FIRST PACIFIC

Press Release

2018 FULL-YEAR AUDITED FINANCIAL RESULTS

NET PROFIT UP 9% TO US$131.8 MLN
TURNOVER UP 6% TO US$7.74 BLN
RECURRING PROFIT DOWN 4% AT US$289.5 MLN
CONTRIBUTION FROM OPERATIONS DOWN 6% AT US$393.9 MLN
FINAL DISTRIBUTION UNCHANGED AT 5.5 HK CENTS/SHARE
FULL YEAR DISTRIBUTION UNCHANGED AT 13.5 HK CENTS/SHARE

Hong Kong, 26th March, 2019 – First Pacific Company Limited (HKSE: 00142) ("First Pacific" or the "Company") today reported its audited financial results for the year ended 31st December 2018, showing a 9% rise in net profit as lower non-recurring losses offset a 4% decline in recurring profit. First Pacific's Board of Directors recommended no change to the distribution to shareholders on expectation of improved earnings over the medium term.

Total contribution from operations declined 6% to US$393.9 million from US$420.5 million on lower contributions from most businesses driven largely by currency weakness and adverse commodity prices. Recurring profit declined at a slower 4% pace to US$289.5 million from US$300.0 million on lower corporate overheads, interest expense and other expenses.

First Pacific is a leading investment management and holding company focused on the economies of emerging Asia and is a major or controlling shareholder in the Philippines' biggest/leading telecommunications, infrastructure and mining companies and in Indonesia's biggest vertically-integrated food company as well as in other smaller investments.

Net profit rose 9% to US$131.8 million from US$120.9 million largely as a result of a reduction in non-recurring losses to US$157.8 million from US$195.6 million. Turnover rose 6% to US$7.74 billion from US$7.30 billion on strong sales growth at Metro Pacific Investments Corporation ("MPIC") and PacificLight Power Pte. Ltd. ("PLP").

"When you look past the weakness of the peso and rupiah and the adverse movement in commodity prices you will see that the businesses delivering the main part of our income are well positioned in their markets," said Manuel V. Pangilinan, Managing Director and Chief Executive Officer of First Pacific. "I have every faith in the strength of our core businesses and the outlook for earnings growth."

First Pacific has committed since 2010 to a dividend/distribution payout ratio of at least 25% of recurring profit as a key plank in a capital management program balanced between returns to shareholders and new investments for growth.

"As a sign of our confidence in the outlook for the First Pacific Group over the medium term, we consider it prudent to leave the distribution unchanged on a per-share basis and declare a final distribution of 5.5 HK cents per share," he said. "This will leave our full-year distribution unchanged at 13.5 HK cents in 2018 and represent a payout ratio of 26% of recurring profit."

In U.S. dollar terms, the final dividend recommended by First Pacific's Board amounts to 0.71 U.S. cents per share and brings the full-year regular distribution to 1.73 U.S. cents. Basic earnings per share rose to 3.04 U.S. cents in 2018 from 2.80 U.S. cents per share a year earlier.

Currency movements were a major factor in the decline in contribution from PT Indofood Sukses Makmur Tbk ("Indofood") and PLDT Inc. ("PLDT") as the Indonesian rupiah average exchange rate fell 6.2% in 2018 while the Philippine peso fell 4.4%. Indofood too was buffeted by weakness in market prices for palm oil – the Agribusiness, where profitability is driven by commodity prices, contributed about 17% of Indofood sales last year. Currency weakness alone was responsible for US$20.9 million of the US$26.6 million decline in contribution to First Pacific in 2018.

MPIC saw a 2% rise in contribution to US$120.9 million on strong volume growth in its electricity, toll road and water businesses.

Indofood saw the greatest decline in contribution, to US$134.7 million from US$148.0 million. It was followed by Philex Mining Corp. ("Philex") which saw its contribution fall to US$2.9 million from US$12.7 million a year earlier on lower grades of gold and copper and lower volumes of ore mined.

