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## **FIRST PACIFIC COMPANY LIMITED**

### **第一太平有限公司**

*(Incorporated with limited liability under the laws of Bermuda)*

Website: [www.firstpacific.com](http://www.firstpacific.com)

(Stock Code: 00142)

### **OVERSEAS REGULATORY ANNOUNCEMENT**

**Please refer to the attached disclosure filed by Metro Pacific Investments Corporation (“MPIC”) with the Philippine Stock Exchange, in relation to the press release relating to MPIC’s audited consolidated financial results for the year ended 31 December 2020.**

**Dated this the 3<sup>rd</sup> day of March, 2021**

As at the date of this announcement, the Board of Directors of First Pacific Company Limited comprises the following directors:

***Executive Directors:***

Manuel V. Pangilinan, *Managing Director and Chief Executive Officer*

Christopher H. Young, *Chief Financial Officer*

***Non-executive Directors:***

Anthoni Salim, *Chairman*

Benny S. Santoso

Tedy Djuhar

Axton Salim

***Independent Non-executive Directors:***

Prof. Edward K.Y. Chen, *GBS, CBE, JP*

Margaret Leung Ko May Yee, *SBS, JP*

Philip Fan Yan Hok

Madeleine Lee Suh Shin

Blair Chilton Pickerell



**MPIC prioritizes service continuity and livelihood  
despite challenges posed by the pandemic**

“In these unprecedented times we are reminded of the critical role that infrastructure plays in the lives of millions. By powering commerce and households, delivering clean and affordable water, connecting people and places, and making excellent healthcare available to everyone, we are doing our humble part in contributing to national progress and improving the quality of life of Filipinos.

While earnings – for the first time in our history – have been less than ideal, we purposely directed our focus on service continuity amidst the pandemic. Together with our partners in Government, we worked tirelessly to ensure that every Filipino has access to the essential services we offer especially at the height of this crisis,” MPIC President and Chief Executive Officer Jose Ma. K. Lim said.

**FY 2020 vs. FY 2019 HIGHLIGHTS**

Metro Pacific Investments Corporation’s (“MPIC” or the “Company”) consolidated Core Net Income for 2020 declined 34% to ₱10.2 billion owing largely to the economic contraction brought about by the COVID-19 pandemic resulting in the following:

- Reduced toll road traffic
- Suspended and then reduced light rail services
- Decreased commercial and industrial demand for water and power

As a result of all these, contributions from operations also dropped 26%:

- Power accounted for ₱10.5 billion or 69%
- Water contributed ₱3.1 billion or 20%
- Toll roads contributed ₱2.4 billion or 16%
- Other businesses, mainly Hospitals, Light Rail, and Logistics, incurred an overall loss of ₱709 million

**POWER**

MPIC’s power segment consists of contributions from Meralco, the largest electricity distribution company in the Philippines and Global Business Power Corporation (“GBP”), a leading power producer in the Visayas.

**MERALCO**

- Total revenues declined 14% reflecting lower pass-through generation charges from reduced WESM prices because of improved supply conditions and cheaper fuel prices
- Total energy sales decreased 7%
  - Residential volumes rose 13%, accounting for 38% of total sales volume in 2020
  - Commercial and Industrial sales volumes fell 20% and 11%, respectively
    - Industrial sales are gradually recovering, led by the semiconductor industry which is operating at 100% capacity

- Commercial energy sales volume is expected to rise as more businesses are allowed to operate normally
- Core Net Income declined 9% to ₱21.7 billion due to higher provision for doubtful accounts
  - Pro-actively extended payment schemes to provide relief to customers; subsequently complied with government-mandated moratorium on disconnections for non-payment
- Reported Net Income fell more steeply at 30% to ₱16.3 billion
  - Non-recurring charges for 2020 includes a ₱2.7 billion reduction in the carrying value of its investment in PacificLight Power in Singapore
- Meralco spent ₱20.8 billion on capital expenditures in 2020, 3% higher than in 2019
  - Limited resumption of projects and operations across all sectors during quarantine
  - Capital expenditures addressed critical loading of existing facilities and supported new demand and customer connections

The full text of Meralco's Earnings Press Release issued on March 1, 2021 is available at <http://www.meralco.com.ph>.

