

Selected Philippine Companies: 2Q06 Earnings Results

August 2006

| Company | 1H2006 | 1H2005 | Change | Remarks |
|------------------|----------------|----------------|--------|--|
| Meralco (Parent) | P362 mn | (P583 mn) loss | +162% | 2Q06 net income (on a parent level) reached P1.12 bn, 31% lower from 2Q05's P1.62 bn. The drop in 2Q earnings was attributed to provisions for probable losses pertaining to the unbundling case pending with the Supreme Court. Exclusive of provisions, MER's profits would've reached P2.36 bn in the 2Q alone. First half GWH sales improved 1.2% versus last year owing to the Commercial segment's 2.13 pct sales expansion. |
| Petron | P2.7 bn | P2.3 bn | +16% | Total sales revenues were up 25% to P108.45 bn on the back of higher exports (volume up 140% while export revenues increased 48 pct), which now account for 42% of sales revenues. Domestic volume sales reportedly dropped 5% in the first half, a sustained contraction of 8% in 2005 owing to higher global crude oil prices. |
| Phil.Natl. Bank | P425 | P315 | +35% | This translates to P235 mn in earnings for the second quarter alone, 24% better than what they earned in the 1Q of P190 mn. First half earnings was achieved even as PNB set aside P900-million provisioning for probable losses. Officials attributed the robust first semester performance from double-digit improvements in trading and foreign exchange income. |
| Manila Water | P1.23 bn | P0.986 bn | +25% | Net profit in the first semester rose to P1.23 bn, up 25 percent from last year. The better performance was attributed to an increase in sales and its customer base, which resulted in a 12 percent rise in revenues to P3.21 billion. Billed volume rose in the first half and has more than doubled to 933 million liters per day from 440 million since the company started. The issue is now up 32% since its IPO price of P6.50 way back in 2005. |
| Sec. Bank | P1.01 bn | P670 mn | +51% | The strong first half profits were attributed to the 12.5% rise in revenues to P3.08 bn despite lower rates. Non-interest income on the other hand grew 45.4%, boosted by an 85% rise in trading gains in its securities portfolio. |
| BPI | P4.6 bn | P4.3 bn | +7% | The improvement in income came from the 7% rise in total revenues and lower impairment losses. This partly offset the 13% rise in opex for the period. The performance brought BPI's ROE at 15.9% while ROA was recorded at 1.9%. Net interest income grew modestly at 3%, tempered by the 33-basis points yoy decline in spreads given declining market rates. |
| Banco de Oro | P1.26 bn | P1.18 bn | +6% | The improvement was due to the double-digit growth in both interest and non-interest income. Net interest income was up 15 percent to P3.8 billion while non-interest income was up 20 percent at 1.8 billion. |
| Metrobank | P3.04 bn | P2.25 bn | +35% | Net interest income grew 16% from P5.91 bn to P6.86 bn given the higher volume of performing loans and better yields from its treasury portfolio. This partly offset the 6.4% rise in interest expense given the bank's increased marketing expenses to help shore up deposits. |
| Globe | P6.1 bn (Core) | P4.4 bn (Core) | +54% | Globe Telecom reported a strong performance highlighted by a net income of P5.8 bn in the first half of the year. This is a 37% improvement from income generated last year. The company attributed the strong performance to sustained improvements in revenues complementing its effective cost management efforts. Taking away any foreign exchange and mark-to-market gains and losses, net income grew at an even stronger rate of 54% year-on-year |
| Union Bank | P1.1 bn | P1.5 bn | -27% | Union Bank of the Philippines registered a net income of Php1.1 billion in the first half of 2006, down 27% from Php1.5 billion in the same period last year. UBP attributed the profit decline to the interim impact of expenses related to the purchase of International Exchange Bank (iBank), and weaker margins due to low domestic interest rates |
| AEV | P1.56 bn | P1.6 bn | -6% | Earnings before interest, taxes, depreciation and amortization (EBITDA) also went down by 8% to P3.13 billion. Earnings in the 2nd quarter fell 13% to P906 million compared to 2Q05. While AEV's power group, posted better earnings (contribution up 10.7%), the banking (-20%), food (-6%) and transport sectors (net loss) posted lower contributions versus the same period last year. |

