



**ANALYST BRIEFING
FY 2016 Earnings Call
Thursday, 16 March 2017
3:00pm DMCI Annex**



Agenda

- DMCI Holdings Inc.: Net Income (segment breakdown)
- Business Segment FY 2016 Results:
 - Coal & On-Grid Power (Semirara)
 - Real Estate Development (DMCI Homes)
 - Construction (DMCI)
 - Nickel (DMCI Mining)
 - Off-Grid Power (DMCI Power)
 - Water Concession (Maynilad)*
- Parent Balance Sheet as of 31 December 2016

Holdings' Net Income Breakdown

- 2016 Core net income flat due mainly to: understatement of Real Estate profits due to accounting method, nationwide suspensions resulting in losses for nickel mining business, and expiry of Maynilad's Income Tax Holiday (ITH)
- -5% Decline in Reported Net Income due in large part to overly conservative accounting as Real Estate comprises 16% of Core Net Income

(In Million Php)	FY 2016	FY 2015	Change	%	% of Core
Semirara	6,906	4,813	2,093	43%	58%
Real Estate Development	1,923	3,587	(1,664)	-46%	16%
Construction	938	628	310	49%	8%
DMCI Mining	(65)	501	(566)	-113%	-1%
Off-Grid Power	424	382	42	11%	4%
Maynilad Holdings	1,708	2,330	(622)	-27%	14%
Parent & Others	83	82	1	1%	1%
Core Net Income	11,917	12,323	(406)	-3%	100%
One-Time Investment Gains*	111	530	(419)	-79%	
Non-Recurring Items**	157	(18)	175	-972%	
Reported Net Income	12,185	12,835	(650)	-5%	

*Gain on sale of PIDC in Q3 2015 (P530M) - Gain on partial sale of Subic Water in Q1 2016 (P111M)

**Non recurring items of Maynilad - Gain on remeasurement due to Maynilad's OSD election (PHP 174MN) - Forex and other one-time adjustments .

Semirara Consolidated

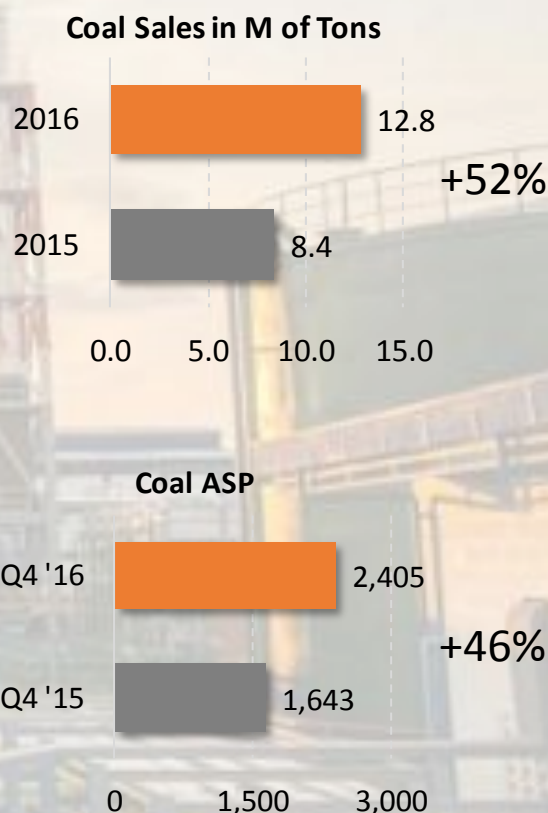
- Due to higher coal prices, Semirara Sales and EBITDA grew +48% and +41% respectively
- **One-time**, non-cash provisioning impacted 4Q16 bottom line; 4Q16/FY16 cash flow as proxy for normalized earnings

(In Million Php)	FY 2016	FY 2015	%
Revenues	36,584	24,680	48%
COS & Operating Expenses	(19,832)	(12,798)	55%
EBITDA	16,752	11,882	41%
Depreciation & Amortization	(3,740)	(1,894)	97%
Interest Expense	(598)	(278)	115%
Interest Income	87	58	50%
Other Income (Expense)	498	106	370%
Benefit (Provision) for Income Tax	(841)	(1,236)	-32%
Reported Net Income	12,158	8,638	41%
Core Net Income	12,158	8,638	41%
Non-Controlling Interest	(5,252)	(3,825)	37%
Net Income DMCI Holdings, Inc.	6,906	4,813	43%

