



## **FIRST PACIFIC COMPANY LIMITED**

*(Incorporated with limited liability under the laws of Bermuda)*

# **2021 FULL-YEAR FINANCIAL RESULTS**

## **EARNINGS RISE TO A RECORD HIGH**

## **INCREASED DISTRIBUTION TO SHAREHOLDERS**

*US\$100 Mln Buyback Program Enters Second Year*

*CONTRIBUTION FROM OPERATIONS UP 24% TO US\$506.4 MLN*  
*RECURRING PROFIT RISES 33% TO RECORD HIGH US\$426.5 MLN*  
*NET PROFIT INCREASES 65% TO US\$333.3 MLN VS. US\$201.6 MLN*  
*FULL-YEAR DISTRIBUTION RAISED 31% TO 19.0 HK CENTS/SHARE*  
*12<sup>th</sup> CONSECUTIVE YEAR OF 25% PAYOUT RATIO*  
*BORROWING COSTS FALL TO 12-YEAR LOW*

*Hong Kong, 31<sup>st</sup> March, 2022* – First Pacific Company Limited (HKSE: 00142) (“First Pacific” or the “Company”) today reported its financial results for the year ended 31<sup>st</sup> December 2021, showing record highs for turnover and recurring profit as a gradual recovery from the worldwide COVID-19 pandemic enabled all the companies it is invested in to improve their contribution numbers. In a signal of the Company’s vigorous health, First Pacific’s Board of Directors increased the distribution to shareholders by 31% as the Company’s three-year US\$100 million share repurchase program entered its second year.

“The results we present today underscore the quality of the goods and services provided by the businesses we invest in,” said Manuel V. Pangilinan, Managing Director and Chief Executive Officer of First Pacific. “We have withstood the worst of the COVID-19 pandemic and delivered a second year of earnings growth under challenging conditions. Looking ahead, I cannot but feel a surge of optimism for our prospects and gratitude for the diligence of our colleagues in difficult times.”

First Pacific’s 2021 full-year results saw turnover rise 28% to US\$9.1 billion from US\$7.1 billion a year earlier. Total contribution from investee companies increased 24% to US\$506.4 million versus US\$409.7 million as contributions improved from all invested companies including PT Indofood Sukses Makmur Tbk (“Indofood”), PLDT Inc. (“PLDT”), Metro Pacific Investments Corp. (“MPIC”), and Philex Mining Corp. (“Philex”), as well as a turnaround at PacificLight Power Pte Ltd. (“PLP”).

Recurring profit rose 33% to a record high US\$426.5 million from US\$321.2 million in 2020 as overall Head Office costs fell 10% to US\$79.9 million from US\$88.5 million thanks largely to a 15% fall in the net interest expense as the Company redeemed a seven-year 5.75% bond offering in November 2021, four years before its due date.

In 2021, the Company reported a net profit of US\$333.3 million compared to US\$201.6 million in 2020.

Since 2010 First Pacific has paid a dividend/distribution payout ratio of 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 continuing confidence in the outlook for First Pacific over the medium term, the Board of First Pacific has decided to declare a final distribution of 10.0 HK cents per share, up from 7.5 HK cents per share last year,” Pangilinan said. “Following our higher interim payout, this will increase our full-year distribution to 19.0 HK cents in 2021, up 31% from 14.5 HK cents in 2020 and represent a payout ratio of 25% of 2021 recurring profit.” At First Pacific’s current share price of HK\$3.18, the full-year distribution amounts to a yield of approximately 6%.

In U.S. dollar terms, the final distribution recommended by First Pacific’s Board amounts to 1.28 U.S. cents per share and brings the full-year regular distribution to 2.43 U.S. cents versus 1.86 U.S. cents a year earlier. Recurring basic earnings per share were 9.88 U.S. cents in 2021 versus 7.40 U.S. cents a year earlier.

First Pacific is a Hong Kong-based investment holding company focused on the economies of emerging Asia and is a major shareholder in Indonesia’s biggest vertically integrated food company and in the Philippines’ biggest telecommunications, infrastructure and mining companies.

