

COL 2Q17 INVESTOR PRESENTATION

PICKING THE RIGHT INVESTMENT WITH COL FUND SOURCE



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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



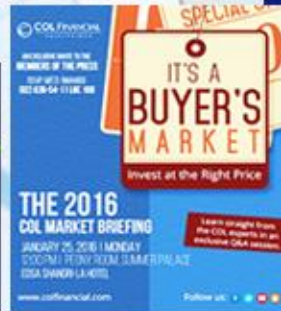
Company Overview

Established and licensed by the SEC in 1999

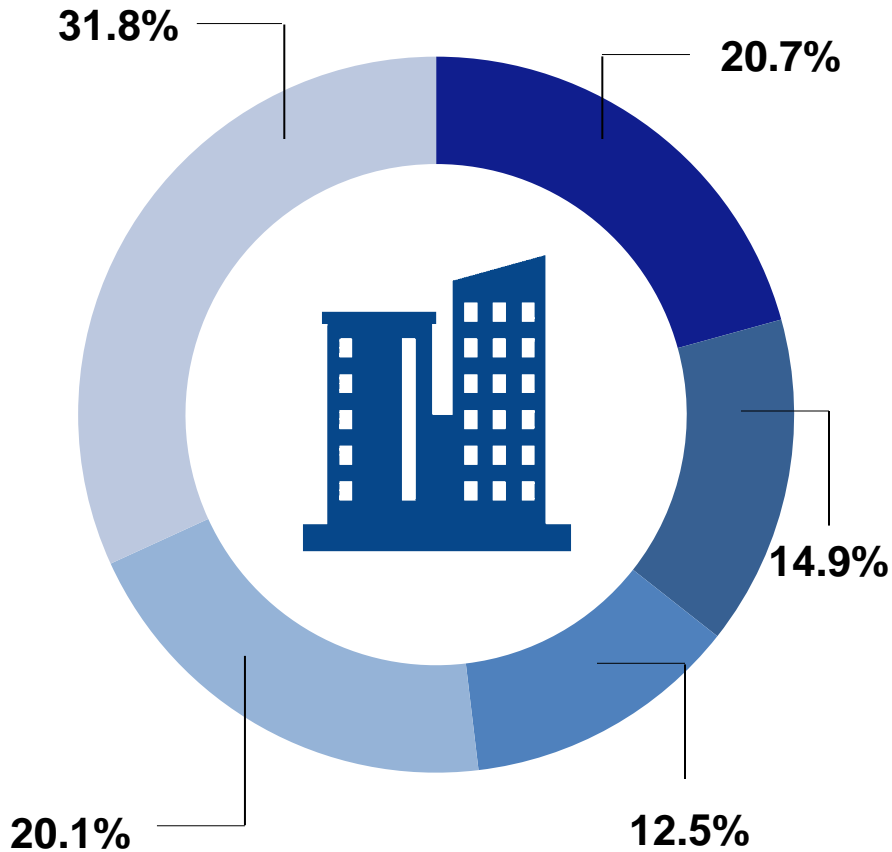
The leading and fastest-growing online stockbroker in the Philippines

