

# COL 2017 INVESTOR PRESENTATION



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12:00 PM | PEONY ROOM, SUMMER PALACE  
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“Remember that the key to financial freedom is to **SAVE, INVEST** and **REINVEST.**”

- Edward Lee  
Founder and Chairman



# Highlights

## Company Overview

## Financial & Operating Highlights

## Growth Plans



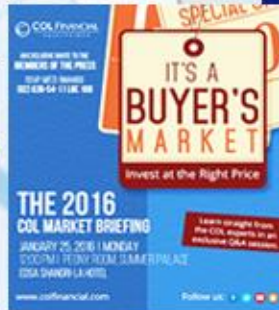
# Company Overview

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 20.8% stake and actively manages the Company

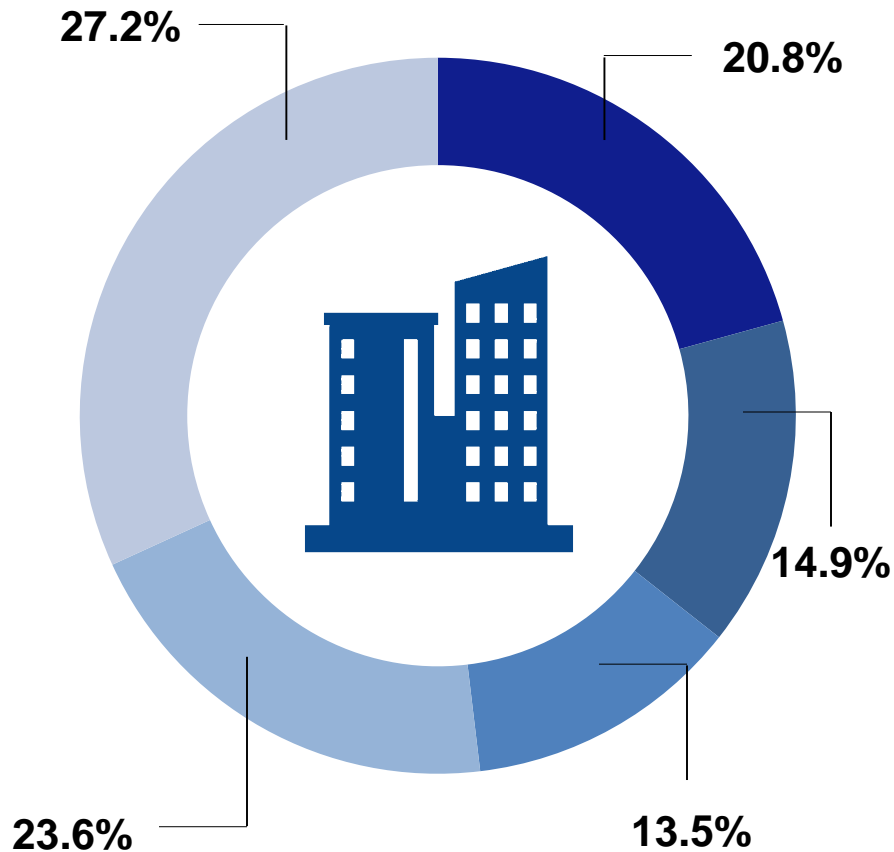


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Founder and Chairman

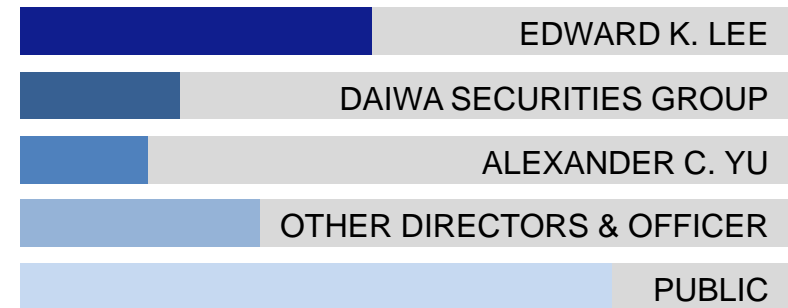


# Ownership Structure



OUTSTANDING SHARES	476.0Mil
FREE FLOAT	129.4Mil
MARKET CAP*	Php7.5Bil

\*AS OF END DECEMBER 2017



# 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**

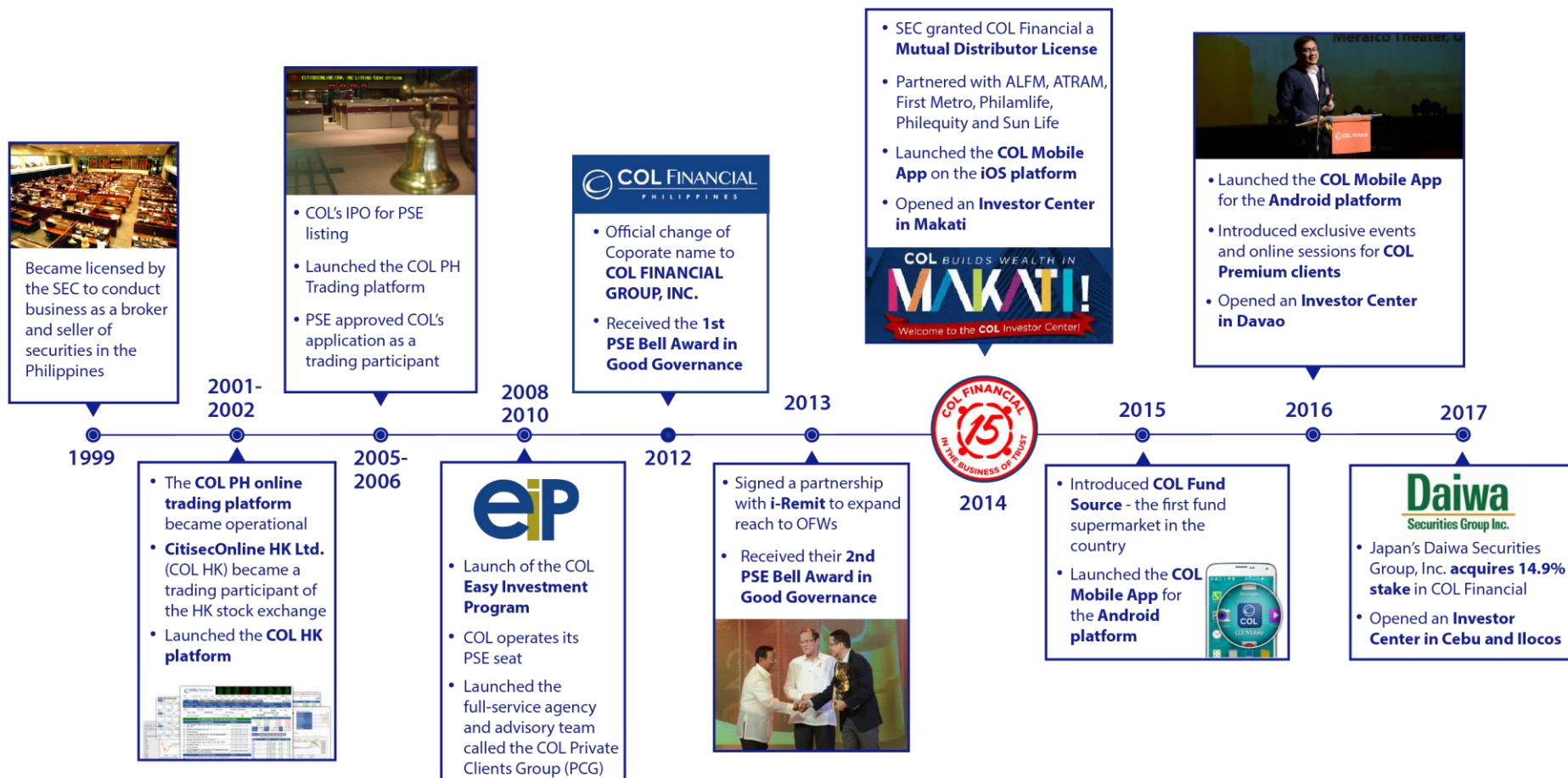


# The Biggest Philippine Based Broker

2017 Rank	Broker Name	2017 Value Turnover (PhpBil)	% of Total
1	UBS Securities Philippines Inc.	339.68	8.7%
2	CLSA Philippines, Inc..	279.58	7.1%
3	Deutsche Regis Partners Inc.	275.86	7.0%
4	Macquarie Capital Securities (Phil), Inc	251.91	6.4%
5	Credit Suisse Securities (Phil), Inc.	251.25	6.4%
