

COL 2018 INVESTOR PRESENTATION

PICKING THE RIGHT INVESTMENT WITH COL FUND SOURCE



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AN EXCLUSIVE DATE TO THE MEMBERS OF THE PRESS
RSVP: MITZ RAMANDO
(02) 630-64-11 LOC 108

IT'S A BUYER'S MARKET
Invest at the Right Price

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

Learn straight from the COL experts in an exclusive Q&A session.

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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



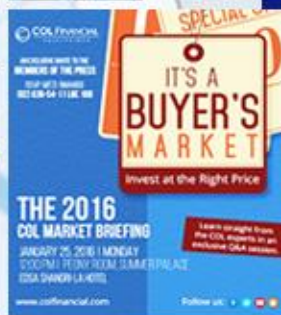
Company Overview

Established and licensed by the SEC in 1999

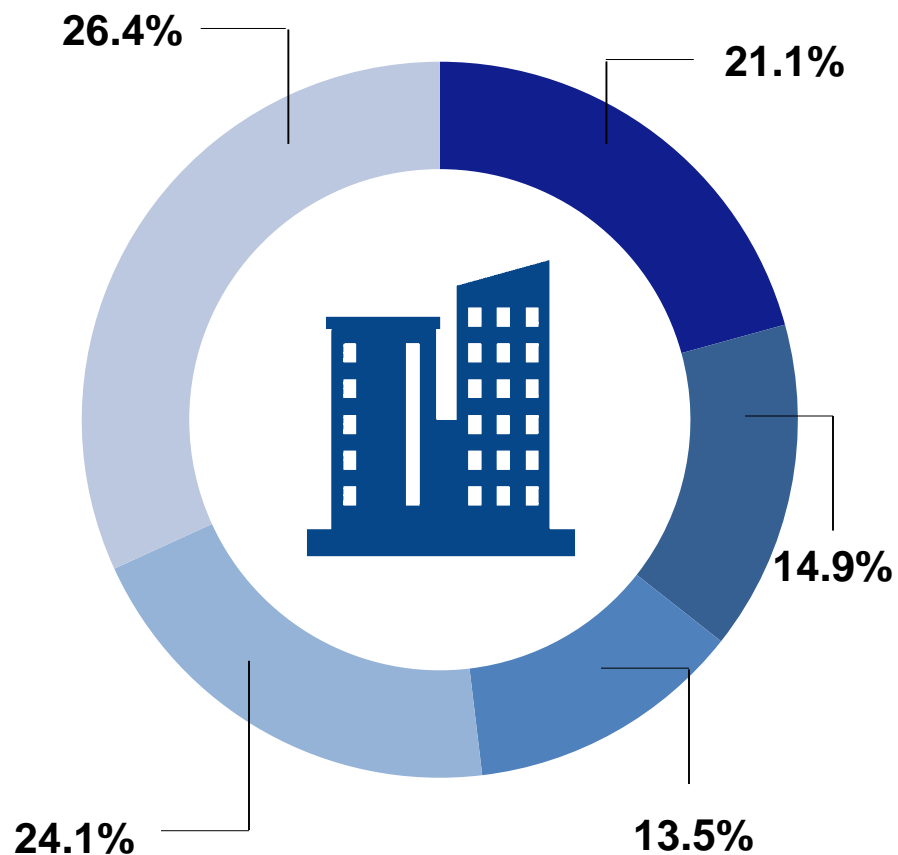
The leading and fastest-growing online stockbroker in the Philippines

