

COL 9M18 INVESTOR PRESENTATION



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PHILIPPINES

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THE 2016 COL MARKET BRIEFING
JANUARY 25, 2016 | MONDAY
12:00 PM | PEONY ROOM, SUMMER PALACE
EDSA SHANGRI-LA HOTEL

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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



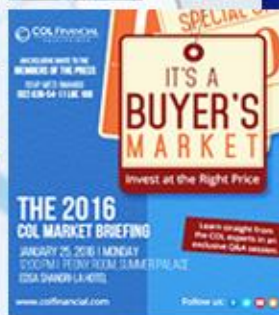
Company Overview

Established and licensed by the SEC in 1999

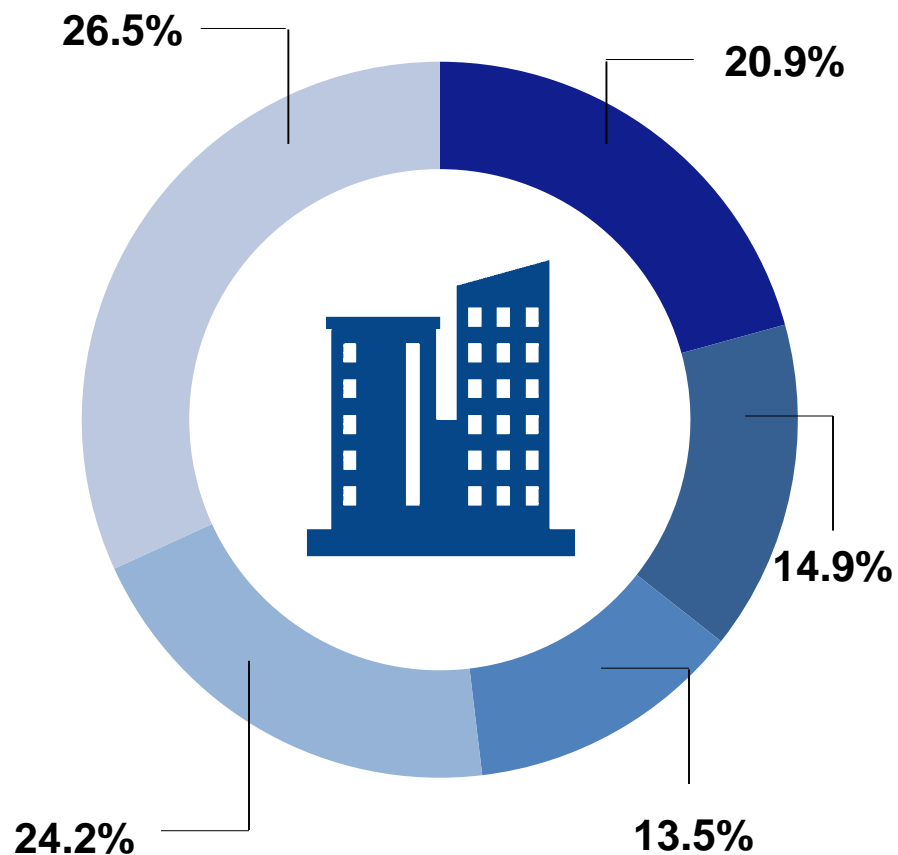
The leading and fastest-growing online stockbroker in the Philippines

