

10Q19

COL FINANCIAL
INVESTOR
PRESENTATION





Company
Overview



Financial &
Operating
Highlights



Growth
Plans

Key Highlights

Company Overview

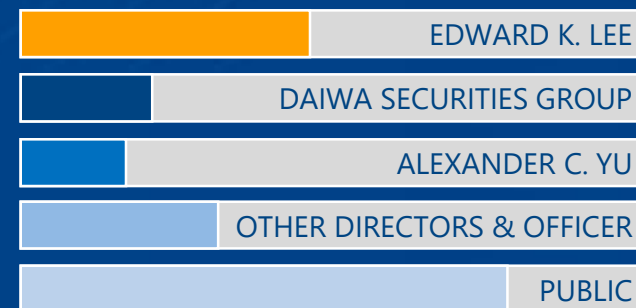
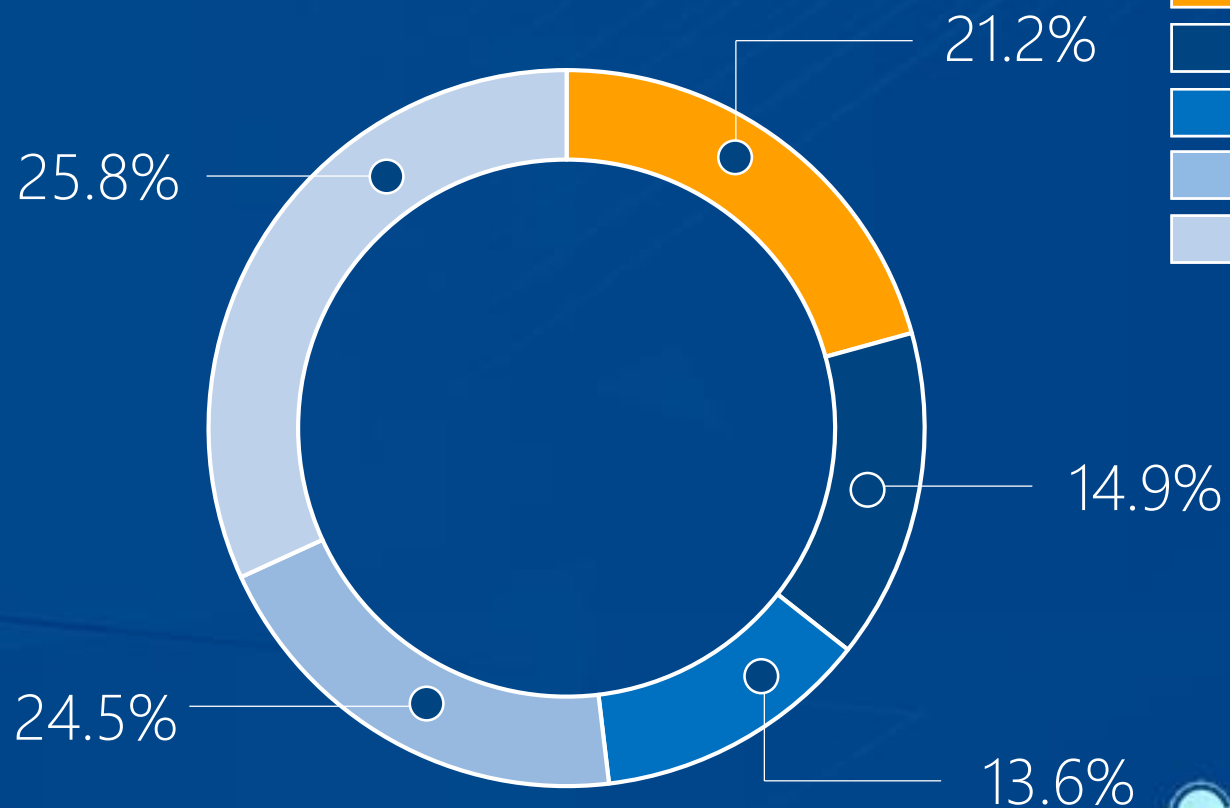
Established and licensed by the SEC in 1999

The leading and fastest-growing online stockbroker in the Philippines

Focused on tapping the underserved retail investor base in the stock market

Founder (Edward K. Lee) retains a 21.2% stake and actively manages the Company





Outstanding Shares	476.0 million
Free Float	122.8 million
Market Cap*	Php9.0 billion

