



HKEx:142  
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# **2009 Annual Results Presentation**

**24 March 2010**

## DEVELOPMENTS IN 2009

### ➤ FY09 Group invested US\$1.3 billion

#### Infrastructure

- MPIC acquired a 14.5% interest in Meralco for a total sum of US\$520m (Philippines)
- Consolidated investment in Meralco in Beacon Electric

#### Telecom

- PLDT, through its subsidiary Piltel, acquired a 20% interest in Meralco (US\$414m) (Philippines)
- Consolidated investment in Meralco in Beacon Electric

#### Natural Resources

- First Pacific acquired an additional 11.4% interest in Philex (US\$111m) (Philippines)
- Two Rivers, First Pacific's Philippine affiliate, acquired 9.2% interest in Philex (US\$202m) (Philippines)
- Philex acquired the remaining 50% equity interest in Silangan (US\$55m) (Philippines)
- Philex increased its stake in Pitkin Petroleum to 21% (US\$14m) (Philippines)

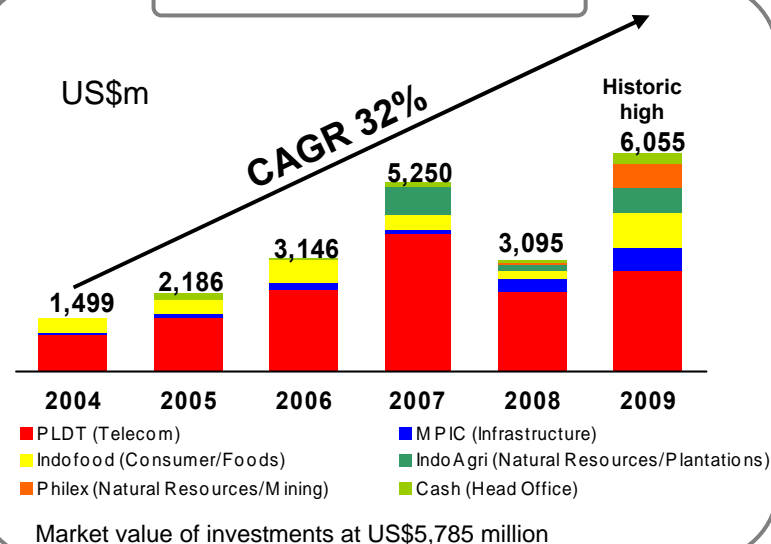
### ➤ Shares bought back in 2009

- PLDT : 2.7 million shares (US\$132m) (approved balance 2.3 million shares)
- Piltel : 41.2 million shares (US\$6.4m) (approved balance 45.3 million shares)

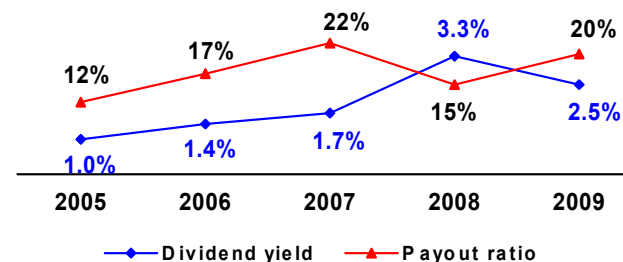
### ➤ Lonsum resold 24m shares from treasury stocks to third parties (US\$18m)

### ➤ First Pacific raised US\$282m and MPIC raised US\$300m of new equity by way of rights issue and placement, respectively

### Gross asset value



### Dividend yield and payout ratio





## SUMMARY OF FY09 RESULTS

	<u>2009</u>	<u>2008</u>	<u>% Change</u>
(US\$m)			
Recurring profit	<b>286.6</b>	\$239.2	+19.8
Profit contribution from operations	<b>335.2</b>	304.4	+10.1
Non-recurring items	<b>81.3</b>	24.5	+231.8
Profit attributable to owners of the parent company	<b>401.6</b>	200.8	+100.0
Turnover	<b>3,925.6</b>	4,105.3	-4.4
(U.S. cents)			
Basic earnings per share - recurring	<b>8.36</b>	7.04 *	+18.8
Basic earnings per share - attributable	<b>11.71</b>	5.91 *	+98.1
Proposed final dividend	<b>1.03</b>	0.77	+33.8
(US\$m, except gearing ratio)	<u><b>31<sup>st</sup> Dec 2009</b></u>	<u><b>31<sup>st</sup> Dec 2008</b></u>	
Equity attributable to owners of parent company	<b>1,916.2</b>	1,130.1	
Consolidated gearing ratio	<b>0.67x</b>	1.06x	
Head office gearing ratio	<b>0.36x</b>	0.47x	

