



FIRST PACIFIC COMPANY LIMITED
第一太平有限公司

Press Release

Wednesday, 19 March 2014

MPIC FY 2013 Core Net Income Up 10% to ₱7.2 Bln
Continuing to Exceed Targets

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 55.8%.

MPIC is a Philippine-listed investment management and holding company focused on infrastructure development.

Further information on MPIC can be found at www.mpic.com.ph.

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PRESSRELEASE

FY 2013 Core Net Income Up 10% to ₱7.2 Bln *Continuing to Exceed Targets*

- **2013 Core Net Income up 10% to ₱7.2 Bln from ₱6.6 Bln in 2012**
- **Reported Net Income attributable to shareholders of the parent up 22% to ₱7.2 Bln**
- **Consolidated revenues up 11% to ₱30.9 Bln vs. ₱27.8 Bln**
- **Diluted Core Net Income per share up 4% to 27.80 centavos**
- **Final dividend increased by 10% to 2.20 centavos per share**
- **Full year interim and final dividend up 16% to 3.70 centavos**
- **MPIC Parent net gearing ratio 2.2% vs. 15.1% as of December 31,2012**
- **MERALCO Core Net Income ₱17.0 Bln, Core EBITDA ₱30.8 Bln**
- **Maynilad Water Core Net Income ₱7.5 Bln, Core EBITDA ₱11.1 Bln**
- **Tollways Core Net Income ₱2.0 Bln, Core EBITDA ₱5.5 bln**
- **Hospital Group Core Net Income ₱879 Mln, Core EBITDA ₱2.7 Bln**

MANILA, Philippines, 19th March 2014 – Metro Pacific Investments Corporation (“MPIC” or the “Company”) (PSE: MPI) today reported consolidated Core Net Income of ₱7.2 billion for the year ended 31st December 2013, up 10% over the ₱6.6 billion achieved in 2012 as each of its four main businesses delivered strong growth.

The rise in Core Net Income was due mainly to: (i) robust earnings growth at Metro Pacific Tollways Corporation (“MPTC”) due to traffic growth and acquisition of CAVITEX at the start of the year; (ii) growth at Maynilad Water Services, Inc. (“Maynilad”) and Manila Electric Company (“MERALCO”) due to a combination of tariff progression and higher volumes; and (iii) strong organic growth and the benefit from investments in the Hospital Group in 2013.

In terms of contribution to the Company’s net operating income, Maynilad accounted for ₱3.8 billion or 44% of the aggregate contribution, MERALCO contributed ₱2.3 billion or 27% of the total, while MPTC delivered ₱1.9 billion or 22% of the total. The Hospital Group contributed ₱581 million or 7% of the total.

Consolidated Reported Net Income attributable to owners of the parent company improved 22% to ₱7.2 billion in 2013 from ₱6.0 billion in 2012 reflecting minor non-recurring charges of ₱20 million for the year.

“All our businesses achieved strong growth in profitability for the year. In light of this strong performance, your Board of Directors today declared a final dividend for 2013 of 2.20 centavos per share which is 10% higher than the final dividend in 2012.” said Jose Ma. K. Lim, MPIC President and Chief Executive Officer. “We anticipate continued strong volume growth in 2014 for all our subsidiaries but given uncertainties over regulatory stability for water, road and power prices we are in no position to give earnings guidance for 2014.”

The record date for the final dividend is 8th April 2014. Payment date is 30th April 2014.

Operational Review

MERALCO: Efficiency Gains and Improved Availability & Reliability of Power

MERALCO’s Reported Net Income for 2013 was broadly flat at ₱17.2 billion. Core Net Income for 2013 rose marginally to ₱17.0 billion on the strength of a 4% increase in energy sales to 34,084 gigawatt hours and a slightly improved distribution tariff. The volume growth was buoyed by sustained healthy demand from the commercial and residential segments, which grew by 4.3% and 4.7%, respectively, followed by growth of 3.0% in industrial electricity consumption.

Capital expenditures for 2013 declined to ₱10.2 billion from ₱10.3 billion a year earlier, and was invested mainly in new substations designed to decongest critical loads, provide additional capacity for load growth and improve network reliability.

MERALCO’s capex commitment is delivering strong returns. The 12-month moving average system loss fell to just 6.92% as at the end of December 2013. This level is 1.58 percentage points lower than the regulatory cap of 8.5%, and marks the best performance in MERALCO’s 110-year history. Gains achieved from such system loss accrue to MERALCO’s customers – for 2013, alone, the decline in System loss translated to customers’ benefit of Pesos 3.9 billion.