*AS OF END MARCH 2019

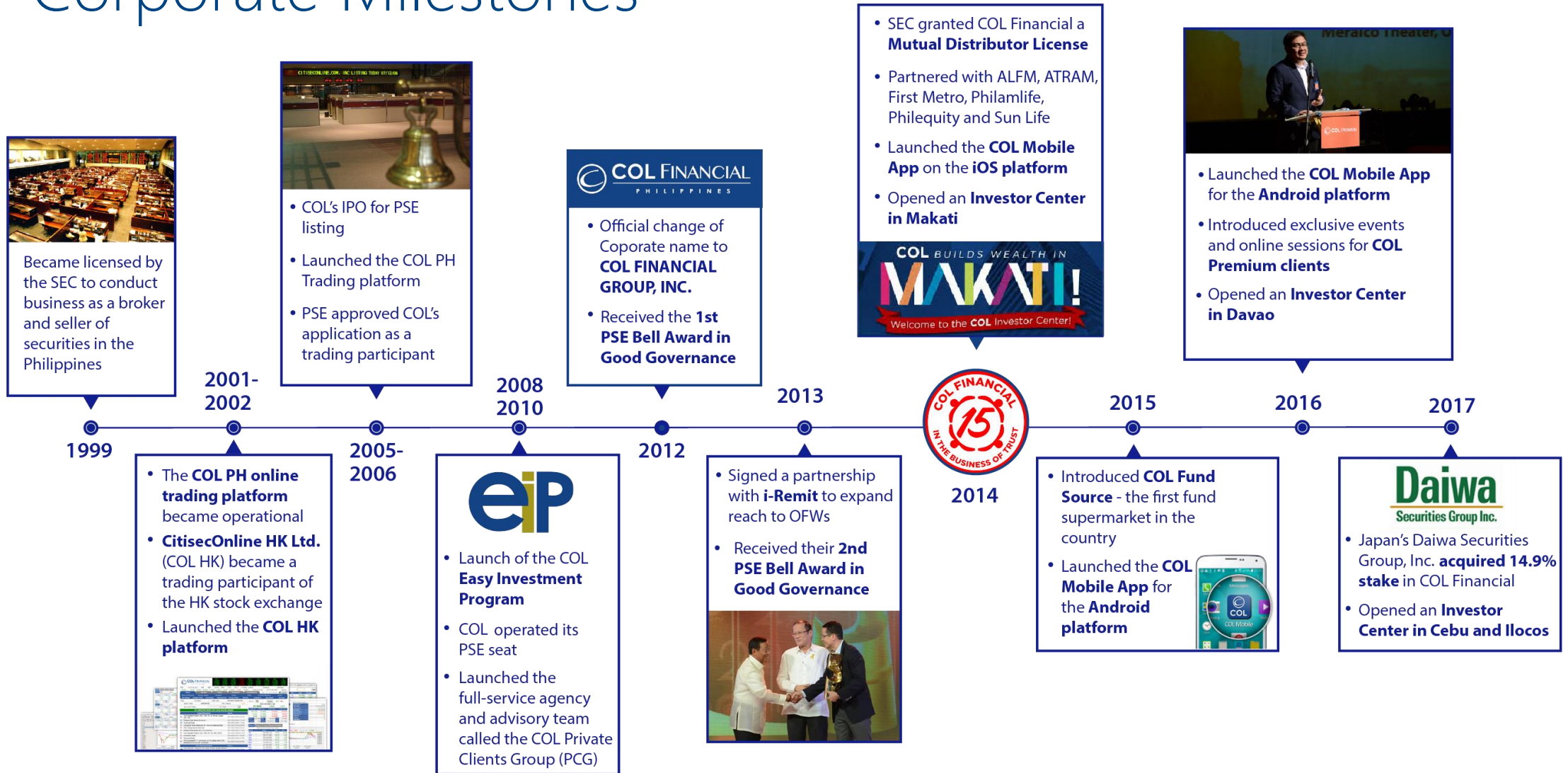
Business Objective

To be the preferred source of financial services, a trusted provider of guidance and investment and a strong organization committed to delivering great value to its customers.

Our goal is to be
Champion of the Filipino Investor



Corporate Milestones



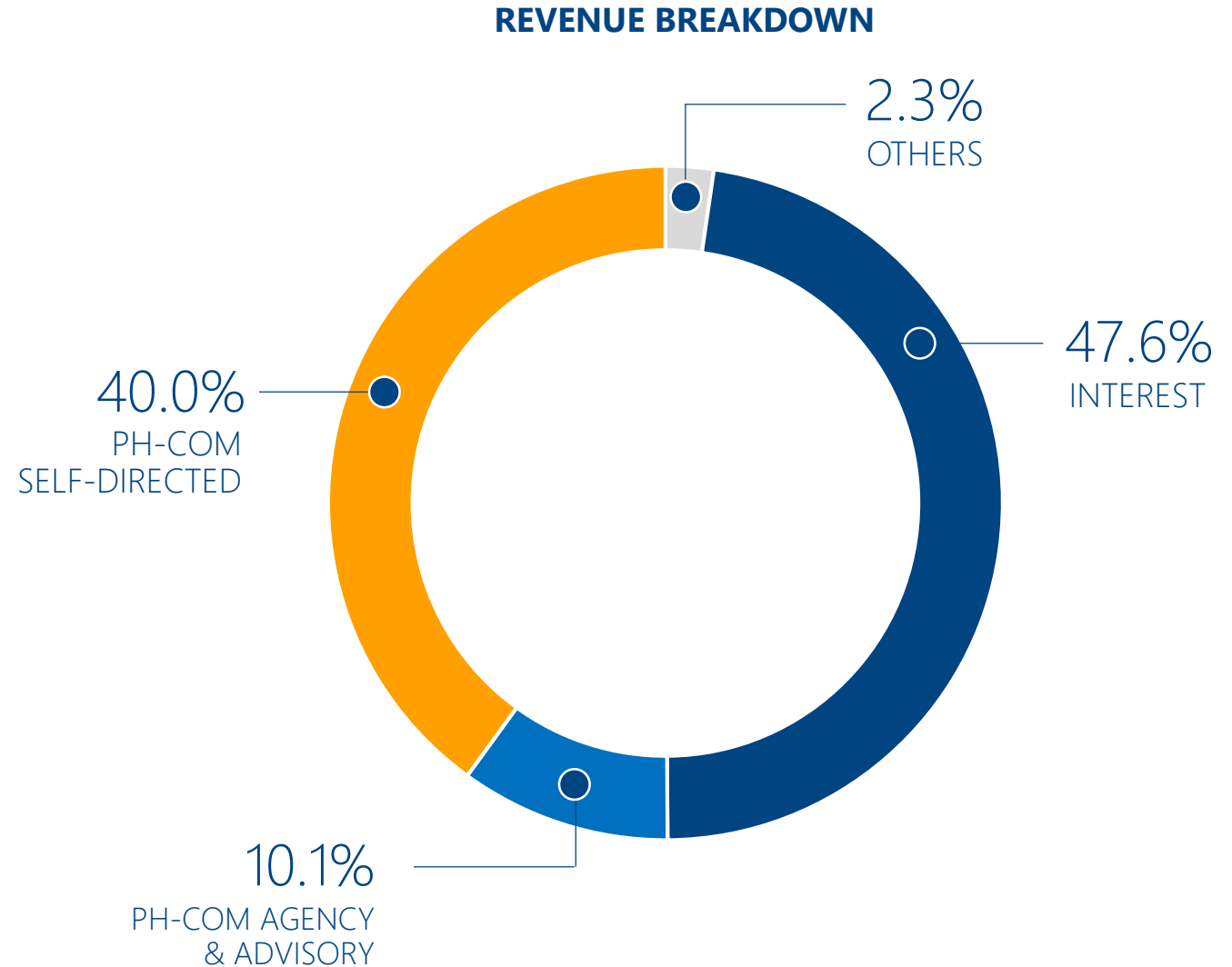
Bulk of Revenues Generated from Commissions & Interest