Semirara Coal

- Coal division driven by +52% increase in volumes (FY16) and +46% increase in coal prices (4Q16); though ASP's for FY16 dropped 3%
- Resulting in +90% increase in EBITDA and a +83% increase in earnings
- 2017 outlook for coal price remains positive with mining capacity increase by 17%

(In Million Php)	FY 2016	FY 2015	%
Coal Revenues	20,079	11,782	70%
COS & Operating Expenses	(13,018)	(8,058)	62%
EBITDA	7,061	3,724	90%
Depreciation & Amortization	(1,204)	(572)	110%
Interest Expense	(228)	(130)	75%
Interest Income	44	23	91%
Other Income (Expense)	(181)	(79)	129%
Benefit (Provision) for Income Tax	(15)	(16)	-6%
Reported Net Income	5,477	2,950	86%
Core Net Income	5,477	2,950	86%
Net Income Non-Controlling	(2,362)	(1,247)	89%
Net Income DMCI Holdings	3,115	1,703	83%



Semirara Power (SCPC & SLPGC)

- Power revenues (all power plants) driven by higher volumes sold at higher prices
- Decrease in SCPC capacity factor was compensated for by reliable performance of *new* SLPGC plants – resulting in +22% increase in Net Income in 2016

(In Million Php)	FY2016	FY 2015	%
Power Revenues	16,505	12,898	28%
COS & Operating Expenses	(6,814)	(4,740)	44%
EBITDA	9,691	8,158	19%
Depreciation & Amortization	(2,536)	(1,322)	92%
Interest Expense	(370)	(148)	150%
Interest Income	43	35	23%
Other Income (Expense)	679	185	267%
Benefit (Provision) for Income Tax	(826)	(1,220)	-32%
Reported Net Income	6,681	5,688	17%
Core Net Income	6,681	5,688	17%
Non-Controlling Interest	(2,890)	(2,578)	12%
Net Income DMCI Holdings	3,791	3,110	22%

Semirara Power (SCPC)

- Revenues impacted by rehabilitation which had the plants offline but 2017 should see utilization improve meaningfully along with higher profitability

(In Million Php)	FY 2016	FY 2015	%	Capacity Factor (Unit 1+2)	
Power Revenues	10,984	12,797	-14%	2016	55%
COS & Operating Expenses	(5,462)	(4,653)	17%	2015	75%
EBITDA	5,522	8,144	-32%	0% 50% 100%	
Depreciation & Amortization	(1,535)	(1,322)	16%	Total Volume Sold (GWh)	
Interest Expense	(90)	(147)	-39%	2016	3,322
Interest Income	12	17	-29%	2015	3,754
Other Income (Expense)	34	120	-72%	0 2,000 4,000	
Benefit (Provision) for Income Tax	(638)	(1,216)	-48%	Avg. Price Sold (P/kwh)	
Reported Net Income	3,305	5,596	-41%	2016	3.31
Core Net Income	3,305	5,596	-41%	2015	3.41
Non-Controlling Interest	(1,460)	(2,540)	-43%	3.0 3.4 3.8	
Net Income DMCI Holdings	1,845	3,056	-40%		

Semirara Power (SLPGC)

- Higher utilizations, volumes sold + average price sold helped to drive solid growth
- Note the **significantly higher EBITDA margins at 76%** that SLPGC generates due to Semirara's strategy of using low cost waste coal (vs. 50% at SCPC)
- SLPGC generated more profits than SCPC despite having half the revenues

(In Million Php)	FY 2016	FY 2015	Capacity Factor	
Power Revenues	5,521	101	2016	53%
COS & Operating Expenses	(1,352)	(87)	2015	8%
EBITDA	4,169	14		+555%
Depreciation & Amortization	(1,001)	-		
Interest Expense	(280)	(1)	Total Volume Sold (GWh)	
Interest Income	31	18	2016	1,478
Other Income (Expense)	645	65	2015	242
Benefit (Provision) for Income Tax	(188)	(4)		+510%
Reported Net Income	3,376	92		
Core Net Income	3,376	92	Avg. Price Sold (P/kwh)	
Non-Controlling Interest	(1,430)	(38)	2016	4.97
Net Income DMCI Holdings	1,946	54	2015	3.20
				+55%

*FY 2015 & FY 2016 not comparable as the 2x150MW was on testing & commissioning in 2015

