



May 15, 2019

Securities and Exchange Commission

SEC Building, Mandaluyong City

Attention: **Director Vicente Graciano P. Felizmenio, Jr.**
Director, Markets and Securities Regulation Department

The Philippine Stock Exchange, Inc.

6/F Philippine Stock Exchange Tower

5th Avenue corner 28th Street,

Bonifacio Global City, Taguig City

Attention: **Ms. Janet A. Encarnacion**
Head, Disclosure Department

Philippine Dealing and Exchange Corporation

37/F Tower 1, The Enterprise Center

6766 Ayala Avenue corner Paseo de Roxas, Makati City 1226

Attention: **Ms. Vina Vanessa S. Salonga**
Head, Issuer Compliance and Disclosure Department

Mesdames/Gentlemen:

Please be informed that Ayala Corporation recorded a net income of ₱8 billion in the first quarter of the year, five percent higher from a year ago, lifted by its real estate, banking, and telco units and boosted by net accounting gains from the merger of its education arm with the Yuchengco group.

Ayala's sustained earnings momentum was a result of healthy equity earnings contribution from its business units, which grew seven percent to reach ₱9.9 billion. Equity earnings contributions of Globe, Ayala Land, and BPI grew 44 percent, 15 percent, and five percent, respectively in the first quarter.

Very truly yours,

A handwritten signature in black ink, appearing to read 'P. Borromeo', written over a horizontal line.

PAOLO F. BORROMEO

Managing Director

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)
May 10, 2019
2. SEC Identification Number
34218
3. BIR Tax Identification No.
000-153-610-000
4. Exact name of issuer as specified in its charter
AYALA CORPORATION
5. Province, country or other jurisdiction of incorporation
PHILIPPINES
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
32F to 35F, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City
Postal Code
1226
8. Issuer's telephone number, including area code
(02)908-3000
9. Former name or former address, if changed since last report
N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	631,275,330
Preferred B Series 1 Shares	20,000,000
Preferred B Series 2 Shares	27,000,000
Voting Preferred Shares	200,000,000

11. Indicate the item numbers reported herein
item 9

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



Ayala Corporation AC

PSE Disclosure Form 4-31 - Press Release
References: SRC Rule 17 (SEC Form 17-C)
Section 4.4 of the Revised Disclosure Rules

Subject of the Disclosure

Ayala posts ₱8 billion in first-quarter net income, up 5%

Background/Description of the Disclosure

Ayala Corporation recorded a net income of ₱8 billion in the first quarter of the year, five percent higher from a year ago, lifted by its real estate, banking, and telco units and boosted by net accounting gains from the merger of its education arm with the Yuchengco group.

Other Relevant Information

Please refer to the attached earnings release.

Filed on behalf by:

Name	Celeste Jovenir
Designation	Investor Relations Head



10 May 2019

1Q 2019 EARNINGS RELEASE

Ayala posts ₱8 billion in first-quarter net income, up 5%

Ayala Corporation recorded a net income of ₱8 billion in the first quarter of the year, five percent higher from a year ago, lifted by its real estate, banking, and telco units and boosted by net accounting gains from the merger of its education arm with the Yuchengco group.

Ayala's sustained earnings momentum was a result of healthy equity earnings contribution from its business units, which grew seven percent to reach ₱9.9 billion. Equity earnings contributions of Globe, Ayala Land, and BPI grew 44 percent, 15 percent, and five percent, respectively in the first quarter.

Furthermore, Ayala's net profits during the period was boosted by net accounting gains from AC Education's merger with iPeople, which amounted to ₱1 billion. As a result of the merger and the additional shares it purchased, Ayala now owns a 33.5 percent stake in iPeople.

"Our first-quarter results show the advantages of a diversified portfolio. The strong performance of Ayala Land, Globe, and BPI offset the challenges from Manila Water's water supply issues and the market conditions facing AC Industrials," Ayala President and COO Fernando Zobel de Ayala said. "In addition, capital generated from the closing of the transactions in AC Education and AC Energy provide a boost for funding new investments and reducing debt at the parent level," Mr. Zobel noted.

