

2019

COL FINANCIAL INVESTOR PRESENTATION





Company
Overview



Financial &
Operating
Highlights



Growth
Plans

Key Highlights

Company Overview

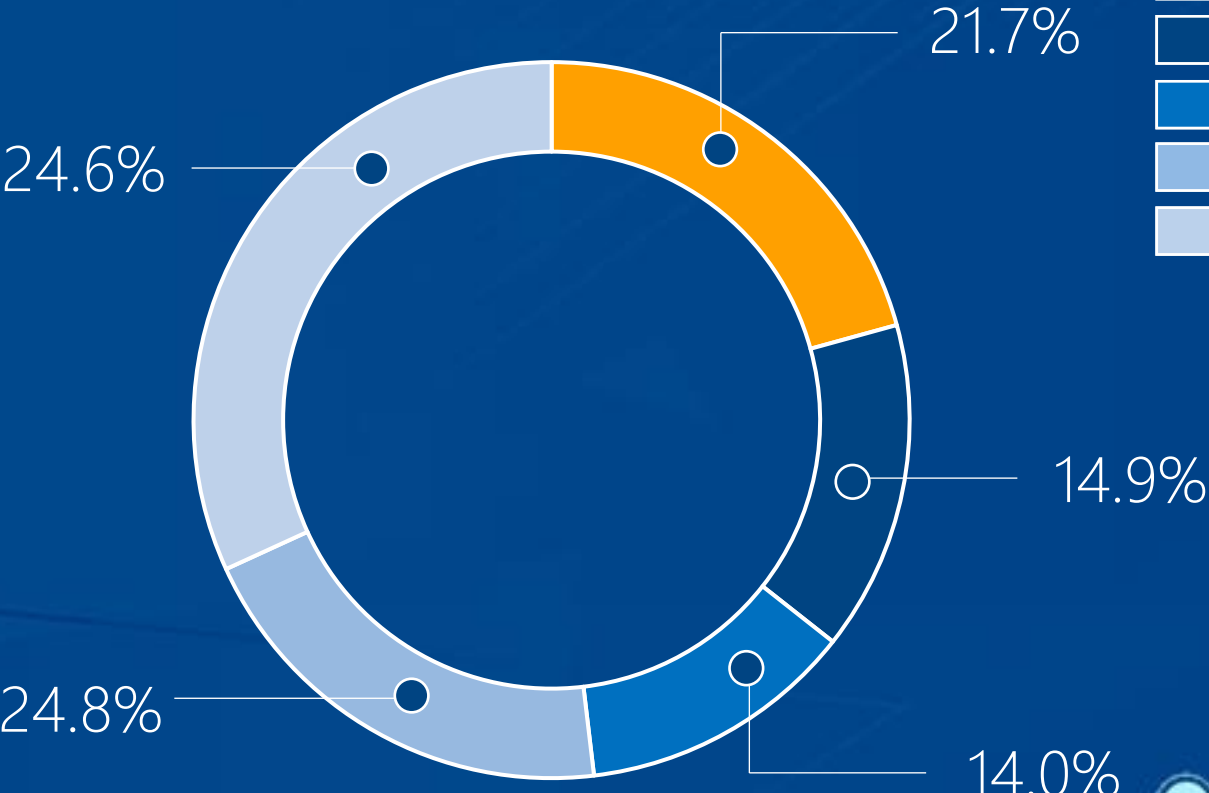
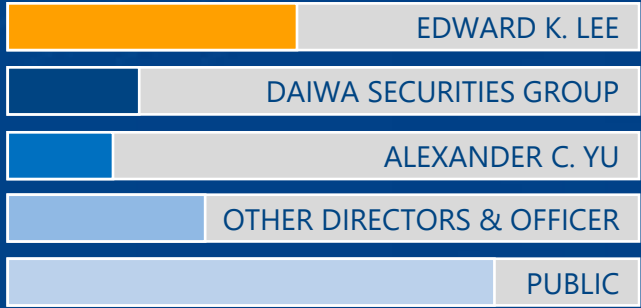
Established and licensed by the SEC in 1999

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 21.7% stake and actively manages the Company





