



FIRST  
PACIFIC

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2010 Half-Year Results

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# SENIOR MANAGEMENT



**Robert C. Nicholson**

*Executive Director*



**Manuel V. Pangilinan**

*Managing Director and CEO*



**Edward A. Tortorici**

*Executive Director*



**Richard L. Beacher**

*Executive Vice President  
Group Financial Controller*



**Joseph H.P. Ng**

*Executive Vice President  
Group Finance*

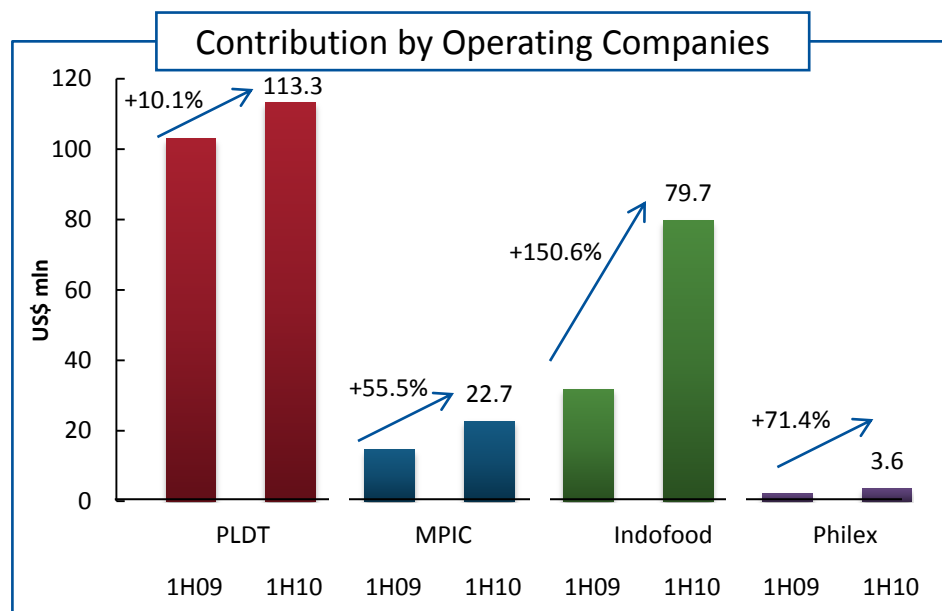
# DOUBLE-DIGIT EARNINGS GROWTH AT ALL COMPANIES

## Contributions by Operating Companies

- PLDT contribution up 10.1% to US\$113.3 mln
- MPIC contribution up 55.5% to US\$22.7 mln
- Indofood contribution up 150.6% to US\$79.7 mln
- Philex contribution up 71.4% to US\$3.6 mln

## Active Management Delivers to Bottom Line

- Recurring profit up 50.5% to US\$191.9 mln vs. US\$127.5 mln
- Reported net income up 14.7% to US\$188.5 mln. vs. US\$164.3 mln
- Turnover up 19.5% to US\$2.16 bln vs. US\$1.81 bln
- All four operating companies delivered increased contribution to Head Office
- End-year contributions from operating companies seen matching or improving on 2009 levels
- Three operating companies paid dividends in the first half of 2010, all expected to pay full-year dividends
- Interim dividend up 50% to 6 HK cents vs. 4 HK cents



## Selected Financial Data

<u>Head Office</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>1H09</u>	<u>1H10</u>
Gearing	0.11x	0.16x	0.35x	0.47x	0.36x	0.44x	0.49x
Consolidated gearing	1.12x	0.83x	0.68x	1.06x	0.67x	0.98x	0.60x
EBITDA/interest expense	3.5x	3.8x	4.8x	4.6x	9.6x	10.6x	12.8x
Interest cover	3.9x	4.2x	4.9x	4.7x	9.6x	10.6x	12.9x
Dividend yield	1.0%	1.3%	1.6%	3.3%	2.4%		
Payout ratio	12%	17%	22%	15%	20%		25%*
Contribution (US\$ mln)	142.5	173.7	244.8	304.4	335.2	151.4	219.3

\*Full year.