\* Restated in respect of First Pacific's rights issue

## HIGHLIGHTS OF OPERATING PERFORMANCE

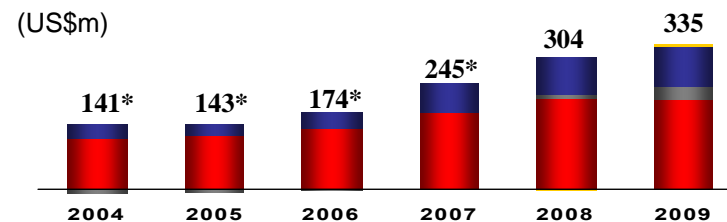
- Recurring profit up 20% to US\$286.6m, historic high contribution from improved performance of subsidiaries and associates
- Reported profit increase 100% to US\$401.6m due to strong operating performance and significantly higher non-recurring gains and higher fair value of plantations
- Contribution of operating units increased

	Sales		Contribution (US\$m)		
	in LC *	in US\$	2009	2008	
PLDT	+2%	-5%	205	211	-3%
MPIC	+2x	+2x	33	7	+3x
Indofood	-4%	-10%	89	88	+2%

\* Local currency

- Dividend income rising, driven by strong operating performance of PLDT
- Increased dividend payout to 20%, fifth consecutive years increase
  - Policy to pay dividend of at least 25% of recurring profit commencing 2010
- Gearing at Company level: 0.36x (2008: 0.47x)
- Gearing on a consolidated basis: 0.67x (2008: 1.06x)
- Company gross debt US\$921m, US\$20m due in 2Q10, US\$50m due in 4Q10, the remainder maturing in 2011, 2012 and 2013

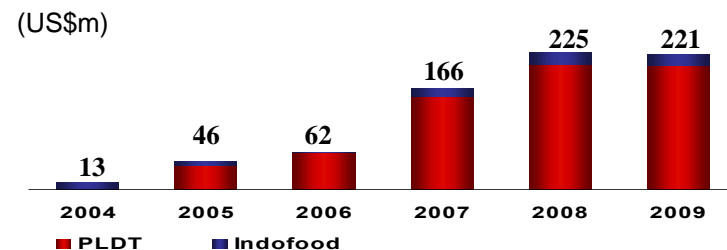
### Contribution



■ PLDT ■ MPIC ■ Indofood ■ Philex

\* Restated

### Dividend Income



■ PLDT ■ Indofood

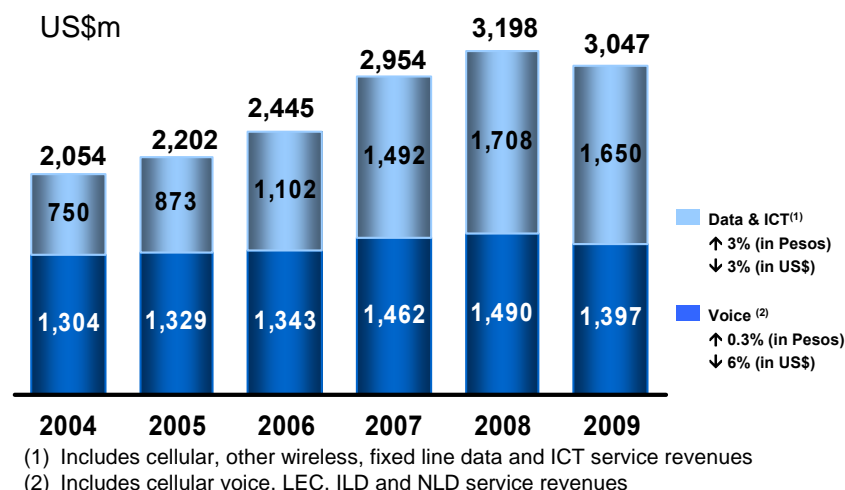
	2004	2005	2006	2007	2008	2009
Consolidated gearing	1.45x	1.12x	0.83x	0.68x	1.06x	0.67x
Holding co gearing	0.10x	0.11x	0.16x	0.35x	0.47x	0.36x