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| Ayala Corp. | P7.3 bn (headline) P3.85 bn (core) | P3.7 bn (headline) P2.33 bn (core) | +96% +66% | Headline profit almost as boosted by gains from selling Ayala Land, BPI and Globe shares booked at Php3.46B in the 1H06. Exclusive of this gains profit stood at Php3.85B (+66%). Equity in net earnings from subsidiaries and affiliates increased by 6% to P6.4 billion, but excluding one-time gains recorded last year, normalized growth would be 21% year-on-year |
| Ayala Land | P1.896 bn (core) | P1.369 bn (core) | +38% | Ayala Land Inc disclosed that net income (attributable to equity holders of ALI) for 1H06 reached Php 1.9 billion, 4% higher than the Php 1.8 billion reported during the same period last year. Note that last year's income included a Php 460 million net gain (after provisions and taxes) from the AIVI transaction. Stripping out the net gain from the AIVI transaction, net income effectively grew by 38% from 1H05's Php 1.37 billion. |
| SM Prime Holdings | P2.6 bn | P2.4 bn | +9% | Revenues grew 17% to P6.1 billion, while operating income grew 20% from P3.0 billion as operating expenses increased by only 14% to P2.5 billion. Cinema ticket sales also showed a strong performance growing by 21% to P395 million in the second quarter due to availability of more blockbuster films. Net income grew 9% to P1.3 billion from P1.2 billion in the same quarter 2005. |
| Intl' Container Terminal Serv. | P852 mn | P677 mn | +26% | First half income for the six months ending 30 June 2006 reached P852 million (EPS of P0.49), an increase of 26 percent over the P677 million in 2005. The company attributed the strong performance to strong international operations, contributing to 39 percent of this quarter's consolidated net income, as compared with 35 percent in the second quarter of 2005, and 35 percent for the full year 2005. |
| Belle Corp. | P60.2 mn | P60.1 mn | 0% | Belle Corp reported a net loss of P9.55 million in the second quarter to June, a reversal from a net profit of P33.6 million a year earlier reportedly given weak sales for the period. |
| Robinsons Land | P1.23 bn (9 mos) | P1.025 bn (9-mos ending June) | +20% | Robinsons Land Corp. recorded a 20-percent year-on-year increase in net profit in the nine months to June to 1.23 billion pesos on the back of a 27-percent rise in revenue. Revenue in the third quarter reached 1.49 billion pesos, |
| PLDT | P15.2 bn (core) | P13.62 bn (core) | +11% | Core net profit in the second quarter was up 8% at P7.64 billion from last year's reported P7.0 bn. Quarter on quarter, 2Q06 core net income was flat from 1Q06 net profit of P7.5 bn. PLDT's core net profit (48% of its year end 2006 guidance of P32 bn) remains on track to meet its adjusted target for the year given a traditionally stronger second half. HOWEVER, headline net income decreased by 7% to P15.3 billion compared with the P16.5 billion net profit reported in the same period last year. The decline is attributed to additional depreciation expenses, foreign exchange losses and a higher statutory tax rate. This however was partly mitigated by lower interest expense due to lower net debt balances. |
| Piltel | P3.18 bn (core) | P2.72 bn (core) | +17% | Reported net income of P4.51 billion for the period was 1% lower than the profit of P4.56 billion for the same period in 2005. This is due to the additional debt discount booked on debts prepaid in June 2006 of P1.1 billion and the effects of foreign exchange revaluation and certain deferred tax assets. Service revenues in the first semester of 2006 grew 8.8% to P5.7 billion, compared to P5.2 billion for the six months of 2005, as a result of the continued growth in revenue contribution from the <i>Talk 'N Text</i> subscriber base. |
| PS Bank | P533 mn | P327 mn | +63% | Earnings during the first half resulted from a 27% growth in total revenues to Php 3.4 billion from Php 2.7 billion a year ago. These were posted despite lower interest rates, which compressed margins but presented trading opportunities in its investment portfolio. With its Tier 2 issuance and Rights Offer, PSBank's Capital Adequacy Ratio (CAR) increased to 19.4% in June 2006. Its Return on Equity (ROE) was at 20.1%, an improvement from 13.1% posted in the same period last year. |