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

Founder (Edward K. Lee) retains a 20.7% stake and actively manages the Company

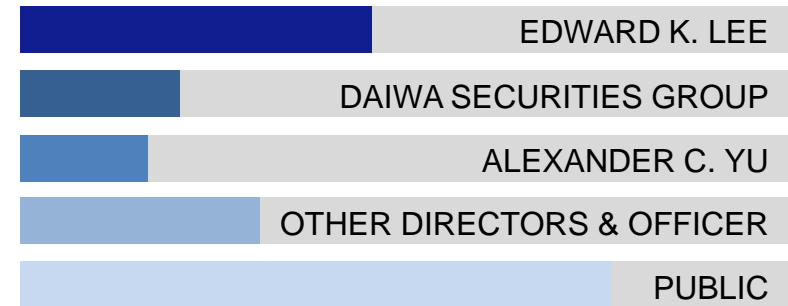


Ownership Structure




OUTSTANDING SHARES	476.0Mil
FREE FLOAT	151.5Mil
MARKET CAP*	Php7.8Bil

*AS OF END JUNE 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**

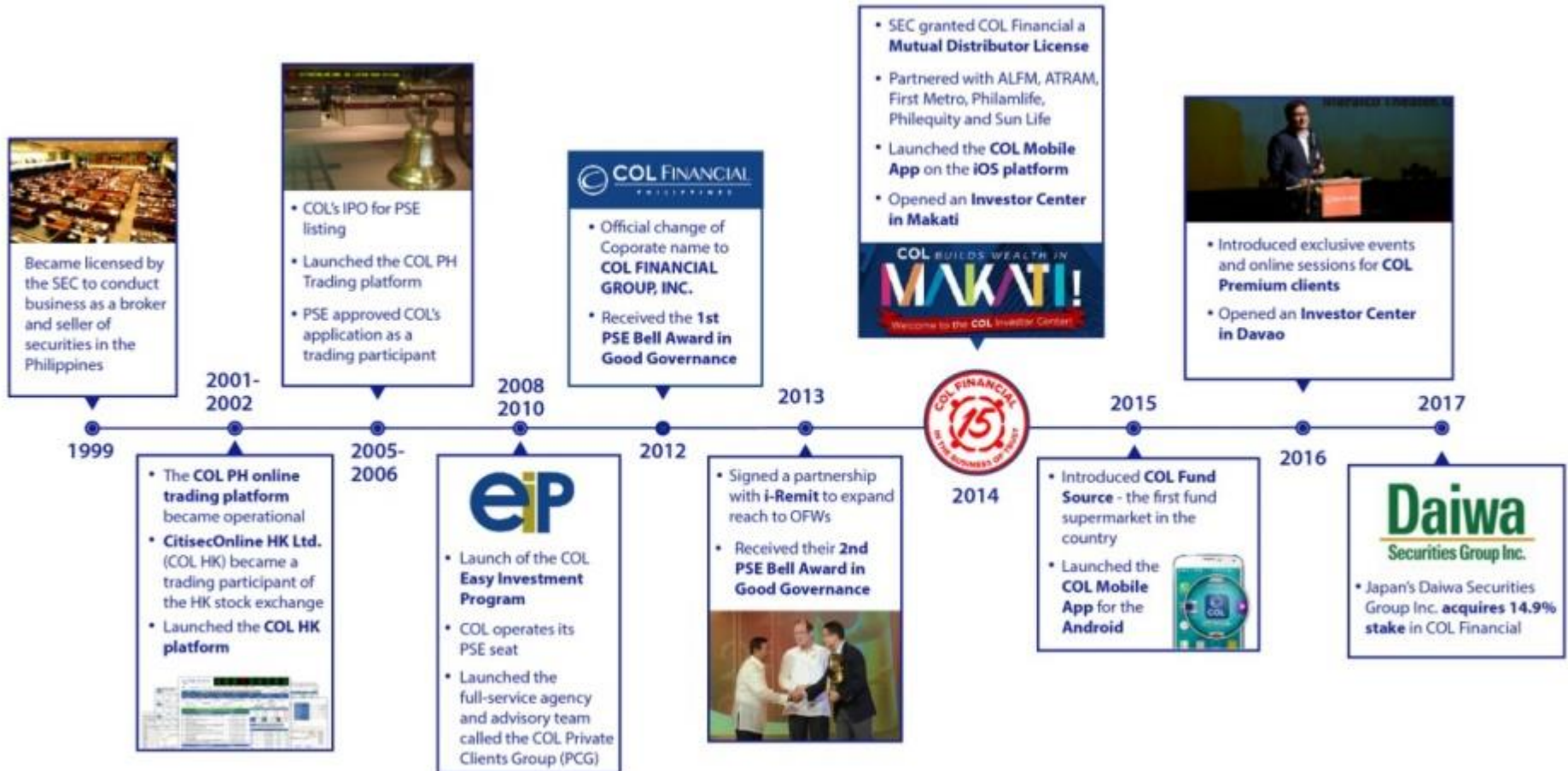


Among the Biggest Philippine-Based Brokers

1H17 Rank	Broker Name	1H17 Value Turnover (PhpBil)	% of Total
1	UBS Securities Philippines Inc.	206.1	10.4%
2	CLSA Philippines, Inc.	155.4	7.8%
3	Deutsche Regis Partners Inc.	141.6	7.1%
4	COL Financial Group, Inc.	119.4	6.0%
5	Credit Suisse Securities (Phil), Inc.	116.0	5.8%
6	Macquarie Capital Securities (Phil), Inc.	102.0	5.1%
7	First Metro Securities Brokerage Corp.	96.5	4.9%
8	Philippine Equity Partners, Inc.	86.1	4.3%
9	Maybank ATR Kim Eng Securities, Inc.	84.1	4.2%
10	J.P. Morgan Securities Philippines, Inc.	76.8	3.9%

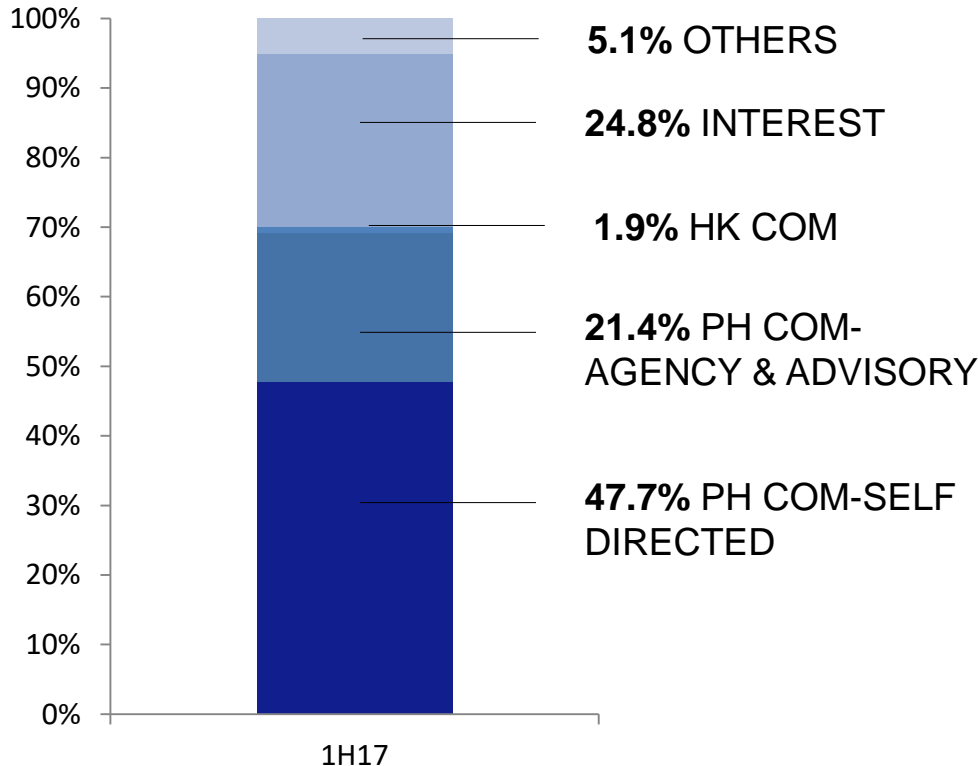
SOURCE: PSE

Corporate Milestones



Bulk of Revenues Generated From Philippine Operations

REVENUE BREAKDOWN



COL's Philippine operations account for 99.0% of revenues.

