JG SUMMIT
HOLDINGS, INC.

Built to Thrive

JG Summit Holdings, Inc.
2021 Annual Report





About the Cover

There's a fascinating building technology in Japan called Kumiki – the art of using precise cuts and grooves to build strong wooden structures. This method eschews the need for screws and nails, and has resulted in structures that have lasted for hundreds of years. Kumiki is the perfect metaphor for JG Summit. Its multiple businesses, extensive workforce, and complex worldwide network are harmonized by fixed values and a precise strategy. The result is a business superstructure able to withstand years of headwinds and change.

JGS has always forged ahead, its legacy and roadmap enabling it to withstand all kinds of adverse external forces. If 2021 has achieved anything, it shone a spotlight on how JG Summit runs itself and looks ahead to innovate and future-proof its business. By accelerating transformation through deliberate portfolio decisions, proactive strategy recalibrations, strengthening its core businesses in food, petrochemicals, banking, and real estate, and finding strategic new plays in data, fintech, logistics, and ecommerce, JG Summit masters the present while driving towards a sustainable future. Put it all together and what do you get? Everything in its right place.

It's this kind of seamless integration of principles and action that sets JGS apart. A prospering company joined in exemplary vision and practice. Sturdy in the face of the future, a unified sum of all its incredible parts.

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JGS at a Glance



Key Business Metrics

Encouraging growth in revenues and profitability given partial reopening of the economy

Revenues

PHP 230.6 Billion

13% growth vs SPLY

Consolidated revenues were restated to exclude Oceania.

Core Net Income

PHP 3.5 Billion

672% growth vs SPLY

Core Net Income Excluding CEB

PHP 18.4 Billion

21% growth vs SPLY

Subsidiaries strengthened their financial position

cebu pacific

CEB's financial resilience was driven by its Future Size and Shape program

$1.6 Billion

Total Committed Capital in 2021

RLC successfully listed its REIT company, RL Commercial REIT

PHP 23.4 Billion

Net Proceeds from Institutional and Retail Investors

Universal Robina

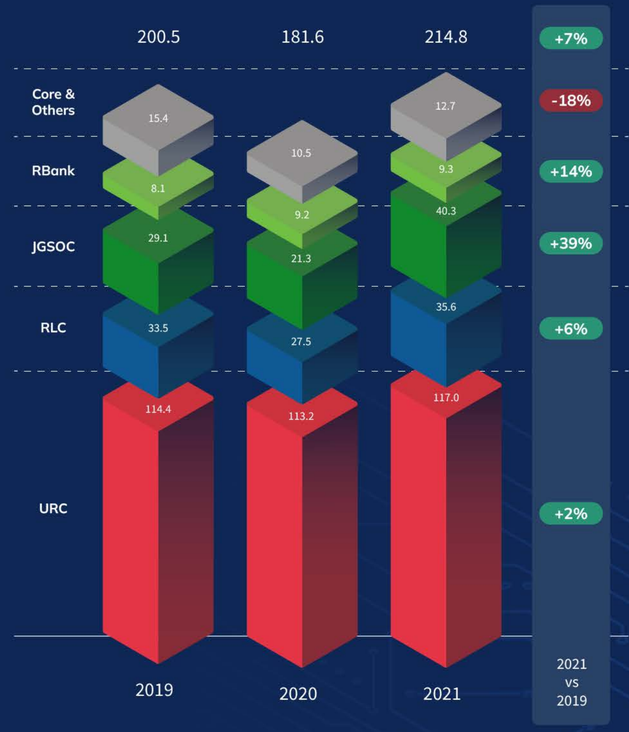
URC is now in a net cash position given the sale of its Oceania business

PHP 1.7 Billion

Net Cash in 2021 (vs Net Debt of Php 22.1B SPLY)

Revenues surpassed 2019 levels excluding CEB

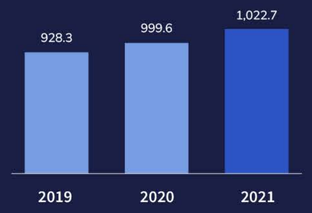
Yearly Revenue in Php Billions



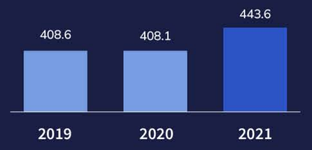
**The decline in URC's revenues was driven by the sale of its Oceania business.*

