FIRST PACIFIC COMPANY LIMITED
第一太平有限公司
(Incorporated with limited liability under the laws of Bermuda)

Press Release

Thursday, 2 May 2019

MPIC strong growth in operating income fully absorbs rising finance costs from increased investment

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 42.0%.

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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METRO PACIFIC INVESTMENTS

PRESSRELEASE

Strong growth in operating income fully absorbs rising finance costs from increased investment

- *Power distributed in Luzon +2%*
- *Power sold in Visayas -8%*
- *Domestic toll road traffic +8%*
- *Volume of water sold in West Metro Manila +2%*
- *Hospital group census +10%*

- **1Q 2019 Core Net Income at ₱3.7 Bln vs. ₱3.6 Bln in 1Q 2018**
- **Reported Net Income attributable to shareholders at ₱3.5 Bln**
- **System-wide revenues including MERALCO up 6% to ₱101.0 Bln**
- **Fully Diluted Core Net Income per share unchanged at 11.6 centavos**
- **MERALCO Core Net Income ₱5.6 Bln, Core EBITDA ₱8.8 Bln**
- **Global Power Core Net Income ₱398 Mln, Core EBITDA ₱2.0 Bln**
- **Tollways Core Net Income ₱1.1 Bln, Core EBITDA ₱2.9 Bln**
- **Maynilad Water Core Net Income ₱1.8 Bln, Core EBITDA ₱3.8 Bln**
- **Hospital Group Core Net Income ₱744 Mln, Core EBITDA ₱1.7 Bln**
- **Light Rail, Logistics and Other businesses contributed ₱7 Mln**
- **MPIC Group capex for 1Q 2019 at ₱13.0 Bln excluding acquisitions**

MANILA, Philippines, 2nd May 2019 – Metro Pacific Investments Corporation ("MPIC" or the "Company") (PSE: MPI) today reported consolidated Core Net Income of ₱3.7 billion for the first quarter of 2019 versus ₱3.6 billion for the first quarter of 2018.

On par earnings were sustained by an 8% increase in operating contribution driven by: (i) substantial Core Net Income growth from Manila Electric Company ("MERALCO"); (ii) continuing volume growth coupled with inflation-linked and basic tariff increases at Maynilad Water Service Inc. ("Maynilad"); and (iii) strong patient census at our hospitals, all of which combined to offset higher interest costs.

Power accounted for ₱2.7 billion or 54% of net operating income; Tollroads contributed ₱1.1 billion or 23%; Water contributed ₱0.9 billion or 18%; the Hospitals Group provided ₱242 million or 5%; and the Rail, Logistics and Systems Group contributed ₱7 million.

Consolidated Reported Net Income attributable to owners of the parent company declined by 7% to ₱3.5 billion in the first quarter of 2019 due to refinancing and share issuance costs plus various project expenses.

"Our 8% growth in contribution from operations reflects meaningful volume increases for most of our businesses following years of high investment and our continuing emphasis on operational efficiencies," said Jose Ma. K. Lim, President and Chief Executive Officer of MPIC.

Pointing to MPIC's ambitious investment program in the years ahead, Lim said, "The rise in our borrowing costs has largely offset the increased operating contribution as we continue to make significant investments in our new road, water, energy and logistics projects. These will take some time to complete and begin contributing to earnings."

"Progress on long-running differences with regulators over tariffs is helping MPIC's bottom line", the CEO said. "In water, following a constructive and professional rate rebasing in 2018, MWSS approved a 5.7% inflation-linked tariff increase on 1st January 2019. This is good news, but unfortunately, the rebasing didn't address the corporate income tax recovery issue inherited from the previous Administration, which we continue to pursue."

Turning to toll roads Lim said, "We are now implementing new toll rates for the NLEX and have published the new toll rates for the SCTEX which both address part of our pending tariff issues, albeit also on a staggered basis. We are also awaiting Toll Regulatory Board's ("TRB") approval of the new toll rates for the CAVITEX."

Operational Review

POWER:

MPIC's power business contributed ₱2.7 billion to Core Net Income in the first quarter of 2019, an increase of 10% driven by strong results at MERALCO which more than offset the decline in contribution of Global Business Power Corporation ("Global Power").