Outstanding Shares	476.0Mil
Free Float	116.9Mil
Market Cap*	Php8.8Bil

*AS OF END DECEMBER 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

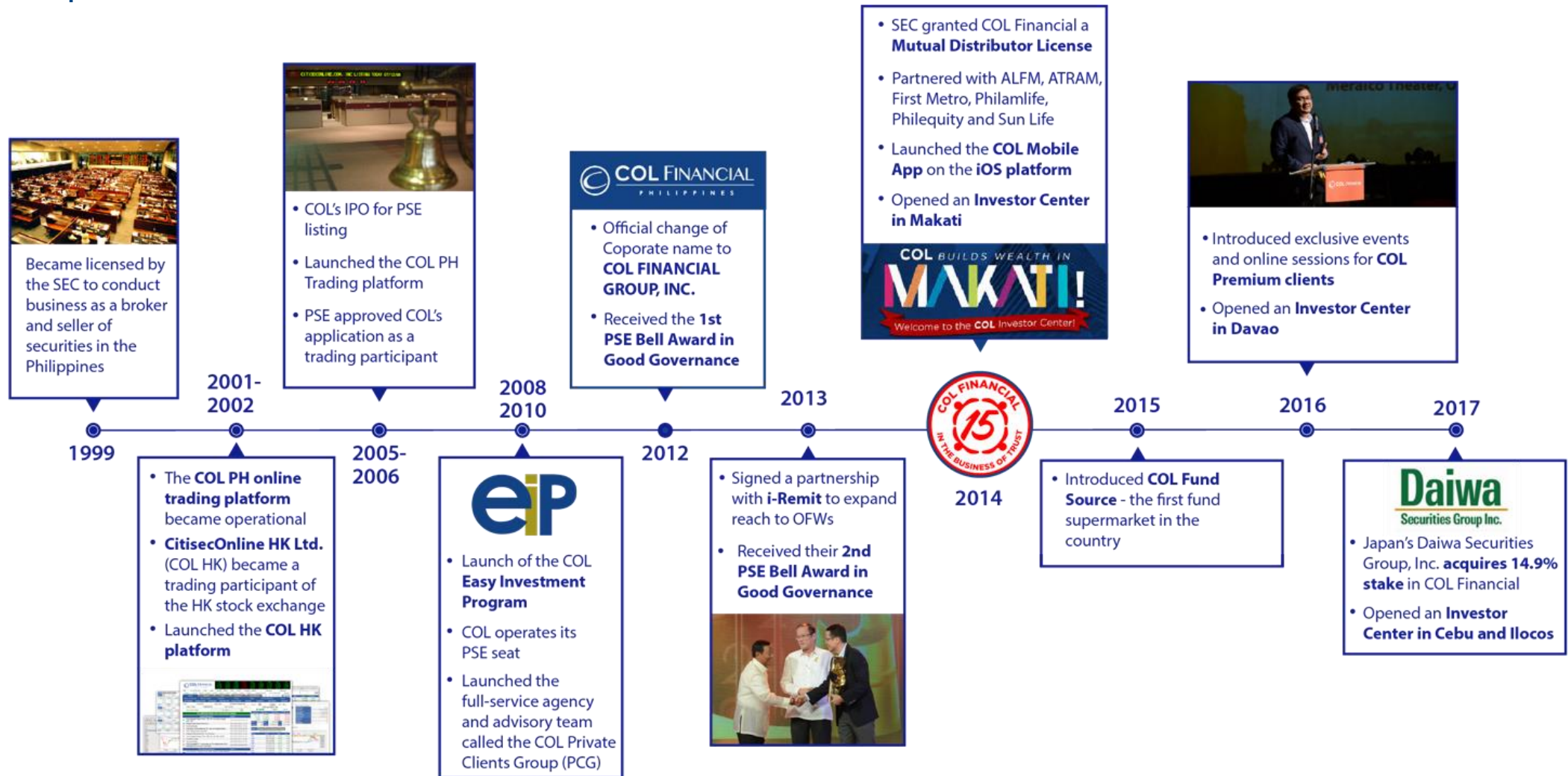


The Biggest Philippine Based Broker

2019 RANK	BROKER NAME	2019 VALUE TURNOVER (PHBIL)	% OF TOTAL
1	UBS SECURITIES PHILIPPINES, INC.	314.7	8.9%
2	CLSA PHILIPPINES, INC.	314.1	8.9%
3	CREDIT SUISSE SECURITIES (PHIL), INC.	249.4	7.0%
4	COL Financial Group, Inc.	196.6	5.5%
5	J.P. MORGAN SECURITIES PHILIPPINES, INC.	185.0	5.2%
6	MACQUARIE CAPITAL SECURITIES (PHIL), INC.	179.3	5.1%
7	MAYBANK ATR KIM ENG SECURITIES, INC.	177.6	5.0%
8	PHILIPPINE EQUITY PARTNERS, INC.	164.3	4.6%
9	MANDARIN SECURITIES CORP.	162.6	4.6%
10	DEUTSCHE REGIS PARTNERS INC.	161.3	4.6%

SOURCE: PSE

Corporate Milestones



Bulk of Revenues Generated from Commissions & Interest

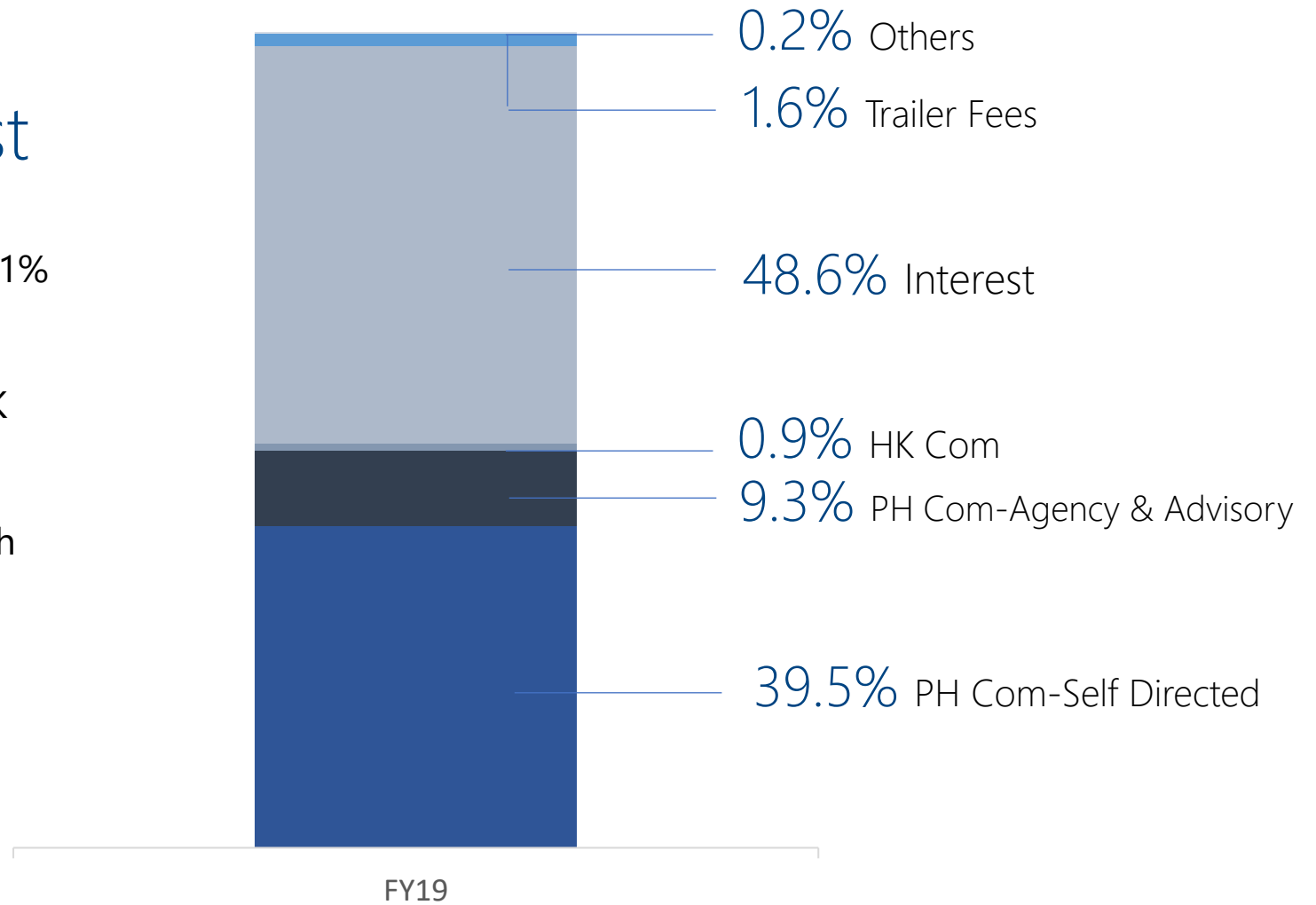
COL's Philippine operations account for 99.1% of revenues.