# FIRST PACIFIC'S STEADY RETURN OF VALUE

## Asset Management

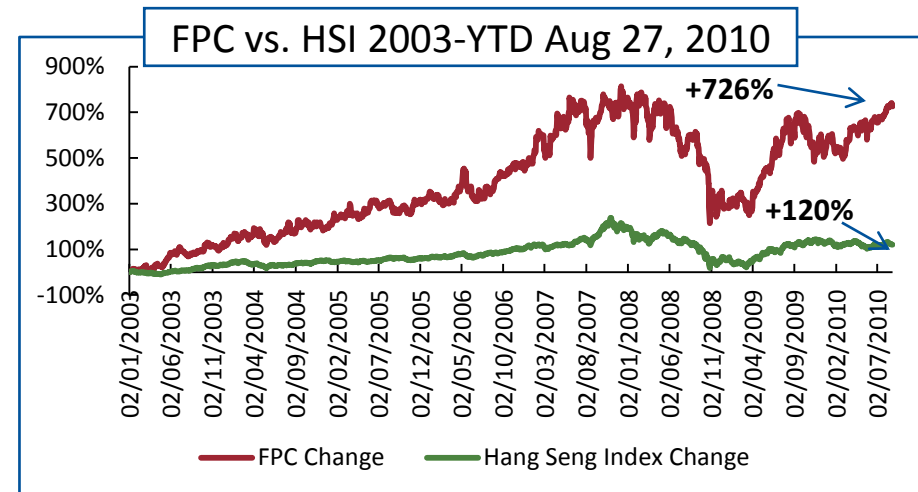
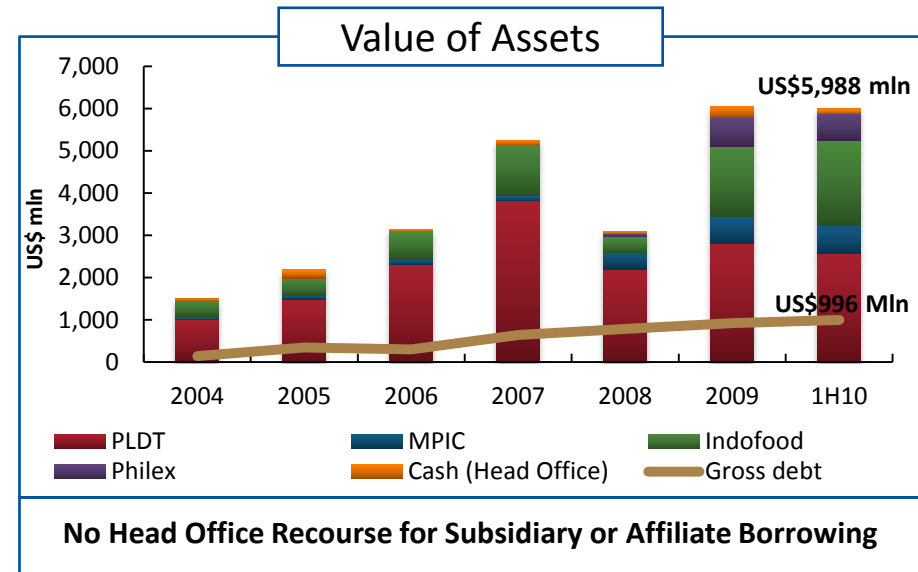
- Asset values steadily increasing over time
- Broader spread of assets over time

## Capital Management a High Priority

- 20% of 2009 recurring profit paid out to shareholders
- Policy of paying a dividend of at least 25% of recurring profit to shareholders from 2010
- US\$130 mln program to repurchase FPC shares over 24 months
- Repurchase program targets up to 10% of the Company's free float; investment to date US\$2.7 mln
- Share price up 13.6% since repurchase announcement

## Conservative Balance Sheet Management

- The FPC Group has invested over US\$2.8 bln in the past two years alone, building and expanding a significant portfolio which now has a value of US\$6 bln
- Substantial asset base supported by only US\$996 mln of borrowing as at June 30 2010
- Conservative leverage management

