

# COL FY16 INVESTOR PRESENTATION

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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

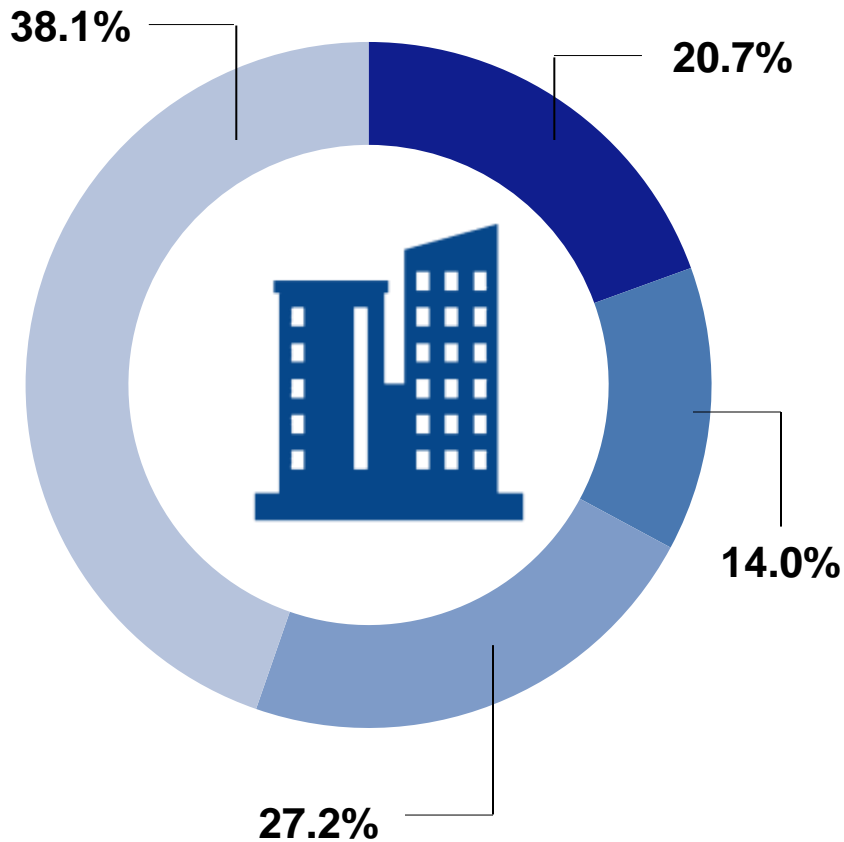
The leading and fastest-growing online stockbroker in the Philippines

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

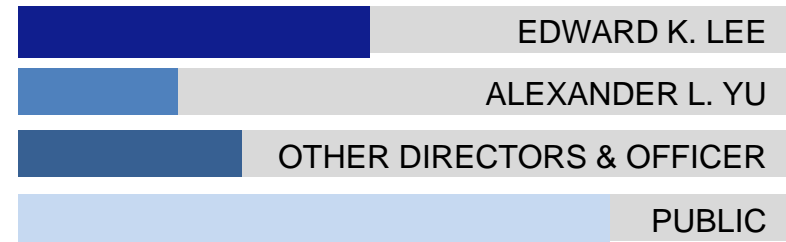


# Ownership Structure




OUTSTANDING SHARES	476.0Mil
FREE FLOAT	181.5Mil
MARKET CAP*	Php7.7Bil

\*AS OF END DECEMBER 2016



# 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**



# Leading and Fastest Growing Online Stockbroker in the Philippines In Terms of Numbers of Accounts

2014 Rank	Broker Name	Total Accounts*		% Change	% of Total Accounts Online
		2013	2014		
<b>1</b>	<b>COL Financial</b>	<b>83,540</b>	<b>114,078</b>	<b>36.6%</b>	<b>65.3%</b>
2	BPI Securities	25,775	33,769	31.0%	19.3%
3	First Metro	9,995	12,207	22.1%	7.0%
4	Accord Capital	6,022	8,319	38.1%	4.8%
	Others	3,923	6,219	58.5%	3.6%
	<b>Total</b>	<b>129,255</b>	<b>174,592</b>	<b>35.1%</b>	<b>100.0%</b>