<b>6</b>	<b>COL Financial Group, Inc.</b>	<b>246.73</b>	<b>6.3%</b>
7	Maybank ATR Kim Eng Securities, Inc.	172.41	4.4%
8	Philippine Equity Partners, Inc.	164.51	4.2%
9	First Metro Securities Brokerage Corp.	144.39	3.7%
10	J.P. Morgan Securities Philippines, Inc.	143.37	3.7%

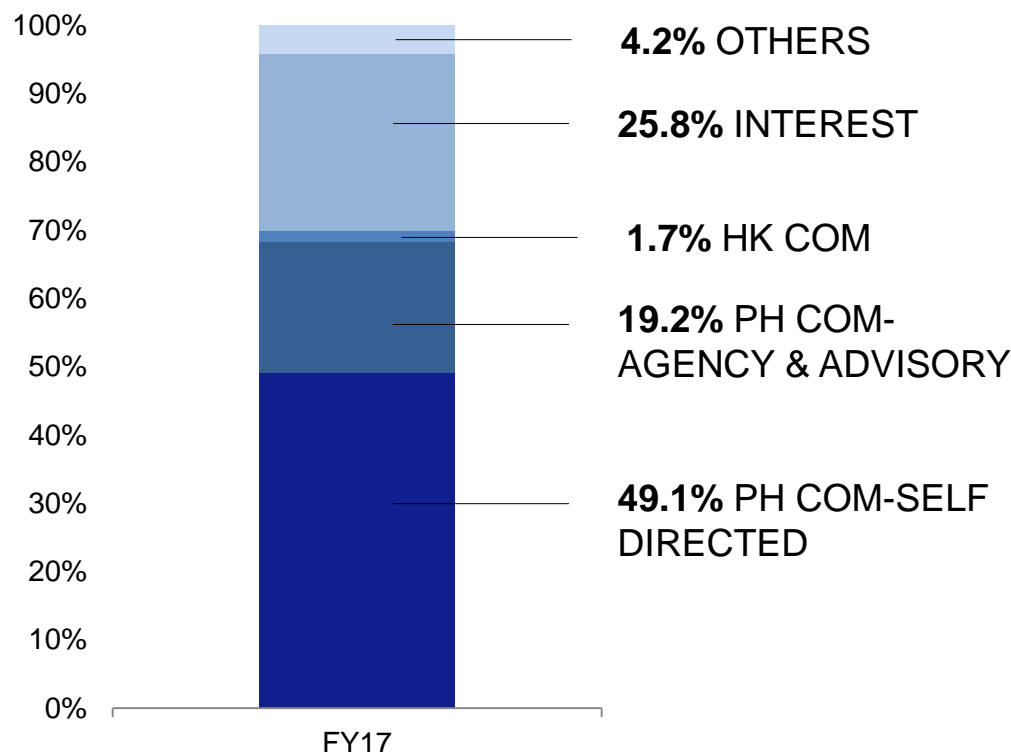
SOURCE: PSE

# Corporate Milestones



# Bulk of Revenues Generated From Philippine Operations

## REVENUE BREAKDOWN



COL's Philippine operations account for 98.3% of revenues.

Commissions from both Philippines and HK account for 70.0% of revenues.

Interest income from margin loans and cash accounts for 25.8% of revenues.

# Highlights

Company Overview

**Financial & Operating Highlights**

Growth Plans



# Key Highlights

## Positive

- Net profits +15.3%, recurring profits +21.6%
- Philippine business (stock trading & fund distribution) grew faster than the industry
- Market share reached a new record high
- Strong growth in new accounts and client equity
- Balance sheet remained strong

## Negative

- Flattish commissions from agency and advisory business
- HK losses increased due to booking of impairment allowance on HK trading rights

# 2017 Net Income

## +15.3%

2017 net income increased by 15.3% to Php378.7 Mil.