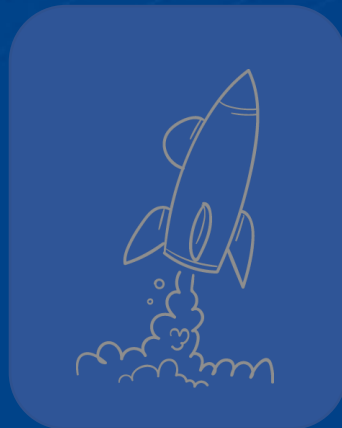
Commissions from both Philippines and HK account for 49.7% of revenues.

Interest income from margin loans and cash placements account for 48.6% of revenues.

Trailer fees from the distribution of mutual funds account for 1.6% of revenues.

REVENUE BREAKDOWN





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Positives

- ✓ Interest income and trail fees registered double digit growth
- ✓ Sustained growth in new accounts
- ✓ Margin business recovered

Negatives

- ✗ Commission revenues registered double digit declines
- ✗ Market share of value turnover dropped to 5.5%
- ✗ Profits fell by 10.6%, recurring profits dropped 3.6%

2019 Net Income -10.6% Y/Y

2019 net income fell by 10.6% to Php458.4 Mil.

Consolidated revenues were down 6.1% to Php1,085.9 Mil largely driven by the decline in commission revenues and other income. This was partly offset by higher interest income and trailer fees.

Operating profits were down 13.3% to Php630.4 Mil as expenses increased by 5.9% largely due to the absence of one-off items amounting to Php35.2Mil booked in 2018 and a change in accounting policy that led to higher depreciation and other expenses in 2019.

Profits were down by 10.6% as taxes fell by a faster pace of 19.7% relative to operating profits. Recurring profits were down by a much slower rate of 3.6% to Php460.4 Mil.

CONSOLIDATED INCOME STATEMENT (IN PHP MIL)

	2018	2019	CHANGE	
			AMOUNT	%
Income				
Commissions	702.9	539.0	(163.9)	-23.3%
Interest	422.2	527.7	105.5	25.0%
Trailer Fees	14.8	17.4	2.6	17.4%
Other income	16.8	1.8	(15.0)	-89.3%
Total	1,156.8	1,085.9	(70.9)	-6.1%
Expenses				
Commission expenses	60.6	40.4	(20.2)	-33.4%
Personnel costs	182.9	172.6	(10.3)	-5.7%
Professional fees	50.7	49.0	(1.8)	-3.5%
Stock exch. dues & fees	3.2	23.2	20.0	631.3%
Communication	35.7	34.7	(1.0)	-2.7%
Rentals & utilities	31.9	10.3	(21.5)	-67.5%
Depreciation	25.9	58.8	32.9	126.7%
Advertising & marketing	11.6	15.7	4.1	35.6%
Others	27.5	50.9	23.4	84.9%
Total	430.0	455.5	25.5	5.9%
PRE-TAX INCOME	726.8	630.4	(96.4)	-13.3%
TAXES	214.1	172.0	(42.1)	-19.7%
NET INCOME	512.7	458.4	(54.3)	-10.6%
RECURRING NET INCOME	477.5	460.4	(17.1)	-3.6%

Lower Recurring Expenses

Although operating expenses increased by 5.9%, recurring expenses fell by 2.5% to Php453.5 Mil.

Operating expenses were pulled down in 2018 by the booking of Php13.7Mil in reversal of allowance of credit losses (leading to lower stock exchange dues and fees) and Php21.5 Mil in reversal of contributions to the Clearing & Trade Guarantee Fund (leading to lower other expenses).

2019 operating expenses were also pulled up by Php2.0 Mil in donations.

Excluding the said amounts, recurring expenses fell by 2.5% to Php453.5 Mil, led by the 25.5% drop in trading related expenses. This was brought about by the lower trading volume and restructuring of the commission sharing scheme with some agents.