## SOLID AND SUSTAINED PERFORMANCE



- Maintained strategic interest at more than 26%
  - Piltel completed the acquisition of 20% interest in Meralco in July 09 (US\$414m)
- Consolidated service revenues at US\$3,047m (+2% in Peso terms, -5% in US\$ terms)
  - Service revenues from data, cellular, broadband and ICT increased 3% in Peso terms to Pesos 78.9b (US\$1,650m)
  - GSM subscriber base grew 17% to 41.3 million
  - Broadband subscribers (wired and wireless) increased 62% to 1.6 million
- Generated free cash flow of Pesos 44b (US\$920m) despite increased capital expenditures to Pesos 28.1b (US\$588m)
- Gross debt US\$2.2b, net debt US\$1.3b; US\$1.2b maturing in 2013 and onwards
- As at March 2010, bought back 2.7 million shares (up to 5 million shares approved)
- Total dividend for 2009 at Pesos 218 (US\$4.56) representing 70% committed and 30% special payout of core earnings (2008: 100% payout, Pesos 200 (US\$4.48))
- Goals for 2010
  - 3% growth in revenues
  - Slight improvement in core net income

### Service revenues



### Profits and gearing

US\$m	2004	2005	2006	2007	2008	2009
Core net income	511	527	616	766	853	860
Reported net income	560	680	700	785	774	833
Gearing	2.5x	1.0x	0.6x	0.4x	0.4x	0.6x

## POISED FOR SIGNIFICANT GROWTH

### ➤ Strong operating performance

- Water revenues increased 29% as a result of additional connections (+7%) and an increase in billed water volume to 315 million cubic meters (an increase of 11% over 2008)
- Tollways traffic grow 6% as fuel prices fell and marketing efforts (specifically lorries and tourists) gained traction
- Hospital portfolio boosted by contribution of Cardinal Santos management contract and continued improvement in bed turn and diagnostic services
- Power distribution equity accounted for 3 months

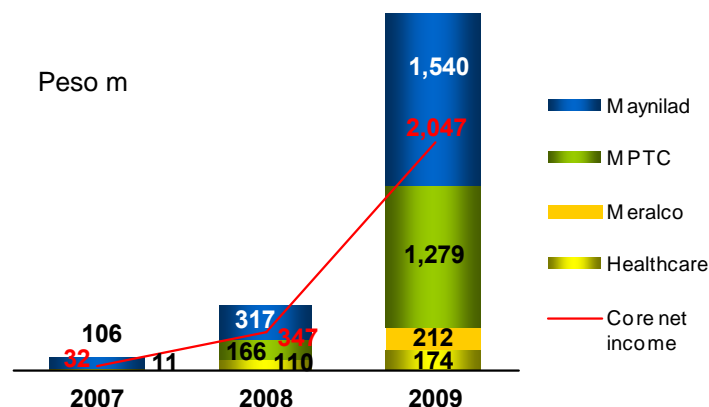
### ➤ Business portfolio transformed

- 58.0% in Maynilad Water Services, Inc. (Maynilad)
- 67.1% in Manila North Tollways Corporation (MNTC)
- 14.5% in Manila Electric Company (Meralco)
- 34.8% in Medical Doctors, Inc. (MDI), operates Cardinal Santos Medical Center
- 34.9% in Davao Doctors Hospital (DDH)
- 35% in Manila North Harbour (MNH)
- Strong capital base; completed in Sept 09 US\$300m equity offering, predominately to long-only investors

### ➤ Goals for 2010

- Consolidate Meralco stake into Beacon Electric
- Build volumes at Maynilad
- Conclude further investments in tollways and secure funding for the extension projects
- Conclude acquisition of a hospital
- Complete the takeover of Manila North Harbour

### Contribution and core net income



### Market cap and gearing

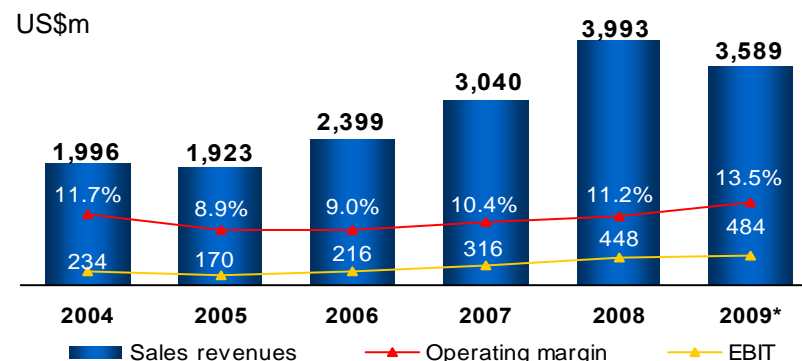
US\$m	2005	2006	2007	2008	2009
Core net income	(8.8)	(6.8)	3.7	7.8	42.8
Reported net income	3.1	(13.6)	(2.4)	11.8	48.1
Market cap <sup>#</sup>	90	122	142	400	1,132.8
Gearing	1.29x	1.88x	1.54x	0.88x	0.54x