\*2014 Numbers are estimates only

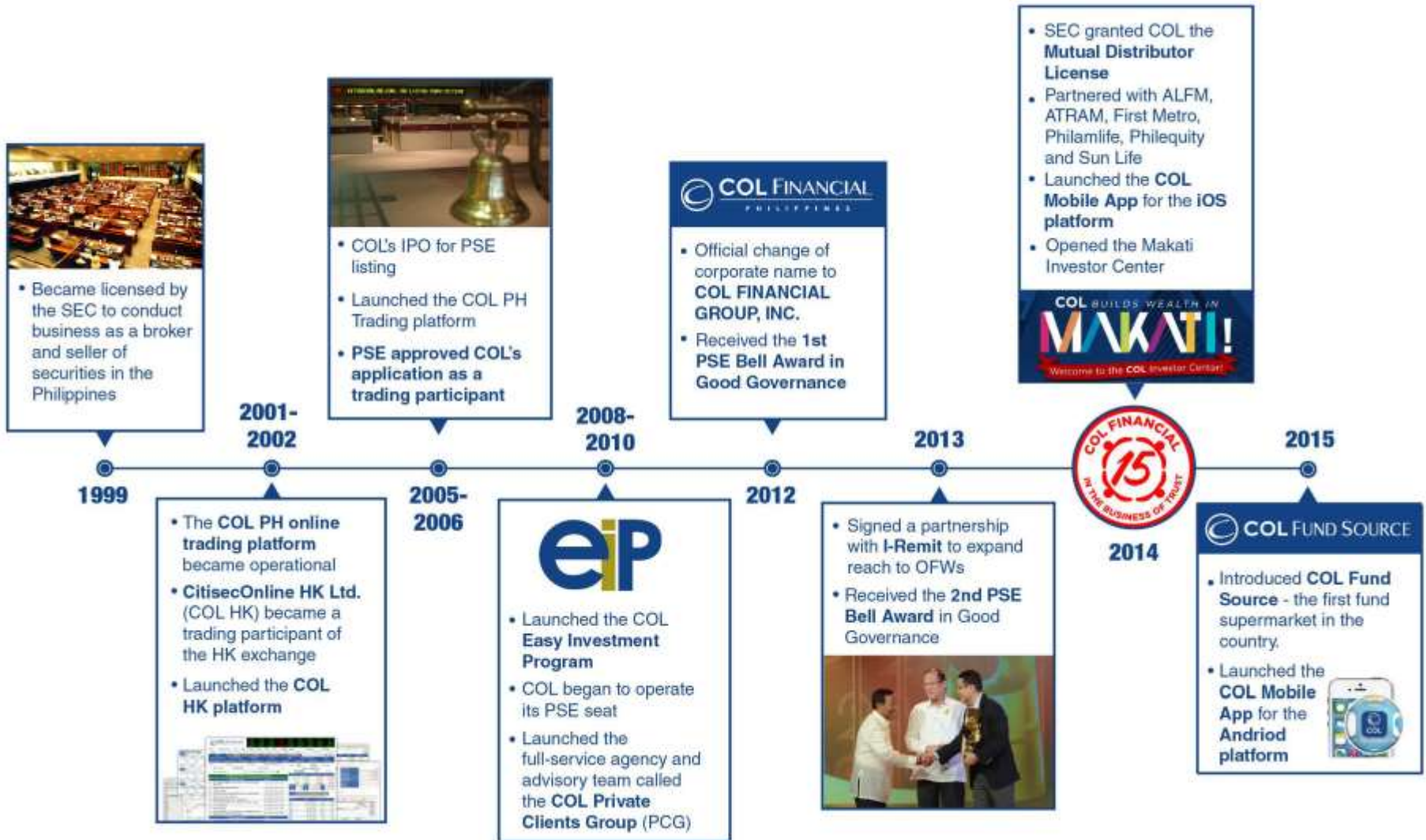
SOURCE: PSE, COL Estimates

# Also Amongst the Biggest Philippine-Based Brokers

2016 Rank	Broker Name	2016 Value Turnover (PhpBil)	% of Total
1	CLSA Philippines, Inc.	347.90	9.0%
2	UBS Securities Philippines Inc.	337.25	8.7%
3	Deutsche Regis Partners Inc.	330.94	8.6%
4	Credit Suisse Securities (Phil), Inc.	254.27	6.6%
5	Macquarie Capital Securities (Phil), Inc.	222.91	5.8%
<b>6</b>	<b>COL Financial Group, Inc.</b>	<b>217.33</b>	<b>5.6%</b>
7	Philippine Equity Partners, Inc.	187.54	4.9%
8	Maybank ATR Kim Eng Securities, Inc.	183.89	4.8%
9	Mandarin Securities Corp.	164.04	4.3%
10	J.P. Morgan Securities Philippines, Inc.	153.07	4.0%