COL's Philippine operations account for 99.0% of revenues.

Commissions from both Philippines and HK account for 51.1% of revenues.

Interest income from margin loans and cash account for 47.6% of revenues.

Trailer fees from the distribution of mutual funds account for 1.2% of revenues.





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Positives

- ✓ Revenues continue to grow Q/Q
- ✓ Net new flows remain positive and client equity reaches all time high
- ✓ Market share remains strong at 6.5%
- ✓ ROAE remains healthy at 45.6%

Negatives

- ✗ Profits down coming from a high base Y/Y

Net Income down 13.25 Y/Y

1Q19 net income fell by 13.2% to Php180.4 Mil, coming from a high base.

Consolidated revenues declined by 8.2% Y/Y as commission revenues fell by 34.2% and other income dropped by 94.5% Y/Y.

Interest income and trailer fees were up by 69.1% and 22.2% respectively.

Operating profits fell by a faster pace of 10.9% to Php235.6 Mil due to the slower drop of operating expenses relative to revenues.

CONSOLIDATED INCOME STATEMENT (IN PHP MIL)

	1Q18	1Q19	CHANGE	
			AMOUNT	%
Income				
Commissions	260.6	171.5	(89.1)	-34.2%
Interest	94.4	159.6	65.2	69.1%
Trailer Fees	3.4	4.2	0.8	22.2%
Other income	7.2	0.4	(6.8)	-94.5%
Total	365.7	335.7	(30.0)	-8.2%
Expenses				
Commission expenses	22.2	16.0	(6.2)	-27.9%
Personnel costs	26.5	29.6	3.1	11.5%
Professional fees	9.4	11.0	1.6	16.6%
Stock exch. dues & fees	9.5	6.1	(3.4)	-35.3%
Communication	9.0	8.6	(0.4)	-4.0%
Rentals & utilities	7.3	7.9	0.7	9.1%
Depreciation	6.9	8.0	1.1	16.1%
Advertising & marketing	2.0	3.1	1.2	59.2%
Others	8.6	9.7	1.1	12.2%
Total	101.4	100.1	(1.3)	-1.2%
PRE-TAX INCOME	264.3	235.6	(28.7)	-10.9%
TAXES	56.5	55.2	(1.3)	-2.3%
NET INCOME	207.8	180.4	(27.4)	-13.2%

