



FIRST PACIFIC COMPANY LIMITED

第一太平有限公司

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Press Release

Monday, 14 August 2023

**MPIC consistently delivers strong growth
Core net income rises 33% to ₱9.9 billion year-on-year**

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 46.1%.

MPIC is a leading infrastructure investment and management company. Its shares are listed on the Philippine Stock Exchange.

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

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MPIC consistently delivers strong growth

Core Net Income Rises 33% to ₱9.9 billion Year-on-Year

MANILA, Philippines, August 14, 2023 – Metro Pacific Investments Corporation (PSE:MPI) (“MPIC” or the “Company”) today reported Consolidated Core Net Income of ₱9.9 billion for the first half of 2023, up 33% from ₱7.5 billion a year earlier.

Improved financial and operating results at MPIC’s holdings delivered a 27% increase in contribution from operations, mainly driven by the strong performance of the power generation business and higher water tariff for the water concession.

Among the Company’s Core businesses, Power had the largest share at ₱9.0 billion or 72% of net operating income while Toll Roads and Water contributed ₱2.7 billion and ₱2.3 billion, respectively.

Net interest costs declined 3% due to the strategic rerating and refinancing of expensive debt facilities over the past two years, notwithstanding a rising interest rate environment.

Reported Net Income attributable to the Parent Company increased 8% to ₱10.2 billion compared with ₱9.5 billion last year, which had the benefit of gains from the acquisition of Landco Pacific Corporation.

2Q 2023 vs. 1Q 2023 HIGHLIGHTS

MPIC’s Consolidated Core Net Income for the second quarter of 2023 was ₱5.6 billion, 29% higher than in the first quarter.

- Meralco’s Core Net Income increased 12% to ₱10.2 billion on the back of increased distribution revenues and higher contribution from its power generation business.
- Maynilad Water Services Inc.’s (“Maynilad”) Core Net Income climbed 5% to ₱2.2 billion, driven by higher water consumption during the summer months.
- Metro Pacific Tollways Corporation’s (“MPTC”) Core Net Income increased to ₱1.4 billion with the surge in traffic and implementation of tariff increase in the North Luzon Expressway, offset by the acquisition cost of the Jakarta-Cikampek Elevated (“Japex”) toll road and other costs associated with its new roads.

2Q 2023 vs. 2Q 2022 HIGHLIGHTS

MPIC’s Consolidated Core Net Income also increased 29%

- Meralco’s Core Net Income rose 53%, supported by a 5% increase in energy sold and improved performance from the generation business.
- Maynilad’s Core Net Income grew 35% with higher billed volume and tariff.
- MPTC’s Core Net Income was up 11% as average daily vehicle entries across all roads increased.
- Head office interest declined 3% owing to lower interest charges.

STAND-ALONE PERFORMANCE OF OPERATING COMPANIES – 1H 2023 vs. 1H 2022

POWER

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

MERALCO

Financial and Operational Highlights

- Total Revenues rose 13% to a record high ₱224.8 billion, reflecting increased pass-through charges, higher generation revenues and growth in volumes sold.
 - Consolidated distribution utility energy sales volumes grew 3.4% to 24,792 GWh.
 - Sales mix continued to shift towards pre-pandemic levels with the continued recovery of business operations and resumption of social activities. The share of the commercial segment increased to 37.0% from 34.7% in 2022, while residential share was down to 34.8% from 35.5%, while the Industrial segment's share was at 27.9% from 29.6%.
 - The commercial segment grew 10.3% as consumer demand increased and business activities went into full swing. Residential consumption increased 1.4% due to higher temperatures and humidity at the onset of El Niño. The industrial segment went down due to lower production and demand from the semiconductor, plastics, cement and steel industries.
- Consolidated Core Net Income increased 47% to ₱19.2 billion, driven by the significant growth in contribution from the power generation business.
 - Meralco PowerGen Corporation ("MGen") contributed ₱6.6 billion, almost tripling from ₱2.3 billion a year earlier, primarily driven by the contribution of Singapore-based PacificLight Power Pte. Ltd. and positive contributions of the operating power projects in the Philippines. MGen currently has a combined power generation capacity of 2,240 MW (net) in the Philippines and Singapore. Volumes delivered were up 7% vs. last year.
- Reported Net Income improved 36% to ₱17.9 billion.
- Capital expenditures amounted to ₱14.1 billion and were directed at network upgrade and pole relocation programs in support of government infrastructure projects, build-out of the tower business and construction of its solar projects.