SOURCE: PSE

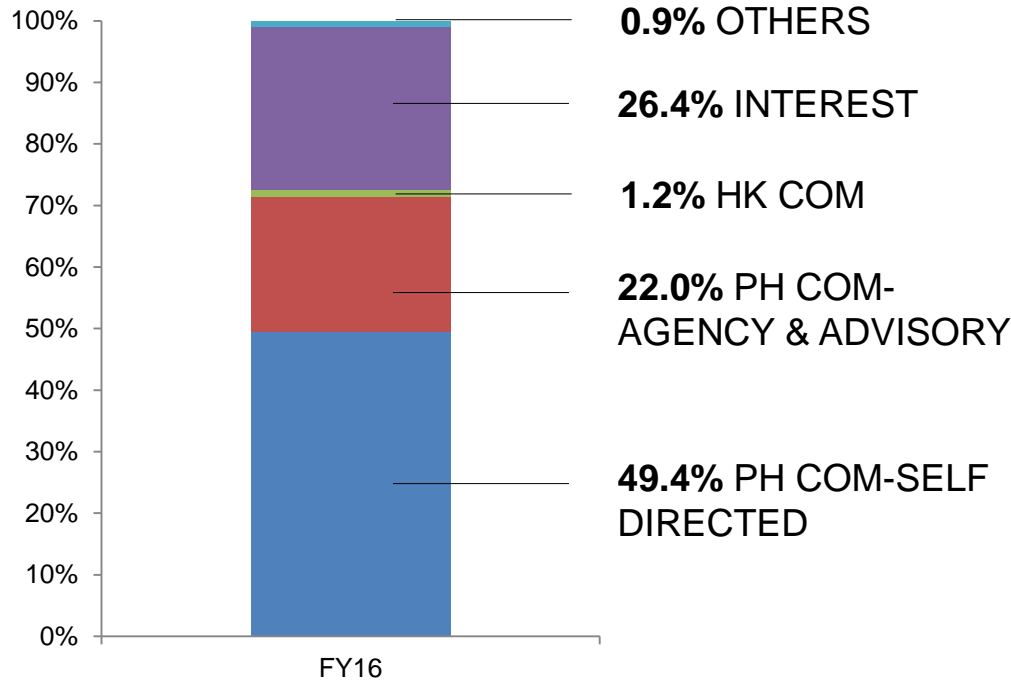
# Corporate Milestones





# Bulk of Revenues Generated From Philippine Operations

## REVENUE BREAKDOWN



COL's Philippine operations account for 98.8% of revenues.

Commissions from both Philippines and HK account for 72.6% of revenues.

Interest income from margin loans and cash accounts for 26.4% of revenues.

# Highlights

Company Overview

**Financial & Operating Highlights**

Growth Plans



# Key Highlights

## Positive

- Philippine business (stock trading & fund distribution) grew despite challenging environment
- Market share improved further, reaching a new record high
- Balance sheet remained healthy
- Strong growth in new accounts & client equity

## Negative

- Margin lending down
- HK business remains weak

# FY16 Net Income

## +25.0%

FY16 net income increased by 25.0% to Php328.5 Mil. Excluding non-recurring tax expenses booked in FY15, recurring profits improved by 14.7%.

Consolidated revenues increased by 13.1% Y/Y as the 24.4% increase in commission revenues was able to offset the 5.5% decline in interest income and the 53.8% drop in other income.

Operating profits jumped 21.0% to Php437.7 Mil due to strong revenue growth and as operating expenses increased by a slower 5.6% largely due to the non-booking of Php23.7 Mil worth of deficiency income taxes.

### CONSOLIDATED INCOME STATEMENT (IN PHP MIL)

	FY15	FY16	Change	
			Amount	%
<b>Income</b>				
Commissions	486.9	605.6	118.7	24.4%
Interest	233.2	220.4	(12.8)	-5.5%
Other income	17.0	7.8	(9.1)	-53.8%
<b>Total</b>	<b>737.0</b>	<b>833.8</b>	<b>96.8</b>	<b>13.1%</b>
<b>Expenses</b>				
Commission expenses	83.9	92.2	8.3	9.9%
Personnel costs	110.8	128.6	17.7	16.0%
Professional fees	27.4	37.4	10.0	36.5%
Stock exch. dues & fees	21.1	25.2	4.0	19.0%
Communication	26.2	31.1	4.9	18.6%
Rentals & utilities	20.0	20.8	0.8	4.0%
Depreciation	17.7	19.1	1.4	8.2%
Advertising & marketing	9.5	9.7	0.2	2.0%
Others	58.5	32.1	(27.6)	-47.2%
<b>Total</b>	<b>375.2</b>	<b>396.1</b>	<b>20.9</b>	<b>5.6%</b>
<b>PRE-TAX INCOME</b>	<b>361.8</b>	<b>437.7</b>	<b>75.9</b>	<b>21.0%</b>
<b>TAXES</b>	<b>99.1</b>	<b>109.2</b>	<b>10.1</b>	<b>10.2%</b>
<b>NET INCOME</b>	<b>262.7</b>	<b>328.5</b>	<b>65.8</b>	<b>25.0%</b>

# Total Expenses

## +5.6%

Total expenses increased by 5.6%.

The slower increase was largely due to the non-booking of one-off tax expenses worth Php23.7 Mil.

Recurring expenses increased by 12.7%, still slower than the 13.1% improvement in revenues.

The increase in recurring expenses was largely driven by the growth in personnel costs (+16.0%), professional fees (+36.5%), and communication expenses (+18.6%) .

