



## FIRST PACIFIC COMPANY LIMITED

第一太平有限公司

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

# Press Release

**Wednesday, 9 November 2022**

**MPIC's core net income rose 25% to ₱11.8 billion year-on-year;  
3Q2022 up 26% from 3Q2021  
Earnings fueled by strong volume growth trajectory  
Strategic debt management reduces interest costs**

The attached press release was released today in Manila by Metro Pacific Investments Corporation ("MPIC"), in which First Pacific Group holds an economic interest of approximately 45.4% as at 30 September 2022.

MPIC is a leading infrastructure investment and management company. Its shares are listed on the Philippine Stock Exchange and are available for trading in the United States through American Depositary Receipts.

Further information on MPIC can be found at [www.mpic.com.ph](http://www.mpic.com.ph).

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## **Core Net Income Rose 25% to ₱11.8 billion Year-on-Year; 3Q 2022 Up 26% From 3Q 2021**

**Earnings Fueled by Strong Volume Growth Trajectory  
Strategic Debt Management Reduces Interest Costs**

**MANILA, Philippines, November 9, 2022** – Metro Pacific Investments Corporation (PSE:MPI) (“MPIC” or the “Company”) today reported Consolidated Core Net Income of ₱11.8 billion for the first nine (9) months of 2022, a post-pandemic high and up 25% from ₱9.5 billion a year earlier.

Improved financial and operating results of the constituent companies delivered a 17% increase in contribution from operations, mainly driven by a strong recovery in toll road traffic, growth in power consumption, and increase in billed water volumes.

Power accounted for ₱8.9 billion or 58% of net operating income; Toll Roads contributed ₱4.1 billion or 26%; Water contributed ₱2.2 billion or 15%; and the other businesses, mainly Real Estate, Hospitals, Fuel storage, and Light Rail, contributed ₱153 million.

Average interest rates on borrowings have been significantly reduced and resulted in a 7% decline in net interest costs in the first nine months of 2022. This was a result of the Company’s strategic rerating and refinancing of expensive debt facilities amidst rising interest rate environment. Prudent management of cash flows has also allowed MPIC to maintain a strong balance sheet despite the lingering impact of the pandemic, the continuing geopolitical crisis and its consequential impact on inflation and foreign currency.

Reported Net Income attributable to the Parent Company grew 6% to ₱13.1 billion, significantly improving from the first half of the year despite lower nonrecurring income in 2022 compared to 2021, which had the benefit of gains from the sale of Global Business Power (“GBP”) and Don Muang Tollways.

### **3Q 2022 vs. 2Q 2022 HIGHLIGHTS**

MPIC’s Consolidated Core Net Income for the third quarter of 2022 was ₱4.4 billion, 1% higher than in the second quarter, breaking the usual quarter-on-quarter decline of over 20% due to seasonality in previous pre-pandemic years

- Metro Pacific Tollways Corporation’s (“MPTC”) Core Net Income posted a 25% increase for the third quarter reflecting higher traffic and a full quarter’s impact of recently implemented tariff increases
- Real estate segment contributed to the growth with its all-time-high sales
- Fuel storage business benefitted from the appreciation of the US Dollar

### **3Q 2022 vs. 3Q 2021 HIGHLIGHTS**

MPIC’s Consolidated Core Net Income increased 26%

- MPTC’s Core Net Income rose 94% due to higher traffic on all roads and tariff increases for NLEX, SCTEX, and CAVITEX

- Consolidation of Landco in 2022 also contributed to the growth in earnings for the period

## STAND-ALONE PERFORMANCE OF OPERATING COMPANIES – 9M 2022 vs. 9M 2021

### POWER

MPIC's power segment consists of contributions from Meralco, the largest electricity distribution company in the Philippines, and its power generation and engineering subsidiaries.