| Philex | P1.2 bn | P122 mn | 857% | Philex Mining reported that net income for the first semester of 2006 amounted to P1.2 billion, an almost ten-fold increase from earnings in the same period last year. Earnings in the second quarter was registered at P596 mn, 4% higher than the first quarter's P574 mn given higher gold and copper prices in the |

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| SM Investments | P2.9 bn | P2.3 bn | +26% | SM Investments Corporation reported an 85% growth in net income for the first six months of 2006 to Php5.1 billion boosted by extraordinary gains from the sale of marketable securities during the period and Global Depository Receipts in the first quarter. Excluding extraordinary items, net recurring income expanded by 26% for the first half to Php2.9 billion on the strength of the retail merchandising business, and mall operations. SM also gained from improved efficiencies, which kept a tight lid on operating expenses and improved margins. While interest expenses declined by 5% to Php1.5 million, provision for income tax during the period grew by 27.6% due to a mandatory increase from 32% to 35%. |
| First Gen Corp. | \$41 mn | \$44 mn | -7% | First Gen reported a net profit of \$41 mn (P2.1 bn) for the first semester of 2006, \$3 mn lower from \$44 mn generated in the first semester of 2005. This was due to the expiration of First Gas Power Corp's (60% subsidiary owning Sta. Rita plant) income tax holiday (ITH) in June 2006. Earnings before tax however was 12% higher given the savings in administrative expenses (worth \$6mn) given the favorable decision on the arbitration case with Siemens and the favorable settlement dispute with its gas sellers. |
| RCBC | P524 mn | P328 mn | +60% | Net interest income improved by 22.9% from P2.88 billion to P3.54 billion mainly due to the higher interest earned from investment securities and better spreads. RCBC and its consolidated subsidiaries set aside P719 million in provision for impairment losses. RCBC also recently generated over P130 million from the sale of foreclosed assets in two public auctions. Plans are underway for its capital build-up program as it is preparing to issue P1 billion worth of preferred shares and P5 billion worth of hybrid tier 1 capital to further strengthen its capital ratios. |
| First Phil. Hldgs Corp. | P6.7 bn | P3.8 bn | +76% | First Phil. Holdings Corp.'s (FPHC) 2Q06 profit reached P1.25 bn, down 43% from last year's P2.2 billion given to higher operation and maintenance costs. Revenues however rose 16 percent to P15.2 billion pesos from P13.1 billion a year earlier driven by higher electricity sales. Nevertheless, net profit in the first half of 2006 grew 76 percent to P6.7 billion from P3.8 billion a year earlier. Earnings were boosted by the improved earnings of its associates and gains from the sale of shares in unit First Gen Corp. in February worth P2.7 bn. |
| Jollibee Foods | P1,052 mn | P895 mn | +18% | Net income in the 2Q06 increased 10% y-o-y to P602 mn from P547 mn in 2Q05 despite tighter consumer spending and rising costs. Revenues were up 13.6% for the period given additional Jollibee stores and the acquisition of Red Ribbon. |
| ABS-CBN | P516 mn | P211 mn | +145% | ABS reported 2Q06 earnings of P394 mn vs. P344mn in 2Q05 last year. ABS-CBN Broadcasting Corp.'s net income more than doubled to P516 million in 1H06 from P211 million in 1H05 given the benefits of cost-cutting efforts that were initiated since last year including a headcount optimization as well as more prudent production cost spending. Gross airtime revenues likewise remained stable although ratings averaged lower at 13%. Revenues were boosted by license fees from the migration of DTH (direct to home) subscribers in North America to DirecTV's platform. |