Fortified balance sheet to weather COVID-19 and beyond

Total Assets (in billion pesos)



Total Equity (in billion pesos)



Healthy Current and Gearing Ratios



Continuous shareholder value creation

3-year Total Shareholder Return of

8%

vs Conglomerate average of -2%

Stable dividends with

PHP 2.9 Billion or Php 0.38 per share

over the year ended December 31, 2021



Chairman's Message

Macroeconomic Environment

The effects of the pandemic continued to hamper global economic activity in 2021 and its impact varied by region and markets. With the rollout of the vaccination program, we have seen a mixed bag of recovery across the developed and developing world. New variants such as Delta further dented economic activities with mobility restrictions in place especially in our home market, the Philippines. We have also seen inflationary pressures coming from the rise in oil prices, peso devaluation and increasing prices of soft commodities (from their low base in 2020) as well as softer demand for products and services given weaker consumer sentiment.

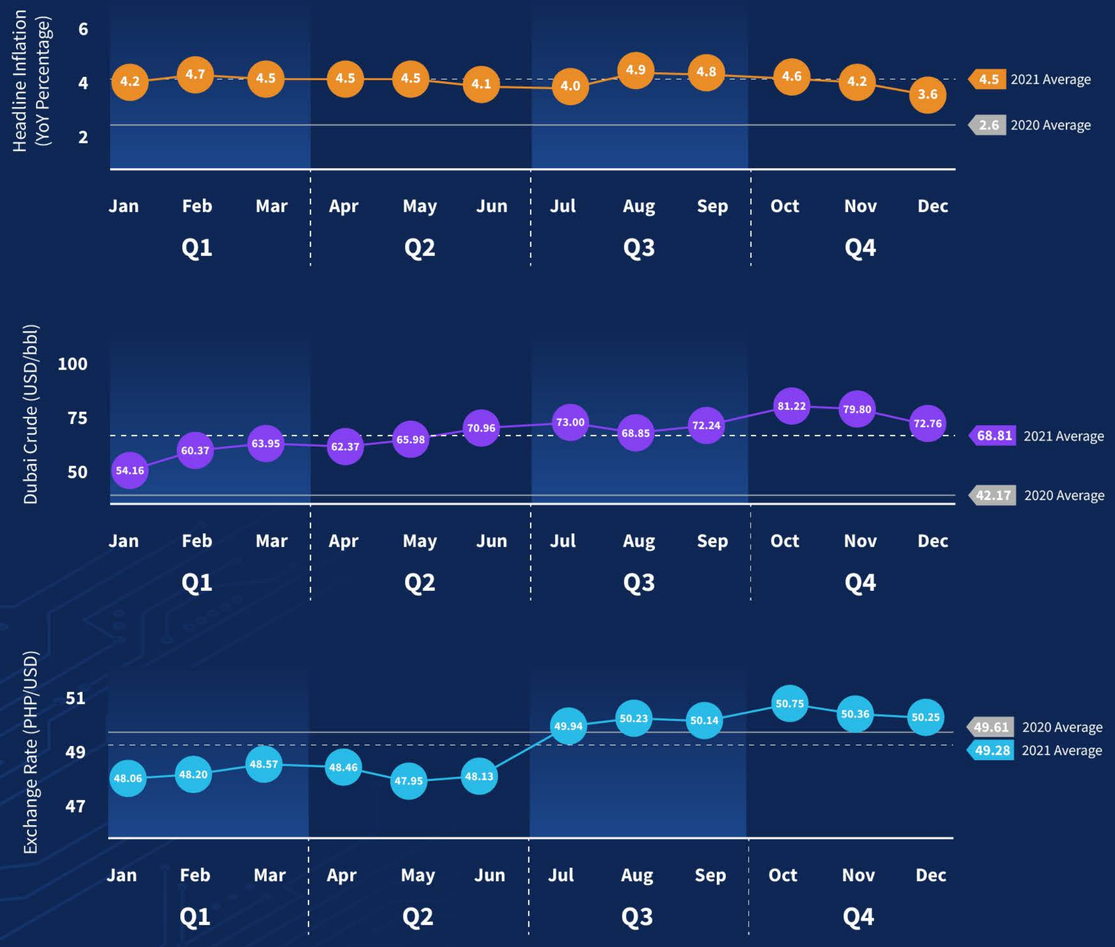
Despite the uncertainty and challenges, JG Summit not only remained resilient, but we continued the work to proactively transform our business via digitalization and continuous innovation aimed to make our products aligned to customer needs and our services easier to access and use. We have also revisited our strategy and recalibrated it to further adjust our business and operating models for the new normal.

