



12 November 2015
PRESS STATEMENT

**Ayala posts ₱17.7 billion in 9-month earnings,
up 26% year-on-year; 3Q earnings up 72%**

The sustained earnings momentum of its telecommunications, real estate and banking units, including capital gains realized in the third quarter, drove Ayala Corporation's net earnings in the first nine months of the year to ₱17.7 billion, 26 percent higher than a year ago.

In the third quarter alone, Ayala registered a net income of ₱7.3 billion, representing a 72 percent increase year-on-year.

Excluding the capital gains primarily from the partial sale of AC Energy's stake in North Luzon Renewable Energy Corporation this year and the divestment of Stream Global Services in the previous year, Ayala's nine-month earnings recorded robust growth of 23 percent from a year ago.

This solid performance was underpinned by the strong double-digit growth in equity earnings contribution from Ayala's business units, which reached ₱21.4 billion, 14 percent higher than its year-ago level.

"Our growth trajectory remains strong as we continue to be optimistic about the overall domestic environment," Ayala President and Chief Operating Officer Fernando Zobel de Ayala said.

Real Estate

Ayala Land's net income for the first nine months of the year expanded 19 percent to ₱12.8 billion fueled by the sustained growth in residential development, office sales, and commercial leasing segments. Real estate revenues rose 10 percent to ₱70.2 billion.

Revenues from residential development grew 10 percent to ₱40 billion on higher bookings and project completion, while new launches boosted office sales to ₱4.0 billion, 57 percent higher year-on-year. Residential sales reached ₱82.9 billion as of September 2015.

In commercial leasing, higher occupancy and average rental rates drove the 12 percent increase in shopping center revenues to ₱9.2 billion and the 18 percent improvement in office revenues to ₱3.7 billion. Hotels and resorts revenues posted a 7 percent increase to ₱4.3 billion.

The strong performance of its commercial leasing segment supported Ayala Land's continued buildup of its recurring income business which contributed 46 percent of its net income during the period.

Ayala Land launched various residential, office for sale and leasing projects amounting to ₱97.9 billion during the period.

Banking

Bank of the Philippine Islands registered a net income of ₱13.8 billion, 8 percent higher than the previous year as its core banking business continues to grow at a healthy pace. Total revenues expanded 9 percent

to ₱44.1 billion in the first nine months of the year, driven by net interest income and non-interest income, which expanded by ₱3 billion and ₱683 million, respectively. Comprehensive income rose 12.3 percent to ₱13.3 billion.

BPI's operating expenses reached ₱22.9 billion, 6.7 percent higher than the previous year. This translated to an improved cost-to-income ratio of 51.9 percent from the previous year's 53.1 percent.

The bank's total loan portfolio expanded 11.2 percent, reaching ₱780 billion during the period. Corporate loans accounted for 76.6 percent, while retail loans comprised 23.4 percent of BPI's lending portfolio. Total deposits expanded 13.3 percent to ₱1.2 trillion, while total assets rose 8.8 percent to ₱1.4 trillion from their year-ago levels.

The bank recorded a capital adequacy ratio of 14.9 percent compared to the 15.7 percent registered a year ago.

Telecom

Globe Telecom sustained its solid performance in the first nine months of the year, recording a net income of ₱14.1 billion, 34 percent higher year-on-year. This was driven by strong growth in service revenues, which expanded 15 percent to ₱83.4 billion, buoyed by robust demand for data services across mobile, broadband, and fixed line segments. The ₱1.2 billion gain from the sale of its 51 percent stake in Yondu Inc. boosted Globe's earnings during the period. Excluding one-time gains this year and the impact of accelerated depreciation in 2014, Globe's core net income for the nine-month period grew 10 percent from a year ago. Demand for data services continued to drive Globe's strong revenue growth. Mobile browsing revenues jumped 48 percent to ₱15.1 billion, while broadband revenues increased 37 percent to ₱12.4 billion. Revenues from fixed line data surged 37 percent to ₱5.5 billion.

