



**FIRST  
PACIFIC**

Creating  
long-term value  
in **Asia**

# First Pacific 1H 2015 Results Presentation

31<sup>st</sup> August, 2015

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The dollar sign (“\$”) is used throughout this presentation to represent U.S. dollars except where otherwise indicated.

# Senior Management of First Pacific



Robert C. Nicholson  
*Executive Director*



Manuel V. Pangilinan  
*Managing Director and CEO*



Edward A. Tortorici  
*Executive Director*



Marilyn A.  
Victorio-Aquino  
*Assistant Director*



Ray C. Espinosa  
*Associate Director*



Chris H. Young  
*Chief Financial Officer*



Joseph H.P. Ng  
*Exec. Vice President,  
Group Finance*



John W. Ryan  
*EVP, Group Corp.  
Communications*



Stanley H. Yang  
*Exec. Vice President,  
Corp. Development*

# FIRST PACIFIC

## Telecoms



**Telecommunications**  
 Largest in Philippines  
**#1 in cellular**  
 69.6 mln subscribers  
**#1 in fixed line**  
 2.2 mln subscribers  
**#1 in broadband**  
 4.5 mln subscribers

First Pacific owns 25.6% of PLDT which in turn owns 100% of Smart, its mobile telecommunications subsidiary.

## Foods Consumer



**Largest** vertically integrated food company in Indonesia with country's **largest** flour mill, the **largest** distribution network and the **largest** producer of wheat instant noodles in the world  
**One of the largest** food companies in Australia

First Pacific owns 50.1% of Indofood and has an economic interest of 40.3% in ICBP. FPC owns 50.0% of Goodman Fielder with Wilmar International owning the rest.

## Infrastructure



**Largest** water utility concession in the Philippines  
**Largest** toll road operator in the Philippines  
**Largest** power distributor in the Philippines  
**Newest** LNG-fired power station in Singapore

First Pacific owns 52.1% of MPIC and holds economic interests of 48.0% of PacificLight, 27.5% of Maynilad, and 21.4% in Meralco.

## Natural Resources



**2<sup>nd</sup> largest** mining company in the Philippines  
**2<sup>nd</sup> largest** oil & gas company in the Philippines  
**4<sup>th</sup> largest** listed palm oil plantation group in the world  
**Largest** sugar producer in the Philippines

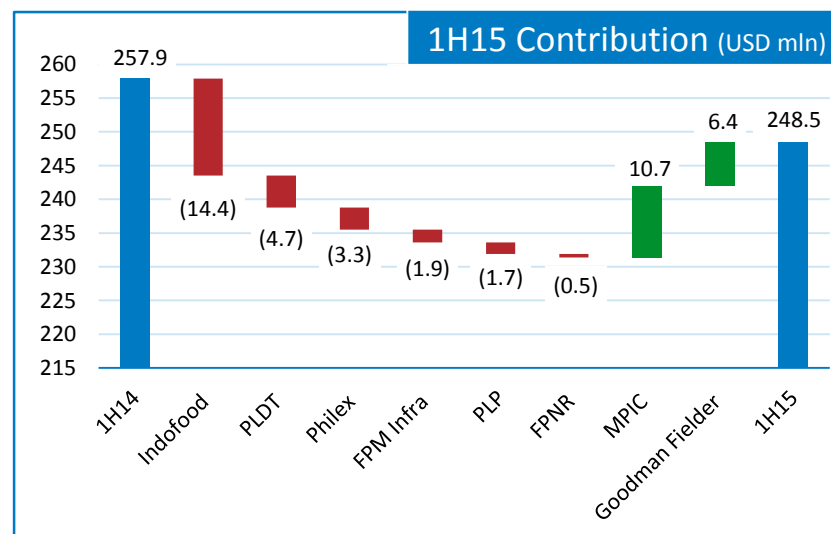
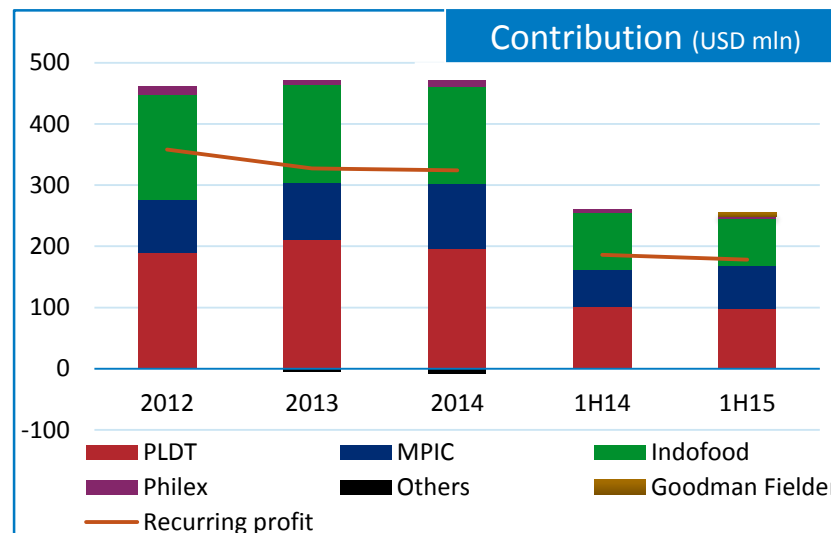
First Pacific owns 31.2% of Philex and Two Rivers, a Philippine affiliate, holds 15.0%. First Pacific holds an effective economic interest of 41.8% in Philex Petroleum, 31.5% in IndoAgri, and 40.4% in Roxas Holdings.

