



March 12, 2020

Securities and Exchange Commission
SEC Building, Mandaluyong City

Attention: **Director Vicente Graciano P. Felizmenio, Jr.**
Director, Markets and Securities Regulation Department

The Philippine Stock Exchange, Inc.
6/F Philippine Stock Exchange Tower
5th Avenue corner 28th Street,
Bonifacio Global City, Taguig City

Attention: **Ms. Janet A. Encarnacion**
Head, Disclosure Department

Philippine Dealing and Exchange Corporation
29/F BDO Equitable Tower
8751 Paseo de Roxas, Makati City 1226

Attention: **Atty. Marie Rose M. Magallen-Lirio**
Head, Issuer Compliance and Disclosure Department

Mesdames/Gentlemen:

Please be informed that on 12 March 2020, Ayala Corporation disclosed a press release related to its operational and financial results for full year 2019.

Attached herewith is a copy of said press release.

Very truly yours,

A handwritten signature in black ink that reads 'Jose Teodoro K. Limcaoco'.

Jose Teodoro K. Limcaoco
Chief Finance Officer



AYALA CORPORATION
FULL-YEAR 2019 EARNINGS RELEASE

March 12, 2020

Ayala announces full-year 2019 financial results

Full-Year Highlights

- Ayala Corporation's full year earnings amounted to ₱35.3 billion, including the divestment gains of ₱23.6 billion from AC Education and AC Energy.
- Strong consumer driven revenue growth of ALLI, Globe, and BPI lifted the bottomline.
- Results tempered by the recognition of a remeasurement loss of ₱18.1 billion for Manila Water.
- Slowdown in AC Industrials resulted in a net loss of ₱2.4 billion.

"The events of the past year have challenged the stability of our corporate momentum over the last decade. However, Ayala has proven its resilience across multiple business cycles over the 186 years that we have been in operation. This ability to deal with adversity has been built on our fundamental strengths of adhering to the highest standards of corporate governance, always looking to develop value over the long term, remaining flexible to adjust to changing circumstances and constantly aligning our business objectives with the broader development needs of the country. These fundamental values have stood us in good stead through the years, have defined Ayala as a successful multi business group and ensured its continuity and relevance throughout the years," Ayala Chairman and CEO Jaime Augusto Zobel de Ayala said.

"In the face of adversity, our many stakeholders continue to inspire us to keep moving forward and not lose sight of our commitment to making a lasting, positive impact on the people we serve," said Ayala President and COO Fernando Zobel de Ayala.

"Notwithstanding the challenges faced by our water and global manufacturing businesses in the past year, our real estate, banking, telco, and power units continue to serve as engines of growth. This validates the strength of a diversified portfolio and the expansion strategy we put in place a decade ago," the Ayala President and COO noted.

Ayala Land

- Ayala Land's net income grew 13 percent to ₱33.2 billion as its office and commercial and industrial lot sales and a growing leasing operations supported earnings expansion.

- Total revenues increased by two percent to ₱168.79 billion, mainly supported by office and commercial and industrial lot sales as well as higher contribution of new leasing assets.
- Property development revenues was slightly down two percent year-on-year, reaching ₱117.6 billion in 2019.
 - Eight percent decline in residential revenues given the lower contribution of its AyalaLand Premier and ALVEO brands as most of its vertical projects recognized in 2019 were booked in previous periods and are nearing completion.
 - Office for sale developments up 12 percent.
 - Commercial and industrial lots sales up 46 percent.
- Ayala Land introduced 3 new estates and successfully launched ₱158.9 billion worth of property development projects.
- Commercial leasing saw double-digit growth from all its segments as it expanded 13 percent to ₱39.3 billion.
 - Mall leasing income grew 11 percent to ₱22 billion with total GLA reaching 2.1 million square meters at the end of the year.
 - Office leasing income grew 12 percent to ₱9.7 billion with total GLA reaching 1.2 million square meters at the end of the year.
 - Hotels and resorts leases increased 19 percent to ₱7.6 billion with total rooms reaching 3,705 at the end of the year.
- Total of ₱108.7 billion in capital expenditures in 2019.
 - 40 percent of total supported construction of residential projects.
 - 26 percent of total was spent on rental assets.
 - 17 percent of total was spent on land acquisition.
 - 14 percent balance went towards estate development and others.
- Its real estate investment trust vehicle, AREIT Inc., became the first Philippine company to file for listing at the Securities and Exchange Commission last February 7, 2020.
 - Portfolio includes Grade A office assets in Makati CBD: Ayala North Exchange, Solaris One, and McKinley Exchange Corporate Center.
 - Initial Public Offering of AREIT, Inc. will be after receiving the regulatory approvals from the SEC and the PSE.

