



LT GROUP, INC.

Press Release

LTG Reports an Attributable Net Income of Php20.41 Billion for 9M22, 105% Higher than 9M21's Php9.95 Billion

LT Group, Inc. (LTG) reported an attributable net income of Php20.41 billion for the first nine months of 2022, 105% higher than the Php9.95 billion reported for 9M21.

The tobacco business accounted for Php12.00 billion or 59% of total attributable income. Philippine National Bank (PNB) contributed Php6.46 billion or 32%. Tanduay Distillers, Inc. (TDI) added Php855 million or 4% of total, while Asia Brewery, Inc. (ABI) accounted for Php428 million or 2%. Eton Properties Philippines, Inc. (Eton) contributed Php334 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 Php154 million, less than 1% of total attributable income.

In September, LTG declared a Php0.30 per share special dividend, or Php3.25 billion, which was paid on September 15. Together with the regular and special dividends declared in March of Php0.15 and Php0.15 per share, respectively, and the special dividend of Php0.30 in May, this brought the year-to-date total dividends to Php0.90 per share or Php9.74 billion, equivalent to 48.1% 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 0.16:1 without the Bank as of end-September 2022.

Philippine National Bank (PNB)

Publicly-listed PNB's net income under the pooling method was Php11.49 billion for the first three quarters of 2022, Php12.95 billion or 53% lower than 9M21's Php24.44 billion. The 9M21 income included a Php33.60 billion gain from transferring real estate assets into PNB Holdings Corporation (PHC).

Net Interest Income was Php26.78 billion, 4% or Php1.02 billion higher than 9M21's Php25.76 billion. Net Service Fees and Commission Income were lower by Php315 million or 8% to Php3.55 billion from Php3.87 billion in the comparative periods. Other Income dropped 80% to Php7.31 billion as 9M21 included the gain from the transfer real estate assets into PHC.

Tobacco

The industry's volume was estimated at 40.0 billion sticks in 9M22, 3.0% or 1.2 billion sticks lower than 9M21. This is largely attributed to the industry-wide price increases implemented in late

1Q22 to pass on the increase in excise taxes. Under Republic Act (RA) 11346, there was a Php5 per pack increase in excise taxes to Php55 starting January 1, 2022. While excise taxes also increased by Php5 per pack in 2021 to Php50, there was no price increase in 2021, with the previous one in October 2020.

The tobacco business reported a net income of Php12.04 billion for 9M22, Php1.28 billion or 10% lower than the Php13.32 billion reported in 9M21. PMFTC's volume 4.5% lower year-on-year (y-o-y) than 9M21, and the higher excise taxes that the company had to absorb prior to the price increase also affected profits.

The Government continued its efforts against the illicit trade with 231 enforcements in 9M22 compared to 139 in 9M21.

Tanduay Distillers, Inc. (TDI)

TDI's net profit for the first three quarters of 2022 was Php860 million, Php144 million or 14% lower than 9M21's Php1.00 billion.

Liquor volume grew 10% y-o-y while bioethanol's volume was 9% higher. The lower profit is largely attributed to higher alcohol and fuel costs.

As of the end of September 2022, TDI's nationwide market share for distilled spirits was at 30.7%, compared to end-September 2021's 29.9% and end-2021's 26.6%. In the Visayas and Mindanao regions where most of TDI's sales are generated, market share was at 69.8% and 79.4%, respectively, compared to 69.2% and 76.2% as of end-September 2021 and 66.9% and 74.3% as of end-2021.

Asia Brewery, Inc. (ABI)

ABI's net income for the first nine months of 2022 was Php428 million, Php17 million or 4% higher than the Php411 million reported for the same period last year. ABI's products saw improved volumes, except for packaging, but higher raw material and energy costs tempered profits.

Cobra energy drink remains the market leader with a 59% market share in 9M22 while soymilk Vitamilk also maintained its market leadership with a share of 75%. Bottled water brands, Absolute and Summit, continue to have the second largest market share at 20%.

Eton Properties Philippines, Inc. (Eton)

Eton's net income for 9M22 was Php335 million, 9% or Php32 million lower than the Php367 million reported for 9M21. Income in 2022 was largely from leasing operations. Eton currently has a leasing portfolio of 283,000 square meters.