# Contribution & Recurring Profit



## Contribution Reduced by Foreign Exchange, PLDT

- Turnover down 2% at \$3.33 billion on weak Rupiah
- Total contributions down 4% at \$248.5 million vs. \$257.9 million, held back in dollar terms by exchange-rate weakness for the Rupiah (down 10%) and transformation at PLDT
  - MPIC contribution up 18% to \$69.8 million on strong growth in demand for its infrastructure services
  - Goldman Fielder makes first-ever contribution of \$6.4 million following completion of acquisition in March 2015
  - Indofood contribution down 16% to \$78.4 million on weak Rupiah and CPO prices
  - PLDT contribution down 5% to US\$97.4 million as high-margin legacy businesses are replaced by lower-margin data-intensive revenues
  - Philex contribution down 53% to \$2.9 million on weaker gold and copper prices
  - PLP negative contribution deepens 29% to \$7.5 million on difficult market conditions
  - FPNR contribution declines 31% to \$1.1 million
- Recurring profit down 4% \$178.2 million as lower head office costs offset slightly higher interest expenses



The dollar sign \$ refers to U.S. dollars only.

# Strong Head Office Balance Sheet



## Head Office Balance Sheet

- No Head Office recourse for subsidiary or affiliate borrowing
- Cash interest cover at 3.4x
- Gearing at 0.56x

## Head Office Asset Cover

- Gross assets \$8.4 billion at end-June 2015
- Gross debt \$1.82 billion, gross debt cover 4.6x
- Net debt \$1.66 billion, net debt cover 5.1x
- Average maturity of 4.3 years
- Blended interest cost of 5.4%

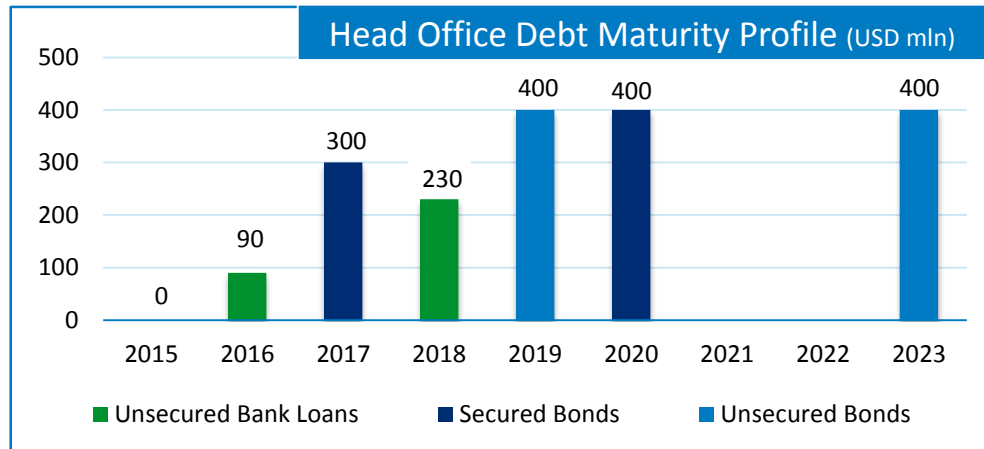
## Head Office Borrowings

- Borrowings dominated by bonds: 82% bonds, 18% bank loans
- Fixed borrowing costs for 82% of borrowings offer a secure safeguard against rising interest rate trend
- Unsecured debt amounts to 62% of the total
- Bloomberg ticker FIRPAC <Corp> <Go>

## Head Office Bond Issues at a Glance

Issuer	Principal	Coupon	Term	Maturity
FPMH Finance	US\$300 mln	7 <sup>3</sup> / <sub>8</sub> %	7-Year	July 24 2017
FPC Finance	US\$400 mln	6 <sup>3</sup> / <sub>8</sub> %	10-Year	Sep 28 2020
FPT Finance	US\$400 mln	6.0%	7-Year	June 28 2019
FPC Treasury	US\$400 mln	4 <sup>1</sup> / <sub>2</sub> %	10-Year	Apr 16 2023

## Head Office Debt Maturity Profile (USD mln)



## Head Office Gearing & Cash Interest Cover

	2009	2010	2011	2012	2013	2014	1H15
Head Office Gearing	0.36x	0.46x	0.71x	0.67x	0.51x	0.56x	0.56x
Cash Interest Cover	9.6x	15.5x	4.5x	4.0x	3.4x	3.1x	3.4x
GAV/Net Debt	8.9x	8.7x	6.6x	7.2x	6.7x	6.8x	5.1x
Net Debt (USD mln)	651.7	816.9	1,170	1,134	1,200	1,240	1,663