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

Founder (Edward K. Lee) retains a 20.9% stake and actively manages the Company

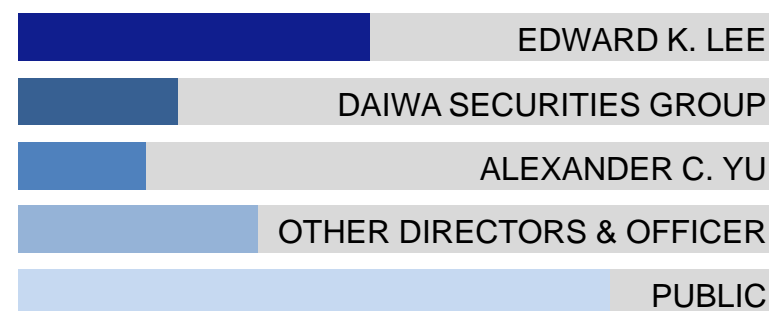


Ownership Structure



OUTSTANDING SHARES	476.0Mil
FREE FLOAT	126.4Mil
MARKET CAP*	Php7.7Bil

*AS OF END SEPTEMBER 2018



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**



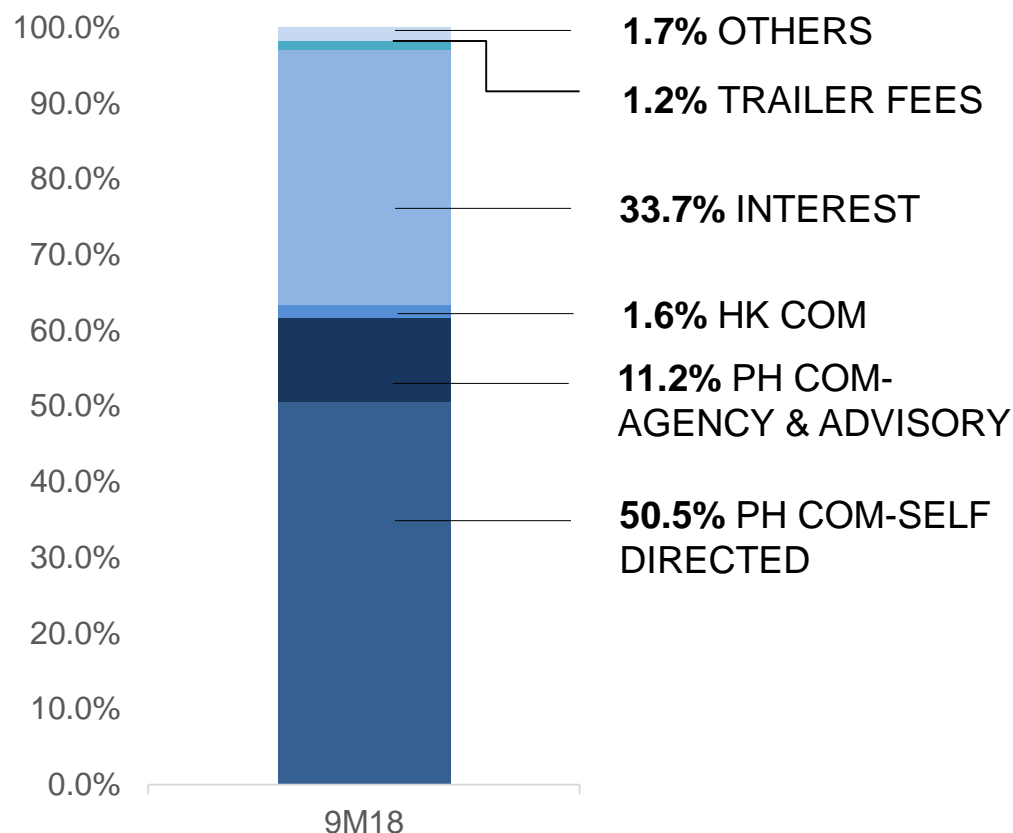
The Biggest Philippine Based Broker

9M18 Rank	Broker Name	9M18 Value Turnover (PhpBil)	% of Total
1	CLSA Philippines, Inc..	202.5	7.9%
2	COL Financial Group, Inc.	201.8	7.9%
3	UBS Securities Philippines Inc.	188.8	7.4%
4	Credit Suisse Securities (Phil), Inc.	170.8	6.7%
5	Deutsche Regis Partners Inc.	166.2	6.5%
6	Macquarie Capital Securities (Phil), Inc	133.8	5.2%
7	Maybank ATR Kim Eng Securities, Inc.	118.4	4.6%
8	Philippine Equity Partners, Inc.	100.2	3.9%
9	Mandarin Securities Corp.	99.2	3.9%
10	J.P. Morgan Securities Philippines, Inc.	96.3	3.8%

SOURCE: PSE

Bulk of Revenues Generated From Philippine Operations

REVENUE BREAKDOWN



COL's Philippine operations account for 98.4% of revenues.

Commissions from both Philippines and HK account for 63.3% of revenues.

Interest income from margin loans and cash accounts for 33.7% of revenues.

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

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Key Highlights

Positives

- 9M18 net income +32.7%, already above 2017 full year profits
- Sustained growth in new accounts and positive net new flows
- Higher operating profit margin as revenue share of self-directed clients increased
- Outperformed market in terms of value T/O

Negatives

- Total assets down YTD
- Margin lending business weakened

9M18 Net Income

+32.7%

9M18 net income increased by 32.7% to Php450.8 Mil.

Consolidated revenues increased by 22.5% Y/Y as commission revenues, interest income and trailer fees grew strongly.

Operating profits grew by a faster pace of 33.1% to Php585.5 Mil due to the slower increase of operating expenses and the growing share of the higher margin self-directed retail business to total revenues.

9M18 net income of Php450.8 Mil is already above 2017 full year profit of Php378.7 Mil and full year recurring profit of Php399.4 Mil.

CONSOLIDATED INCOME STATEMENT (IN PHP MIL)

	9M17	9M18	Change	
			Amount	%
Income				
Commissions	506.1	551.6	45.4	9.0%
Interest	178.0	293.6	115.6	65.0%
Trailer Fees	7.4	10.8	3.4	46.6%
Other income	19.2	14.8	(4.5)	-23.2%
Total	710.7	870.7	160.0	22.5%
Expenses				
Commission expenses	70.0	47.7	(22.3)	-31.9%
Personnel costs	64.9	80.8	16.0	24.7%
Professional fees	24.0	32.7	8.6	35.9%
Stock exch. dues & fees	21.3	19.0	(2.3)	-10.8%
Communication	25.1	27.0	1.9	7.4%
Rentals & utilities	17.5	23.6	6.1	34.6%
Depreciation	18.1	20.9	2.8	15.5%
Advertising & marketing	6.0	9.7	3.7	60.8%
Others	23.7	23.9	0.2	0.8%
Total	270.7	285.3	14.6	5.4%
PRE-TAX INCOME	440.0	585.5	145.5	33.1%
TAXES	100.3	134.7	34.4	34.3%
NET INCOME	339.7	450.8	111.1	32.7%

Total Expenses

+5.4%

Total expenses increased by 5.4% to Php285.3 Mil.