MERALCO continues to build out businesses crucial to its growth.

MERALCO's goal of participating in power generation in the Philippines moved forward on 29th August 2013, when MERALCO PowerGen Corporation ("MGen") signed a Joint Development Agreement with a wholly-owned subsidiary of Electricity Generating Public Company Limited ("EGCO") of Thailand for the development of a new 460 MW supercritical coal-fired power plant in Mauban, Quezon. MGen's equity in the joint venture company will be 49% with a right to nominate a preferred investor for an additional 2%. Together with EGCO, MGen is selecting a financial advisor for project financing and tendering the Engineering, Procurement and Construction contract for the project.

On 22nd October 2013, MGen and First Metro Investment Corporation ("FMIC") announced that they had signed a Shareholders' Agreement (SHA) to complete the sale of First Metro's 20% stake in Global Business Power Corporation ("GBPC") to MGen for a consideration of ₱7.15 billion. GBPC is one of the largest power producers in the Visayas with nine coal and diesel power plants amounting to a total installed capacity of 627 MW with two more projects on the way, an 82 MW plant in Toledo City and a 150 MW expansion in Panay.

In Singapore, PacificLight Power in which MERALCO holds a 28% effective economic interest, completed commissioning of both its power generating units by January 2014.

In the meantime, MGen's project to build a 2x300MW coal-fired plant in Subic Bay continues to be held back by regulatory and legal constraints, despite efforts to implement it for over three years.

On 26th June 2013, Retail Competition and Open Access commenced on a voluntary basis, allowing major electricity consumers to shop for the lowest electricity prices. Out of 782 qualified customers in the MERALCO franchise area, 287 customers opted for immediate contestability and of those, 167 signed up with MERALCO's Retail Electricity Supply unit MPower. This testifies to the competitiveness of MERALCO's pricing and its commitment to its customers.

Maynilad and Other Water Projects: Bringing Clean Water to Millions of People

Maynilad, the biggest water utility in the Philippines, saw a 4% increase in the volume of water sold in its concession area in 2013, a solid rate of growth in the year, attenuated only by ongoing project delays in Cavite. The number of water connections (or billed customers) rose 5% to 1,129,497 by the end of December this year, from 1,073,508 a year earlier. The increase in water sold was achieved even as Maynilad managed to draw 4% less water from the Angat Dam.

Selling more water while drawing less was made possible by reductions in leaks and theft, otherwise known as non-revenue water ("NRW"), which fell to 35.4% as at the end of December 2013 from 41.0% a year earlier. The improvement was achieved on the strength of Maynilad's continuing leak repair program, which saw 41,171 leaks

repaired in 2013. It will be recalled that when MPIC took over Maynilad in 2007, NRW stood at 68%.

This program, coupled with pipe rehabilitation and more efficient management of water pressure and supply, has resulted in the recovery of over 138 million liters per day of water. Maynilad continues to push forward with its ambitious NRW reduction program by allocating ₱1.7 billion in 2013 for NRW diagnostics, leak repairs and the establishment and maintenance of District Metered Areas.

Maynilad now delivers 24-hour water supply to 97.8% of its customers, while 99.9% of customers also receive water pressure of at least seven pounds per square inch, the minimum pressure necessary to pump water upstairs from the ground floor. The year-earlier percentages were 96.0% and 99.8%, respectively.

Total revenues for the year rose 6% to ₱16.9 billion from ₱15.9 billion in 2012 due to the combined effect of the increase in billed volume and an average effective year-on-year tariff increase of 3%, mainly inflation-driven. Strong cost controls combined with stronger tariffs and volumes lifted Core Net Income by 11% to ₱7.5 billion. By contrast, Reported Net Income was up by 9% to ₱6.9 billion from ₱6.4 billion, reduced slightly by refinancing charges on its fixed rate borrowings. Maynilad's capital expenditure during 2013 stood at ₱5.6 billion, down from ₱7.0 billion a year earlier due to right of way issues, construction ban during elections, and difficulty of acquiring land for sewage treatment plants.