Commissions from both Philippines and HK account for 70.1% of revenues.

Interest income from margin loans and cash accounts for 24.8% of revenues.

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Growth Plans



Key Highlights

POSITIVE

- Profits +17.1%
- Philippine business (stock trading & fund distribution) grew faster than the industry
- Average daily value turnover & market share reached a record high in 2Q17
- Margin lending increased
- Balance sheet remained healthy
- Strong growth in new accounts & client equity

NEGATIVE

- HK business remained weak

1H17 Net Income +17.1%

1H17 net income increased by 17.1% to Php214.6 Mil.

Consolidated revenues increased by 14.8% Y/Y, largely driven by the 10.0% growth in commission revenues and the booking of Php20.8 Mil increase in other income.

Operating profits jumped 16.7% to Php278.8 Mil due to strong revenue growth and as operating expenses increased by a slower pace.

CONSOLIDATED INCOME STATEMENT (IN PHP MIL)

	1H16	1H17	Change	
			Amount	%
Income				
Commissions	293.2	322.5	29.3	10.0%
Interest	104.9	114.3	9.4	8.9%
Other income	2.6	23.4	20.8	800.0%
Total	400.7	460.2	59.4	14.8%
Expenses				
Commission expenses	46.8	46.9	0.1	0.3%
Personnel costs	38.0	44.7	6.7	17.5%
Professional fees	14.5	16.7	2.2	15.2%
Stock exch. dues & fees	12.0	13.8	1.8	15.2%
Communication	14.8	16.5	1.7	11.4%
Rentals & utilities	10.2	11.4	1.2	12.1%
Depreciation	9.9	12.1	2.1	20.9%
Advertising & marketing	3.4	3.7	0.3	10.1%
Others	12.4	15.5	3.2	25.5%
Total	162.0	181.4	19.4	11.9%
PRE-TAX INCOME	238.8	278.8	40.0	16.7%
TAXES	55.5	64.2	8.7	15.7%
NET INCOME	183.4	214.6	31.3	17.1%

Total Expenses

+11.9%

Total expenses increased by 11.9%.

The slower increase was largely due to the flattish commission expenses of Php46.9 Mil which accounted for 25.9% of total expenses.

Recurring expenses increased by 16.8%.

The increase in recurring expenses was largely driven by the growth in personnel costs (+17.5%), professional fees (+15.2%), and depreciation cost (+20.9%), in line with efforts to improve the quality of service to our growing customer base.

BREAKDOWN OF EXPENSES (IN PHP MIL)

	1H16	1H17	Change	
			Amount	%
Trading Related Expenses				
Commission expenses	46.8	46.9	0.1	0.3%
Stock exch. dues & fees	12.0	13.8	1.8	15.2%
Total	58.8	60.7	2.0	3.4%
Fixed Operating Costs				
Personnel costs	38.0	44.7	6.7	17.5%
Professional fees	14.5	16.7	2.2	15.2%
Communication	14.8	16.5	1.7	11.4%
Rentals & utilities	10.2	11.4	1.2	12.1%
Depreciation	10.0	12.1	2.1	20.9%
Advertising & marketing	3.4	3.7	0.3	10.1%
Others	12.4	15.5	3.2	25.5%
Total	103.3	120.7	17.4	16.8%
TOTAL EXPENSES	162.0	181.4	19.4	11.9%

Philippines Continues to Drive Growth

Revenues from Philippine operations were up by 15.0%, largely driven by the 10.1% increase in commissions and the booking of Php23.0 Mil worth of other income.

The growth in commission revenues was faster than the 6.7% increase in the PSE's value T/O as COL's market share improved from 5.7% in 1H16 to 6.0% in 1H17. Growth was led by self-directed clients which registered a 12.1% increase in commission revenues and now account for 69.0% of Philippine commission revenues.

Growth in commission revenues would have been faster if not for the reduction in the number of trading days to 119 in 1H17 from 124 in 1H16.

REVENUE BREAKDOWN (IN PHP MIL)

	1H16	1H17	Change	
			Amount	%
Philippines				
Commission	289.2	318.4	29.2	10.1%
<i>Self-directed</i>	196.1	219.7	23.6	12.1%
<i>Agency & advisory</i>	93.1	98.7	5.6	6.0%
Interest	104.9	114.3	9.4	8.9%
Others	2.2	23.0	20.9	961.0%
Philippine Revenues	396.3	455.7	59.5	15.0%
Hong Kong				
Commission	4.0	4.1	0.1	1.8%
Interest	0.0	0.0	(0.0)	-
Others	0.4	0.3	(0.1)	-22.9%
HK Revenues	4.4	4.4	(0.0)	-0.6%
Revenue Share				
Philippines	98.9%	99.0%		
HK	1.1%	1.0%		
Self-directed	67.8%	69.0%		
Agency & advisory	32.2%	31.0%		

Philippines Continues to Drive Growth

Interest income was up 8.9% as interest income from both margin lending and cash placements increased.