The full text of Meralco's Earnings Press Release issued on July 31, 2023 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

- Toll Revenues grew 24% to ₱13 billion due to a combination of toll rate increases and traffic growth in the Philippines and Indonesia.
- Philippines
 - Average daily vehicle entries rose 14% to 646,336 from 567,159.
 - Full impact of the tariff increases in NLEX, Cavitex, and SCTEX which were implemented in 2Q 2022.
- International toll roads

- Vietnam – Average daily vehicle entries increased 9% to 77,959.
- Indonesia – Average daily vehicle entries climbed 88% to 480,636, which included 196,674 vehicles from the Japex toll road which was acquired in 2H 2022.
- Slower growth in Core Net Income of 7% was due to the higher concession amortization on newly opened roads and financing cost on the Japex acquisition; and delay in toll rate adjustment

Expansion and Others

PHILIPPINES

- Continued construction activities on significant toll projects. Details are as follows:

Toll Road Projects	Length (In Km)	Construction Cost* (In Billions)	Target Completion
Expansions to existing roads			
CAVITEX – CALAX Link (previously CAVITEX Segment 4 Extension)	1.2	₱2.4	2024
CAVITEX - C5 South Link	7.8	16.4	2024
Cavite-Laguna Expressway	44.6	29.5	2024
Candaba 3 rd Viaduct	5.3	7.8	2024
Stand-alone road projects			
NLEX-SLEX Connector Road	8.0	20.2	2023
TOTAL	66.9	₱76.3	

*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 grew 19% to ₱13.3 billion reflecting 2% growth in billed volume and higher effective tariffs.
 - Demand from semi-business and commercial sectors rose 8% and 13%, respectively.
- Core Net Income up 45% to ₱4.4 billion due to lower amortization resulting from the extension of the concession period.
- Capital expenditure amounted to ₱9.4 billion, up 37% from last year, as Maynilad continued to deliver on its obligations under the approved business plan.

HEALTHCARE

Expansion

Metro Pacific Health (“MPH”) recently acquired Howard Hubbard Memorial Hospital, a 95-bed hospital in Polomolok, South Cotabato, through a joint venture with its subsidiary in General Santos City, St. Elizabeth Hospital and Medical Center Imus, a Level 2, 90-bed hospital catering to the densely populated and fast-growing markets of Bacoor and Imus in Cavite. This brings the total number of hospitals under the MPH network to 21.

mWell is the Philippines' healthcare mega app. The fully integrated and fully digital platform has 1,200 Primary Care doctors, specialists and mind health experts. Through a partnership with the Department of Migrant Workers (DMW), mWell is able to provide Overseas Filipino workers access to doctors who speak their language. As it brings global healthcare to Filipinos, mWell also

developed mWellMD—a cutting edge Electronic Medical Records (EMR) and clinic management system. Created by doctors for doctors, it allows them to serve more patients in the most convenient and efficient way possible. mWell proudly represented the country in London Tech Week 2023— Europe's largest tech festival on Financial Inclusion, Digital Health, and Cybersecurity.

BALANCE SHEET HIGHLIGHTS – MPIC PARENT

- Cash and cash equivalents and short-term investments amounted to ₱5.8 billion.
- Net debt amounted to ₱73.2 billion versus ₱73.6 billion in December 2022.

DIVIDENDS

The Board of Directors has approved the declaration of interim dividends of ₱0.05 (5 centavos) per common share, payable on September 15, 2023, to all shareholders of record as of September 1, 2023.

SUSTAINABILITY HIGHLIGHTS

MPIC has a holistic and end-to-end approach to sustainability covering economic, environmental, social, and governance (“EESG”) impacts:

Integrating Sustainability with Business Strategy

- Meralco is accelerating its renewable energy plan of up to 1,500 MW of clean energy capacity by 2027
 - MGreen’s 75 MWAC solar power plant project in Baras, Rizal, in partnership with Mitsui’s local unit Mit-Renewables Philippine Corp., has completed commissioning tests for its 67.5 MWAC (Phase 1) of the project and plans to declare commissioning date within the third quarter. Phase 1 has been generating at full capacity since April 2023.
 - Maynilad begins to decarbonize its vehicle fleet and plans to eventually shift 50% of its said fleet to electric vehicles by 2037. An initial batch of three electric vehicles was recently turned over to Maynilad for utilization this year, while a second batch of 41 units will be acquired over the next five years.
 - Maynilad also held the soft launch of the Anabu Modular Treatment Plant, one of four small-scale treatment plants that it is constructing in Cavite, which will use adjacent rivers as raw water sources. Its initial output of 5.5 MLD is enough to supply the needs of more than 13,000 customers and once fully operational by the latter part of this year, it can produce a total of 16 MLD, potentially serving approximately 114,000 people in the area.