Real Estate Development

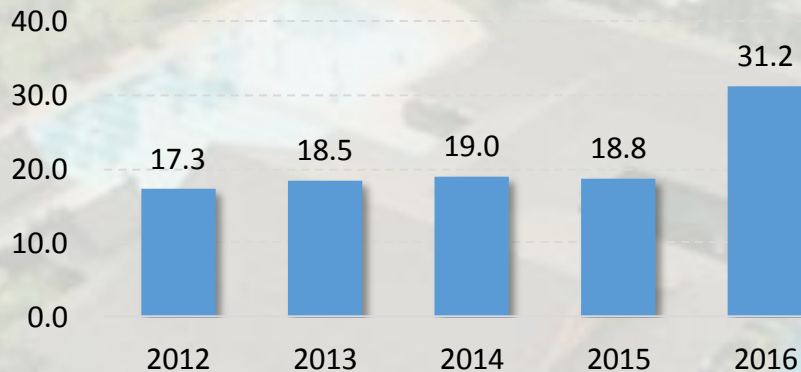
- Though 2016 reported net income declined **on a completed contract basis – Sales & Reservations jumped by +65%** indicating strong market demand
- DMCI Homes **will transition in 2018 to percentage of completion method** to be in line with the industry which will also result in 2017 profits increasing substantially

(In Million Php)	FY 2016	FY 2015	%
Real Estate Revenues	10,370	13,677	-24%
COS & Operating Expenses	(7,874)	(8,900)	-12%
EBITDA	2,496	4,777	-48%
Depreciation & Amortization	(342)	(314)	9%
Interest Expense	(301)	(185)	63%
Interest Income	254	313	-19%
Other Income (Expense)	828	495	67%
Benefit (Provision) for Income Tax	(901)	(1,499)	-40%
Reported Net Income	2,034	3,587	-43%
Non-Recurring Items	(111)	-	100%
Core Net Income for DMCI Holdings	1,923	3,587	-46%

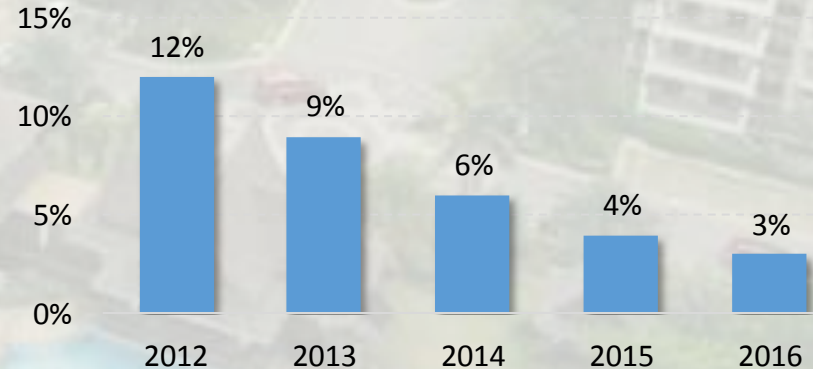
Real Estate Development

- Sales & Reservations jumped by +65% while default rates continued to decline
- Launches also increased by 270% due to continued high demand for DMCI Homes

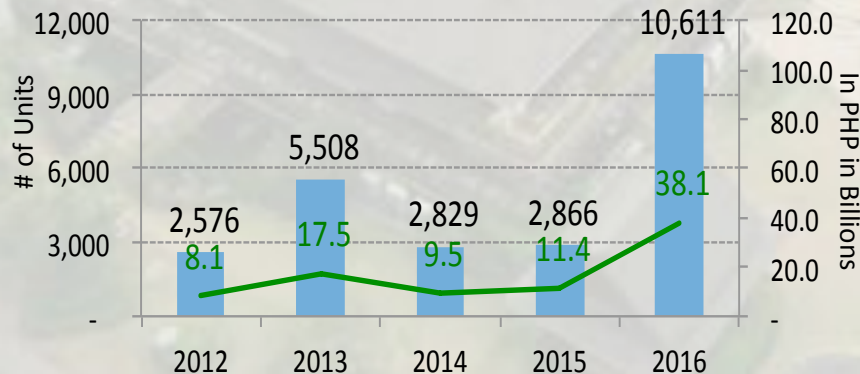
Sales & Reservations (in BNs of PHP)