# PLDT Service Revenues Evolving Amid Data Surge

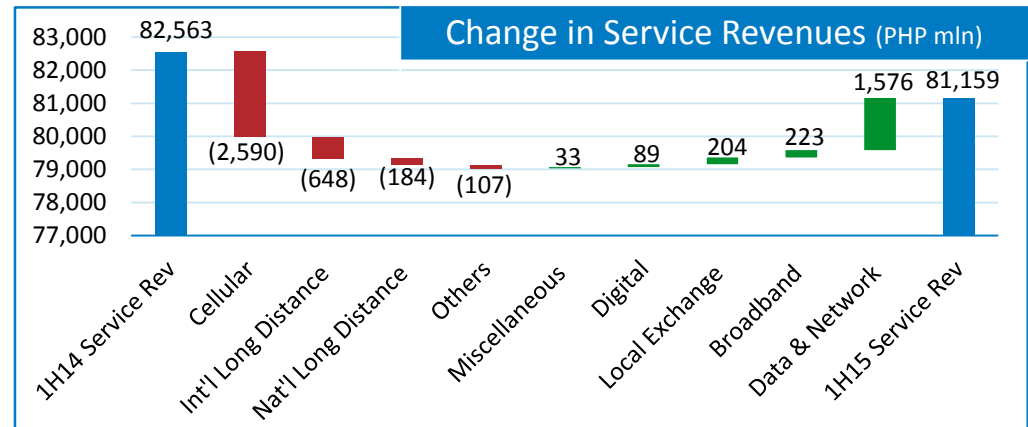
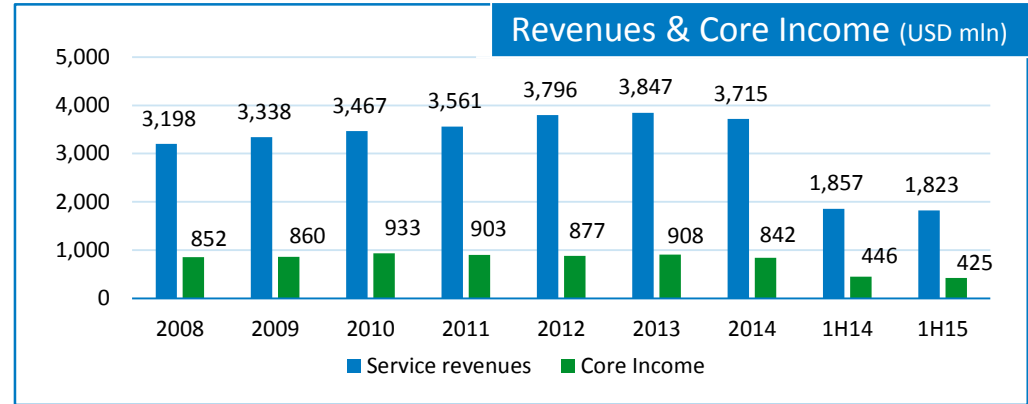
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## 1H 2015 Earnings Highlights

- Revenues down 2% at ₱81.2 billion as increasing data revenues offset by declining in revenues from legacy businesses
- Core income down 5% to ₱18.9 billion largely on lower EBITDA and higher financing costs
- Net income down 6% at ₱18.7 billion on FX and derivative losses and lower core income
- EBITDA margin down two points at 44% on ₱1.4 billion manpower reduction costs; absence of MRP would have resulted in 45% EBITDA margin
- Stable Peso exchange rate (down 0.1% in average exchange rate) eliminates FX factor in USD translation

## Outlook

- 2015 core income seen down 6% at ₱35.0 billion amid transformation of market
- 2015 capex seen up at ₱43.0 billion
- Data/broadband is main growth engine and major focus of management
- Focus on serving the needs of digital consumers
- Innovation unit Voyager generating pipeline for e-commerce
- PLDT to be the consumers preferred provider of digital services
- Impact to be manifested in 2016 at earliest