### MERALCO

#### *Financial and Operational Highlights*

- Total Revenues rose 36% to ₱314.9 billion, reflecting higher volumes distributed and increase in pass-through generation charges
- Total energy sales grew 6% to a record high 36,553 GWh, surpassing pre-pandemic levels
- Core Net Income increased 9% to ₱19.6 billion, driven by higher contribution from the power generation business
  - Meralco PowerGen Corporation ("MGen") contributed ₱3.6 billion, significantly more than the ₱893 million from a year earlier, primarily driven by the contribution of Singapore-based PacificLight Power Pte. Ltd. As of 9M 2022, MGen had a total power generation capacity of 2,251 MW (net)
- Reported Net Income improved 20% to ₱19.8 billion
- Capital expenditures amounted to ₱20.8 billion and was directed at strengthening its distribution networks, improving customer service and developing power generation projects

The full text of Meralco's Earnings Press Release issued on October 28, 2022 is available at <http://www.meralco.com.ph>.

### TOLL ROADS

MPTC operates a network of toll roads in the Philippines and other Southeast Asian markets.

#### *Financial and Operational Highlights*

- Revenues grew 33% to ₱16.4 billion due to a combination of record-high traffic growth and toll increases from the latter part of 2021 to 1H 2022 in the Philippines and Indonesia
- Traffic on toll roads in the Philippines:
  - Average daily vehicle entries rose 23% to 562,791 from 458,971. Average daily vehicle entries on the newly opened CCLEX, stood at 7,941
- Traffic on international toll roads:
  - Vietnam – Average daily vehicle entries increased 86% to 73,243 with the opening of Hanoi Highway in April 2021 and higher mobility from relaxed COVID-19 restrictions
  - Indonesia – Average daily vehicle entries climbed 25% to 262,884 with the opening of the A. P. Pettarani Elevated toll road in Makassar City in May 2021
- The increase in revenues and contribution of equity-accounted toll roads in Indonesia and Vietnam boosted Core Net Income by 51% to ₱4.1 billion

#### *Expansion and Others*

##### PHILIPPINES

- Implemented the following toll rate increases in 2Q 2022:
  - NLEX 2016 petition – 4% (Open System) / 12% (Closed System)
  - CAVITEX 2011 and 2014 petitions; R1 Enhancement – 29%
  - SCTEX 2016 petition – 24%

- Continued construction activities on significant toll projects. Target completion dates are as follows:

Toll Road Projects	Length (In Km)	Construction Cost* (In Billions)	Target Completion
<b>Expansions to existing roads</b>			
CAVITEX – CALAX Link (previously CAVITEX Segment 4 Extension)	1.2	₱2.4	2023
CAVITEX - C5 South Link	7.7	16.4	2023
Cavite-Laguna Expressway	44.6	29.5	2023
<b>Stand-alone road projects</b>			
NLEX-SLEX Connector Road	8.0	20.2	Section 1 – 2022 Section 2 – 2023
<b>TOTAL</b>	<b>61.5</b>	<b>₱68.5</b>	

\*Construction Cost (inclusive of FOE, Security, Financing Cost and Other Costs and exclusive of Concession Fee)

## WATER

MPIC's water business comprises investments in Maynilad, the Philippines' largest water utility in number of customers, and MetroPac Water Investments Corporation ("MPW"), which is building new water businesses outside Metro Manila.

## MAYNILAD

### Financial and Operational Highlights

- Revenues rose 3% to ₱17.1 billion, reflecting a slight improvement in billed volume and higher effective tariffs as commercial and industrial demand returned to growth
- Core Net Income declined 1% to ₱4.7 billion due to higher concession amortization from completed capital expenditure projects
- Capital expenditure amounted to ₱10.3 billion and was largely spent to intensify leak repairs and pipe replacements to conserve water and augment water supply

### Rate Rebasing Updates

The 2023-2027 Rate Rebasing between Maynilad and the MWSS Regulatory Office is nearing its conclusion