Bank of the Philippine Islands

- BPI's net earnings, which was supported by solid core income, higher securities trading gains, and steadily growing fee-based businesses, jumped 25 percent to ₱28.8 billion in 2019.
- Total revenues grew 20 percent to ₱94.3 billion as both interest income and non-interest income saw robust growth.

- Net interest income was up 18 percent to ₱65.9 billion on the back of a nine percent improvement in average asset base and a 24-basis point expansion in net interest margin.
 - 69 basis point increase in asset yields partially offset by higher cost of funding.
 - Net interest margin increased from 3.11% in 2018 to 3.35% in 2019.
- Loan growth was at nine percent, reaching ₱1.48 trillion.
 - Consumer loans grew 13 percent.
 - Corporate loans expanded eight percent.
 - SME loans rose six percent.
- Deposits grew seven percent to ₱1.70 trillion.
 - CASA ratio held steady at 69.1 percent.
 - Loan-to-deposit ratio stood at 87 percent.
- Fee-based and securities trading income drove non-interest income up by 25 percent to ₱28.4 billion.
 - Fee-based income grew 12 percent to ₱22.3 billion due to robust expansion in credit card loans and related fees.
- Operating expenses was up 15 percent to ₱50.1 billion.
 - Cost-to-income ratio declined 240 basis points from 55.5 percent to 53.1 percent due to efficient cost management.

Globe

- Globe's net income ended at ₱22.3 billion, up 20 percent, boosted by the data-related products and services.
- Total service revenues up 12 percent to ₱149 billion, lifted by data-related services, which accounted for 71 percent of the total.
- Evident growth in data driven customers across all segments.
 - Mobile data users rose 7 percent to 39.6 million subscribers.
 - Mobile data traffic up by 78 percent to 1.7 petabytes.
 - Home broadband subscriber base increased 25 percent to 2 million customers.
 - Launched At Home Air Fiber 5G in July 2019.
- EBITDA ended at ₱76 billion, up 17 percent due to robust service revenues as well as subdued operating expenses.
 - OPEX grew eight percent despite higher costs related to marketing, subsidies, and manpower while interconnect charges dropped significantly.
 - EBITDA margin was steady at 51 percent.
- Capital expenditure reached a record-high ₱51 billion, 18 percent higher year-on-year. This was allocated to fast-tracking network rollout.

AC Energy

- AC Energy registered net profits of ₱24.6 billion in 2019, lifted by contribution from its solar projects in Vietnam, recovery of costs incurred from adjustments in the construction and operations of its power plants, and gains from the partial divestment of its thermal assets.
- The start of operations of solar farms in Vietnam supported profits.
 - Total of 410MW commenced commercial operations in the second quarter, in time to meet Vietnam's solar feed-in tariff deadline.
- AC Energy increased its attributable energy output in 2019 by 25 percent to 3,500GWh, of which 50 percent came from renewable sources.
- Forged joint venture project with UPC Solar Asia Pacific for the development of solar projects in the Asia-Pacific region and with Yoma Strategic Holdings Ltd. to jointly explore developing around 200MW of additional renewable energy projects within Myanmar including participation in large utility scale renewable projects.
- Locally, subsidiary AC Energy Philippines signed share purchase agreements to increase its stakes in the North Luzon Renewables wind project, and the Sacasol and Islasol solar plants. It also started the construction of the 120MW Alaminos solar plant and the 150MW Ingrid peaking plant.
- Pipeline of 1,200MW in various solar and wind projects in the Philippines and overseas are expected to reach financial close within 2020.
 - This will bring AC Energy's renewable energy capacity close to 2,000MW by the end of 2020, in line with its goal of achieving 5,000MW of renewables capacity by 2025.
- Issued two green bonds in 2019, effectively raising US\$810 million in fresh capital to support its pipeline of mostly renewable energy projects.
 - The first issuance, which happened in January-February 2019, was its maiden green bonds and fetched a total amount of US\$410 million.
 - Subsequently in November, it raised US\$400 million through the first ever US dollar denominated fixed-for-life green bond issued globally.

Manila Water

- Manila Water's full-year net profits dipped 16 percent year on year to ₱5.5 billion as the water supply shortage in March 2019 severely impacted the East Zone concession while some cost-side challenges also weighed down on profitability.
- In April 2019, La Mesa dam water levels reached its lowest at 68.5 meters, causing water availability to drop significantly. As a result, the company implemented a one-time Bill Waiver Program to assist severely affected customers.