Summary of 2021 COVID-19 cases and mobility restrictions



This year with the pandemic still raging on, the Philippines experienced two surges in COVID-19 cases. The first was from the end of March to April, while the second was in September, from the highly-contagious Delta variant. With this situation, many of us spent 2021 in our homes on lockdown, which covered about a quarter of the year in total. These mobility restrictions led to limited operations in our malls and hotels, affecting Robinsons Land Corporation (RLC), and weak travel demand which continued to challenge the performance of Cebu Air, Inc. (CEB).

Weathering heightened inflation, currency depreciation, and volatile energy prices



Sources:
Inflation: https://psa.gov.ph/statistics/survey/price/summary-inflation-report-consumer-price-index-2012100-december-2021
Oil: https://www.indexmundi.com/commodities/?commodity=crude-oil-dubai&months=60
Exchange rate: https://www.bsp.gov.ph/statistics/external/day99.aspx

Apart from continued restrictions and quarantine measures in place, headline inflation rose to 4.5 percent in 2021, up from only 2.6 percent the year before, driven by increases in food, housing, health, transport, and restaurant services. As global economies started to open up, the rise in the demand for oil outpaced supply, leading to price volatility. Combined with strong peso depreciation beginning the third quarter (Q3), this meant a significant increase in input costs for our businesses, particularly Universal Robina Corporation (URC), JG Summit Olefins Corporation (JGSOC), and CEB.

Fortunately, this year we started to see green shoots of recovery. Gross domestic product (GDP) growth turned positive again starting Q2, up from a five-quarter negative streak. Full-year GDP growth reached 5.6 percent, exceeding the expected growth rate of 5.1 percent. In addition, the rollout of the national vaccination program gives us hope for accelerated sequential recovery, with around 49 million individuals fully inoculated as of December 31, 2021. As a result, cases dropped significantly and remained low in the fourth quarter (4Q) pre-Omicron.

The pandemic not only had economic effects, but also became a turning point for the way people live, consume, and work. This year, we saw the continued acceleration of digital, with even more Filipinos becoming digital consumers for the first time. Businesses likewise shifted online, with e-commerce gross merchandise value (GMV) soaring since the start of the pandemic. The workforce has also changed significantly, with focus on work-life balance, flexibility, and well-being becoming increasingly important after a year of work-from-home and hybrid arrangements. Lastly, the pandemic highlighted the importance of health, with more consumers now making health and wellness a priority.

These key trends coupled with the pandemic's economic effects presented a challenge, but also an opportunity for JG Summit to recalibrate our strategy and portfolio. Our major portfolio moves this year are as follows:

Key Portfolio Moves

JGS

JG Summit Holdings, Inc. (JGS) consolidated its power business through the sale of its 30% stake in Global Business Power Corporation (GBP) for Php11.4 billion to Meralco's PowerGen Corporation (MGen), of which JGS retains its 29.6% stake.



URC

Food

Universal Robina Corporation (URC) exited the Australia and New Zealand snack foods business through its sale of Unisnack to the Intersnack Group for $476 million with a healthy gain of $206 million. Later in the year, URC acquired 100% stake in Munchy Food Industries, Malaysia's #1 biscuit brand, which added to its growing presence in ASEAN. It is now URC's third strong arm in ASEAN after Thailand and Vietnam.



RLC

Real Estate

After successfully listing Robinsons Land Corporation's first commercial REIT, RL Commercial REIT (RCR), RLC now has a 63.3% stake in the Philippines largest REIT in terms of market capitalization and portfolio valuation. RLC also completed the turnover of Phase 1 of its Chengdu Ban Bian Jie Project, with total sales at Php10.9 billion.



CEB

Air Transportation

Cebu Air, Inc. (CEB) raised nearly Php12.5 bn from its stock rights offering to strengthen its balance sheet. The company secured a strategic partnership with the International Finance Corporation (IFC) and Indigo Philippines LLC by issuing convertible bonds worth Php12.0 billion, providing the company an ample liquidity runway to continue operations and prepare for the recovery in air travel. Moreover, CEB implemented its Future Size and Shape program, which right-sized its fleet in order to be lean for the new demand.