**Core Income, Gearing & EBITDA Margin**

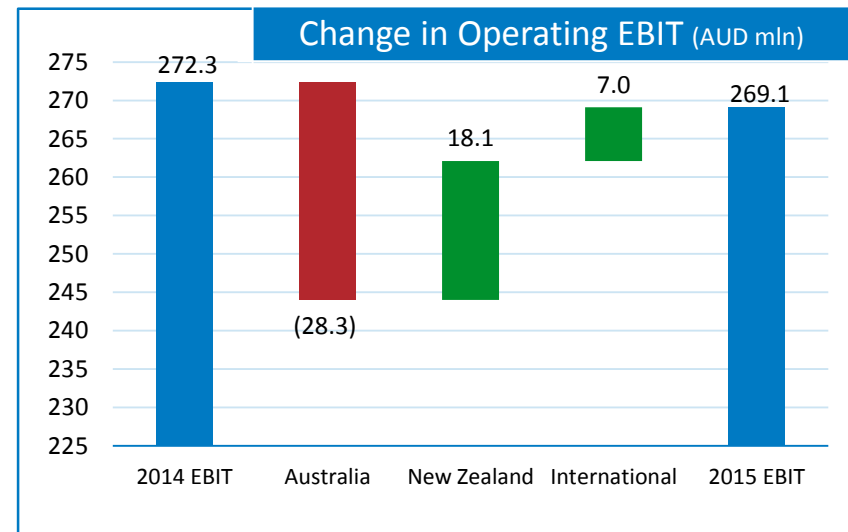
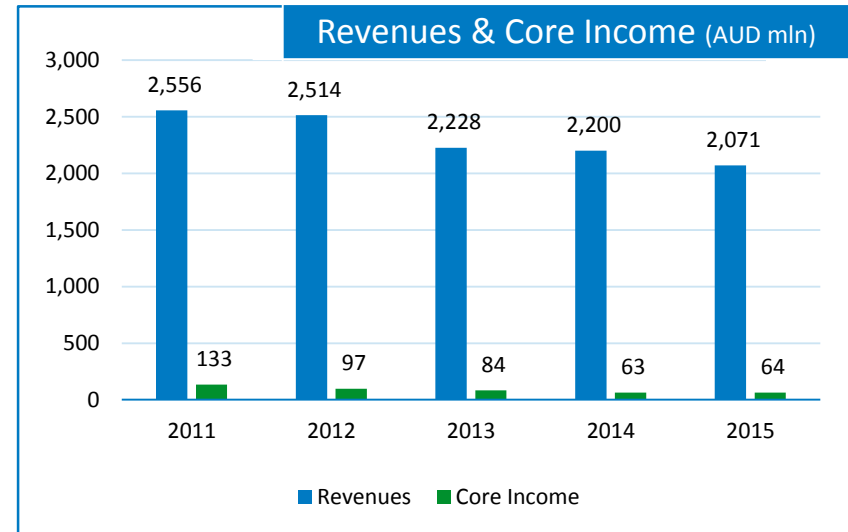
USD mln	2007	2008	2009	2010	2011	2012	2013	2014	1H14	1H15
Core Income	766	852	860	933	903	877	908	842	446	425
Dividends	754	839	851	919	893	882	908	759	335	316
Gearing	0.4x	0.4x	0.6x	0.5x	0.5x	0.5x	0.5x	0.8x	0.8x	0.9x
EBITDA Margin	61%	61%	59%	54%	52%	47%	47%	47%	46%	44%

## Earnings Highlights

- EBIT margins improved in all markets except Australia
  - Australia EBIT margin fell 2 ppt to 11% vs. 9%
  - New Zealand EBIT margin up 3 ppt at 14%
  - International EBIT margin up 1 ppt to 21%
  
- Net sales value declined 6% to A\$2.07 billion from A\$2.20 billion as Australia and New Zealand had lower NSV, partly offset by a rise in International sales.
  - Australia NSV fell 10% to A\$912.4 million from A\$1,011 million
  - New Zealand NSV fell 6% to A\$788.5 million vs. A\$835.1 million
  - International NSV rose 4% to A\$370 million from A\$354 million
  
- Continued cost discipline and cuts in overhead expenses helped shore up the bottom line following corporate restructuring a year earlier

## Outlook

- Cost-saving and efficiency improvements, particularly in Australia have already been identified and are being implemented
- A key goal for 2016 is to expand the Asia-Pacific businesses particularly sales of Dairy products into China.
- New UHT production in New Zealand is on schedule to be commissioned in late 2015
- We expect to continue to see significant contributions from the international operations





