LT GROUP, INC.

Press Release

LTG Reports an Attributable Net Income of Php15.40 Billion for 1H22, 313% Higher than 1H21's Php3.73 Billion

LT Group, Inc. (LTG) reported an attributable net income of Php15.40 billion for the first half of 2022, 313% higher than the Php3.73 billion for the first half of 2021.

The tobacco business accounted for Php7.74 billion or 50% of total attributable income. Philippine National Bank (PNB) contributed Php6.28 billion or 41%. Tanduay Distillers, Inc. (TDI) added Php561 million or 4% of total, while Asia Brewery, Inc. (ABI) accounted for Php294 million or 2%. Eton Properties Philippines, Inc. (Eton) contributed Php257 million or 2%. The 30.9% stake in Victorias Milling Company, Inc. (VMC) added Php186 million or 1% of total. LTG Parent also booked net Other Income of Php84 million, less than 1% of total attributable income.

In May, the Company declared a Php0.30 per share special dividend, or Php3.25 billion, which was paid on June 15. Together with the regular and special dividends declared in March of Php0.15 and Php0.15 per share, respectively, this brought the year-to-date total dividends to Php0.60 per share or Php6.49 billion, equivalent to 32.07% of LTG's 2021 attributable net income.

LTG's balance sheet remains strong. Debt-to-Equity Ratio was at 3.68:1 with the Bank and at 0.14:1 without the Bank as of end-June 2022.

Philippine National Bank (PNB)

Publicly-listed PNB's net income under the pooling method was Php11.15 billion for the first half of 2022, Php11.05 billion or 50% lower than 1H21's Php22.2 billion which included a Php33.60 gain from transferring real estate assets into PNB Holdings Corporation (PHC).

Net Interest Income was Php17.34 billion, 3% or Php491 million higher than 1H21's Php16.85 billion. Net Service Fees and Commission Income were Php2.38 billion, 3% or Php69 million lower than 1H21's Php2.45 billion. Other Income dropped 82% or Php29.64 billion to Php6.38 billion from Php36.02 billion, as 1H21 included the gain from the transfer of real estate assets into PHC.

Tobacco

The industry's volume was estimated at 26.9 billion sticks in 1H22, 0.4% or 0.1 billion sticks higher over the same period.

The tobacco business reported a net income of Php7.77 billion for the first semester of 2022, Php1.24 billion or 14% lower than the Php9.01 billion reported in 1H21. Volume was relatively flat. But the lower profits can be attributed to the increase in excise taxes that PMFTC had to absorb as a price increase was only implemented in the end of March 2022. There was no price increase in 2021, and the previous one was in October 2020. Under Republic Act (RA) 11346, there was a Php5 per pack increase in excise taxes on January 1, 2021 to Php50 per pack of 20 sticks, and another Php5 per pack increase to Php55 starting January 1, 2022.

The Government continued its efforts against the illicit trade with 135 enforcements in 1H22 compared to 98 in 1H21.

Tanduay Distillers, Inc. (TDI)

TDI's net profit for the first six months of 2022 was Php564 million, Php41 million or 7% lower than 1H21's Php605 million. Liquor volume was 10% higher while bioethanol's volume was 25% higher. The lower profit is largely attributed to higher alcohol and fuel costs.

As of the end of June 2022, TDI's nationwide market share for distilled spirits was at 28.5%, compared to end-June 2021's 26.9%. In the Visayas and Mindanao regions where most of TDI's sales are generated, market share was at 70.3% and 73.8%, respectively, compared to 68.2% and 79.5% as of end-June 2021.

Asia Brewery, Inc. (ABI)

ABI's net income for the first semester of 2022 was Php294 million, 14% or Php49 million lower than the Php343 million reported for 1H21. Despite the higher volumes of its products, higher raw material, fuel and other costs resulted in lower profits.

Cobra energy drink remains the market leader with a 58% market share in 1H22. Soymilk Vitamilk is also a market leader with a share of 76%. Bottled water brands, Absolute and Summit, continue to have the second largest market share at 21%.

Eton Properties Philippines, Inc. (Eton)

Eton reported a net profit of Php258 million in the first six months of 2022, 10% or Php30 million lower than the Php288 million reported for the same period in 2021.

Projects in the pipeline include Eton City Square in Sta. Rosa, Laguna which will add 5,824 square meters of net leasable space in 2Q22. Meanwhile, the residential component of Blakes Tower will add 13,900 square meters of leasable area.

Eton currently has a leasing portfolio of 237,000 square meters