



LT GROUP, INC.

## President's Report First Quarter 2024

LT Group, Inc.'s (LTG) attributable net income for the first quarter of 2024 was Php6.42 billion, 1% higher than the Php6.38 billion reported for the first three months of 2023.

The different business units contributed as follows:

|         | 1Q24<br>Contribution<br>(Php Millions) | % of 1Q24<br>Attributable<br>Net Income | 1Q23<br>Contribution<br>(Php Millions) | % of 1Q23<br>Attributable<br>Net Income |
|---------|----------------------------------------|-----------------------------------------|----------------------------------------|-----------------------------------------|
| PNB     | 2,971                                  | 46%                                     | 2,720                                  | 43%                                     |
| Tobacco | 2,652                                  | 41%                                     | 3,047                                  | 48%                                     |
| TDI     | 254                                    | 4%                                      | 256                                    | 4%                                      |
| ABI     | 155                                    | 2%                                      | 75                                     | 1%                                      |
| Eton    | 116                                    | 2%                                      | 122                                    | 2%                                      |
| VMC     | 100                                    | 2%                                      | 73                                     | 1%                                      |
| Others  | 168                                    | 3%                                      | 87                                     | 1%                                      |
| Total   | 6,416                                  | 100%                                    | 6,380                                  | 100%                                    |

Regular and special cash dividends were declared in March, of Php0.15 and Php0.15 per share, respectively, or a total of Php3.25 billion. This represents a 12.8% pay-out rate of 2023's full-year income.

As of the end of March 2024, LTG's Debt-to-Equity Ratio was at 3.29:1 with the Bank and at 0.11:1 without the Bank. The parent company had cash of Php1.89 billion.

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

For the first three months of 2024, PNB's net profit under the pooling method was Php5.31 billion, Php479 million or 10% higher than the Php4.83 billion reported for the same period in 2023.

Loans and receivables were 4% higher as of March 2024 at Php610 billion from Php587 billion as of March 2023. Net Interest Margin improved to 4.3% from 4.1% resulting to a 12% improvement in Net Interest Income to Php11.69 billion from Php10.45 billion.

Net Service Fees and Commission Income, however, were 24% lower at Php1.18 billion from Php1.55 billion.

The bank booked provisions for credit losses of Php620 million in 1Q24, 62% lower than the Php1.62 billion booked in 1Q23. As a result, operating expenses were 17% lower in 1Q24 at Php7.96 billion from Php9.54 billion in 1Q23. NPL cover was at 83.5% as of March 2024 compared to 90.8% as of December 2023 and 90.5% as of March 2023.

PNB booked a Php251 million net gain from the sale of repossessed assets, substantially lower than the Php2.63 billion booked in the first three months of 2023.

## **Tobacco**

The tobacco business reported a net profit of Php2.66 billion for the first quarter of 2024, Php396 million or 13% lower than the Php3.06 billion reported for 1Q23. Most of the tobacco business' income is from equity in net earnings from the 49.6% stake in PMFTC. This amounted to Php2.59 billion in January to March 2024, 14% or Php423 million lower compared to 1Q23's Php3.01 billion.

The industry's volume (excluding illicit trade) was 11% lower year-on-year (y-o-y) in 1Q24 to 10.2 billion sticks from 11.5 billion sticks in 1Q23, largely due to affordability challenges of consumers, increasing illicit incidence, and the proliferation of vaping products. PMFTC's 1Q24 volume was at 5.5 billion sticks, 18% lower than 1Q23's 6.7 billion sticks.

The last price increase was on February 27, 2023. Marlboro is at Php9 per stick. Marlboro Crafted, Fortune and Jackpot are at Php7, while Chesterfield is at Php6 per stick.

The Government continued its efforts against the illicit trade. From ad hoc seizures in the past, these have progressed to simultaneous and coordinated nation-wide multi-agency operations, including the Bureau of Customs, Bureau of Internal Revenue, Department of Trade and Industry, the Philippine National Police, and issuances of warrants of arrest by the courts. We are grateful for these steps that the government is taking.

PMFTC aims to provide more choices for its customers. In 1Q24, PMFTC launched Fortune Double Blast, the brand's first double capsule product in selected areas. For heated tobacco products (HTP), PMFTC launched iQos *ILUMA* in October 2023, the next level in innovation that uses the new *Smartcore Induction System™*. It is bladeless and does not require cleaning after use, creating a more effortless experience compared to the previous iQos devices. PMFTC launched ZYN in November 2023, making it the first launch of ZYN in the Asia Pacific region. ZYN nicotine pouches are a smoke-free and tobacco-free way to enjoy nicotine in menthol and non-menthol variants.

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

TDI's net income for the first quarter of 2024 was Php255 million, slightly lower than the Php258 million in 1Q23.

The volume of liquor was 13% lower y-o-y, while bioethanol's volume was 1% higher compared to the same period in the previous year.