BREAKDOWN OF EXPENSES (IN PHPMIL)

	2018	2019	CHANGE	
			AMOUNT	%
Trading Related Expenses				
Commission expenses	60.6	40.4	-20.2	-33.4%
PCG & IFA	59.2	38.5	-20.7	-34.9%
CROs & Others	1.4	1.9	0.4	29.3%
Stock exch. dues & fees	24.7	23.2	-1.5	-6.1%
Total	85.3	63.5	-21.7	-25.5%
Fixed Operating Expenses				
Personnel costs	182.9	172.6	-10.3	-5.7%
Professional fees	50.7	49.0	-1.8	-3.5%
Communication	35.7	34.7	-1.0	-2.7%
Rentals & utilities	31.9	10.3	-21.5	-67.5%
Depreciation	25.9	58.8	32.9	126.7%
Advertising & marketing	11.6	15.7	4.1	35.6%
Others	41.2	48.9	7.6	18.5%
Total	379.9	390.0	10.1	2.6%
TOTAL RECURRING EXPENSES	465.2	453.5	-11.7	-2.5%

Lower Recurring Expenses

Personnel costs and professional fees which together account for almost 60% of fixed operating costs, fell by 5.2% to Php221.5 Mil as bonuses were cut to reflect the decline in revenues.

Rentals and utilities fell, while depreciation and other expenses increased, largely due to the adoption of PFRS 16 in 4Q19 which resulted to changes in the way leases are booked.

BREAKDOWN OF EXPENSES (IN PHPMIL)

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TOTAL RECURRING EXPENSES	465.2	453.5	-11.7	-2.5%

Lower Market Volumes Partly Offset by Higher Interest Income

Revenues from Philippine operations decreased by 5.7% due to lower commission revenues and other income, partly offset by higher interest income and trailer fees.

Commission revenues fell 23.3% coming from a high base in 2018. The drop was led by self-directed clients which actively traded potential third telco plays in 2018.

Other income fell 94.5% due to the significant decline in trading gains from Php14.1Mil in 2018 to only Php41,501 in 2019.

Interest income increased by 25.0%. Interest income from cash placements were up significantly as average yield increased by around 130 b.p. Y/Y, more than offsetting the 8% drop in average value of placements. Interest income from margin lending likewise improved as margin utilization rate increased.

REVENUE BREAKDOWN (IN PHPMIL)

	2018	2019	CHANGE	
			AMOUNT	%
Philippines				
Commission	687.4	529.2	(158.2)	-23.0%
<i>Self-directed</i>	562.7	428.3	(134.3)	-23.9%
<i>Agency & advisory</i>	124.7	100.8	(23.9)	-19.1%
Interest	422.2	527.7	105.5	25.0%
<i>Margin</i>	44.4	48.1	3.8	8.5%
<i>Placements</i>	377.9	479.6	101.7	26.9%
Trailer Fees	14.8	17.4	2.6	17.4%
Others	15.5	0.9	(14.6)	-94.5%
Philippine Revenues	1,139.8	1,075.1	(64.8)	-5.7%
Hong Kong				
Commission	15.6	9.9	(5.7)	-36.5%
Others	1.3	0.9	(0.3)	-25.1%
HK Revenues	16.8	10.8	(6.0)	-35.6%
Revenue Share				
Philippines	98.5%	99.0%		
HK	1.5%	1.0%		
Self-directed	81.9%	80.9%		
Agency & advisory	18.1%	19.1%		

Lower Market Volumes Partly Offset by Higher Interest Income

Trailer fees increased by 17.4% due to the increase in the average value of assets under administration (AUA).

Meanwhile, revenues from HK fell by 35.6% to Php10.8 Mil as value turnover in the HK Stock Exchange also fell during the period.

REVENUE BREAKDOWN (IN PHPMIL)

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HK Revenues	16.8	10.8	(6.0)	-35.6%
Revenue Share				
Philippines	98.5%	99.0%		
HK	1.5%	1.0%		
Self-directed	81.9%	80.9%		
Agency & advisory	18.1%	19.1%		

Market Share Down, Coming from a High Base

COL's average daily turnover fell 24.3% Y/Y to Php802.3 Mil in 2019. In contrast, the PSE's average daily turnover was up 1.2%.

Consequently, COL's market share in terms of value turnover fell to 5.5% in 2019 for the whole market from 7.4% in 2018. Share of value turnover for local investors likewise decreased to 12.8% from 15.6%.

COL returned as the number 4 stock broker in terms of value turnover in the Philippine Stock Exchange, after becoming number 2 in 2018.

COMPARATIVE PERFORMANCE (COL VS. PSE)

	2018	2019	CHANGE	
			AMOUNT	%
PSE Ave. Daily T/O (PhpMil)	7,147.4	7,235.0	87.6	1.2%
COL Ave. Daily T/O (PhpMil)	1,060.0	802.3	(257.7)	-24.3%
COL Market Share (Total)	7.4%	5.5%		
COL Market Share (Local)	15.6%	12.8%		
PSE Ranking	2	4		
No. of Transactions - PSE ('000)	41,871.0	40,786.4	(1,084.6)	-2.6%
No. of Transactions - COL ('000)	9,822.5	7,612.0	(2,210.5)	-22.5%
COL Market Share	23.5%	18.7%		
PSE Ranking	1	1		

ROAE Down but still Healthy at 26.7%

2019 operating profits were down 13.2% to Php630.4 Mil.

Operating profits from the Philippines were down by 12.1% to Php650.8 Mil.

Operating losses from HK expanded by 44.7% to Php20.4 Mil as revenues almost halved to only Php10.8Mil. Nevertheless, impact to consolidate profits was minimal as HK accounted for only 1% of total revenues.

ROAE fell but remained healthy at 26.7%.