Consolidated revenues increased by 16.3% Y/Y as all revenue items grew strongly. Commission revenues were up 12.1%, interest income grew 13.6%, while other income rose to Php40.9 Mil from only Php7.8 Mil in 2016.

Operating profits grew by 16.9% to Php551.5 Mil due to higher revenues and the smaller share of the lower margin agency & advisory business.

Excluding Php20.6 Mil worth of impairment allowance on HK trading rights booked under other operating expenses, recurring income was higher by 21.6% to Php399.4 Mil.

### CONSOLIDATED INCOME STATEMENT (IN PHP MIL)

	2016	2017	Change	
			Amount	%
Income				
Commissions	605.6	678.7	73.2	12.1%
Interest	220.4	250.5	30.1	13.6%
Other income	7.8	40.9	33.1	421.6%
Total	833.8	970.1	136.3	16.3%
Expenses				
Commission expenses	92.2	89.0	(3.3)	-3.5%
Personnel costs	128.6	152.0	23.4	18.2%
Professional fees	37.4	42.5	5.1	13.7%
Stock exch. dues & fees	25.2	28.4	3.3	13.1%
Communication	31.1	33.8	2.8	8.9%
Rentals & utilities	20.8	24.3	3.5	16.9%
Depreciation	19.1	24.6	5.4	28.4%
Advertising & marketing	9.7	9.7	0.0	0.3%
Others	32.1	54.3	22.3	69.4%
Total	396.1	458.7	62.6	15.8%
PRE-TAX INCOME	437.7	511.5	73.8	16.9%
TAXES	109.2	132.7	23.5	21.5%
NET INCOME	328.5	378.7	50.2	15.3%

# Recurring Expenses +10.6%

Recurring expenses increased by 10.6% to Php438.0 Mil.

Trading related expenses were flat at Php117.4 Mil, largely due to the smaller share of the agency and advisory business to total value turnover. In 2017, the share of agency and advisory business to total value turnover fell to 28.1% from 30.8% in 2016.

Fixed operating expenses increased by 15.0% to Php320.6 Mil.

The increase in fixed expenses was largely due to higher personnel costs (+18.2%), professional fees (+13.7%), rentals & utilities (+16.9%) and depreciation costs (+28.4%), in line with efforts to improve service quality and reach.

## BREAKDOWN OF EXPENSES (IN PHP MIL)

	2016	2017	Change	
			Amount	%
Trading Related Expenses				
Commission expenses	92.2	89.0	-3.3	-3.5%
Stock exch. dues & fees	25.2	28.4	3.3	13.1%
Total	117.4	117.4	0.0	0.0%
Fixed Operating Costs				
Personnel costs	128.6	152.0	23.4	18.2%
Professional fees	37.4	42.5	5.1	13.7%
Communication	31.1	33.8	2.8	8.9%
Rentals & utilities	20.8	24.3	3.5	16.9%
Depreciation	19.1	24.6	5.4	28.4%
Advertising & marketing	9.7	9.7	0.0	0.3%
Others	32.1	33.7	1.6	5.1%
Total	278.7	320.6	41.9	15.0%
TOTAL EXPENSES	396.1	438.0	41.9	10.6%

# Philippines Continues to Drive Growth

Revenues from Philippine operations were up 15.7% as all revenue items grew strongly.

Commission revenues were up 11.2%, largely driven by the 15.5% jump in commissions from self-directed clients. This more than offset the flattish revenues from the agency & advisory business.

Interest income jumped by 13.6%. Interest income from margin lending was up 15.1% as average daily margin lending increased by 37.9% to Php822Mil during 2017. Interest income from cash placements likewise increased by 13.1% due COL's higher cash balance, higher bank yields and the placement of Php403 Mil in higher yielding longer term instruments.

## REVENUE BREAKDOWN (IN PHP MIL)

	2016	2017	Change	
			Amount	%
Philippines				
Commission	595.5	662.0	66.4	11.2%
Self-directed	412.2	476.1	63.9	15.5%
Agency & advisory	183.3	185.9	2.5	1.4%
Interest	220.4	250.5	30.1	13.6%
Others	7.3	39.7	32.4	444.0%
Philippine Revenues	823.2	952.1	128.9	15.7%
Hong Kong				
Commission	10.0	16.8	6.7	67.2%
Interest	0.0	0.0	(0.0)	-
Others	0.6	1.3	0.7	125.8%
HK Revenues	10.6	18.0	7.4	70.2%
Revenue Share				
Philippines	98.7%	98.1%		
HK	1.3%	1.9%		
Self-directed	69.2%	71.9%		
Agency & advisory	30.8%	28.1%		

# Philippines Continues to Drive Growth

Other income increased by Php32.4 Mil largely due to the booking of trading gains resulting from clients' unexercised SROs. Trailer fees from our MF distribution business also jumped from Php5.7 Mil to Php10.6 Mil due to the growing size of assets under administration (AUA).

HK revenues rebounded by 70.2% to Php18.0 Mil as commission revenues jumped by 67.2% to Php16.8 Mil.

Despite this, the HK business generated an operating loss of Php30.4 Mil due to the booking of a Php20.6 Mil impairment allowance on HK trading rights.

## REVENUE BREAKDOWN (IN PHP MIL)

	2016	2017	Change	
			Amount	%
Philippines				
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Hong Kong				
Commission	10.0	16.8	6.7	67.2%
Interest	0.0	0.0	(0.0)	-
Others	0.6	1.3	0.7	125.8%
HK Revenues	10.6	18.0	7.4	70.2%
Revenue Share				
Philippines	98.7%	98.1%		
HK	1.3%	1.9%		
Self-directed	69.2%	71.9%		
Agency & advisory	30.8%	28.1%		

# Market Share Reaches New Record

COL's average daily turnover rose 17.3% Y/Y to Php1.0 Bil in 2017, outpacing the 4.9% growth in the PSE's average daily turnover.

Consequently, COL's market share in terms of value turnover increased to 6.3% in 2017 for the whole market from 5.6% in 2016. Share of value turnover for local investors likewise increased during the same period to 13.1% from 11.9%.

