



LT GROUP, INC.

## President's Report First Quarter 2023

LT Group, Inc.'s (LTG) attributable net income for the first quarter of 2023 amounted to Php6.38 billion. This is 2% lower than the first quarter of 2022's Php6.53 billion.

The different business units contributed as follows:

	1Q23 Contribution (Php Millions)	% of 1Q23 Attributable Net Income	1Q22 Contribution (Php Millions)	% of 1Q22 Attributable Net Income
Tobacco	3,047	48%	4,207	64%
PNB	2,720	43%	1,606	25%
TDI	256	4%	330	5%
Eton	122	2%	127	2%
ABI	75	1%	80	1%
VMC	73	1%	111	2%
Others	87	1%	65	1%
Total	6,380	100%	6,526	100%

Cash dividends were declared in March and paid on April 12, a regular dividend of Php0.15 and special dividend of Php0.15 per share for a total of Php3.25 billion. To date, this is a 12.9% pay-out rate.

As of the end of March 2023, LTG's Debt-to-Equity Ratio was at 3.34:1 with the Bank and at 0.14:1 without the Bank. The parent company had cash of Php1.57 billion as of the end of the first quarter of 2023.

### Tobacco

The tobacco business' net income in 1Q23 was Php3.06 billion. This is a 28% decline compared to 1Q22's Php4.22 billion. Most of the tobacco business' income is from equity in net earnings from the 49.6% stake in PMFTC. This reached Php3.01 billion for the first three months of 2023, a 29% or Php1.24 billion decrease compared to the same period in 2022.

The industry's volume was 27.5% lower y-o-y in 1Q23 at 11.1 billion sticks, largely due to the industry-wide price increase in 1Q23. For PMFTC, 1Q23 volume was 6.7 billion sticks, 31.1% lower than the 9.7 billion sticks reported in 1Q22.

On February 27, 2023, PMFTC implemented a price increase, to pass on the Php5 per pack increase in excise taxes, effective January 1, 2023, to Php60 per pack. Marlboro is now at Php9 per stick from Php8. Fortune and Jackpot are at Php7 from Php6. Marlboro Crafted remains unchanged at Php7, as well as Chesterfield which is still at Php6 per stick.

The Government continued its efforts against the illicit trade with 306 enforcements in 1Q23, compared to only 55 in 1Q22.

### **Philippine National Bank (PNB)**

For 1Q23, PNB's net profit under the pooling method was Php4.83 billion, equivalent to a P2.0billion increase compared to 1Q22. The 1Q23 profit included a Php1.98 billion gain (net of tax) from the sale of repossessed assets, compared to Php104 million in 1Q22.

With the 4.6% year-on-year (y-o-y) increase in loans and receivables and the improvement in Net Interest Margin to 3.9% from 3.2%, Net Interest Income improved by 23% to Php10.45 billion.

Service Fee and Commission Income likewise improved by 24% to Php1.55 billion.

As the bank booked higher provisions for credit losses at Php1.62 billion in 1Q23 compared to a reversal of Php394 million in 1Q22, operating expenses were 44% higher y-o-y to Php9.54 billion. NPL cover was at 90.5% as of March 2023, compared to 60.3% as of March 2022, but slightly lower than the 91.1% as of end-2022.

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

TDI's net income for the first quarter of 2023 amounted to Php258 million, which is 23% lower than the Php333 million reported in the same quarter last year.

Both the volume of liquor and bioethanol were lower y-o-y, at 6% and 37%, respectively, the latter due to the closure of Asian Alcohol Corporation in October 2022. As TDI implemented an Php84 per case price increase in November 2022, revenues were only lower by 1% y-o-y to Php6.24 billion despite the drop in volume.

As of March 2023, TDI's nationwide market share for distilled spirits was at 29.1%, compared to 30.2% as of March 2022. In the Visayas and Mindanao regions where most of TDI's sales are generated, market share was at 71.6% and 77.1%, respectively, compared to 70.3% and 80.1% as of March 2022.

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

Eton's net income for the first three months of 2023 was Php122 million, 5% lower than the same period last year. This was on the back of a 3% decline in leasing revenues to Php425 million.

Eton currently has a leasing portfolio of around 287,000 square meters, of which close to 192,000 is for office space.

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

ABI's net income for the first quarter of 2023 was Php75 million, 6% lower than the same period last year.

Revenues were slightly lower by 1% to Php3.81 billion as most products saw a decline in volume. The Company managed to improve GPM to 22% from 20% as price increases enabled the Company to pass on higher manufacturing and energy costs.

Cobra energy drink maintained its leadership with a market share of 60.6% while bottled water brands Absolute and Summit have the third-largest share at 19.4%.