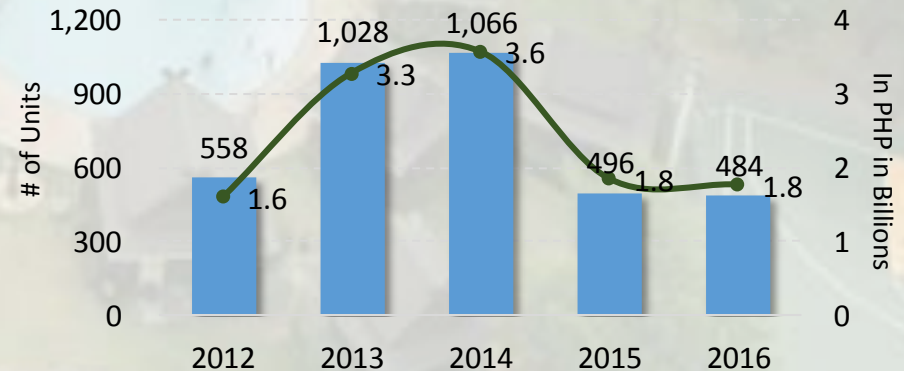
Default Rate



Launches



Inventory of RFOs



Units — Value

Real Estate Development

- Number of DMCI Homes units sold increased by +55% compared to 2015
- Unit pricing also increased by +7.5% due to the launch of higher end products which have also seen very strong demand

Php (in millions)	Dec 2016	Dec 2015	% Change
Units	PHP 28,236	16,978	+66%
Parking	2,947	1,868	+58%
Total	PHP 31,183	18,846	+65%

	2016	2015	% Change
# of Units	8,236	5,325	+55%
# of Parking	4,755	3,243	+47%

	2016	2015	% Change
Price / Unit	PHP 3.43	PHP 3.19	+7.5%
Price / Parking	PHP 0.62	PHP 0.57	+7.6%

2017 Launch Calendar

- DMCI Homes will launch a combination of mid and high rise buildings in 2017
- DMCI Homes will also launch its first mixed-use project (Fortis)

Month	Project	No. of Bldgs. / Type
Jan	<u>PRISMA RESIDENCES</u> Pasig Blvd, Pasig City	3 HRB (42F)
Mar	<u>MULBERRY PLACE</u> Acacia Estates	8 MRB (6F)
Apr	<u>THE ORABELLA</u> 21 ST Street, Quezon City	1 HRB (47F)
Jul	<u>SATORI RESIDENCES</u> Pasig City	3MRB/ 2HRB (6/15F)
	<u>PONTEMIRA RESIDENCES</u> Mandaluyong City	3 HRB (40F)
Aug	<u>FORTIS RESIDENCES</u> Chino Roces, Makati City	2 HRB (38/22F)
Oct	<u>THE ATHERTON</u> Sucat, Parañaque	3 HRB (15F)
Nov	<u>THE POLARIS</u> Oliveros St, Balintawak, Q.C.	3 HRB (40F)

Construction

- Sales grew by +4% and core income grew +49% in 2016
- EBITDA margins expanded to 15.4% from 13.5% resulting in +19% EBITDA growth
- FY 2016 shows the full recovery of our construction business

(In Million Php)	FY 2016	FY 2015	%
Construction Revenues	13,817	13,249	4%
COS and Operating Expenses	(11,689)	(11,454)	2%
EBITDA	2,128	1,795	19%
Depreciation & Amortization	(818)	(840)	-3%
Interest Expense	(29)	(54)	-46%
Interest Income	5	5	0%
Other Income (Expense)	29	54	-46%
Benefit (Provision) for Income Tax	(353)	(292)	21%
Reported Net income	962	668	44%
Non-Recurring Items	-	(19)	-100%
Core Income	962	649	48%
Non-Controlling Interest	(24)	(21)	14%
Core Net Income DMCI Holdings	938	628	49%

Construction

- Construction backlog grew by PHP 9.5BN in 2017 (YTD)
- Infrastructure book should see strong growth due to government-led push for more highways and bridges

Product Line	Contract	Dec '15	Newly Awarded	Booked Revenue	Dec '16	% of Total
Buildings	33,727	5,272	6,224	3,295	8,362	42%
Infra	29,067	20,707	1,092	6,247	9,455	47%
Power	17,539	781	303	962	285	1%
Water	5,308	2,427	590	1,402	1,980	10%
Total	85,641	29,187	8,209	11,906	20,082*	100%