Apart from the gains from the merger of its education business with iPeople, Ayala will receive gross proceeds of US\$573 million from the partial sale of AC Energy's thermal assets to Aboitiz Power following the completion of the transaction last May 2. The transaction involved Aboitiz Power's acquisition of a 49 percent voting stake and 60 percent economic stake in AA Thermal, AC Energy's thermal platform in the Philippines. AA Thermal consists of AC Energy's limited partnership interests in GNPower Mariveles and GNPower Dinginin, which is currently under construction.

Ayala Land

Ayala Land sustained its double-digit growth trajectory in the first three months of the year, with net income expanding 12 percent to ₱7.3 billion, driven by its property development and commercial leasing segments.

Ayala Land's revenues from property development climbed four percent to ₱26.1 billion, lifted by its office-for-sale and commercial and industrial lot sales segments. Sales reservations expanded 8 percent to ₱34.1 billion driven by the continued strong demand from local and overseas Filipinos,

which grew eight percent and 15 percent, respectively. Sales from other nationalities, meanwhile, increased five percent in the first quarter.

Revenues from commercial leasing grew 19 percent to ₱9.2 billion, lifted by higher contribution from newly opened malls, offices, and hotels and resorts. The opening of the retail section of Ayala North Exchange brought Ayala Land's total mall gross leasable area to 1.9 million square meters in the first quarter, while 719,000 square meters is under construction. Its average mall occupancy rate stood at 89 percent, with stable malls at 95 percent. Same mall rental growth stood at 12 percent during the period. Meanwhile, office GLA stood at 1.1 million square meters, while 424,000 square meters is under construction. Average office occupancy rate was at 92 percent in the first quarter.

Ayala Land continues to diversify its income mix. In the first quarter, new estates contributed 54 percent to its net income, while established estates (Makati, Bonifacio Global City, Nuvali, Alabang, and Cebu) contributed 46 percent. In terms of business line, its recurring income segment accounted for 38 percent, while its development business contributed 62 percent to Ayala Land's bottomline.

Ayala Land has announced its plans to establish the first real estate investment trust in the Philippines. It has set up AyalaLand REIT Inc. (formerly known as One Dela Rosa Property Development Inc.), which will initially be composed of Ayala Land's prime, Grade-A, commercial office assets in Makati. Ayala Land believes that a REIT is a viable investment vehicle to access new investors, recycle capital, and promote the development of the Philippine capital market.

Bank of the Philippine Islands

Bank of the Philippine Islands recorded a net income of ₱6.72 billion in the first quarter, up eight percent year-on-year on strong performance of its core banking business.

BPI's total revenues in the first quarter climbed 23.5 percent to ₱22.78 billion on solid growth from both net interest income and non-interest income. Net interest income jumped 29 percent to ₱16.1 billion resulting from an 8.8 percent increase in average asset base and a 50-basis point expansion in net interest margin to 3.39 percent. Yield on interest-earning assets improved 109 basis points, but this was partially offset by the increase in cost of funds, owing to higher time deposit rates, and an increase in other borrowings.

The bank's total loans at the end of the first quarter stood at ₱1.35 trillion, up 11.5 percent year-on-year, boosted by strong growth in corporate loans, credit card loans, and housing loans with growth of 11.8 percent, 20.3 percent and 9.9 percent, respectively. Meanwhile, total deposits reached ₱1.61 trillion, an increase of 1.3 percent. The bank's CASA ratio was at 70.3 percent while the loan-to-deposit ratio stood at 83.9 percent.

On the other hand, non-interest income registered a 12.4 percent increase to reach ₱6.73 billion, attributed to increases in transaction-based service charges, credit card and rental businesses, and income from assets sold.

Operating expenses totaled ₱12.1 billion in the first quarter of 2019, 23.8 percent higher year-on-

year, mainly driven by the bank's investments in technology, digitalization, and its microfinance branch network. Cost-to-Income ratio was at 53 percent, slightly up from the 52.8 percent registered from a year ago. The provision for losses of ₱1.80 billion was 13.2 percent lower than the fourth quarter of 2018. Non-performing loans ratio stood at 1.85 percent, while the bank's total loss coverage, including allowances for contingent exposures, was at 95.7 percent in the first quarter.