| Megaworld Corp. | P864 mn | P545 mn | +58% | 2Q06 income was double 2Q05 figure of P130 mn. During the 1st half of 2006, the consolidated net income amounted to Php863.94 million, 58% higher than previous year 1st half's net income of Php545.35 million. Consolidated total revenues composed of real estate sales, rental income, hotel income, interest income and other revenues grew by 22% from Php2.72 billion to Php3.32 billion resulting from strong property sales and increase leasing & hotel operations. |
| Equitable PCIB | P1.3 bn | P1.1 bn | +11% | EPCI disclosed that 2Q06 profits reached P561 mn, a 21% decline from 1Q06 net income of P710 mn due to weak non-interest income (trading gains and exchange profits) for the period. |

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| JG Summit Holdings | P4.0 bn | P1.7 bn | +135% | The company reported 2Q06 earnings of P168 mn vs. P953mn in 2Q05 last year. The decline is caused mainly by foreign exchange losses arising out of its dollar-denominated liabilities and that of its subsidiaries. Its half - year net income, however is still at P4.05 billion, compared to P1.7 billion in the same period last year, due to gains from the sale of some of its shares in Universal Robina Corporation, (URC) in February 2006. |
| Empire East Land | P68.3 mn | P50.5 mn | +35% | EELHI registered Realized Gross Profit of P146.6 million for the six months period of 2006 compared with P77.5 million for the same period last year. The increase was mainly attributed to the construction accomplishment of on-going projects. Sales were derived from the following projects: Laguna Bel-Air 3, Laguna Bel-Air 4, Greenhills Garden Square, California Garden Square, Xavier Hills and The Cambridge Village. Other major revenue contributor was the interest income derived from accounts under in-house financing amounting to P147.6 million and P108 million or equivalent to 33% and 34% of total revenues. |
| Universal Robina | P1.550 Bn (9mos ending Jun) | P1.782 Bn (9mos ending Jun) | -13% | Net income fell by 13.0% to 1.550 billion in the first 9mos caused by higher net other charges for the period. If not for the P 657 million unrealized losses from decline in market value of temporary investments and marketable securities, net income could have increased by 23.8%. URC recorded other charges-net of P 320 million in the first nine months of fiscal 2006 up by P 301 million as compared to other charges-net of P 19 million in the same period of fiscal 2005. This was due to recording of unrealized losses from decline in market value of temporary investments and marketable securities partially offset by the increase in equity in net earnings of unconsolidated associate companies. |
| Digitel | (P1.45) loss before tax | (P1.0 bn) loss before tax | +43% | As a result of a 4% decline in consolidated revenues (particularly wireline) and the effect of foreign exchange fluctuations, DIGITEL registered consolidated loss before tax of P1.45 bn in 1H06 a 43% increase from last year. |
| DMCI Hldgs | P844 mn | P435 mn | +94% | DMCI reported a consolidated income of P844 million and P602 million for the 1st half and 2nd quarter of 2006 respectively. This translates to a 94% increase from last year's core profit of P435 million attributable to recurring income from the coal and real estate businesses and the significant improvements experienced in the construction business. |
| Paxy's Inc. | P201 mn | P103 mn | +95% | Earnings in the 2Q06 rose to P125 mn from P52 mn last year. Consolidated Service income for the six months ended June 30, 2006 was P1,068 million, an increase of P529 million over the same period last year. The increase is attributable to (a) higher volume hours and full time equivalents of one of the US-based clients of ACS; (b) registered income of SmartSalary amounting to P44 million for the 25 days ended June 30, 2006; and (c) share in registered income of SWA amounting to P1 million for the three months ended June 30, 2006. |
| Semirara Mining | P403 mn | P678 mn | -41% | Earnings fell 41% mainly due to the expiration of Net Operating Loss Carry Over (NOLCO) incentive, which allowed the Company to provide only for Minimum Corporate Income Tax in the same period last year as against the current year provision of 35% of taxable income recorded a huge Provision for Income Tax. The additional provision of P94.04 million in Q2 brought Provision for Income Tax to an unprecedented level of P202.10 million at the end of the first half. |