Globe's mobile subscribers increased 17 percent to 50.1 million, surpassing the 50 million mark for the first time in the company's history, while its broadband subscribers surged 57 percent to nearly 4 million.

Following the conversion of debt and acquisition of equity from existing shareholders last July, Globe now owns 98.6 percent of Bayan's equity. Since then, Globe and Bayan jointly filed for the latter's exit from financial rehabilitation. Globe's acquisition of Bayan presents synergy opportunities, including the nearly ₱1.4 billion in both one-time and annual recurring savings from one-time capex avoidance, recurring operational expense savings, and cross-selling and up-selling of Globe and Bayan products.

Water Utilities

Manila Water recorded net earnings of ₱4.6 billion in the first nine months of the year, growing 1 percent from the same period last year. In the third quarter alone, its net income expanded 13 percent year-on-year to ₱1.6 billion on continued growth of the East Zone concession and higher contribution of its other businesses. Manila Water's businesses outside the East Zone grew 3 percent, accounting for 12 percent of its consolidated net income.

Total billed volume rose 2 percent. In the East Zone alone, billed volume also grew 2 percent, while the combined billed volume of Manila Water's local subsidiaries which includes Laguna Water, Boracay Water, Clark Water, and Cebu Manila Water, expanded 31 percent during the period.

Manila Water continues to expand its presence outside Metro Manila. Recently, through a subsidiary, it signed an agreement to operate the water supply system in Cu Chi District in Vietnam. It also entered into an agreement for a demonstration project to reduce non-revenue water in Bandung City, Indonesia.

Electronics Manufacturing

Integrated Micro-Electronics Inc. posted a net income of \$22 million in the first nine months of the year, up 5 percent year-on-year on the back of operational efficiency improvements combined with the expansion of its automotive programs.

IMI's revenues declined 4 percent to \$621 million owing to weakness in Euro coupled with a weak China economy which impacted its computing and consumer segments.

IMI's Europe and Mexico operations recorded combined revenues of \$204 million for the nine-month period, a 1 percent growth year-on-year as the robust automotive growth was offset by the effect of currency weakness. Revenues from its electronics manufacturing services unit the Philippines was steady at \$168.5 million, while its China operations declined 13 percent to \$214.3 million as the country's 4G rollout reached its projected volume and as the weaker economy adversely affected the consumer electronics customers.

Power Generation and Transport Infrastructure

AC Energy Holdings registered a net income of ₱1.6 billion in the first nine months of the year as its power generation assets achieved more efficient operating levels, and as it realized a gain from the partial sale of its stake in North Luzon Renewable Energy Corporation, an 81-megawatt wind farm in Ilocos Norte.

AC Energy continues to expand its renewable energy portfolio. It recently entered into a partnership agreement with Bronzeoak Clean Energy Inc. for the development, construction and operation of a ₱1.3 billion-solar power farm in Bais City, Negros Oriental. The solar power farm will have a capacity of approximately 18 megawatts in the first phase with target completion in March 2016. The second phase involves the expansion of the solar power farm to up to 50 megawatts.

In transport infrastructure, AC Infrastructure continued to move forward with its public-private partnership projects. AC Infra, through Light Rail Manila Corporation, the concessionaire for the operations, maintenance and extension of LRT 1, took over the operations of the LRT Line 1 last September and has begun to introduce station rehabilitation and improvements. Its toll road, the Muntinlupa Cavite Expressway, has likewise started full commercial operations last July and has steadily ramped up traffic, while its automated fare collection systems project under AF Payments, Inc. has completed the roll out of its Beep cards on LRT lines 1 and 2 and MRT 3 with take-up hitting past the 1 million mark.

Balance Sheet

Ayala maintains a healthy balance sheet. Consolidated net debt to equity ratio stood at 0.53 to 1 as of September 30, 2015. Parent company cash reached ₱43.3 billion, putting its net debt to equity ratio at 0.41 to 1 and 0.21 to 1, if including its share from the undistributed earnings from its investee companies.