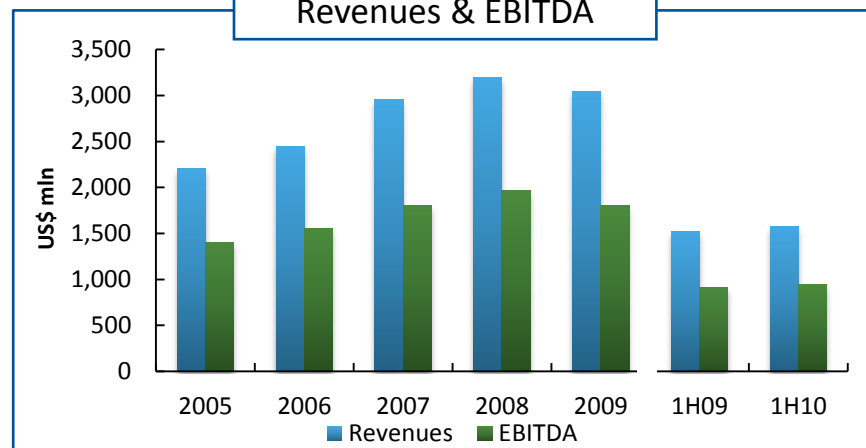


# PLDT DIVIDEND & CORE NET INCOME RISE

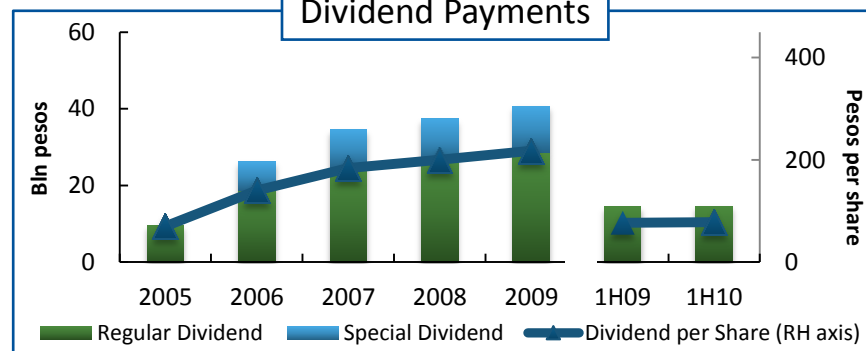
## 1H 2010 Earnings Highlights

- All US\$ figures boosted by 5% appreciation of the average Peso rate against the U.S. Dollar in the period
- Core net income up 7% in US\$ terms or US\$30 mln to US\$463 mln
  - +US\$21 mln of equity share in net earnings of affiliates (principally Meralco)
  - +Fall in PCEV minority interest by US\$13 mln
  - +US\$59 mln increase in service revenues
  - -US\$10 mln rise in net financing costs
- Reported net income up US\$64 mln or 16% to US\$474 mln
  - +US\$30 mln rise in core net income
  - +US\$17 mln net gain from forex revaluation vs. US\$23 mln net loss a year earlier
  - -US\$2 mln increase in asset impairment
  - -US\$5 mln adjustment for noncore items at Meralco
- Consolidated service revenues up 4% in US\$ terms to US\$1.58 bln vs. US\$1.52 bln
- Generated free cash flow of US\$423 mln despite capital expenditure of US\$212 mln
- Regular annual dividend payout of 70% of core net income plus “look back” approach; 100% total payout for the years 2007-2009
- Credit rating of BB+ (stable) by S&P
- Cellular subscriber base rose 18% year-on-year to 45.3 mln, carried by broadband and wireless
- FY 2010 core net income seen higher than Pesos 41.0 bln, up from 2009

### Revenues & EBITDA



### Dividend Payments



### Core Net Income and Gearing

US\$ mln	2005	2006	2007	2008	2009	1H09	1H10
Core net income	527	616	766	853	860	433	463
Dividend	174	512	755	837	851	300	319
Gearing	1.0x	0.6x	0.4x	0.4x	0.6x	0.4x	0.7x

\*2010 end-June: net debt US\$1.4 bln (gross debt US\$2.0 bln, over US\$1.2 bln maturing in 2013 and onwards)