Interest income from margin lending improved due to the 50.7% increase in the value of average daily margin loans. This was partly offset by the reduction in lending rates.

Meanwhile, interest income from cash placements rose as average yield increased slightly, largely due to the placement of Php200 Mil in LT investments.

Other income reached Php23.0 Mil largely due to the booking of Php16.3 Mil worth of trading gains resulting from clients' unexercised SROs, and the growth in trailer fees from Php2.1 Mil to Php4.8 Mil.

HK revenues were flat at Php4.4 Mil.

REVENUE BREAKDOWN (IN PHP MIL)

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Hong Kong				
Commission	4.0	4.1	0.1	1.8%
Interest	0.0	0.0	(0.0)	-
Others	0.4	0.3	(0.1)	-22.9%
HK Revenues	4.4	4.4	(0.0)	-0.6%
Revenue Share				
Philippines	98.9%	99.0%		
HK	1.1%	1.0%		
Self-directed	67.8%	69.0%		
Agency & advisory	32.2%	31.0%		

ROAE Improves to 30.9%

Operating profits grew 16.7% to Php278.8 Mil driven by the strength of Philippine operations.

Operating profits from the Philippines were up by 16.2% to Php289.6 Mil due to the growth of revenues.

ROAE increased 250 bps to 30.9%, brought about by higher asset turnover and improving margins.

SELECTED FINANCIAL INDICATORS

	1H16	1H17	Change	
			Amount	%
Operating Profits				
Philippines	249.3	289.6	40.3	16.2%
Hong Kong	(10.5)	(10.8)	(0.4)	-3.7%
Total	238.8	278.8	39.9	16.7%
Operating Margins				
Philippines	62.9%	63.6%		
Hong Kong	-235.0%	-245.1%		
Consolidated	59.6%	60.6%		
EBITDA Margin	61.8%	63.2%		
Net Margin	45.8%	46.6%		
Asset Turnover	8.6%	9.8%		
Asset/Equity	8.4	7.2		
ROAE	28.4%	30.9%		

Strong and Highly Liquid Balance Sheet

COL remained cash rich and debt free.

Total assets were up 9.0% to Php9.7 Bil as cash & cash equivalents increased by Php0.5 Bil to Php7.8 Bil and as total receivables increased by 24.6% to Php1.5 Bil.

The double digit growth in receivables was largely due to the increase in margin lending from Php691.7 Mil as of end 2016 to Php786.3 Mil as of end June.

Net PPE increased by 18.1% as COL spent Php24.0 Mil on capital expenditures in line with efforts to improve service quality.

CONSOLIDATED BALANCE SHEET (IN PHP MIL)

	12/31/16	6/30/17	Change	
			Amount	%
Cash & equivalents	7,360.5	7,834.7	474.2	6.4%
Receivables	1,188.6	1,481.2	292.6	24.6%
Other current assets	19.5	22.6	3.1	16.0%
LT investments	200.0	200.0	0.0	0.0%
PPE – net	62.5	73.8	11.3	18.1%
Other non-current assets – net	75.7	96.5	20.8	27.5%
TOTAL ASSETS	8,906.8	9,708.8	802.0	9.0%
Trade payables	7,353.3	8,249.6	896.3	12.2%
Other current liabilities	103.2	78.0	(25.2)	-24.4%
Non-current liabilities	26.8	26.8	0.0	0.0%
Total Liabilities	8,906.8	8,354.4	871.1	11.6%
Total Stockholders' Equity	1,423.5	1,354.4	(69.1)	-4.9%
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	8,906.8	9,708.8	802.0	9.0%
BVPS	2.99	2.85		

Strong and Highly Liquid Balance Sheet

Trade payables were up by 12.2% to Php8.2 Bil largely due to the increase in clients' cash position from Php6.1 Bil as of end 2016 to Php7.0 Bil as of end June.

Stockholders' equity fell 4.9% to Php1.4 Bil due to declaration of Php285.6 Mil worth of cash dividends, partly offset by the booking of Php214.6 Mil worth of profits.