# Indofood Revenues Up, Core Income Hit by CPO Prices

THE SYMBOL OF QUALITY FOODS

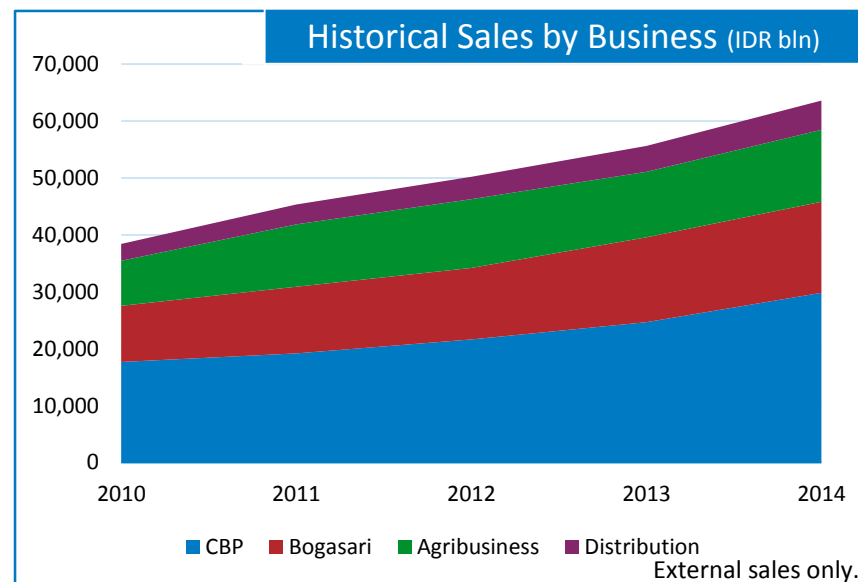
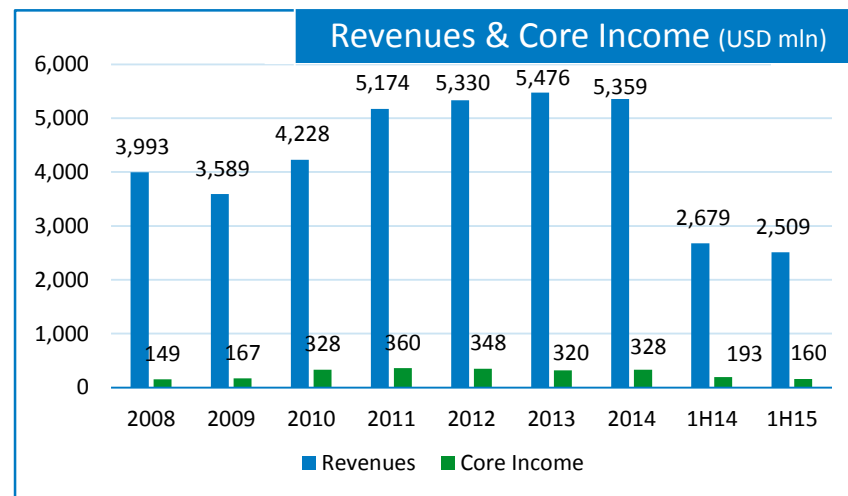
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## 1H 2015 Earnings

- Revenues up 5% at IDR32.6 trillion as lower CPO prices offset stronger sales in the Consumer Branded Products and Distribution businesses
- Core income fell 8% in Rupiah terms to IDR2.08 trillion vs. IDR2.27 billion, hurt by lower prices and higher staff costs at Agribusiness
- Core income down 17% in USD terms owing to 10% depreciation in Rupiah average exchange rate vs. a year earlier
- EBIT margin fell to 11.8% vs. 12.2% on lower CPO prices

## Outlook

- Strong sales growth at CBP and Distribution divisions points to continuing strong revenues in 2015, but held back by weaker Rupiah
- Expansion of CPO milling facilities to boost Agribusiness revenues and margins while CBP revenues to be lifted by dairy & beverages expansions
- Diaper joint venture with Japan's Oji, beverage partnership with Asahi, and oil & fats venture with Tsukishima to diversify revenues and boost income



## Core Income, Gearing & Margin

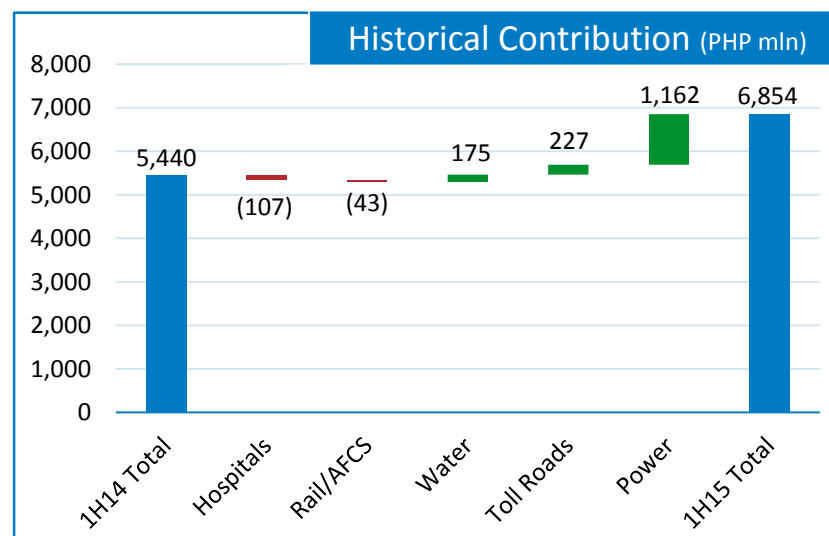
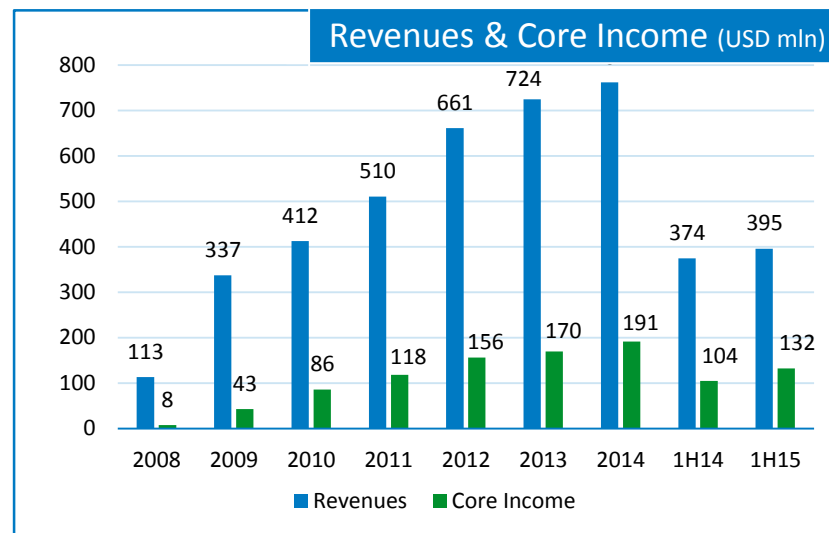
USD mln	2009	2010	2011	2012	2013	2014	1H14	1H15
Core income	167	328	360	348	320	328	193	160
Dividend	80	130	176	174	128	96	n/a	n/a
Net debt	1,362	432	70	205	841	1,027	864	1,319
Gearing	0.83x	0.16x	0.02x	0.06x	0.27x	0.31x	0.26x	0.42x
EBIT Margin	13.4%	16.4%	15.1%	13.7%	11.0%	11.3%	12.2%	11.8%