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

Founder (Edward K. Lee) retains a 21.1% stake and actively manages the Company

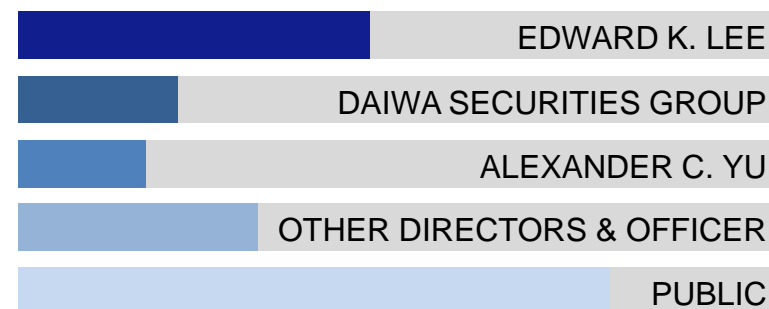


Ownership Structure



OUTSTANDING SHARES	476.0Mil
FREE FLOAT	125.4Mil
MARKET CAP*	Php7.7Bil

*AS OF END DECEMBER 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**

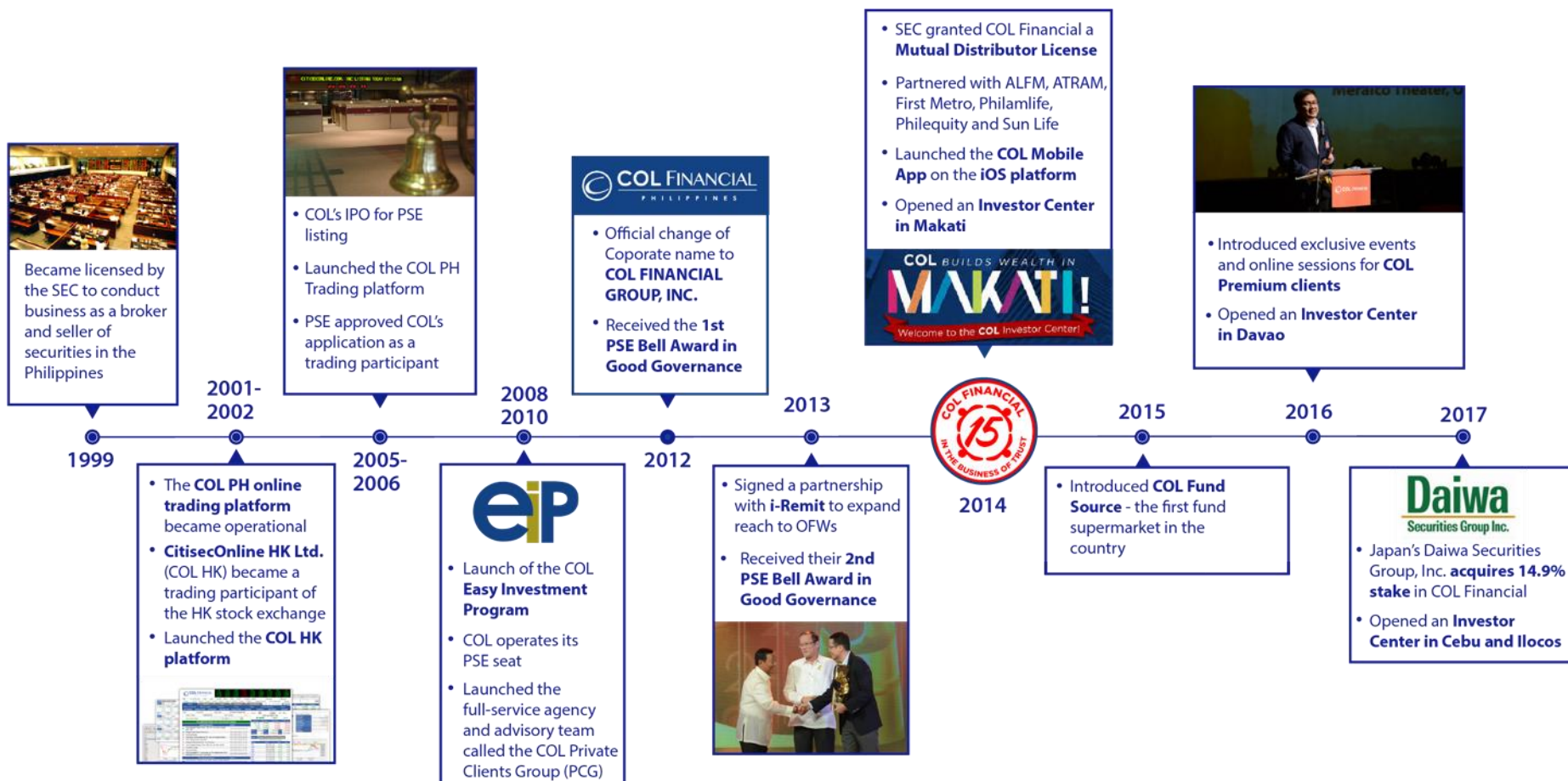


The Biggest Philippine Based Broker

2018 Rank	Broker Name	2018 Value Turnover (PhpBil)	% of Total
1	CLSA Philippines, Inc..	276.2	7.9%
2	COL Financial Group, Inc.	257.6	7.4%
3	UBS Securities Philippines Inc.	240.0	6.9%
4	Credit Suisse Securities (Phil), Inc.	233.1	6.7%
5	Deutsche Regis Partners Inc.	231.8	6.7%
6	Maybank ATR Kim Eng Securities, Inc.	176.4	5.1%
7	Macquarie Capital Securities (Phil), Inc	172.4	5.0%
8	Philippine Equity Partners, Inc.	156.9	4.5%
9	Mandarin Securities Corp.	134.8	3.9%
10	J.P. Morgan Securities Philippines, Inc.	131.5	3.8%