## **GBP**

- Volume sold increased 2% to 4,929 GWh on the strength of additional power supply and ancillary service agreements that commenced in the latter part of 2019
- Despite the increase in volume sold, Revenues declined 13% to ₱21.1 billion due to lower WESM prices and demand
- Core Net Income dropped 13% to ₱2.4 billion
- In December 2020, MPIC agreed to sell its entire 56% stake in GBP to Meralco for ₱22.4 billion
  - Operational expertise and experience of GBP management team will complement Meralco's MGen team
  - Simplifies MPIC's power portfolio with all power generation assets under one vehicle

## **WATER**

MPIC's water business comprises investments in Maynilad Water Services Inc. ("Maynilad"), the biggest water utility in the Philippines, and MetroPac Water Investments Corporation ("MPW"), focused on building new water businesses outside Metro Manila.

### **Maynilad**

- Revenues slipped 4% to ₱22.9 billion with lower average tariffs
- Higher residential demand at a lower average tariff offset lower demand in commerce and industry with the implementation of community quarantine
- Core Net Income fell 15% to ₱6.5 billion
  - Higher amortization and depreciation expenses due to its substantial investments in water source (Putatan 2); wastewater reclamation (Pasay and Paranaque); and continuing upgrades to facilities
- Water coverage has grown nearly one-third under MPIC's 13 years of management to 9.8 million people, while 17 kilometers of new pipes have been laid
- Average non-revenue water at the district metered area level was at 26% as at December 2020 down from 68% fourteen years ago, saving 1 billion liters of water every day
- In January 2021, Maynilad's Putatan Water Treatment Plant 2 ("PWTP 2") was conferred an award of distinction under the "Water Project of the Year" category of the Global Water Awards 2020
  - PWTP 2 gained recognition for its crucial role in addressing water security in Metro Manila

- The facility was built to help moderate over-dependence on Angat Dam and expand water service to Maynilad customers in the southern part of its West Concession area
- Capital expenditure in 2020 amounted to ₱7.8 billion

## TOLL ROADS

Metro Pacific Tollways Corporation (“MPTC”) operates a network of toll roads predominantly in the Philippines and a few in Southeast Asia.

- Revenues declined 27% to ₱13.6 billion due to reduced traffic caused by movement restrictions during prolonged periods of quarantine
- Traffic on toll roads in the Philippines
  - Average daily vehicle entries declined 28% to 388,820 in 2020 compared with 536,850 in 2019
  - Daily vehicle entries averaged 574,100 for the first two months of 2020, an increase of 14% from 2019 but declined to 86,000 when the strictest level of quarantine was implemented
  - Traffic gradually recovered as restrictions were eased with traffic averaging at 480,643 in December 2020 (down 18% versus December 2019)
- Traffic on international toll roads (Vietnam, Indonesia and Thailand)
  - Average daily vehicle entries declined 26% to 300,467 in 2020 compared with 404,634 in 2019 due to ongoing construction and road integration within their concession areas
  - Implementation of various measures (from curfews to regional lockdowns) to limit movement of people and vehicles in response to the threat of COVID-19 also reduced traffic
- Core Net Income dropped 49% to ₱2.7 billion
- Significant progress in expansion projects was achieved with the full commercial operation for the first sub-section of the Cavite Laguna Expressway and the opening of the NLEX Harbour Link C3-R10 road
  - Connects ports directly to R-10 and shortens travel from Manila port to NLEX to only 10 minutes from over one hour
- Construction activities continue on major toll projects. Target completion dates currently stands as follows:

Toll Road Projects	Length (In Km)	Construction Cost (In Billions)	Target Completion
<b>Expansions to existing roads</b>			
NLEX Lane Widening Phase 2 (SFEX Widening)	n/a	₱2.2	2021
CAVITEX Segment 4 Extension	1.2	1.6	2023
CAVITEX - C5 South Link	7.8	17.2	2023
NLEX Citi Link (Section 1A)	2.0	1.6	2022
<b>Stand-alone road projects</b>			
NLEX-SLEX Connector Road	8.0	19.6	2022
Cebu Cordova Link Expressway	8.5	30.5	2022
Cavite-Laguna Expressway	44.6	52.5	2023
<b>TOTAL</b>	<b>72.1</b>	<b>₱125.2</b>	

- In February 2021, MPTC sold its entire 29.45% indirect stake in Don Muang Public Company Ltd. in Thailand for ₱7.2 billion. Proceeds from this sale will be used to fund their expansion projects.