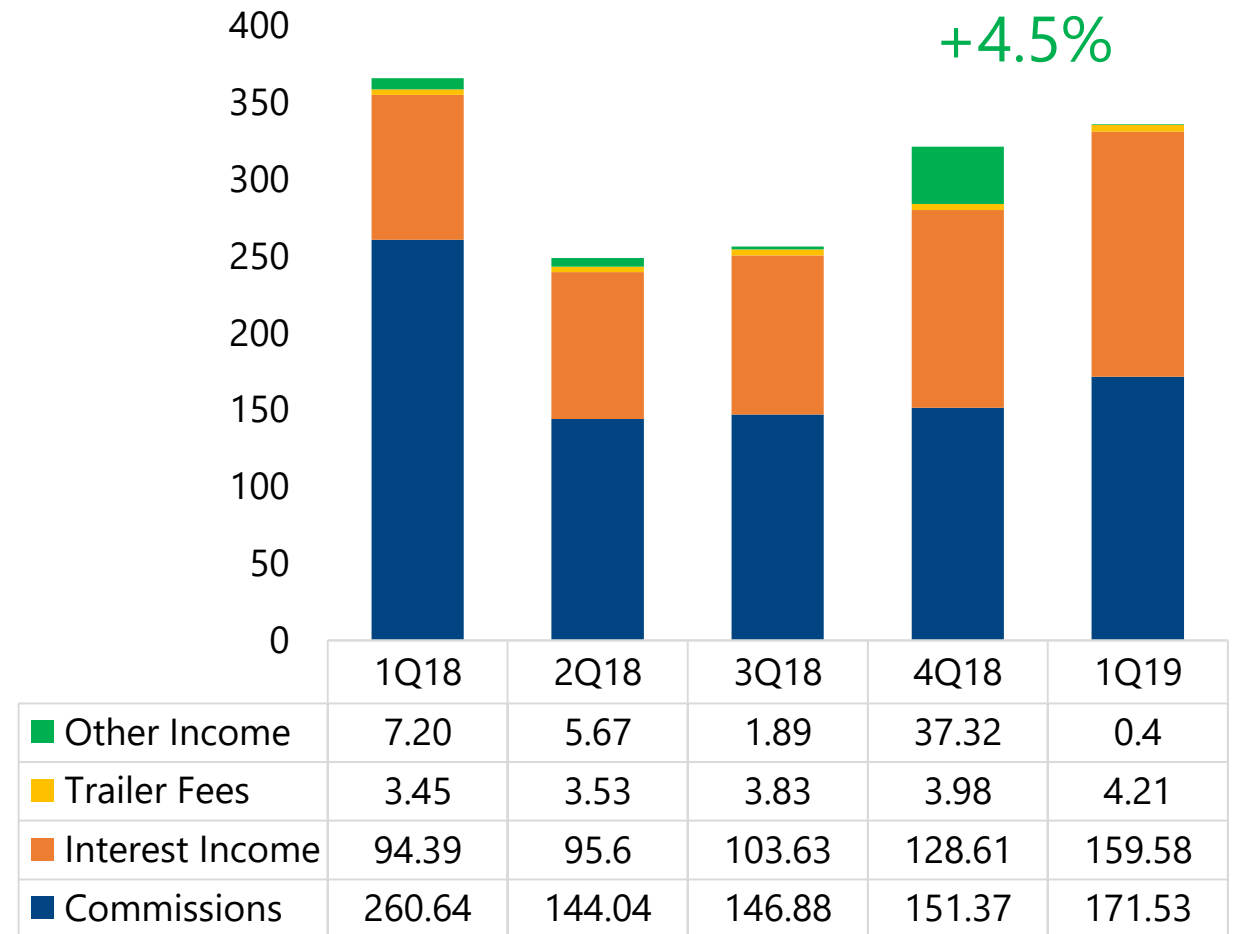
Revenues up Q/Q

Revenues were up 4.5% Q/Q as market sentiment improved.

Commissions increased 13.3% Q/Q while interest income grew 24.1% Q/Q.

Trailer fees were also higher 5.9% Q/Q.

QUARTERLY REVENUES (IN PHP MIL)



Expenses down -1.2% Y/Y

Expenses decreased by 1.2% Y/Y to Php100.1 Mil.

Trading related expenses were down 30.1% Y/Y to Php22.1 Mil, due to the 27.9% drop in commission expenses and the 35.3% decline in stock exchange dues & fees.

Fixed expenses increased by 11.9% Y/Y to Php78.0 Mil, in line with efforts to support our growing client base.

BREAKDOWN OF EXPENSES (IN PHPMIL)

	1Q18	1Q19	CHANGE	
			AMOUNT	%
Trading Related Expenses				
Commission expenses	22.2	16.0	(6.2)	-27.9%
Stock exch. dues & fees	9.5	6.1	(3.4)	-35.3%
Total	31.7	22.1	(9.5)	-30.1%
Fixed Operating Expenses				
Personnel costs	26.5	29.6	3.1	11.5%
Professional fees	9.4	11.0	1.6	16.6%
Communication	9.0	8.6	(0.4)	-4.0%
Rentals & utilities	7.3	7.9	0.7	9.1%
Depreciation	6.9	8.0	1.1	16.1%
Advertising & marketing	2.0	3.1	1.2	59.2%
Others	8.6	9.7	1.1	12.2%
Total	69.7	78.0	8.3	11.9%
TOTAL EXPENSES	101.4	100.1	(1.3)	-1.2%

Philippines & HK Suffer from Lower Revenues

Revenues from Philippine operations were down 7.5% Y/Y as higher interest income and trailer fees were not enough to offset the drop in commission revenues and other income.

Commission revenues fell 34.0% Y/Y led by self-directed clients which were exceptionally active in 1Q18 due to heightened interest in possible third telco plays.

Other income fell 95.7% Y/Y due to the absence of trading related gains from unsubscribed rights offering.

REVENUE BREAKDOWN (IN PHPMIL)

	1Q18	1Q19	CHANGE	
			AMOUNT	%
Philippines				
Commission	254.6	168.2	(86.5)	-34.0%
Self-directed	209.9	134.2	(75.7)	-36.1%
Agency & advisory	44.7	33.9	(10.8)	-24.1%
Interest	94.4	159.6	65.2	69.1%
Trailer Fees	3.4	4.2	0.8	22.2%
Others	6.8	0.3	(6.5)	-95.7%
Philippine Revenues	359.3	332.3	(27.0)	-7.5%
Hong Kong				
Commission	6.0	3.3	(2.7)	-44.4%
Others	0.4	0.1	(0.3)	-72.5%
HK Revenues	6.4	3.4	(2.9)	-46.0%
Revenue Share				
Philippines	98.3%	99.0%		
HK	1.7%	1.0%		
Self-directed	82.4%	79.8%		
Agency & advisory	17.6%	20.2%		

Philippines & HK Suffer from Lower Revenues

Interest income increased by 69.1% Y/Y as interest income from cash placements jumped by 77.6% due to higher yields while interest income from margin lending increased by 8.8% Y/Y as margin utilization rates improved.

REVENUE BREAKDOWN (IN PHPMIL)

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Revenue Share				
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Agency & advisory	17.6%	20.2%		

ROAE Stays Healthy at 45.6%

1Q19 operating profits fell by 10.9% Y/Y to Php235.6 million, largely hurt by the lower revenues of both Philippine and HK operations.

EBITDA margin was down 160 bps to 72.6% due to the drop in revenues and operating profits.

Despite the double digit drop in operating profits, ROAE stayed healthy at 45.6%.