Investing in Environmental Protection Programs

- MPIC continues to champion biodiversity protection and hosted the ASEAN Youth Biodiversity Leaders through the ASEAN Centre for Biodiversity’s Youth Programme for an in-depth discussion of future collaboration areas
- In celebration of the 15th year of Shore It Up! (“SIU”), Metro Pacific Investments Foundation (“MPIF”) organized a multisectoral forum titled "Enlarging Our Blue Footprint for Philippine Marine Biodiversity Conservation." The forum took place at The Westin Manila Hotel in Mandaluyong City and brought together esteemed representatives from the public and private sectors. This event served as a platform for SIU's stakeholders to collectively plan and set the direction for Shore It Up over the next five years.

Empowering Communities through Positive Impact Programs

MPIF has also been leading the group's positive impact programs and has, among many others:

- Provided medical supplies and equipment to the Philippine Coast Guard to support the Mindoro Oil Spill clean-up initiatives;
- Granted financial assistance to the Municipality of del Carmen, Surigao del Norte for the rehabilitation of their Mangrove Protection and Information Center affected by typhoon Odette;
- Distributed relief packages to 200 households from displaced communities affected by the effusive eruptions of Mt. Mayon in Albay;
- Awarded financial assistance to 50 Scholars from Tanay and Binangonan, Rizal under the "Alay Sa Batang Rizal" Program of MPIF and Gabay Guro; and
- In collaboration with Tulong Kapatid CSR council of the MVP group, conducted relief distributions and medical missions for those affected by Typhoon Egay in Ilocos Norte, Ilocos Sur, Cagayan, Pampanga, Bulacan, and Bataan.

Aligning with Global Best Practices on Sustainability

- MPIC remains a constituent company of the FTSE4Good Index Series for the second straight year. The FTSE4Good Index Series is a series of benchmark and tradable indexes for ESG investors. FTSE Russell's ESG scores and data model allow investors to understand a company's exposure to, and management of, ESG issues in multiple dimensions.

"Over the years, the shift towards a more sustainable way of business has increasingly become a priority in our group. Our collective efforts have enabled us to move from business-as-usual to climate-smart, resource-efficient, and inclusive practices. As we continue to work together, we at the MVP group remain committed to progress on all fronts: the economy, the environment, social development, and better governance," said MPIC's Chief Finance, Risk and Sustainability Officer Chaye A. Cabal – Revilla.

PETITION FOR VOLUNTARY DELISTING

On July 3, 2023, MPIC received an updated Tender Offer Notice ("Updated Notice") from a consortium consisting of Metro Pacific Holdings, Inc., GT Capital Holdings, Inc., Mit-Pacific Infrastructure Holdings, Inc. and MIG Holdings Incorporated (collectively referred to as the "Bidders") which states that they intend to make a tender offer ("Tender Offer") for common shares of MPIC with a view to taking MPIC private through a voluntary delisting process. The Tender Offer shall cover all outstanding common shares of MPIC, other than the common shares owned by the Bidders and the qualifying common shares of the directors of MPIC. The Updated Notice supersedes the initial Tender Offer Notice that MPIC received from the Bidders on April 26, 2023.

Under the Amended Voluntary Delisting Rules of the Philippine Stock Exchange ("PSE"), the voluntary delisting must be approved by: (a) at least two-thirds (2/3) of the entire membership of the board of directors, including the majority, but not less than two, of all of its independent directors; and (b) stockholders owning at least two-thirds (2/3) of the total outstanding and listed shares of the listed company and with the number of votes cast against the delisting proposal not more than ten percent (10%) of the total outstanding and listed shares of the listed company.

On August 8, 2023, shareholders representing more than seventy seven percent (77%) of the total outstanding common shares of MPIC voted to approve the proposal for voluntary delisting.

Furthermore, shareholders representing less than one percent (1%) of the total outstanding common shares of MPIC voted against the proposal for voluntary delisting.

The Tender Offer period began on August 9, 2023 and will run until September 7, 2023, with a target settlement date on September 19, 2023.