At the end of March 2019, the bank's total assets stood at ₱2.08 trillion, up 8.9 percent, and Return on Assets was at 1.34 percent. On account of the stock rights offering conducted in May 2018, BPI's total capital reached ₱257.11 billion, up 35.6 percent. Return on Equity was at 10.7 percent, which declined 2.9 percentage points, reflecting the impact of the dilution from the SRO. Capital Adequacy and Common Equity Tier 1 ratios were at 16.57 percent and 15.68 percent, respectively.

Globe Telecom

Globe registered robust performance in the first quarter, with a 44 percent surge in net income from its year-ago level to ₱6.7 billion bolstered by strong subscriber usage in data-related services across mobile, corporate data, and home broadband segments.

This was achieved through solid topline gains, which fully offset the higher depreciation expenses from Globe's continued network expansion and acceleration of its LTE and broadband rollout. Consolidated service revenues climbed 13 percent to ₱36 billion, while EBITDA grew 24 percent to ₱19.9 billion.

The sustained momentum in prepaid brands drove mobile revenues, which grew 11 percent to nearly ₱27 billion. Mobile data continued to be the top contributor to Globe's total mobile business, accounting for 61 percent of gross service revenues from 47 percent a year ago. Mobile data revenues grew 44 percent to ₱16.5 billion as subscribers avail of promos that provide the best surfing deals.

Similarly, home broadband revenues climbed 21 percent to ₱5.2 billion resulting from a 22 percent increase in subscriber base at 1.7 million. Meanwhile, corporate data revenues grew 16 percent to ₱3.1 billion, from internet and domestic services and higher circuit count.

Overall, data-related services accounted for 69 percent of Globe's service revenues during the period, with mobile data services alone making up for 46 percent. Globe is now reaping the benefits of its modernized 4G/LTE network that allows more of its customers to experience faster content downloads, smoother music and video streaming, and richer web browsing experiences. It recorded mobile data traffic growth from 180 petabytes a year ago to 370 petabytes in the first quarter.

During the period, Globe spent around ₱8.8 billion in capital expenditures or 24 percent of the topline revenue to support the growing subscriber base and demand for data. Of this amount, 68 percent was deployed to data-related services. Globe has provided a guidance of achieving a high single-digit growth in service revenues and EBITDA margin in the low-50s by the end of 2019.

Manila Water

Manila Water recorded a net income of ₱1.2 billion in the first three months of the year, 27 percent lower from the previous year on higher operating expenses, which reflects the impact of the water shortage in the Manila Concession.

Manila Water's operating expenses reached ₱2.46 billion, up 39 percent from a year ago, driven by the provision of financial penalty imposed by the Metropolitan Waterworks and Sewerage System to Manila Water amounting to ₱534 million for its inability to meet its service obligations to provide 24/7 water supply to its consumers in accordance with the concession agreement.

Manila Water's inability to provide its usual 24/7 water supply to some of its consumers stemmed from insufficiency of the water supply from Angat Dam to service the demand of its consumers. This raw water allocation has remained unchanged at 1,600 MLD since the concession started in 1997 when the Manila had a population of only three million people. Today, Manila Water serves a population of almost seven million people whose per capita consumption has significantly increased through over two decades of economic progress in Metro Manila. However, under the concession agreement, the development of new water sources is ultimately the responsibility of MWSS. In collaboration with government, Manila Water continues to implement service recovery efforts, which are now geared towards addressing those residing in the elevated and farthest areas of the concession who are still inconvenienced due to the water supply shortage.

The higher operating expenses eclipsed the improvement in revenues registered during the period, expanding 8 percent to ₱5.08 billion on account of higher tariff in the Manila Concession and improved topline growth of non-Manila Concession businesses which grew 19 percent to ₱1.1 billion. Revenues was also tempered by the implementation of the voluntary one-time bill waiver program made effective in April as relief to its customers who were affected by the water supply shortage.

Net earnings of Manila Water Philippine Ventures, which comprises the company's domestic businesses outside the Manila Concession, climbed 7 percent to ₱174 million in the first quarter, primarily lifted by revenues from Estate Water, which grew more than twofold to ₱319 million. Meanwhile, net earnings of Manila Water Asia Pacific, which houses Manila Water's international investments, more than doubled to ₱135 million led by contribution of East Water in Thailand and its operating subsidiaries in Vietnam.

