

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATIONS CODE (SRC) AND SRC RULE 17(a)-1(b)(3) THEREUNDER

1. **March 10, 2015**
Date of Report (Date of earliest event reported)
2. **34218**
SEC Identification Number
3. **000-153-610-000**
BIR Tax Identification Number
4. **AYALA CORPORATION**
Exact Name of registrant as specified in its charter
5. **PHILIPPINES**
Province, country or other jurisdiction of incorporation
6.  (SEC Use Only)
Industry Classification Code
7. **34/F, Tower One, Ayala Triangle, Ayala Avenue, Makati City**
Address of principal office
8. **1226**
Postal code
8. **02-908-3000**
Registrant's telephone number, including area code
9. **N.A.**
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 4 and 8 of the SRC

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON SHARES	619,436,152
PREFERRED B SERIES 1 SHARES	20,000,000
PREFERRED B SERIES 2 SHARES	27,000,000
VOTING PREFERRED SHARES	200,000,000

Indicate the item numbers reported herein : **Please refer to attached press statement.**

Re: **PRESS STATEMENT: AYALA'S NET INCOME JUMPS 46% TO P18.6 BILLION IN 2014**

Pursuant to the requirements of the Securities Regulations Code, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date : **March 10, 2015**

AYALA CORPORATION
Registrant

PAOLO F. BORROMEEO
Group Head, Corporate Strategy and
Development



10 March 2015
PRESS STATEMENT

Ayala's net income jumps 46% to ₱18.6 billion in 2014

Ayala Corporation's net income expanded 46 percent in 2014 to ₱18.6 billion primarily driven by the solid performance of its real estate, telecom and electronics manufacturing units and boosted by a net gain from the sale of its business process outsourcing asset.

Without the impact of the accelerated depreciation from its telecom unit's network transformation initiative in the previous year, Ayala's core net income actually grew 25 percent in 2014. Ayala's profits have been growing above 20 percent for the past three years.

Ayala's robust earnings performance was a result of the strong equity earnings contribution from its business units, which reached ₱24.9 billion, a 42 percent-jump from its level a year ago. This was bolstered by equity earnings from Ayala Land Inc. which rose 28 percent and the significant improvement in the contributions of Globe Telecom Inc., which more than doubled, and Integrated Micro-Electronics Inc., which expanded threefold. In addition, the P1.8 billion net divestment gain from Stream Global Services Inc. boosted Ayala's equity earnings during the year.

The strong equity earnings from these business units counterbalanced the relatively flat contribution from the Bank of the Philippine Islands, which registered lower trading income during the year.

"We are very pleased with the performance of our business units as they continue to benefit from the aggressive growth strategy they executed a few years ago. This has, in turn, allowed us to optimize earnings and value at the parent level. We continued to invest in new areas of growth, particularly in power generation and transport infrastructure. As our business units sustain their growth momentum and the overall business environment continues to be encouraging, we are optimistic we can achieve our net income target of ₱20 billion this year, a year ahead of the plan," Ayala President and Chief Operating Officer Fernando Zobel de Ayala said.

Real Estate

As the positive momentum in the real estate sector continued, Ayala Land's net income expanded 26 percent to ₱14.8 billion year-on-year. The robust performance of its property development and commercial leasing operations, which rose 21 percent and 18 percent, respectively, fuelled the 18 percent-growth in Ayala Land's real estate revenues to ₱93 billion. Residential revenues reached ₱55.9 billion, up 26 percent from a year ago on new bookings and completion of existing residential projects. Residential sales takeup remained strong, hitting an all-time high of ₱102 billion, 11 percent higher year-on-year. Sales from overseas Filipinos likewise improved as it now comprise 24 percent of Ayala Land's residential bookings, which grew 13 percent to ₱76.7 billion. The sale of office spaces in Bonifacio Global City and Cebu likewise fuelled Ayala Land's real estate revenues in 2014.