<sup>#</sup> As at 19 March 2010, the 6th largest listed holding company in the Philippines

# STRONG GROWTH IN OPERATING PERFORMANCE AND PROFIT

- Sales fell by 10% to US\$3,589m (in US\$ terms) in view of the depreciation of the Rupiah and lower commodity prices
- Core net income (excluding forex and derivative gains/losses and plantations fair value changes) increased by 12% to US\$167m
  - Agribusiness operating margin significantly declined to 15.0% (2008: 17.6%) largely attributable to lower crude palm oil (CPO) prices
  - Consolidated plantations land bank 549,287 hectares (H), planted area 225,077H
  - Bogasari operating margin improved to 9.9% (2008: 8.3%) due to higher volumes
  - Noodles operating margin improved to 11.8% (2008: 4.1%) positively impacted by price increases, volumes and improved product mix
- IT rollout to all distribution points completed

## Sales revenues, EBIT and operating margin



\* Includes contribution from Indolakto since Jan 2009

US\$m	2004	2005	2006	2007	2008	2009
Core net income*	42	53	76	129	149	167
Net income	42	13	72	107	107	201
Dividend	17	5	29	43	43	80
Net debt	705	596	605	833	1,307	1,362
Gearing	1.31x	1.24x	0.98x	0.72x	1.09x	0.83x

\* Excludes forex and derivative gains/losses, plantation fair value changes and severance payments



## FIRST MINING INVESTMENT – PHILEX



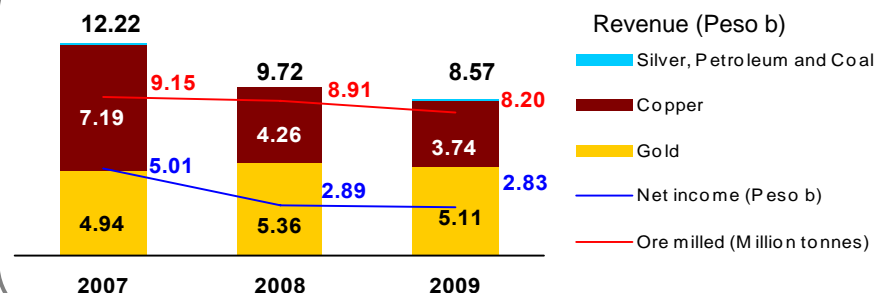
- Operator of the Padcal “block caving” mine for over 50 years
  - Mine life extended to 2017
  - Principal minerals: gold and copper
- 2009 Core net income decreased 25% to US\$2.3m due to lower volume of metals produced in view of mine and milling difficulties offset by higher metal prices
- Environment management: six consecutive years qualified ISO-14001 certification
- Community development: partners with local communities, local government units, government agencies and the academics to provide programs on health, education, livelihood and infrastructure development
- Investments during the year; remaining 50% interest in Silangan (US\$55m), increased stake in Pitkin Petroleum to 21% (US\$14m), in Philex Petroleum (US\$23.6m) and in Forum Energy to 65%

m tonnes	Resources	Reserves
Padcal	163	74
Silangan	224	t.b.d.

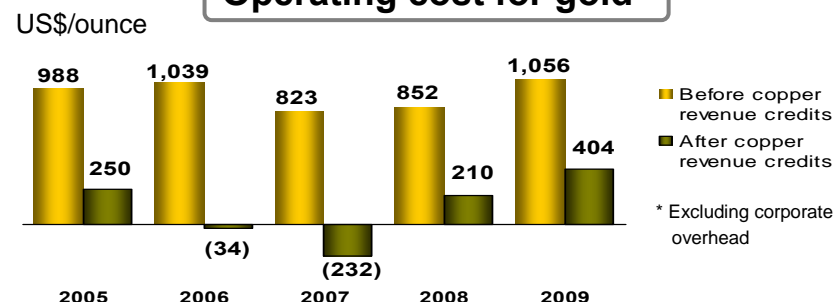
### Goals for 2010

- Improve the output from the Padcal Mine to approximately 9 million tonnes of ore
- Complete the pre-feasibility study of the Silangan Project
- Start commercial operation of the Zamboanga coal mine of Brixton Energy & Mining Corporation
- Further evaluate the opportunities of petroleum/hydro-carbon assets

### Revenue, net income and ore milled



### Operating cost for gold\*



### Average realized prices

US\$	2005	2006	2007	2008	2009
Gold /ounce	430	610	708	788	946
Copper/pound	1.76	3.23	3.47	2.22	2.24