### BREAKDOWN OF EXPENSES (IN PHP MIL)

	FY15	FY16	Change	
			Amount	%
<b>Trading Related Expenses</b>				
Commission expenses	83.9	92.2	8.3	9.9%
Stock exch. dues & fees	21.1	25.2	4.0	19.0%
<b>Total</b>	<b>105.1</b>	<b>117.4</b>	12.3	11.7%
<b>Fixed Operating Costs</b>				
Personnel costs	110.8	128.6	17.7	16.0%
Professional fees	27.4	37.4	10.0	36.5%
Communication	26.2	31.1	4.9	18.6%
Rentals & utilities	20.0	20.8	0.8	4.0%
Depreciation	17.7	19.1	1.4	8.2%
Advertising & marketing	9.5	9.7	0.2	2.0%
Others	34.8	32.1	(2.8)	-7.9%
Deficiency income taxes*	23.7	0.0	(23.7)	-100.0%
<b>Total</b>	<b>270.2</b>	<b>278.7</b>	8.6	3.2%
<b>TOTAL EXPENSES</b>	<b>375.2</b>	<b>396.1</b>	20.9	5.6%

\*DUE TO DISALLOWED COST OF SERVICES

# Total Expenses

## +5.6%

Personnel costs and professional fees increased due to the newly launched fund distribution business and higher bonuses.

Communications costs increased significantly as COL took steps to improve service to its growing client base.

### BREAKDOWN OF EXPENSES (IN PHP MIL)

	FY15	FY16	Change	
			Amount	%
<b>Trading Related Expenses</b>				
Commission expenses	83.9	92.2	8.3	9.9%
Stock exch. dues & fees	21.1	25.2	4.0	19.0%
<b>Total</b>	<b>105.1</b>	<b>117.4</b>	12.3	11.7%
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\*DUE TO DISALLOWED COST OF SERVICES

# Philippines Continues to Drive Growth

Revenues from Philippine operations were up by 16.6%, largely driven by the 30.4% increase in commissions.

Commission revenues increased despite the 10.3% drop in the PSE's value T/O as COL's market share improved from 3.9% in 2015 to reach a new record high of 5.6% in 2016. Growth was led by self-directed clients which registered a 39.4% increase in commission revenues and now account for 69.2% of Philippine commission revenues.

Interest income fell by 5.5% due to the 38.6% drop in average margin loans and as rates were reduced to encourage more borrowing. This was partly offset by the added interest income resulting from the increase in COL's cash position.

## REVENUE BREAKDOWN (IN PHP MIL)

	FY15	FY16	Change	
			Amount	%
<b>Philippines</b>				
Commission	456.8	595.5	138.8	30.4%
<i>Self-directed</i>	295.7	412.2	116.5	39.4%
<i>Agency &amp; advisory</i>	161.1	183.3	22.3	13.8%
Interest	233.1	220.4	(12.8)	-5.5%
Others	16.2	7.3	(8.9)	-55.1%
<b>Philippine Revenues</b>	<b>706.1</b>	<b>823.2</b>	<b>117.1</b>	<b>16.6%</b>
<b>Hong Kong</b>				
Commission	30.1	10.0	(20.1)	-66.7%
Interest	0.0	0.0	(0.0)	-
Others	0.9	0.6	(0.3)	-37.8%
<b>HK Revenues</b>	<b>31.0</b>	<b>10.6</b>	<b>(20.4)</b>	<b>-65.9%</b>
<b>Revenue Share</b>				
Philippines	95.2%	98.7%		
HK	4.8%	1.3%		
Self-directed	64.7%	69.2%		
Agency & advisory	35.3%	30.8%		

# Philippines Continues to Drive Growth

Other income dropped due to the absence of trading gains resulting from clients' unexercised SROs.

HK operations remained weak, with commissions down 66.7% to Php10.0 Mil due to poor market conditions. However, impact was limited as HK accounted for only 1.3% of revenues.

## REVENUE BREAKDOWN (IN PHP MIL)

	FY15	FY16	Change	
			Amount	%
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Commission	456.8	595.5	138.8	30.4%
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<b>Hong Kong</b>				
Commission	30.1	10.0	(20.1)	-66.7%
Interest	0.0	0.0	(0.0)	-
Others	0.9	0.6	(0.3)	-37.8%
<b>HK Revenues</b>	<b>31.0</b>	<b>10.6</b>	<b>(20.4)</b>	<b>-65.9%</b>
<b>Revenue Share</b>				
Philippines	95.2%	98.7%		
HK	4.8%	1.3%		
Self-directed	64.7%	69.2%		
Agency & advisory	35.3%	30.8%		



# ROAE Improves to 24.0%

Operating profits grew 21.0% to Php437.8 Mil, largely driven by the strength of Philippine operations.

Operating profits from the Philippines were up by 27.2% to Php455.3 Mil on the strength of its revenues and the absence of one-off tax expenses.

ROAE improved significantly to 24.0%, brought about by increased profitability and higher leverage.