Due to the decline in liquor volume, partially offset by the effect of the full quarter price increase in 2024 for the Php70 per case price increase effective January 2023, revenues were 5% lower y-o-y at Php5.90 billion from Php6.24 billion. Gross Profit Margin (GPM) was steady y-o-y at 13%.

As of March 2024, TDI's nationwide market share for distilled spirits was at 31.6%, compared to 29.1% as of March 2023. In the Visayas and Mindanao regions where most of TDI's sales are generated, market share was at 70.3% and 79.5%, respectively, compared to 71.6% and 77.0% as of March 2023.

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

ABI's net profit for 1Q24 was Php155 million, 107% higher than the Php75 million reported for 1Q23.

Revenues grew 15% to Php4.39 billion from Php3.81 billion as volumes across product lines were higher y-o-y. GPM declined slightly to 21% from 22% due to product mix.

Cobra energy drink maintained its leadership with a market share of 57% in 1Q24, while bottled water brands Absolute and Summit have the third-largest share at 19%.

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

Eton's net income for the first quarter of 2024 amounted to Php116 million, 5% lower than 1Q23's Php122 million. The lower income was primarily due to lower Other Income at Php85 million from Php118 million.

Leasing revenues were 12% higher y-o-y to Php476 million due to higher occupancy rates and lease rates.

Eton was able to book Php50 million in residential sales as the Company resumed selling the remaining inventory of previously launched projects in 3Q23, at 68 Roces in Quezon City and in Eton City, Laguna.

Eton currently has a leasing portfolio of around 289 thousand square meters, of which close to 192 thousand square meters is for office space.

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

|                                                                            | March 31,<br>2024<br>(Unaudited) | December 31,<br>2023<br>(Audited) |
|----------------------------------------------------------------------------|----------------------------------|-----------------------------------|
| <b>ASSETS</b>                                                              |                                  |                                   |
| <b>Current Assets</b>                                                      |                                  |                                   |
| Cash and cash equivalents                                                  | P240,422,033                     | P243,790,981                      |
| Financial assets at fair value through profit or loss (FVTPL)              | 21,529,515                       | 10,550,595                        |
| Financial assets at fair value through other comprehensive income (FVTOCI) | 84,638,893                       | 112,335,996                       |
| Financial assets at amortized cost                                         | 17,467,003                       | 21,841,362                        |
| Loans and receivables                                                      | 304,157,224                      | 291,696,307                       |
| Inventories                                                                | 14,412,564                       | 13,709,117                        |
| Due from related parties                                                   | 1,928,056                        | 2,338,723                         |
| Other current assets                                                       | 13,975,851                       | 12,378,192                        |
| <b>Total Current Assets</b>                                                | <b>698,531,139</b>               | <b>708,641,273</b>                |
| <b>Noncurrent Assets</b>                                                   |                                  |                                   |
| Loans and receivables-net of current portion                               | 328,075,422                      | 347,989,209                       |
| Financial assets at FVTOCI                                                 | 48,802,535                       | 31,709,930                        |
| Financial assets at amortized cost                                         | 101,621,545                      | 101,359,065                       |
| Investment in associates and joint ventures                                | 18,482,414                       | 19,003,747                        |
| Property, plant and equipment:                                             |                                  |                                   |
| At appraised values                                                        | 57,501,262                       | 57,516,431                        |
| At cost                                                                    | 11,499,558                       | 11,615,081                        |
| Investment properties                                                      | 37,725,761                       | 37,848,430                        |
| Deferred income tax assets                                                 | 7,461,710                        | 6,860,706                         |
| Other noncurrent assets                                                    | 4,851,544                        | 4,852,404                         |
| <b>Total Noncurrent Assets</b>                                             | <b>616,021,751</b>               | <b>618,755,003</b>                |
| <b>TOTAL ASSETS</b>                                                        | <b>P1,314,552,890</b>            | <b>P1,327,396,276</b>             |
| <b>LIABILITIES AND EQUITY</b>                                              |                                  |                                   |
| <b>Current Liabilities</b>                                                 |                                  |                                   |
| Deposit liabilities                                                        | P883,713,111                     | P892,931,695                      |
| Financial liabilities at FVTPL                                             | 740,921                          | 555,811                           |
| Bills and acceptances payable                                              | 6,607,068                        | 19,047,156                        |
| Accounts payable and accrued expenses                                      | 21,760,381                       | 22,889,975                        |
| Short-term debts                                                           | 4,050,000                        | 4,280,000                         |
| Current portion of long-term debts                                         | 43,389,247                       | 43,115,944                        |
| Income tax payable                                                         | 978,834                          | 432,496                           |
| Due to related parties                                                     | 250,000                          | 50,000                            |
| Other current liabilities                                                  | 8,624,101                        | 9,990,372                         |
| <b>Total Current Liabilities (Carried Forward)</b>                         | <b>970,113,663</b>               | <b>993,293,449</b>                |