- The results of the exercise, including updated targets for key Service Obligations (Water and Wastewater Coverage, Water Service Level and Non-Revenue Water) as well as the undertaking of more than ₱160+ billion worth of capital expenditure projects over the period 2023-2027 have been shared via public consultations
- The proposed Business Plan for the 6<sup>th</sup> Rate Rebasing also involves the "catch-up" implementation in 2023 of inflation adjustments for 2020-2022, followed by a phased implementation of further tariff increases between 2024-2027
- The Business Plan will be submitted to the MWSS Board of Trustees for their consideration and approval shortly

### Clean Water Act ("CWA")

In October 2022, the Supreme Court issued a resolution on Maynilad's Motion for Reconsideration and reduced the total amount of the fine to ₱202 million as consideration for Maynilad's good faith and real efforts to comply with the mandate of Section 8 of the CWA and the recent effectivity of Maynilad's legislative franchise, R.A. 11600, which set to 2037 the attainment of full sewerage and sanitation coverage in its service area.

## LIGHT RAIL

Light Rail Manila Corporation ("LRMC") operates LRT-1, a 20-station light rail line traversing from Pasay to Quezon City in Metro Manila.

### *Financial and Operational Highlights*

- Revenues increased 58% to ₱1.3 billion
  - Average daily ridership rose 76% to 203,914 compared with 116,021 a year earlier, with the allowed operating capacity lifted to 70% in November 2021 and further to 100% in March 2022
- Core Net Loss of ₱494 million was incurred due to the start of amortization of concession assets and borrowing costs

### *Expansion Update*

- Construction activities for the LRT-1 Cavite Extension project are in various stages of development and continue to progress. Since the start of civil works in September 2019, the project completion rate has now reached 74% for Phase 1 of the extension

## **HEALTHCARE**

Metro Pacific Health operates the largest private hospital network in the Philippines with 19 hospitals, 22 outpatient care centers, 6 cancer care centers, 2 allied healthcare colleges, and 1 central laboratory nationwide.

### *Financial and Operational Highlights*

- Revenues declined 4% to ₱14.8 billion due to the decline in COVID-19 cases, which consequently lowered the average revenue per patient
- In-patient admissions rose 25% to 89,455, while out-patient visits grew 15% to 2,690,728
- Consolidated Core Net Income declined 34% to ₱785 million as a result of declining Covid-19 cases, investments in network integration and digitalization, and increases in personnel costs and additional depreciation from completed hospitals' projects

### *Brand Equity Launch*

- On October 12, 2022, the Group announced that the organization will be focusing their efforts on network expansion and rebranding from Metro Pacific Hospitals to Metro Pacific Health as the Heart of Filipino Healthcare
  - The new branding is one of the many things that Metro Pacific Health is doing as part of their blueprint for growth to expand services to better meet customer needs, modernize healthcare with state-of-the-art technology in medical science and data, improve the end-to-end customer experience, and make world-class quality healthcare more accessible to many Filipinos
  - In addition to upgrading infrastructure, procuring new equipment, and expanding product and service offerings, the Group is also looking into digitally transforming the landscape through remote patient monitoring, electronic health record systems, hospital-at-home programs, and other opportunities that will revolutionize patient care in the country

## **INTEGRATED HEALTH AND WELLNESS APP**

MPIC's mWell PH, the country's fastest growing fully integrated health and wellness mobile app is now caring for thousands of patients online. Total cumulative installs/downloads to date since the initial launch in July 2021 are now over 930,000.

In an event held on October 21, 2022, mWell celebrated its many firsts in a little over a year of its pilot launch and announced other pioneering efforts that help redefine not only telemedicine but the entire healthcare landscape.