*Deferral of PHP 5BN from Skyway 3, Section 2

* Ca. PHP 18BN of ending balance attributable to “3rd party”; ca. PHP 300MN classified as “related party”, and almost PHP 2BN contracted by Maynilad

Skyway Stage 3, Section 2

- Segment in blue, to be retained on DMCI's orderbook
- Segment in green, which borders proposed San Juan River alignment (in yellow), requires re-designing (recognition of PHP 5BN on DMCI's orderbook to be deferred)



Nickel Mining

- Closure of ZDMC and suspension of BNC (ISO:14001) pending DENR's resolution on motions filed for reconsideration
- Our nickel mines hold meaningful reserves with significant market share in shipments; cash costs ca. 20 USD per ton
- DMCI Nickel Mining cut 62% of employees (as of September 2016) to manage costs

(In Million Php)	FY 2016	FY 2015	%
Nickel Ore Revenues	1,573	3,139	-50%
COS and Operating Expenses	(1,172)	(1,587)	-26%
EBITDA	401	1,552	-74%
Depreciation & Amortization	(307)	(436)	-30%
Interest Expense	(17)	(11)	55%
Interest Income	7	13	-46%
Other Income (Expense)	43	122	-65%
Benefit (Provision) for Income Tax	(131)	(503)	-74%
Reported Net Income	(4)	737	-101%
Core Income	(4)	737	-101%
Non-Controlling Interest	(61)	(236)	-74%
Core Income DMCI Holdings, Inc.	(65)	501	-113%

Off-Grid Power

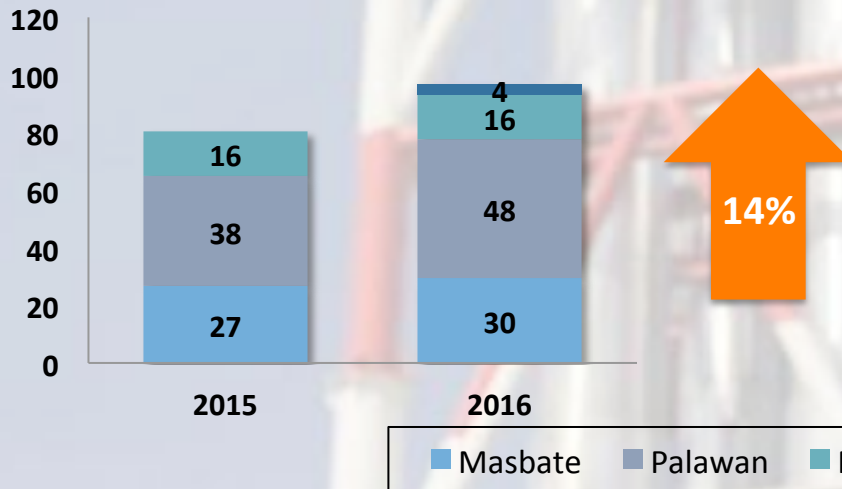
- DMCI Power Corporation continues to grow and DMCI Holdings expects it to become a meaningful part of total earnings in a few years

(In Million Php)	FY 2016	FY 2015	%
Power Revenues	2,302	2,169	6%
COS and Operating Expenses	(1,714)	(1,658)	3%
EBITDA	588	511	15%
Depreciation & Amortization	(173)	(140)	24%
Interest Expense	(5)	(11)	-55%
Interest Income	-	-	0%
Other Income (Expense)	45	42	7%
Benefit (Provision) for Income Tax	(31)	(20)	55%
Reported Net Income	424	382	11%
Core Net Income	424	382	11%
Net Income DMCI Holdings, Inc.	424	382	11%