SELECTED FINANCIAL INDICATORS

	2018	2019	CHANGE	
			AMOUNT	%
Operating Profits				
Philippines	740.8	650.8	(89.9)	-12.1%
Hong Kong	(14.1)	(20.4)	(6.3)	44.7%
Total	726.7	630.4	(96.3)	-13.2%
Operating Margins				
Philippines	65.0%	60.5%		
Hong Kong	-83.8%	-188.5%		
Consolidated	62.8%	58.1%		
EBITDA Margin	63.9%	63.7%		
Net Margin	44.3%	42.2%		
Asset Turnover	10.1%	10.2%		
Asset/Equity	6.6	5.8		
ROAE	32.1%	26.7%		

Strong Balance Sheet

Cash & cash equivalents fell by 11.3% to Php8.5 Bil largely due to lower trade payables.

Total payables fell by 11.6% to Php8.2 Bil largely due to the reduction in clients' cash position and lower payables to clearing house.

The reduction in cash was largely responsible for the 8.7% decline in total assets to Php10.2 Bil.

Stockholders equity increased by 3.1% to Php1.7 Bil due to the booking of Php458.4 Mil in profits, partly offset by the payment of Php404.6 Mil worth of cash dividends.

BVPS increased to Php3.62/sh.

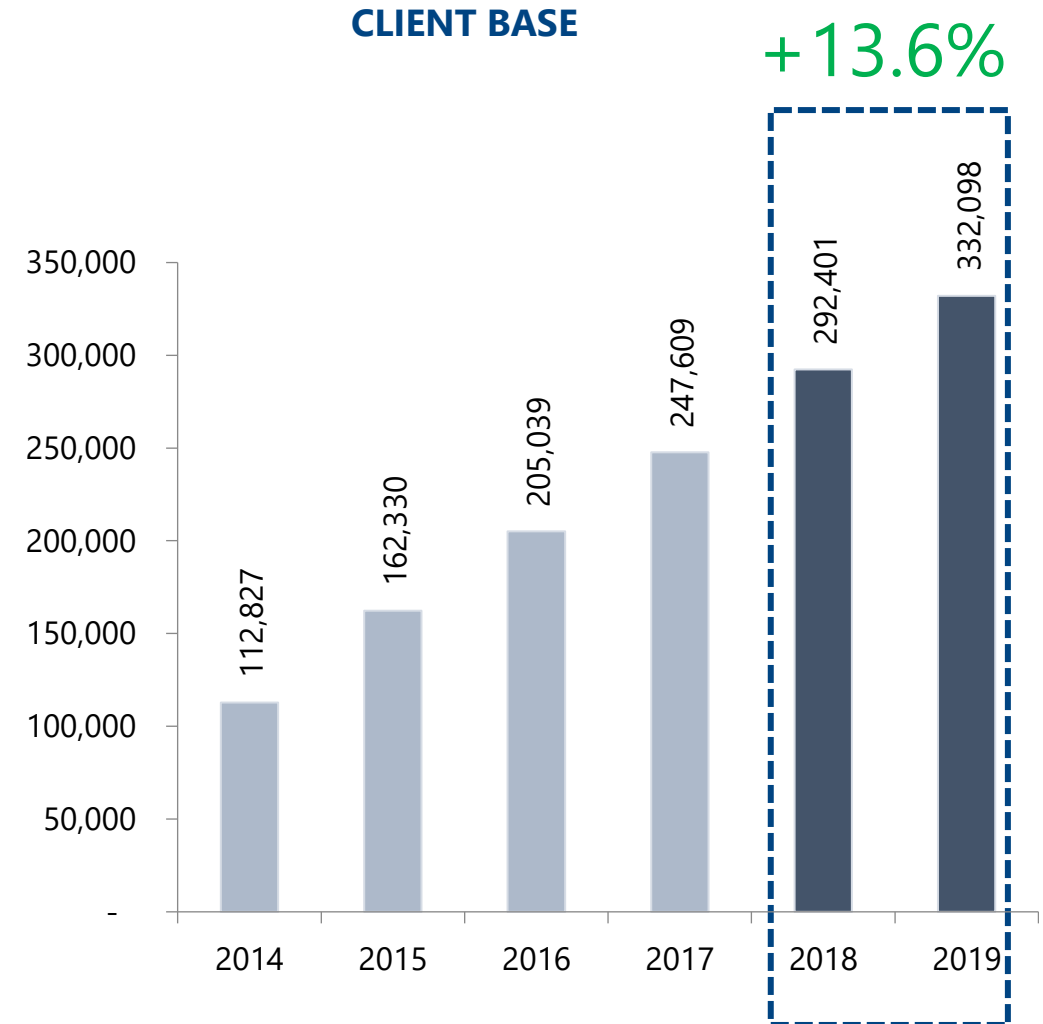
CONSOLIDATED BALANCE SHEET (IN PHPMIL)

	12/31/18	12/31/19	CHANGE	
			AMOUNT	%
Cash & equivalents	9,657.4	8,563.7	(1,093.7)	-11.3%
Receivables	811.0	864.3	53.2	6.6%
Inv't sec at amortized cost	-	200.3	200.3	-
Other current assets	62.5	257.9	195.4	312.9%
LT investments	200.0	200.0	0.0	0.0%
HTM investments	201.6	0.0	(201.6)	-100.0%
PPE – net	92.7	164.4	71.7	77.4%
Other non-current assets – net	93.5	98.8	5.3	5.7%
TOTAL ASSETS	11,118.6	10,149.1	(969.5)	-8.7%
Trade payables	9,254.9	8,185.9	(1,069.0)	-11.6%
Other current liabilities	125.9	112.4	(13.6)	-10.8%
Non-current liabilities	44.3	104.8	60.5	136.8%
Total Liabilities	9,425.0	8,403.0	(1,022.0)	-10.8%
Total Stockholders' Equity	1,693.6	1,746.0	52.5	3.1%
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	11,118.6	10,149.1	(969.5)	-8.7%
BVPS	3.56	3.62		

Sustained Customer Growth

COL's client base grew by 13.6% Y/Y to 332,098 as of end 2019.