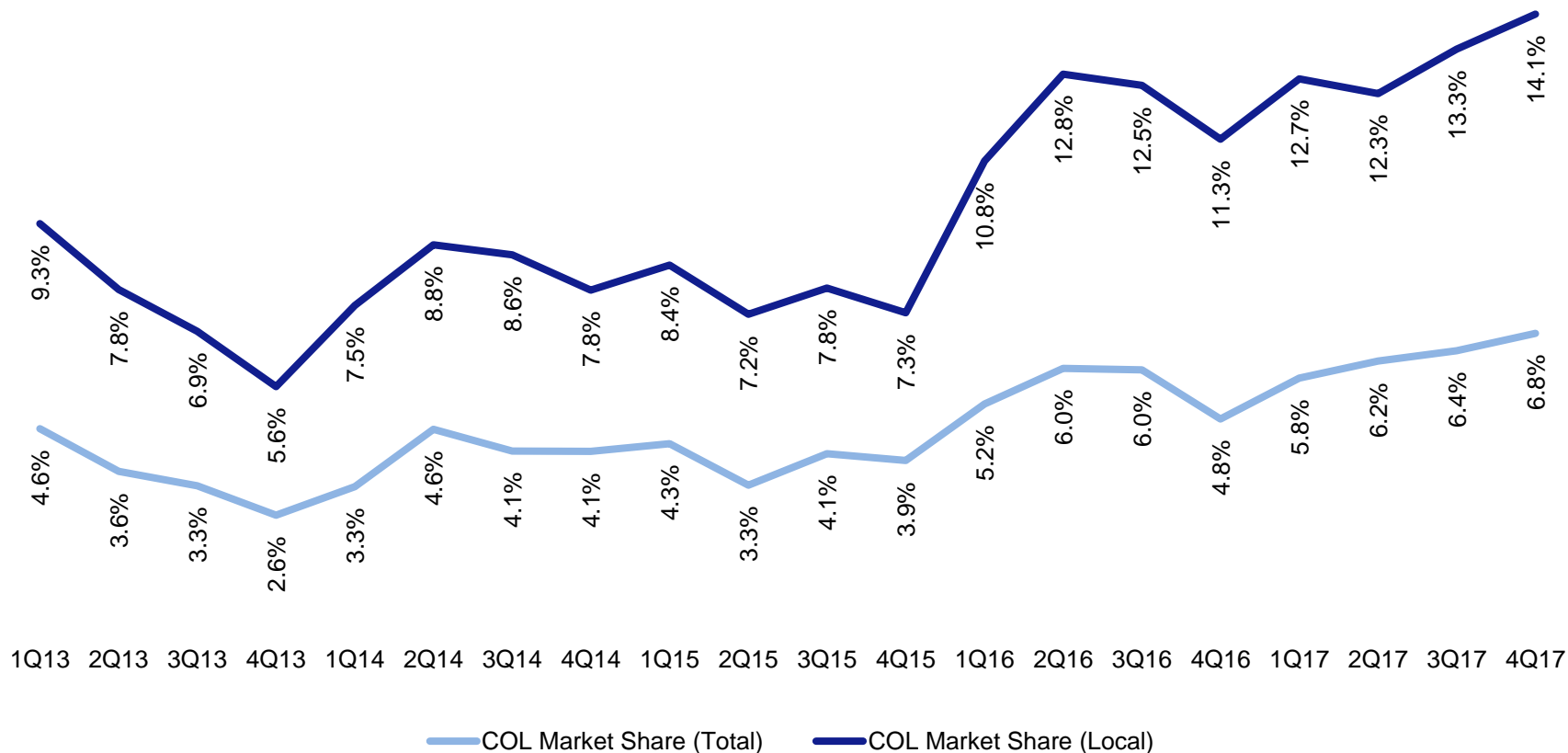
In 4Q17, COL's market share in term of value turnover reached a new record high of 6.8% for the whole market and 14.1% for local investors.

## COMPARATIVE PERFORMANCE (COL VS. PSE)

	2016	2017	Change	
			Amount	%
PSE Ave. Daily T/O (PhpMil)	7,811.7	8,194.0	382.3	4.9%
COL Ave. Daily T/O (PhpMil)	879.9	1,032.3	152.4	17.3%
COL Market Share (Total)	5.6%	6.3%		
COL Market Share (Local)	11.9%	13.1%		
PSE Ranking	6	6		
No. of Transactions – PSE ('000)	34,768.4	36,056.3	1,287.9	3.7%
No. of Transactions – COL ('000)	7,167.3	7,814.8	647.5	9.0%
COL Market Shares	20.6%	21.7%		
PSE Ranking	1	1		

# Market Share Reaches New Record

COL MARKET SHARE (VALUE T/O)



# ROAE Improves to 25.9%

2017 operating profits grew 16.8% to Php511.5 Mil driven by the strength of Philippine operations.

Operating profits from the Philippines were up by 19.4% to Php543.8 Mil due to the growth of revenues while operating losses from HK expanded by 85.2% to Php32.3Mil largely due to the booking of impairment allowance on HK trading rights.

ROAE increased to 25.9% due to improved revenue generation and higher leverage.

## SELECTED FINANCIAL INDICATORS

	2016	2017	Change	
			Amount	%
Operating Profits				
Philippines	455.3	543.8	88.5	19.4%
Hong Kong	(17.5)	(32.3)	(14.9)	-85.2%
Total	437.8	511.5	73.6	16.8%
Operating Margins				
Philippines	55.3%	57.1%		
Hong Kong	-165.0%	-179.5%		
Consolidated	52.5%	52.7%		
EBITDA Margin	54.8%	55.3%		
Net Margin	39.4%	39.0%		
Asset Turnover	9.9%	12.4%		
Asset/Equity	6.3	7.9		
ROAE	24.0%	25.9%		

# Strong and Highly Liquid Balance Sheet

COL remained cash rich and debt free.

Total assets were up 33.4% to Php11.9 Bil as cash & cash equivalents increased by Php2.7 Bil to Php10.1 Bil and as net PPE increased by 63.7% to Php102.4 Mil.

Net PPE increased by 63.7% as COL spent Php64.0 Mil on capital expenditures in line with efforts to improve service quality and expand client reach.

COL placed Php202.7 Mil in HTM investments to earn higher yield on its cash.