## SELECTED FINANCIAL INDICATORS

	FY15	FY16	Change	
			Amount	%
<b>Operating Profits</b>				
Philippines	358.0	455.3	97.3	27.2%
Hong Kong	3.9	(17.5)	(21.4)	-542.1%
<b>Total</b>	<b>362.0</b>	<b>437.8</b>	<b>75.8</b>	<b>21.0%</b>
<b>Operating Margins</b>				
Philippines	50.7%	55.3%		
Hong Kong	12.7%	-165.1%		
Consolidated	49.1%	52.5%		
<b>EBITDA Margin</b>				
Philippines	51.5%	54.8%		
<b>Net Margin</b>				
Philippines	35.6%	39.4%		
<b>Asset Turnover</b>				
Philippines	10.4%	9.9%		
<b>Asset/Equity</b>				
Philippines	6.0	6.3		
<b>ROAE</b>				
Philippines	20.3%	24.0%		

# Strong and Highly Liquid Balance Sheet

COL remained cash rich and debt free.

Total assets grew by 12.2% to Php8.9 Bil largely driven by the 9.1% increase in cash.

Receivables increased by 10.5% to Php1.2 Bil due to higher value of transactions partly offset by the drop in margin lending.

Trade payables grew 12.5% to Php7.3 Bil largely due to the increase of COL's client cash.

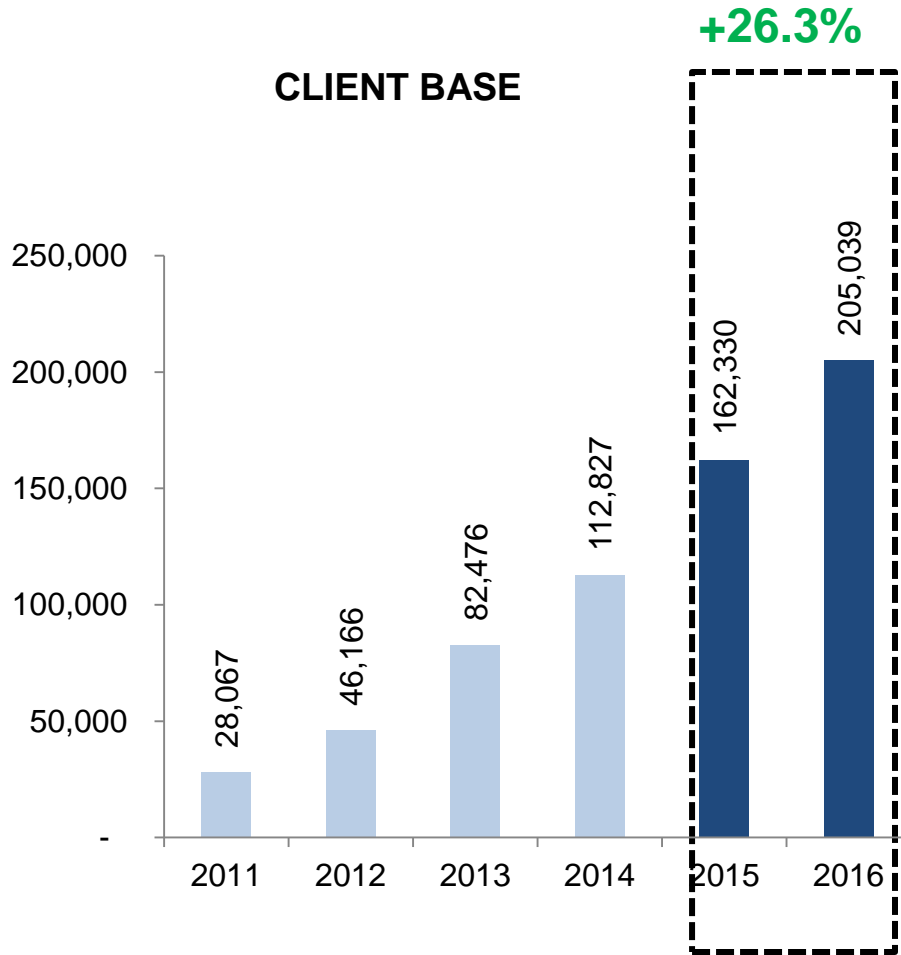
Stockholders' equity was up 8.1% to Php1.4 Bil due to booking of Php328.5 Mil of profits, partly offset by the payment of Php237.5 Mil in cash dividends.

BVPS increased to Php2.99/sh.