## FOCUS FOR 2010

### ➤ First Pacific goals

- Promote the continuing growth in profitability across all group companies
- Continue to evaluate complementary investment opportunities in telecoms, infrastructure, consumer products and natural resources in the emerging markets of Asia
- Manage capital within the Group's financial resources and overall investment plans to enhance shareholder returns
- Expand mining portfolio
- Strengthen cash resources within the group to enhance shareholder returns

### ➤ Group investments

#### Telecom

- Complete the consolidation of its interest in Meralco to Beacon Electric

#### Infrastructure

- Complete the consolidation of its interest in Meralco to Beacon Electric
- MPIC to extend its tollway portfolio organically and through acquisition
- MPIC to complete the takeover of the Meralco North Harbour

#### Natural Resources

- Complete the pre-feasibility study of the Silangan project
- Start the commercial operations of the Zamboangan coal mine

**Telecoms**

**Infrastructure  
/ Utility/  
Healthcare**

**Consumer/  
Foods**

**Natural  
Resources**

## FINANCIAL PERFORMANCE

US\$ millions	<u>2009</u>	<u>2008</u>	<u>% Change</u>
PLDT	<b>205.3</b>	211.0	-2.7
MPIC	<b>33.0</b>	7.4	+345.9
Indofood	<b>89.2</b>	87.6	+1.8
Philex	<b>7.7</b>	(1.6)	-
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<b>Contribution from operations</b>	<b>335.2</b>	304.4	+10.1
Head Office items:			
- Corporate overhead	<b>(17.6)</b>	(15.9)	+10.7
- Net interest expense	<b>(24.0)</b>	(29.9)	-19.7
- Other expenses	<b>(7.0)</b>	(19.4)	-63.9
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<b>Recurring profit</b>	<b>286.6</b>	239.2	+19.8
Foreign exchange and derivative gains/(losses)			
- Head Office	<b>(3.0)</b>	(6.3)	-52.4
- Operating units	<b>26.7</b>	(40.6)	-
Gain/(loss) on changes in fair value of plantations	<b>10.0</b>	(16.0)	-
Non-recurring items	<b>81.3</b>	24.5	+231.8
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<b>Profit attributable to owners of the parent</b>	<b>401.6</b>	200.8	+100.0
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## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

US\$ millions

### Non-current assets

Property, plant and equipment	<b>1,059.0</b>	808.4	+31.0
Plantations	<b>1,009.2</b>	744.5	+35.6
Associated companies and joint ventures	<b>2,068.0</b>	1,202.3	+72.0
Goodwill	<b>775.2</b>	675.6	+14.7
Other intangible assets	<b>1,728.4</b>	1,538.5	+12.3
Other non-current assets	<b>555.9</b>	413.7	+34.4

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	<b>7,195.7</b>	5,383.0	+33.7
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### Current assets

Cash and cash equivalents	<b>936.6</b>	625.9	+49.6
Pledged deposits and restricted cash	<b>29.2</b>	12.0	+143.3
Available-for-sale assets	<b>40.4</b>	56.9	-29.0
Accounts receivable, other receivables and prepayments	<b>639.1</b>	435.5	+46.8
Inventories	<b>549.2</b>	557.4	-1.5
Other current assets	<b>7.1</b>	128.3	-94.5

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	<b>2,201.6</b>	1,816.0	+21.2
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### Current liabilities

Accounts payable, other payables and accruals	<b>628.2</b>	667.4	-5.9
Short-term borrowings	<b>829.7</b>	1,207.0	-31.3
Other current liabilities	<b>142.4</b>	201.3	-29.3

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	<b>1,600.3</b>	2,075.7	-22.9
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### Net current assets/(liabilities)

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	<b>601.3</b>	(259.7)	-
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### Total assets less current liabilities

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	<b>7,797.0</b>	5,123.3	+52.2
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## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

US\$ millions	31-Dec-09	31-Dec-08	% Change
<b>Equity</b>			
Issued share capital	38.6	32.1	+20.2
Retained earnings	556.4	196.0	+183.9
Other components of equity	1,321.2	902.0	+46.5
Equity attributable to owners of the parent	1,916.2	1,130.1	+69.6
Minority interest	2,122.9	1,245.1	+70.5
<b>Total equity</b>	<b>4,039.1</b>	2,375.2	+70.1
<b>Non-current liabilities</b>			
Long-term borrowings	2,855.6	1,951.7	+46.3
Deferred liabilities and provisions	507.0	432.4	+17.3
Deferred tax liabilities	395.3	364.0	+8.6
	3,757.9	2,748.1	+36.7
	7,797.0	5,123.3	+52.2
Net debt	2,719.5	2,520.8	+7.9
Consolidated gearing (times)	0.67	1.06	-36.8