- In July 2019, raw water allocation from Angat dam hit its lowest, with releases limited to 35 cubic meters per second for the MWSS Concessionaires. To mitigate this, Manila Water pushed for network efficiency to maintain service availability by ensuring water service of at least 7 pounds per square inch (psi) of pressure.
- Costs and expenses for the East Zone concession increased 32 percent to ₱6.4 billion for the year.
 - ₱534 million penalty imposed by MWSS and additional service recovery and operations costs.
- The Manila concession's net income for the year was at ₱5.1 billion, a decline of 22 percent from 2018.
- Ayala announced a strategic partnership with an infrastructure company of Enrique K. Razon Jr., Prime Metroline Holdings Inc., through a company that it will incorporate for the transaction (hereafter, "Trident Water"), with the acquisition of a 25 percent stake in Manila Water.
 - Ayala remains a shareholder with 38.6 percent stake.
 - Grant of proxy rights by Philwater to Trident Water over such number of preferred shares to enable the latter to achieve 51 percent voting interest.
 - Ayala's resulting voting interest will stand at 31.6 percent.

AC Industrials

- AC Industrials recorded a net loss of ₱2.4 billion as headwinds in both the electronics manufacturing services and the global auto industries hampered earnings across its several business lines.
- Integrated Micro-Electronics Inc. (IMI), posted a net loss of US\$7.8 million in 2019 as it continued to weather challenges in its main market segments, particularly the industrial and consumer spaces.
- Revenues from IMI's wholly owned businesses tallied at US\$1 billion, down 7 percent.
 - Asian operating units dropped a total of 11 percent, as a function of the China automobile market's underperformance for the year.
 - IMI Europe achieved a three percent growth year-on-year as the company's newest production facility in Serbia continued its ramp-up in its first full year of operations.
 - IMI's Mexico operations, which serve the North American markets, continued their robust trajectories with a 50 percent revenue growth in 2019.
- Via Optronics and STI, Ltd. posted combined revenues of US\$248 million, a decline of 21 percent.
 - VIA's drop was mainly driven by the slump in the overall computing consumer segment and the delay in the release of a new generation component from one of its major customers.
 - STI was affected by some delays in awarding of several contracts due to uncertainties over Brexit, which persisted through 2019.
- AC Motors recorded a net loss of ₱337 million because of lower sales volume across its Honda, Isuzu, and Volkswagen brands.

- Merlin Solar, MT Technologies, and C-CON, recorded higher net losses during the period as they continue to grow their revenue pipelines, invest in capacity and infrastructure, and manage underutilization of capacity resulting from the global downturn in automotive and manufacturing.

Balance Sheet Highlights

- Parent level cash stood at ₱22.6 billion.
- Net debt stood at ₱83.2 billion.
- Parent net debt-to-equity ratio stood at 63 percent.
- Group net debt-to-equity stood at 58 percent.
- Loan-to-value ratio, the ratio of its parent net debt to the total value of its assets, was at 6.5 percent.
- Consolidated capital expenditure reached ₱215 billion in 2019.
 - Ayala Land's CAPEX spending tallied at ₱109 billion
 - Globe's CAPEX spending reached ₱51 billion.
- Parent-only CAPEX stood at ₱30 billion, which went mostly to the newer businesses of Ayala.
- Ayala has programmed close to ₱275 billion in group CAPEX, of which ₱20.8 billion has been earmarked under the parent to support the emerging businesses in its portfolio.