SELECTED FINANCIAL INDICATORS

	1Q18	1Q19	CHANGE	
			AMOUNT	%
Operating Profits				
Philippines	266.8	242.4	(24.4)	-9.1%
Hong Kong	(2.5)	(6.8)	(4.3)	-171.8%
Total	264.3	235.6	(28.7)	-10.9%
Operating Margins				
Philippines	74.3%	73.0%		
Hong Kong	-39.3%	-197.8%		
Consolidated	72.3%	70.2%		
EBITDA Margin	74.2%	72.6%		
Net Margin	56.8%	53.7%		
Asset Turnover	12.0%	12.1%		
Asset/Equity	7.2	7.5		
ROAE	51.5%	45.6%		

Strong Balance Sheet

Cash & cash equivalents fell slightly by 3.7% to Php9.3 Bil as COL made investments in subsidiaries and as clients deployed a more money in the stock market.

COL made investments in subsidiaries amounting to Php152.5 Mil.

Payables fell by 2.3% to Php9.0 Bil as clients deployed a larger portion of their cash into the market.

Stockholders' equity fell 13.3% to Php1.5 Bil due the declaration of cash dividends, partly offset by the booking of Php180.4 Mil in profits.

CONSOLIDATED BALANCE SHEET (IN PHPMIL)

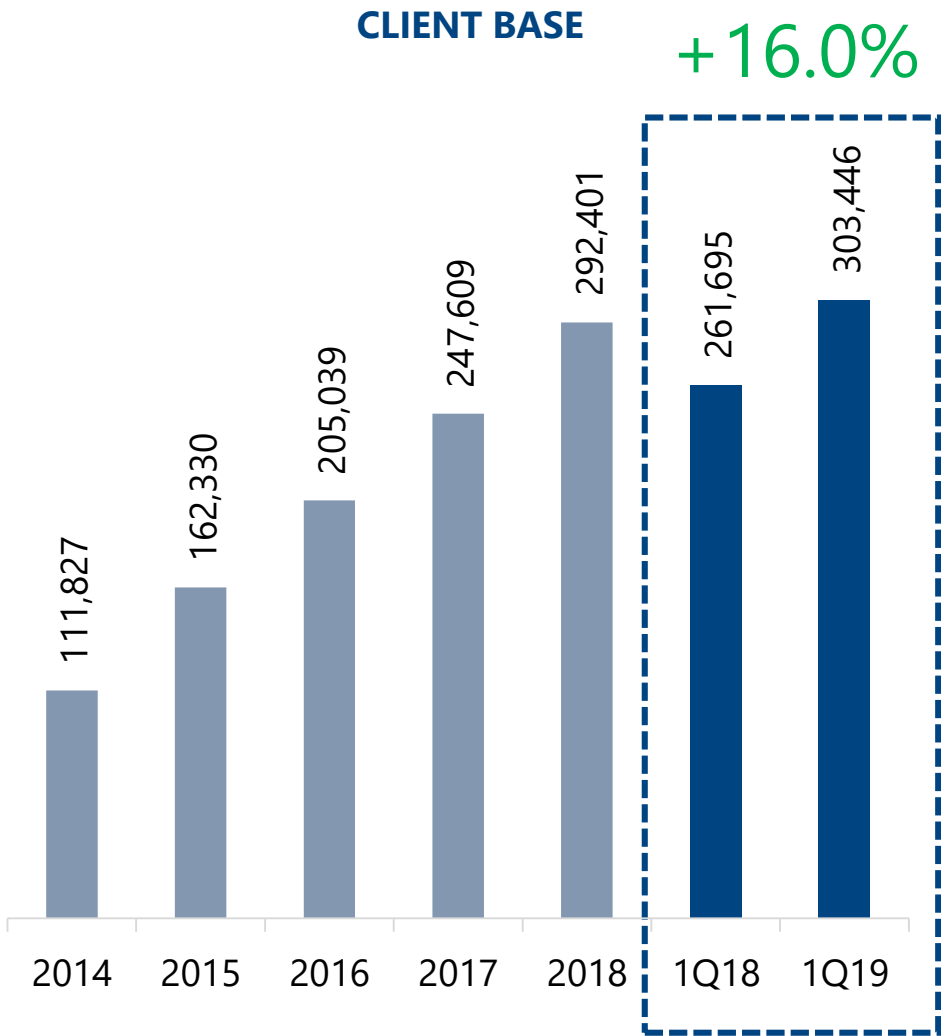
	12/31/18	3/31/19	CHANGE	
			AMOUNT	%
Cash & equivalents	9,657.4	9,302.2	(355.2)	-3.7%
Receivables	811.0	922.9	111.9	13.8%
Other current assets	62.5	78.6	16.2	25.9%
LT investments	200.0	200.0	0.0	0.0%
HTM investments	201.6	201.3	(0.3)	-0.1%
Investment in shares of stock	-	152.5	152.5	-
PPE – net	92.7	100.1	7.4	8.0%
Other non-current assets – net	93.5	96.9	3.3	3.6%
TOTAL ASSETS	11,118.6	11,054.4	(64.2)	-0.6%
Trade payables	9,254.9	9,045.8	(209.1)	-2.3%
Other current liabilities	125.9	495.6	369.7	293.5%
Non-current liabilities	9,425.0	9,585.4	160.4	1.7%
Total Liabilities	9,425.0	9,585.4	160.4	1.7%
Total Stockholders’ Equity	1,693.6	1,469.0	(224.6)	-13.3%
TOTAL LIABILITIES & STOCKHOLDERS’ EQUITY	11,118.6	11,054.4	(64.2)	-0.6%
BVPS	3.56	3.09		

Sustained Customer Growth

COL's client base grew by 16.0% Y/Y to 303,446 as of end March, 2019.