The opening of new gross leasable areas, full year operations of new shopping centers and offices combined with higher occupancy and average rent bolstered the 18 percent growth in Ayala Land's commercial leasing revenues to ₱21 billion. This was further lifted by its growing hotels and resorts portfolio, which jumped 40 percent to ₱5.6 billion year-on-year. Ayala Land continued to build up its recurring income business, with malls, office, hotels and resorts and property development and construction, accounting for 38 percent of its net income in 2014.

Its capital spending in 2014 reached a record ₱83.3 billion, primarily spent in project completion and land acquisitions.

Telecom

Globe Telecom posted another record net income, which more than doubled to ₱13.4 billion year-on-year buoyed by robust revenue growth from sustained demand for data connectivity across the mobile, broadband and fixed line businesses and the tapering of depreciation charges from its network transformation initiative. The solid revenue growth, which balanced out the subsidy and operating expenses, drove the 8 percent increase in Globe's earnings before interest taxes depreciation and amortization (EBITDA) to ₱39.3 billion.

Mobile revenues, which account for 79 percent of consolidated revenues, grew 7 percent to ₱78.1 billion, propelled by growth in the postpaid and mass market TM brands. Globe's postpaid revenues continued to improve at ₱29.9 billion, up 11 percent from the previous year. Despite yield pressures on multi-SIM incidence and value-based bucket offers, its prepaid revenues improved 5 percent to ₱48.2 billion. Total mobile subscriber base stood at 44 million in 2014, a 14 percent-growth from its year-ago level.

Globe's broadband business registered a 22 percent growth to ₱12.7 billion as it continued to launch affordable products and competitive tablet bundles. Globe's broadband subscriber base reached 2.8 million in 2014, a 37 percent increase from the previous year. Similarly, Globe's fixed line revenues reported improvement with data and voice segments reporting a 17 percent and 7 percent, respectively.

Globe believes that despite a highly competitive market, it can maintain its revenue momentum and current overall EBITDA margin level, given (1) the inroads the company has built in establishing a track record in the data space; (2) the pipeline of programs and offers, built on the back of the portfolio of partnerships with key content providers; and, (3) the additional capacities Globe has in place coming from continued investments in its data network.

Water Infrastructure

Manila Water ended 2014 at a steady pace, registering a one percent growth in consolidated net income to ₱5.8 billion primarily driven by improved billed volume and higher contribution from new businesses.

Notwithstanding the absence of a tariff adjustment, the East Zone concession posted profits of ₱5.1 billion on the back of a 4 percent growth in billed volume owing to a modest increase in service connections. Manila Water sustained its nonrevenue water (NRW) in the East Zone at 11.3 percent.

Manila Water's operating units outside the East Zone concession sustained solid growth in billed volume. Laguna Water registered a 52 percent jump in profits to ₱164 million following the acquisition of the water reticulation system of Laguna Technopark Inc in January 2014 and new service connections. Boracay Water and Clark Water both posted double-digit growth, expanding 32 percent and 17 percent, respectively. Manila Water's Vietnam-based associates, Thu Duc Water, Kenh Dong Water and Saigon Water Infrastructure Corporation, contributed a total of ₱357 million in earnings. Manila Water's new businesses accounted for 11 percent of its net income in 2014.

Through a subsidiary, Manila Water delivered its first batch of water to the Metro Cebu Water District in January 2015 under the Cebu bulk water project. It provides 18 million liters per day (mld) in the first year and 35 mld of water in the succeeding years to Cebu City.

Results of the arbitration proceedings related to the rate rebasing process in the East Zone are still pending. A resolution is expected by the end of the first quarter of 2015.

International

Integrated Micro-Electronics Inc. (IMI) recorded solid growth in 2014 with net income soaring nearly threefold to \$29.1 million from its year-ago level. Revenue growth was robust, up by 13 percent, to \$844.5 million, outpacing the global electronics manufacturing services, which posted around 6 percent growth. Strong demand from the telecom, automotive and storage device markets helped lift IMI's revenues in 2014.

