



**Press Release  
First Half 2021**

**LTG Reports First Half 2021 Attributable Net Income of Php3.73 Billion, 63%  
Lower than 1H20's Php10.03 Billion**

LT Group, Inc.'s (LTG) attributable net income in the first half of 2021 amounted to Php3.73 billion, Php6.30 billion or 63% lower than the Php10.03 billion reported for the same period in 2020. This is mainly due to the higher provisioning for credit losses booked by its banking subsidiary and the elimination of the gain from the transfer of real estate assets at the consolidated level.

The tobacco business accounted for Php8.97 billion of total attributable income. Tanduay Distillers, Inc. (TDI) added Php602 million. Asia Brewery, Inc. (ABI) contributed Php343 million while Eton Properties Philippines, Inc. (Eton) accounted for Php287 million. The 30.9% stake in Victorias Milling Company, Inc. (VMC) added Php169 million. Net expenses and other income at the parent level amounted to Php185 million. Philippine National Bank (PNB) had a negative net contribution of Php6.46 billion after eliminating the gain of Php33.60 billion at the consolidated LTG level.

In June, LTG declared a Php0.24 per share special cash dividend or a total of Php2.60 billion and was paid in July. This brought total cash dividends declared in 2021 to Php0.48 per share or Php5.19 billion. This is equivalent to 24.7% of LTG's 2020 attributable net income.

LTG's balance sheet remains strong. Debt-to-Equity Ratio was at 3.96:1 with the Bank, and at 0.17:1 without the Bank as of end-June 2021.

**Philippine National Bank (PNB)**

Publicly-listed PNB reported a net income of Php22.20 billion under the pooling method, inclusive of a Php 33.60 billion gain from the transfer of some properties into PNB Holdings Corporation. However, at the consolidated LTG level, these gains were not recognized, which together with higher provisioning for credit losses resulted in a Php6.46 billion loss contribution from PNB to LTG.

Net Interest Income was 3% lower at Php16.85 billion. Net Service Fees and Commission Income were 45% higher at Php2.45 billion. Trading and Foreign Exchange Gains were 57% lower to Php1.58 billion.

## **Tobacco**

The industry's volume was estimated at 26.8 billion sticks in 1H21, 9% lower than 1H20's 29.5 billion sticks. This is due to the October to November 2020 price increases to pass on the additional excise taxes.

Illicit activities have also been rising, which include smuggled and locally produced products. In 1H21, there were 98 enforcements, compared to 68 in 1H20.

The tobacco business had a net income of Php9.01 billion in 1H21, 10% more than 1H20's Php8.21 billion.

On July 25, 2019, President Duterte signed Republic Act (RA) 11346 which increased further the excise tax on tobacco starting January 2020. From Php35 per pack in 2019, it increased to Php45 per pack in 2020 and Php50 in 2021. It will increase by Php5 per pack annually in 2022 and 2023, then increase by 5% annually thereafter. LTG is not against tax increases, but believes that the hikes should be moderate. Continued price hikes to pass on higher excise taxes may result in further volume declines.

## **Tanduay Distillers, Inc. (TDI)**

TDI's net income for the first semester of 2021 was Php605 million, 11% higher than 1H20's Php543 million. The higher income is largely due to the 13% increase in the volume of liquor sales and 55% growth in bioethanol sales.

As of end-June 2021, TDI's nationwide market share for distilled spirits was at 26.9%, compared to June 2020's 24.1%. In the Visayas and Mindanao regions where most of TDI's sales are generated, market share was at 68.2% and 79.5%, respectively, as of June 2021, compared to 62.4% and 72.0%, respectively, as of June 2020.

## **Asia Brewery, Inc. (ABI)**

ABI's net income for 1H21 was Php343 million, a significant improvement from the Php40 million reported in 1H20. The higher income is largely due to the absence of any losses from the AB Heineken joint venture as the partnership transitions starting 2021 to the engagement of ABI to brew and distribute Heineken® and Tiger® beers in the Philippines.

Revenues were relatively flat as the lower volume of bottled water and soymilk were offset by higher volume from Cobra Energy Drink with a market share of 65%. Vitamilk maintained its leadership with a market share of 70%. Bottled water brands, Absolute and Summit, continue to have the second largest share in this segment at 23%.

**Eton Properties Philippines, Inc. (Eton)**

Eton's net income for 1H21 was Php288 million, 29% lower than 1H20's Php404 million. The lower net income is attributed to the decline in residential unit sales and lower leasing income.

Projects in the pipeline include Blakes Tower, a 36-storey office and residential building in Makati City which will have 11,400 square meters of office space and 14,000 square meters of residential space once completed. Also, Eton City Square 1, the 4.3-hectare neighborhood retail and commercial center in Sta. Rosa, Laguna will add 7,200 square meters of gross leasable area to Eton's commercial leasing portfolio in phase 1.

Eton currently has a leasing portfolio of around 181,000 square meters of office space and over 45,000 square meters of retail space.