



President's Report First Nine Months of 2024

LT Group, Inc.'s (LTG) attributable net income for the nine-month period ending September 2024 amounted to Php19.82 billion, an increase of 3% over the Php19.25 billion recorded in the same period of 2023.

The different business segments contributed as follows:

	9M24 Contribution (Php Millions)	% of 9M24 Attributable Net Income	9M23 Contribution (Php Millions)	% of 9M23 Attributable Net Income
PNB	8,441	43%	7,644	40%
Tobacco	7,909	40%	9,028	47%
TDI	1,508	8%	1,146	6%
ABI	714	4%	449	3%
Eton	497	2%	346	2%
VMC	277	1%	285	1%
Others	478	2%	349	1%
Total	19,824	100%	19,247	100%

LTG declared a special cash dividend of Php0.30 per share, totaling Php3.25 billion, in August, which was paid on September 13. Including prior dividends declared in March and May, the year-to-date dividend payout reached Php0.90 per share, or Php9.74 billion in total, representing a 38.3% payout rate.

As of the end of September 2024, LTG had a Debt-to-Equity Ratio of 3.09:1 with the Bank and 0.11:1 without the Bank. The parent company maintained a cash balance of Php2.02 billion.

Philippine National Bank (PNB)

For the nine months of 2024, PNB's net profit under the pooling method was Php15.06 billion, Php1.54 billion or 11% higher than the Php13.52 billion reported for the same period in 2023.

Gross interest income grew by 15% year-on-year, reaching Php50.13 billion, due to higher returns on loans, investments and interbank transactions. However, gross interest expenses also rose significantly by 28% at Php13.65 billion due to increased interest rates and a larger volume of deposits. Despite this, net interest income increased by 10% to Php36.48 billion, as the net interest margin improved from 4.2% to 4.5%.

Net Service Fees and Commission Income, however, were 17% lower at Php3.58 billion for 9M24 from Php4.29 billion due to lower loan and underwriting fees offsetting increases in credit card and deposit-related fees.

The Bank's provisions for credit losses fell 28% to Php3.72 billion in the first nine months of 2024, compared to Php5.15 billion in the same period last year, due to a stronger loan portfolio. This resulted in lower operating expenses at Php25.39 billion in 9M24 from Php26.55 billion in 9M23. NPL cover was at 88.0% as of September 2024 compared to 90.8% as of December 2023 and 97.2% as of September 2023.

PNB recorded Php1.17 billion net gain from the sale of repossessed assets in the current period, a substantial decline from the Php3.72 billion booked in 9M23.

Tobacco

The tobacco business reported net income of Php7.94 billion in 9M24, Php1.12 billion or 12% lower than the Php9.06 billion reported for 9M23. Most of the tobacco business' income comes from its 49.6% stake in PMFTC, through equity in net earnings. This amounted to Php6.69 billion in 9M24, 24% or a Php2.07 billion decline from the 9M23's Php8.76 billion. Dividend income in excess of carrying amount of the investment added Php925 million as of September 2024.

PMFTC's cigarette volume decreased by 12% in the first nine months of 2024, reaching 15.8 billion sticks compared to 18.0 billion sticks for the same period of 2023. The overall industry volume (excluding illicit trade) also declined by 5% y-o-y, dropping to 30.4 billion sticks from 32.2 billion sticks in 9M23. These declines were primarily attributed to consumer affordability challenges, rising illicit trade, and the increasing popularity of vaping products.

Currently, Marlboro cigarettes are priced at Php9 per stick, Hope at Php8 per stick, while Marlboro Crafted, Fortune, and Jackpot are priced at Php7, and Chesterfield at Php6. The last price increase by PMFTC was in February 2023. Excise tax rates are rising under Republic Act (RA) 11346, which imposed a tax of Php63 per pack of 20 sticks from January 1, 2024, a Php3 increase from the previous year.