In parallel with stronger results in 2021, First Pacific’s Board and management focused on sustainability matters, approving new Environment, Social and Governance (“ESG”) policies in acknowledgement of the increasing importance of non-financial reporting to investors and the Company’s wider stakeholder base alike. These included the First Pacific Responsible Investment Policy and Climate Change Policy to demonstrate the Company’s ESG commitment and document the approach to incorporating ESG factors into investment decisions. First Pacific also adopted a number of employee health and welfare policies to keep the Company at the forefront of social leadership in Hong Kong. At the same time, the Company introduced ESG criteria for key performance indicators in the annual bonus algorithm to directly link remuneration to sustainability.

Indofood, the world’s largest maker of wheat instant noodles and the biggest food company listed in Indonesia, saw its contribution rise 22% to a record high US\$237.0 million versus US\$194.4 million a year earlier on surging growth in its noodles business following the 2020 acquisition of Pinehill Company Limited (“Pinehill”), a noodle maker based in Africa, the Middle East and Southeast Europe. All four Indofood businesses – Consumer Branded Products, the Bogasari flour and pasta division, Agribusiness, and Distribution – reported double-digit sales growth in 2021.

The contribution from PLDT, the largest telecommunications services provider in the Philippines, rose 3% to US\$139.1 million from US\$134.9 million as strong demand growth in the Home business lifted net service revenues 6% to a record high 182.1 billion Philippine pesos.

After spending US\$1 billion or more on capital expenditures in every year since 2015, PLDT is seeing its customers respond with explosive growth in demand for data services ranging from residential broadband to mobile streaming and to cloud services and data centers.

The contribution from MPIC rose 16% to US\$98.1 million from US\$84.8 million as economic activity gradually recovered with the easing of community quarantine policies imposed amid the COVID-19 pandemic. MPIC's electricity distribution and toll roads businesses saw higher volumes in 2021 than a year earlier.

For its part, Philex more than doubled its contribution to US\$19.3 million as the average price paid for the copper it produces rose 48% to US\$4.24 per pound while its average realized gold price rose 2% to US\$1,785 per troy ounce.

PLP improved its financial performance in 2021 as electricity demand in Singapore continued its recovery from the COVID-19 lows of 2020 and reached an all-time high. Its revenues doubled to S\$1.6 billion versus S\$786.3 million one year earlier on the strength of higher sales volume and electricity prices while it swung to a core profit of S\$80.7 million versus a core loss of S\$33.6 million in 2020 as the volume of electricity it sold rose over 10% to 5,459 gigawatt hours versus 4,942 gigawatt hours a year earlier.

Following contributions to First Pacific's earnings, corporate overheads rose 6% to US\$20.8 million from US\$19.7 million and the Company's interest bill fell 15% to US\$51.3 million, its lowest level since 2010, versus US\$60.0 million in 2020, while other expenses fell 11% to US\$7.8 million from US\$8.8 million. First Pacific Head Office recorded foreign exchange losses of US\$9.2 million versus a gain of US\$3.7 million a year earlier, while invested companies recorded foreign exchange losses of US\$15.0 million versus gains of US\$30.4 million a year earlier.

In 2021, First Pacific received US\$204.4 million in cash dividend and fee income from the companies it is invested in, up 8% from US\$189.9 million received in 2020, led by PLDT, Indofood, and MPIC.

At 31<sup>st</sup> December 2021, net debt at the Head Office was approximately US\$1.3 billion, little changed from a year earlier, with cash on hand of US\$113 million. Fixed-rate debt made up 65% of the total, with floating-rate debt making up the remaining 35%. First Pacific's blended interest cost amounted to 3.2%, down from 3.5% a year earlier, and the average maturity of its debt was 3.3 years versus 3.9 years at the end of 2020.

## OUTLOOK

"Our financial and operating results could not have brought a better beginning to our fifth decade at First Pacific," Pangilinan said. "We delivered a performance strong enough to support a higher distribution to our shareholders and got our three-year \$100 million share repurchase program underway. We are hopeful that these will find recognition among our shareholders and the wider market.

"Our core holdings of Indofood, PLDT and MPIC continue to move from strength to strength and we are confident in the prospects for these core businesses," he said. "Looking ahead, we expect our financial position to be increasingly robust, built on the solid ground of continued earnings growth."

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

## REVIEW OF OPERATIONS

**Indofood** reported a 35% increase in core profit to a record high Rp8.0 trillion from Rp6.0 trillion a year earlier largely as a result of strong sales growth at all businesses and the inclusion of a full year of contribution from Pinehill, a maker of instant noodles with markets in the Middle East, Africa, and Southeast Europe, acquired in August 2020.