Average monthly additions for 1Q19 remained steady at 3,680.

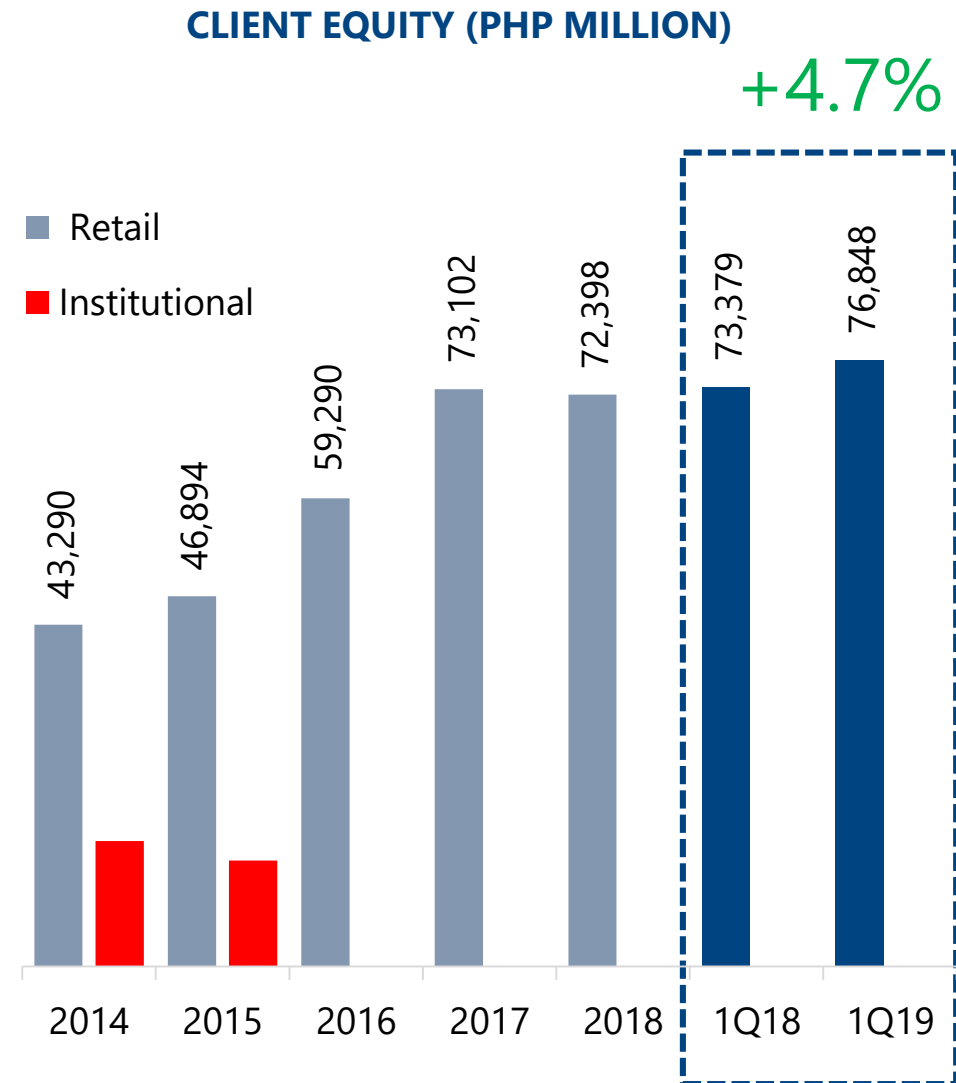
Bulk of the new accounts came from referrals and online searches.



Client Equity Up Despite Poor Market Conditions

Client equity rose 4.7% Y/Y to record level of Php76.8 Bil as of end-March

Net new flows from retail clients amounted to Php6.0 Bil during the past twelve months



AVE DAILY MARGIN LOANS (PHP MILLION)