IMI successfully completed its follow-on offering in December 2014. It listed 215 million common shares, raising ₱1.6 billion in proceeds and increasing its public float level to 19 percent.

In business process outsourcing, Livelt Investments Ltd. reported significant net income, mainly attributable to the divestment of Stream, which resulted in a ₱1.8 billion net gain for Ayala.

Banking

The strong performance of these businesses balanced out the decline in the net income of Bank of the Philippine Islands (BPI). BPI reported a net income of ₱18 billion in 2014, a 4 percent decline from the previous year. This was largely due to a 5 percent decline in non-interest income as a result of a sharp contraction in trading gains compared to the previous year as the bank reduced its reliance on securities trading.

The bank's core lending business, however, continued to drive growth with net interest income growing 15 percent to ₱34.8 billion. Net loans expanded 27 percent to ₱800 billion year-on-year. Deposits jumped 19 percent from a year ago to ₱1.2 trillion. The bank registered a current and savings account ratio of 69 percent.

BPI's operating expenses rose 12 percent attributed to the bank's investment in infrastructure and technology as it positions itself for future growth. Cost-to-income ratio stood at 53.7 percent in 2014.

Despite the increase in its loan portfolio, the bank maintained strong asset quality and remained well capitalized in 2014 with gross 90-day non-performing loans (NPL) level dropping to 1.5 percent of total loans in the fourth quarter of 2014 from 1.78 percent the previous quarter. BPI's reserve levels also improved to 109.3 percent of NPLs in the fourth quarter of 2014 from 107 percent the previous quarter. Equity capital stood at ₱144 billion, resulting in BASEL III capital adequacy ratio of 14.2 percent in 2014.

Power Generation and Transport Infrastructure

Ayala continued to ramp up its power generation and transport infrastructure units in 2014. In power, Ayala assembled 700 megawatts of attributable capacity in both conventional and renewable power generating assets. This translates to over \$700 million in equity committed over the past three years in the power sector, underscoring the conglomerate's commitment to help augment the country's power requirements which is vital to sustaining economic growth.

In transport infrastructure, Ayala was awarded two public-private partnership projects (PPP) in 2014 together with various strategic partners. The consortium comprising the Ayala and First Pacific groups won the Automated Fare Collection System project as well as the LRT 1 Cavite Extension project together with the Metro Pacific and Macquarie groups. The conglomerate has committed around US\$200 million in equity for these projects including its first PPP project, the Muntinlupa-Cavite Expressway (MCX), formerly known as Daang Hari Connector Road.

Balance Sheet and Capital Spending

Ayala parent company ended the year with a gross debt of ₱101 billion and cash of ₱48.3 billion. Its balance sheet remains comfortable with parent company net debt to equity ratio at 0.24 to 1 and consolidated net debt to equity ratio at 0.85 to 1.

Last year, Ayala raised debt and equity capital for its expected pipeline of new projects. It raised a total of \$1.3 billion in proceeds through the issuance of exchangeable bonds, reissuance of preferred shares, loan drawdowns and an equity placement. This healthy balance sheet and cash position allow Ayala to pursue investments as well as cover its dividend and debt obligations comfortably.

At the parent level, Ayala has set aside ₱21 billion in capital spending in 2015 to fund its growing pipeline of power generation and transport infrastructure projects, among others. The Ayala group has earmarked ₱185 billion in combined capital expenditures this year mainly to support the massive expansion plans of its real estate and telecom units.