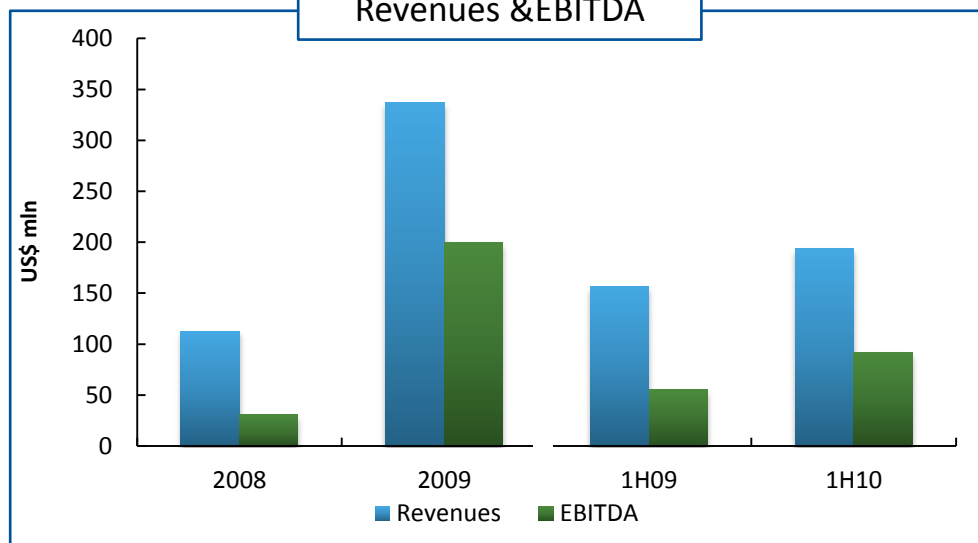
## 1H 2010 Earnings Highlights

- Core net income nearly triples to US\$42.0 mln vs. US\$14.9 mln
- Consolidated revenues rise 24% in US\$ terms to US\$193.4 mln vs. US\$156.2 mln

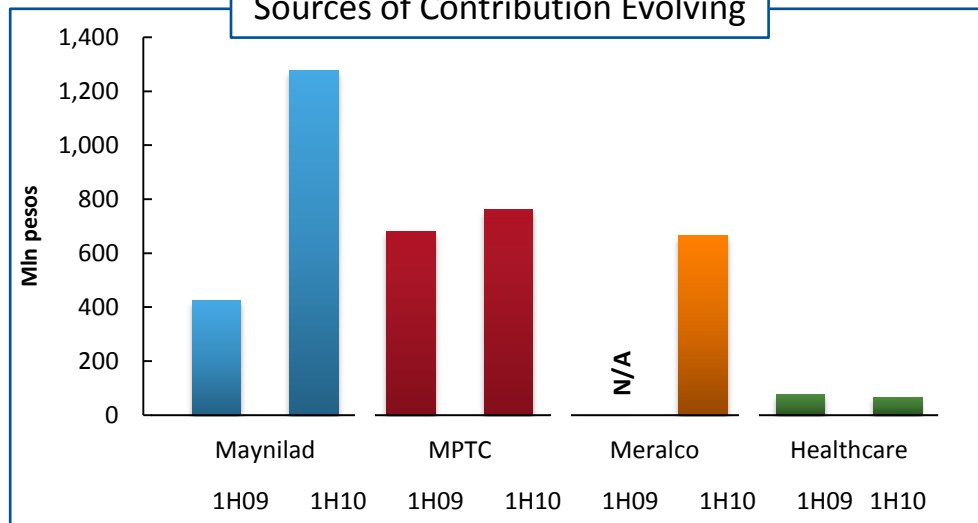
## Portfolio Highlights

- Contribution from Meralco significantly adds to bottom line
- Meralco makes earnings contribution for first full half-year period
- Earlier Maynilad investments beginning to pay off
- Toll roads business sees increase in revenues and core net income, though net income declines on provision for input VAT
- Healthcare contribution declines with fall in student numbers, increase in investment for the future
- Interim dividend declared vs. nil interim in 2009
- Core net income seen reaching Pesos 3.3 bln, up from Pesos 3.0 bln earlier