PMFTC is expanding its product range with new launches. In the first quarter of 2024, they introduced Fortune Double Blast, the first double capsule cigarette at Php7 per stick, offering a unique smoking experience. For heated tobacco products (HTP), PMFTC launched the iQos ILUMA in October 2023, featuring the new Smartcore Induction System™ for a hassle-free experience. They also introduced ZYN nicotine pouches in November 2023, the first in the Asia Pacific region, offering a smoke-free, tobacco-free nicotine experience in menthol and non-menthol options.

Authorities are intensifying their efforts to combat illegal tobacco products. In the first nine months of 2024, they seized a record number of illegal cigarettes, totaling 813 million sticks, compared to 524 million sticks for the same period last year. These efforts involve multiple agencies across the country and include seizures and coordinated raids.

Tanduay Distillers, Inc. (TDI)

TDI's net income for the nine-month period ending September 2024 was Php1.51 billion, 31% higher than the Php1.15 billion in 9M23.

Liquor and bioethanol volumes were higher y-o-y, at 6% and 1%, respectively. Due to increased sales volume and higher selling prices, revenues were higher 15% y-o-y at Php24.61 billion. Higher sales volume drove a 12% increase in cost of sales, reaching P21.05 billion in 9M24. Despite this increase in costs, gross profit margin expanded to 14% in 9M24, higher than the 13% in 9M23 due to improved margins in the liquor segment.

TDI's nationwide market share for distilled spirits slightly declined to 32.0% in September 2024, compared to 32.6% in September 2023. However, TDI remains strong in the Visayas and Mindanao regions, where it holds a dominant share of 70.7% and 79.7%, respectively.

In October 2024, TDI sold its investment in Asian Alcohol Corporation, which had a carrying cost of Php1.5 billion, for Php1.8 billion, payable with interest over a four-year period with an upfront payment of ₱480 million.

Asia Brewery, Inc. (ABI)

ABI's net income for the first nine months of 2024 surged by 59% to Php715 million, compared to Php449 million in the same period of 2023. This growth was driven by an 8% increase in revenues to Php13.79 billion from Php12.79 billion, attributable to higher y-o-y sales volume across major product lines. The gross profit margin remained stable at 23%.

Cobra energy drink maintained its market leadership with a 55% share in the first nine months of 2024, while bottled water brands Absolute and Summit secured the third-largest share at 17%.

Eton Properties Philippines, Inc. (Eton)

Eton's net income for the first nine months of 2024 increased by 44% to Php499 million, compared to Php347 million in the same period of 2023. This growth was primarily driven by a significant increase in Other Income, which rose to Php456 million from Php287 million.

Leasing revenues for the period increased by 4% y-o-y to Php1.59 billion, due primarily to higher lease rates.

Eton recorded Php312 million in residential sales during the first nine months of 2024, driven by the resumption of sales of the remaining inventory in projects at 68 Roces in Quezon City and Eton City, Laguna.

Currently, Eton's leasing portfolio comprises 288,000 square meters, with approximately 192,000 square meters dedicated to office space.

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

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	P217,332,290	P243,790,981
Financial assets at fair value through profit or loss (FVTPL)	20,219,575	10,550,595
Financial assets at fair value through other comprehensive income (FVTOCI)	96,662,467	112,335,996
Financial assets at amortized cost	10,913,985	21,841,362
Loans and receivables	312,036,758	291,696,307
Inventories	14,279,473	13,709,117
Due from related parties	1,921,300	2,338,723
Other current assets	13,753,316	12,378,192
Total Current Assets	687,119,164	708,641,273
Noncurrent Assets		
Loans and receivables-net of current portion	331,920,267	347,989,209
Financial assets at FVTOCI	61,722,414	31,709,930
Financial assets at amortized cost	98,059,133	101,359,065
Investment in associates and joint ventures	18,137,180	19,003,747
Property, plant and equipment:		
At appraised values	57,447,713	57,516,431
At cost	11,430,226	11,615,081
Investment properties	38,366,655	37,848,430
Deferred income tax assets	7,592,207	6,860,706
Other noncurrent assets	4,654,622	4,852,404
Total Noncurrent Assets	629,330,417	618,755,003
TOTAL ASSETS	P1,316,449,581	P1,327,396,276
LIABILITIES AND EQUITY		
Current Liabilities		
Deposit liabilities	P914,559,747	P892,931,695
Financial liabilities at FVTPL	1,064,062	555,811
Bills and acceptances payable	18,221,358	19,047,156
Accounts payable and accrued expenses	19,041,595	22,889,975
Short-term debts	3,700,000	4,280,000
Current portion of long-term debts	1,993,375	43,115,944
Income tax payable	1,398,870	432,496
Due to related parties	50,000	50,000
Other current liabilities	8,317,880	9,990,372
Total Current Liabilities (Carried Forward)	968,346,887	993,293,449