MERALCO

MERALCO's Core Net Income for the first quarter of 2019 rose 14% to ₱5.6 billion, driven by a 2% increase in energy sales on slightly lower tariffs, lower interest expense from lower debt balance and higher yield from cash placements.

Energy sales rose across all customer classes. Commercial sector grew on continued expansion of the real estate, hotels and restaurants, and storage while growth in the industrial sector was rooted in the healthy performance of the non-metallic, rubber and plastics, and food & beverage industries. There was a slow residential growth versus high base set in 2018, but this is expected to pick up in the coming months.

Total revenues rose 6% to ₱75.4 billion on higher energy sales together with increased pass-through generation charges driven by higher fuel prices, depreciation of the Peso and higher WESM cost.

MERALCO spent ₱4.4 billion on capital expenditures in the first quarter of 2019 to address critical loading of existing facilities and to support growth in demand and customer connections.

On MERALCO's key power generation projects through MERALCO PowerGen Corporation ("MGen"):

- San Buenaventura Power Limited, a joint venture between MGen and a subsidiary of Thailand's EGCO Group, is developing a 455 MW (net) supercritical coal-fired power plant in Mauban, Quezon. Construction is proceeding as scheduled, with commercial operation due in the third quarter of this year. The plant capacity is contracted under an ERC-approved Power Supply Agreement ("PSA") with MERALCO.

- There is no reportable progress on the numerous PSAs still with ERC for approval. We are increasingly concerned about the risk of power shortages in the future given the continuing increase in power demand as our economy grows.

- MERALCO continues to work on its strategy of building a diversified power generation portfolio of high efficiency, low emission coal-fired plants and renewable energy sources.

The full text of MERALCO's Earnings Press Release issued on 29th April 2019 is available at http://www.meralco.com.ph.

Global Power

Global Power's total revenues for the first quarter of 2019 decreased by 9% due to lower volume sold as a result of scheduled plant maintenance in the first quarter of 2019. The scheduled maintenance and the start of depreciation and interest costs from Panay

Energy Development Corporation's 150 MW plant from 1st June 2018 resulted in a reduction of Core Net Income to ₱398 million.

Alsons Thermal Energy Corporation, in which Global Power has a 50% interest, is expected to commence operation of its second 105 MW (80 MW contracted) expansion plant in Maasim, Saranggani by the second half of this year.

Global Power plans to invest in renewable energy projects to complement its current fossil fuel capacity.

Energy from Waste

MPIC's sustainable energy initiatives have gained traction with waste-to-energy projects for Dole Philippines and the Local Government of Quezon City.

The construction of the Surallah biogas plant for Dole Philippines will commence this month and the construction for Polomolok plant by third quarter of this year.

With no comparable proposals to challenge the Quezon City Solid Waste Management Facility Project, the MPIC-led consortium with Covanta Energy, LLC and Macquarie Group, Ltd. expects to receive the Notice of Award in the 2nd half of 2019. The waste treatment facility will convert up to 3,000 metric tons a day of municipal waste into 36 MW (net) of electricity.

TOLLROADS:

Metro Pacific Tollways Corporation ("MPTC") recorded Core Net Income of ₱1.1 billion in the first quarter of 2019, on par from a year earlier with the increase in vehicle entries in domestic roads offset by traffic decline in our regional roads and higher financing cost from borrowings used to partially finance our increased investment in PT Nusantara in 2018. MPTC's system-wide vehicle entries, including both our domestic and regional road networks, averaged 929,015 a day in the first quarter of 2019 versus 918,183 during the same quarter of last year.

<u>Tollroads in the Philippines</u>:

Average daily vehicle entries for all three of our domestic tollways system (NLEX, CAVITEX and SCTEX) rose 8% to 510,510 in the first quarter of 2019 compared with 472,653 in the first quarter of 2018.

The NLEX Harbor Link Segment 10 from Karuhatan, Valenzuela City, which was opened on the 28th of February 2019, has since served over 100,000 vehicles. Traffic for the first quarter of 2019 average approximately 7,000 vehicles per day.