JGSOC

Petrochemicals

JGSOC officially entered the LPG trading business through Peak Fuel Corporation. The company started commercial operations of its Aromatics Extraction Unit (AEU) in July, and completed the construction of its Butadiene Extraction Unit (BTU) in December. Last year, JGSOC also expanded its existing naphtha cracker plant and PP facility, and by 2022, JGSPG will expand its PE production capacity by an additional 250 kTA using Chevron Phillips technology. The company also obtained SEC approval for the merger of JG Summit Petrochemical Corporation (JGSPC) and JG Summit Olefins Corporation (JGSOC) effective January 1, 2022, with JGSOC as the surviving entity.

RBank

Banking

Robinsons Bank (RBank) expanded its insurance services through its investment in UNICON Insurance. The company also continued to invest in fintech through its stake in GoTyme, the Gokongwei Group's digital banking venture. The neobank is set to launch in 2022.

2022 Outlook

We have started 2022 with the Omicron variant hitting the Philippines early but fortunately the high vaccination rate and upgraded healthcare capacity allowed us to better navigate the situation compared to the previous variants. The move to open up the country and lower quarantine restrictions after the initial surge is expected to drive economic activity and enable our different businesses to benefit strongly from the recovery. The caution though is that macroeconomic challenges remain in place and lately exacerbated by geopolitical tensions. These will have a direct and indirect effect on the shape of the recovery for the country and our group. JG Summit through our culture of agile transformation will continue to be resilient and ready to take advantage of the many opportunities ahead. We have set out clear strategies and made measured but deliberate choices to pivot the business back into sustainable profitable growth in 2022 and beyond. Our entrepreneurial mindset and grit will allow us to thrive in the new normal as we plan to forge ahead in providing our customers with better choices and will continue to create success with our stakeholders.

James L. Go
Chairman





President and CEO’s Report

It has been more than two years since the pandemic has begun disrupting the global economy and our business operations. The progressive rollout of the vaccination program in 2021 has been a positive development but we also continued to ride the waves of challenges given the on and off quarantine levels being implemented in the country. We saw the stability of our food and banking segment, and the sequential quarter-on-quarter recovery of our most challenged businesses such as airline and malls. We exhibited not just resiliency in navigating the year, but also did a lot of work to identify opportunities whether commercial or operational brought about by the crisis. To continue to address the ever-changing needs of our stakeholders, we had to proactively embed a strong emphasis on our thrusts on leadership & people development, digital transformation & customer centricity, and sustainability. We recalibrated our long-term objectives, goals, strategy and measures through a strategy refresh process where we looked at our portfolio and ecosystem synergies group wide to ensure we emerge as a stronger business post-pandemic. With these, we remain optimistic that we are well-positioned to thrive as we head into a more sustainable future.



2021 Performance

We closed 2021 with consolidated revenues of Php230.6 billion, a 13% increase versus the same period last year (SPLY) as the partial reopening of the economy benefited its food, real estate, petrochemicals, and banking segments. Cebu Air, Inc. (CEB) likewise showed strong sequential improvements quarter-on-quarter (QoQ). Core net income rose 672% year-on-year (YoY) to Php3.5 billion, driven by the 46% YoY growth of RLC's profits as well as larger contributions from its core investments in Meralco (MER), Singapore Land Group (SLG), and PLDT. However, there were also headwinds from elevated fuel prices, high inflation, and currency depreciation, which led to narrower operating margins for Universal Robina Corporation (URC), JG Summit Olefins Corporation (JGSOC), and CEB. Nonetheless, URC's gain on the sale of its Oceania business and the benefits of CREATE law boosted the group's total net income to Php5.1 billion.

Excluding our airline business, our consolidated revenues have exceeded pre-pandemic or 2019 levels by 7% while its core net income already reached 96% of its 2019 level.