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AYALA CORPORATION AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

	December 31	
	2014	2013
ASSETS		
Current Assets		
Cash and cash equivalents	P90,769,525	P65,655,049
Short-term investments	1,102,703	119,345
Accounts and notes receivable	72,710,512	56,341,044
Inventories	54,962,164	50,178,486
Other current assets	35,156,558	39,194,020
Total Current Assets	254,701,462	211,487,944
Noncurrent asset held for sale	–	3,328,712
	254,701,462	214,816,656
Noncurrent Assets		
Noncurrent accounts and notes receivable	32,006,450	18,282,941
Investments in bonds and other securities	3,432,215	2,784,807
Land and improvements	79,959,887	62,474,802
Investments in associates and joint ventures	152,764,854	119,804,086
Investment properties	71,324,245	63,157,223
Property, plant and equipment	27,953,145	25,883,469
Service concession assets	74,836,633	73,754,407
Intangible assets	4,183,464	4,175,846
Deferred tax assets - net	8,055,020	6,513,585
Pension and other noncurrent assets	16,830,401	8,016,478
Total Noncurrent Assets	471,346,314	384,847,644
Total Assets	P726,047,776	P599,664,300
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	P126,101,836	P103,604,247
Short-term debt	21,084,269	15,811,285
Income tax payable	1,340,269	1,667,543
Current portion of:		
Long-term debt	10,761,443	11,842,519
Service concession obligation	1,019,515	1,290,406
Other current liabilities	9,452,281	10,991,693
Total Current Liabilities	169,759,613	145,207,693

(Forward)

	December 31	
	2014	2013
Noncurrent Liabilities		
Long-term debt - net of current portion	₱226,999,015	₱178,027,343
Service concession obligation - net of current portion	7,859,153	7,868,295
Deferred tax liabilities	6,742,633	6,347,400
Pension liabilities	2,179,966	1,915,040
Other noncurrent liabilities	25,640,911	24,827,938
Total Noncurrent Liabilities	269,421,678	218,986,016
Total Liabilities	439,181,291	364,193,709
Equity		
Equity attributable to owners of the parent		
Paid-in capital	73,571,505	50,166,129
Share-based payments	377,376	485,187
Remeasurement gains/(losses) on defined benefit plans	(1,005,572)	(1,317,954)
Net unrealized gain (loss) on available-for-sale financial assets	(7,211)	277,848
Cumulative translation adjustments	(603,765)	(1,256,831)
Equity reserve	7,478,259	7,482,121
Equity conversion option	1,113,745	–
Retained earnings	107,039,814	92,639,781
Treasury stock	(2,300,000)	(5,000,000)
	185,664,151	143,476,281
Non-controlling interests	101,202,334	91,994,310
Total Equity	286,866,485	235,470,591
Total Liabilities and Equity	₱726,047,776	₱599,664,300

AYALA CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands, Except Earnings Per Share Figures)

	Years Ended December 31		
	2014	2013	2012
INCOME			
Sale of goods	P105,140,825	P92,725,460	P69,335,195
Rendering of services	51,275,623	44,216,018	40,553,713
Share of profit of associates and joint ventures	13,185,147	10,091,140	7,681,899
Interest income	5,493,715	3,072,071	4,353,984
Other income	9,180,254	9,306,855	8,645,733
	184,275,564	159,411,544	130,570,524
COSTS AND EXPENSES			
Costs of sales	77,773,560	66,539,860	55,285,281
Costs of rendering services	34,495,682	31,486,686	22,989,804
General and administrative	15,831,000	14,613,841	12,852,062
Interest and other financing charges	11,933,781	10,511,432	8,155,330
Other charges	3,829,020	5,480,816	6,812,352
	143,863,043	128,632,635	106,094,829
INCOME BEFORE INCOME TAX	40,412,521	30,778,909	24,475,695
PROVISION FOR INCOME TAX			
Current	7,964,375	8,036,780	5,838,415
Deferred	173,543	(1,382,570)	(861,978)
	8,137,918	6,654,210	4,976,437
NET INCOME	P32,274,603	P24,124,699	P19,499,258
Net Income Attributable to:			
Owners of the parent	P18,609,229	P12,777,932	P10,504,385
Non-controlling interests	13,665,374	11,346,767	8,994,873
	P32,274,603	P24,124,699	P19,499,258
EARNINGS PER SHARE			
Basic	P29.83	P20.53	P17.03
Diluted	P29.35	P20.39	P16.92