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Total Current Liabilities (Brought Forward)	P968,346,887	P993,293,449
Noncurrent Liabilities		
Deposit liabilities - net of current portion	5,110,544	10,833,859
Bills and acceptances payable	1,462	1,115,447
Long-term debts - net of current portion	5,977,720	6,395,070
Net retirement benefits liabilities	1,136,711	1,009,716
Deferred income tax liabilities	8,195,908	8,275,257
Other noncurrent liabilities	6,164,220	6,237,658
Total Noncurrent Liabilities	26,586,565	33,867,007
Total Liabilities	994,933,452	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	14,834,284	12,418,924
Other equity reserves	(5,619,571)	(5,592,465)
Retained earnings	169,350,160	158,972,132
Shares of the Company held by subsidiaries	(12,519)	(12,519)
	225,279,974	212,513,692
Non-controlling interests	96,236,155	87,722,128
Total Equity	321,516,129	300,235,820
TOTAL LIABILITIES AND EQUITY	P1,316,449,581	P1,327,396,276

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

	Nine Months Ended September 30		For the Quarter Ended September 30	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
REVENUE				
Banking	₱55,523,765	₱48,967,603	₱19,176,374	₱16,922,070
Distilled spirits	24,542,926	21,393,174	9,962,140	8,692,505
Beverage	12,986,125	12,168,432	4,035,571	4,062,962
Property development	2,111,601	1,803,011	857,596	656,670
	95,164,417	84,332,220	34,031,681	30,334,207
COST OF SALES AND SERVICES	46,280,769	39,984,596	16,778,463	15,101,366
GROSS INCOME	48,883,648	44,347,624	17,253,218	15,232,841
EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES	7,594,056	9,445,887	2,443,116	3,230,996
	56,477,704	53,793,511	19,696,334	18,463,837
OPERATING EXPENSES				
Selling expenses	2,023,435	1,758,009	750,529	660,436
General and administrative expenses	27,448,827	28,267,342	9,619,539	10,653,192
	29,472,262	30,025,351	10,370,068	11,313,628
OPERATING INCOME	27,005,442	23,768,160	9,326,266	7,150,209
OTHER INCOME (CHARGES)				
Foreign exchange gains - net	892,676	1,190,386	379,023	287,825
Finance costs	(427,711)	(471,185)	(147,058)	(155,209)
Finance income	129,822	49,686	32,479	36,607
Others - net	3,801,542	4,999,739	1,737,067	1,182,031
	4,396,329	5,768,626	2,001,511	1,351,254
INCOME BEFORE INCOME TAX	31,401,771	29,536,786	11,327,777	8,501,463
PROVISION FOR INCOME TAX				
Current	5,654,645	4,990,668	2,014,712	1,587,426
Deferred	(918,628)	(873,049)	111,782	(1,072,064)
	4,736,017	4,117,619	2,126,494	515,362
NET INCOME	₱26,665,754	₱25,419,167	₱9,201,283	₱7,986,101
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the Company	₱19,824,188	₱19,246,754	₱7,026,484	₱6,245,989
Non-controlling interests	6,841,566	6,172,413	2,174,799	1,740,112
	₱26,665,754	₱25,419,167	₱9,201,283	₱7,986,101
Basic/Diluted Earnings Per Share	₱1.83	₱1.78	₱0.65	₱0.58