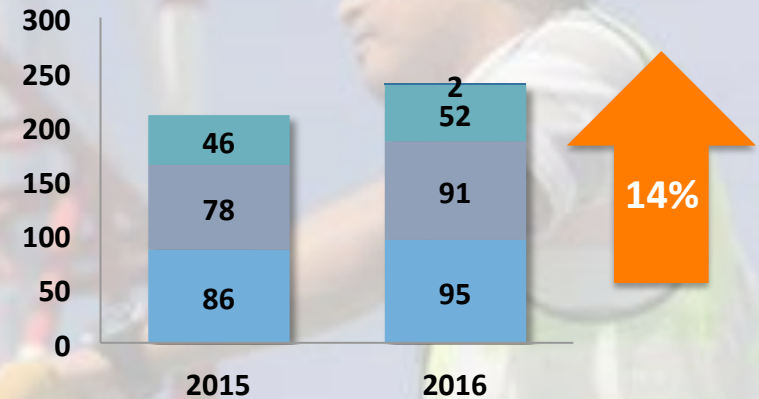
Off-Grid Power

- Off-grid power had strong growth in 2016 across all power plants

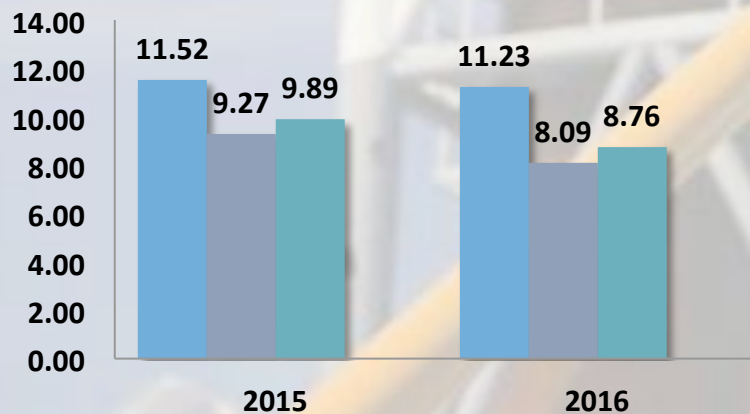
Capacity (MW)



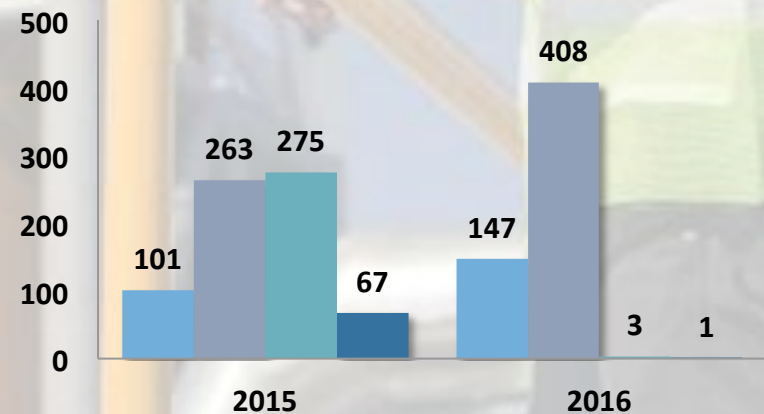
GWH Sales



Average Selling Price (ASP*)/KWh



CAPEX (In million Php)



*ASP not applicable to Sultan Kudarat due to Fixed Monthly Fee

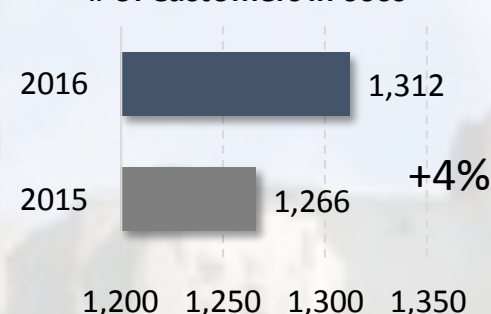
Water Concession (Maynilad*)

- Maynilad earnings should continue to grow in 2017
- Arbitration ruling expected to come out in 1H 2017

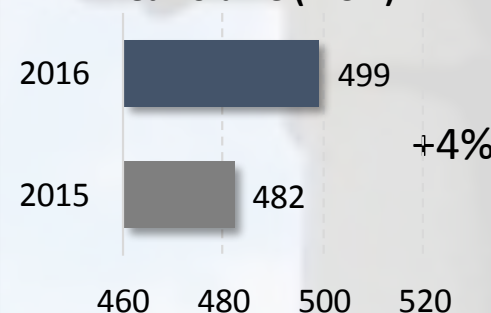
(In Million Php)