Revenues & EBITDA

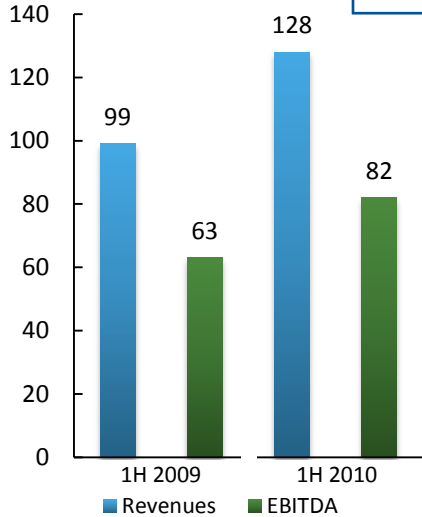


Sources of Contribution Evolving



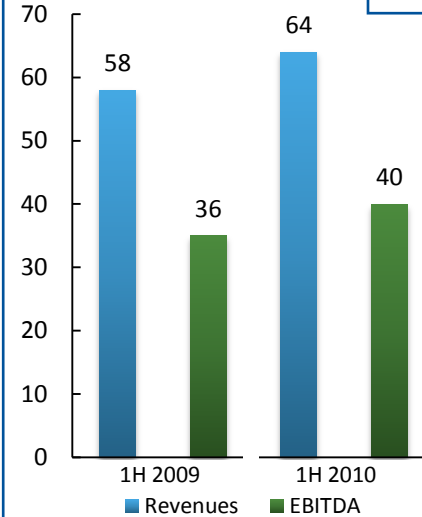
# OPERATING UNITS KICKING INTO GEAR

## Maynilad



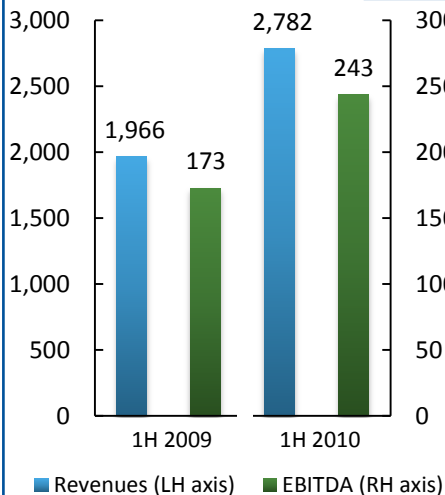
- Dividend payment scheduled for 2010
- Avg. tariff up 14% to Pesos 32.86 per cubic meter
- Billed volume up 10% to 183 mln cubic meters
- Non-revenue water down to 52.8% in June
- Tax holiday to 2015

## MPTC



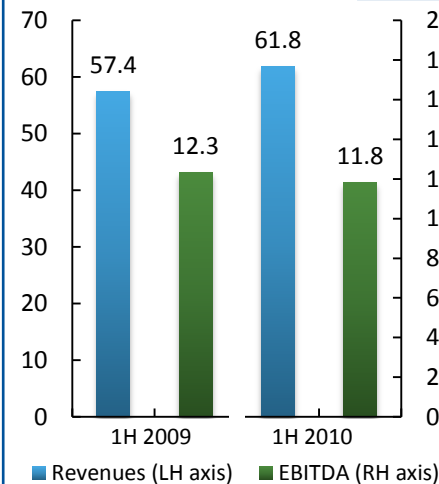
- 100% dividend payout of recurring earnings
- NLEX/SLEX Connector to cut cross-Manila journey time and boost traffic volume
- Growing remittances, GDP and road network seen lifting traffic numbers and length of journeys

## Meralco



- 50% dividend payout plus "look back"
- Energy sales up 14%
- Tariffs up more than 1/3 to P1.49/kWh from 2008 to April 2010
- Strong operational performance
- Solid control by FPC
- Network availability at highest ever

## Healthcare



- Financial turnaround seen following rise in investment
- Further investment to expand hospital network likely before end-2010
- 40% increase in total bed capacity to 1,366 from 979

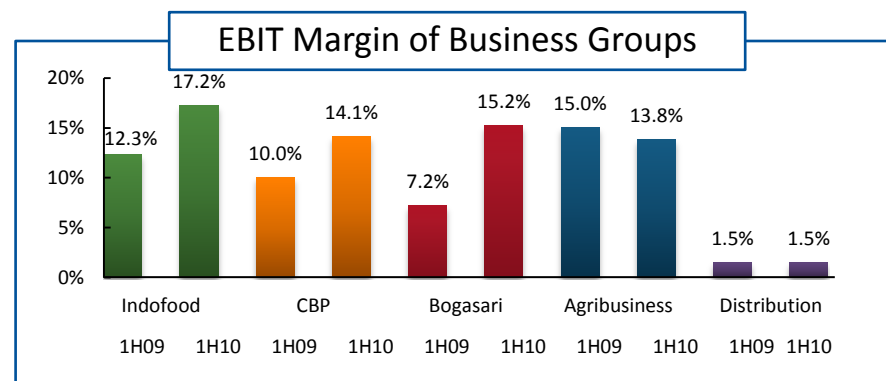
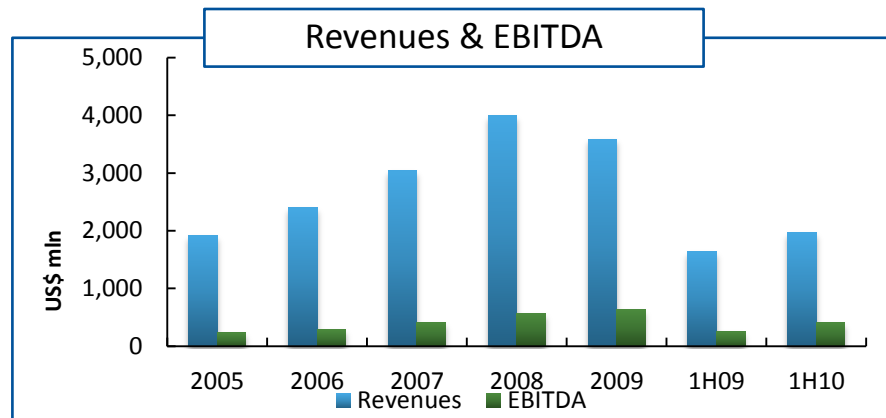