Average monthly additions during the past 12 months remained strong at 3,308.

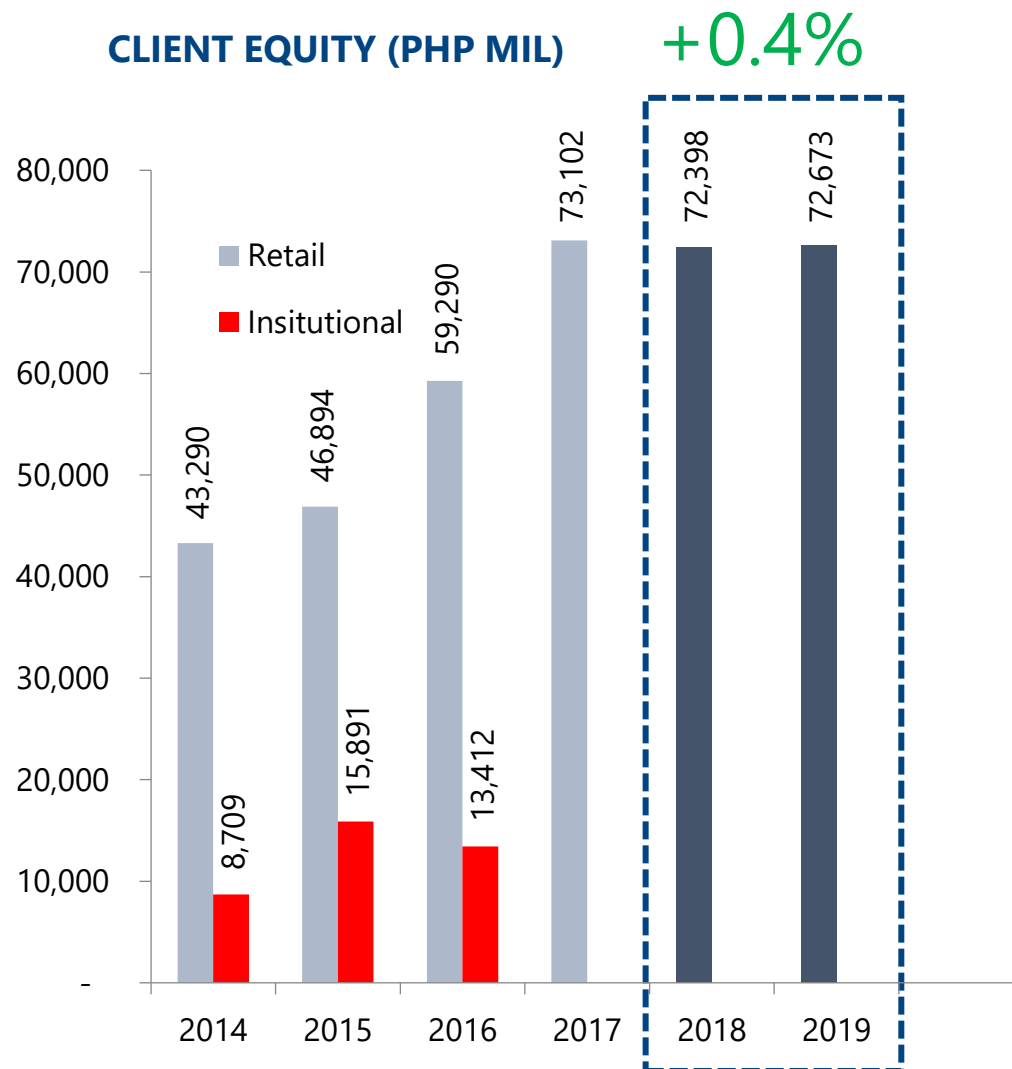


Client Equity Flat

Client equity was flattish Y/Y at Php72.7 Bil as of end 2019.

Although the PSEi ended the year up 4.7%, performance was very volatile during the year, causing a lot of clients to lose money.

Nevertheless, net new flows from retail clients remained positive at Php3.1 Bil during the past twelve months.