AYALA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

	December 31	
	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	P 93,405,253	P 60,624,263
Short-term investments	13,387,801	5,956,489
Accounts and notes receivable	130,868,711	153,991,583
Contract assets	3,159,675	3,736,447
Inventories	135,064,303	120,560,493
Other current assets	62,932,994	57,728,026
Assets under PFRS 5	170,466,694	10,162,121
Total Current Assets	609,285,431	412,759,422
Noncurrent Assets		
Noncurrent accounts and notes receivable	55,720,290	41,803,297
Noncurrent contract assets	-	492,943
Investments in associates and joint ventures	246,731,276	240,140,558
Investment properties	246,732,338	227,645,548
Property, plant and equipment	88,781,755	104,492,357
Right-of-use assets	18,220,572	-
Service concession assets	1,638,516	98,404,486
Intangible assets	16,625,926	16,553,369
Deferred tax assets - net	14,246,325	15,546,040
Other noncurrent assets	47,303,529	40,087,599
Total Noncurrent Assets	736,000,527	785,166,197
Total Assets	P 1,345,285,958	P 1,197,925,619
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term debt	P 29,788,643	P 39,518,245
Accounts payable and accrued expenses	195,416,247	204,758,244
Contract liabilities	252,341	114,169
Income tax payable	2,396,901	3,406,921
Other current liabilities	28,394,709	31,928,643
Current portion of:		
Long-term debt	23,878,725	48,480,559
Lease liabilities	1,028,067	-
Service concession obligation	13,607	820,802
Liabilities under PFRS 5	121,487,625	1,075,272
Total Current Liabilities	402,656,865	330,102,855
Noncurrent Liabilities		
Long-term debt - net of current portion	351,670,789	324,262,828
Lease liabilities - net of current portion	21,353,099	-
Service concession obligation - net of current portion	52,412	7,018,211
Deferred tax liabilities - net	8,035,817	10,999,354
Pension liabilities	3,756,048	2,589,852
Other noncurrent liabilities	48,447,370	53,844,164
Total Noncurrent Liabilities	433,315,535	398,714,409
Total Liabilities	835,972,400	728,817,264
Equity		
Equity attributable to owners of the parent company		
Paid-in capital	84,876,225	83,361,675
Share-based payments	214,617	238,871
Remeasurement losses on defined benefit plans	(3,117,329)	(1,299,319)
Fair value reserve of financial assets at fair value through other comprehensive income	66,917	(544,555)
Cumulative translation adjustments	3,234,618	2,276,669
Equity reserve	25,282,942	10,872,124
Equity conversion option	-	1,087,015
Retained earnings	225,454,620	196,914,989
Treasury stock	(5,737,896)	(2,300,000)
Reserves under PFRS 5	(1,467,449)	-
	328,807,265	290,607,469
Non-controlling interests	180,506,293	178,500,886
Total Equity	509,313,558	469,108,355
Total Liabilities and Equity	P 1,345,285,958	P 1,197,925,619

AYALA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands, Except Earnings Per Share Figures)

	Years Ended December 31	
	2019	2018 (As restated)
CONTINUING OPERATIONS		
REVENUE		
Sale of goods and rendering of services	P 264,906,534	P 256,891,287
Share in net profits of associates and joint ventures	22,344,352	19,760,662
Interest income from real estate	7,890,972	7,042,078
Dividend income	122,903	106,803
	295,264,761	283,800,830
COSTS AND EXPENSES		
Costs of sales and services	189,983,258	189,706,638
General and administrative expenses	32,112,815	25,956,728
	222,096,073	215,663,366
OTHER INCOME (CHARGES) - Net		
Interest income	3,352,308	2,293,765
Other income	32,288,490	9,198,888
Interest and other financing charges	(22,409,526)	(17,378,936)
	13,231,272	(5,886,283)
INCOME BEFORE INCOME TAX	86,399,960	62,251,181
PROVISION FOR INCOME TAX		
Current	13,717,739	14,297,198
Deferred	266,398	(929,997)
	13,984,137	13,367,201
NET INCOME AFTER INCOME TAX	72,415,823	48,883,980
OPERATIONS OF THE SEGMENT UNDER PFRS 5		
Net income (loss) after tax	(30,433,493)	6,181,134
NET INCOME	P 41,982,330	P 55,065,114
Net Income Attributable to:		
Owners of the Parent Company	P 35,279,330	P 31,817,721
Non-controlling interests	6,703,000	23,247,393
	P 41,982,330	P 55,065,114

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)
Mar 12, 2020
2. SEC Identification Number
34218
3. BIR Tax Identification No.
000-153-610-000
4. Exact name of issuer as specified in its charter
AYALA CORPORATION
5. Province, country or other jurisdiction of incorporation
PHILIPPINES
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
32F to 35F, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City
Postal Code
1226
8. Issuer's telephone number, including area code
(02)7908-3000
9. Former name or former address, if changed since last report
N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	626,717,346
Preferred B Series 1 Shares	20,000,000
Preferred B Series 2 Shares	30,000,000
Voting Preferred Shares	200,000,000

11. Indicate the item numbers reported herein
Item 9

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



Ayala Corporation AC

PSE Disclosure Form 4-31 - Press Release
References: SRC Rule 17 (SEC Form 17-C)
Section 4.4 of the Revised Disclosure Rules

Subject of the Disclosure

Ayala Corporation's full year earnings amounted to P35.3 billion.

Background/Description of the Disclosure

The company's full year earnings reached P35.3 billion, including divestment gains of from AC Education and AC Energy.

Other Relevant Information

Please see attached earnings release for more details.

Filed on behalf by:

Name	Celeste Jovenir
Designation	Investor Relations Head