## First-Half 2010 Performance

- Earnings add to six consecutive years of improved financial performance
- EBIT margin increased to 17.2% from 12.3%
- Core net income rose 178% in US\$ terms to US\$150.0 mln vs. US\$54.0 mln
- Net income more than doubled to US\$153.2 mln vs. US\$72.6 mln
- Gearing improved to 0.67x

## Looking to the Future

- Leveraging distribution network to 230 million population, an asset unrivalled in the market
- Organic growth via product innovation and higher distribution penetration, e.g. dairy
- Expanding palm oil and sugar plantation area
- 40% of oil palm trees younger than 7 years
- Strengthening supply chain by enhancing partnerships with farmers
- Expanding production capacity for oil, noodles, sugar and dairy products
- Consumer Branded Products spinoff in 3Q10 to realize value, boost balance sheet by financing debt repayment
- Strong operating margins drive performance



US\$ mln	2006	2007	2008	2009	1H09	1H10
Core net income	84	129	149	167	54	150
Net income	72	107	107	201	73	153
Dividend	29	43	43	80	--	--
Net debt	605	833	1,307	1,362	1,488	1,205
Gearing	0.98x	0.72x	1.09x	0.83x	1.11x	0.67x
EBIT margin	8.9%	10.3%	11.2%	13.5%	12.3%	17.2%



# PHILEX EARNINGS RISE AS ORE VOLUME INCREASES

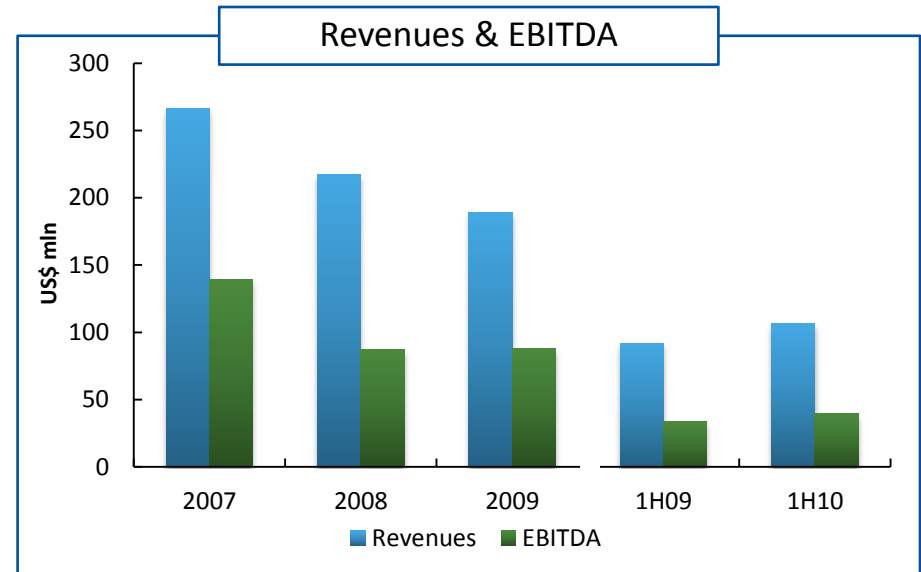
MINING CORPORATION

## First-Half 2010 Performance

- Earnings boosted as higher prices offset lower-quality ore
- Core net income up 9.1% to US\$21.5 mln vs. US\$19.7 mln
- Revenues up 15.6% to US\$106.1 mln vs. US\$91.8 mln
- Interim dividend of 5 centavos per share, representing 25% dividend payout ratio to core earnings
- Debt level maintained at zero, providing flexibility for investment in expansion

## Looking to the Future

- Richer ore scheduled to be mined in 2H 2010
- Aggressive exploration continues around Padcal
- Oil & gas contribution seen rising further after 12-fold increase in 1H 2010 contribution
- Strong copper demand anticipated, particularly in Asia
- New Silangan Project with high grade gold and copper offers transformation of Philex's prospects
  - Gross value of reserves indicated at >US\$20 bln
  - March 2011 primary feasibility study to sharpen production prospects
  - Capex required in the range US\$600—800 mln



**Silangan & Padcal Mineral Resources**

	mt	Cu (%)	Au (g/t)	Cu (mln lb.)	Au (mln oz.)	Gross Value† (US\$ bln)
<b>Boyongan</b>	105	0.80	0.98	1,800	3.3	10.1
<b>Bayugo</b>						
<b>Indicated</b>	86	0.88	0.73	1,700	2.0	8.3
<b>Inferred</b>	33	0.75	0.63	500	0.6	2.4
<b>Total</b>	224	0.82	0.83	4,000	5.9	20.8
<b>Padcal</b>	156	0.24	0.50	807	2.5	5.7

†Gold at \$1,150/oz., copper at 350 US\$/lb. Data as of December 31 2009.