Key Performances of our Strategic Business Units

Universal Robina

Revenues

PHP **117.0** Billion

3% growth SPLY

- Driven by international and commodities divisions
- Branded Consumer Foods Group Philippines displayed sequential recovery from a muted first half, growing 5% YoY in Q4

  Note: Revenues were restated to exclude Oceania

Net Income

PHP **23.3** Billion

117% growth SPLY

- Pricing actions and OPEX optimization mitigated EBIT margin pressures from unprecedented spikes for key commodity prices
- Gain on sale of Oceania & idle land, and the favorable impact of the CREATE law drove net income expansion

cebu pacific

Revenues

PHP **15.8** Billion

30% decline SPLY

- Comes off from higher comparable numbers especially in 1Q20 before the pandemic; but 4th quarter showed strong improvement from steep Domestic growth driven by continued easing of travel regulations and Christmas peak
- Strong cargo operations cushioned the YoY decline in full year revenues

Net Loss

PHP **24.9** Billion

vs Php22.2B loss SPLY

- Negatively impacted by higher fuel prices, maintenance-related expenses, and interest, as well as by the peso depreciation

Key Performances of our Strategic Business Units

ROBINSONS LAND CORPORATION

Revenues

PHP 35.6 Billion

29% growth SPLY

- Boosted by the contribution from Chengdu, realized sales of Bridgetowne Properties, and higher revenues of the Offices and logistics & warehousing facilities
- Malls and Residential divisions, while still challenged, continued to recover on a quarterly basis with improving footfall in malls, and promising net sales take-up for RLC-owned projects

Net Income

PHP 8.1 Billion

53% growth SPLY

- Boosted by sustained EBITDA recovery across most BUs, the benefits of the CREATE law, as well as the listing of RL Commercial REIT, which enjoys more favorable tax treatment

JG SUMMIT OLEFINS CORPORATION

Revenues

PHP 40.3 Billion

90% growth SPLY

- Strong volumes and higher ASP, as well as supplemental contribution from its LPG trading business and its newly commissioned Aromatics Extraction Unit led to significant topline expansion
- Utilization rates improved considering the planned shutdowns in 1Q20

Net Loss

PHP 2.1 Billion

Vs Php2.0bn loss SPLY

- EBITDA grew faster YoY on the back of strong volumes, offsetting higher naphtha prices. However, higher depreciation cost & interest charges and foreign exchange losses for the period given the depreciation of peso against USD resulted in higher net loss in 2021

Key Performances of our Strategic Business Units

ROBINSONSBANK
A Commercial Bank

Revenues

PHP **9.3** Billion

1% growth SPLY

- Stable gross revenues driven by higher loans (up 14% YoY vs industry's 5% growth), and commission income, offset by lower trading gains

Net Income

PHP **1.2** Billion

33% growth SPLY

- Loan expansion coupled with stable NIMs and better cost to income ratio drove 33% YoY increase in Net Income
- NPL ratio at 3.3% as of end 2021, lower than the total banking industry average of 4.0%

Others

Equitized Earnings

MERALCO

PHP **6.7** Billion

46% growth SPLY

- Strong topline given growth in energy consumption across Residential, Commercial, and Industrial segments
- Impairment loss on Pacific Light in the prior year led to significant net income growth

SINGAPORELAND

PHP **2.7** Billion

8% growth SPLY

- Strong topline given growth in energy consumption across Residential, Commercial, and Industrial segments
- Impairment loss on Pacific Light in the prior year led to significant net income growth

Dividends Received

PLDT

PHP **2.0** Billion

6% growth SPLY

- PLDT raised its annual dividends to Php82 per share vs Php77 per share SPLY as its earnings momentum improves

In addition, our balance sheet remains healthy and robust enough to withstand the effects of the pandemic.



Consolidated Gearing Ratio

0.68



Consolidated Net Debt to Equity Ratio

0.48



Parent Cash

PHP 26.5 Billion



Parent Net Debt

PHP 70.8 Billion

Pivoting Towards a Sustainable Future

Coming from a traditional family company to one of the leading conglomerates in the Philippines, we embarked on a transformation journey over the past five years to ensure growth and innovation and deliver shared success to our stakeholders.