## 1H2015 Earnings Highlights

- Core income rose 27% in Peso terms to ₱5.88 billion vs. ₱4.64 billion on double-digit contribution growth by Power and Toll Roads
- Power contribution boosted by increased shareholding and non-electric revenues
- Toll Roads boosted by traffic increase, bigger stake in MNTC and contribution from Don Muang Tollway
- Water contribution boosted by higher volumes and lower personnel costs
- Hospitals contribution lower due to smaller effective ownership with sale of 40% to GIC of Singapore

## Outlook

- FY 2015 core income forecast at ₱10 billion vs. ₱8.5 billion despite continuing regulatory uncertainties
- Major new toll road projects expected to launch in short to medium term following CALAX win
- Member of winning light rail and contactless payments consortiums in PPP development projects
- Further infrastructure investments sought including power generation



	Core Income & Gearing						
USD mln	2010	2011	2012	2013	2014	1H14	1H15
Core income	85.6	118.0	156.0	169.5	191.5	104.4	132.2
Reported net income	63.7	117.0	140.4	169.1	178.7	95.5	125.0
Head Office gearing	0.23x	n/a	0.15x	0.02x	0.03x	0.03x	0.18x
Head Office net debt/(cash)	257	(53)	237	33	52	52	384

## 1H 2015 Earnings Highlights

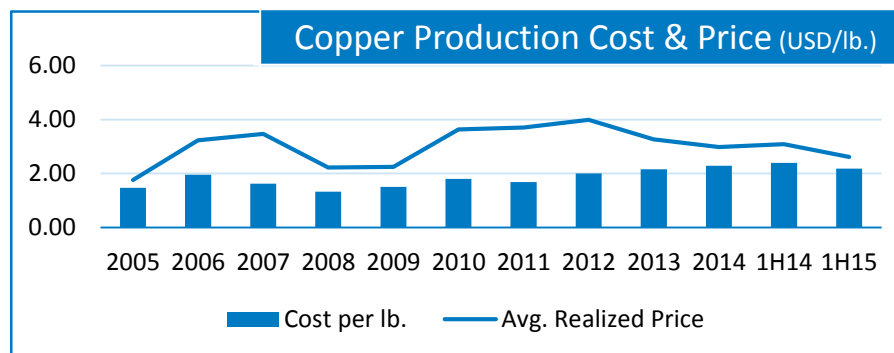
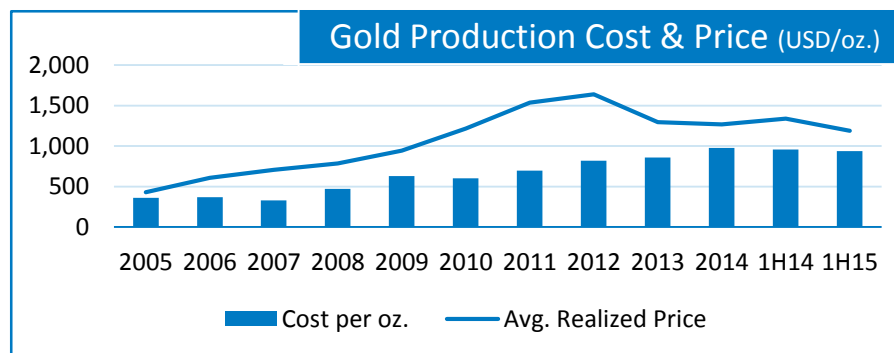
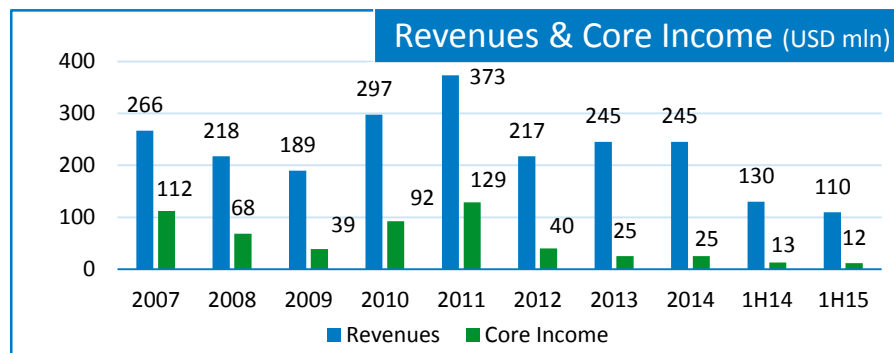
- ❑ Revenues down 16% at ₱4.89 billion as a result of lower metal prices and production
- ❑ Core income down 7% at ₱520 million on lower revenues
- ❑ Realized gold price down 13% to \$1,190/oz.
- ❑ Realized copper price down 5% to \$2.61/lb.
- ❑ Gold contributed 59% of revenue, copper 38%, silver 1%, petroleum 2%