**LT GROUP, INC. AND SUBSIDIARIES**  
**INTERIM CONSOLIDATED BALANCE SHEETS**  
**(Amounts in Thousands)**

	<b>March 31, 2023 (Unaudited)</b>	<b>December 31, 2022 (Audited)</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	<b>₱170,476,986</b>	₱224,745,923
Financial assets at fair value through profit or loss (FVTPL)	<b>8,762,642</b>	7,379,126
Financial assets at fair value through other comprehensive income (FVTOCI)	<b>87,028,842</b>	86,852,606
Financial assets at amortized cost	<b>30,166,292</b>	31,511,748
Loans and receivables	<b>200,031,115</b>	205,494,119
Inventories	<b>15,570,355</b>	15,010,773
Due from related parties	<b>3,558,061</b>	3,556,476
Other current assets	<b>13,625,596</b>	13,497,126
<b>Total Current Assets</b>	<b>529,219,889</b>	588,047,897
<b>Noncurrent Assets</b>		
Loans and receivables-net of current portion	<b>406,775,239</b>	409,434,007
Financial assets at FVTOCI	<b>50,567,540</b>	50,761,530
Financial assets at amortized cost	<b>104,324,676</b>	78,956,212
Investment in associates and joint ventures	<b>20,660,691</b>	21,589,874
Property, plant and equipment:		
At appraised values	<b>58,240,922</b>	58,504,993
At cost	<b>12,470,280</b>	12,268,828
Investment properties	<b>35,531,964</b>	37,045,004
Deferred income tax assets	<b>6,751,682</b>	6,524,012
Other noncurrent assets	<b>5,134,382</b>	4,985,212
<b>Total Noncurrent Assets</b>	<b>700,457,376</b>	680,069,672
<b>TOTAL ASSETS</b>	<b>₱1,229,677,265</b>	₱1,268,117,569
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Deposit liabilities	<b>₱806,088,714</b>	₱831,605,372
Financial liabilities at FVTPL	<b>525,734</b>	1,039,776
Bills and acceptances payable	<b>9,563,244</b>	8,798,056
Accounts payable and accrued expenses	<b>21,121,051</b>	21,854,536
Short-term debts	<b>4,490,000</b>	4,490,000
Current portion of long-term debts	<b>17,865,204</b>	20,399,948
Income tax payable	<b>1,921,467</b>	1,839,835
Due to related parties	<b>50,995</b>	50,000
Other current liabilities	<b>9,230,857</b>	10,375,775
<b>Total Current Liabilities (Carried Forward)</b>	<b>870,857,266</b>	900,453,298

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
<b>Total Current Liabilities (Brought Forward)</b>	<b>P870,857,266</b>	<b>P900,453,298</b>
<b>Noncurrent Liabilities</b>		
Deposit liabilities - net of current portion	7,567,878	20,796,801
Bills and acceptances payable	1,093,995	6,182,317
Long-term debts - net of current portion	47,448,454	46,312,355
Net retirement benefits liabilities	738,982	796,500
Deferred income tax liabilities	8,387,769	8,450,442
Other noncurrent liabilities	10,033,558	8,464,180
<b>Total Noncurrent Liabilities</b>	<b>75,270,636</b>	<b>91,002,595</b>
<b>Total Liabilities</b>	<b>946,127,902</b>	<b>991,455,893</b>
<b>Equity</b>		
Attributable to equity holders of the Company:		
Capital stock	10,821,389	10,821,389
Capital in excess of par	35,906,231	35,906,231
Other comprehensive income, net of deferred income tax effect	12,420,642	11,935,325
Other equity reserves	(5,402,419)	(5,529,303)
Retained earnings	149,089,181	145,723,736
Shares of the Company held by subsidiaries	(12,519)	(12,519)
	<b>202,822,505</b>	<b>198,844,859</b>
Non-controlling interests	80,726,858	77,816,817
<b>Total Equity</b>	<b>283,549,363</b>	<b>276,661,676</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P1,229,677,265</b>	<b>P1,268,117,569</b>

**LT GROUP, INC. AND SUBSIDIARIES****INTERIM CONSOLIDATED STATEMENTS OF INCOME****(Amounts in Thousands, Except for Basic/Diluted Earnings Per Share)**

	<b>Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>REVENUE</b>		
Banking	<b>P15,645,640</b>	P11,731,764
Beverage	<b>3,676,783</b>	3,559,496
Distilled spirits	<b>6,219,543</b>	6,303,021
Property development	<b>494,411</b>	514,206
	<b>26,036,377</b>	22,108,487
<b>COST OF SALES AND SERVICES</b>	<b>12,121,215</b>	10,604,073
<b>GROSS INCOME</b>	<b>13,915,162</b>	11,504,414
<b>EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES</b>	<b>3,197,136</b>	4,331,158
	<b>17,112,298</b>	15,835,572
<b>OPERATING EXPENSES</b>		
Selling expenses	<b>559,288</b>	504,666
General and administrative expenses	<b>10,093,207</b>	7,258,871
	<b>10,652,495</b>	7,763,537
<b>OPERATING INCOME</b>	<b>6,459,803</b>	8,072,035
<b>OTHER INCOME (CHARGES)</b>		
Finance costs	<b>(126,128)</b>	(108,459)
Finance income	<b>4,354</b>	54,117
Foreign exchange gains - net	<b>338,924</b>	271,578
Others - net	<b>3,174,245</b>	598,195
	<b>3,391,395</b>	815,431
<b>INCOME BEFORE INCOME TAX</b>	<b>9,851,198</b>	8,887,466
<b>PROVISION FOR INCOME TAX</b>		
Current	<b>1,540,405</b>	1,227,026
Deferred	<b>(264,428)</b>	(201,170)
	<b>1,275,977</b>	1,025,856
<b>NET INCOME</b>	<b>P8,575,221</b>	P7,861,610
<b>NET INCOME ATTRIBUTABLE TO:</b>		
Equity holders of the Company	<b>P6,380,389</b>	P6,526,028
Non-controlling interests	<b>2,194,832</b>	1,335,582
	<b>P8,575,221</b>	P7,861,610
<b>Basic/Diluted Earnings Per Share</b>	<b>P0.59</b>	P0.60