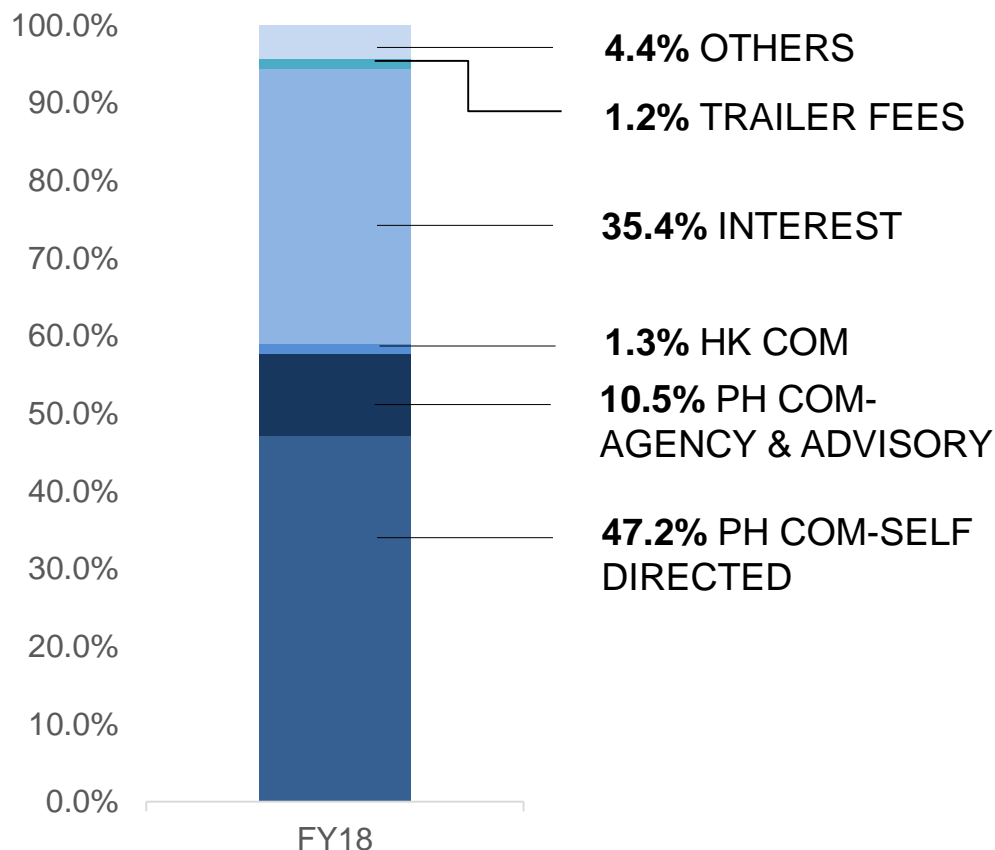
SOURCE: PSE

Corporate Milestones



Bulk of Revenues Generated From Philippine Operations

REVENUE BREAKDOWN



COL's Philippine operations account for 98.7% of revenues.

Commissions from both Philippines and HK account for 59.0% of revenues.

Interest income from margin loans and cash accounts for 35.4% of revenues.

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

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Growth Plans



Key Highlights

Positives

- 2018 net income +35.3%, hitting a record Php512.5 Mil
- Revenues exceeded the one billion mark at Php1.2 Bil, +22.9% y/y
- 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
- Margin lending business weakened
- HK commissions fell

2018 Net Income

+35.3%

2018 net income increased by 35.3% to Php512.6 Mil. Excluding non-recurring items, recurring profits grew 27.4% to Php508.7 Mil

Consolidated revenues increased by 22.9% Y/Y as commissions, interest income, and trailer fees were up. Other income also rose 71.6% largely due to the reversal of expense from prior period's Clearing and Trade Guaranty Fund (CTGF) contributions amounting to Php35.2 Mil.

Operating profits grew by a faster pace of 42.1% to Php726.7 Mil due to the slower increase of operating expenses and the growing share of the higher margin self-directed retail business to total revenues. COL also benefited from the non-booking of a Php20.6 Mil impairment allowance on its HK trading rights which is a non-recurring expense.

CONSOLIDATED INCOME STATEMENT (IN PHP MIL)

	2017	2018	Change	
			Amount	%
Income				
Commissions	678.7	702.9	24.2	3.6%
Interest	250.5	422.2	171.8	68.6%
Trailer Fees	10.6	14.8	4.2	39.8%
Other income	30.3	52.1	21.7	71.6%
Total	970.1	1,192.0	221.9	22.9%
Expenses				
Commission expenses	89.0	60.6	(28.4)	-31.9%
Personnel costs	152.0	182.9	30.9	20.3%
Professional fees	42.5	50.7	8.2	19.4%
Stock exch. dues & fees	28.4	24.7	(3.8)	-13.2%
Communication	33.8	35.7	1.9	5.5%
Rentals & utilities	24.3	31.9	7.5	30.9%
Depreciation	24.6	29.3	4.8	19.4%
Advertising & marketing	9.7	11.6	1.9	19.3%
Others	54.3	38.0	(16.3)	-30.1%
Total	458.7	465.4	6.7	1.5%
PRE-TAX INCOME	511.5	726.7	215.2	42.1%
TAXES	132.7	214.1	81.4	61.3%
NET INCOME	378.7	512.6	133.8	35.3%
RECURRING NET INCOME	399.4	508.7	109.4	27.4%

2018 Net Income

+35.3%

Taxes increased by 61.3% to Php214.1 Mil. Aside from its higher operating income, taxes increased as COL wrote-off Php31.4 Mil worth of deferred tax assets on its HK operations' net operating loss carry over.

CONSOLIDATED INCOME STATEMENT (IN PHP MIL)

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			Amount	%
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Recurring Expenses

+6.2%

Recurring expenses increased by 6.2% to Php465.4 Mil.

Trading related expenses were down 27.4% to Php85.3 Mil, largely due to the 31.9% drop in commission expenses to Php60.6 Mil.

Commission expenses fell as the share of agency and advisory business to total commission revenues dropped to 18.1% in 2018 from 28.1% in 2017.

Fixed expenses increased by 18.5% to Php380.1 Mil, in line with efforts to improve service quality and reach.

BREAKDOWN OF EXPENSES (IN PHP MIL)

	2017	2018	Change	
			Amount	%
Trading Related Expenses				
Commission expenses	89.0	60.6	-28.4	-31.9%
Stock exch. dues & fees	28.4	24.7	-3.8	-13.2%
Total	117.4	85.3	-32.1	-27.4%
Fixed Operating Expenses				
Personnel costs	152.0	182.9	30.9	20.3%
Professional fees	42.5	50.7	8.2	19.4%
Communication	33.8	35.7	1.9	5.5%
Rentals & utilities	24.3	31.9	7.5	30.9%
Depreciation	24.6	29.3	4.8	19.4%
Advertising & marketing	9.7	11.6	1.9	19.3%
Others	33.7	38.0	4.3	12.8%
Total	320.6	380.1	59.5	18.5%
TOTAL RECURRING EXPENSES	438.0	465.4	27.3	6.2%

Philippines Enjoys Strong Revenue Growth

Revenues from Philippine operations were up 24.8% as commission, interest income, trailer fees and other income grew.