## CONSOLIDATED BALANCE SHEET (IN PHP MIL)

	12/31/15	12/31/16	Change	
			Amount	%
Cash & equivalents	6,749.2	7,360.5	611.3	9.1%
Receivables	1,075.8	1,188.6	112.8	10.5%
Other current assets	12.2	19.5	7.3	59.5%
LT investments	0.0	200.0	200.0	-
PPE – net	44.3	62.5	18.3	41.3%
Other non-current assets – net	71.4	75.7	4.3	6.1%
<b>TOTAL ASSETS</b>	<b>7,952.8</b>	<b>8,906.8</b>	<b>954.0</b>	<b>12.0%</b>
Trade payables	6,539.1	7,353.3	814.1	12.5%
Other current liabilities	70.4	103.2	32.8	46.6%
Non-current liabilities	26.3	26.8	0.5	2.1%
<b>Total Liabilities</b>	<b>6,635.8</b>	<b>7,483.3</b>	<b>847.5</b>	<b>12.8%</b>
<b>Total Stockholders' Equity</b>	<b>1,317.0</b>	<b>1,423.5</b>	<b>106.5</b>	<b>8.1%</b>
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>7,952.8</b>	<b>8,906.8</b>	<b>954.0</b>	<b>12.0%</b>
BVPS	2.77	2.99		

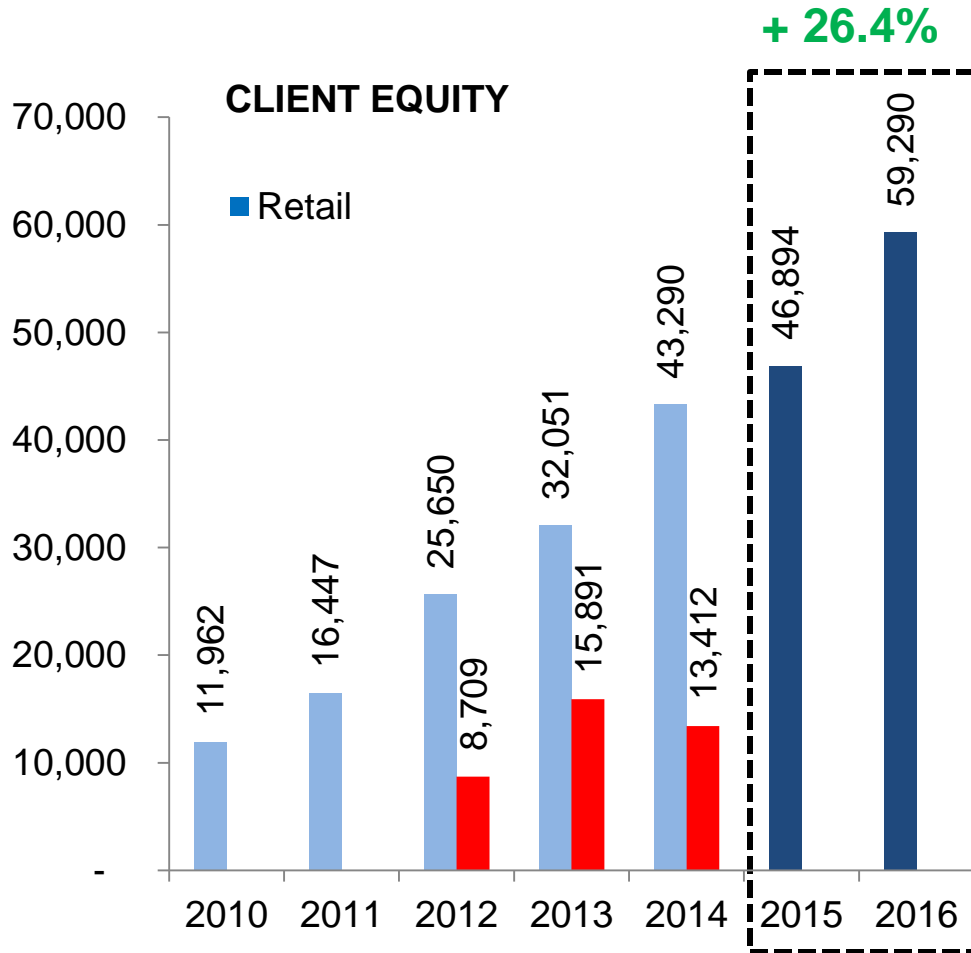
# Sustained Customer Growth



COL's client base grew by 26.3% Y/Y to 205,039 as of end 2016.

Average monthly additions remained strong at 3,559.

