



FIRST PACIFIC COMPANY LIMITED

(Incorporated with limited liability under the laws of Bermuda)

FIRST-HALF 2020 UNAUDITED FINANCIAL RESULTS *DIVERSE HOLDINGS BRING RESILIENCE AMID COVID-19*

*GROUP COMPANIES REMAIN STRONG AMID COVID-19 PANDEMIC
INDOFOOD, PLDT SEE HIGHER REVENUES UNDER COVID-19
HEAD OFFICE COSTS DOWN 17% ON LOWER INTEREST, OVERHEAD
LIQUIDITY REMAINS STRONG AT FIRST PACIFIC & OPERATING
COMPANIES DESPITE PANDEMIC
INTERIM DISTRIBUTION INCREASED TO 7.0 HK CENTS/SHARE
CONTRIBUTION FROM OPERATIONS US\$197.4 MLN VS US\$197.0 MLN
RECURRING PROFIT UP 7% AT US\$151.7 MLN VS US\$142.0 MLN
NET PROFIT US\$100.6 MLN VS. NET LOSS OF US\$148.3 MLN
11TH YEAR IN A ROW OF 25% DISTRIBUTION PAYOUT RATIO*

Hong Kong, 27th August, 2020 – First Pacific Company Limited (HKSE: 00142) (“First Pacific” or the “Company”) today reported its unaudited financial results for the six (6) months ended 30th June 2020 and announced an increase in its interim distribution to shareholders on the strength of the Group’s resilience amid the COVID-19 pandemic.

Turnover was dragged down by Metro Pacific Investments Corporation (“MPIC”) and PacificLight Power Pte. Ltd. (“PLP”), which saw revenues decline during lockdowns in response to the COVID-19 pandemic. At First Pacific, turnover fell 11% to US\$3.65 billion vs. US\$4.09 billion. Contribution from operations was flat at US\$197.4 million versus US\$197.0 million as strong increases from PT Indofood Sukses Makmur Tbk (“Indofood”) and PLDT Inc. (“PLDT”) offset MPIC’s lower contribution. Recurring profit rose 7% to US\$151.7 million from US\$142.0 million a year earlier.

“The growth in our recurring profit testifies to our resilience in these difficult times,” said Manuel V. Pangilinan, Managing Director and Chief Executive Officer of First Pacific. “The diversity of our businesses and dedication of our staff are crucial factors in our first half performance, and gives us cautious optimism looking ahead to the end of the COVID-19 pandemic and beyond.”

As at 30th June 2020, First Pacific Head Office had cash on hand of approximately US\$350 million, which is principally earmarked for repayment of a US\$252 million bond maturing in September 2020. This is the only Head Office borrowing falling due this year.

First Pacific has received approximately US\$140 million in dividend income so far this year, 19% more than the US\$118 million at the same point in 2019. Full-year cash dividend income is expected to be significantly higher than the US\$165 million received in 2019, as the Company's three core businesses – Indofood, PLDT, and MPIC – deliver strengthening dividend streams to the Head Office.

“Given the outlook for continuing resilience for the rest of the year, our Board of Directors has approved an interim distribution to shareholders of 7.0 HK cents per share, consistent with our policy of returning at least 25% of recurring profit to shareholders. This level is up from 6.5 HK cents in the previous interim payout,” Pangilinan said. “We are confident in the strength of our cash flows looking forward.”

2019 marked the 10th year in a row of a distribution of at least 25% of First Pacific's recurring profit to shareholders. First Pacific's interim distribution in 2020 signals an 11th year in a row of meeting this commitment.

The Company's basic earnings per share swung to 2.32 U.S. cents (18.1 HK cents) in the first half of 2020 from a loss of 3.42 U.S. cents (26.7 HK cents) per share a year earlier. Recurring basic earnings per share (based on recurring profit) rose 7% to U.S. 3.50 cents (27.3 HK cents) from U.S. 3.27 cents (25.5 HK cents). In U.S. dollar terms, the interim payout rose to U.S. 0.90 cent from U.S. 0.83 cent.

The 7% increase in recurring profit was due largely to stable profit contribution from the businesses in the taxing operational environment of the first half of the year, coupled with a 21% fall in net interest expense to US\$31.5 million from US\$40.0 million a year earlier and a 16% decline in corporate overhead to US\$9.4 million from US\$11.2 million.

Reported net profit was US\$100.6 million versus a net loss of US\$148.3 million a year earlier. Non-recurring losses fell to US\$53.4 million from US\$297.6 million in the wake of the write-down in First Pacific's investment in Goodman Fielder Pty Limited (“Goodman Fielder”) last year.

Eight months into the COVID-19 pandemic, First Pacific head office in Hong Kong has been fortunate to record no illnesses among staff or their families. To ensure the continuing health of staff and the community we live in, the Company has been following Hong Kong Government guidelines on social distancing, working from home, and other policies. Similar measures are in place in the Group's operating companies in Indonesia, the Philippines, and Singapore.