## CONSOLIDATED BALANCE SHEET (IN PHP MIL)

	12/31/16	12/31/17	Change	
			Amount	%
Cash & equivalents	7,360.5	10,104.9	2,744.4	37.3%
Receivables	1,188.6	1,169.7	(19.0)	-1.6%
Other current assets	19.5	41.4	21.9	112.6%
LT investments	200.0	200.0	0.0	0.0%
HTM investments	0	202.7	202.7	-
PPE – net	62.5	102.4	39.9	63.7%
Other non-current assets – net	75.7	59.7	(15.9)	-21.1%
TOTAL ASSETS	8,906.8	11,880.8	2,974.0	33.4%
Trade payables	7,353.3	10,199.2	2,845.9	38.7%
Other current liabilities	103.2	133.4	30.2	29.3%
Non-current liabilities	26.8	43.5	16.7	62.3%
Total Liabilities	8,906.8	10,376.2	2,892.9	38.7%
Total Stockholders' Equity	1,423.5	1,504.6	81.1	5.7%
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	8,906.8	11,880.8	2,974.0	33.4%
BVPS	2.99	3.16		

# Strong and Highly Liquid Balance Sheet

Trade payables jumped by 38.7% to Php10.2 Bil largely due to the increase in clients' cash position from Php6.1 Bil as of end 2016 to Php9.2 Bil as of end 2017.

Stockholders' equity increased 5.7% to Php1.5Bil due to the booking of Php378.7 Mil worth of profits partly offset by the payment of Php285.6 Mil worth of cash dividends.

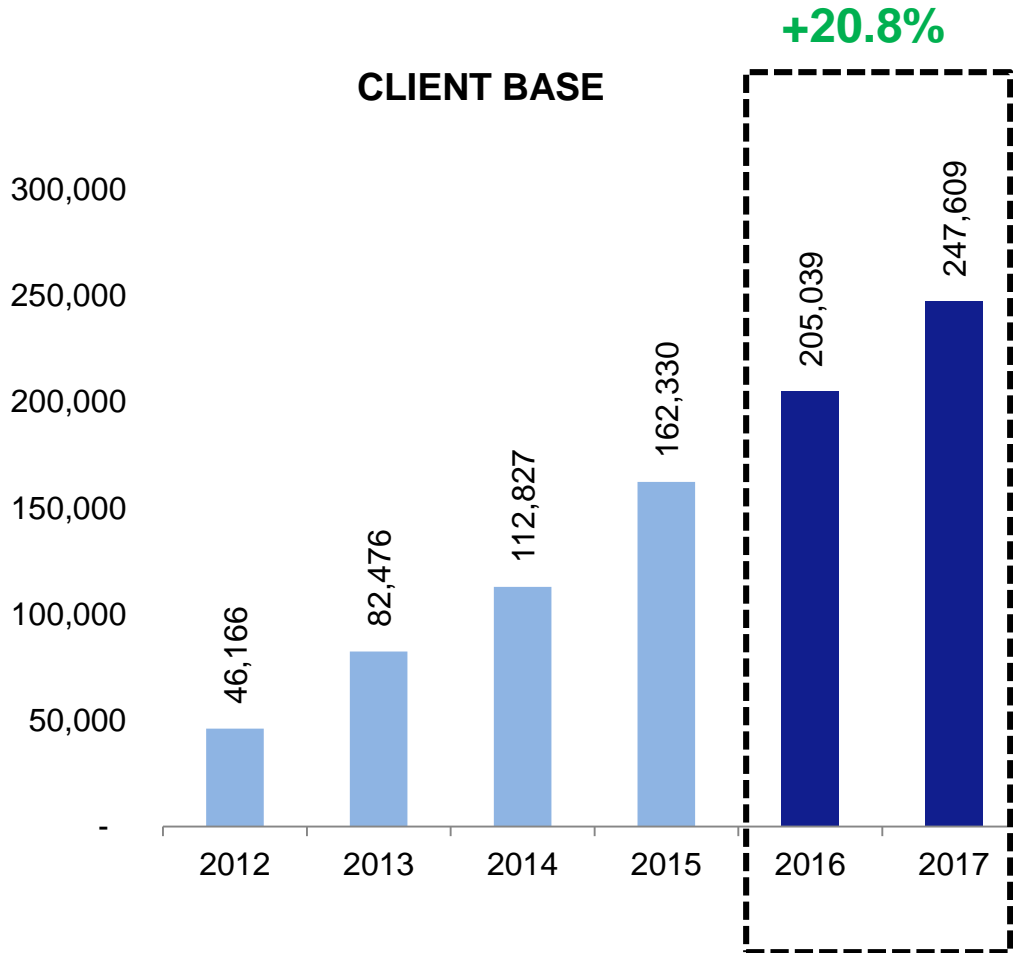
BVPS increased slightly to Php3.16/sh.

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Cash & equivalents	7,360.5	10,104.9	2,744.4	37.3%
Receivables	1,188.6	1,169.7	(19.0)	-1.6%
Other current assets	19.5	41.4	21.9	112.6%
LT investments	200.0	200.0	0.0	0.0%
HTM investments	0	202.7	202.7	-
PPE – net	62.5	102.4	39.9	63.7%
Other non-current assets – net	75.7	59.7	(15.9)	-21.1%
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# Sustained Customer Growth