## LIGHT RAIL

Light Rail Manila Corporation (“LRMC”) currently operates LRT-1, a 20-station light rail line traversing from Pasay to Quezon City in Metro Manila.

- Revenues declined 62% to ₱1.3 billion due to suspended and then reduced services as mandated by quarantine protocols
- Average daily ridership was down to 186,021 during the 274 operating days of 2020 compared with 446,943 during the 361 operating days in 2019. Ridership was limited to 13% capacity in June and then increased to 30% in October 2020
- Reported a Core Net Loss of ₱689 million
- Progress on the upgrading and expansion of the LRT-1 continues with the arrival in January 2021 of the first of the thirty Generation-4 train sets committed by the Government
- Construction activities for the LRT-1 Cavite Extension project are currently in various stages of development and continue to achieve progress even amid the quarantine. Since the start of the civil works in September 2019, the project completion rate has already reached 50%

## HOSPITALS

Metro Pacific Hospital Holdings Inc. operates the largest private hospital network in the Philippines with 18 hospitals and 6 cancer centers nationwide.

- Revenues decreased 7% to ₱14.8 billion
- In-patient admissions dropped 46% to 106,546 while out-patient visits fell 36% to 2.5 million as patients opted to defer elective procedures
- Consolidated Core Net Income declined 85% to ₱224 million
  - There were significant increases in personnel costs and medical supplies such as personal protective equipment which are heavily used to ensure health and safety for our healthcare practitioners and patients
- The healthcare sector is at the epicenter of the COVID-19 crisis and our hospital group continues to rise to the occasion to meet the needs of the communities we serve in terms of testing, treatment and preparation for the vaccination drive

## 4Q 2020 vs. 3Q 2020 HIGHLIGHTS

MPIC’s consolidated Core Net Income for 4Q 2020 increased 4% to ₱2.5 billion slightly benefitting from the gradual easing of restrictions and resumption of economic activity.

- Meralco’s Core Net Income increased 16% to ₱6.0 billion due to increasing commercial and industrial consumption
- Maynilad’s Core Net Income decreased 19% to ₱1.3 billion driven by reduced water production caused by higher water turbidity levels from Typhoon Rolly and Ulysses
- MPTC’s Core Net Income increased 56% to ₱1.1 billion as result of improvement in mobility
- LRMC’s Core Net Loss declined 38% to ₱197 million due to increase in allowed operating capacity

## BALANCE SHEET HIGHLIGHTS – MPIC PARENT

- Cash and cash equivalents and short-term investments amounted to ₱22.5 billion
- Net debt amounted to ₱56.6 billion

Jose Ma. K. Lim, President and Chief Executive Officer of MPIC, said:

“We have come through the most difficult year we have ever seen as the operations of our portfolio companies have been significantly affected by the pandemic. At the parent level however, we endeavored to preserve our balance sheet and optimize capital allocation as evidenced by our recent asset monetization efforts. It is difficult to ascertain the pace of growth in economic activity so we believe it is prudent to ensure that our financial position is robust and can sustain operations and expansion even in a prolonged period of recovery.”

## **SUSTAINABILITY HIGHLIGHTS**

Before the year 2020 ended, the Board appointed Chaye Cabal-Revilla as MPIC’s new Chief Financial Officer (“CFO”) and Chief Sustainability Officer (“CSO”), reinvigorating the Company’s initiatives for accomplishing its enhanced sustainability pillars. Chaye is a fierce champion of sustainable business practices. Under her stewardship, the PLDT Group reaped numerous recognitions for its sustainability programs and disclosures. She brings to MPIC her uncompromising commitment to current global reporting standards, aligning its own to the world’s best practices to enable responsible business practices and contribute towards a more sustainable world.

“Protecting the planet for the benefit of present and future generations is still without a doubt our most important challenge right now. We are witnesses to the rise of new viruses and the worsening intensity of climate-related disasters. All these interrelated challenges profoundly shape the way we do business. It is massive work and one which we take most seriously as we navigate and rise above the specific circumstances of the Philippines in terms of energy, technology, enabling policies, and more,” MPIC CFO & CSO Chaye A. Cabal – Revilla said.