Where possible, FPC Group companies are introducing work-from-home policies and other measures to mitigate the impact of the COVID-19 pandemic. In addition, Group companies have committed to continuing salary payments to furloughed staff, and provided supplementary pay and other measures, standing ready to do more. PLDT is ensuring the continuity of network operations to maintain data services in the face of sharply increased demand. It has also increased sanitation measures at stores and service centers and introduced temperature checks for staff and customers.

Manila Electric Company (“Meralco”), the largest electricity distributor in the Philippines, is observing an increase in residential electricity consumption even as industrial and commercial demand declines. MPIC's toll roads and light rail businesses are now seeing traffic growth following steep declines earlier in the epidemic though they have not fully reached pre-pandemic levels as quarantine measures continue, while Maynilad Water Services Inc. (“Maynilad”) has reported a slight increase in billed volumes as an increase in residential water supplies offset

declines in commercial and industrial water deliveries. MPIC's 20%-owned hospitals business has seen a significant fall-off in earnings with a sharp reduction in outpatient revenues and pandemic cases discouraging inpatient cases.

Philex Mining Corporation ("Philex"), a large producer of gold and copper, has introduced a range of safety and mitigation policies such as temperature checks at its mine site, social distancing and telecommuting where possible. Roxas Holdings Inc. ("RHI"), a sugar and alcohol producer, is helping to supply hand sanitizers. Group businesses are continuing to operate under social-distancing and other pandemic response measures.

"I am proud of our response to COVID-19 and we are all aware of the urgency of maintaining vigilance and seeking new procedures and policies to help our businesses and communities withstand these difficult circumstances," Pangilinan said.

First Pacific is a leading investment management and holding company focused on the economies of emerging Asia and is a major or controlling shareholder in the Philippines' biggest/leading telecommunications, infrastructure and mining companies and in Indonesia's biggest vertically integrated food company as well as in other smaller investments.

Indofood, the biggest vertically integrated consumer food company in Indonesia, saw its contribution rise 17% to US\$93.8 million versus US\$80.3 million on strong growth in its Consumer Branded Products division. This separately listed arm, Indofood CBP Sukses Makmur Tbk ("ICBP"), is currently finalizing its purchase of EMEA-based instant noodle maker Pinehill Company Limited ("Pinehill"), transforming Indofood into a global food company and one of the world's largest maker of wheat instant noodles.

The contribution from PLDT, the largest telecommunications provider in the Philippines, rose 7% to US\$62.5 million versus US\$58.3 million as the imposition of Enhanced Community Quarantine ("ECQ") resulted in a surge in demand for mobile data services and home broadband. After spending an average of approximately US\$1 billion on capital expenditures every year since 2015, PLDT now offers what independent industry observers describe as far and away the best telecommunications services in the Philippines.

The contribution from MPIC, the preeminent infrastructure holding company in the Philippines, fell 37% to US\$44.4 million from US\$70.0 million on lower traffic on its toll roads, reduced electricity demand, and lower water demand by industrial and commercial firms.

At 30th June 2020, net debt at the Head Office declined to approximately US\$1.31 billion from US\$1.33 billion at end-2019. Fixed-rate debt made up 61% of the total, with floating-rate debt making up the remaining 39%. First Pacific's blended interest cost amounted to 3.5% per annum and the average maturity of its debt was 2.7 years. This includes the US\$252 million bond redemption due in September 2020, the Company's sole borrowing coming due this year, and its last remaining secured bond.

OUTLOOK

"It brings me no greater joy than to point to the resilience of our people and businesses during this extraordinarily difficult time. We are doing what we have to do and by grace we are doing it well," Pangilinan said. "We grieve for the human losses we have endured and will likely see in the remaining months of this crisis.

"We don't know how the coming months of pandemic response will play out and uncertainty remains great. However, our foundations are sound and we are so far withstanding the onslaught of COVID-19 as well as can be hoped for," said the First Pacific Chief Executive.

