



CTS Global Reports 9M2022 Results

November 16, 2022

Financial Highlights:

- CTS outperformed its global equity index benchmarks by 27.1%* in 9M2022 with a 5.0% return** amid the global market rout. The US S&P 500 Index ended the period with -24.8%, HK Hang Seng Index with -26.4%, and PSEi with -19.4%.
- CTS Global booked a net income of Php 70.9 Mil for the first nine months of 2022, higher by 161.4% versus the previous year driven by trading profits, interest income, and tactical foreign exchange positions.
- 9M2022 revenues totaled Php 58.4 Mil, down 45.8% due to volatile global equity market conditions. While gross margins went down to 19.8%, operating expenses also fell by 11.4% with a leaner structure.
- One of CTS' main strategies for the year is to capitalize on the strong US dollar. This resulted in a foreign exchange gain of Php 93.2 Mil.

CTS Global Equity Group, Inc. reported net income of Php 70.9 Mil and revenues of Php 58.4 Mil for the first nine months ending in September 30, 2022. Revenues decreased on lower trading gains from proprietary trading due to global equity market conditions. Margins expanded due to a leaner cost structure and foreign exchange gains. Meanwhile, total operating expenses, which are largely fixed in nature, also decreased by 11.4% YoY to Php 19.7 Mil.

Key Performance Indicators

	9M2022	9M2021
Revenue / Capital Ratio	5.0%	21.1%
Gross Margin	19.8%	34.4%
Net Margin	121.4%	25.2%
Global Trading Revenues (in millions)	Php 8.5	Php 39.6
Local Trading Revenues (in millions)	Php 19.7	Php 53.9
Net Liquid Capital (in millions)	Php 1,954.9	Php 545.8
Risk-Based Capital Adequacy (RBCA) Ratio	1711%	1302%

General Performance

The markets experienced volatility across asset classes for the first nine months of 2022. Starting from the Russia-Ukraine war, global inflation has forced central banks to raise policy rates. This triggered recessionary fears and liquidity problems, causing equity markets to tumble. The benchmark indices of the US, Hong Kong, and the Philippines exhibited year-to-date returns of -24.8%, -26.4%, and -19.4%, respectively.

In comparison to these benchmarks, CTS Global has returned 5.0% over the same period. Breaking down the company's revenues into the markets which it operates in shows the majority of revenues coming from the local markets at 70%, while global trading revenues contributed 30% of total revenues.

Major trends in the global markets of (1) rising commodity prices, (2) interest rate hikes, and (3) strong US dollar have influenced CTS Global's strategic actions. The company has allocated disbursements to global trading (previously held in USD), treasury bills, bonds, and to commodity-driven Indonesia.

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