



15 April 2016

**SECURITIES AND EXCHANGE COMMISSION**

Attention: DIRECTOR VICENTE GRACIANO P. FELIZMENIO, JR.  
Director, Markets & Securities Regulation Department

**THE PHILIPPINE STOCK EXCHANGE, INC.**

Attention: JANET A. ENCARNACION  
Head, Disclosure Department

**PHILIPPINE DEALING & EXCHANGE CORPORATION**

Attention: Ms. VINA VANESSA S. SALONGA  
Head, Issuer Compliance and Disclosure Department

**Gentlemen/Mesdames:**

Please be informed that leading European motorcycle manufacturer KTM AG (KTM) has appointed Ayala Automotive Holdings Corporation (Ayala Automotive), a wholly owned subsidiary of Ayala Corporation, as the exclusive distributor of KTM motorcycle models in the Philippines.

In addition, Ayala Automotive signed a shareholders' agreement with KTM to establish a joint venture company in the Philippines that will develop, construct, own, and operate a manufacturing facility for motorcycle models under the KTM brand with an estimated annual production capacity of 20,000 units. The operation of the facility will be subcontracted to Integrated Micro-Electronics Inc. (IMI), a subsidiary of Ayala Corporation. A significant portion of the output will be exported to China, which has one of the largest motorcycle markets in the world and subsequently, to the Southeast Asian region.

KTM is the largest European motorcycle manufacturer with current annual global sales of 183,170 units, with in 9.6% market share in Europe and 6.2% market share in North America. KTM produces its vehicles with several partners in different countries which are sold all over the world.

This transaction deepens Ayala's foray into vehicle assembly as it strengthens its investments in manufacturing. It aims to capture the opportunities presented by the potential revival of Philippine manufacturing and disruption in the global automotive space.

In the past couple of years, IMI has aggressively grown its high-value automotive portfolio. Today, IMI is one of the top 20 electronics manufacturing services in the world - the only Philippine company that made it to the distinguished list of Manufacturing Market Insider - and in the top 7 among automotive EMS suppliers.

Moreover, Ayala Automotive has grown to be one of the largest dealership networks in the Philippines. It currently holds three brands – Honda, Isuzu, and Volkswagen.

Very truly yours,

A handwritten signature in dark ink, appearing to be 'PFB' followed by a horizontal line.

**PAOLO F. BORROMEO**

Group Head, Corporate Strategy and Development