AC Energy

AC Energy recorded a net income of ₱2.5 million in the first quarter, dropping from its year-ago level of ₱593 million, as higher interest expense from a green bond issuance, lower wind regime, and a scheduled outage of a thermal plant weighed on its bottomline.

Equity earnings from AC Energy's investee companies reached ₱496.9 million, primarily lifted by its international renewable energy platforms. Meanwhile, it booked lower equity earnings contribution from GNPowder Mariveles on scheduled outage combined with the impact of its reclassification to an

asset held for sale in light of the thermal sell-down to Aboitiz Power. Similarly, its wind farms NorthWind and North Luzon Renewables posted lower equity earnings contribution owing to lower wind regime this El Nino season. Higher interest expense incurred from AC Energy's issuance of US\$410 million in green bonds also contributed to the decline in AC Energy's net profits in the first quarter.

Last April, AC Energy and the BIM Group inaugurated the 330MW solar farm in Ninh Thuan Province, one of the largest solar farms in Southeast Asia, as well as the 30MW solar plant in Dak Lak, both in Vietnam. In addition, AC Energy in partnership with The Blue Circle recently announced the construction of the first 40MW of the Mui Ne Wind Farm located in Binh Thuan Province, Vietnam with an estimated cost of US\$92 million. The project has an expansion potential of up to 170MW. AC Energy also recently energized a 50MW solar project in Khanh Hoa, which is part of the 80MW solar plant partnership with AMI Renewables of Vietnam. These projects are all in line with AC Energy's target to assemble five gigawatts in attributable capacity across solar, wind, and geothermal technologies by 2025.

AC Industrials

The ongoing global market slowdown, startup losses from its newly acquired businesses, and weaker sales of its automotive retail distribution segment pulled AC Industrials' performance in the first quarter to a net loss of ₱332 million.

Its electronics manufacturing services unit, Integrated Micro-Electronics, experienced macro-driven margin constraints due to the continued fallout from the US-China trade war, lingering political uncertainty in the UK, and the ongoing electronic component shortage. Net profits dropped to US\$335,000, 94 percent lower from its year-ago level of US\$5.6 million. Consolidated revenues stood at US\$323 million (₱16.6 billion), relatively flat from the previous year. Gross profit for the first three months of 2019 totaled US\$29.1 million, with margins declining to 9 percent compared to the previous year's 10.6 percent.

IMI continues to grow its target business segments – automotive, industrial, and aerospace – which now comprise 77 percent of total revenues for the period. Revenues from automotive grew 27 percent to US\$168 million, while contribution from the industrial segment climbed 10 percent to US\$68M. Revenues from aerospace increased six percent to US\$13M. However, consumer and telecom revenues declined by 59 percent and 12 percent, respectively, due to delays in new project awards and the aforementioned China economic slowdown.

In domestic vehicle distribution, AC Motors registered a net loss of ₱89 million due to weaker sales of Honda, Isuzu, and Volkswagen, as the Philippine automotive market continues to experience an overhang from last year's industry-wide decline. KTM and Kia also posted weaker than expected results, due to slower than expected exports and ongoing startup activities, respectively.

Balance Sheet

Ayala's balance sheet remains healthy with ample capacity to undertake investments as well as cover its dividend and debt obligations. As of the first quarter of the year, parent level cash stood at ₱5.5 billion, with net debt at ₱99.8 billion. Ayala's net debt-to-equity ratio stood at 0.79 at the parent level and 0.73 at the consolidated level. The conglomerate's loan-to-value ratio, the ratio of its parent net debt to the total value of its assets, was at 11.7 percent at the end of the first quarter. Its peso-dollar debt split ended at 66:34 as of end-March. Ayala's dollar denominated debts are fully covered by foreign currency assets.

In April 2014, Ayala issued US\$300 million bonds, which were exchangeable into secondary shares of Ayala Land. Upon the bonds' maturity last May 2, 100 percent of the bondholders opted to exchange into Ayala Land shares. The exchange led to a 2.6 percent dilution in Ayala's economic ownership in Ayala Land to 44.4 percent from 47 percent.