Meanwhile, construction is ongoing for the NLEX Radial Road 10, CAVITEX C5 South Link, Cebu Cordova Link Expressway, and the Laguna section of the Cavite-Laguna Expressway. Right-of-way acquisition is underway for other awarded projects in our pipeline, with construction due to begin thereafter.

Targeted completion of our toll road projects currently stands as follows:

	Length *(In Km)*	Construction Cost *(In Billions)*	Target Completion	Right of Way Progress
Expansions to existing roads				
NLEX Harbour Link (Radial Road 10)	2.6	₱6.7	2019	92%
NLEX Lane Widening Phase 2	N/A	2.1	2020	N/A
CAVITEX Segment 4 Extension	1.2	1.5	2021	85%
CAVITEX - C5 South Link	7.7	12.7	2021	70%
NLEX Citi Link	11.5	15.0	2024	0%
Stand-alone road projects				
NLEX-SLEX Connector Road	8.0	23.3	2021	Section 1 – 51% Section 2 – 74%
Cebu Cordova Link Expressway	8.5	26.6	2021	100%
Cavite-Laguna Expressway	44.7	16.5	2022	47%
TOTAL	**84.2**	**₱104.4**		

MPTC expects to spend an additional ₱25 billion on road construction if it secures the Cavite-Tagaytay-Batangas Expressway (CTBEx) for which it was recently awarded Original Proponent status. The final award of the CTBEx Project will be subject to a Swiss Challenge expected within the first half of 2019.

Recent progress on resolving long-running differences with regulators over tariffs has been encouraging. Notice to Collect on the new toll rates for the NLEX was issued by the TRB on 20th March 2019. The new toll rate matrix addresses our 2012 and 2014 pending applications, albeit on a staggered basis. The adjustment also includes recovery of our investment in the newly-opened NLEX Harbor Link Segment 10.

The TRB also approved the SCTEX toll fare matrix which addresses our 2011 petition. The new toll rates are expected by May 2019, subject to receipt of Notice to Collect from the TRB. CAVITEX, on the other hand, is still awaiting TRB's approval of its new toll rates.

<u>Tollroads outside the Philippines</u>:

Average daily vehicle entries for the toll investments outside of the Philippines declined by 6% to 418,505 in the first quarter of 2019 compared with 445,530 in the first quarter of 2018. Lower traffic volumes in DMT (Bangkok) and PT Nusantara (Indonesia) were due to construction and road integration within their concession areas.

WATER:

MPIC's water business comprises investments in Maynilad, the biggest water utility in the Philippines, and MetroPac Water Investments Corporation ("MPW"), focused on building new water businesses outside Metro Manila. The water segment's contribution to Core Net Income amounted to ₱0.9 billion in the first quarter of 2019, most of it from Maynilad.

Maynilad – 1 million people receiving water at ₱1 centavo per liter

Maynilad's revenues in the first quarter of 2019 rose 8% to ₱5.7 billion from ₱5.2 billion in the first quarter of 2018, lifted by a 2% increase in volume sold and a combination of basic and inflation-linked tariff increases of 2.7% in October 2018 and 5.7% in January 2019. The number of water connections (or billed customers) rose 3% to 1,420,580 at the end of March 2019.

Core Net Income for the first quarter of 2019 rose 12% to ₱1.8 billion, driven by revenue growth and lower provisions.

In the face of threats to water supply posed by climate change and population growth in our concession area, Maynilad continues to invest heavily in water security programs to minimize dependence on the Angat Dam, and in a comprehensive Non-Revenue Water ("NRW") Reduction Program.

Capital expenditure stood at ₱2.4 billion in the first three months of 2019, much of it directed to upgrading and building reservoirs and pumping stations, laying primary pipelines, and constructing wastewater facilities to improve public health. <u>Maynilad's total distribution line is now at 7,691 kilometers with a 24-hour water supply and sewerage coverage at 98% and 20% of its population, respectively, while maintaining an average water pressure of over 16 psi at 68%.</u>

NRW measured at the District Metered Area level fell to 26.3% as at the end of March 2019 from 27.1% at the end of 2018 while total NRW is now down to 38.1%.

Maynilad is striving to meet its service obligations but financing these requires resolution of the remaining claims and tax recovery matters following a series of favorable rulings in arbitration and in court.