Trading related expenses were down 27.0% to Php66.7 Mil, largely due to the 31.9% drop in commission expenses to Php47.7 Mil.

Commission expenses fell as the share of agency and advisory business to total commission revenues dropped to 18.1% in 9M18 from 29.6% in 9M17.

Fixed expenses increased by 21.9% to Php218.6 Mil, in line with efforts to improve service quality and reach.

BREAKDOWN OF EXPENSES (IN PHP MIL)

	9M17	9M18	Change	
			Amount	%
Trading Related Expenses				
Commission expenses	70.0	47.7	-22.3	-31.9%
Stock exch. dues & fees	21.3	19.0	-2.3	-10.8%
Total	91.3	66.7	-24.6	-27.0%
Fixed Operating Expenses				
Personnel costs	64.9	80.8	16.0	24.7%
Professional fees	24.0	32.7	8.6	35.9%
Communication	25.1	27.0	1.9	7.4%
Rentals & utilities	17.5	23.6	6.1	34.6%
Depreciation	18.1	20.9	2.8	15.5%
Advertising & marketing	6.0	9.7	3.7	60.8%
Others	23.7	23.9	0.2	0.8%
Total	179.4	218.6	39.2	21.9%
TOTAL EXPENSES	270.7	285.3	14.6	5.4%

Philippines & HK Enjoy Strong Revenue Growth

Revenues from Philippine operations were up 22.4% as commission, interest income and trailer fees grew strongly.

Commission revenues were up 8.5%, largely driven by the 26.1% growth in commissions from self-directed clients.

Interest income increased by 65.0% as interest income from cash placements more than doubled due to COL's higher investible funds, higher interest rates and the placement of more funds in higher yielding longer term instruments.

REVENUE BREAKDOWN (IN PHP MIL)

	9M17	9M18	Change	
			Amount	%
Philippines				
Commission	495.5	537.4	42.0	8.5%
Interest	178.0	293.6	115.6	65.0%
Trailer Fees	7.4	10.8	3.4	46.6%
Others	18.5	13.8	(4.7)	-25.2%
Philippine Revenues	699.3	855.6	156.4	22.4%
Hong Kong				
Commission	10.7	14.1	3.5	32.3%
Others	0.8	1.0	0.2	26.5%
HK Revenues	11.4	15.1	3.7	31.9%
Revenue Share				
Philippines	98.8%	98.3%		
HK	1.2%	1.7%		
Self-directed	70.4%	81.9%		
Agency & advisory	29.6%	18.1%		

Philippines & HK Enjoy Strong Revenue Growth

The strong growth in interest income from cash placements more than offset the drop in interest income from margin lending as average daily margin lending fell by 35.0% to Php543Mil during 9M18.

Trailer fees increased by 46.6% to Php10.8 Mil as the average value of non-money market assets under administration (AUA) grew from Php1.6 Bil in 9M17 to Php2.3 Bil in 9M18.

HK revenues also increased by 31.9% to Php15.1 Mil.

REVENUE BREAKDOWN (IN PHP MIL)

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Philippine Revenues	699.3	855.6	156.4	22.4%
Hong Kong				
Commission	10.7	14.1	3.5	32.3%
Others	0.8	1.0	0.2	26.5%
HK Revenues	11.4	15.1	3.7	31.9%
Revenue Share				
Philippines	98.8%	98.3%		
HK	1.2%	1.7%		
Self-directed	70.4%	81.9%		
Agency & advisory	29.6%	18.1%		

COL Outperforms the Market

COL's average daily turnover rose 9.9% Y/Y to Php1.1 Bil in 9M18, significantly outpacing the 14.6% drop in the PSE's average daily turnover.

Consequently, COL's market share in terms of value turnover jumped to 7.9% in 9M18 for the whole market from 6.1% in 9M17. Share of value turnover for local investors likewise increased during the same period to 16.4% from 12.8%.

In 9M18, COL was the number 2 stock broker in terms of value turnover in the Philippine Stock Exchange, up from number 5 in 9M17.