CONDENSED CONSOLIDATED INCOME STATEMENT - UNAUDITED

For the six months ended 30 June	2020	2019
	US\$m	US\$m
Turnover	3,650.7	4,091.2
Cost of sales	(2,504.0)	(2,861.2)
Gross profit	1,146.7	1,230.0
Selling and distribution expenses	(304.0)	(305.2)
Administrative expenses	(315.0)	(337.7)
Other operating expenses, net	(47.6)	(259.5)
Interest income	40.2	39.4
Finance costs	(221.4)	(236.4)
Share of profits less losses of associated companies and joint ventures	159.3	166.8
Profit before taxation	458.2	297.4
Taxation	(159.3)	(167.2)
Profit for the period	298.9	130.2
Profit/(loss) attributable to:		
Owners of the parent	100.6	(148.3)
Non-controlling interests	198.3	278.5
	298.9	130.2
	US¢	US¢
Earnings/(loss) per share attributable to owners of the parent		
Basic	2.32	(3.42)
Diluted	2.32	(3.42)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At 30 June 2020 (Unaudited) US\$m	At 31 December 2019 (Audited) US\$m
Non-current assets		
Property, plant and equipment	4,868.1	4,938.7
Biological assets	21.5	22.6
Associated companies and joint ventures	4,831.1	4,787.7
Goodwill	665.1	693.2
Other intangible assets	5,466.7	5,004.7
Investment properties	8.8	13.4
Accounts receivable, other receivables and prepayments	38.2	37.4
Financial assets at fair value through other comprehensive income	393.7	385.9
Deferred tax assets	138.2	156.4
Other non-current assets	697.7	819.9
	17,129.1	16,859.9
Current assets		
Cash and cash equivalents and short-term deposits	2,801.6	2,846.4
Restricted cash	102.4	106.0
Financial assets at fair value through other comprehensive income	366.6	9.9
Accounts receivable, other receivables and prepayments	1,142.0	1,070.7
Inventories	839.3	799.0
Biological assets	43.5	52.0
	5,295.4	4,884.0
Assets classified as held for sale	124.1	138.6
	5,419.5	5,022.6
Current liabilities		
Accounts payable, other payables and accruals	1,645.6	1,569.3
Short-term borrowings	2,878.7	2,262.8
Provision for taxation	92.8	97.3
Current portion of deferred liabilities, provisions and payables	581.7	542.5
	5,198.8	4,471.9
Liabilities directly associated with the assets classified as held for sale	7.0	25.4
	5,205.8	4,497.3
Net current assets	213.7	525.3
Total assets less current liabilities	17,342.8	17,385.2
Equity		
Issued share capital	43.4	43.4
Shares held for share award scheme	(1.6)	(3.2)
Retained earnings	1,503.3	1,401.4
Other components of equity	1,420.1	1,487.1
Equity attributable to owners of the parent	2,965.2	2,928.7
Non-controlling interests	5,962.0	5,829.3
Total equity	8,927.2	8,758.0
Non-current liabilities		
Long-term borrowings	6,441.3	6,668.0
Deferred liabilities, provisions and payables	1,550.9	1,535.3
Deferred tax liabilities	423.4	423.9
	8,415.6	8,627.2
	17,342.8	17,385.2

CONTRIBUTION AND PROFIT SUMMARY

For the six months ended 30 June	Turnover		Contribution to Group profit ⁽ⁱ⁾	
	2020	2019	2020	2019
US\$ millions				
Indofood	2,671.4	2,716.9	93.8	80.3
PLDT ⁽ⁱⁱ⁾	-	-	62.5	58.3
MPIC	607.5	858.6	44.4	70.0
Philex ⁽ⁱⁱ⁾	-	-	2.2	(1.2)
FPM Power	253.9	364.0	(1.8)	(7.1)
FP Natural Resources	117.9	151.7	(3.7)	(4.0)
FPW ⁽ⁱⁱⁱ⁾	-	-	-	0.7
Contribution from operations^(iv)	3,650.7	4,091.2	197.4	197.0
Head Office items:				
– Corporate overhead			(9.4)	(11.2)
– Net interest expense			(31.5)	(40.0)
– Other expenses			(4.8)	(3.8)
Recurring profit^(v)			151.7	142.0
Foreign exchange and derivative gains, net ^(vi)			4.5	6.9
(Loss)/gain on changes in fair value of biological assets			(2.2)	0.4
Non-recurring items ^(vii)			(53.4)	(297.6)
Profit/(loss) attributable to owners of the parent			100.6	(148.3)

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

(ii) Associated companies.

(iii) FPW Singapore Holdings Pte. Ltd. ("FPW"), a joint venture and was sold on 16 December 2019.

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

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

(vi) Foreign exchange and derivative gains, net represent the net gains on foreign exchange translation differences on the Group's unhedged foreign currency denominated net assets/liabilities and the changes in the fair values of derivatives.

(vii) Non-recurring items represent certain items, through occurrence or size, which are not considered as usual operating items. 1H20's non-recurring losses of US\$53.4 million mainly represent impairment provisions for the Group's investment in RHI (US\$32.0 million) and PLDT's investment in iflix Limited (US\$3.0 million), and PLP's provisions for take-or-pay obligation and onerous contracts (US\$5.3 million). 1H19's non-recurring losses of US\$297.6 million mainly represent the Group's impairment provisions for assets, including the Group's investment in Goodman Fielder (US\$280.0 million) and Philex's mining assets (US\$5.2 million).