



December 5, 2018

Securities and Exchange Commission
SEC Building, Mandaluyong City

Attention: **Director Vicente Graciano P. Felizmenio, Jr.**
Director, Markets and Securities Regulation Department

The Philippine Stock Exchange, Inc.
3/F Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue, Makati City 1226

Attention: **Ms. Janet A. Encarnacion**
Head, Disclosure Department

Philippine Dealing and Exchange Corporation
37/F Tower 1, The Enterprise Center
6766 Ayala Avenue corner Paseo de Roxas, Makati City 1226

Attention: **Ms. Vina Vanessa S. Salonga**
Head, Issuer Compliance and Disclosure Department

Mesdames/Gentlemen:

Please be informed that AC Industrial Technology Holdings, Inc. (AC Industrials), a wholly-owned subsidiary of Ayala Corporation (AC), has signed a Distributorship Agreement with Kia Motors Corporation (KMC) to distribute the Kia brand in the Philippines. To undertake this new business and re-establish the Kia brand in the Philippines, a joint venture company, with AC Industrials as majority stockholder, will be established in collaboration with the previous distributor, Columbian Autocar Corporation (CAC). A comprehensive transition is currently ongoing in line with a targeted relaunch under AC Industrials by January 2019.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'Jose Teodoro K. Limcaoco'.

Jose Teodoro K. Limcaoco
Chief Finance Officer

5 December 2018

AC Industrials signs agreement to distribute Kia in the Philippines

AC Industrial Technology Holdings, Inc. (AC Industrials), a wholly-owned subsidiary of Ayala Corporation (AC), has signed a Distributorship Agreement with Kia Motors Corporation (KMC) to distribute the Kia brand in the Philippines. To undertake this new business and re-establish the Kia brand in the Philippines, a joint venture company, with AC Industrials as majority stockholder, will be established in collaboration with the previous distributor, Columbian Autocar Corporation (CAC). A comprehensive transition is currently ongoing in line with a targeted relaunch under AC Industrials by January 2019.

KMC is a global automobile manufacturer, established in 1944 and an affiliate of the Hyundai Motor Group since 1998. KMC sold 2.76 million vehicles in 2017 in 185 countries through 24 sales offices and over 6,000 dealers. Collectively, the Hyundai-Kia group is the world's third-largest automotive manufacturer, producing 7.25 million vehicles in 2017.

Ayala Corporation Chairman and CEO Jaime Augusto Zobel de Ayala noted, "We are very excited to partner with Kia Motors in re-introducing the Kia brand to the Philippine market. With Kia's dominant position globally, this partnership will undoubtedly boost AC Industrials' automotive portfolio and enhance its position in the domestic automotive space."

Recognizing that the industry's current megatrends – shared mobility, autonomous driving, vehicle connectivity and safety, and alternative energy – will dramatically reshape the way we own and use cars, AC Industrials is working to assemble a portfolio of automotive products and solutions that provide Filipinos what they need today while preparing to deliver what they will want in the future.

For his part, AC Industrials Group President and CEO Arthur R. Tan said, "We are delighted to welcome Kia to the growing AC Industrials family. The Kia brand is well-recognized by Filipinos and offers competitive, technologically advanced vehicles in many key market segments. As domestic automotive tastes rapidly evolve alongside the sector itself, AC Industrials, in partnership with Kia, is well-positioned to capitalize on this disruption and evolution and advance its strategic objective of becoming a leading player in the Philippine vehicle industry."

In a joint statement, Mr. Ho-Sung Song, Executive Vice President and Chief Operating Officer at KMC HQ in Seoul, South Korea, and Mr. Steve (S.Y) Lee, President of Kia Motors Asia Regional HQ based in Kuala Lumpur, Malaysia, said, "We are pleased to enter into a strategic partnership with the Ayala group, with its excellent reputation and deep market knowledge, to accelerate the growth of Kia in the Philippines. Together we will offer a refreshed, competitive model lineup and an outstanding sales and service experience. We also look forward to gradually bringing to the Filipino market many of the disruptive technologies now reshaping the future of the automotive industry."

Kia will be the sixth brand under the stewardship of AC Automotive, AC Industrials' vehicle distribution and dealership unit. AC Automotive currently distributes Volkswagen and KTM in the Philippines and is the country's leading dealership group for both the Honda and Isuzu brands. Across all four marques, AC Automotive oversees and operates a nationwide network of 27 company-owned and 30 third-party-owned dealerships. In September 2018, AC Automotive also formalized a partnership with SAIC, China's largest automaker, to distribute the Maxus commercial vehicle brand beginning in 2019.

About AC Industrials

AC Industrials invests in and operates Ayala's businesses in industrial technology. With three major business lines – global manufacturing, enabling technologies, and automotive distribution and retail – AC Industrials seeks to develop, commercialize, and scale up an integrated portfolio of businesses across the mobility, connectivity, and smart energy spaces. The company was founded and continues to be built on the collective strengths of Integrated Micro-Electronics, Inc., a pioneering manufacturer in the Philippines and the fifth-ranked (based on revenues) automotive EMS provider worldwide, and AC Automotive, the country's largest multi-brand vehicle distribution and dealership group.