COMPARATIVE PERFORMANCE (COL VS. PSE)

	9M17	9M18	Change	
			Amount	%
PSE Ave. Daily T/O (PhpMil)	8,170.0	6,976.7	(1,193.3)	-14.6%
COL Ave. Daily T/O (PhpMil)	1,003.8	1,102.7	98.9	9.9%
COL Market Share (Total)	6.1%	7.9%		
COL Market Share (Local)	12.8%	16.4%		
PSE Ranking	5	2		

ROAE Improved to 38.2%

9M18 operating profits increased by 33.1% to Php585.5 Mil driven by the strength Philippine operations and narrower losses in HK.

Operating profits from the Philippines were up by 31.7% to Php593.1 Mil due to the strong growth of revenues (+22.4%) and higher margins brought about by the growing share of self-directed retail business.

Operating losses from HK fell by 25.8% to Php7.6Mil as HK revenues increased by 31.9%.

ROAE increased to 38.2%. This was due to improved revenue generation and higher margins.

SELECTED FINANCIAL INDICATORS

	9M17	9M18	Change	
			Amount	%
Operating Profits				
Philippines	450.3	593.1	142.8	31.7%
Hong Kong	(10.3)	(7.6)	2.6	-25.8%
Total	440.0	585.5	145.5	33.1%
Operating Margins				
Philippines	64.4%	69.3%		
Hong Kong	-89.6%	-50.4%		
Consolidated	62.2%	67.2%		
EBITDA Margin	64.5%	69.6%		
Net Margin	47.8%	51.8%		
Asset Turnover	9.6%	10.4%		
Asset/Equity	7.2	6.4		
ROAE	31.2%	38.2%		

Asset Base Contracts due to Poor Market Conditions

Total assets fell by 11.3% to Php10.5 Bil as cash & cash equivalents and receivables fell for the year to date period.

Cash & cash equivalents fell 9.9% to Php9.1 Bil as poor market conditions led to the 1.5% YTD decline in the value of client equity to Php71.9 Bil as of end September 2018.

The share of cash to total client equity also fell to 11.8% as of end September from 12.7% as of end December.

Amount allocated to LT investments also increased by Php100 Mil to capitalize on higher rates.

CONSOLIDATED BALANCE SHEET (IN PHP MIL)

	12/31/17	9/30/18	Change	
			Amount	%
Cash & equivalents	10,104.9	9,104.5	(1,000.5)	-9.9%
Receivables	1,169.7	702.4	(467.3)	-40.0%
Other current assets	32.4	42.8	10.4	32.1%
LT investments	200.0	300.0	100.0	50.0%
HTM investments	202.7	201.9	(0.9)	-0.4%
PPE – net	86.0	89.0	3.0	3.5%
Other non-current assets – net	76.1	87.2	11.0	14.5%
TOTAL ASSETS	11,871.9	10,527.6	(1,344.3)	-11.3%
Trade payables	10,199.2	8,794.3	(1,404.9)	-13.8%
Other current liabilities	133.4	58.4	(75.0)	-56.2%
Non-current liabilities	43.5	30.8	(12.7)	-29.2%
Total Liabilities	10,376.2	8,883.6	(1,492.6)	-14.4%
Total Stockholders' Equity	1,504.6	1,644.0	139.4	9.3%
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	11,871.9	10,527.6	(1,344.3)	-11.3%
BVPS	3.16	3.45		

Asset Base Contracts due to Poor Market Conditions

Receivables fell by 40.0% to Php702.4 Mil largely due to the decline in receivables from clearing houses.

The drop in client equity and share of cash to total equity was also largely responsible for the 13.8% decline in total trade payables to Php8.8 Bil.

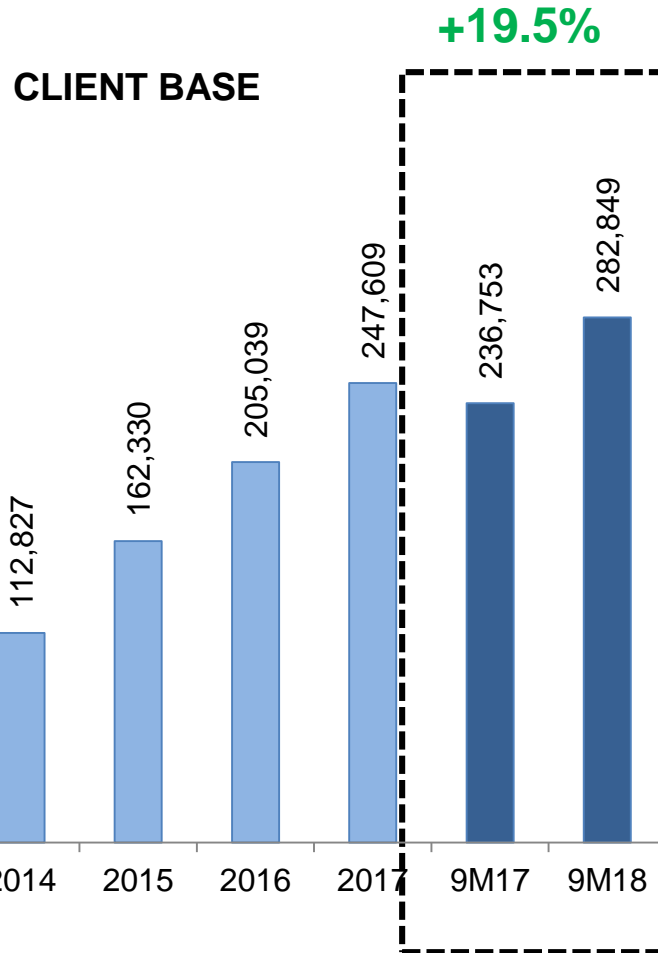
Stockholders equity increased by 9.3% to Php1.6 Bil due to the booking of Php450.8 Mil of net income partly offset by the payment of Php333.2 Mil in cash dividends.