	FY 2016	FY 2015	%
Revenues	20,224	19,098	6%
COS & Operating Expenses	(5,741)	(4,951)	16%
EBITDA	14,483	14,147	2%
Depreciation & Amortization	(3,109)	(2,756)	13%
Interest Expense	(1,807)	(1,978)	-9%
Interest Income	120	136	-12%
Other Income (Expense)	(211)	(324)	-35%
Benefit (Provision) for Income Tax	(2,087)	(67)	3015%
Reported Net Income	7,389	9,158	-19%
Non-Recurring Items	(621)	70	-987%
Core Net Income	6,768	9,228	-27%
Non-Controlling Interest	(484)	(660)	-27%
Core Income Maynilad	6,284	8,568	-27%
Core Income DMCI Holdings	1,708	2,330	-27%

of Customers in 000s



Billed Volume (MCM)



*Figures presented are taken from MAYNILAD HOLDINGS (not Maynilad stand-alone)

Holdings' Balance Sheet

- Parent Company still net cash positive with PHP 5.1BN
- Dividend policy: 25% of previous year's income, but averaging ca. 50% over last 5 years

(In Million Php)	FY 2016	FY 2015	%
Cash & Cash Equivalents*	5,054	3,695	37%
Receivables**	2,228	934	139%
Investments in subsidiaries, associates and joint ventures***	15,450	20,705	-25%
Other assets	107	104	3%
Total assets	22,839	25,438	-10%
Accounts payable	25	21	19%
Other liabilities	16	17	-6%
Total liabilities	41	38	8%
Capital stock	13,277	13,277	0%
Additional paid in capital	4,672	4,672	0%
Retained earnings****	4,839	7,440	-35%
Other equity	10	11	-9%
Total equity	22,798	25,400	-10%

*Dividends received from subsidiaries (P5.4B), Special dividends from DMCI Mining (P1.8B), Cash inflow from ENK (P500M) and Cash dividends paid (P6.4B)

**Restructuring receivables from DMCI Mining (P2.1B) and Dividends receivable from DMCI Homes (P100M)

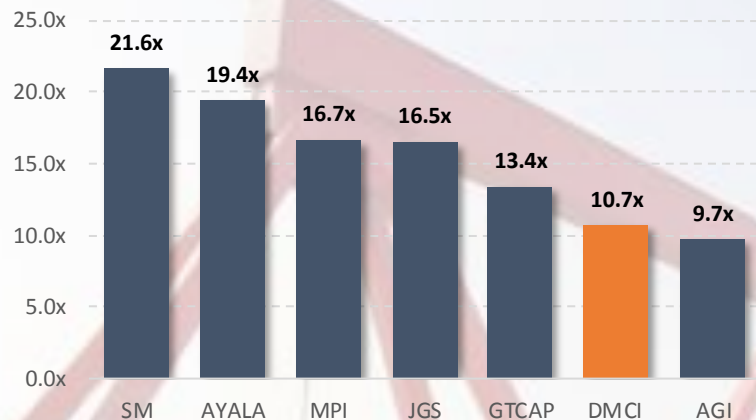
***Transfer of ENK operating assets to DMCI Mining

****Paper loss on restructuring of ENK (P2.6B) but offset by special dividends and cash received from ENK – effectively no loss in the transaction - just for tax efficient transfer

DMCI Holdings Remains Undervalued

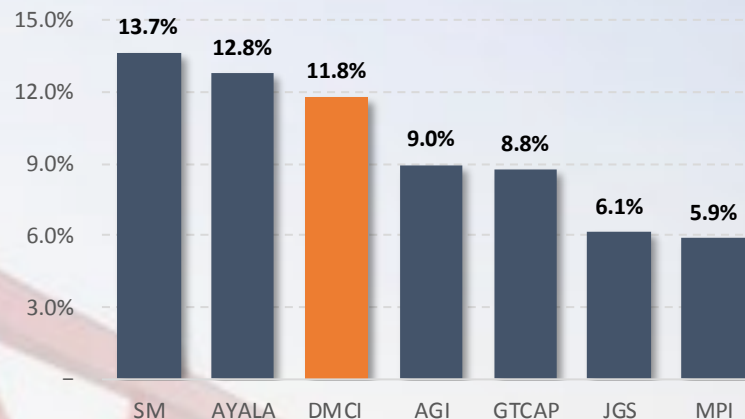
DMCI is cheap on a relative and absolute basis in terms of 2017 P/E Ratio