Following a constructive and professional rate rebasing, Maynilad was awarded a 16.2% tariff increase – excluding inflation – to be implemented on a staggered basis. The Metropolitan Waterworks and Sewerage System ("MWSS") also approved a 5.7% inflation-linked tariff increase in January 2019. Despite this, unfortunately the rebasing did not address our corporate income tax recovery issue inherited from the previous Administration.

Recently, the Philippine Government expressed its intention to review the concession agreements, including Maynilad's. We shall cooperate in the review process and we continue to express our faith and confidence in the current concession arrangement which has seen strong and steady growth in the number of Maynilad customers receiving affordable clean water.

MetroPac Water Investments Corporation ("MPW")

Outside the Maynilad concession which currently bills 1,430 Million Liters per Day ("MLD"), MPW currently bills 262 MLD and it expands MPIC's water investment portfolio with up to 393 MLD of installed capacity in the Philippines and 660 MLD in Vietnam when these projects are completed. A further 430 MLD of projects around the Philippines are under negotiation and awaiting final award.

MPW's contribution to MPIC is currently immaterial but as these new projects are completed, it is expected to become a major profit contributor.

HOSPITALS:

Metro Pacific Hospital Holdings, Inc. ("MPHHI") reported a 17% rise in aggregate revenues in the first quarter of 2019 on the strength of a 10% increase in outpatient visits to 919,539 and 7% growth in inpatient admissions to 50,227. Core income grew 28%.

MPHHI continues to roll out improved patient care across its network of hospitals and to establish new service centers in the communities it serves.

RAIL:

As at 31st March 2019, LRMC had successfully restored 35 Light Rail Vehicles ("LRVs"), bringing the total available LRVs to 112 from the 77 it inherited in 2015. The resulting surge in available capacity has reduced passenger waiting time to 3.45 minutes during peak hours from more than five minutes when LRMC took over. LRMC has allocated capital expenditure of ₱7.5 billion for the rehabilitation of the train system, structural rectification and an extension of the line to Cavite for 2019.

The majority of the ₱750 million Station Improvement Project has been substantially completed with remaining work expected to be finished by mid-2019. LRMC is currently undertaking pre-construction preparations for the LRT-1 Cavite Extension. On-site construction works will begin this year but long-overdue tariff increases must be resolved to make this financeable and LRMC is in discussion with Department of Transportation about this.

LRMC served an average daily ridership of 463,758 in the first quarter of 2019, a slight improvement from a year earlier. While LRMC contributed ₱123 million to MPIC's Core Income for the first quarter of 2019, the earnings are fully reinvested in improving train operations and passenger experience.

LOGISTICS:

Metropac Movers, Inc. ("MMI") is now an established force in the Philippine logistics sector. The focus of this business is to provide our clients with first-class transportation, warehousing and order fulfillment as we broaden our service offering to include cross docking and freight forwarding.

MMI has acquired over 400,000 square meters of land in Cavite and Bulacan for developing into covered warehouse space to be utilized by MMI to build the leading logistics firm in the Philippines.

MMI is not yet contributing to MPIC's Core Net Income as our focus has been on getting established and building a best-in-class customer service platform and culture.

Conclusion and Outlook

"We are seeing partial resolution of our long-pending tariff issues, particularly in our Water and Tollways businesses. However, the shape of such resolution takes the form of staggered tariff increases and concession extensions, which makes us front-end the financing of our current expansion programs for Tollways and Water, and consequently pay upfront the financing costs associated with these. Accordingly, the increase in our operating results has been largely absorbed by higher interest costs during the first quarter" said MPIC Chairman Manuel V. Pangilinan.

He concluded, "Continuing strong demand for the services we provide, against a backdrop of steady economic growth, underpins our optimism for 2019. That said, it is rather early to give our earnings guidance for the year. Our focus over the medium term is to build out the many new infrastructure assets we are working on in order to deliver value to our shareholders and with this, to find suitable financing arrangements which will enhance profitability, earnings per share, and the Net Asset Value of MPIC."