Earlier this year, Maynilad submitted its business plan for the determination of its standard rates for the period 2013 to 2017 to the Metropolitan Waterworks and Sewage System ("MWSS"), its regulator. On 12th September 2013, MWSS denied Maynilad's application for an upward adjustment and instead proposed a negative adjustment of 4.82% (or ₱1.46 per cubic meter) in what Maynilad views as a violation of its concession agreement. Maynilad did not accept the tariff proposal of MWSS and on 4th October 2013 filed a notice of dispute with the Secretariat of the International Chamber of Commerce (ICC) International Court of Arbitration for resolution. The arbitration panel will be chaired by Prof Bernard Hanotiau, a respected member of the Brussels and Paris bars. Hearings are expected to commence once the rest of the panel is formed.

Philhydro, Maynilad's bulk water supply project in Bulacan, made its first profit contribution during the year. MetroPac Water Investments Corporation, a wholly-owned subsidiary, acquired an effective ownership interest of 20% in Cebu Manila Water Development, Inc. (CMWD) through a 39% direct ownership interest in Manila Water Consortium Inc. (MWCI). On 13th December 2013, CMWD received a Notice of Award for the bulk supply of water to the Metropolitan Cebu Water District (MCWD). CMWD and MCWD are to sign a 20-year Water Purchase Agreement (WPA) for the supply of 18 million liters per day for the first year and 35 million liters per day of water for the second to twentieth year. Initial delivery of water is expected six months from the signing of WPA.

On 15th March 2013, Maynilad acquired a 10% shareholding in Subic Water and Sewerage Co., Inc. (“Subic Water”), which serves 40,000 customers in Olongapo City and the Subic Bay Freeport Zone under a build-operate-transfer scheme.

MPTC and Other Tollroads Projects: Service Improvements Continue as Harbour Link Construction Continues

MPTC’s Core Net Income of ₱2.0 billion for 2013 was 25% higher than a year earlier as a result of strong traffic growth and lower tax rates, interest and operating costs on the NLEX as well as the first contribution from CAVITEX in 2013. Average daily entries rose 6% on the NLEX, and 9% on the CAVITEX from a year earlier.

Construction continues on the first stage of the NLEX Harbour Link extension following a ground-breaking ceremony last year. The 8-kilometer road linking NLEX to the North Manila Port (Segments 9 and 10) will have its first stage open as soon as the third quarter of this year.

Manila North Tollways Corporation signed a Joint Venture Agreement with PNCC to build an elevated expressway to connect the Northern and Southern toll road systems. The “Metro Expressway Link” project will connect the Harbour Link (referred to above) to Southern Luzon via a four-lane elevated expressway across Central Manila. MPTC expects the Metro Expressway Link to increase traffic on existing Northern and Southern toll road systems by enabling commercial vehicles to traverse Metro Manila without violating a daytime truck ban and by slashing travel time between the two road systems to as little as 20 minutes from over an hour or more today.

CAVITEX is a 14-kilometer toll road built in two segments running from Parañaque to Cavite with average traffic of 103,000 vehicle entries a day. The road offers significant expansion prospects as a result of the NAIA 2 and CALA expressway projects which aim to connect to CAVITEX, as well as from the recently opened Ternate-Nasugbu tunnel which will substantially reduce the journey time between Batangas and Manila.

The NLEX Harbour Link, Citilink and Metro Expressway Link projects together with expansion of the CAVITEX will see MPTC invest approximately ₱41 billion over the next few years to complete construction of this vital road infrastructure. MPTC and MPIC intend to fund this sum using internal resources and external debt.

As negotiations with the Government approach their fourth year without resolution, MNTC continues to await the turnover of management of the Subic Clark Tarlac Expressway (SCTEX) from the Bases Conversion and Development Authority (BCDA). MNTC plans to invest ₱400 million to integrate SCTEX with NLEX to facilitate seamless travel between the two expressways but cannot move forward until this basic question is settled.

In addition, MPTC continues to await approval of toll rate adjustments which have been overdue by over two years for R1 of Cavitex - adjustments which should have been effective from 1st January 2012 and more than one year for NLEX, which was to be effective from 1st January 2013.

On 15th November 2013, MPIC and First Pacific Company Limited ("First Pacific") announced a joint venture to spearhead new infrastructure investments in emerging Asian economies. First Pacific holds 75% of the venture, FPM Infrastructure Holdings Limited ("FPM Infrastructure") and MPIC holds the remaining 25%. FPM Infrastructure acquired a 29.45% stake in a Thai toll road operator, Don Muang Tollway Public Ltd ("DMT") with an acquisition cost of US\$ 132 million. DMT operates a 21.9-kilometer six-lane elevated toll road stretching from Din Daeng in central Bangkok past Don Muang Airport and on to the National Monument in the north of the capital with an average traffic of 77,000 vehicles per day.