MPIC’s sustainability framework was improved to further sharpen its investment focus of sustainably increasing the infrastructure capacity of the Philippines. As such, the framework’s alignment with the global Economic, Environment, Social, and Governance themes are now clearly defined into six pillars, with corresponding measurable focus areas that can be tracked and compared, year after year.

In line with this renewed commitment towards perpetuating the global standards of monitoring the sustainability initiatives of corporations, MPIC endeavors to adhere to the Sustainability Accounting Standards Board (“SASB”) Framework and has been admitted as the first conglomerate SASB alliance member globally. The alliance is composed of organizations and individuals that support the need for standardized, more decision-useful and cost-effective sustainability disclosures that meet the expectations of investors. MPIC also committed to the United Nations Global Compact (“UNGC”) as a Participant (global level). The UNGC is the largest corporate sustainability initiative aimed to align strategies and operations with universal principles on good governance and ethical business practices.

## **DIVIDENDS**

The Board of Directors has decided to maintain the final cash dividend unchanged from 2019 at 7.6 centavos per common share, payable on March 31, 2021 to all shareholders of record as at March 18, 2021. This consists of a final regular cash dividend of 4.81 centavos per share and a special cash dividend of 2.79 centavos per share. This is in addition to the interim regular dividend of 3.45 centavos per share declared on August 5, 2020 and paid on September 3, 2020, bringing

total cash dividends paid from 2020 consolidated core net income to 11.05 centavos or 33% payout, an all-time high dividend pay-out from the Company.

Dividend per share has been maintained at a consistent level since 2017 despite the decline in income brought about by the pandemic.

## CONCLUSION

“We have persevered in our commitment to our country, proceeding with our infrastructure projects where possible despite pandemic-related restrictions and risks. Years of sustained capital investments have proven that we are resilient and robust enough to withstand a crisis. There is no room for complacency.

We are therefore most grateful to all our incredible people, from our hardworking management to our courageous front-line employees, who have all delivered their best during these difficult times. We strived to keep everyone safe, ensured compliance with government regulations and health protocols, but at the same time everyone stepped up and quickly adapted to this new and unprecedented condition. We remember with deep gratitude the sacrifice of some among us who succumbed to COVID-19. We also acknowledge everyone’s resolve to sustain our business operations, resulting in uninterrupted public service and the preservation of livelihood for all our employees.

We recognize the impact of the pandemic to our 2020 results. However, it should strongly be noted that we remained steady in investing for the future while continuing to deliver decent returns to our shareholders, employees, business partners, and the communities we engage and serve. We keep our stakeholders at the heart of every decision we make. We learn what we can learn from our recent experiences, but we forge ahead.

We look forward to the gradual recovery of our operations in 2021 spurred by increased economic activity in the country. We will continue to do our part as partners of the government in enabling growth in Philippine infrastructure,” said MPIC Chairman Manuel V. Pangilinan.

## 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 COMPREHENSIVE INCOME (AUDITED)**  
(Amounts in Peso Millions, except Per Share Amounts)