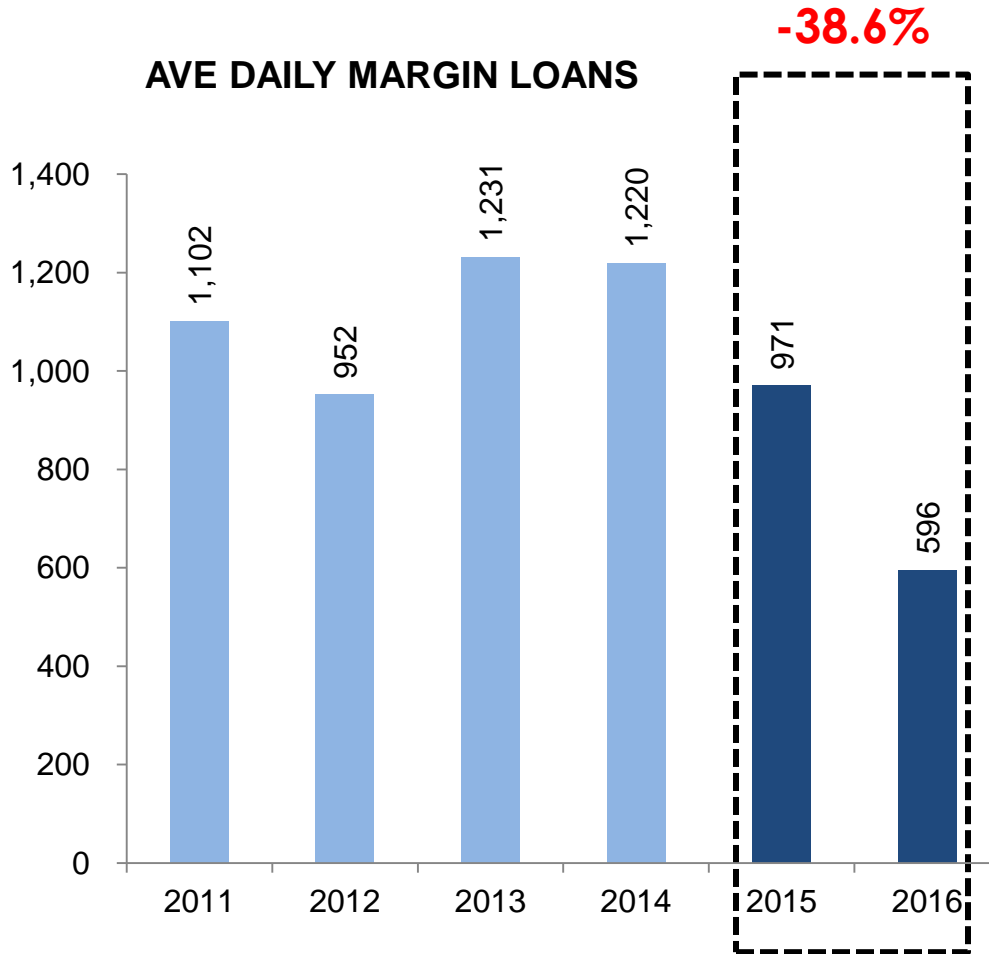
# Healthy Retail Client Inflow



Client equity rose by 26.4% Y/Y to Php59.3 Bil.

Net new cash flow from retail clients amounted to Php7.4 Bil during FY16.

# Margin Loans Drop



Average daily margin loans were down 38.6% at Php596 Mil Y/Y.

As of end December, the total number of approved margin accounts reached 1,129, flattish on a Y/Y basis.

Only 30.7% of approved margin accounts utilized their margin lines in FY16, down from 30.9% in FY15. In terms of value of margin granted, only 11.7% was utilized in FY16, down from 19.0% in FY15.

# Market Share Reaches A New Record High

COL's average daily turnover rose 25.8% Y/Y to Php879.9 Mil during 2016 despite the 12.9% drop in the PSE's average daily turnover.

Consequently, COL's market share in terms of value turnover increased to 5.6% in 2016 for the whole market from 3.9% in 2015. Share of value turnover for local investors likewise increased during the same period to 11.9% from 7.7%. The said levels are new record highs.

PSE ranking in terms of value turnover improved to 6<sup>th</sup>.

## COMPARATIVE PERFORMANCE (COL VS. PSE)

	2015	2016	Change	
			Amount	%
PSE Ave. Daily T/O (PhpMil)	8,964.2	7,811.7	(1,152.5)	-12.9%
COL Ave. Daily T/O (PhpMil)	699.6	879.9	180.3	25.8%
COL Market Share (Total)	3.9%	5.6%		
COL Market Share (Local)	7.7%	11.9%		
PSE Ranking	8	6		
No. of Transactions – PSE ('000)	25,511.4	34,768.4	9,257.1	36.3%
No. of Transactions – COL ('000)	5,001.7	7,167.3	2,165.7	43.3%
COL Market Shares	19.6%	20.6%		
PSE Ranking	1	1		

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Growth Plans



# Pro Active Growth Plans

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

Priorities	Statement	Strategies
<b>Expand Client Acquisition</b>	#1. Continue to be the leading asset gatherer in the brokerage industry	<ul style="list-style-type: none"> <li>• Set up more investor centers</li> <li>• Enter into tie-ups to expand market reach</li> <li>• Hold more investor education seminars                             <ul style="list-style-type: none"> <li>○ Frequency and type</li> </ul> </li> <li>• Offer more products and services that will address the needs of more investors                             <ul style="list-style-type: none"> <li>○ Active and passive</li> <li>○ Conservative to aggressive</li> <li>○ Basic to sophisticated</li> </ul> </li> </ul>
<b>Maintain a Mutually Beneficial Relationship</b>	#2. Offer progressive client solutions that not only create value for the targeted client segments but also produce a profitable relationship for COL	
<b>Long-Term Client Relationship</b>	#3. Maintain long-term client relationships and exploit the power of COL promoters	
<b>Expense Discipline</b>	#4. Capitalize on operating leverage and increase profitability through our unique business model	<ul style="list-style-type: none"> <li>• Focus on efficient means to grow revenues &amp; profitability</li> </ul>
<b>Effective Capital Management</b>	#5. Maintain a strong balance sheet and be good stewards of stockholder values	<ul style="list-style-type: none"> <li>• ROE greater than 20%</li> </ul>