AYALA CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31, 2019 (With Comparative Audited Figures as at December 31, 2018)

(Amounts in Thousands)

	March 2019 Unaudited	December 2018 Audited
ASSETS		
Current Assets		
Cash and cash equivalents	P 73,463,961	P 60,624,263
Short-term investments	3,412,073	5,956,489
Accounts and notes receivable	89,555,865	105,518,572
Contract assets	62,335,190	52,209,458
Inventories	109,622,371	120,560,493
Other current assets	80,069,732	67,890,147
Total Current Assets	418,459,192	412,759,422
Noncurrent Assets		
Noncurrent accounts and notes receivable	4,148,099	6,366,250
Noncurrent contract assets	37,933,835	35,929,990
Investments in associates and joint ventures	246,374,134	240,140,558
Investment properties	243,566,466	227,645,548
Property, plant and equipment	104,441,968	104,492,357
Service concession assets	99,590,854	98,404,486
Intangible assets	21,035,413	16,553,369
Right-of-use assets	2,352,853	-
Deferred tax assets - net	15,409,429	15,546,040
Other noncurrent assets	51,222,893	40,087,599
Total Noncurrent Assets	826,075,944	785,166,197
Total Assets	P 1,244,535,136	P 1,197,925,619
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term debt	P 25,606,612	P 39,518,245
Accounts payable and accrued expenses	187,103,864	204,758,244
Contract liabilities	21,910,156	21,988,850
Income tax payable	4,659,177	3,406,921
Other current liabilities	19,344,860	11,129,234
Current portion of:		
Long-term debt	40,856,816	48,480,559
Service concession obligation	770,940	820,802
Total Current Liabilities	300,252,425	330,102,855
Noncurrent Liabilities		
Long-term debt - net of current portion	364,456,954	324,262,828
Contract liabilities - net of current portion	9,336,280	8,630,235
Service concession obligation - net of current portion	7,175,926	7,018,211
Lease liabilities	2,344,925	-
Deferred tax liabilities - net	11,210,935	10,999,354
Pension liabilities	2,539,101	2,589,852
Other noncurrent liabilities	60,483,923	45,213,929
Total Noncurrent Liabilities	457,548,044	398,714,409
Total Liabilities	757,800,469	728,817,264
Equity		
Equity attributable to owners of the parent company		
Paid-in capital	83,470,986	83,361,675
Share-based payments	238,871	238,871
Remeasurement losses on defined benefit plans	(1,228,966)	(1,299,319)
Fair value reserve of financial assets at fair value through other comprehensive income	146,345	(544,555)
Cumulative translation adjustments	3,394,034	2,276,669
Equity reserve	15,621,461	10,872,124
Equity conversion option	667,842	1,087,015
Retained earnings	205,160,438	196,914,989
Treasury stock	(2,300,000)	(2,300,000)
	305,171,011	290,607,469
Non-controlling interests	181,563,656	178,500,886
Total Equity	486,734,667	469,108,355
Total Liabilities and Equity	P 1,244,535,136	P 1,197,925,619

AYALA CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands, Except Earnings Per Share Figures)

	March 2019	March 2018
REVENUE		
Sale of goods and rendering of services	₱ 66,065,815	₱ 64,013,222
Share of net profit of associates and joint ventures	5,924,019	5,046,669
Interest income	2,334,958	1,386,510
Dividend income	13,390	238,734
	74,338,182	70,685,135
COSTS AND EXPENSES		
Costs of sales and services	46,624,477	44,993,451
General and administrative expenses	7,297,317	6,345,562
	53,921,794	51,339,013
OTHER INCOME (CHARGES) - Net		
Other income	3,555,321	4,869,367
Interest and other financing charges	(5,596,162)	(4,337,284)
Other charges	(1,419,912)	(3,086,301)
	(3,460,753)	(2,554,218)
INCOME BEFORE INCOME TAX	16,955,635	16,791,904
PROVISION FOR INCOME TAX		
Current	3,671,268	3,917,160
Deferred	(64,609)	(15,764)
	3,606,659	3,901,396
NET INCOME	₱ 13,348,976	₱ 12,890,508
Net Income Attributable to:		
Owners of the Parent Company	₱ 8,031,010	₱ 7,657,012
Non-controlling interests	5,317,966	5,233,496
	₱ 13,348,976	₱ 12,890,508
EARNINGS PER SHARE		
Basic	₱ 12.23	₱ 11.81
Diluted	₱ 12.08	₱ 11.63