## 1H 2015 Production Highlights

- ❑ Days of production unchanged at 178 in 1H 2015
- ❑ Ore milled at 25,129 tonnes/day in the period, down 6% on-year from 26,826 tonnes/day owing to upgrades and power outages
- ❑ Gold production 53,689 oz., up 3% from 52,286 oz.
- ❑ Gold grade improved to 0.442 grams/tonne from 0.436 grams/tonne
- ❑ Copper production down 7% to 16.9 million lb. vs. 18.2 million lb. on lower grades
- ❑ Copper grade worsened to 0.206% from 0.218%
- ❑ Metal recoveries from mined ore improved as a result of process re-engineering and higher efficiencies

## Outlook

- ❑ Prefeasibility study for Silangan Project indicates capex of approximately \$1.2 billion, payback in less than five years
- ❑ Bulk sampling from ore body completed
- ❑ Declaration of Mining Project Feasibility approved by Department of Environment and Natural Resources in April 2015



# Contribution Summary

For the six months ended 30 June US\$ millions	Turnover		Contribution to Group profit <sup>(i)</sup>	
	2015	2014 (Restated) <sup>(ii)</sup>	2015	2014
PLDT <sup>(iii)</sup>	-	-	97.4	102.1
Indofood	2,508.6	2,679.2	78.4	92.8
MPIC	395.4	374.2	69.8	59.1
FPW <sup>(iv)</sup>	-	-	6.4	-
Philex <sup>(iii)</sup>	-	-	2.9	6.2
FPM Power	325.1	338.9	(7.5)	(5.8)
FP Natural Resources	100.2	-	1.1	1.6
FPM Infrastructure	-	-	-	1.9
<b>Contribution from operations<sup>(v)</sup></b>	<b>3,329.3</b>	<b>3,392.3</b>	<b>248.5</b>	<b>257.9</b>
Head Office items:				
- Corporate overhead			(16.0)	(16.7)
- Net interest expense			(47.0)	(45.0)
- Other expenses			(7.3)	(10.1)
<b>Recurring profit<sup>(vi)</sup></b>			<b>178.2</b>	<b>186.1</b>
Foreign exchange and derivative (losses)/gains <sup>(vii)</sup>			(17.4)	4.9
(Loss)/gain on changes in fair value of plantations			(1.0)	2.9
Non-recurring items <sup>(viii)</sup>			(0.2)	(7.6)
<b>Profit attributable to owners of the parent</b>			<b>159.6</b>	<b>186.3</b>

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

(ii) The Group has restated its 1H14 turnover to US\$3,392.3 million from US\$3,612.1 million following Indofood's classification of China Minzhong Food Corporation Limited, as a disposal group held for sale and as a discontinued operation in 2014.

(iii) Associated companies

(iv) Joint venture

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

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

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

(viii) Non-recurring items represent certain items, through occurrence or size, which are not considered as usual operating items. 1H14's non-recurring losses of US\$7.6 million mainly represent MPIC's project expenses and taxes incurred in hospital group reorganization and Maynilad's manpower rightsizing costs.