# Update on Fund Distribution Business

## NET SALES (IN PHPMIL, ACCORDING TO FUND TYPE)

Type of Fund	1Q16	2Q16	3Q16	4Q16	Total Sales	% Total	Total AUA*	% Total
Money Market	0.6	6.9	1.6	(42.4)	(33.3)	-3.9%	55.4	4.3%
Bond Fund	14.3	21.3	23.8	7.6	67.0	7.9%	102.5	7.9%
Balanced Fund	13.8	11.7	18.3	11.5	55.4	6.5%	94.7	7.3%
Equity Fund	150.9	203.6	192.9	209.9	757.3	89.5%	1,037.0	80.4%
<b>Total</b>	<b>179.6</b>	<b>243.5</b>	<b>236.7</b>	<b>186.6</b>	<b>846.4</b>		<b>1,289.6</b>	

\*AS OF END 2016

# Update on Fund Distribution Business

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

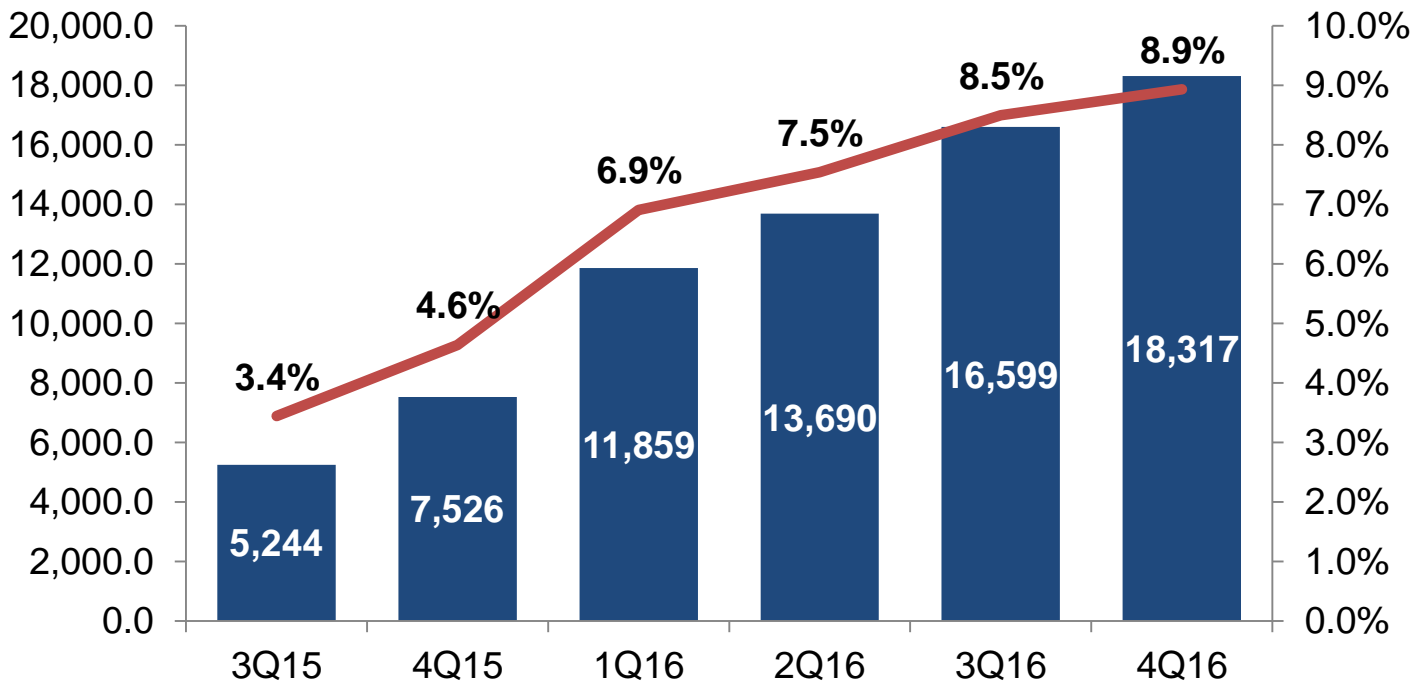
	1Q16	2Q16	3Q16	4Q16
COL	150.9	203.6	192.9	209.9
Industry	1,181.6	(2,350.1)	(2,267.5)	3,125.6
<b>% Share</b>	<b>12.8%</b>	<b>-</b>	<b>-</b>	<b>6.7%</b>

SOURCE: PIFA, COL ESTIMATES

# Update on Fund Distribution Business

## MF INVESTORS

■ MF Investors    — % of Total Clients



Thank You

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