More details are available at [www.indofood.com](http://www.indofood.com).

**PLDT** reported an 8% increase in telco core income to ₱30.2 billion from ₱28.1 billion in 2020 as service revenues climbed to a record high.

More details are available at [www.pldt.com](http://www.pldt.com).

**MPIC** reported a 20% increase in core income to ₱12.3 billion from ₱10.2 billion a year earlier on higher contributions from its toll roads, electricity, and hospitals businesses as demand gradually recovered with the easing of community quarantine measures.

More details are available at [www.mpic.com.ph](http://www.mpic.com.ph).

**Philex** reported a doubling of its core income to ₱2.5 billion from ₱1.2 billion a year earlier on sharply higher copper prices and slightly higher gold prices even as production volumes of both metals declined slightly.

More details are available at [www.philexmining.com.ph](http://www.philexmining.com.ph).

**PLP** swung to a core net profit of S\$80.7 million from a core net loss of S\$33.6 million a year earlier as revenue doubled to S\$1.6 billion from S\$786.3 million on higher electricity prices sparked by increased demand and gas curtailment.



**CONSOLIDATED INCOME STATEMENT**

<b>For the year ended 31 December</b>	<b>2021</b>	<b>2020</b>
	<b>US\$m</b>	<b>US\$m</b>
<b>Turnover</b>	<b>9,103.2</b>	7,130.5
Cost of sales	<b>(6,275.2)</b>	(4,822.2)
<b>Gross profit</b>	<b>2,828.0</b>	2,308.3
Selling and distribution expenses	<b>(704.5)</b>	(619.0)
Administrative expenses	<b>(698.6)</b>	(604.9)
Other operating expenses, net	<b>(274.3)</b>	(50.5)
Interest income	<b>43.5</b>	68.8
Finance costs	<b>(479.2)</b>	(442.6)
Share of profits less losses of associated companies and joint ventures	<b>373.9</b>	280.0
<b>Profit before taxation from continuing operations</b>	<b>1,088.8</b>	940.1
Taxation	<b>(281.9)</b>	(341.6)
<b>Profit for the year from continuing operations</b>	<b>806.9</b>	598.5
Profit for the year from a discontinued operation	<b>88.8</b>	69.1
<b>Profit for the year</b>	<b>895.7</b>	667.6
<b>Profit attributable to:</b>		
Owners of the parent	<b>333.3</b>	201.6
Non-controlling interests	<b>562.4</b>	466.0
	<b>895.7</b>	667.6
<b>Profit attributable to owners of the parent arising from:</b>		
Continuing operations	<b>300.5</b>	181.1
A discontinued operation	<b>32.8</b>	20.5
	<b>333.3</b>	201.6
	<b>US¢</b>	<b>US¢</b>
<b>Earnings per share attributable to owners of the parent</b>		
<b>Basic</b>		
Continuing operations	<b>6.96</b>	4.18
A discontinued operation	<b>0.76</b>	0.47
	<b>7.72</b>	4.65
<b>Diluted</b>		
Continuing operations	<b>6.95</b>	4.17
A discontinued operation	<b>0.76</b>	0.47
	<b>7.71</b>	4.64

