

PSE SPOTLIGHT

FEATURING:



Ayala pursues its commitment to the Filipino by aligning itself with the development needs of the country, resulting in a meaningful presence in various spaces. Ayala's Core Value Drivers are in real estate, banking, telecommunications and power. It also has a growing presence in healthcare, logistics and mobility, specifically electric vehicles, as well as investments in industrial technologies, water, education and technology ventures.

Ayala Corporation

Stock Code	AC
Listing Board	Main Board
Sector – Subsector	Holding Firms
Listing Date	Nov 08, 1976
Outstanding Shares	619,807,425
Free Float Level	51.22%
Market Capitalization	P372,504,262,425
P/E Ratio	10.40x
Dividend Yield	1.27%

As of 12 April 2024
Source: PSE Data

[Company Profile](#)

1. What makes the Ayala Corporation an attractive investment for potential investors?

An investment in Ayala is an investment in market-leading enterprises that operate in a majority of the Philippines' fastest growing sectors. Ayala's portfolio gives investors a balanced exposure to Philippine economic growth as it holds both cyclical (Ayala Land and BPI) and defensive names (GLO, ACEN). Ayala likewise owns businesses in some of the country's most exciting sectors, health and mobility. While relatively small today, AC Health and ACMobility hold great potential for growth as they aspire to significantly improve accessibility, affordability, customer experience and sustainability in their respective sectors.

2. What are your company's strategic priorities for the next two to three years?

We anchor our business objectives in shaping a simpler portfolio that has more concentrated bets. We will double down on the winners in terms of capital and other resources. We are going to reconfigure businesses that need adjustments, and exit those where we see little competitive advantage or have limited ability to scale. This will involve driving market leadership and sustainable growth across our core BUs, getting our younger businesses to contribute positive net income, and being more disciplined in our capital allocation. Overall, our aspiration is to hit P65 billion in core net income by 2026.

3. What digital transformation initiatives has the company taken or are currently undertaking? Can you describe how these will be able to contribute to your business and overall competitiveness?

Digital transformation plays a big role in our push to elevate our brands and deliver exceptional quality. While present across all our business units, our digital push is strongest in BPI and GCash. In BPI, its digitalization initiatives have led to a ~40% increase in digital clients since pre-pandemic and meaningful improvement in the banks' cost efficiency, among others. Ultimately, these milestones supported the delivery of BPI's 15.4% ROE in 2023. In GCash, the platform has become a ubiquitous channel for transactions, payments, and much more, fueling a 2.9x rise in its equity earnings contribution to Globe in 2023.

4. What sustainability initiatives does Ayala have in place? How do they align with your long-term goals?

Ayala's sustainability agenda revolves around our ambition to achieve Net Zero Greenhouse Gases by 2050. Our core businesses Ayala Land, BPI, Globe, and ACEN have completed their baselining studies, as well as their roadmaps. We will launch specific initiatives to reduce and better manage our emissions soon. Alongside this, we have a continuing push to develop a Social Impact strategy aimed at building thriving communities and providing meaningful and dignified work.

5. What are the drivers of the underperformance of AC's stock price over the past months?

We believe AC's underperformance stems from two structural issues. First, AC's biggest businesses are all listed in the stock market – this gives investors an alternative to buy their preferred Ayala names individually instead. To solve this, one of AC's priorities is to scale its unlisted businesses and make them profitable, creating a unique value proposition accessible only through AC. Second, Ayala Land's NAV discount which stems from its sizeable landbank and development-heavy business model reflects itself as well in AC's valuation. Ayala Land's initiatives to substantially improve asset utilization and invest in its recurring businesses will directly address this side of the issue.

PSE Spotlight is a short feature about listed companies that are part of PSE STAR Investor Day. The report, which offers a quick overview of a company, includes a description of its business, stock information, as well as answers to five interview questions provided by the company's management team. The interview questions typically revolve around the company's value proposition, business operations and landscape, challenges and opportunities, and strategic initiatives.

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