



Press Release

LTG's Net Income at Php2.16 Billion for the First Half of 2014

LT Group, Inc. (LTG) today (August 14, 2014) reported an attributable net income of Php2.16 billion in the first half of 2014, compared to Php6.95 billion for the same period last year, as challenges continue to weigh down on its various businesses.

Philippine National Bank's (PNB) attributable net income contribution to LTG amounted to Php1.031 billion or 48% of total attributable net income. The tobacco business provided Php710 million or 33% of total attributable net income, followed by Asia Brewery, Inc. (ABI) with Php628 million or 29%. Eton Properties accounted for Php38 million or 2%. Tanduay Distillers, Inc. (TDI), meanwhile, posted a Php172 million loss.

In May, LTG paid dividends to common shareholders amounting to Php1.7 billion or Php0.16 per share, equivalent to a 20% pay-out of 2013's attributable net income.

LTG's balance sheet remained strong, with the parent company's cash balance at Php12 billion as of end-June 2014. Debt-to-Equity Ratio was at 3.33:1 as of end-June 2014 with the bank, and at 0.20:1 without the bank.

Philippine National Bank (PNB)

PNB reported a profit of Php3.12 billion in 1H14, 48% lower than 1H13's Php6.03 billion. This is largely due to higher trading gains last year. In 1H13, PNB booked Php7.97bn in trading gains, substantially higher than the Php1.96 billion realized in 1H14.

PNB had a Stock Rights Offering in mid-February 2014 that raised a total of Php11.6 billion. Ten billion pesos (Php10-billion) of the proceeds will be used to recapitalize PNB Savings Bank, which will be used to grow the bank's consumer loan business. PNB Savings Bank is targeting to open over 20 branches this year. LTG subscribed to the Offering to the extent of its beneficial ownership.

Tobacco

LTG's income from the tobacco business amounted to Php710 million for the first half of 2014, from the Php2.61 billion reported in 1H13.

LTG's equity in net earnings from its 49.6% stake in PMFTC amounted to Php687 million. PMFTC continues to be adversely affected by the illicit trade in cigarettes.

The Bureau of Customs (BoC) has taken action by closing down the customs bonded warehouse of a competitor and assessed it for custom duties. PMFTC is awaiting the release of the Implementing Rules and Regulations (IRRs) of the Internal Revenue Stamps Integrated System (IRSIS).

Asia Brewery, Inc. (ABI)

ABI's net income for the first six months of 2014 reached Php629 million, 30% more than the Php483 million reported in the same period in 2013.

ABI's brands Cobra (carbonated energy drink), and Absolute and Summit (water) continue to be market leaders. Tanduay Ice has over 90% of the alcopop market.

Eton Properties

Eton's net income amounted to Php38 million for the first half of 2014.

Leasing revenues were higher with the start of the contribution of Centris Cyberpod Three, the latest BPO office building at Eton Centris, in Quezon City, Metro Manila.

Tanduay Distillers, Inc. (TDI)

TDI's sales volume increased in the first half of 2014 due to intensified marketing efforts for its flagship product, Tanduay Five Years, and contribution from the Compañero brandy blend.

However, due to higher raw material costs, coupled with higher selling and marketing expenses, the company reported a loss of Php172 million for the first half of 2014.

According to Nielsen, TDI's overall market share slightly improved to 25.6% as of end-June 2014 from 23.3% as of the end of 2013.

(end)