Next was Goodman Fielder Pty Limited ("Goodman Fielder"), a leading food manufacturer headquartered in Australia but with businesses in New Zealand, Papua New Guinea, China, Fiji and other Australasian markets. Goodman Fielder's contribution declined to US$21.2 million from US$30.3 million as earnings were buffeted by weakness in the Australian dollar – down 3.4% in 2018 – and adverse price movements for the milk and wheat it buys for its dairy and bread businesses.

Earlier this month, First Pacific agreed to sell its 50% stake in Goodman Fielder to its other owner, Wilmar International Limited ("Wilmar"), for US$300 million with proceeds directed to paying US$252 million in bonds maturing in September 2020. The sale was a first and significant step made in a commitment to tighten up the First Pacific portfolio of investments to our core markets and sectors and use resulting proceeds for debt reduction and share repurchases. However, while the sale will deliver significant cash income to First Pacific, it will result in a non-recurring, non-cash accounting loss of about US$280 million in the Company's first-half 2019 financial statements.

PLDT's contribution fell to US$120.7 million from US$124.8 million largely as a result of peso weakness. However, after spending an average of nearly US$1 billion on capital expenditures every year since 2015, PLDT now offers what independent industry observers describe as far and away the best telecommunications services in the country. PLDT is confident of expanding that lead with a further budget of 78 billion pesos for capital expenditures in 2019.

Following contributions from operating companies to First Pacific's earnings, corporate overheads fell to US$23.7 million from US$27.1 million, First Pacific's interest bill fell to US$76.4 million from US$80.9 million, and other expenses fell to US$4.3 million from US$12.5 million. Together these cost savings amounted to US$16.1 million. Foreign exchange gains slipped to US$0.4 million from US$16.4 million in 2017.

Non-cash, non-recurring losses in First Pacific's full-year earnings fell to US$157.8 million from US$195.6 million, consisting largely of an impairment of US$82.1 million for the Company's investment in Philex, PLDT's wireless network assets, including accelerated depreciation (US$25.0 million), and others.

First Pacific received US$202.9 million in dividend and fee income from its operating companies in 2018, up from US$185.5 million received in 2017.

At 31st December 2018, gross debt at the Head Office stood at US$1.64 billion. Fixed-rate debt made up 61% of the total, with floating-rate debt making up the remaining 39%. First Pacific's blended interest cost amounted to 4.7% and the average maturity of its debt was 3.3 years.

OUTLOOK

"Notwithstanding adverse movements in currencies and commodity prices in 2018, our core businesses are doing well while circumstances and experience suggest that the foundation for continued strong earnings is being laid for our core businesses in Indonesia and the Philippines," Pangilinan said.

"Lower borrowings and interest costs will strengthen First Pacific's balance sheet and cash flow going forward, even as we continue reviewing our portfolio of investments with a view to further improving returns and releasing funds to direct towards further debt reduction and share repurchases to boost shareholder returns," he said. "Look for illustration to our disposal of our Goodman Fielder investment earlier this month; while we will be recording a loss on this investment in our first-half 2019 accounts, it will deliver proceeds to be used for cutting our debt and reducing our interest bill."

Further details of earnings by First Pacific's subsidiary and associated and joint venture companies follow.

REVIEW OF OPERATIONS

Indofood reported a 7% decline in core income to Rp4.0 trillion from Rp4.3 trillion a year earlier largely as a result of lower crude palm oil prices offsetting strong sales growth at the Consumer Branded Products business.

More details are available at www.indofood.com.

PLDT reported a 7% decline in core income last year to ₱25.9 billion from ₱27.7 billion in 2017 owing mainly to higher losses at its Voyager business and accelerated depreciation on wireless network assets, partly offset by higher gains on asset sales.

More details are available at www.pldt.com.

MPIC reported a 7% increase in core income to ₱15.1 billion from ₱14.1 billion in 2017 on double-digit contribution growth in spite of continuing regulatory challenges.