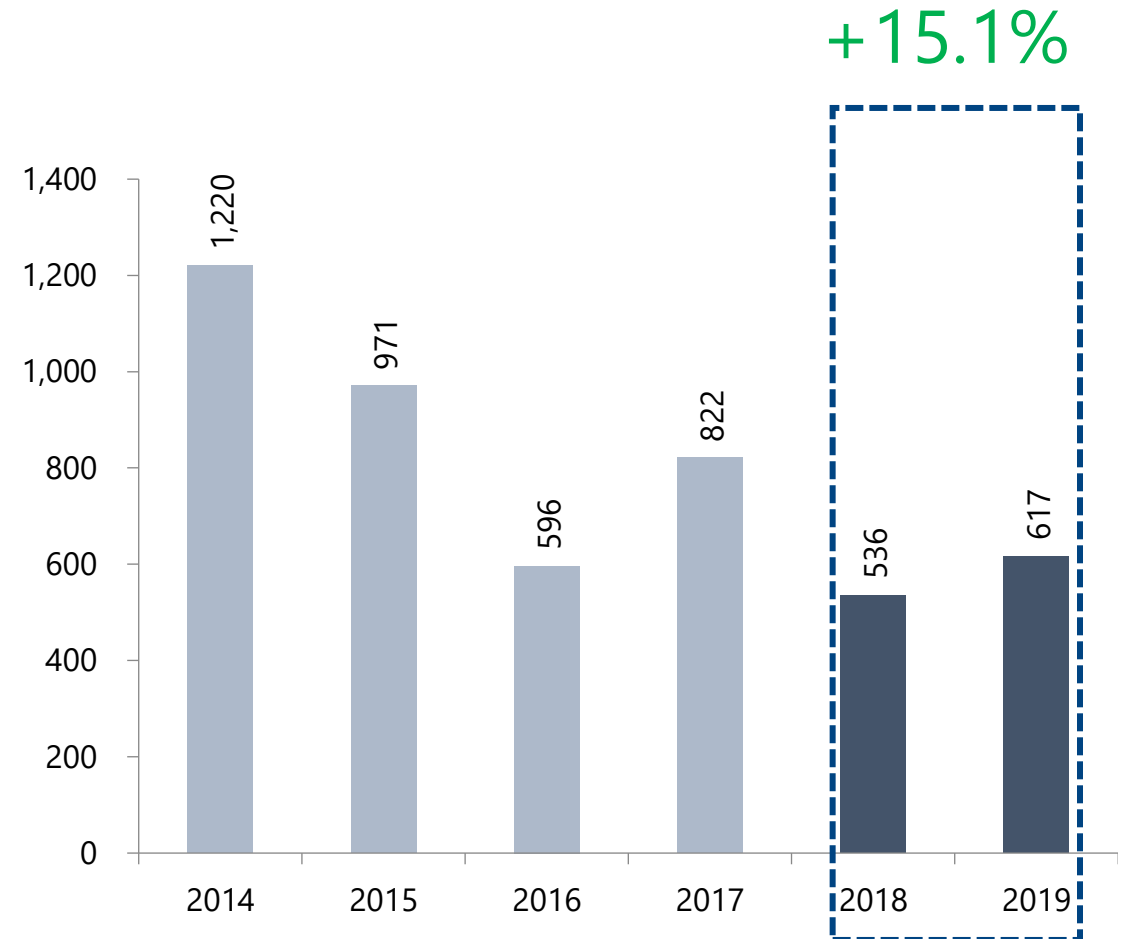
AVE DAILY MARGIN LOANS (PHP MIL)

Margin Loans Up

Average daily margin loans increased by 15.1% to Php617 Mil Y/Y.

As of end 2019, the total number of approved margin accounts was 1,137, flat compared to 2018.

30.5% of approved margin accounts utilized their margin lines in 2019, up from 27.9% in 2018. In terms of value of margin granted, 11.3% was utilized in 2019, up from 10.0% in 2018.





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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. 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%

Fund Source's Performance Since Launch

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

TYPE OF FUND	TOTAL SALES**	% TOTAL	TOTAL AUA*	% TOTAL
Money Market	201.9	6.5%	219.3	6.8%
Bond Fund	205.9	6.6%	218.4	6.8%
Balanced Fund	176.5	5.6%	177.4	5.5%
Equity Fund	2,539.7	81.3%	2,599.8	80.9%
Total	3,123.9		3,214.9	

*AS OF END 2019

**SINCE LAUNCH

Positive Net Sales Despite Challenging Environment

2019 NET SALES (IN PHPMIL, ACC TO TYPE OF FUND)

TYPE OF FUND	INDUSTRY*	COL
Money Market	28,794.6	52.7
Bond Fund	-10,581.1	53.0
Balanced Fund	-3,605.9	13.5
Equity Fund	1,017.6	128.0
Total	15,625.2	247.2

*FUNDS AVAILABLE IN COL FUND SOURCE ONLY

Positive Net Sales Despite Challenging Environment

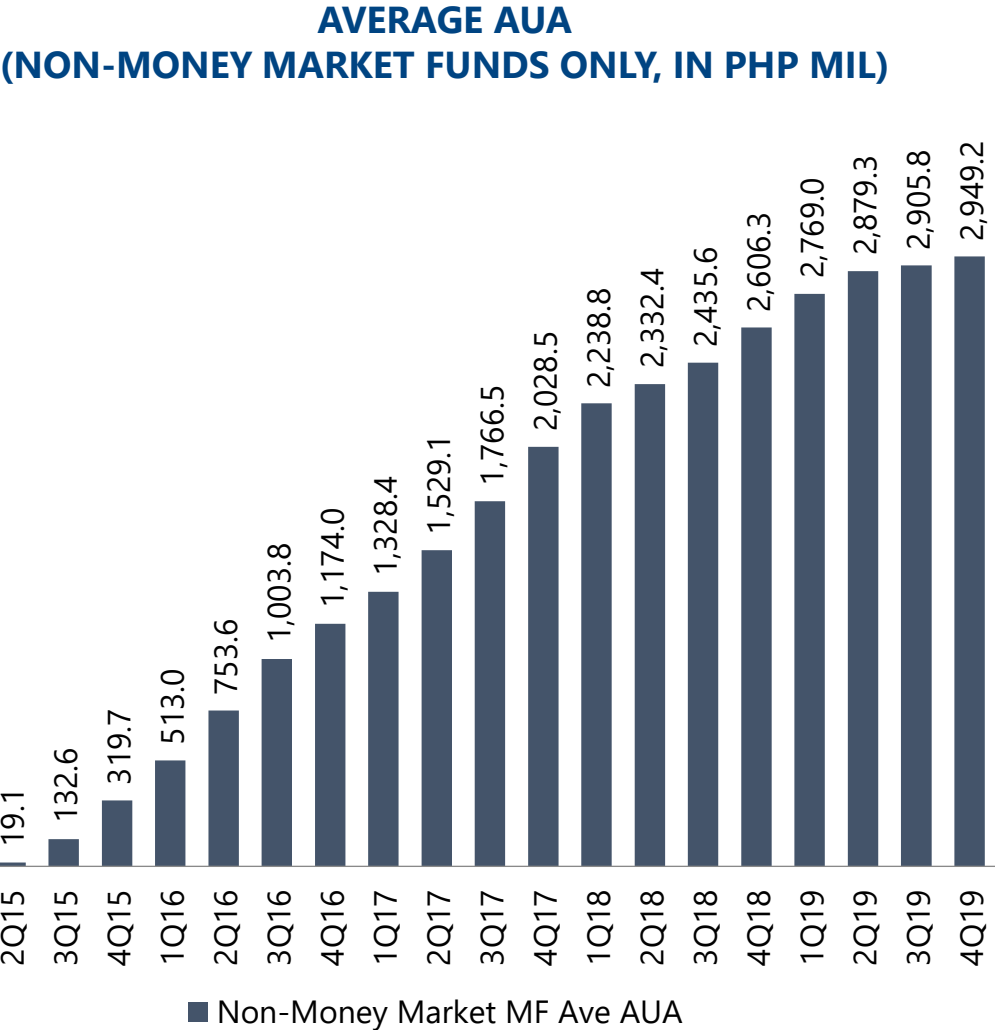
2019 NET SALES (IN PHPMIL, ACC TO FUND HOUSE)