- mWell is available globally to migrant workers/overseas Filipino workers and is the first to offer the most affordable telemedicine with a free accident insurance package via the Healthsavers Plan
- It is also the first to launch the biggest nationwide digital medical mission with hundreds of volunteer doctors simultaneously providing free consultation all over the country through National mWellness Day
- mWell is also the first to offer a wellness score developed by data scientists – the mWellness Score which measures physical activity, steps, and sleep as well as the first to provide a cutting-edge, full-suite clinic management system designed by doctors for doctors – mWellMD
- It is also the first to provide a portable mobile digital clinic to remote communities in the country – mWell OnTheGo

#### **BALANCE SHEET HIGHLIGHTS – MPIC PARENT** (Inclusive of wholly-owned Beacon Electric Asset Holdings, Inc.)

- Cash and cash equivalents and short-term investments amounted to ₱13.1 billion
- Net debt amounted to ₱70.1 billion versus ₱62.1 billion at year-end 2021

#### **SHARE BUYBACK PROGRAM**

On February 16, 2022, the Board of Directors approved a Share Buyback Program of up to ₱5.0 billion commencing on February 17, 2022, until all budgeted funds are spent, or as may otherwise be determined by the Board.

The Share Buyback Program aims to lift shareholder value and demonstrate the Board's confidence in the Company's value and prospects through the repurchase of its common shares. Approximately ₱3.8 billion (equivalent to over 1 billion shares) of the budget has been utilized to date.

#### **SUSTAINABILITY HIGHLIGHTS**

The MPIC Group has been taking the following steps to manage its economic, environmental, social, and governance (“EESG”) impacts:

##### **Integrating Sustainability with Business Strategy**

- Meralco has committed to secure 1,500 MW of its power requirements from renewable energy sources in the next five years in full support of the Department of Energy's Renewable Portfolio Standards
  - Meralco is finalizing a Power Supply Agreement (“PSA”) with Terra Solar Philippines, Inc. for 850 MW of renewable energy supply to cover Meralco's mid-merit requirement starting in 2026; Energy Regulatory Commission approval is being sought
  - The Competitive Selection Process via competitive challenge for Ahunan Power Inc.'s unsolicited proposal for 500 MW renewable energy to cover Meralco's mid-merit requirement starting March 2026 is on the second round of the bidding process
- Meralco is also accelerating its renewable energy plan of up to 1,500 MW of clean energy capacity in the next five to seven years
  - The 55 MWac plant of PowerSource First Bulacan Solar, Inc. (“BulacanSol”) in San Miguel, Bulacan had an average plant availability of 97.1% and delivered 88 GWh of solar energy to Meralco under a 20-year ERC-approved PSA. Core Net Income as of 9M 2022 was at ₱200.0 million
  - MGen Renewable Energy, Inc. (“MGreen”) is currently constructing a 75 MWac solar plant



in Baras, Rizal in partnership with Mitsui's local unit Mit-Renewables Philippine Corporation; and a 68 MWac solar plant in Ilocos Norte in partnership with Pasuquin Energy Holdings, Inc. of Vena Energy. These are expected to commence operations in the first quarter of 2023

- MPTC was awarded a "Leadership in Energy & Environmental Design" ("LEED") Certification for MPT South Hive, the amenities building of MPTC South Hub
- NLEX Corp. installed two rainwater recovery storage containers in SCTEX rest bays that can store large volumes of rainwater. The installation can reduce water consumption by 9000 liters per week
- NLEX Corp. installed motion sensors for common areas in NLEX and SCTEX offices. 57 out of 95 units have been installed
- LRMC installed additional 611.5 kwp solar photovoltaic panels in its Baclaran depot to further reduce its greenhouse gas emissions

### **Investing in Environmental Protection Programs**

- MPIC supported the livelihood of around 800 members of the City Fisheries Aquatic Resource Management Council by providing fishing boats or *bancas* to eight barangays in Muntinlupa.
  - In a ceremonial turnover last October 11, 2022, MPIC together with Huawei Philippines, Maynilad, the Laguna Lake Development Authority, and the City Government of Muntinlupa, entrusted eight *bancas* to barangays Sucat, Buli, Alabang, Cupang, Bayanan, Putatan, Poblacion, and Tunasan. Maynilad also turned over three solar paddle wheels aerator water treatment system that improves the quality of water in rivers and lakes, to the City's Lake Management Office
  - Beyond utilizing the boats to bolster the livelihoods of these fisherfolk, they will likewise be used to conduct clean-up drives in Laguna Lake, aligned with MPIC, Maynilad, and LLDA's Laguna de Bay Welfare Awareness advocacy ("LAWA") of protecting Laguna de Bay
- Metro Pacific Foundation's Shore It Up! Launched a municipality-wide underwater and coastal clean-up in Mabini, Batangas and collected over 100 kilograms of trash. Waste obtained from the clean-up will be converted into environmental points for MPIC under its waste management program with BEST
- Maynilad conducted a series of river clean-up drives in Muntinlupa City to help improve the quality of water in tributaries that flow into Laguna Lake. More than 1,600 sacks of solid waste were collected by "estero rangers" during the 14-day clean-up drive along the Magdaong and Alabang-Bayanan rivers