# A VALUE STOCK OFFERING TERRIFIC GROWTH PROSPECTS

## Mission

- Unlock value, promoting cashflow upstream to deliver dividend returns (minimum 25% payout) and further investment in value-enhancing businesses

## Performance

- 1H 2010 results demonstrate breadth and quality of performance by operating businesses
- Objective financial data emphasize the value of First Pacific Company compared to its peers
- Share price up 21.9% YTD August 27, 2010 while Hang Seng Index down 5.8%

## Strong Performance Likely to Continue

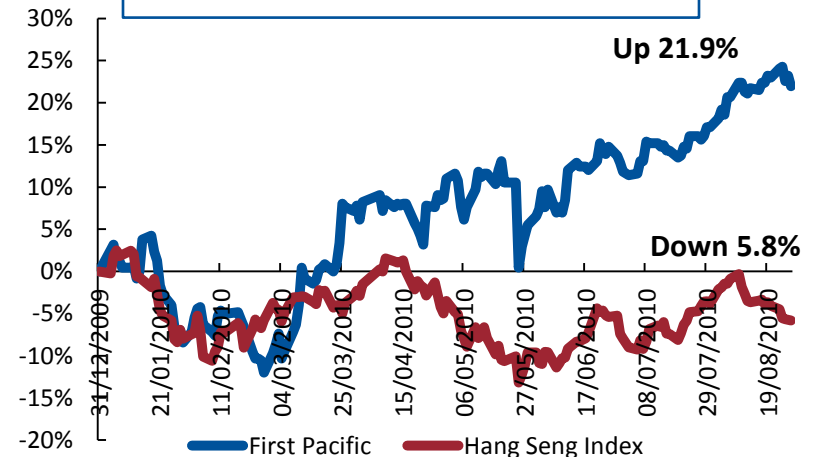
- Criteria for earnings growth are in place
- FPC Group companies operate in rapidly growing markets
- Growth at operating level is in hand as efficiencies continue to be gained

FPC Compared to Its Peers

Name	Total Return (YTD %)	P/E Ratio	Return on Equity (%)
Wharf Holdings	-5.11%	6.57	16.30%
Hutchison Whampoa	12.88%	16.91	5.44%
Swire Pacific "A"	2.06%	4.59	20.41%
Citic Pacific	-22.17%	6.99	14.27%
Ayala Corporation	-3.13%	25.06	7.14%
<b>Average</b>	<b>2.46%</b>	<b>20.90</b>	<b>13.79%</b>
<b>FIRST PACIFIC CO</b>	<b>23.99%</b>	<b>6.53</b>	<b>26.37%</b>

Source: Bloomberg RV function, August 29, 2010.

FPC & HSI Share Performance YTD



Source: Bloomberg, Dec. 31, 2009 to Aug. 27, 2010.

# APPENDIX

# CONTRIBUTION SUMMARY

	Turnover		Contribution to Group Profit <sup>(i)</sup>	
	2010	2009	2010	2009
<b>For the six months ended 30 June</b>				
US\$ millions				
PLDT <sup>(ii)</sup>	-	-	113.3	102.9
MPIC	193.4	156.2	22.7	14.6
Indofood	1,968.1	1,652.9	79.7	31.8
Philex <sup>(ii)</sup>	-	-	3.6	2.1
<b>From Operations</b>	<b>2,161.5</b>	<b>1,809.1</b>	<b>219.3</b>	<b>151.4</b>
Head Office items:				
– Corporate overhead			(8.5)	(7.8)
– Net interest expense			(15.5)	(11.7)
– Other expenses			(3.4)	(4.4)
<b>Recurring Profit</b>			<b>191.9</b>	<b>127.5</b>
Foreign exchange and derivative gains <sup>(iii)</sup>			5.6	3.3
Gain on changes in fair value of plantations			1.1	8.4
Non-recurring items <sup>(iv)</sup>			(10.1)	25.1
<b>Profit Attributable to Owners of the Parent</b>			<b>188.5</b>	<b>164.3</b>

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

(ii) Associated companies.