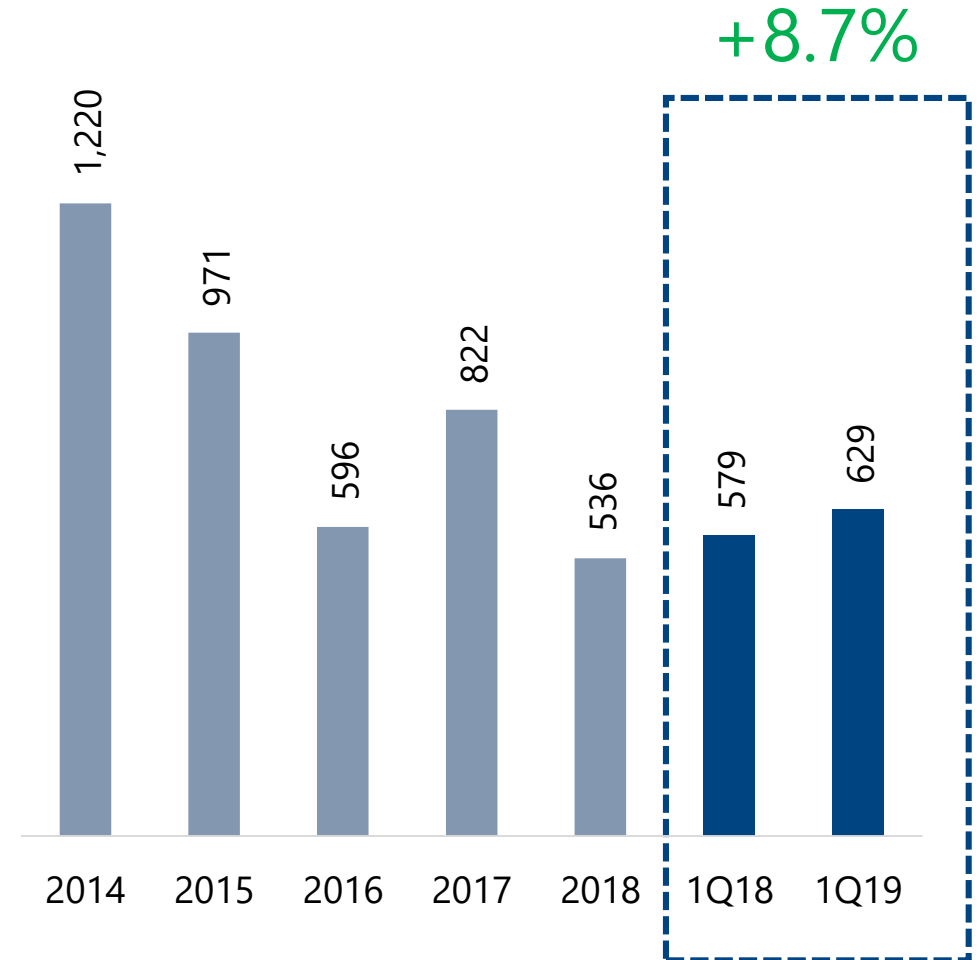
Margin Loans Up

Average daily margin loans increased by 8.7% Y/Y to Php629 Mil.

As of end March, the total number of approved margin accounts reached 1,144, down from 1,156 during the same period last year.

29.6% of approved margin accounts utilized their margin lines vs. 27.2% in 1Q18.

11.6% of value of margin granted was utilized in 1Q19, up from 10.6% in 1Q18.



Comparative Performance

COL VS. PSE

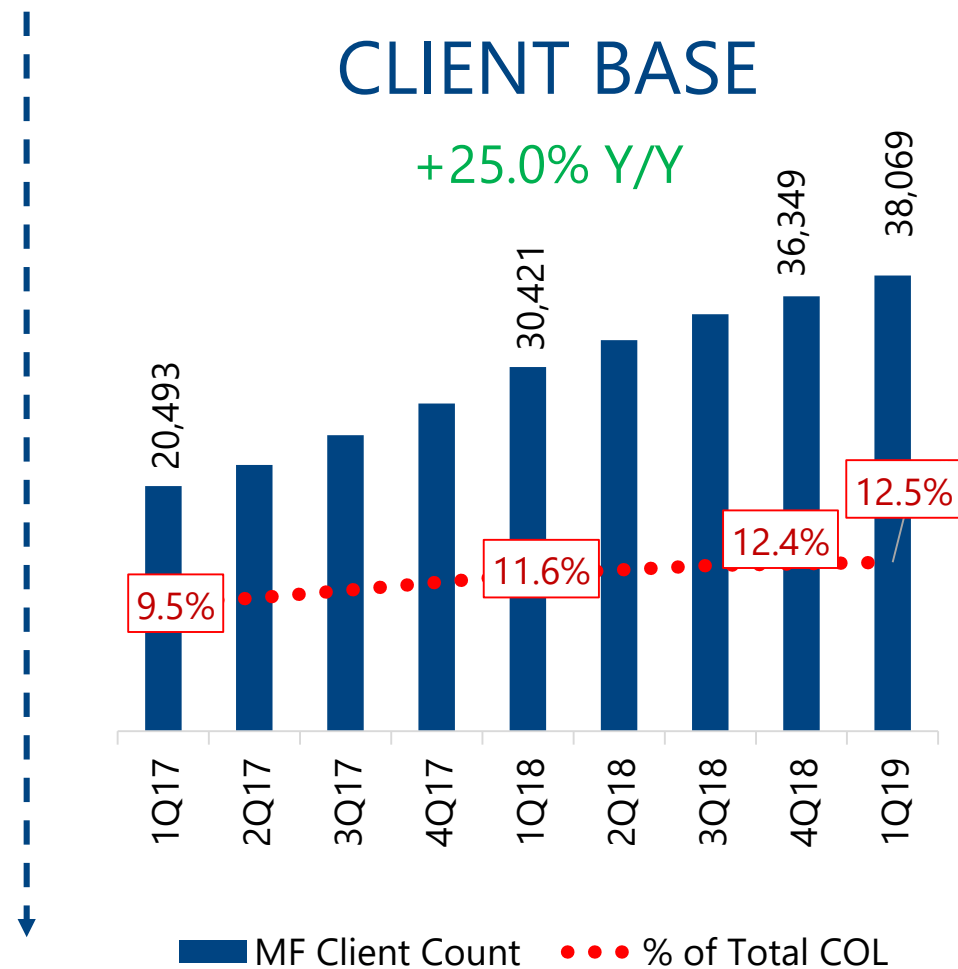
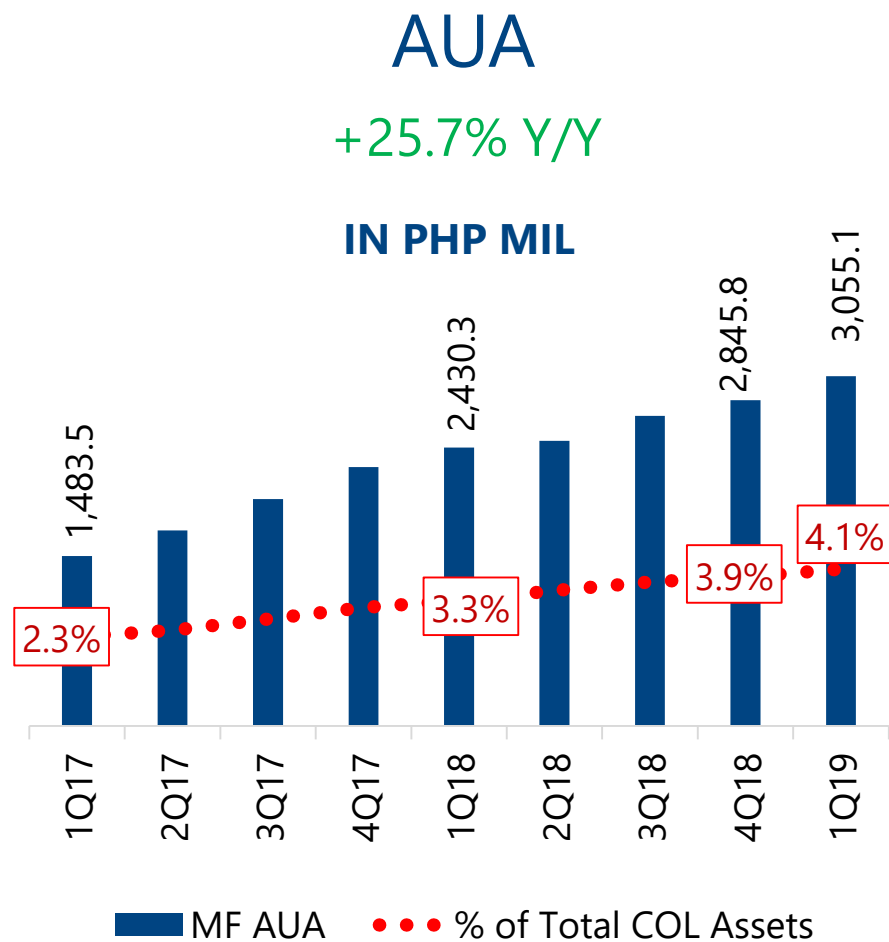
	1Q18	1Q19	Y/Y CHANGE	4Q18	1Q19	Q/Q CHANGE
PSE VALUE T/O	1,041.9	977.9	-6.1%	920.2	977.9	6.3%
COL VALUE T/O	96.2	63.0	-34.5%	55.8	63.0	12.9%
COL MARKET SHARE	9.2%	6.4%	-2.8%	6.1%	6.4%	0.3%
PSE RANKING	1	4	-	2	4	-
# OF TRANSACTIONS PSE ('000)	12,779	11,660	-8.8%	9,588	11,660	21.6%
# OF TRANSACTIONS COL ('000)	3,389	2,359	-30.4%	2,158	2,359	9.3%
COL MARKET SHARE	26.5%	20.2%	-6.3%	22.5%	20.2%	-2.3%
PSE RANKING	1	1	-	1	1	-