Commission revenues were up 3.8%, largely driven by the 18.2% growth in commissions from self-directed clients. In 2018, self-directed clients accounted for 81.9% of total commissions.

Interest income increased by 68.6% as interest income from cash placements more than doubled due to higher interest rates and the placement of more funds in higher yielding longer term instruments.

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 34.8% to Php536Mil in 2018.

REVENUE BREAKDOWN (IN PHP MIL)

	2017	2018	Change	
			Amount	%
Philippines				
Commission	662.0	687.4	25.4	3.8%
Interest	250.5	422.2	171.8	68.6%
Trailer Fees	10.6	14.8	4.2	39.8%
Others	29.1	50.8	21.7	74.7%
Philippine Revenues	941.5	1,175.2	233.7	24.8%
Hong Kong				
Commission	16.8	15.6	(1.2)	-7.1%
Others	1.3	1.3	0.0	0.9%
HK Revenues	18.0	16.8	(1.2)	-6.5%
Revenue Share				
Philippines	98.1%	98.6%		
HK	1.9%	1.4%		
Self-directed	71.9%	81.9%		
Agency & advisory	28.1%	18.1%		

Philippines Enjoys Strong Revenue Growth

Trailer fees increased by 39.8% to Php14.8 Mil as the average value of assets under administration (AUA) grew by 47.4% Y/Y to Php2.6 Bil in 2018.

Other income rose 74.7% largely due to the reversal of expense from prior period's Clearing and Trade Guaranty Fund (CTGF) contributions amounting to Php35.2 Mil.

Meanwhile, revenues from HK fell by 6.5% to Php16.8 Mil as commissions fell by 7.1%.

REVENUE BREAKDOWN (IN PHP MIL)

	2017	2018	Change	
			Amount	%
Philippines				
Commission	662.0	687.4	25.4	3.8%
Interest	250.5	422.2	171.8	68.6%
Trailer Fees	10.6	14.8	4.2	39.8%
Others	29.1	50.8	21.7	74.7%
Philippine Revenues	941.5	1,175.2	233.7	24.8%
Hong Kong				
Commission	16.8	15.6	(1.2)	-7.1%
Others	1.3	1.3	0.0	0.9%
HK Revenues	18.0	16.8	(1.2)	-6.5%
Revenue Share				
Philippines	98.1%	98.6%		
HK	1.9%	1.4%		
Self-directed	71.9%	81.9%		
Agency & advisory	28.1%	18.1%		

COL Outperforms the Market

COL's average daily turnover rose 4.4% Y/Y to Php1.1 Bil in 2018, significantly outpacing the 11.3% drop in the PSE's average daily turnover.

Consequently, COL's market share in terms of value turnover jumped to 7.4% in 2018 for the whole market from 6.3% in 2017. Share of value turnover for local investors likewise increased during the same period to 15.6% from 13.1%.

In 2018, COL was the number 2 stock broker in terms of value turnover in the Philippine Stock Exchange, up from number 6 in 2017.

The number of transactions handled by COL grew by 25.7%, also faster than the 16.1% increase registered by the PSE.

COMPARATIVE PERFORMANCE (COL VS. PSE)

	2017	2018	Change	
			Amount	%
PSE Ave. Daily T/O (PhpMil)	8,059.1	7,147.4	(911.7)	-11.3%
COL Ave. Daily T/O (PhpMil)	1,015.3	1,060.0	44.7	4.4%
COL Market Share (Total)	6.3%	7.4%		
COL Market Share (Local)	13.1%	15.6%		
PSE Ranking	6	2		
No. of Transactions – PSE ('000)	36,056.3	41,871.0	5,814.6	16.1%
No. of Transactions – COL ('000)	7,814.8	9,822.5	2,007.7	25.7%
COL Market Share	21.7%	23.5%		
PSE Ranking	1	1		

ROAE Improved to 32.1%

2018 operating profits increased by 45.1% to Php726.7 Mil driven by the strength Philippine operations and narrower losses in HK.

Operating profits from the Philippines were up by 38.9% to Php740.8 Mil due to the strong growth of revenues (+24.8%) and the higher margins brought about by the growing share of self-directed retail business.

Operating losses from HK fell by 56.3% to Php14.1Mil due to the non-booking of impairment allowance on HK trading rights (Php20.6 Mil).

ROAE increased to 32.1%. This was due to improved revenue generation and higher margins, partly offset by lower leverage.

SELECTED FINANCIAL INDICATORS

	2017	2018	Change	
			Amount	%
Operating Profits				
Philippines	533.2	740.8	207.6	38.9%
Hong Kong	(32.3)	(14.1)	18.2	-56.3%
Total	500.9	726.7	225.8	45.1%
Operating Margins				
Philippines	56.6%	63.0%		
Hong Kong	-179.5%	-83.8%		
Consolidated	52.2%	61.0%		
EBITDA Margin	57.4%	63.4%		
Net Margin	39.0%	43.0%		
Asset Turnover	9.3%	10.4%		
Asset/Equity	7.9	6.6		
ROAE	25.9%	32.1%		

Asset Base Contracts due to Poor Market Conditions

Total assets fell by 6.3% to Php11.1 Bil as cash & cash equivalents and receivables fell.

Cash & cash equivalents fell 10.6% to Php9.0 Bil as poor market conditions led to the 1.0% decline in the value of client equity to Php72.4 Bil as of end 2018.

The share of cash to total client equity also fell to 12.1% as of end 2018 from 12.7% as of end 2017.

Amount allocated to LT investments also increased by Php626 Mil.

