



LT GROUP, INC.

President's Report First Half 2024

LT Group, Inc.'s (LTG) attributable net income for the first half of 2024 was Php12.80 billion, 2% lower than the Php13.00 billion for the first six months of 2023.

The different business units contributed as follows:

	1H24 Contribution (Php Millions)	% of 1H24 Attributable Net Income	1H23 Contribution (Php Millions)	% of 1H23 Attributable Net Income
PNB	5,768	45%	5,519	42%
Tobacco	4,871	38%	5,825	45%
TDI	712	6%	623	5%
ABI	508	4%	340	3%
Eton	326	2%	205	2%
VMC	277	2%	285	2%
Others	336	3%	204	1%
Total	12,798	100%	13,001	100%

A special cash dividend of Php0.30 per share or a total of Php3.25 billion was declared in May and paid on June 14. Together with the dividends declared in March, dividends year-to-date amounted to Php0.60 per share or a total of Php6.49 billion, representing a 25.5% pay-out rate.

As of the end of June 2024, LTG's Debt-to-Equity Ratio was at 3.39:1 with the Bank and at 0.11:1 without the Bank. The parent company had cash of Php1.99 billion.

Philippine National Bank (PNB)

In 1H24, PNB's net profit under the pooling method was Php10.29 billion, Php528 million or 5% higher than the Php9.76 billion reported for the same period in 2023.

Loans and receivables were 7% higher as of June 2024 at Php632 billion from Php593 billion as of June 2023. Net Interest Margin improved to 4.3% from 4.1% resulting to an 11% improvement in Net Interest Income to Php24.03 billion from Php21.62 billion.

Net Service Fee and Commission Income, however, were 27% lower at Php2.27 billion from Php3.13 billion due to lower loan and underwriting fees.

The Bank booked provisions for credit losses of Php2.07 billion in 1H24, 32% higher than the Php1.57 billion booked in 1H23. Operating expenses were relatively flat at Php16.37 billion in

1H24 from Php16.46 billion in 1H23. NPL cover was at 85.2% as of June 2024 compared to 90.8% as of December 2023 and 82.6% as of June 2023.

PNB booked a Php506 million net gain from the sale of repossessed assets, substantially lower than the Php2.93 billion booked in the first half of 2023.

Tobacco

The tobacco business reported a net profit of Php4.89 billion for the first half of 2024, Php957 million or 16% lower than the Php5.85 billion reported for 1H23. Most of the tobacco business' income is from equity in net earnings from the 49.6% stake in PMFTC. This amounted to Php4.43 billion in 1H24, 22% or Php1.24 billion lower compared to 1H23's Php5.68 billion. Dividend income in excess of carrying amount of the investment added Php238 million as of June 2024.

PMFTC's 1H24 volume was at 10.6 billion sticks, 14% lower than 1H23's 12.3 billion sticks. The industry's volume (excluding illicit trade) was 8% lower year-on-year (y-o-y) in 1H24 to 20.0 billion sticks from 21.7 billion sticks in 1H23, largely due to affordability challenges among consumers, increasing illicit incidence, and the proliferation of vaping products.

Marlboro is currently priced at Php9 per stick. Marlboro Crafted, Fortune and Jackpot are at Php7, while Chesterfield is at Php6 per stick. The last price increase that PMFTC implemented was in February of 2023, while excise tax increases continue under the Republic Act (RA) 11346, which levies Php63 per pack of 20 sticks starting January 1, 2024- an increase of Php3 from the previous year.

PMFTC is expanding customer options with several new product launches. In 1Q24, Fortune Double Blast was introduced, the first double capsule cigarette, priced the same as other Fortune products at Php7 per stick, offering a unique experience and value. For heated tobacco products (HTP), PMFTC released the iQos *ILUMA* in October 2023, featuring the new *Smartcore Induction System™*, which eliminates blades and cleaning for a more convenient use. Additionally, PMFTC launched ZYN nicotine pouches in November 2023, marking the first introduction of ZYN in the Asia Pacific region. These pouches provide a smoke-free, tobacco-free nicotine experience in both menthol and non-menthol options.

The Government has continued its efforts against the illicit trade with 294 recorded enforcements in the first half of 2024. Programs include ad hoc seizures as well as simultaneous and coordinated nation-wide multi-government agency operations.

Tanduay Distillers, Inc. (TDI)

TDI's net income for the first half of 2024 was Php712 million, 14% higher than the Php626 million in 1H23.

Both the volume of liquor and bioethanol were higher y-o-y, at 7% and 14%, respectively. Due to TDI's higher selling prices, revenues were higher by 15% y-o-y to Php14.63 billion. This resulted in an improved Gross Profit Margin (GPM) from 13% to 14% in the current period.

As of June 2024, TDI's nationwide market share for distilled spirits was at 31.5%, compared to 32.1% as of June 2023. In the Visayas and Mindanao regions where most of TDI's sales are generated, market share was at 70.6% and 79.0%, respectively, compared to 69.8% and 80.1% as of June 2023.

Asia Brewery, Inc. (ABI)

ABI's net profit for 1H24 was Php509 million, 49% higher than the Php340 million reported for 1H23.

Revenues were 12% higher to Php9.40 billion from Php8.41 billion as sales volume across product lines were higher y-o-y. GPM was lower at 22% from 23% due to sales mix.

Cobra energy drink maintained its leadership at 56% market share in 1H24, while bottled water brands Absolute and Summit have the third-largest share at 18%.

Eton Properties Philippines, Inc. (Eton)

Eton's net income for the first half of 2024 amounted to Php327 million, 59% higher than 1H23's Php206 million. The higher income was primarily due to higher Other Income at Php342 million from Php172 million.