Pre-2018

Growth Through the Years

- We have grown from a traditional family company to one of the largest conglomerates in 60 years
- As JGS grew, ‘Pain points’ became more prominent, rooted in the legacy operating model
- To capture full value and contain risks, we needed to accelerate the pace, quality and breadth of change

2018

Start of a New Journey

- Leadership transition
- Further empowered SBU leadership and reinforced accountabilities
- Built up corporate center units (CCU) and shared services, with increasing role clarity across select functions
- Kicked off a more inclusive and iterative process in crafting long term objectives and goals

2019

Enterprise Transformation

- Established Objectives, Goals, Strategy and Measures (OGSM) as the new Strategic Framework
- Rearticulated our Purpose, Values & Ambition (PVA), and objectives and strategies in the next five years
- Redefined the role and structure of our CCU as well as our governance model

2020

COVID-19 Disruption

- Our solid track record was disrupted given economic slowdown and exposure to impacted industries
- The pandemic became a turning point for how people live, consume, and work
- In line with these, we pivoted our key immediate priorities to the health & safety of our people, operations and supply chain resiliency, cost and liquidity management, and helping our communities to navigate the new normal

2021

OGSM Refresh

- We recalibrated our long-term objectives and strategies to ensure we recover, and take advantage of trends in a post-pandemic environment

The pandemic was a chance for us to leverage on our culture of continuous improvement and innovation in our organization. By committing to an agile, customer-centric, and data-driven work style, we have been able to introduce various products and services to address the changing needs of our stakeholders in a rapidly evolving business environment.

JG SUMMIT HOLDINGS, INC.

- Improved Employee Experience via cutting edge HR platforms
- Launched Internal Customer Satisfaction Survey aimed to embed a strong focus on customers
- Improved overall supplier experience

Universal Robina

- Launched new health and wellness products such as C2 Immuno-C and B'lue with Vitamins range
- Established its Agile Transformation Office to create the building blocks for an agile enterprise
- Launched order Management System (OMS), Global Export Product Availability Dashboard and URC Distributor Network Facebook Page

ROBINSONS LAND CORPORATION

- Launched digital products such as myRLC Homeowner's Portal and Ring Rob Concierge

cebu pacific

- Digitized the entire customer journey from booking to deplaning through its contactless flights
- Maximized the use of its fleet by boosting its cargo operations
- Launched Omni channel experience (Omni X), zero ticketing offices and call center operations in the PH

JG SUMMIT OLEFINS CORPORATION

- Expanded value chain to downstream products through the Philippines' first aromatics and butadiene extraction units

ROBINSONSBANK
A Commercial Bank

- Integrated RRewards for customers nationwide
- Enhanced customers' experience via added savings, e Ayuda, and seamless payroll solutions



This situation also gave us the opportunity to look ahead and future-proof our business. We accelerated the transformation of our businesses through deliberate portfolio decisions and proactive strategy recalibrations from our multi-year transformation program.

We updated our OGSM aligned with our purpose of unrelenting commitment to providing our customers with better choices while creating shared success with our stakeholders.

In order to meet our objective of solidifying our position among the largest conglomerates in the Philippines, we have set our financial goals of doubling our market capitalization, doubling core net income, and generating ROE above the cost of equity. In addition, we have also set non-financial goals of achieving a satisfactory ESG rating from MSCI and Sustainalytics, delivering high levels of employee engagement, and achieving an above-average internal customer satisfaction score. To help us achieve these goals, we have identified areas where we should play and key enablers to help us win which are discussed in other sections of this report.

Closing Remarks

Although 2021 presented challenges to the group, we have seen signs of improvement in the market and recovery in consumer demand for products and services as vaccination rollouts accelerated towards the end of the year. While the sentiment is getting better and the pivot topline back to pre-pandemic levels as the economy opens up, inflationary pressures and volatility will continue and this will have impact on our margins. Our plan is to manage these headwinds through better pricing and cost management measures. In line with our OGSM Refresh, we expect to pivot back to recovery in 2022 and reach pre-COVID levels by 2023 in our total core earnings.

To our employees, communities, customers, business partners and shareholders, on behalf of JG Summit, I would like to thank you for your trust and support in the organization. The road to recovery may still be uncertain, but as we remain to embody our purpose, values and key strategic enablers, we are well positioned not only to navigate the challenges of COVID-19, but also to thrive in the post-pandemic world. I enjoin you all to continue helping us build a more sustainable future for all our stakeholders.