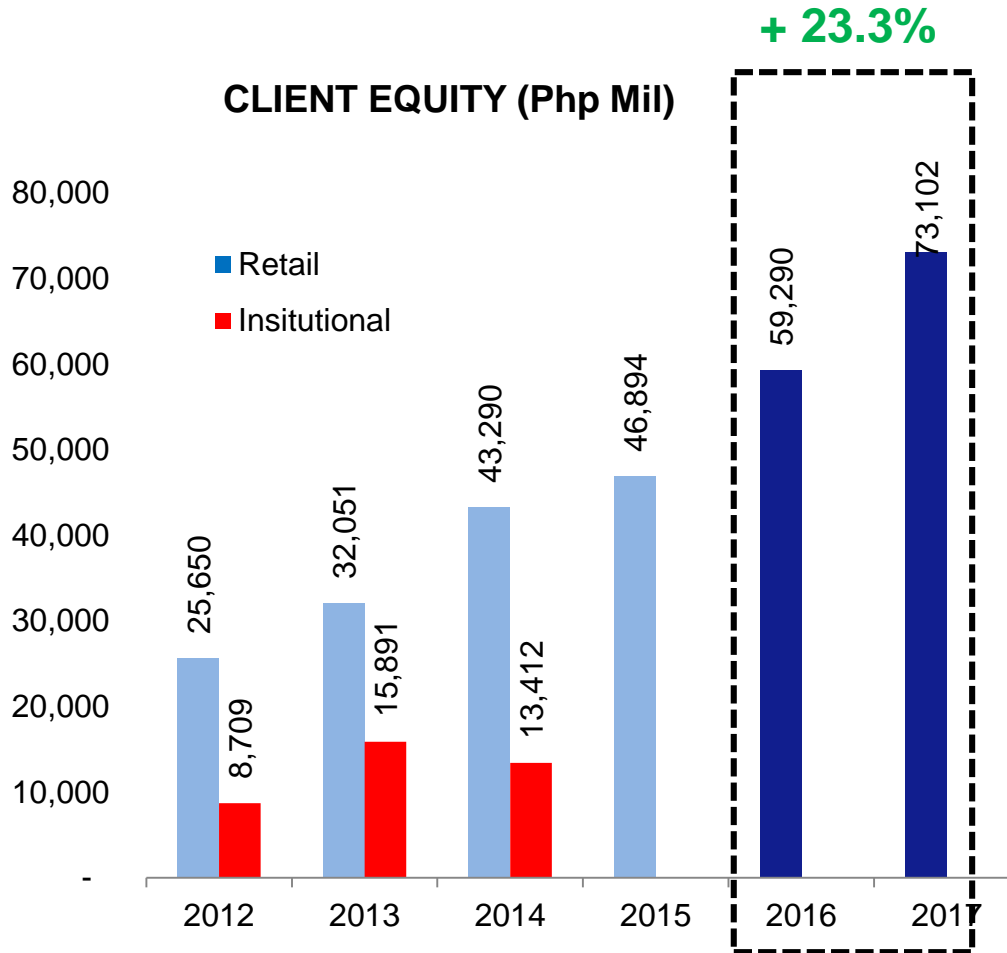
## CLIENT BASE



COL's client base grew by 20.8% Y/Y to 247,609 as of end 2017.

Average monthly additions remained strong at 3,548.

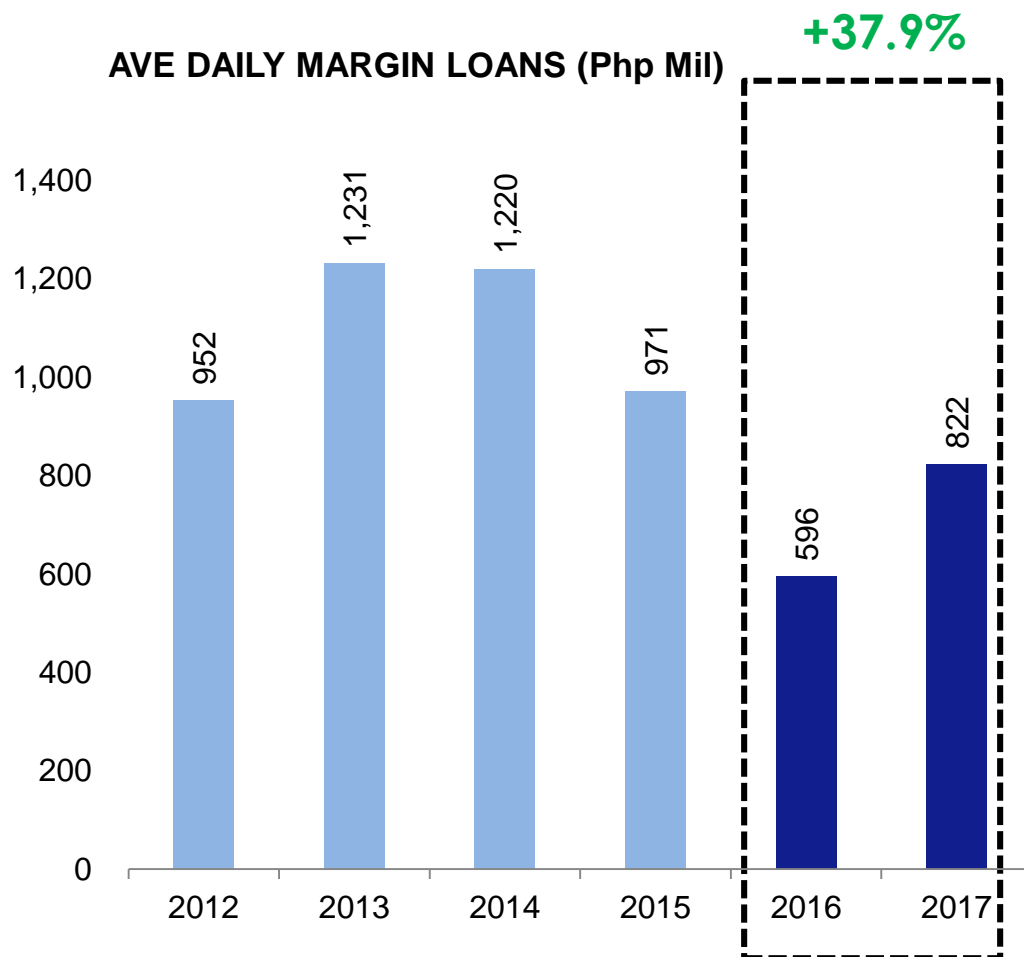
# Growing Client Equity



Client equity rose by 23.3% Y/Y to Php73.1 Bil.

Net new flow from retail clients reached Php4.0 Bil in 2017.

# Margin Loans Recover



Average daily margin loans recovered by 37.9% to Php822 Mil Y/Y.

As of end 2017, the total number of approved margin accounts reached 1,145, up 1.4% Y/Y.

27.8% of approved margin accounts utilized their margin lines in 2017, down from 30.7% in 2016. In terms of value of margin granted, 15.2% was utilized in 2017, up from only 11.7% in 2016.