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	At 31 December 2021 US\$m	At 31 December 2020 US\$m
<b>Non-current assets</b>		
Property, plant and equipment	3,953.0	4,038.1
Biological assets	23.0	22.2
Associated companies and joint ventures	5,266.2	5,314.4
Goodwill	4,299.0	4,366.3
Other intangible assets	6,040.6	5,927.3
Investment properties	11.1	9.3
Accounts receivable, other receivables and prepayments	55.5	63.9
Financial assets at fair value through other comprehensive income	361.1	426.0
Deferred tax assets	87.0	110.1
Other non-current assets	663.0	687.5
	<b>20,759.5</b>	<b>20,965.1</b>
<b>Current assets</b>		
Cash and cash equivalents and short-term deposits	3,209.3	2,377.8
Restricted cash	53.6	50.2
Financial assets at fair value through other comprehensive income	205.0	3.3
Accounts receivable, other receivables and prepayments	1,327.8	1,073.9
Inventories	950.1	835.6
Biological assets	61.4	55.7
	<b>5,807.2</b>	<b>4,396.5</b>
Assets classified as held for sale	-	1,582.0
	<b>5,807.2</b>	<b>5,978.5</b>
<b>Current liabilities</b>		
Accounts payable, other payables and accruals	1,660.9	1,552.8
Short-term borrowings	1,645.7	1,659.7
Provision for taxation	147.9	180.6
Current portion of deferred liabilities, provisions and payables	1,170.3	593.9
	<b>4,624.8</b>	<b>3,987.0</b>
Liabilities directly associated with the assets classified as held for sale	-	843.8
	<b>4,624.8</b>	<b>4,830.8</b>
<b>Net current assets</b>	<b>1,182.4</b>	<b>1,147.7</b>
<b>Total assets less current liabilities</b>	<b>21,941.9</b>	<b>22,112.8</b>
<b>Equity</b>		
Issued share capital	42.8	43.4
Shares held for share award scheme	(2.0)	(2.4)
Retained earnings	1,936.4	1,604.4
Other components of equity	1,321.4	1,494.6
Equity attributable to owners of the parent	3,298.6	3,140.0
Non-controlling interests	7,314.5	7,488.5
<b>Total equity</b>	<b>10,613.1</b>	<b>10,628.5</b>
<b>Non-current liabilities</b>		
Long-term borrowings	9,482.7	8,973.9
Deferred liabilities, provisions and payables	1,469.3	2,111.3
Deferred tax liabilities	376.8	399.1
	<b>11,328.8</b>	<b>11,484.3</b>
	<b>21,941.9</b>	<b>22,112.8</b>

**CONTRIBUTION AND PROFIT SUMMARY**

For the year ended 31 December US\$ millions	Turnover		Contribution to Group profit <sup>(i)</sup>	
	2021	2020	2021	2020
Indofood	<b>6,925.9</b>	5,583.1	<b>237.0</b>	194.4
PLDT <sup>(ii)</sup>	-	-	<b>139.1</b>	134.9
MPIC	<b>882.5</b>	825.5	<b>98.1</b>	84.8
Philex <sup>(ii)</sup>	-	-	<b>19.3</b>	8.0
FPM Power	<b>1,194.5</b>	571.0	<b>21.8</b>	(2.5)
FP Natural Resources	<b>100.3</b>	150.9	<b>(8.9)</b>	(9.9)
<b>Contribution from operations<sup>(iii)</sup></b>	<b>9,103.2</b>	7,130.5	<b>506.4</b>	409.7
Head Office items:				
– Corporate overhead			<b>(20.8)</b>	(19.7)
– Net interest expense			<b>(51.3)</b>	(60.0)
– Other expenses			<b>(7.8)</b>	(8.8)
<b>Recurring profit<sup>(iv)</sup></b>			<b>426.5</b>	321.2
Foreign exchange and derivative (losses)/gains, net <sup>(v)</sup>			<b>(24.2)</b>	34.1
Gain on changes in fair value of biological assets			<b>1.8</b>	0.1
Non-recurring items <sup>(vi)</sup>			<b>(70.8)</b>	(153.8)
<b>Profit attributable to owners of the parent</b>			<b>333.3</b>	201.6

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

(ii) Associated companies.

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

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

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

(vi) Non-recurring items represent certain items, through occurrence or size, which are not considered as usual operating items. 2021's non-recurring losses of US\$70.8 million mainly represent the Group's impairment provisions for investments and network assets and provision for claims (US\$88.6 million), and the Group's debt refinancing costs (US\$5.7 million), partly offset by MPIC's gains on deconsolidation of Global Business Power Corporation (US\$28.3 million) and disposal of Don Muang Tollway Public Company Limited (US\$9.4 million). 2020's non-recurring losses of US\$153.8 million mainly represent (a) the Group's impairment provisions for assets, including investments in Roxas Holdings, Inc. ("RHI")'s, property, plant and equipment, goodwill, deferred costs and others (US\$74.1 million), loss on disposal of RHI's sugar mill, ethanol plant and other assets in La Carlota, Negros Occidental (US\$15.8 million) and debt refinancing costs (US\$7.5 million), and (b) PLDT's manpower reduction costs (US\$9.5 million) and accelerated amortization for Sun trademark (US\$6.8 million), and PLP's provisions for take-or-pay obligation and onerous contracts (US\$7.4 million).