|                                                                  | March 31,<br>2024<br>(Unaudited) | December 31,<br>2023<br>(Audited) |
|------------------------------------------------------------------|----------------------------------|-----------------------------------|
| <b>Total Current Liabilities (Brought Forward)</b>               | <b>P970,113,663</b>              | <b>P993,293,449</b>               |
| <b>Noncurrent Liabilities</b>                                    |                                  |                                   |
| Deposit liabilities - net of current portion                     | 9,988,249                        | 10,833,859                        |
| Bills and acceptances payable                                    | 6,036,067                        | 1,115,447                         |
| Long-term debts - net of current portion                         | 6,333,025                        | 6,395,070                         |
| Net retirement benefits liabilities                              | 1,045,173                        | 1,009,716                         |
| Deferred income tax liabilities                                  | 8,333,643                        | 8,275,257                         |
| Other noncurrent liabilities                                     | 6,434,110                        | 6,237,658                         |
| <b>Total Noncurrent Liabilities</b>                              | <b>38,170,267</b>                | <b>33,867,007</b>                 |
| <b>Total Liabilities</b>                                         | <b>1,008,283,930</b>             | <b>1,027,160,456</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<br>income tax effect | 12,622,900                       | 12,418,924                        |
| Other equity reserves                                            | (5,584,278)                      | (5,592,465)                       |
| Retained earnings                                                | 162,328,838                      | 158,972,132                       |
| Shares of the Company held by subsidiaries                       | (12,519)                         | (12,519)                          |
|                                                                  | 216,082,561                      | 212,513,692                       |
| Non-controlling interests                                        | 90,186,399                       | 87,722,128                        |
| <b>Total Equity</b>                                              | <b>306,268,960</b>               | <b>300,235,820</b>                |
| <b>TOTAL LIABILITIES AND EQUITY</b>                              | <b>P1,314,552,890</b>            | <b>P1,327,396,276</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>2024</b>                        | <b>2023</b>        |
|                                                                    | <b>(Unaudited)</b>                 | <b>(Unaudited)</b> |
| <b>REVENUE</b>                                                     |                                    |                    |
| Banking                                                            | <b>P17,792,931</b>                 | P15,645,640        |
| Distilled spirits                                                  | <b>5,874,269</b>                   | 6,219,543          |
| Beverage                                                           | <b>4,241,964</b>                   | 3,676,783          |
| Property development                                               | <b>597,088</b>                     | 494,411            |
|                                                                    | <b>28,506,252</b>                  | 26,036,377         |
| <b>COST OF SALES AND SERVICES</b>                                  | <b>13,386,152</b>                  | 12,121,215         |
| <b>GROSS INCOME</b>                                                | <b>15,120,100</b>                  | 13,915,162         |
| <b>EQUITY IN NET EARNINGS OF ASSOCIATES AND<br/>JOINT VENTURES</b> | <b>2,908,852</b>                   | 3,197,136          |
|                                                                    | <b>18,028,952</b>                  | 17,112,298         |
| <b>OPERATING EXPENSES</b>                                          |                                    |                    |
| Selling expenses                                                   | <b>518,772</b>                     | 559,288            |
| General and administrative expenses                                | <b>8,662,945</b>                   | 10,093,207         |
|                                                                    | <b>9,181,717</b>                   | 10,652,495         |
| <b>OPERATING INCOME</b>                                            | <b>8,847,235</b>                   | 6,459,803          |
| <b>OTHER INCOME (CHARGES)</b>                                      |                                    |                    |
| Foreign exchange gains - net                                       | <b>336,143</b>                     | 338,924            |
| Finance costs                                                      | <b>(117,170)</b>                   | (126,128)          |
| Finance income                                                     | <b>60,968</b>                      | 4,354              |
| Others - net                                                       | <b>749,799</b>                     | 3,174,245          |
|                                                                    | <b>1,029,740</b>                   | 3,391,395          |
| <b>INCOME BEFORE INCOME TAX</b>                                    | <b>9,876,975</b>                   | 9,851,198          |
| <b>PROVISION FOR INCOME TAX</b>                                    |                                    |                    |
| Current                                                            | <b>1,670,889</b>                   | 1,540,405          |
| Deferred                                                           | <b>(620,899)</b>                   | (264,428)          |
|                                                                    | <b>1,049,990</b>                   | 1,275,977          |
| <b>NET INCOME</b>                                                  | <b>P8,826,985</b>                  | P8,575,221         |
| <b>NET INCOME ATTRIBUTABLE TO:</b>                                 |                                    |                    |
| Equity holders of the Company                                      | <b>P6,415,581</b>                  | P6,380,389         |
| Non-controlling interests                                          | <b>2,411,404</b>                   | 2,194,832          |
|                                                                    | <b>P8,826,985</b>                  | P8,575,221         |
| <b>Basic/Diluted Earnings Per Share</b>                            | <b>P0.59</b>                       | P0.59              |