Lance Y. Gokongwei
President & Chief Executive Officer

Leadership



Board of Directors



James L. Go
Chairman



Antonio L. Go
Independent Director



Chief Justice Artemio V. Panganiban, Jr. (Ret.)
Independent Director



Johnson Robert G. Go Jr.
Director



Lance Y. Gokongwei
Director, President and CEO



Jose T. Pardo
Independent Director



Patrick Henry C. Go
Director



Renato T. de Guzman
Independent Director



Robina Gokongwei-Pe
Director

JGS Corporate Center Heads

The corporate center unit (CCU) is designed to enable the holding company and its SBUs in the achievement of their business ambitions. Its mandate is to deliver business results, leverage on the JG ecosystem, and ensure business and organizational sustainability. Its parenting role is characterized by synergy creation and strategic guidance.

Name	Position
Lance Y. Gokongwei	President and Chief Executive Officer
Michael P. Liwanag	Senior Vice President, Investor Relations and Chief of Staff
Bach Johann M. Sebastian	Senior Vice President, Strategic Investment
Maria Celia H. Fernandez-Estavillo	Senior Vice President, General Counsel and Corporate Secretary
Renato T. Salud	Senior Vice President, Corporate Affairs and Sustainability
Aldrich T. Javellana	Senior Vice President and Treasurer
Lisa Gokongwei-Cheng	Senior Vice President, Digital Transformation and Corporate Services
Alan D. Surposa	Senior Vice President and Chief Procurement Officer
Brian M. Go	Chief Finance and Risk Officer
David Gulliver G. Go	Chief Human Resources Officer
Michele F. Abellanosa	Vice President, Corporate Controllership and Chief Compliance Officer, Office of the CFRO
Carlos G. Santos	Vice President, Corporate Services and Chief Information Officer
Rya Aissa S. Agustin	Chief Audit Executive, Corporate Internal Audit
Ian Pajantoy	Data Protection Officer
Andre Ria B. Buzeta-Acero	Assistant Corporate Secretary

Strategic Business Unit Heads



Irwin C. Lee
President and Chief Executive Officer,
Universal Robina Corporation



Frederick D. Go
President and Chief Executive Officer,
Robinsons Land Corporation



Michael B. Szucs
Chief Executive Adviser,
Cebu Air, Inc.



Patrick Henry C. Go
President and Chief Executive Officer,
JG Summit Olefins Corporation



Efren Antonio S. Sarte
President and Chief Executive Officer,
Robinsons Bank Corporation



Elmer “Jojo” Malolos
President and Chief Executive Officer,
Data Analytics Ventures, Inc.
and JG Digital Equity Ventures, Inc.

Corporate Structure

JG Summit Holdings, Inc. (JGS) is one of the largest and most diversified Filipino conglomerates, with market-leading business in wide-reaching industries across the Philippines and Asia. Our portfolio consists of our core businesses, ecosystem synergies, growth businesses, and core investments.



Core Businesses

Highly independent and majority-owned businesses that are market leaders in their respective verticals. We continue to drive the potential of these businesses to generate reasonable growth and returns for the group.

Universal Robina

One of the largest branded consumer food and beverage product, and agro-industrial commodity companies in the Philippines

55.3% Stake

cebu pacific

Largest carrier in the Philippine air transportation industry

66.6% Stake

ROBINSONS LAND CORPORATION

One of the Philippines' leading real estate companies and most reputable developers of mixed-use properties

61.2% Stake

JG SUMMIT OLEFINS CORPORATION*

Largest and only fully integrated Petrochemical complex in the Philippines

100.0% Stake

*Formerly JG Summit Petrochemicals Group; Merger of JG Summit Petrochemical Corporation (JGSPC) and JG Summit Olefins Corporation (JGSOC) was effective last January 1, 2022 with JGSOC as the surviving entity

Ecosystem Plays

Emerging investments that capitalize on JG Summit's broad ecosystem. We enable the core and growth businesses through these synergistic new plays.

Infrastructure

LIPAD
Luzon International Premier Airport Development Corporation

Special purpose company established to manage the operations and maintenance of Clark International Airport

33.0% Stake

Logistics

DHL
in partnership with
JG SUMMIT HOLDINGS, INC.

A joint venture with DHL Supply Chain to deliver world-class domestic transport and integrated logistics park operations

50.0% Stake

Technology

DAVI Data Analytics Ventures, Inc.

JGS' data analytics firm that develops the group's extensive digital lifestyle rewards program and data monetization models

45.2% Stake

Technology

JGDEV

JGS' venture capital arm that invests in and develops digital start-ups targeting the Southeast Asian market

100.0% Stake