CONSOLIDATED BALANCE SHEET (IN PHP MIL)

	12/31/17	12/31/18	Change	
			Amount	%
Cash & equivalents	10,104.9	9,031.4	(1,073.6)	-10.6%
Receivables	1,169.7	811.0	(358.6)	-30.7%
Other current assets	32.4	62.5	30.0	92.7%
LT investments	200.0	826.0	626.0	313.0%
HTM investments	202.7	201.6	(1.2)	-0.6%
PPE – net	86.0	92.7	6.7	7.8%
Other non-current assets – net	76.1	93.5	17.4	22.8%
TOTAL ASSETS	11,871.9	11,118.6	(753.3)	-6.3%
Trade payables	10,199.2	9,254.9	(944.4)	-9.3%
Other current liabilities	133.4	125.9	(7.5)	-5.6%
Non-current liabilities	43.5	44.3	0.7	1.6%
Total Liabilities	10,376.2	9,425.0	(951.2)	-9.2%
Total Stockholders' Equity	1,504.6	1,693.6	188.9	12.6%
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	11,871.9	11,118.6	(753.3)	-6.3%
BVPS	3.16	3.56		

Asset Base Contracts due to Poor Market Conditions

Receivables fell by 30.7% to Php811.0 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 9.3% decline in total trade payables to Php9.3 Bil.

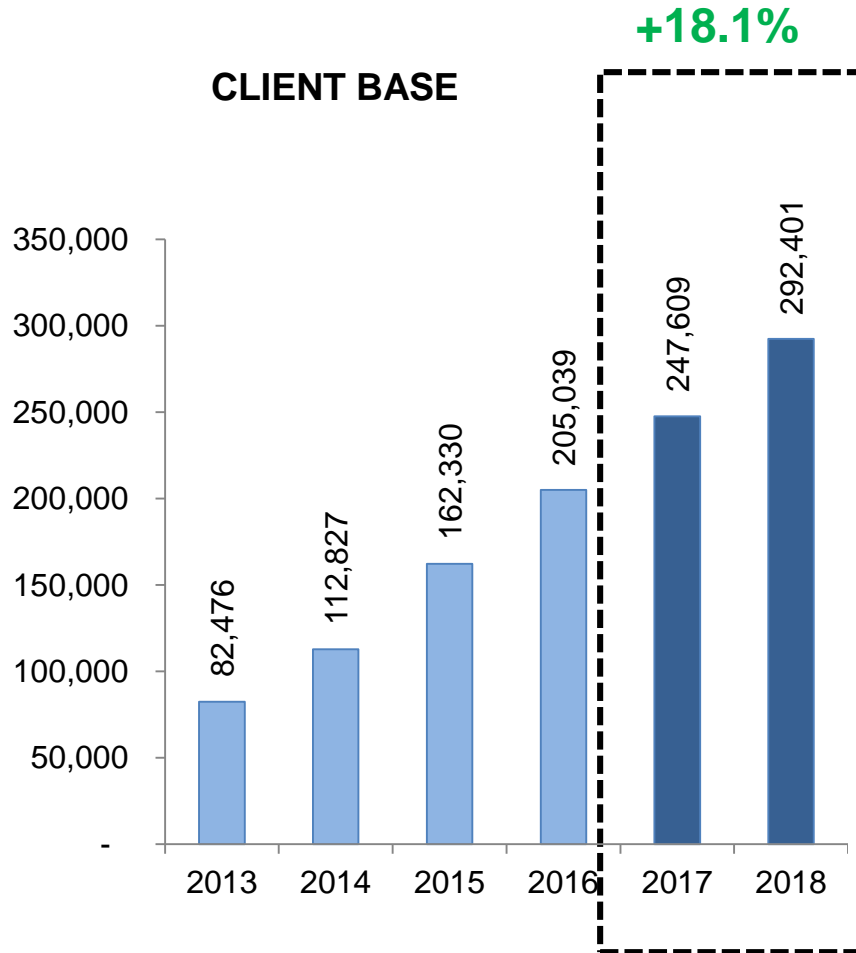
Stockholders equity increased by 12.6% to Php1.7 Bil due to the booking of Php512.6 Mil of net income partly offset by the payment of Php333.2 Mil in cash dividends.

BVPS increased to Php3.56/sh.

CONSOLIDATED BALANCE SHEET (IN PHP MIL)