# Highlights

Company Overview

Financial & Operating  
Highlights

Growth Plans



# Pro Active Growth Plans

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

Priorities	Statement	Strategies
<b>Expand Client Acquisition</b>	#1. Continue to be the leading asset gatherer in the brokerage industry	<ul style="list-style-type: none"> <li>Set up more investor centers</li> <li>Enter into tie-ups to expand market reach</li> <li>Hold more investor education seminars                             <ul style="list-style-type: none"> <li>Frequency and type</li> </ul> </li> <li>Offer more products and services that will address the needs of more investors                             <ul style="list-style-type: none"> <li>Active and passive</li> <li>Conservative to aggressive</li> <li>Basic to sophisticated</li> </ul> </li> </ul>
<b>Maintain a Mutually Beneficial Relationship</b>	#2. Offer progressive client solutions that not only create value for the targeted client segments but also produce a profitable relationship for COL	
<b>Long-Term Client Relationship</b>	#3. Maintain long-term client relationships and exploit the power of COL promoters	
<b>Expense Discipline</b>	#4. Capitalize on operating leverage and increase profitability through our unique business model	<ul style="list-style-type: none"> <li>Focus on efficient means to grow revenues &amp; profitability</li> </ul>
<b>Effective Capital Management</b>	#5. Maintain a strong balance sheet and be good stewards of stockholder values	<ul style="list-style-type: none"> <li>ROE greater than 20%</li> </ul>

# Update on Fund Distribution Business

## NET SALES VS AUA (IN PHPMIL, ACC TO TYPE OF FUND)

Type of Fund	Total Sales**	% Total	Total AUA*	% Total
Money Market	96.7	4.8%	101.7	4.5%
Bond Fund	142.3	7.0%	142.4	6.3%
Balanced Fund	129.6	6.4%	138.0	6.1%
Equity Fund	1,653.5	81.8%	1,879.3	83.1%
<b>Total</b>	<b>2,022.2</b>		<b>2,261.3</b>	

\*AS OF END 2017

\*\*SINCE LAUNCH

# Update on Fund Distribution Business

## SIGNIFICANT SHARE OF INDUSTRY EQUITY FUND SALES (PESO FUNDS ONLY)

COL's performance was strong relative to the industry.

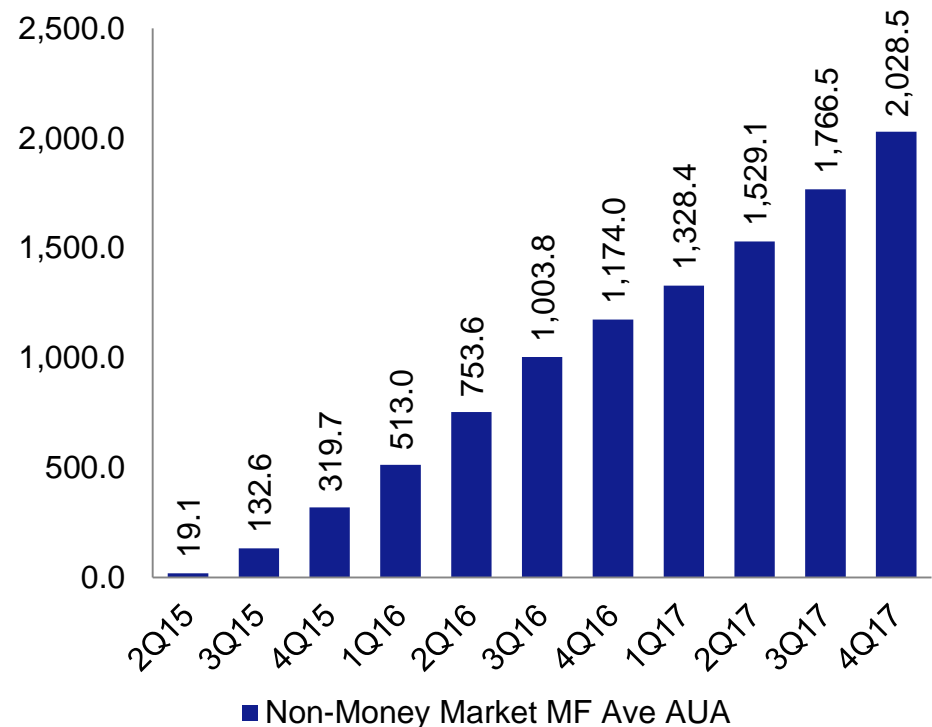
	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17
COL	150.9	203.6	192.9	209.9	103.4	110.4	192.3	148.1
Industry	1,181.6	(2,350.1)	(2,267.5)	3,125.6	124.9	(2,212.5)	739.1	1,405.8
<b>% Share</b>	<b>12.8%</b>	<b>-</b>	<b>-</b>	<b>6.7%</b>	<b>82.8%</b>	<b>-</b>	<b>26.0%</b>	<b>10.5%</b>