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 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 Peso Millions)

	Unaudited March 31, 2019	Audited December 31, 2018
ASSETS		
Current Assets		
Cash and cash equivalents and short-term deposits	**₱45,645**	₱47,521
Restricted cash	**4,730**	5,421
Receivables	**17,470**	12,495
Other current assets	**10,388**	12,892
	78,233	78,329
Assets held for sale	**1,250**	1,250
Total Current Assets	**79,483**	79,579
Noncurrent Assets		
Investments and advances	**150,982**	152,993
Service concession assets	**213,237**	205,992
Property, plant and equipment	**72,953**	71,926
Goodwill	**27,909**	27,856
Intangible assets	**3,817**	3,897
Deferred tax assets	**1,471**	1,270
Other noncurrent assets	**16,870**	14,433
Total Noncurrent Assets	**487,239**	478,367
	₱566,722	₱557,946

(Forward)

METRO PACIFIC INVESTMENTS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Peso Millions)

	Unaudited March 31, 2019	Audited December 31, 2018
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities	**₱33,658**	₱31,951
Income tax payable	**2,643**	1,533
Due to related parties	**4,506**	4,462
Current portion of:		
Provisions	**6,080**	6,004
Long-term debt	**10,960**	11,619
Service concession fees payable	**377**	693
Total Current Liabilities	**58,224**	56,262
Noncurrent Liabilities		
Noncurrent portion of:		
Provisions	**2,752**	2,528
Service concession fees payable	**30,332**	29,946
Long-term debt	**204,785**	203,474
Due to related parties	**7,492**	7,392
Deferred tax liabilities	**10,357**	9,930
Other long-term liabilities	**10,800**	9,411
Total Noncurrent Liabilities	**266,518**	262,681
Total Liabilities	**324,742**	318,943
Equity		
Owners of the Parent Company:		
Capital stock	**31,638**	31,633
Additional paid-in capital	**68,512**	68,494
Treasury shares	**(180)**	(178)
Equity reserves	**5,865**	6,968
Retained earnings	**65,675**	64,533
Other comprehensive income reserve	**2,280**	1,861
Total equity attributable to owners of the Parent Company	**173,790**	173,311
Non-controlling interest	**68,190**	65,692
Total Equity	**241,980**	239,003
	₱566,722	₱557,946

METRO PACIFIC INVESTMENTS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
(Amounts in Peso Millions, except Per Share Amounts)

	Three Months Ended March 31	
	2019	2018
OPERATING REVENUES		
Power and coal sales	**₱5,918**	₱6,335
Water and sewerage services revenue	**5,888**	5,341
Toll fees	**4,243**	3,587
Hospital revenue	**3,981**	2,910
Rail revenue	**832**	803
Logistics and other revenue	**510**	411
	21,372	19,387
COST OF SALES AND SERVICES	**(10,372)**	(9,638)
GROSS PROFIT	**11,000**	9,749
General and administrative expenses	**(4,251)**	(3,308)
Interest expense	**(3,185)**	(2,449)
Share in net earnings of equity method investees	**2,826**	2,597
Interest income	**832**	265
Construction revenue	**7,520**	5,155
Construction costs	**(7,520)**	(5,155)
Others	**183**	373
INCOME BEFORE INCOME TAX	**7,405**	7,227
PROVISION FOR INCOME TAX		
Current	**1,668**	1,591
Deferred	**77**	132
	1,745	1,723
NET INCOME	**₱5,660**	₱5,504
OTHER COMPREHENSIVE INCOME (OCI)		
Net OCI to be reclassified to profit or loss in subsequent periods	**404**	(11)
Net OCI not to be reclassified to profit or loss in subsequent periods	**4**	3
	408	(8)
TOTAL COMPREHENSIVE INCOME	**₱6,068**	₱5,496
Net income attributable to:		
Owners of the Parent Company	**₱3,542**	₱3,818
Non-controlling interest	**2,118**	1,686
	₱5,660	₱5,504
Total comprehensive income attributable to:		
Owners of the Parent Company	**₱3,961**	₱3,811
Non-controlling interest	**2,107**	1,685
	₱6,068	₱5,496
EARNINGS PER SHARE		
Basic Earnings Per Common Share, Attributable to Owners of the Parent Company *(In Centavos)*	**₱11.23**	₱12.11
Diluted Earnings Per Common Share, Attributable to Owners of the Parent Company *(In Centavos)*	**₱11.22**	₱12.10