Robinsons Land 3rd Quarter Earnings Recovers by 38%QoQ; Net Income Reaches Php4.40Bn in 9M CY2020

(November 6, 2020) - Robinsons Land Corporation (RLC), one of the leading diversified real estate companies in the Philippines, continues to hold its ground against the adverse effects of the COVID-19 global pandemic. As quarantine restrictions are slowly lifted and more industries start to re-open, the Company's core businesses, primarily its malls, are noting upswings in consumer demand and beginning to show signs of recovery.

Net income in the 3rd quarter of 2020 grew by 38% versus 2Q2020 to end at Php717 million. More notably, notwithstanding the weak business environment, RLC closed the first nine months ending September 30, 2020 with EBITDA of Php10.77 billion and Net Income of Php4.40 billion. Amid quarantine procedures and public safety concerns, each of the Company's business units prioritized digital transformation initiatives and generated positive cash flows.

In the first nine months of 2020, consolidated revenues registered at Php20.00 billion, contracting by 11%. The Company's Development Portfolio, accounting for 49% of consolidated revenues, increased by 33% to Php9.84 billion to partially offset the decline from the Investment Portfolio which ended at Php10.17 billion, 33% lower versus the same period last year.

Efforts to streamline operations and manage expenses tempered decline in EBITDA to 14% year-on-year. Increase in depreciation expense caused EBIT to drop by 22% to Php6.94 billion, while interest expense on additional loans availed during the period and unfavorable foreign exchange impact pushed consolidated net income down by 31%.

“We are encouraged by the steady recovery of our businesses on the back of improving trends seen on a quarterly basis, as well as in October. Increasing customer engagement and the sustained interest from external partners give us confidence that business will continue to pick up in the coming months. For the remainder of the year, we will continue to focus on operational recovery while implementing strict safety protocols,” RLC President and CEO, Mr. Frederick Go said.

RLC maintains a strong financial position with total cash and cash equivalents of Php20.77 billion - the highest in history. The Company's net gearing ratio remains low at 0.33x. Total assets stood robust at Php214.34 billion, and Shareholders' Equity at Php102.13 billion.

The **Commercial Centers Division** recorded improvements in operational GLA, number of operating tenants, and foot traffic in the third quarter, albeit not yet at pre-COVID levels. For the first nine months of 2020, it registered Php4.80 billion in revenues, while EBITDA ended at Php3.43 billion. RLC continues to provide rental concessions and discounts to support partner tenants during this challenging time.

Through the sustained operations of BPOs and the strong demand for flexible workspaces, the **Office Buildings Division** continues to thrive amid the economic downturn, growing revenues by 20% to Php4.34 billion for the first three quarters of 2020. EBITDA escalated by 23% to Php3.82 billion while EBIT soared by 26% to Php3.15 billion. The Office Buildings Division continues to increase leasable space and expand its portfolio of flexible workspaces under the *work.able* brand, which currently has operational sites in Pasig and Quezon City.

For its **Residential Division**, RLC recorded Php9.75 billion nine-month revenues, 36% higher versus the same period last year. EBITDA and EBIT accelerated by 57% and 58% to Php3.28 billion and Php3.24 billion, respectively. Sales take-up reached Php5.96 billion. Earlier in the year, the Company launched three new projects worth Php10 billion – the *Sapphire Bloc South* in Ortigas Center and *Sierra Valley Gardens Buildings 1 & 2* located in Cainta, Rizal.

Maintaining its reliability and stability, the **Industrial and Integrated Developments Division** (IID) grew revenues from operational industrial facilities by 101% to Php164 million driven primarily by its two warehouse facilities. EBITDA increased by more than seven-fold each to Php76 million, while EBIT closed at Php36 million. IID currently has total industrial buildings leasable space of 77,000 sqm and continues to add more to its portfolio. Recognized revenues from the sale of commercial and industrial lots reached Php85 million.

The **Robinsons Hotels and Resorts (RHR) Division** developed innovative products in the mold of private offices and affordable, all-in accommodations as a response to unprecedented disruptions caused by the pandemic. RLC's *Working-On-the-Go Private Offices* and *Home-to-Go* products are designed for employees with remote work arrangements and to alleviate struggles amid mobility restrictions and limited public transport. Mainly catering to the essential business sectors as well as temporary accommodations of travelers, RHR managed to post revenues of Php856.4 million in the first nine months.

"As we navigate the path to recovery, we will continue to provide relevant solutions to evolving needs and aspirations in the new norm, while prioritizing the health, safety and well-being of our employees and customers. Together with our partners, we will work towards strengthening corporate agility and sustainability to deliver value to our stakeholders", Mr. Go added.

CHINA BUSINESS CONTINUES TO PERFORM

Overseas, the Chengdu Ban Bian Jie project is doing remarkably well. During the first nine months of the year, RLC was able to acquire sales permits for the second batch of condominium units and duplexes, and all such residential units completely sold out.

CAPEX SPEND AT Php10.41 Billion in 9MCY2020

For the calendar year-to-date, RLC spent Php10.41 billion in capital expenditures. This was utilized for land acquisitions, development of malls, offices, hotels and warehouse facilities, and construction of residential projects for its local operations. CAPEX spend is notably lower due to stringent cash conservation measures, quarantine restrictions, and construction slowdown.

UPDATE: RLC PLANS TO LIST AN OFFICE REIT

To create further opportunities for growth, RLC is looking to list a REIT Company for some of its office assets in CY2021. It plans to infuse a significant number of its existing office buildings into the new REIT Co. Currently, the Company has 25 office buildings with total net leasable area of over 600,000 sqm.

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For further information, please contact:

Rommel L. Rodrigo
Head of Investor Relations
Robinsons Land Corporation

Email: rommel.rodrigo@robinsonsland.com
investor.relations@robinsonsland.com

Tel. no#: +632 8397 1888 loc 3156