(iii) Foreign exchange and derivative gains represent the gains on foreign exchange translation differences on the Group's unhedged foreign currency denominated borrowings and payables and the changes in the fair values of derivatives.

(iv) 1H10's non-recurring losses of US\$10.1 million mainly represent the Group's share of Meralco's non-recurring losses, and provision and write-off of certain assets. 1H09's non-recurring gains of US\$25.1 million mainly represent Maynilad's reversal of provision for deferred credits following a resolution of the issue of new tariff rates with the regulator.

# CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June	2010	2009
	US\$m	US\$m
<b>Turnover</b>	<b>2,161.5</b>	1,809.1
Cost of sales	<b>(1,384.8)</b>	(1,279.8)
<b>Gross profit</b>	<b>776.7</b>	529.3
Gain on disposals and dilutions	<b>1.5</b>	-
Distribution costs	<b>(174.6)</b>	(137.8)
Administrative expenses	<b>(175.7)</b>	(138.5)
Other operating (expenses)/income, net	<b>(7.5)</b>	96.9
Net borrowing costs	<b>(118.2)</b>	(110.7)
Share of profits less losses of associated companies and joint ventures	<b>141.2</b>	114.1
<b>Profit before taxation</b>	<b>443.4</b>	353.3
Taxation	<b>(86.8)</b>	(52.7)
<b>Profit for the period from continuing operations</b>	<b>356.6</b>	300.6
Profit for the period from a discontinued operation	-	2.7
<b>Profit for the period</b>	<b>356.6</b>	303.3
<b>Attributable to:</b>		
Owners of the parent	<b>188.5</b>	164.3
Non-controlling interests	<b>168.1</b>	139.0
	<b>356.6</b>	303.3
 <b>Ordinary share dividend - Interim</b>		
HK6.00 cents (U.S. 0.77 cent)		
(2009: HK4.00 cents or U.S. 0.51 cent) per share	<b>29.9</b>	16.5

# CONDENSED CONSOLIDATED INCOME STATEMENT (CONT'D)

For the six months ended 30 June	2010	2009 (Restated) <sup>(i)</sup>
	US¢	US¢
<b>Earnings per share attributable to owners of the parent</b>		
Basic		
- For profit from continuing operations	4.88	4.76
- For profit from a discontinued operation	-	0.09
- For profit for the period	4.88	4.85
Diluted		
- For profit from continuing operations	4.75	4.70
- For profit from a discontinued operation	-	0.09
- For profit for the period	4.75	4.79

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) At 30 June 2010 US\$m	(Audited) At 31 December 2009 US\$m
<b>Non-current assets</b>		
Property, plant and equipment	1,151.3	1,059.0
Plantations	1,086.4	1,009.2
Associated companies and joint ventures	2,305.3	2,068.0
Goodwill	793.8	775.2
Other intangible assets	1,811.2	1,728.4
Accounts receivable, other receivables and prepayments	8.2	6.6
Prepaid land premiums	190.2	183.0
Available-for-sale assets	2.1	2.1
Deferred tax assets	72.9	58.3
Other non-current assets	240.4	305.9
	<u>7,661.8</u>	<u>7,195.7</u>
<b>Current assets</b>		
Cash and cash equivalents	889.8	936.6
Restricted cash and pledged deposits	29.3	29.2
Available-for-sale assets	47.0	40.4
Accounts receivable, other receivables and prepayments	471.1	639.1
Inventories	558.5	549.2
Assets held for sale	7.1	7.1
	<u>2,002.8</u>	<u>2,201.6</u>
<b>Current liabilities</b>		
Accounts payable, other payables and accruals	718.3	628.2
Short-term borrowings	865.9	829.7
Provision for taxation	65.0	68.9
Current portion of deferred liabilities and provisions	69.0	73.5



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

	1,718.2	1,600.3
<b>Net current assets</b>	284.6	601.3
<b>Total assets less current liabilities</b>	7,946.4	7,797.0
Equity		
Issued share capital	38.8	38.6
Retained earnings	704.2	556.4
Other components of equity	1,335.9	1,321.2
Equity attributable to owners of the parent	2,078.9	1,916.2
Non-controlling interests	2,278.8	2,122.9
<b>Total equity</b>	4,357.7	4,039.1
<b>Non-current liabilities</b>		
Long-term borrowings	2,684.5	2,855.6
Deferred liabilities and provisions	500.0	507.0
Deferred tax liabilities	404.2	395.3
	3,588.7	3,757.9
	7,946.4	7,797.0