BVPS increased to Php3.45/sh.

CONSOLIDATED BALANCE SHEET (IN PHP MIL)

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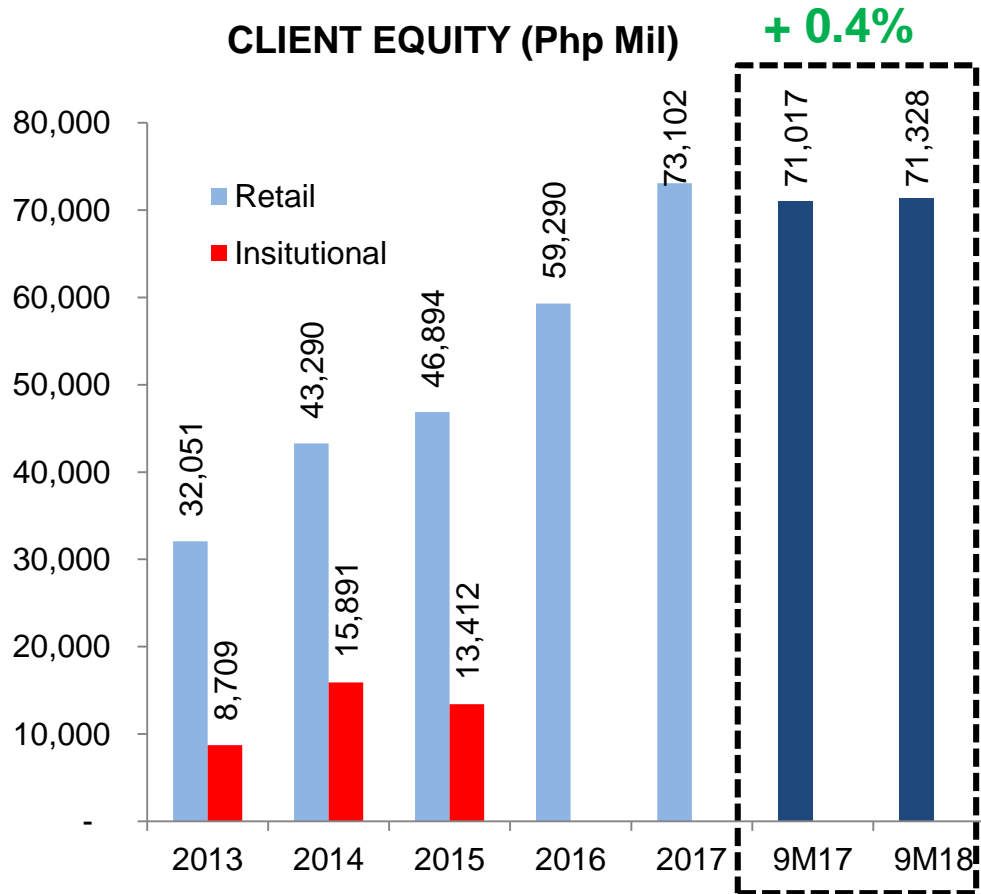
Sustained Customer Growth



COL's client base grew by 19.5% Y/Y to 282,849 as of end September 2018.

Average monthly additions remained strong at 3,841.

