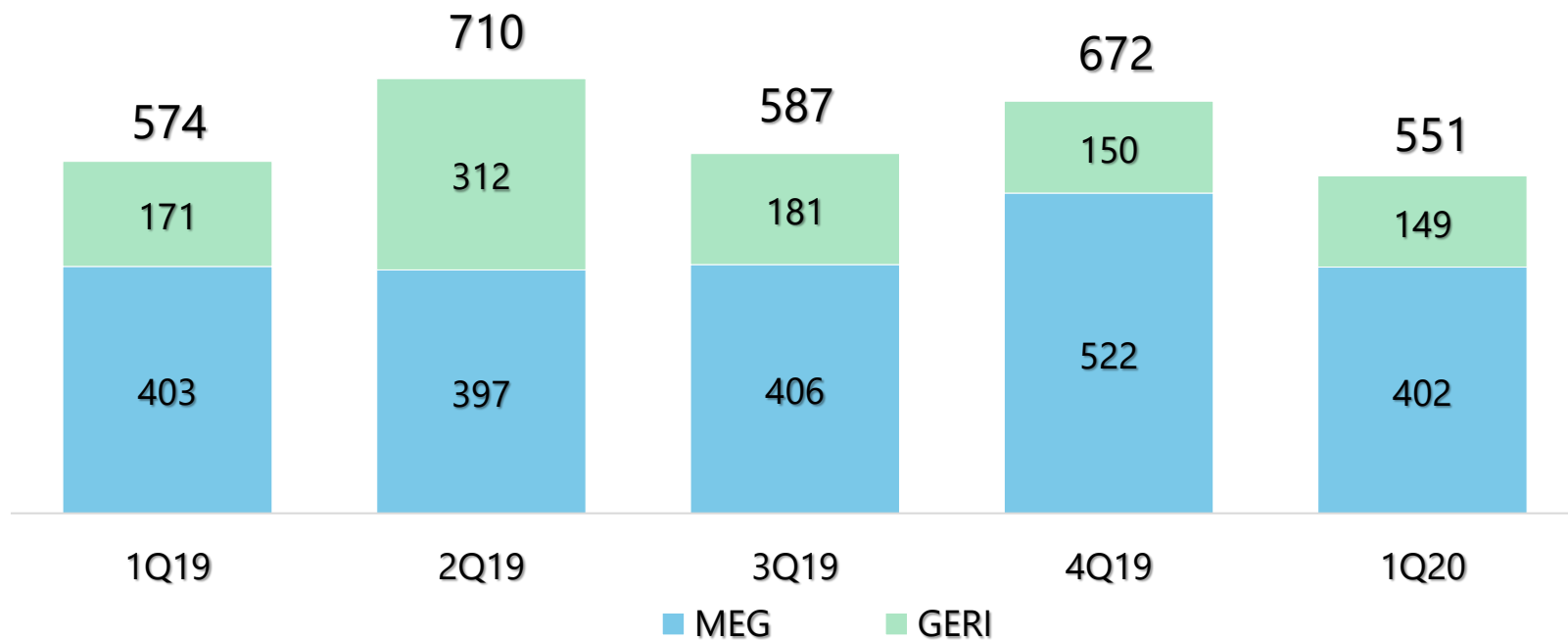
**P116<sub>m</sub>**

HOTEL EBITDA

**3,637**

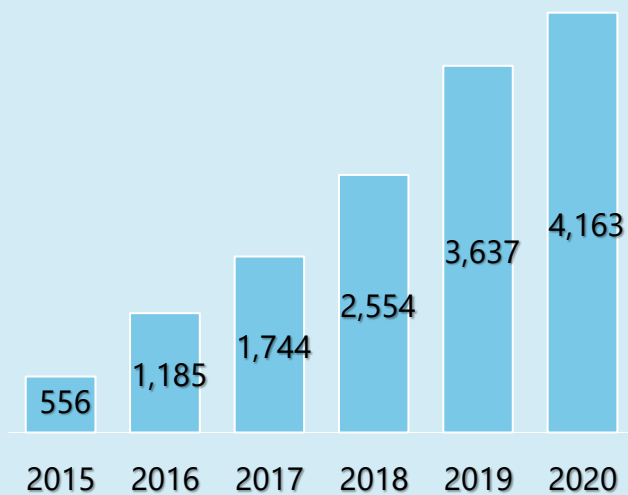
HOTEL ROOM COUNT

# HOTEL REVENUES (Pm)

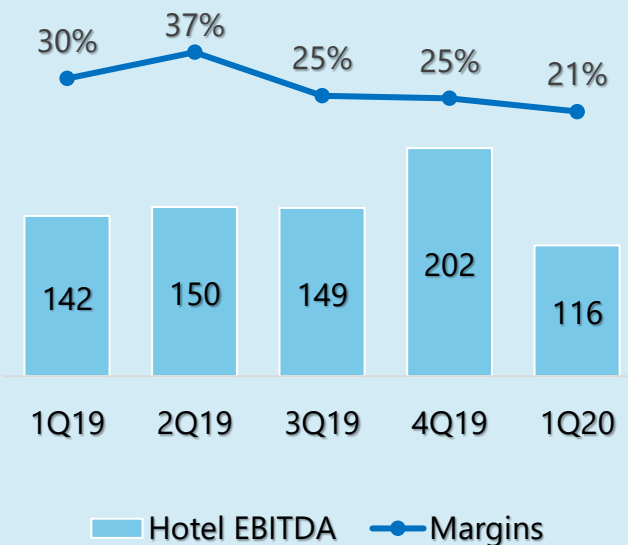


- Hotel occupancy dropped due to the imposition of travel restrictions resulting in the cancellation of room bookings and MICE activities