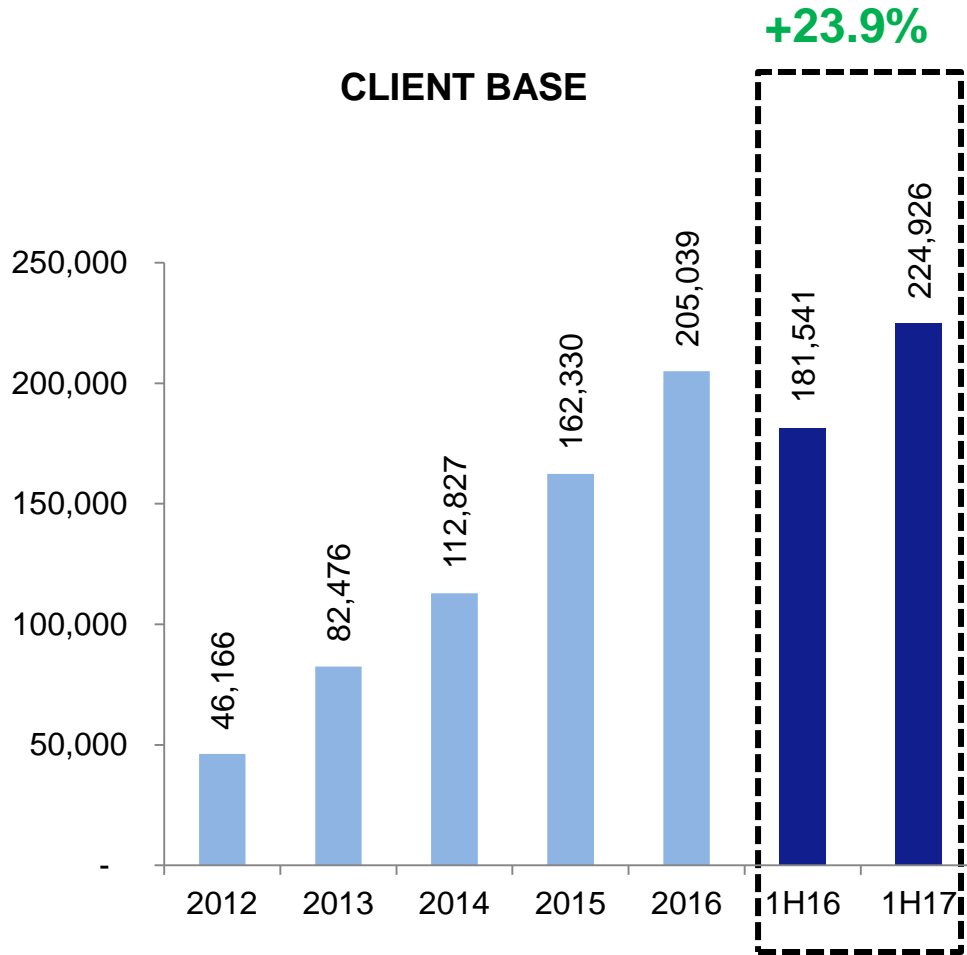
BVPS fell slightly to Php2.85/sh.

CONSOLIDATED BALANCE SHEET (IN PHP MIL)

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			Amount	%
Cash & equivalents	7,360.5	7,834.7	474.2	6.4%
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Other current assets	19.5	22.6	3.1	16.0%
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Sustained Customer Growth

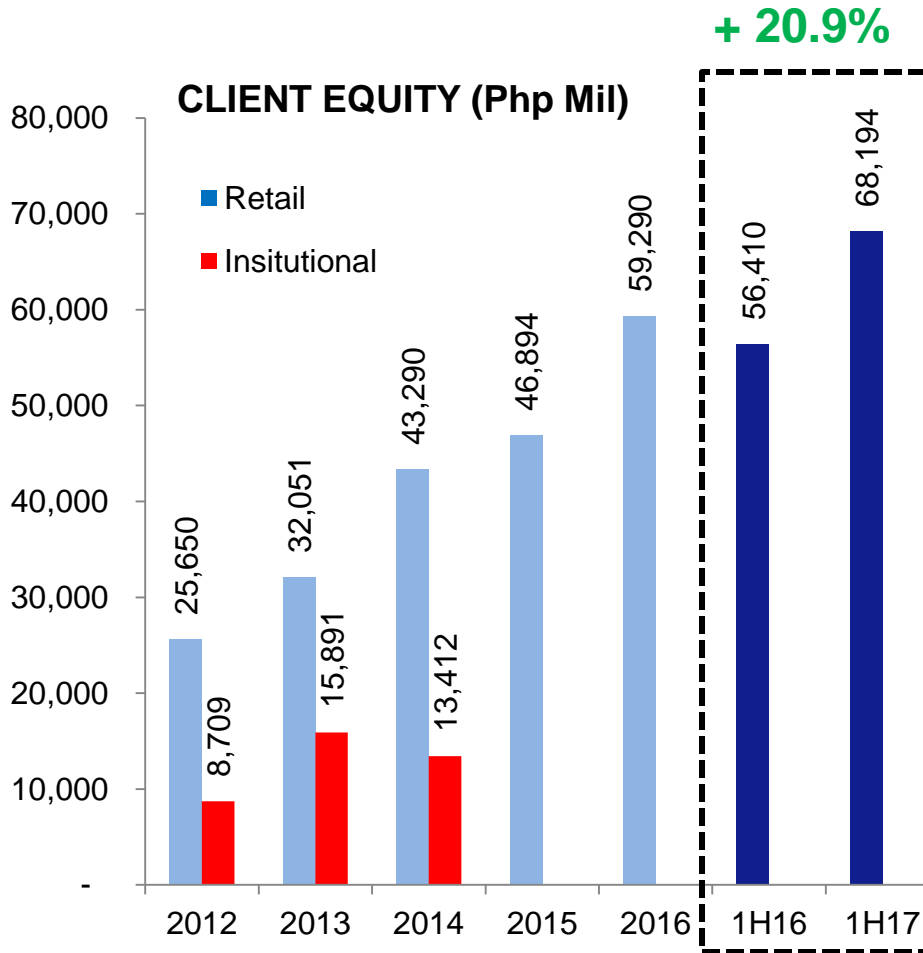
CLIENT BASE



COL's client base grew by 23.9% Y/Y to 224,926 as of end 1H17.

Average monthly additions remained strong at 3,315 for the YTD period.