### **Aligning with Global Best Practices on Sustainability**

- MPIC won the most coveted Finance for the Future Award for Embedding an Integrated Approach (Listed Companies) at the 10<sup>th</sup> Finance for the Future Awards held on October 4, 2022 in London. A partnership between Accounting for Sustainability, Deloitte, and the Institute of Chartered Accountants in England and Wales, the Finance for the Future Awards recognized organizations and individuals that support the integration of sustainability into financial decision-making. After a rigorous three-stage judging process, MPIC bested seven other international and equally competitive publicly listed companies from across the globe
- MPIC maintained the highest level 'A' rating in the Global Listed Infrastructure Organization/Global Real Estate Sustainability Benchmark ESG Index for Infrastructure for the second straight year – sole recipient in emerging markets category
- MPIC spearheaded the first MVP Group Sustainability Summit held virtually on November 4 and assembled an impressive line-up of global environmental, social and governance experts

from BlackRock, Credit Suisse, EY Singapore and Philippines, International Finance Corporation, McKinsey, Sustainalytics, World Benchmarking Alliance, UBS and United Nations Global Compact. The summit was attended by over 400 participants composed of members of the Board of Directors and Senior Management of the various companies within the MVP Group

“We have always been driven by our purpose to put sustainability at the heart of our group’s business agenda, to ensure our business resilience and to safeguard our existence as humanity. We cannot afford to just watch from the sidelines but rather, we should be at the forefront,” said MPIC’s Chief Finance, Risk and Sustainability Officer Chaye A. Cabal – Revilla. “Just as we are at the forefront of delivering essential services to our nation”.

## CONCLUSION AND OUTLOOK

“Our continuing earnings growth reflects significant volume increases for all our core businesses together with our intense focus on operational efficiencies. This has been achieved on the strength of years of significant investments in improving the quality of our services. We are on track to sustaining our double-digit growth for the rest of the year and achieving our Core Net Income target for full-year 2022 of approximately ₱14 billion,” said MPIC Chairman, President and CEO Manuel V. Pangilinan. “Looking ahead, we will be focusing on unlocking further opportunities in Agriculture in the hopes of helping to address our country’s food security aspirations. We continue to be guided by our vision of achieving the ideal balance between maximizing economic opportunities and enabling solutions to urgent societal challenges.”

### Forward-Looking Statements

This press release may contain “forward-looking statements,” which are subject to risks and uncertainties that could affect MPIC’s business and results of operations. Although MPIC believes that expectations reflected in any forward-looking statements are reasonable, it can give no guarantee of future performance, action, or events.

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**METRO PACIFIC INVESTMENTS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)**  
(Amounts in Peso Millions, except Per Share Amounts)