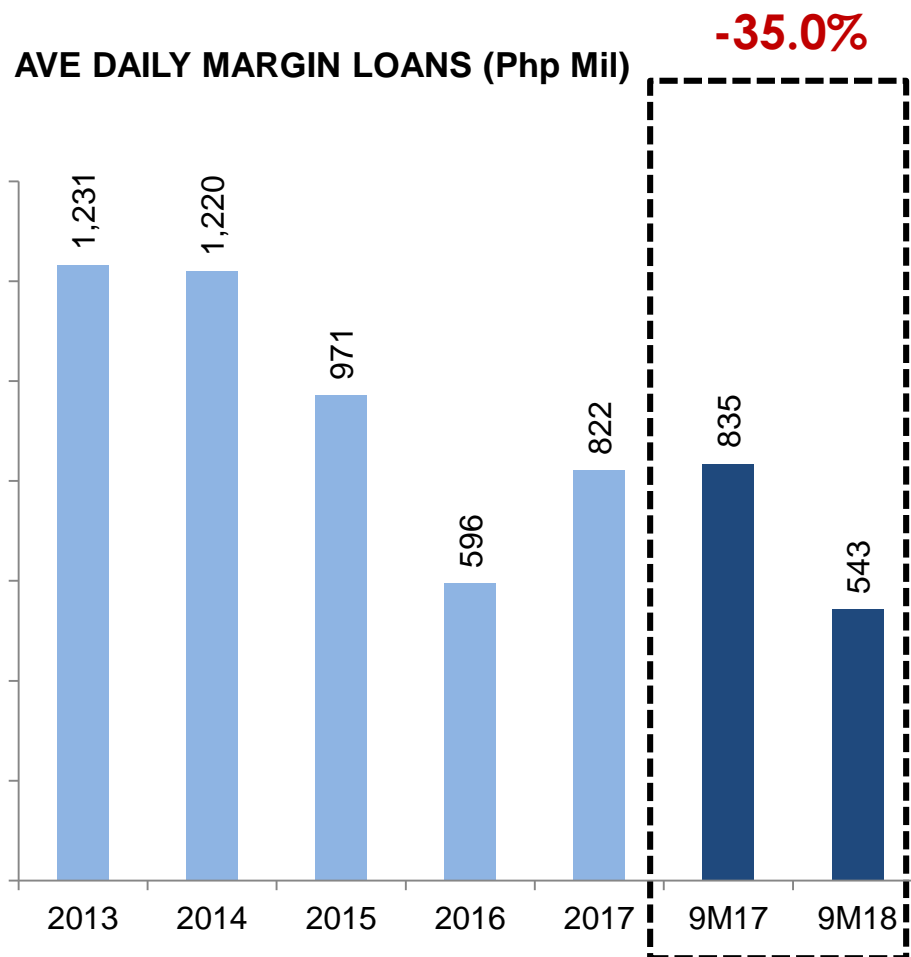
Flattish Client Equity Despite Poor Market Conditions



Client equity was flat at Php71.3 Bil as of end September 2018 despite poor market conditions due to strong net new flows.

Net new flows from retail clients reached Php6.3 Bil during the year to date period and Php6.1 Bil during the past 12 months.

Margin Loans Fall



Average daily margin loans fell by 35.0% to Php543 Mil Y/Y.

As of end September, the total number of approved margin accounts reached 1,151, down 1.9% Y/Y.

29.6% of approved margin accounts utilized their margin lines in 9M18, up from 27.5% in 9M17. However, in terms of value of margin granted, 9.8% was utilized in 9M18, down from 15.5% in 9M17.

Highlights

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Growth Plans



Pro Active Growth Plans

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

Priorities	Statement	Strategies
Expand Client Acquisition	#1. Continue to be the leading asset gatherer in the brokerage industry	<ul style="list-style-type: none"> Set up more investor centers Enter into tie-ups to expand market reach Hold more investor education seminars <ul style="list-style-type: none"> Frequency and type Offer more products and services that will address the needs of more investors <ul style="list-style-type: none"> Active and passive Conservative to aggressive Basic to sophisticated
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	
Long-Term Client Relationship	#3. Maintain long-term client relationships and exploit the power of COL promoters	
Expense Discipline	#4. Capitalize on operating leverage and increase profitability through our unique business model	<ul style="list-style-type: none"> Focus on efficient means to grow revenues & profitability
Effective Capital Management	#5. Maintain a strong balance sheet and be good stewards of stockholder values	<ul style="list-style-type: none"> ROE greater than 20%

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	175.4	6.3%	182.6	6.7%
Bond Fund	148.1	5.3%	147.6	5.5%
Balanced Fund	158.6	5.7%	150.9	5.6%
Equity Fund	2,315.0	82.8%	2,225.9	82.2%
Total	2,797.2		2,707.0	

*AS OF END SEPT 2018

**SINCE LAUNCH

Significant Share of Industry Equity Fund Sales

SHARE OF INDUSTRY EQUITY FUND SALES (PESO FUNDS ONLY)