# Consolidated Statement of Financial Position

US\$ millions	At 30 June 2015 (Unaudited)	At 31 December 2014 (Audited)	Change
<b>Non-current assets</b>			
Property, plant and equipment	3,049.1	2,731.8	11.6%
Plantations	1,159.0	1,210.7	(4.3%)
Associated companies and joint ventures	4,599.6	3,568.4	28.9%
Goodwill	1,060.3	1,057.6	0.3%
Other intangible assets	2,553.3	2,511.8	1.7%
Accounts receivable, other receivables and prepayments	12.4	11.8	5.1%
Available-for-sale assets	84.6	193.8	(56.3%)
Deferred tax assets	209.2	200.2	4.5%
Pledged deposits and restricted cash	30.8	30.9	(0.3%)
Other non-current assets	345.0	385.9	(10.6%)
	<b>13,103.3</b>	<b>11,902.9</b>	<b>10.1%</b>
<b>Current assets</b>			
Cash and cash equivalents and short-term deposits	1,707.4	2,265.9	(24.6%)
Pledged deposits and restricted cash	133.2	53.2	150.4%
Available-for-sale assets	105.1	59.2	77.5%
Accounts receivable, other receivables and prepayments	861.8	661.2	30.3%
Inventories	814.6	717.2	13.6%
	<b>3,622.1</b>	<b>3,756.7</b>	<b>(3.6%)</b>
Assets classified as held for sale	966.0	982.4	(1.7%)
	<b>4,588.1</b>	<b>4,739.1</b>	<b>(3.2%)</b>
<b>Current liabilities</b>			
Accounts payable, other payables and accruals	1,131.8	1,192.4	(5.1%)
Short-term borrowings	1,273.3	912.0	39.6%
Provision for taxation	53.8	51.0	5.5%
Current portion of deferred liabilities, provisions and payables	305.7	321.9	(5.0%)
	<b>2,764.6</b>	<b>2,477.3</b>	<b>11.6%</b>
Liabilities directly associated with the assets classified as held for sale	358.6	335.9	6.8%
	<b>3,123.2</b>	<b>2,813.2</b>	<b>11.0%</b>
<b>Net current assets</b>	<b>1,464.9</b>	<b>1,925.9</b>	<b>(23.9%)</b>
<b>Total assets less current liabilities</b>	<b>14,568.2</b>	<b>13,828.8</b>	<b>5.3%</b>
<b>Equity</b>			
Issued share capital	42.7	42.9	(0.5%)
Shares held for share award scheme	(8.5)	(8.7)	(2.3%)
Retained earnings	1,627.8	1,540.1	5.7%
Other components of equity	1,736.9	1,854.1	(6.3%)
Equity attributable to owners of the parent	3,398.9	3,428.4	(0.9%)
Non-controlling interests	4,491.4	4,288.6	4.7%
<b>Total equity</b>	<b>7,890.3</b>	<b>7,717.0</b>	<b>2.2%</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5,332.5	4,893.9	9.0%
Deferred liabilities, provisions and payables	968.9	850.0	14.0%
Deferred tax liabilities	376.5	367.9	2.3%
	<b>6,677.9</b>	<b>6,111.8</b>	<b>9.3%</b>
	<b>14,568.2</b>	<b>13,828.8</b>	<b>5.3%</b>



# Head Office Cash Flow



<b>For the six months ended 30 June</b>	<b>2015</b>	<b>2014</b>
US\$ millions		
Dividend and fee income	<b>183.3</b>	145.7
Head Office overhead expense	<b>(12.1)</b>	(14.6)
Net cash interest expense	<b>(46.6)</b>	(43.6)
Taxes	<b>(0.3)</b>	(0.2)
<b>Net cash inflow from operating activities</b>	<b>124.3</b>	87.3
Net investments <sup>(i)</sup>	<b>(455.1)</b>	(109.7)
Financing activities		
- Dividends paid	<b>(71.5)</b>	(71.7)
- Repurchase of shares	<b>(19.0)</b>	(13.8)
- Borrowings	<b>70.0</b>	-
- Others	<b>0.2</b>	0.6
<b>Decrease in cash and cash equivalents</b>	<b>(351.1)</b>	(107.3)
Cash and cash equivalents at 1 January	<b>508.5</b>	573.2
<b>Cash and cash equivalents at 30 June</b>	<b>157.4</b>	465.9

(i) Includes principally the investment in an additional 40.2% effective interest in Goldman Fielder of US\$423.4 million in 1H15 (1H14: Investment in a 4.8% interest in Goldman Fielder of US\$61.9 million).

# Adjusted NAV per Share



US\$ millions	Basis	At 30 June 2015	At 31 December 2014
PLDT	(i)	3,442.8	3,589.9
Indofood	(i)	2,168.0	2,385.3
MPIC	(i)	1,523.5	1,493.9
Philex	(i)	310.2	390.3
Philex Petroleum	(i)	8.0	32.1
Goodman Fielder	(ii)	554.0	100.8
FPM Power	(iii)	335.3	335.3
FP Natural Resources	(iv)	94.8	63.4
Head Office - Other assets	(v)	111.8	112.7
- Net debt		(1,647.3)	(1,227.5)
<b>Total valuation</b>		<b>6,901.1</b>	<b>7,276.2</b>
<b>Number of ordinary shares in issue (millions)</b>		<b>4,268.5</b>	<b>4,287.0</b>
Value per share			
- U.S. dollars		1.62	1.70
- HK dollars		12.61	13.24
Company's closing share price (HK\$)		6.54	7.69
Share price discount to HK\$ value per share (%)		48.1	41.9

(i) Based on quoted share prices applied to the Group's economic interests

(ii) Represents investment costs in a 50.0% economic interest in Goodman Fielder at 30 June 2015 and based on quoted share price applied to the Group's 9.8% interest in Goodman Fielder at 31 December 2014

(iii) Represents investment costs in FPM Power

(iv) Mainly represents RHI (based on quoted share price applied to the Group's effective economic interest) and other assets

(v) Represent investment cost in Silangan Mindanao Exploration Company, Inc.'s convertible notes

# Contact Us



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