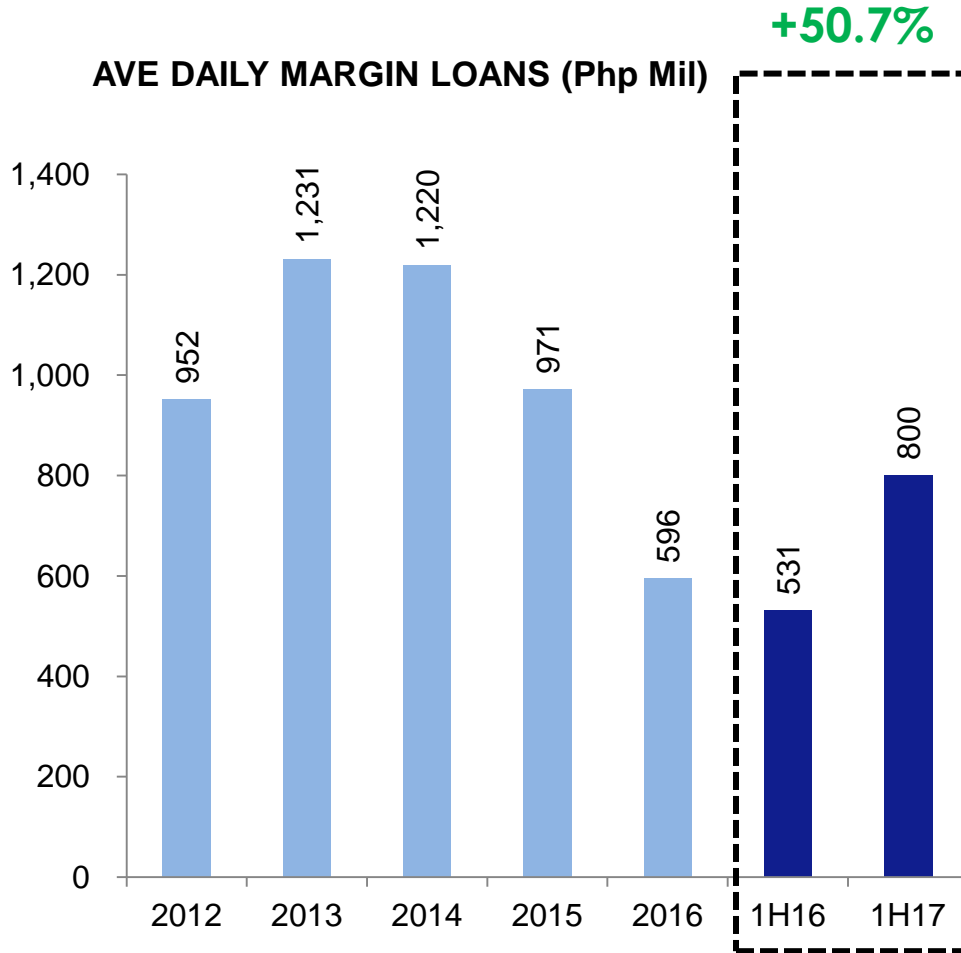
Healthy Retail Client Inflow



Client equity rose by 20.9% Y/Y to Php68.2 Bil.

Net new flow from retail clients amounted to Php2.2 Bil during 1H17.

Margin Loans Recover



Average daily margin loans recovered by 50.7% to Php800 Mil Y/Y.

As of end June, the total number of approved margin accounts reached 1,153, up 1.9% Y/Y.

27.7% of approved margin accounts utilized their margin lines in 1H17, up from 24.9% in 1H16. In terms of value of margin granted, 15.1% was utilized in 1H17, up from only 10.3% in 1H16.

Market Share Reaches New Record

COL's average daily turnover rose 18.1% Y/Y to Php1.0 Bil during 1H17 outpacing the 11.2% growth in the PSE's average daily turnover.

Consequently, COL's market share in terms of value turnover increased to 6.0% in 1H17 for the whole market from 5.7% in 1H16. Share of value turnover for local investors likewise increased during the same period to 12.5% from 11.9%.