More details are available at www.mpic.com.ph.

Philex reported a 64% fall in core income to ₱0.6 billion from ₱1.7 billion in 2017 on lower grades and volumes of ore milled.

More details are available at www.philexmining.com.ph.

Further information and analysis
Attached to this news release are:

- First Pacific's consolidated income statement
- Consolidated statement of financial position
- Contribution and profit summary

More details about the earnings of First Pacific and of its operating companies can be found on www.firstpacific.com under the Investor Relations tab. The 2018 Annual Report will be posted to the website and to shareholders before the end of April 2019.

Corporate Profile
First Pacific is a Hong Kong-based investment management and holding company with operations located in Asia-Pacific. The Company's principal businesses are in consumer food products, infrastructure, natural resources and telecommunications. First Pacific is listed in Hong Kong (HKSE: 00142) and its shares are also available in the United States through American Depositary Receipts (ADR code: FPAFY). For further information, visit www.firstpacific.com.

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CONSOLIDATED INCOME STATEMENT

For the year ended 31 December	2018 US$m	2017 US$m
Turnover	**7,742.4**	7,296.8
Cost of sales	**(5,564.6)**	(5,144.3)
Gross profit	**2,177.8**	2,152.5
Selling and distribution expenses	**(553.4)**	(542.9)
Administrative expenses	**(621.0)**	(609.5)
Other operating (expenses)/income, net	**(63.9)**	10.7
Interest income	**64.6**	55.9
Finance costs	**(422.3)**	(386.5)
Share of profits less losses of associated companies and joint ventures	**319.5**	204.0
Profit before taxation	**901.3**	884.2
Taxation	**(292.6)**	(322.9)
Profit for the year	**608.7**	561.3
Attributable to:		
Owners of the parent	**131.8**	120.9
Non-controlling interests	**476.9**	440.4
	608.7	561.3
	US¢	US¢
Earnings per share attributable to owners of the parent		
Basic	**3.04**	2.80
Diluted	**3.03**	2.80

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At 31 December 2018 US$m	At 31 December 2017 US$m
Non-current assets		
Property, plant and equipment	**5,157.4**	5,321.1
Biological assets	**22.7**	23.1
Associated companies and joint ventures	**4,877.3**	5,203.2
Goodwill	**1,111.5**	1,095.1
Other intangible assets	**4,182.5**	3,659.4
Investment properties	**9.5**	10.1
Accounts receivable, other receivables and prepayments	**16.2**	7.0
Financial assets at fair value through other comprehensive income	**319.4**	-
Available-for-sale assets	**-**	173.6
Deferred tax assets	**195.4**	208.9
Other non-current assets	**749.1**	456.0
	16,641.0	16,157.5
Current assets		
Cash and cash equivalents and short-term deposits	**1,630.8**	2,157.2
Restricted cash	**103.2**	81.1
Financial assets at fair value through other comprehensive income	**289.6**	-
Available-for-sale assets	**-**	60.2
Accounts receivable, other receivables and prepayments	**1,133.9**	1,084.4
Inventories	**942.0**	874.3
Biological assets	**36.1**	39.8
	4,135.6	4,297.0
Assets classified as held for sale	**124.9**	-
	4,260.5	4,297.0
Current liabilities		
Accounts payable, other payables and accruals	**1,362.6**	1,333.9
Short-term borrowings	**2,281.1**	1,460.4
Provision for taxation	**57.3**	65.3
Current portion of deferred liabilities, provisions and payables	**419.8**	396.4
	4,120.8	3,256.0
Liabilities directly associated with the assets classified as held for sale	**19.5**	-
	4,140.3	3,256.0
Net current assets	**120.2**	1,041.0
Total assets less current liabilities	**16,761.2**	17,198.5
Equity		
Issued share capital	**43.4**	43.4
Shares held for share award scheme	**(4.9)**	(8.9)
Retained earnings	**1,582.1**	1,429.2
Other components of equity	**1,463.0**	1,763.4
Equity attributable to owners of the parent	**3,083.6**	3,227.1
Non-controlling interests	**5,626.8**	5,515.4
Total equity	**8,710.4**	8,742.5
Non-current liabilities		
Long-term borrowings	**6,236.8**	6,509.3
Deferred liabilities, provisions and payables	**1,488.9**	1,630.8
Deferred tax liabilities	**325.1**	315.9
	8,050.8	8,456.0
	16,761.2	17,198.5