Ranking Returns to Normalized Level

1Q19 RANK	BROKER NAME	1Q19 VALUE TURNOVER (PHBIL)	% OF TOTAL
1	UBS SECURITIES PHILIPPINES, INC.	78.1	8.0%
2	CLSA PHILIPPINES, INC.	76.2	7.8%
3	CREDIT SUISSE SECURITIES (PHIL), INC.	69.9	7.2%
4	COL Financial Group, Inc.	63.0	6.5%
5	MANDARIN SECURITIES CORP.	57.0	5.8%
6	DEUTSCHE REGIS PARTNERS INC.	56.5	5.8%
7	MAYBANK ATR KIM ENG SECURITIES, INC.	51.6	5.3%
8	MACQUARIE CAPITAL SECURITIES (PHIL), INC.	48.9	5.0%
9	J.P. MORGAN SECURITIES PHILIPPINES, INC.	47.7	4.9%
10	SB EQUITIES, INC.	46.1	4.7%

SOURCE: PSE

MF Business (Share of Total COL Business)



AUA Mix as of 1Q19

FUND CATEGORY	AUA (PHP MIL)	%
EQUITY INDEX	1,266.9	41.5%
EQUITY	1,253.0	41.0%
MONEY MARKET	205.4	6.7%
BALANCED	167.9	5.5%
BOND	162.0	5.3%
TOTAL	3,055.1	100.00%



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Pro Active Growth Plans

Maintain leadership by focusing on our consistent, long-term strategic goals

PRIORITIES	STATEMENT	STRATEGIES
EXPAND CLIENT ACQUISITION	#1. To be the leading asset gatherer in the retail financial services industry	<ul style="list-style-type: none">• Expand and develop efficient touch points to educate and guide prospective and existing clients• Simplify on-boarding in COL• Aggressively promote the brand and our advocacy through various digital channels
MAINTAIN A MUTUALLY BENEFICIAL RELATIONSHIP	#2. Offer progressive client solutions that not only create value for the targeted client segments but also produce a profitable relationship for COL	Offer more products and services that will address the needs of the client at every stage in their life
LONG-TERM CLIENT RELATIONSHIP	#3. Maintain long-term client relationships and exploit the power of COL promoters	Achieve and maintain a Net Promoter Score of 50 by addressing the pain points of our clients
EXPENSE DISCIPLINE	#4. Capitalize on operating leverage and increase profitability through our unique business model	Focus on efficient means to grow revenues and profitability
EFFECTIVE CAPITAL MANAGEMENT	#5. Maintain a strong balance sheet and be good stewards of stockholder values	ROE greater than 20%



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