END

XX AYALA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousand Pesos)

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	71,539,622	90,769,525
Short-term investments	12,269,386	1,102,703
Accounts and notes receivable	91,223,975	72,710,512
Inventories	69,821,294	54,962,164
Other current assets	33,287,008	35,156,558
Total Current Assets	278,141,285	254,701,462
Noncurrent Assets		
Noncurrent accounts and notes receivable	38,998,365	32,006,450
Investment in bonds and other securities	3,250,358	3,432,215
Land and improvements	80,747,374	79,959,887
Investments in associates and joint ventures	155,920,335	152,764,854
Investment properties	81,034,453	71,324,245
Property, plant and equipment	34,596,226	27,953,145
Service concession assets	76,450,761	74,836,633
Intangible assets	3,695,396	4,183,464
Deferred tax assets - net	8,729,010	8,055,020
Pension and other noncurrent assets	23,092,743	16,830,401
Total Noncurrent Assets	506,515,021	471,346,314
Total Assets	784,656,306	726,047,776
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	144,568,678	126,101,836
Short-term debt	14,365,637	21,084,269
Income tax payable	1,825,587	1,340,269
Current portion of:		
Long-term debt	32,815,803	10,761,443
Service concession obligation	1,190,325	1,019,515
Other current liabilities	5,160,824	9,452,281
Total Current Liabilities	199,926,854	169,759,613
Noncurrent Liabilities		
Long-term debt - net of current portion	216,674,039	226,999,015
Service concession obligation - net of current portion	7,902,815	7,859,153
Deferred tax liabilities - net	6,454,882	6,742,633
Pension liabilities - net	1,977,991	2,179,966
Other noncurrent liabilities	26,330,815	25,640,911
Total Noncurrent Liabilities	259,340,542	269,421,678
Total Liabilities	459,267,396	439,181,291
Equity		
Equity attributable to owners of the parent		
Paid-in capital	73,885,101	73,571,505
Share-based payments	332,055	377,376
Remeasurement gains/(losses) on defined benefit plans	(1,005,572)	(1,005,572)
Net unrealized gain (loss) on available-for-sale financial assets	(276,107)	(7,211)
Cumulative translation adjustments	(185,294)	(603,765)
Equity reserve	11,752,613	7,478,259
Equity - conversion option	1,113,745	1,113,745
Retained earnings	122,958,600	107,039,814
Treasury stock	(2,300,000)	(2,300,000)
	206,275,141	185,664,151
Non-controlling interests	119,113,769	101,202,334
Total Equity	325,388,910	286,866,485
Total Liabilities and Equity	784,656,306	726,047,776

XX AYALA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousand Pesos, except earnings per share)

	September 30, 2015 (Unaudited)	September 30, 2014 (Unaudited)
INCOME		
Sale of goods	85,179,617	77,228,841
Rendering of services	39,991,743	37,229,487
Share of profit of associates and joint ventures	11,476,080	10,274,322
Interest income	5,262,215	3,947,804
Other income	6,680,363	5,776,611
	148,590,018	134,457,065
COSTS AND EXPENSES		
Costs of sales	66,718,054	60,625,710
Costs of rendering services	21,724,265	21,010,084
General and administrative	12,428,976	11,371,610
Interest and other financing charges	9,287,358	8,997,396
Other charges	2,608,572	2,352,886
	112,767,225	104,357,686
INCOME BEFORE INCOME TAX	35,822,793	30,099,379
PROVISION FOR INCOME TAX		
Current	7,122,376	6,220,232
Deferred	(511,321)	(418,152)
	6,611,055	5,802,080
NET INCOME	29,211,738	24,297,299
Net Income Attributable to:		
Owners of the parent	17,703,237	14,052,998
Non-controlling interests	11,508,501	10,244,301
	29,211,738	24,297,299
EARNINGS PER SHARE		
Basic	27.02	22.76
Diluted	26.64	22.62