SOURCE: PIFA, COL ESTIMATES

# Update on Fund Distribution Business

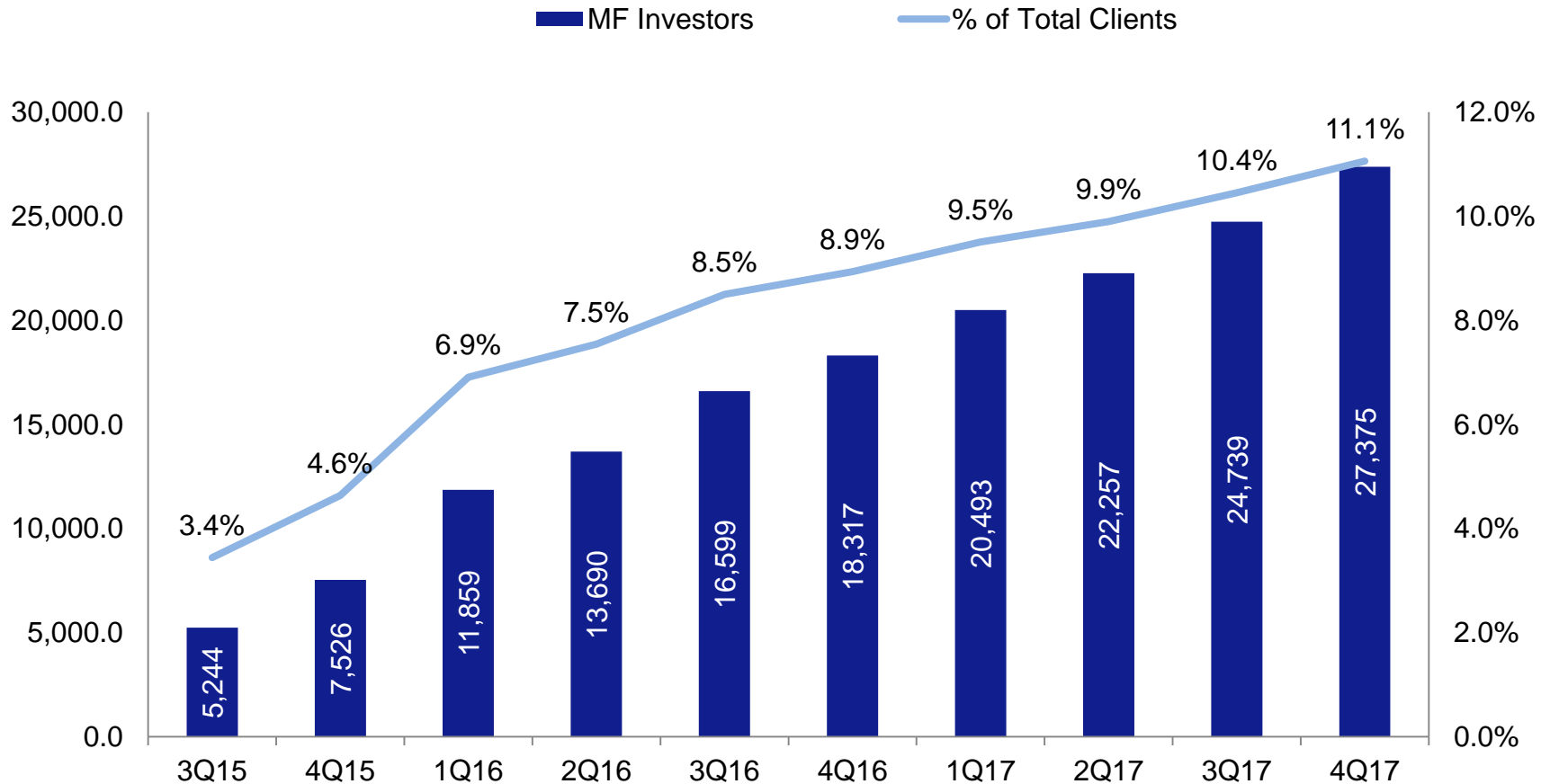
Trailer fee still up due to significant growth in average AUA on a year-on-year basis.

## STRONG GROWTH IN AVERAGE AUA (NON-MONEY MARKET FUNDS ONLY, IN PHP MIL)



SOURCE: PIFA, COL ESTIMATES

# Update on Fund Distribution Business



# Expanding Reach Through Investor Centers



**COL Makati**

2014

2016

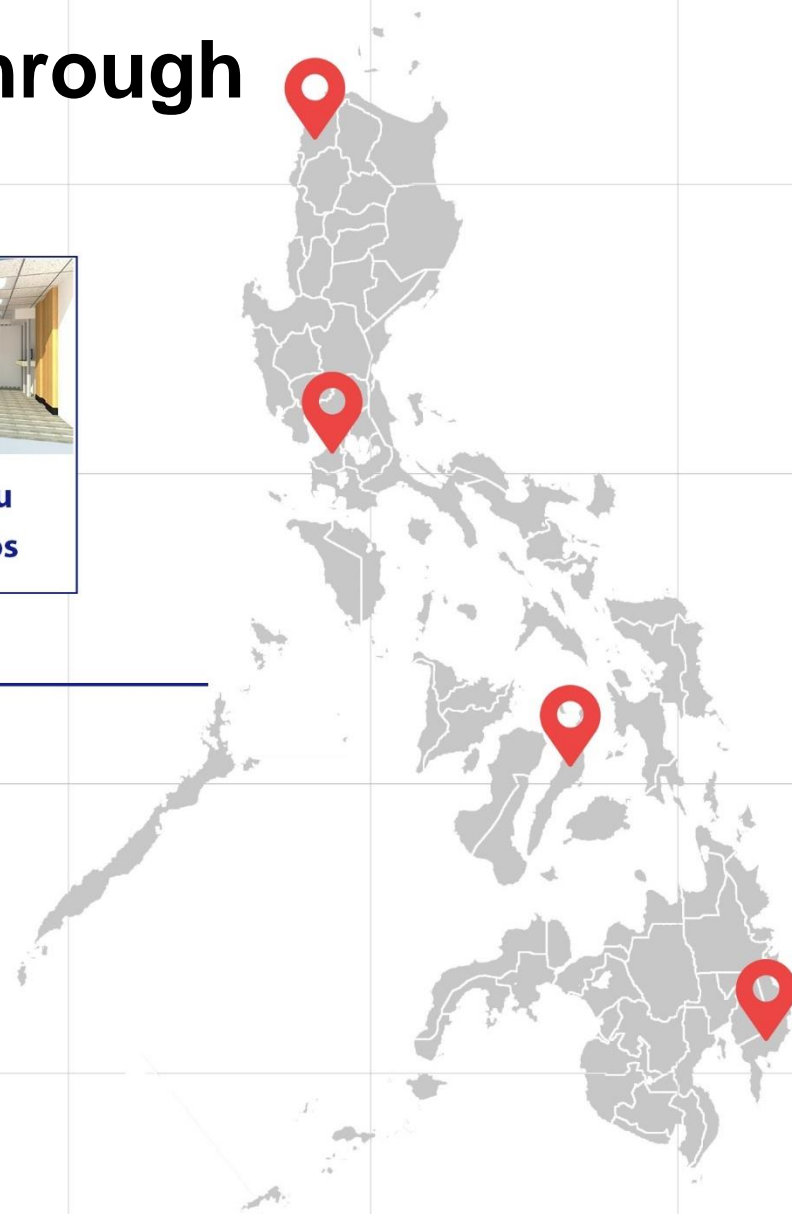


**COL Davao**



**COL Cebu  
COL Ilocos**

2017



Thank You

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