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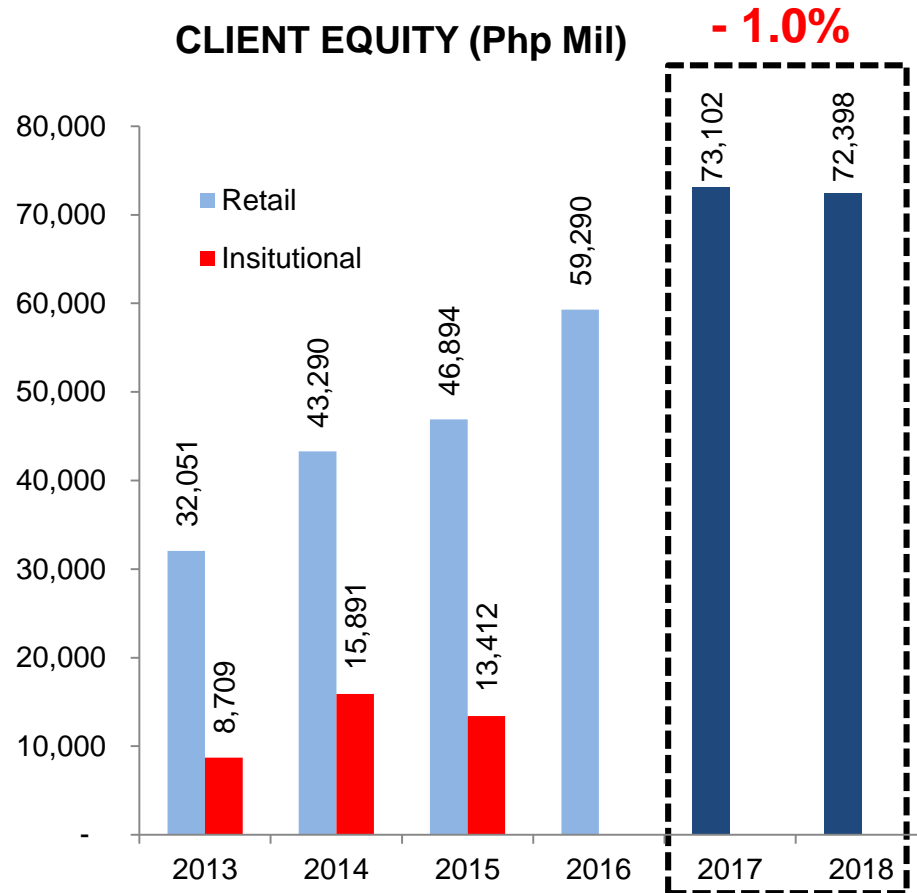
Sustained Customer Growth



COL's client base grew by 18.1% Y/Y to 292,401 as of end 2018.

Average monthly additions remained strong at 3,733.

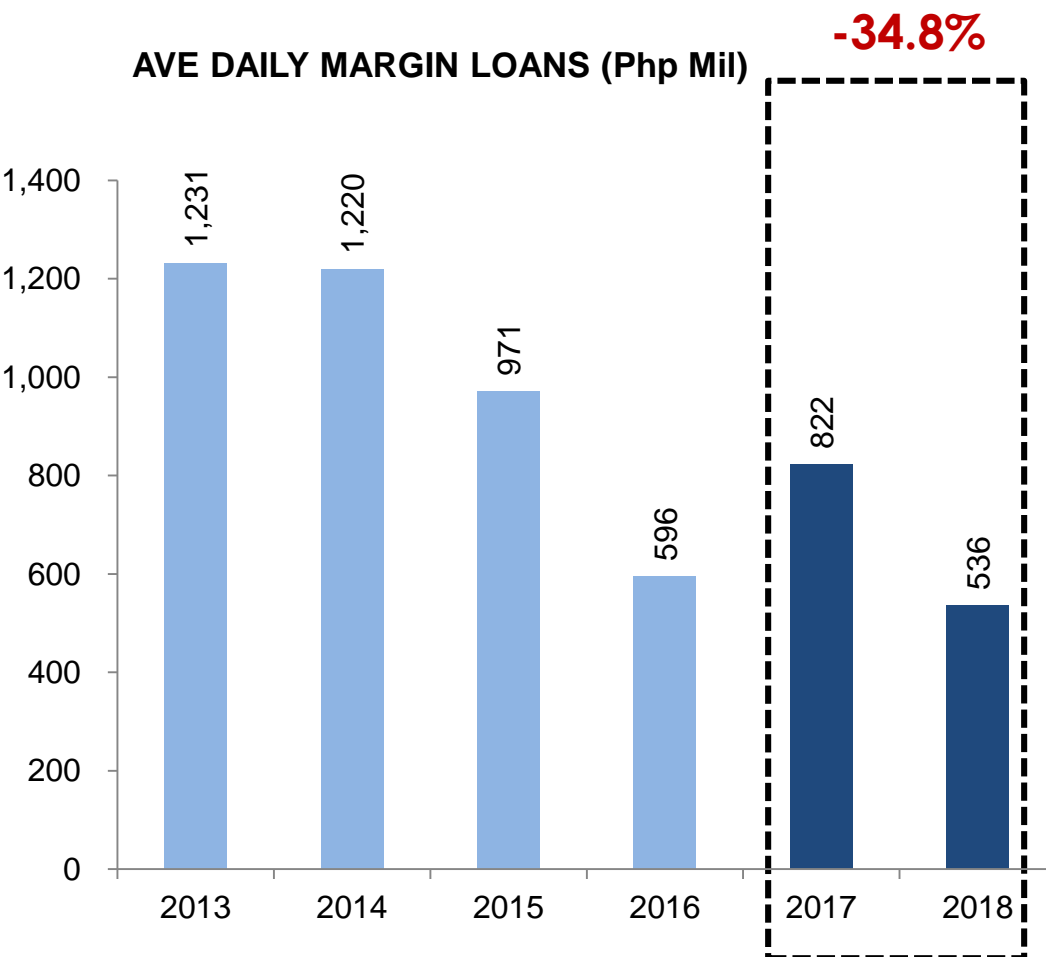
Flattish Client Equity Despite Poor Market Conditions



Client equity was down slightly at Php72.4 Bil as of end 2018 due to poor market conditions.

Nevertheless, strong net new flows from retail clients amounting to Php7.5 Bil for the year allowed the value of client equity to remain flattish despite the 12.8% drop of the PSEi index.

Margin Loans Fall



Average daily margin loans fell by 34.8% to Php536 Mil Y/Y.

As of end December, the total number of approved margin accounts reached 1,137, down 0.7% Y/Y.

27.9% of approved margin accounts utilized their margin lines in 2018, almost unchanged from 27.8% in 2017. However, in terms of value of margin granted, 10.0% was utilized in 2018, down from 15.2% in 2017.