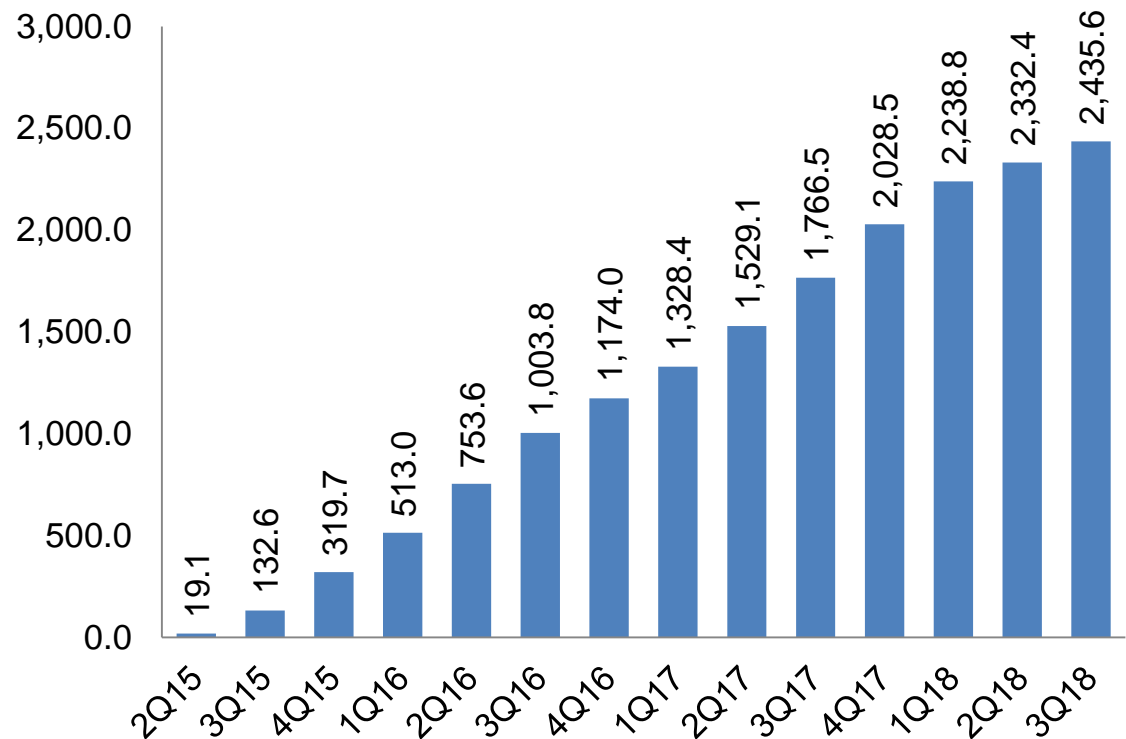
In PhpMil	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18
COL	150.9	203.6	192.9	209.9	103.4	110.4	192.3	148.1	289.5	225.5	146.5
Industry	1,181.6	(2,350.1)	(2,267.5)	3,125.6	124.9	(2,212.5)	739.1	1,405.8	2,960.6	4,106.4	2,763.0
% Share	12.8%	-	-	6.7%	82.8%	-	26.0%	10.5%	9.8%	5.5%	5.3%

SOURCE: PIFA, COL ESTIMATES

Strong Growth in Average AUA

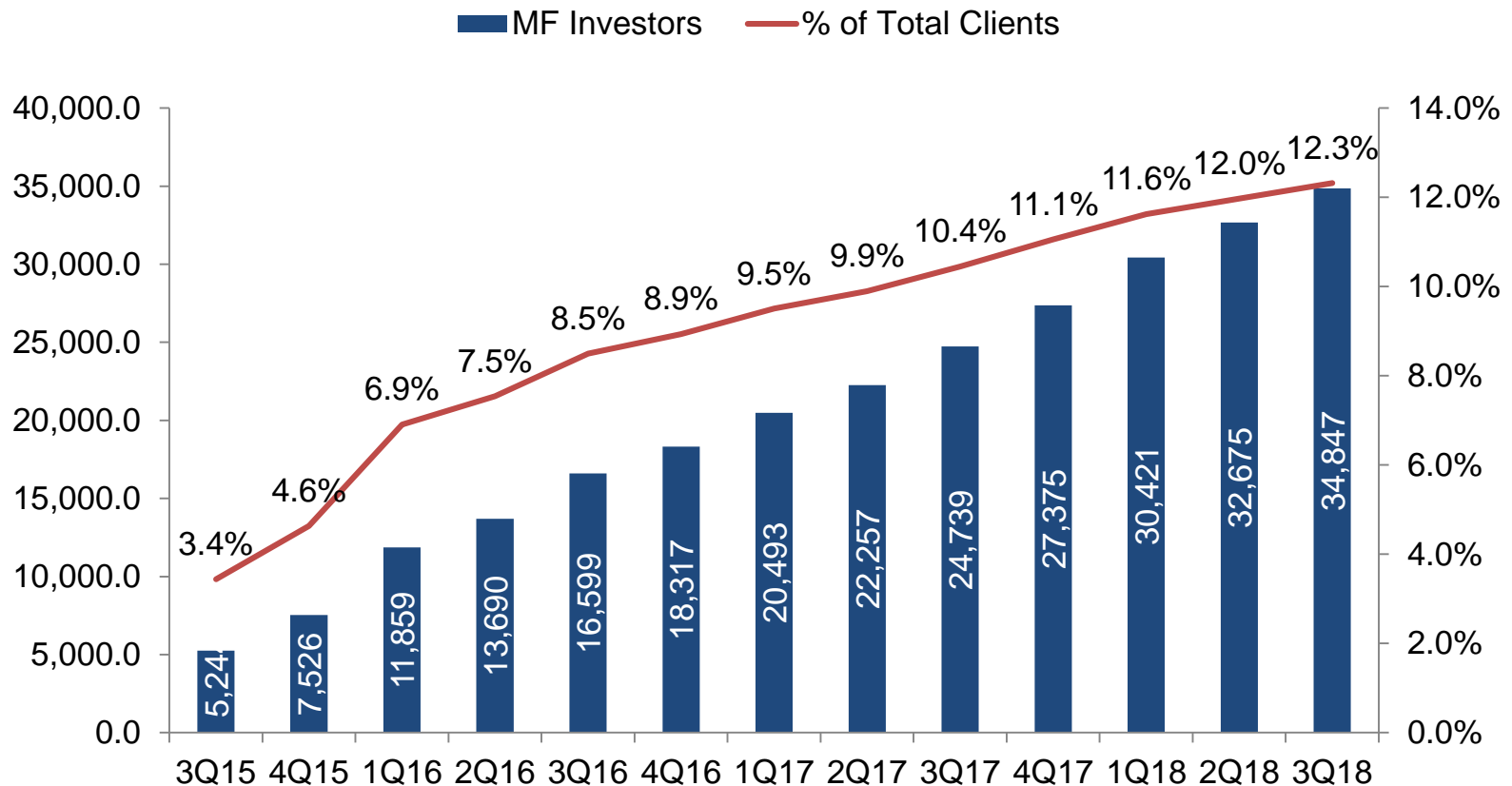
AVERAGE AUA
(NON-MONEY MARKET FUNDS ONLY, IN PHP MIL)