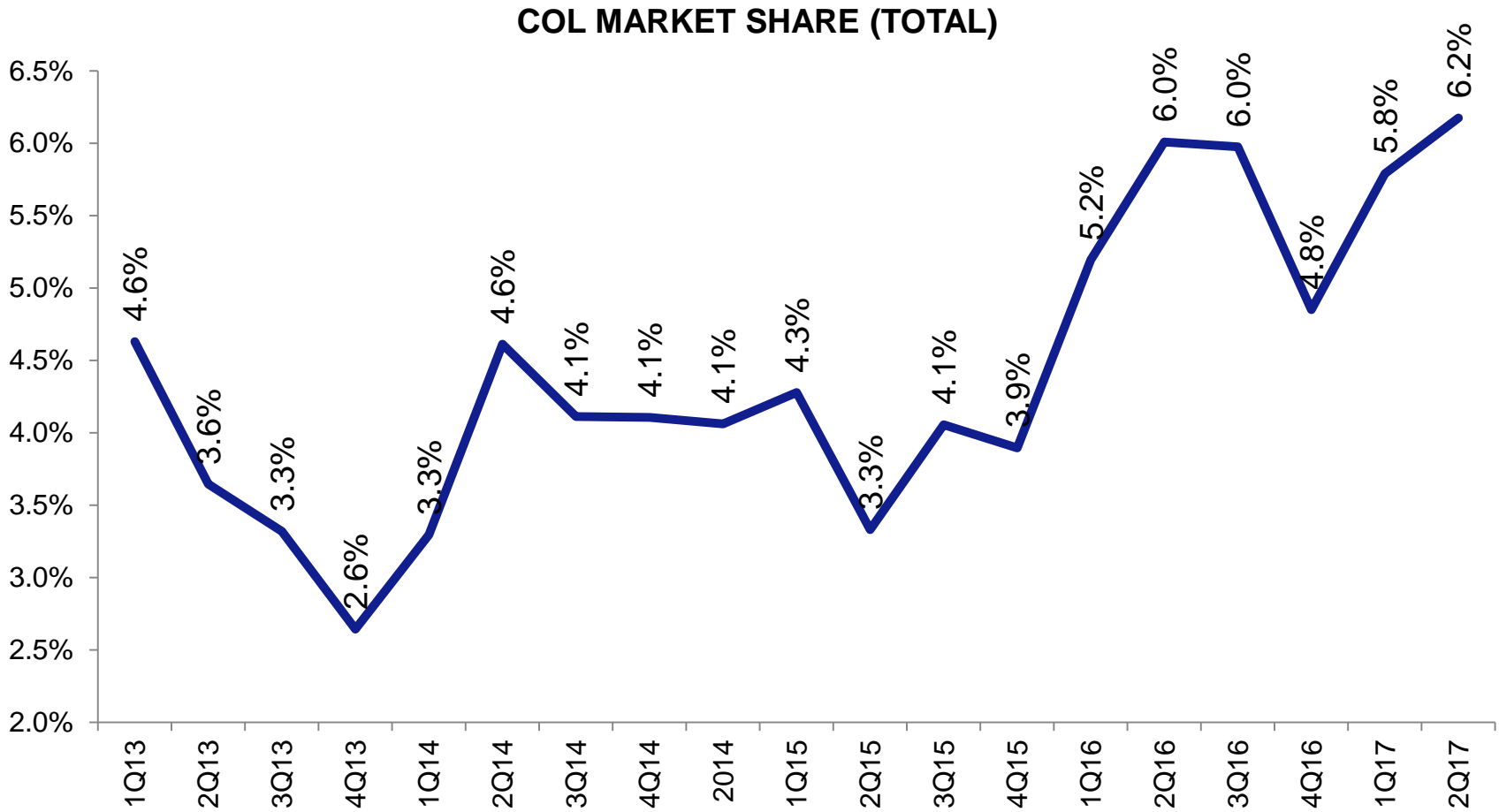
In 2Q17, COL's average daily turnover and market share in term of value turnover reached a new record high of Php1.1Bil and 6.2% respectively.

PSE ranking in terms of value turnover remained at 4th, a record high.

COMPARATIVE PERFORMANCE (COL VS. PSE)

	1H16	1H17	Change	
			Amount	%
PSE Ave. Daily T/O (PhpMil)	7,514.0	8,352.0	838.0	11.2%
COL Ave. Daily T/O (PhpMil)	849.4	1,003.1	153.7	18.1%
COL Market Share (Total)	5.7%	6.0%		
COL Market Share (Local)	11.9%	12.5%		
PSE Ranking	6	4		
No. of Transactions – PSE ('000)	16,402.9	18,006.7	1,603.8	9.8%
No. of Transactions – COL ('000)	3,353.8	3,656.8	303.0	9.0%
COL Market Shares	20.4%	20.3%		
PSE Ranking	1	1		

Market Share Reaches New Record



Highlights

Company Overview

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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 (IN PHPMIL, ACC TO TYPE OF FUND)

Type of Fund	Total Sales**	% Total	Total AUA*	% Total
Money Market	77.6	4.8%	71.0	4.2%
Bond Fund	114.6	7.1%	114.2	6.7%
Balanced Fund	119.7	7.4%	121.3	7.1%
Equity Fund	1,313.1	80.8%	1,400.1	82.0%
Total	1,624.9		1,706.6	

*AS OF END JUNE 2017

**SINCE LAUNCH

Update on Fund Distribution Business

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

COL's performance remained strong relative to the industry.

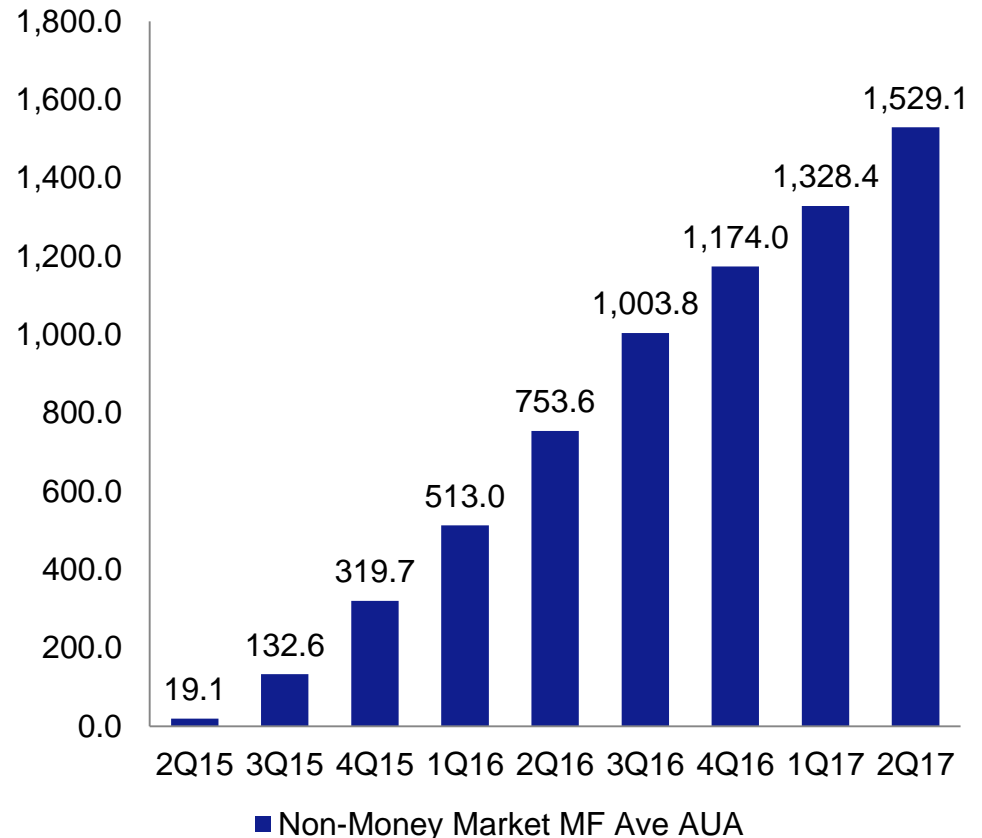
	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17
COL	150.9	203.6	192.9	209.9	103.4	110.4
Industry	1,181.6	(2,350.1)	(2,267.5)	3,125.6	124.9	(2,212.5)
% Share	12.8%	-	-	6.7%	82.8%	-