CONTRIBUTION AND PROFIT SUMMARY

	Turnover		Contribution to Group profit[i]	
For the year ended 31 December US$ millions	**2018**	2017	**2018**	2017
Indofood	**5,136.1**	5,237.5	**134.7**	148.0
PLDT[ii]	**-**	-	**120.7**	124.8
MPIC	**1,575.8**	1,240.8	**120.9**	118.3
FPW[iii]	**-**	-	**21.2**	30.3
Philex[ii]	**-**	-	**2.9**	12.7
FPM Power	**728.6**	565.4	**(6.2)**	(11.0)
FP Natural Resources	**301.9**	253.1	**(0.3)**	(2.6)
Contribution from operations[iv]	**7,742.4**	7,296.8	**393.9**	420.5
Head Office items:				
- Corporate overhead			**(23.7)**	(27.1)
- Net interest expense			**(76.4)**	(80.9)
- Other expenses			**(4.3)**	(12.5)
Recurring profit[v]			**289.5**	300.0
Foreign exchange and derivative gains, net[vi]			**0.4**	16.4
(Loss)/gain on changes in fair value of biological assets			**(0.3)**	0.1
Non-recurring items[vii]			**(157.8)**	(195.6)
Profit attributable to owners of the parent			**131.8**	120.9

(i) After taxation and non-controlling interests, where appropriate.

(ii) Associated companies.

(iii) Joint venture.

(iv) Contribution from operations represents the recurring profit contributed to the Group by its operating companies.

(v) Recurring profit represents the profit attributable to owners of the parent excluding the effects of foreign exchange and derivative gains, (loss)/gain on changes in fair value of biological assets and non-recurring items.

(vi) Foreign exchange and derivative gains, net represent the net gains on foreign exchange translation differences on the Group's unhedged foreign currency denominated net assets/liabilities and the changes in the fair values of derivatives.

(vii) Non-recurring items represent certain items, through occurrence or size, which are not considered as usual operating items. 2018's non-recurring losses of US$157.8 million mainly represent the Group's impairment provisions for assets, including the Group's investment in Philex (US$82.1 million), PLDT's wireless network assets, including accelerated depreciation (US$25.0 million), and Philex's mining assets (US$10.3 million), PLP's provision for onerous contracts (US$11.0 million), Head Office's bond tender and debt refinancing costs (US$10.7 million) and Goodman Fielder's network transformation costs (US$9.3 million). 2017's non-recurring losses of US$195.6 million mainly represent the Group's impairment provisions for assets, including PLDT's wireless network assets (US$15.9 million) and accelerated depreciation for wireless network assets (US$44.1 million), Goodman Fielder's intangible assets (US$14.2 million), the Group's investments in AF Payments Inc. (US$6.5 million) and Indofood's intangible assets in the Beverages business (US$6.4 million), Goodman Fielder's manufacturing network optimization costs (US$15.2 million), Head Office's bond tender and debt refinancing costs (US$14.9 million) and MPIC's loss on remeasurement of its previously held 75.0% interest in Beacon Electric Asset Holdings, Inc. (US$13.5 million), partly offset by MPIC's gain on remeasurement of previously held 60.0% interest in Tollways Management Corporation (US$11.9 million) and its divestment of a 4.5% direct interest in Manila Electric Company (US$6.1 million).