## Hotel Room Count

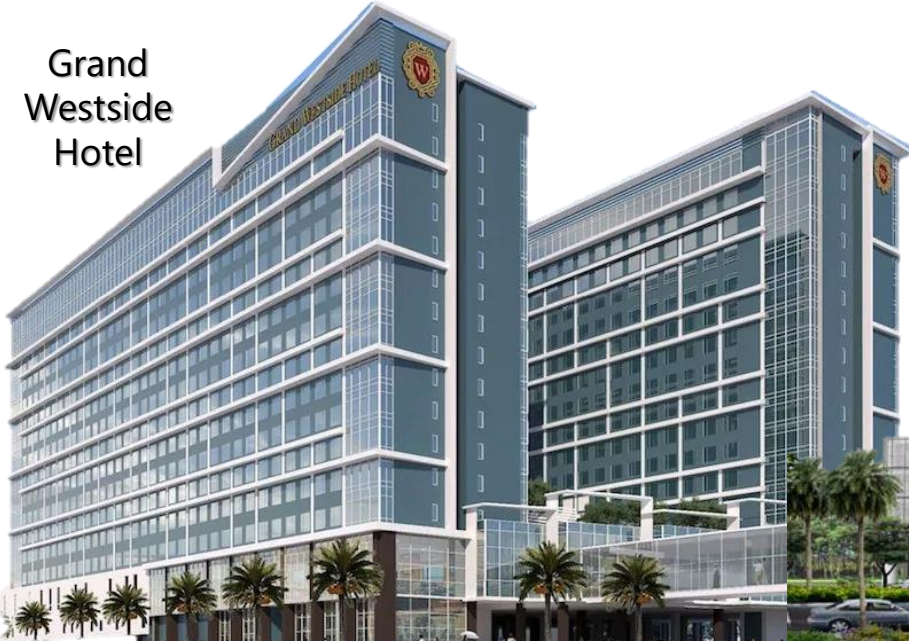


## EBITDA (Pm) & Margin



# MEGAWORLD HOTELS

HOTEL NAME	TOWNSHIP	ROOM KEYS
<b>2020</b>		
Kingsford Hotel	Westside City	526
<b>2021</b>		
Chancellor Hotel Boracay	Boracay Newcoast	554
<b>2022</b>		
Grand Westside Hotel	Westside City	1,530
Belmont Hotel Mactan	The Mactan Newtown	550
Total		2,080







## REAL ESTATE

### IMPACT

- Construction activities have been suspended and have slowly resumed on May 16 in selected areas
- Shift in market demand to lot sales and vacation homes
- Pause in new launches for this year as completions are at risk due to work stoppage on site

### INITIATIVES

- Maximize digital platforms in selling real estate projects to limit face to face engagements
- Strengthen value proposition through implementation of iTownship initiatives



## MEGAWORLD PREMIER OFFICES

### IMPACT

- Temporary closure of POGO operations but with no rental holiday.
- BPO offices remain operational while social distancing measures are implemented
- Increased demand for more office spaces in light of physical distancing requirements

### INITIATIVES

- Offered deferment of monthly rent without penalty until the end of the year.
- No rent concession provided
- Working closely with tenants to determine needs



## MEGAWORLD LIFESTYLE MALLS

### IMPACT

- Temporary mall closures with the exception of essential establishments
- Government-imposed travel restrictions resulted in decline in foot traffic
- Some retail partners started to reopen on June 15
- Mall are experiential: more F&B, essentials; less fashion

### INITIATIVES

- Implemented enhanced health, safety and sanitation protocols
- Providing customers with cashless and contact-less options for their purchases with designated pick up counters and drive thru stations
- Develop new channels to reach out to customers



## MEGAWORLD HOTELS

### IMPACT

- Occupancy dropped significantly due to travel restrictions and cancellation of bookings and MICE activities
- Most hotels have limited operations with in-city hotels utilized as lodging for BPOs and returning OFWs.

### INITIATIVES

- Launching E-Concierge, a mobile application that allows guests to have contactless interaction with hotel staff from check in to check out, including virtual ordering of food from various Food & Beverage outlets inside the hotels
- Working out new service packages for customers

# 2020 TARGETS



**P75 bn**  
RESERVATION SALES



**P4 bn**  
PROJECT LAUNCHES



**P36 bn**  
CAPEX BUDGET



**+110k**  
OFFICE GLA (SQM)



**+26k**  
RETAIL GLA (SQM)



**+526**  
HOTEL ROOM KEYS



# KEY TAKEAWAYS



The township model is the way of the future as convenience becomes a way of life. Best model in securing a community.

With cash preservation as a main objective, MEG has decided to reduce its overall capex to P36bn as it plans to finish only its ongoing projects.



MEG expects the BPO sector to continue to drive growth in office space. As the country's largest office landlord, MEG has the scale to take advantage of the expected surge in BPO office demand.

MEG has 4,300 hectares of developable land in prime locations. This is MEG's most valuable asset which will be difficult for most developers to replicate.



MEG's initiatives on digital transformation should strengthen its business moving forward.

MEG has the lowest financial gearing among the major listed property companies. This can give it more flexibility in terms of leveraging once business activity picks up.



ALLIANCE GLOBAL



# 1Q 2020

MEGAWORLD

# ANALYST BRIEFING