SOURCE: PIFA, COL ESTIMATES

Update on Fund Distribution Business

STRONG GROWTH IN AUA (NON-MONEY MARKET FUNDS ONLY)

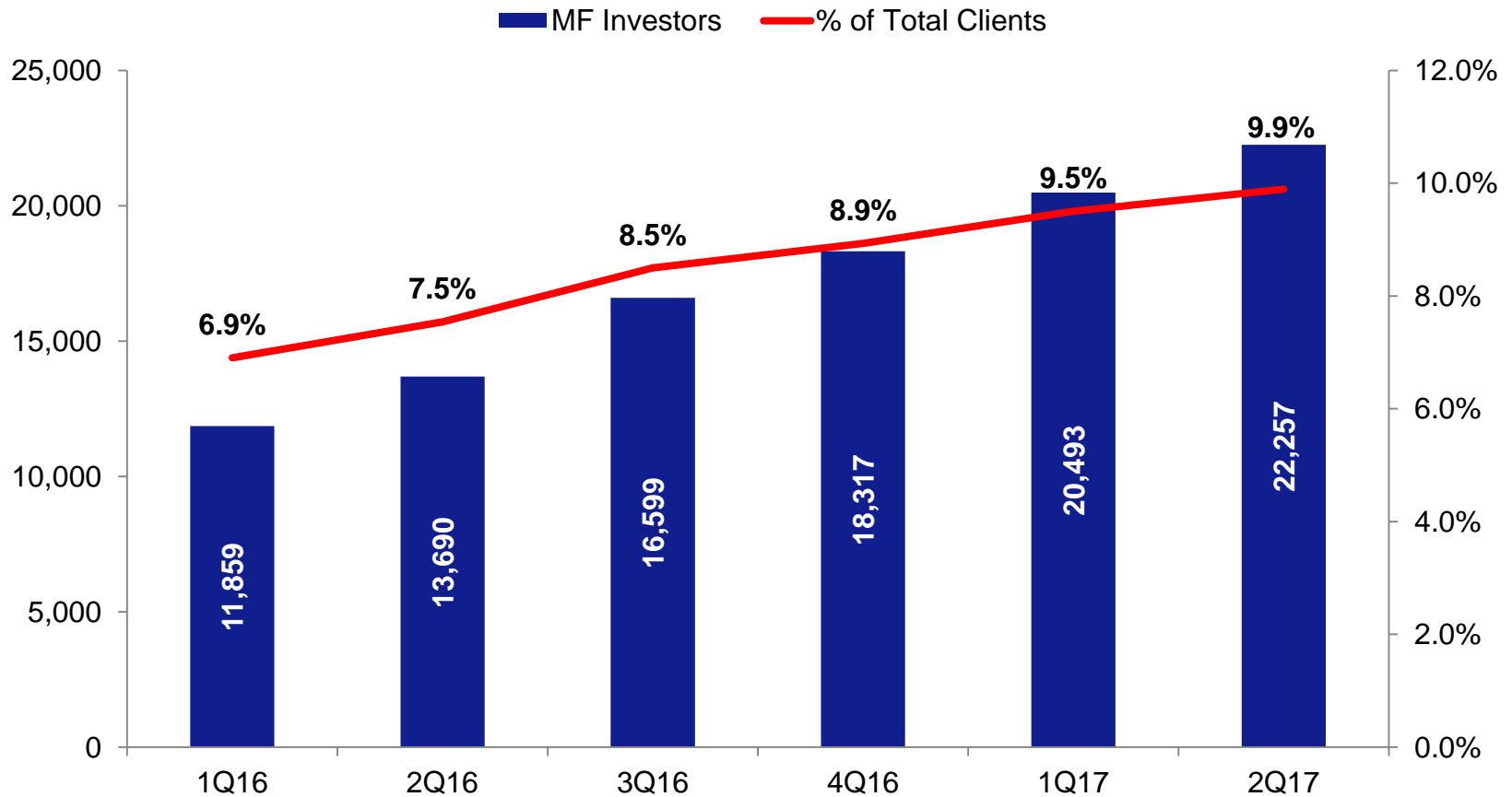
Trailer fee up due to significant growth in average AUA on a year-on-year basis.



SOURCE: PIFA, COL ESTIMATES

Update on Fund Distribution Business

MF INVESTORS



Expanding Reach Through Investor Centers



COL Makati

2014

2016



**COL Cebu
COL Laoag**

2017



COL Davao



Thank You

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