TYPE OF FUND	INDUSTRY*	COL	% SHARE
ALFM	-4,388.8	75.6	-
ATR	-794.7	17.4	-
FAMI	-694.5	-6.1	-
Phil Equity	-516.3	54.5	-
PAMI	3,139.2	15.7	0.5%
SLAMCI	19,337.3	90.1	0.5%
Total	16,082.2	247.2	1.5%

*FUNDS AVAILABLE IN COL FUND SOURCE ONLY

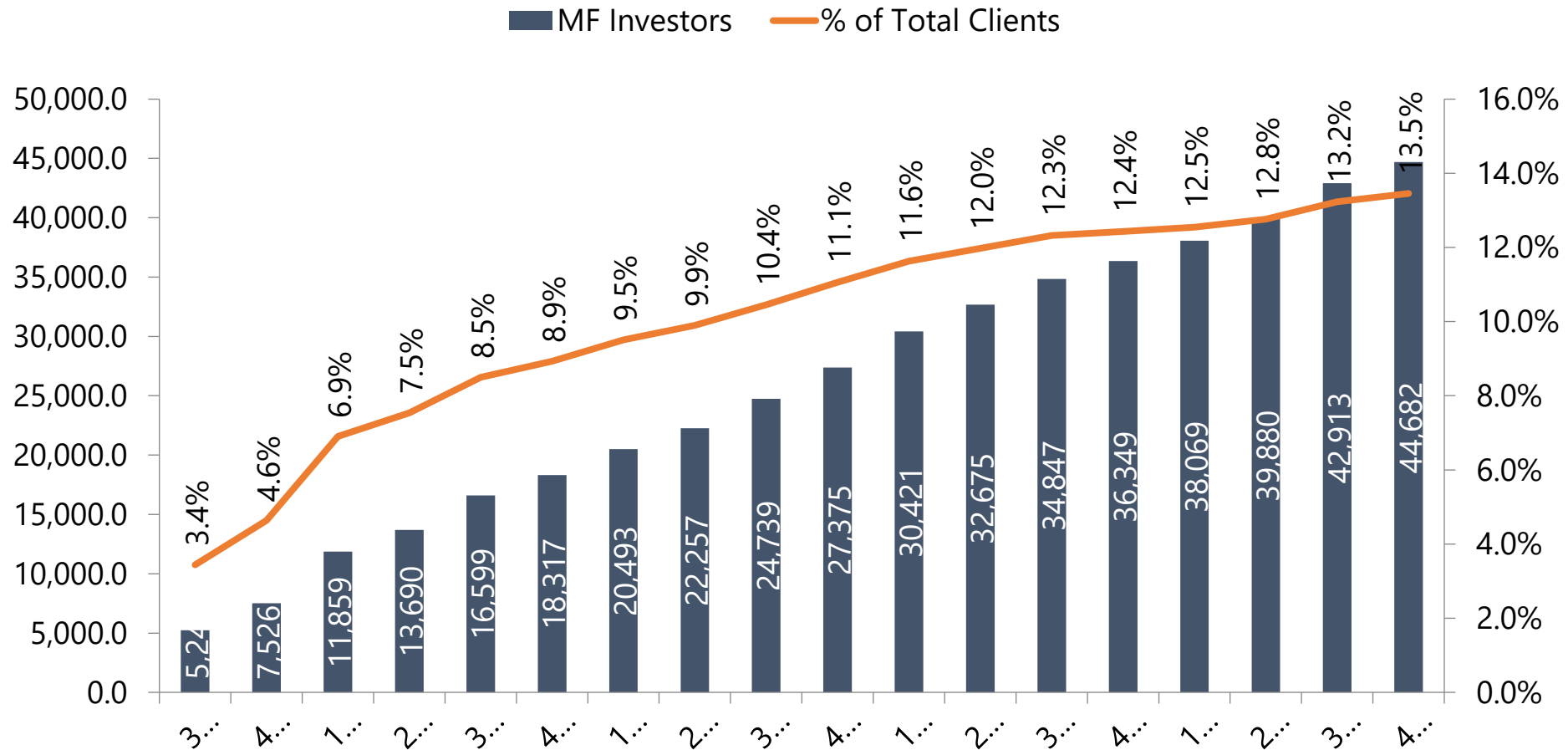
Average AUA Up

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



SOURCE: COL ESTIMATES



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