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



SOURCE: PIFA, COL ESTIMATES

Growing Number & Percentage of Clients Own MFs



Expanding Reach Through Investor Centers



COL Makati

2014

2016

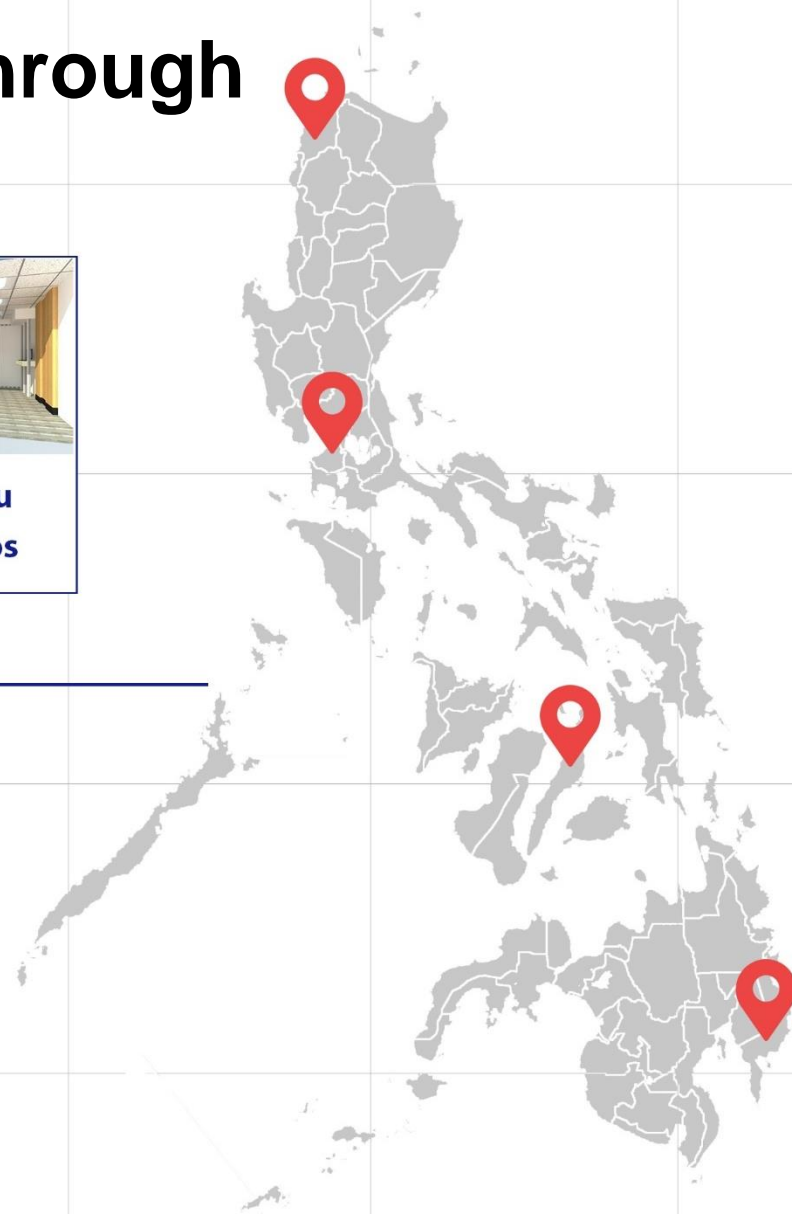


**COL Cebu
COL Ilocos**

2017



COL Davao



Thank You

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