CONCLUSION

“Our consistently strong performance reflects significant volume increases for our core businesses on power, toll roads, and water, bolstered by favorable tariff adjustments and savings resulting from operational efficiencies. We are also realizing the fruits of strategic investments in the power generation business, and we expect this to continue to be a driver of growth in the future,” said MPIC Chairman, President and CEO Manuel V. Pangilinan.

“Regarding our petition for voluntary delisting, the Company’s Board of Directors and senior management echo the Bidders’ observation that the intrinsic value of MPIC’s core investments in infrastructure in the Philippines has not been fully reflected in MPIC’s share price for some time. The tender offer and successful delisting will allow MPIC’s minority shareholders to realize a significant premium over the historical share prices of MPIC.

The bidders have also expressed their commitment to further supporting Philippine infrastructure and as such, the nature of the business of MPIC will continue. There is no intention to materially deviate from the course that MPIC has taken in the past few years. Furthermore, there is still a massive need for infrastructure investments in our country and this will provide several opportunities for shareholders to participate directly in the underlying assets of the group once the contemplated spin-offs materialize.”

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 cannot guarantee 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)

	Six Months ended June 30	
	2023	2022
OPERATING REVENUES	₱29,374	₱24,287
COST OF SALES AND SERVICES	(10,953)	(10,306)
GROSS PROFIT	18,421	13,981
General and administrative expenses	(6,104)	(4,936)
Interest expense	(6,427)	(4,681)
Share in net earnings of equity method investees	8,542	6,233
Interest income	945	380
Construction revenue	13,446	16,862
Construction costs	(13,446)	(16,862)
Others	523	2,908
INCOME BEFORE INCOME TAX	15,900	13,885
PROVISION FOR INCOME TAX		
Current	2,545	1,921
Deferred	221	391
	2,766	2,312
NET INCOME	₱13,134	₱11,573
OTHER COMPREHENSIVE INCOME (LOSS) – NET		
To be reclassified to profit or loss in subsequent periods	630	1,678
Not to be reclassified to profit or loss in subsequent periods	(225)	59
	405	1,737
TOTAL COMPREHENSIVE INCOME	₱13,539	₱13,310
Net income attributable to:		
Owners of the Parent Company	₱10,218	₱9,495
Non-controlling interest	2,916	2,078
	₱13,134	₱11,573
Total Comprehensive Income Attributable to:		
Owners of the Parent Company	₱10,479	₱11,063
Non-controlling interest	3,060	2,247
	₱13,539	₱13,310
BASIC AND DILUTED EARNINGS PER COMMON SHARE	₱0.3559	₱0.3189

METRO PACIFIC INVESTMENTS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
(Amounts in Peso Millions)

	June 30, 2023	December 31, 2022
ASSETS		
Current Assets		
Cash and cash equivalents	P29,098	P33,595
Short-term placements	5,499	8,827
Restricted cash	4,786	4,767
Receivables	8,997	9,195
Other current assets	13,153	12,540
Total Current Assets	61,533	68,924
Noncurrent Assets		
Investments and advances	199,430	196,323
Service concession assets	349,430	331,693
Property, plant and equipment	7,234	6,904
Goodwill	15,319	15,241
Intangible assets	697	377
Deferred tax assets	961	769
Other noncurrent assets	27,223	23,565
Total Noncurrent Assets	600,294	574,872
TOTAL ASSETS	P661,827	P643,796
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities	P44,235	P44,784
Income tax payable	1,166	1,283
Due to related parties	73	83
Short-term and current portion of long-term debt	35,639	20,842
Current portion of:		
Provisions	8,647	8,337
Service concession fees payable	1,228	1,289
Total Current Liabilities	90,988	76,618
Noncurrent Liabilities		
Noncurrent portion of:		
Provisions	2,232	3,030
Service concession fees payable	29,289	28,453
Long-term debt	264,382	271,625
Deferred tax liabilities	10,412	9,898
Other long-term liabilities	9,513	9,131
Total Noncurrent Liabilities	315,828	322,137
Total Liabilities	406,816	398,755
Equity		
Owners of the Parent Company:		
Capital stock	31,661	31,661
Additional paid-in capital	68,638	68,638
Treasury shares	(10,703)	(10,703)
Equity reserves	(1,357)	(1,377)
Retained earnings	113,759	105,692
Other comprehensive income reserve	6,404	6,177
Total equity attributable to owners of the Parent Company	208,402	200,088
Non-controlling interest	46,609	44,953
Total Equity	255,011	245,041
TOTAL LIABILITIES AND EQUITY	P661,827	P643,796