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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	149.2	5.2%	157.6	5.5%
Bond Fund	152.9	5.3%	153.3	5.3%
Balanced Fund	163.0	5.7%	157.5	5.5%
Equity Fund	2,411.6	83.8%	2,377.4	82.6%
Total	2,876.7		2,845.8	

*AS OF END 2018

**SINCE LAUNCH

Significant Share of Industry Equity Fund Sales

SHARE OF INDUSTRY EQUITY FUND SALES (PESO FUNDS ONLY)

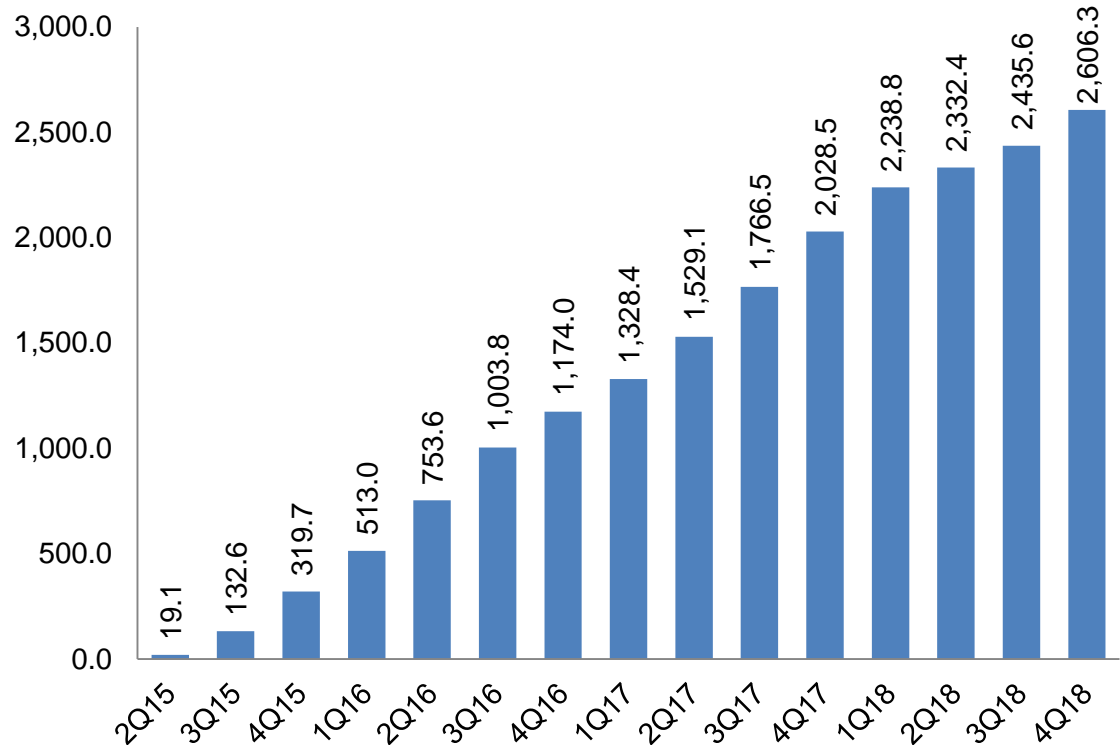
In PhpMil	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
COL	150.9	203.6	192.9	209.9	103.4	110.4	192.3	148.1	289.5	225.5	146.5	96.6
Industry	1,181.6	(2,350.1)	(2,267.5)	3,125.6	124.9	(2,212.5)	739.1	1,405.8	2,960.6	4,106.4	2,763.0	1,949.6
% Share	12.8%	-	-	6.7%	82.8%	-	26.0%	10.5%	9.8%	5.5%	5.3%	5.0%