	Years Ended December 31	
	2020	2019 Re-presented*
<b>CONTINUING OPERATIONS</b>		
<b>OPERATING REVENUES</b>	<b>₱40,855</b>	<b>₱49,276</b>
<b>COST OF SALES AND SERVICES</b>	<b>(17,269)</b>	<b>(19,086)</b>
<b>GROSS PROFIT</b>	<b>23,586</b>	<b>30,190</b>
General and administrative expenses	(9,589)	(10,183)
Interest expense	(10,010)	(9,779)
Share in net earnings of equity method investees	7,337	10,754
Interest income	1,229	1,793
Construction revenue	33,988	42,795
Construction costs	(33,988)	(42,795)
Provision for decline in value of assets	(1,685)	(22,020)
Others	(323)	(1,302)
<b>INCOME (LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS</b>	<b>10,545</b>	<b>(547)</b>
<b>PROVISION FOR INCOME TAX</b>	<b>3,728</b>	<b>3,584</b>
<b>NET INCOME (LOSS) FROM CONTINUING OPERATIONS</b>	<b>6,817</b>	<b>(4,131)</b>
<b>OPERATIONS OF ENTITIES UNDER PFRS 5:</b>		
Results of operations	3,430	6,041
Gain on deconsolidation	-	25,908
<b>NET INCOME</b>	<b>₱10,247</b>	<b>₱27,818</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS) – NET</b>		
<b>From Continuing Operations:</b>		
To be reclassified to profit or loss in subsequent periods	(2,486)	756
Not to be reclassified to profit or loss in subsequent periods	(1,890)	(1,902)
	<b>(4,376)</b>	<b>(1,146)</b>
<b>From Operations of Entities under PFRS 5:</b>		
Not to be reclassified to profit or loss in subsequent periods	(38)	(330)
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱5,833</b>	<b>₱26,342</b>
<b>Net income attributable to:</b>		
Owners of the Parent Company	₱4,748	₱23,856
Non-controlling interest	5,499	3,962
	<b>₱10,247</b>	<b>₱27,818</b>
<b>Total Comprehensive Income Attributable to:</b>		
Owners of the Parent Company	₱1,170	₱22,549
Non-controlling interest	4,663	3,793
	<b>₱5,833</b>	<b>₱26,342</b>
<b>Total Comprehensive Income (Loss) Attributable to Owners of the Parent Company:</b>		
From continuing operations	(₱1,205)	(₱5,894)
From operations of entities under PFRS 5	2,375	28,443
	<b>₱1,170</b>	<b>₱22,549</b>
<b>BASIC EARNINGS (LOSS) PER COMMON SHARE</b>		
From continuing operations <i>(In Centavos)</i>	₱7.50	(₱15.19)
From operations of entities under PFRS 5 <i>(In Centavos)</i>	7.66	90.80
	<b>₱15.16</b>	<b>₱75.61</b>
<b>DILUTED EARNINGS (LOSS) PER COMMON SHARE</b>		
From continuing operations <i>(In Centavos)</i>	₱7.50	(₱15.19)
From operations of entities under PFRS 5 <i>(In Centavos)</i>	7.66	90.80
	<b>₱15.16</b>	<b>₱75.61</b>

\*Comparative year re-presented as a result of a subsidiary qualifying as a group held for deemed disposal under PFRS 5. "Non-current Assets Held for Sale and Discontinued Operations".

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

	December 31	
	2020	2019
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents and short-term deposits	P48,822	P74,697
Restricted cash	1,852	5,011
Receivables	8,228	14,624
Other current assets	8,007	10,905
Assets under PFRS 5	75,969	-
Total Current Assets	142,878	105,237
<b>Noncurrent Assets</b>		
Investments and advances	159,474	169,092
Service concession assets	275,864	240,489
Property, plant and equipment	6,878	58,591
Goodwill	15,337	15,676
Intangible assets	705	3,279
Deferred tax assets	201	927
Other noncurrent assets	16,459	18,487
Total Noncurrent Assets	474,918	506,541
	<b>P617,796</b>	<b>P611,778</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and other current liabilities	P35,172	P36,363
Income tax payable	927	1,639
Due to related parties	2,481	5,638
Short-term and current portion of long-term debt	23,961	18,459
Current portion of:		
Provisions	6,708	6,742
Service concession fees payable	5,826	6,277
Liabilities under PFRS 5	40,519	-
Total Current Liabilities	115,594	75,118
<b>Noncurrent Liabilities</b>		
Noncurrent portion of:		
Provisions	3,416	4,997
Service concession fees payable	23,608	26,621
Long-term debt	207,405	231,450
Due to related parties	-	2,240
Deferred tax liabilities	11,161	14,170
Other long-term liabilities	12,265	11,137
Total Noncurrent Liabilities	257,855	290,615
Total Liabilities	373,449	365,733
<b>Equity</b>		
Owners of the Parent Company:		
Capital stock	31,661	31,661
Additional paid-in capital	68,638	68,638
Treasury shares	(3,420)	(4)
Equity reserves	(943)	(574)
Retained earnings	91,898	90,650
Other comprehensive income (loss) reserve	(3,103)	591
Reserves under PFRS 5	129	-
Total equity attributable to owners of the Parent Company	184,860	190,962
Non-controlling interest	59,487	55,083
Total Equity	244,347	246,045
	<b>P617,796</b>	<b>P611,778</b>