Conglomerates: 2017 Consensus P/E



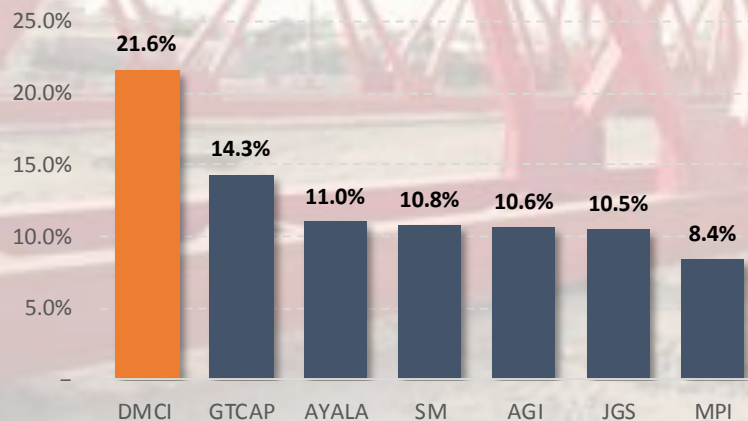
While earnings growth is better than peers, with upside risk to consensus earnings...

Conglomerates: Consensus 2016-2018 EPS Growth



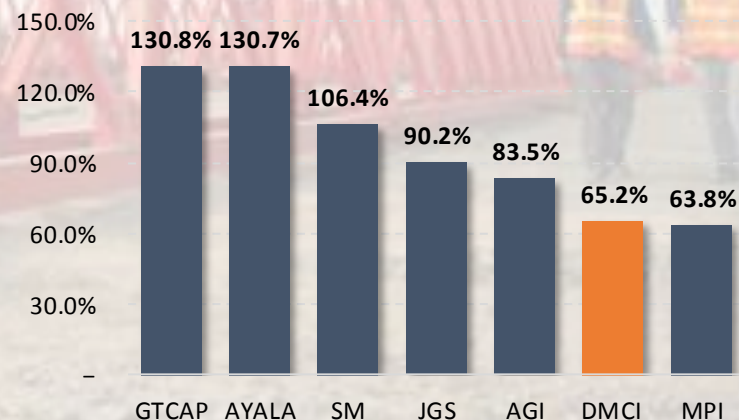
While return on equity & value creation – is undoubtedly consistently one of the highest in the Philippines due to its integrated business model...

LTM Return on Equity



While DMCI's gearing also remains the lowest and safest amongst its conglomerate peers at 65% with NO equity issuances

Debt / Equity



DMCI Holdings Key Takeaways + Outlook

DMCI Holdings:	<ul style="list-style-type: none"> • Overall core earnings driven by +43% and +49% increase (respectively) in Semirara's and Construction's net income • DMC's dividend payout ratio for the year will be at least 25%, in line with Holdings' dividend policy
Semirara:	<ul style="list-style-type: none"> • 2016 performance for Semirara was very strong as earnings from Coal grew by +83% which would have been higher if not for one time provisions that was expensed entirely in the 4th quarter • With higher coal prices sustained and even higher coal volumes, 2017 should be another strong in year in terms of revenues and profits • For power, higher utilization of both SCPC and SLPGC should translate to higher profits as less downtime is expected
Property:	<ul style="list-style-type: none"> • Sales & Reservations grew by 65% in 2016 which is the true underlying indicator of demand • Management sees sustained demand for DMCI products: as shown by very strong sales take-up of first luxury product (Oak Harbour) • DMCI Homes is currently in the process of switching to "Percentage of Completion" • DMCI Homes will launch its first mixed-use project (Fortis) by 2H 2017
Construction:	<ul style="list-style-type: none"> • Costs in 2016 normalized as net income grew by +49% • 2017 should be a key year in terms of infrastructure build out • Management is optimistic as DMCI remains one of the largest construction companies in the Philippines
Water (Maynilad):	<ul style="list-style-type: none"> • Maynilad continues to perform well in terms of volumes and efficiency; • 2017 net income should grow as drag resulting from 2016 expiration of Income Tax Holiday ends • Arbitration is in Singapore in December and favourable Resolution expected by 1H 2017
Nickel:	<ul style="list-style-type: none"> • Both mining assets remain suspended – no confirmed news yet in terms of reopening the mines. • In the meantime, DMCI has cut significant costs
Off-Grid Power:	<ul style="list-style-type: none"> • Construction of bunker plant in Aborlan (2x4.95MW) completed in 4Q16 – adding 30% to DMCI Power's existing capacity in Palawan. The construction of Irawan (3x6MW) is scheduled for completion in 4Q 2017

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