	Nine Months ended September 30	
	2022	2021
<b>CONTINUING OPERATIONS</b>		
<b>OPERATING REVENUES</b>	<b>₱37,607</b>	<b>₱32,175</b>
<b>COST OF SALES AND SERVICES</b>	<b>(15,753)</b>	<b>(13,700)</b>
<b>GROSS PROFIT</b>	<b>21,854</b>	<b>18,475</b>
General and administrative expenses	(7,563)	(7,328)
Interest expense	(7,319)	(7,054)
Share in net earnings of equity method investees	9,528	7,359
Interest income	676	427
Construction revenue	23,799	19,147
Construction costs	(23,799)	(19,147)
Others	2,833	300
<b>INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS</b>	<b>20,009</b>	<b>12,179</b>
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b>		
Current	2,986	2,187
Deferred	623	(5)
	<b>3,609</b>	<b>2,182</b>
<b>NET INCOME FROM CONTINUING OPERATIONS</b>	<b>16,400</b>	<b>9,997</b>
<b>OPERATIONS OF AN ENTITY UNDER PFRS 5:</b>		
Gain on deconsolidation	–	4,575
Result of operations	–	1,167
	–	5,742
<b>NET INCOME</b>	<b>₱16,400</b>	<b>₱15,739</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS) – NET</b>		
<b>From Continuing Operations:</b>		
To be reclassified to profit or loss in subsequent periods	3,430	(11)
Not to be reclassified to profit or loss in subsequent periods	75	127
	<b>3,505</b>	<b>116</b>
<b>From Operations of an Entity under PFRS 5:</b>		
Not to be reclassified to profit or loss in subsequent periods	–	(21)
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱19,905</b>	<b>₱15,834</b>
<b>Net income attributable to:</b>		
Owners of the Parent Company	₱13,137	₱12,380
Non-controlling interest	3,263	3,359
	<b>₱16,400</b>	<b>₱15,739</b>
<b>Total Comprehensive Income Attributable to:</b>		
Owners of the Parent Company	₱16,271	₱12,331
Non-controlling interest	3,634	3,503
	<b>₱19,905</b>	<b>₱15,834</b>
<b>Total Comprehensive Income Attributable to Owners of the Parent Company:</b>		
From continuing operations	₱16,271	₱7,262
From operations of an entity under PFRS 5	–	5,069
	<b>₱16,271</b>	<b>₱12,331</b>
<b>BASIC AND DILUTED EARNINGS PER COMMON SHARE</b>		
From continuing operations	₱0.4437	₱0.2382
From operations of an entity under PFRS 5	–	0.1664
	<b>₱0.4437</b>	<b>₱0.4046</b>

**METRO PACIFIC INVESTMENTS CORPORATION AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Amounts in Peso Millions)

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents and short-term deposits	P38,346	P49,570
Restricted cash	3,042	1,975
Receivables	9,601	8,272
Other current assets	14,564	12,595
Total Current Assets	65,553	72,412
<b>Noncurrent Assets</b>		
Investments and advances	180,188	169,681
Service concession assets	325,845	300,063
Property, plant and equipment	7,079	6,763
Goodwill	15,323	15,241
Intangible assets	377	337
Deferred tax assets	589	602
Other noncurrent assets	23,833	19,235
Total Noncurrent Assets	553,234	511,922
<b>TOTAL ASSETS</b>	<b>P618,787</b>	<b>P584,334</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and other current liabilities	P40,218	P36,704
Income tax payable	993	949
Due to related parties	88	101
Short-term and current portion of long-term debt	14,042	11,649
Current portion of:		
Provisions	8,687	7,951
Service concession fees payable	5,346	1,098
Total Current Liabilities	69,374	58,452
<b>Noncurrent Liabilities</b>		
Noncurrent portion of:		
Provisions	2,294	3,538
Service concession fees payable	26,877	30,198
Long-term debt	252,433	234,693
Deferred tax liabilities	10,809	9,882
Other long-term liabilities	8,687	10,706
Total Noncurrent Liabilities	301,100	289,017
Total Liabilities	370,474	347,469
<b>Equity</b>		
Owners of the Parent Company:		
Capital stock	31,661	31,661
Additional paid-in capital	68,638	68,638
Treasury shares	(9,060)	(5,705)
Equity reserves	(1,865)	(1,352)
Retained earnings	108,333	98,475
Other comprehensive income reserve	4,721	1,587
Total equity attributable to owners of the Parent Company	202,428	193,304
Non-controlling interest	45,885	43,561
Total Equity	248,313	236,865
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P618,787</b>	<b>P584,334</b>