| Leisure & Resorts World Corp. | P58.2 mn (pro forma inclusive of FCLRC) | P36.0 mn (pro forma inclusive of FCLRC) | +62% | For 2006, management plans to operate a total of 1,200 E-bingo machines in thirty-five (35) bingo parlors and a total of sixty-one (61) Rapid Bingo terminals in thirty-one (31) bingo parlors. AB Leisure Exponent also plans to open two (2) more bingo halls in the 3rd quarter of 2006. These new parlors will be located in SM Bicutan and SM Mall of Asia. Income of P58 mn translates to an EPS of P0.078 in the first half of 2006, up from P0.048 last year. |

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| Anscor | P3.179 bn | P0.468 bn | +579% | Revenues in 1H06 reached P5.2 billion, significantly higher compared to 2005 revenues of P1.7 billion. This was due to windfall gains from sale of investments (particularly from sale of all its holdings in ICTSI). The gain amounted to P3.05 billion. Also, ANS posted improved sales from its wire-manufacturing subsidiary. |
| Filinvest Devt. Corp. | P521 mn | P423 mn | +23% | Real estate operations contributed P1.7B net revenue, 5.2% higher compared to same period last year. Mall and rental revenues increased 20.6% compared to the previous year. Sales reservations also increased by 22%, but given the time lag (about a year between sales reservations and booking of sales) did not reflect in the first semester. Financial and banking services recorded a positive growth of 38% in net revenues, contributing P643M to the total consolidated net revenue. |
| Holcim Philippines | P544 mn | P646 mn | -16% | The company's operating performance for the 2Q CY2006 generated total revenues of P3.7 billion, about 5.8% lower than same period last year due to lower market demand and the raw meal silo collapse of the Davao line number 3 plant. 2Q CY2006 operating EBITDA was P1.3 billion, (9.4% lower than 2Q CY2005). Financial expenses for the 2Q CY2006 were P79.5 million lower compared to the same period last year due to lower debt, resulting to a higher net income for 2Q CY2006 of P370 million after provision for income taxes of P292 million. |
| Benpres Holdings | P2.12 bn | P318 mn | +567% | Benpres' first semester net income was primarily derived from the equity share in net earnings of investees (+102.3%), after First Philippine Holdings Corporation (FPHC) booked a one-time gain on dilution of its equity interest in First Gen Corporation (First Gen) in the amount of P2.7 billion with First Gen's initial public offering (IPO) in February 2006. Bayantel continued to be a major drag, after it posted a net loss of P979 mn, 71% larger than last year. Bayantel's total revenues of P2.3 billion was lower by 20% YoY given lower voice revenues due to declines in local service and international long distance. LEC (local exchange carrier) subscribers of 277,181 as of end-June 2006 were slightly lower than the end-2005 count of 278,859. |
| EEl Corp. | P62.3 mn | P5.11 mn | +1,119% | EEl's consolidated net income reached P62.33 million compared to P5.11 million for the same period last year. Consolidated gross revenues were recorded at P2.46 billion for the period, 35% higher compared to P1.82 billion for the same period in 2005. According to the company's quarterly report, consolidated contracts, merchandise sales and indent orders awarded in the first 6 months amounted to P2.76 billion, 85% higher than last year's record of P1.49 billion. In addition, consolidated orders backlog amounted to P3.69 billion as of 30 June 2006, which is higher than the P3.41 billion last year. |
| Filinvest Land Inc. | P296 mn | P272 mn | +9% | Filinvest Land Inc.'s first half profits reached P296 mn, up 9% over last year's P276 mn given higher sales and interest income from receivables. Sales reservations were reported to have increased 22% over last year owing to strong inflows of foreign exchange remittances from overseas Filipino workers. |
| San Miguel Corp. | P4.36 bn | P3.8 bn | +15% | Consolidated net sales revenues were up 21% to P121.6 bn while operating income was up 48% to P11.1 bn. This was attributed to the consolidation of National Foods and benefits from the improved raw materials cost and cost-containment measures. |

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