Hospitals: The Country's largest Private Hospital Group Continues to Grow

Aggregate Core Net Income for the Hospital Group rose 22% to ₱879 million in 2013 compared with last year as a result of increasing patient revenues, gains from completed capital expenditure programs and savings from group synergy projects.

On 3rd June 2013, MPIC completed its investment in a 51% equity ownership of De Los Santos Medical Center (DLSMC), a 150-bed hospital in Quezon City, Metro Manila. Included in the transaction is affiliate Megaclinic, a mall-based ambulatory diagnostic and surgical center, marking MPIC's first investment in a non-hospital-based health facility.

On 24th October 2013, MPIC took another step forward in building its nationwide chain of premier private hospitals with the completion of an investment in 51% of Tarlac's largest private hospital, the 200-bed Central Luzon Doctors' Hospital (CLDH).

MPIC's Hospital Group now comprises eight full-service hospitals with approximately 2,150 beds in total: Makati Medical Center, Cardinal Santos Medical Center, Our Lady of Lourdes Hospital, Asian Hospital & Medical Center and DLSMC in Metro Manila; CLDH in central Luzon; Riverside Medical Center in the Visayas; and Davao Doctors Hospital in Mindanao. MPIC operates the largest private hospital group in the country with hospitals in all three major island groupings of the Philippines.

Other Projects:

On 6th November 2013, First Pacific Group and Ayala Group, submitted the best complying bid for the latest Public-Private Partnership (PPP) project, the ₱1.72 billion contactless Automatic Fare Collection System (AFCS) that is expected to improve commuting experience for Light Rail Transit and Metro Rail Transit passengers through a modern and convenient fare collection system. Notice of award was received on 30th

January 2014 although the concession has yet to be signed.

Following a failed bidding process last year, the Government re-launched the Manila LRT1 extension project with modified bid terms. Bidding for the LRT1 extension is expected in the 2nd quarter of 2014.

Corporate Governance:

Earlier this year, the SEC began requiring all publicly listed companies to submit an Annual Corporate Governance Report. MPIC disclosed the said report to the SEC and simultaneously posted it in the Company's website on 1st July 2013.

MPIC recently received six awards from Corporate Governance Asia: MPIC as Corporate Governance Icon, Asia's Best CEO and CFO – Jose Ma. K. Lim and David J. Nicol, respectively – as well as Asia's Best Investor Relations, Asia's Best Investor Relations Website and Asia's Best Corporate Social Responsibility.

Corporate Social Responsibility (“CSR”): Education, Environment, Entrepreneurial Empowerment and Emergency Relief Operations

MPIC continues to create significant and meaningful engagements in education, environment, entrepreneurial empowerment and emergency relief operations through its Foundation: educational support was made through a ₱10 million donation to Mano Amiga to finance the acquisition of a property for its growing number of students from indigent families of Taguig; our environmental awareness campaign was spearheaded through Shore it Up's coastal and underwater cleanups, artificial reef propagation, mangrove planting and provision of alternative livelihoods; entrepreneurial empowerment through livelihood programmes organized by ManPower for Infrastructure Cooperative (MPIC) Development Project which is targeted to assist at least 25 households; and, emergency relief operations conducted together with MPIC employees and Tulong Kapatid in calamity-stricken areas affected by typhoons and earthquakes.

Conclusion and Outlook

“All our businesses are relentlessly focused on service quality and operational efficiency, while growing our sales and core profitability to improve the lives of all our customers - providing first class medical care, offering safe and efficient road transportation, delivering electricity to power homes and businesses, and piping water to improve consumption and sanitation,” said MPIC Chairman Manuel V. Pangilinan. “The strong results for 2013 reflect continuing improvements in service levels as well as efficiency gains for all our operating companies. Regulatory uncertainties in respect of certain of our core subsidiaries mean we are not in a position, at this time, to provide guidance for 2014.”