Leasing revenues amounted to Php1.01 billion, 5% higher y-o-y due mainly on higher occupancy rates and lease rates.

In 1H24, Eton booked Php105 million in residential sales as the Company resumed selling remaining inventory of projects at 68 Roces in Quezon City and in Eton City, Laguna.

Eton currently has a leasing portfolio of 288,000 square meters, of which close to 192,000 square meters is for office space.

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

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	P 267,181,058	P243,790,981
Financial assets at fair value through profit or loss (FVTPL)	22,609,690	10,550,595
Financial assets at fair value through other comprehensive income (FVTOCI)	83,159,535	112,335,996
Financial assets at amortized cost	12,955,728	21,841,362
Loans and receivables	320,120,364	291,696,307
Inventories	14,255,466	13,709,117
Due from related parties	1,930,785	2,338,723
Other current assets	14,554,311	12,378,192
Total Current Assets	736,766,937	708,641,273
Noncurrent Assets		
Loans and receivables-net of current portion	334,298,703	347,989,209
Financial assets at FVTOCI	63,330,113	31,709,930
Financial assets at amortized cost	101,345,409	101,359,065
Investment in associates and joint ventures	17,736,565	19,003,747
Property, plant and equipment:		
At appraised values	57,292,268	57,516,431
At cost	11,467,600	11,615,081
Investment properties	37,784,037	37,848,430
Deferred income tax assets	7,836,765	6,860,706
Other noncurrent assets	4,868,410	4,852,404
Total Noncurrent Assets	635,959,870	618,755,003
TOTAL ASSETS	P1,372,726,807	P1,327,396,276
LIABILITIES AND EQUITY		
Current Liabilities		
Deposit liabilities	P918,246,908	P892,931,695
Financial liabilities at FVTPL	833,079	555,811
Bills and acceptances payable	12,534,231	19,047,156
Accounts payable and accrued expenses	33,393,981	22,889,975
Short-term debts	3,750,000	4,280,000
Current portion of long-term debts	45,923,263	43,115,944
Income tax payable	1,342,624	432,496
Due to related parties	50,000	50,000
Other current liabilities	9,638,816	9,990,372
Total Current Liabilities (Carried Forward)	1,025,712,902	993,293,449

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Total Current Liabilities (Brought Forward)	₱1,025,712,902	₱993,293,449
Noncurrent Liabilities		
Deposit liabilities - net of current portion	5,284,132	10,833,859
Bills and acceptances payable	7,232,856	1,115,447
Long-term debts - net of current portion	6,200,821	6,395,070
Net retirement benefits liabilities	1,102,167	1,009,716
Deferred income tax liabilities	8,308,711	8,275,257
Other noncurrent liabilities	6,241,814	6,237,658
Total Noncurrent Liabilities	34,370,501	33,867,007
Total Liabilities	1,060,083,403	1,027,160,456
Equity		
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	12,894,594	12,418,924
Other equity reserves	(5,529,783)	(5,592,465)
Retained earnings	165,531,397	158,972,132
Shares of the Company held by subsidiaries	(12,519)	(12,519)
	219,611,309	212,513,692
Non-controlling interests	93,032,095	87,722,128
Total Equity	312,643,404	300,235,820
TOTAL LIABILITIES AND EQUITY	₱1,372,726,807	₱1,327,396,276

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

	Six Months Ended June 30		For the Quarter Ended June 30	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
REVENUE				
Banking	₱36,347,391	₱32,045,533	₱18,554,460	₱16,399,893
Distilled spirits	14,580,786	12,700,669	8,706,517	6,481,126
Beverage	8,950,554	8,105,470	4,708,590	4,428,687
Property development	1,254,005	1,146,341	656,917	651,930
	61,132,736	53,998,013	32,626,484	27,961,636
COST OF SALES AND SERVICES	29,502,306	24,883,230	16,116,154	12,762,015
GROSS INCOME	31,630,430	29,114,783	16,510,330	15,199,621
EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES	5,150,940	6,214,891	2,242,088	3,017,755
	36,781,370	35,329,674	18,752,418	18,217,376
OPERATING EXPENSES				
Selling expenses	1,272,906	1,097,573	754,134	538,285
General and administrative expenses	17,829,288	17,614,150	9,166,343	7,520,943
	19,102,194	18,711,723	9,920,477	8,059,228
OPERATING INCOME	17,679,176	16,617,951	8,831,941	10,158,148
OTHER INCOME (CHARGES)				
Foreign exchange gains - net	513,653	902,561	177,510	563,637
Finance costs	(280,653)	(315,976)	(163,483)	(189,848)
Finance income	97,343	13,079	36,375	8,725
Others - net	2,064,475	3,817,708	1,314,676	643,463
	2,394,818	4,417,372	1,365,078	1,025,977
INCOME BEFORE INCOME TAX	20,073,994	21,035,323	10,197,019	11,184,125
PROVISION FOR INCOME TAX				
Current	3,639,933	3,403,242	1,969,044	1,862,837
Deferred	(1,030,410)	199,015	(409,511)	463,443
	2,609,523	3,602,257	1,559,533	2,326,280
NET INCOME	₱17,464,471	₱17,433,066	₱8,637,486	₱8,857,845
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the Company	₱12,797,704	₱13,000,765	₱6,382,123	₱6,620,376
Non-controlling interests	4,666,767	4,432,301	2,255,363	2,237,469
	₱17,464,471	₱17,433,066	₱8,637,486	₱8,857,845
Basic/Diluted Earnings Per Share	₱1.18	₱1.20	₱0.59	₱0.61