SOURCE: PIFA, COL ESTIMATES

Strong Growth in Average AUA

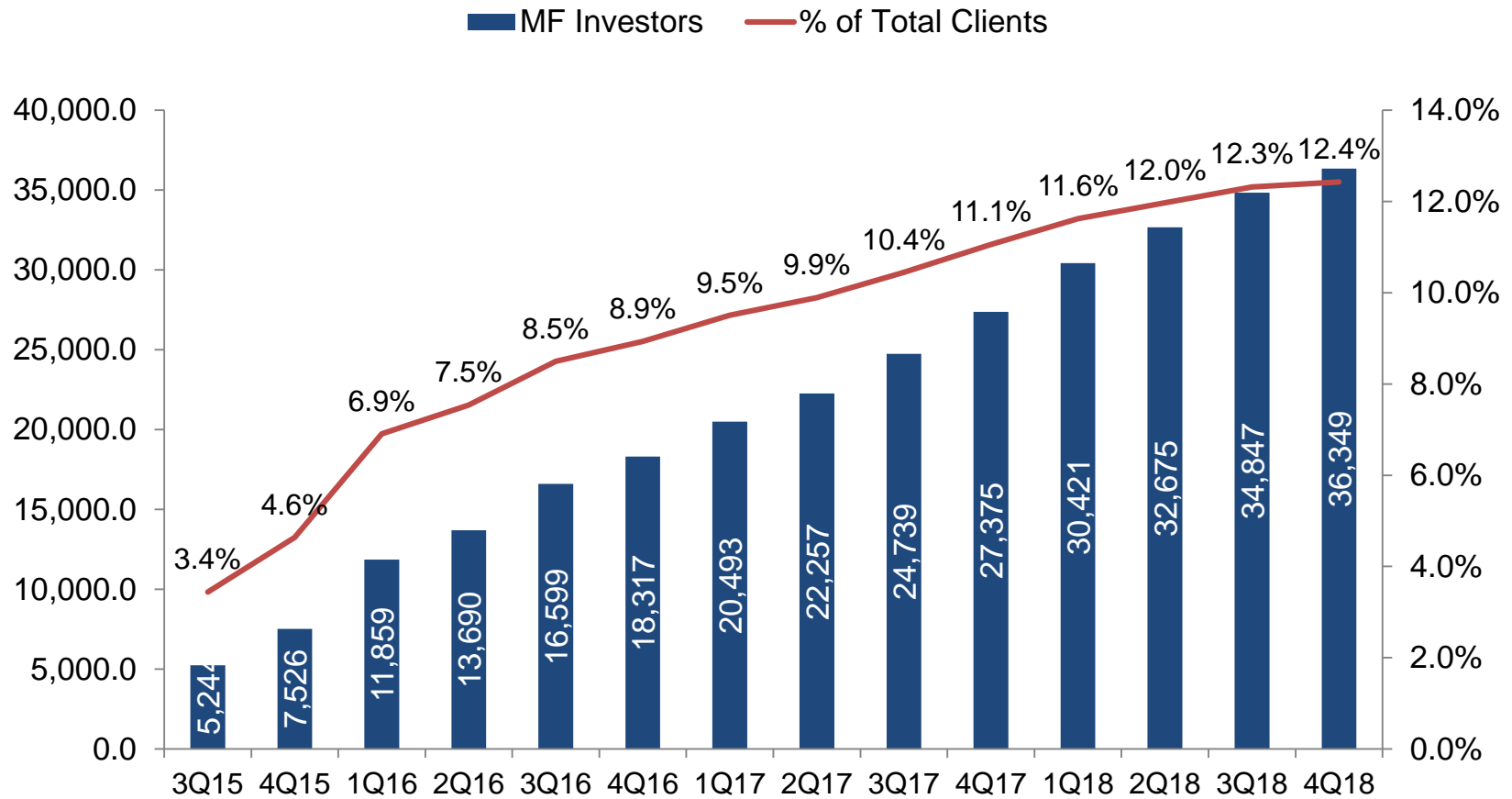
AVERAGE AUA
(NON-MONEY MARKET FUNDS ONLY, IN PHP MIL)

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

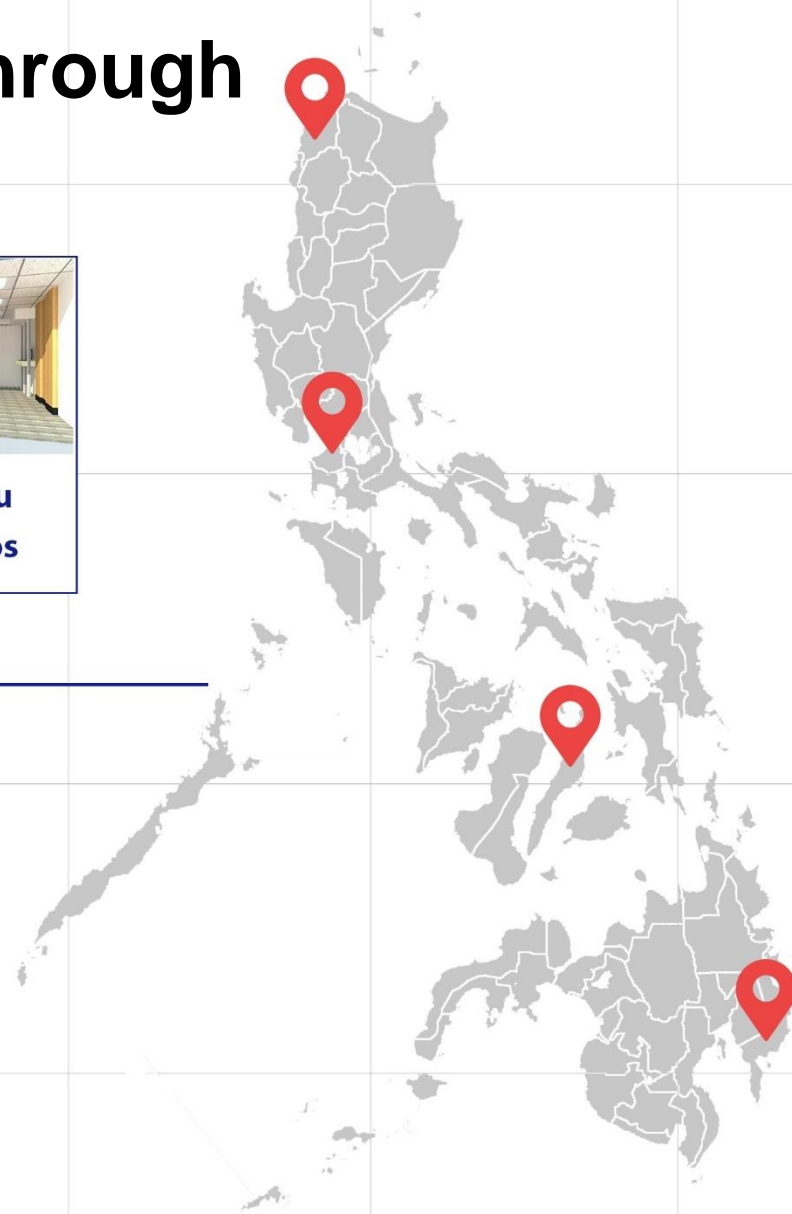
2014

2016



**COL Cebu
COL Ilocos**

2017



Thank You

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