Forward Looking Statements

This press release may contain “forward-looking statements” which are subject to a number of 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 FINANCIAL POSITION
(Amounts in Millions)

	December 31		January 1
	2013	2012*	2012*
ASSETS			
Current Assets			
Cash and cash equivalents and short-term deposits	₱15,263	₱9,119	₱15,125
Restricted cash	1,827	1,359	1,915
Receivables	3,749	3,608	2,949
Due from related parties	229	146	373
Other current assets	3,821	1,793	2,357
Total Current Assets	24,889	16,025	22,719
Noncurrent Assets			
Receivables	593	7,332	957
Due from related parties	65	65	65
Available-for-sale (AFS) financial assets	2,770	1,403	1,386
Investments and advances	48,854	45,084	36,738
Goodwill	18,308	13,155	13,069
Service concession assets	94,540	81,870	76,824
Property use rights	649	689	765
Property and equipment	6,859	6,049	5,863
Other noncurrent assets	3,057	1,808	1,787
Total Noncurrent Assets	175,695	157,455	137,454
	₱200,584	₱173,480	₱160,173

(Forward)

	December 31		January 1
	2013	2012*	2012*
LIABILITIES AND EQUITY			
Current Liabilities			
Note payable	P–	P4,700	P–
Accounts payable and other current liabilities	13,476	13,712	11,677
Income tax payable	260	183	76
Due to related parties	93	97	122
Payable to non-controlling interest	–	–	1,299
Current portion of:			
Provisions	4,677	3,670	2,989
Service concession fees payable	603	688	792
Long-term debt	3,512	1,847	1,594
Total Current Liabilities	22,621	24,897	18,549
Noncurrent Liabilities			
Noncurrent portion of:			
Provisions	312	252	190
Service concession fees payable	7,909	8,026	8,033
Long-term debt	47,536	37,068	38,429
Deferred credits and other long-term liabilities	5,152	5,397	5,553
Deferred tax liabilities	3,774	3,450	2,989
Total Noncurrent Liabilities	64,683	54,193	55,194
Total Liabilities	87,304	79,090	73,743
Equity			
Owners of the Parent Company:			
Capital stock	26,076	24,664	24,643
Additional paid-in capital	42,933	38,097	38,056
Equity reserves	2,643	707	706
Retained earnings	21,882	15,688	10,449
Other comprehensive income reserve	927	487	(91)
Total equity attributable to owners of the Parent Company	94,461	79,643	73,763
Non-controlling interest	18,819	14,747	12,667
Total Equity	113,280	94,390	86,430
	P200,584	P173,480	P160,173

* Restated due to prior year adjustments arising from adoption of the revised Philippine Accounting Standard 19 "Employee Benefits"

METRO PACIFIC INVESTMENTS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Millions except Per Share Amounts)

	Years Ended December 31		
	2013	2012*	2011*
OPERATING REVENUES			
Water and sewerage services revenue	P16,895	P15,883	P13,769
Toll fees	8,154	6,784	6,465
Hospital revenue	5,700	5,034	1,740
School revenue	128	106	96
	30,877	27,807	22,070
COST OF SALES AND SERVICES	(11,845)	(11,168)	(8,399)
GROSS PROFIT	19,032	16,639	13,671
General and administrative expenses	(6,261)	(5,384)	(4,216)
Interest expense	(4,001)	(3,679)	(3,977)
Share in net earnings of equity method investees	2,286	1,765	1,355
Interest income	462	652	743
Other income and expenses	554	876	115
INCOME BEFORE INCOME TAX	12,072	10,869	7,691
PROVISION FOR (BENEFIT FROM) INCOME TAX			
Current	1,061	1,097	712
Deferred	(468)	565	(237)
	593	1,662	475
NET INCOME	P11,479	P9,207	P7,216
OTHER COMPREHENSIVE INCOME			
Net OCI to be reclassified to profit or loss in subsequent periods	(14)	21	(19)
Net OCI not being reclassified to profit or loss in subsequent periods	398	581	(52)
TOTAL COMPREHENSIVE INCOME	P11,863	P9,809	P7,145
Net income attributable to:			
Owners of the Parent Company	P7,209	P5,907	P4,382
Non-controlling interest	4,270	3,300	2,834
	P11,479	P9,207	P7,216
Total comprehensive income attributable to:			
Owners of the Parent Company	P7,550	P6,485	P4,381
Non-controlling interest	4,313	3,324	2,764
	P11,863	P9,809	P7,145
EARNINGS PER SHARE			
Basic Earnings Per Common Share, Attributable to Owners of the Parent Company (In Centavos)	P27.78	P23.99	P22.88
Diluted Earnings Per Common Share, Attributable to Owners of the Parent Company (In Centavos)	P27.72	P23.94	P22.00

*Restated due to prior year adjustments arising from adoption of the revised Philippine Accounting Standard 19 "Employee Benefits"