FIRST PACIFIC COMPANY LIMITED

(Incorporated with limited liability under the laws of Bermuda)

Website: www.firstpacific.com

(Stock Code: 00142)

2021 Annual Results

FINANCIAL HIGHLIGHTS

- Turnover increased by 27.7% to US$9,103.2 million (HK$71,005.0 million) from US$7,130.5 million (HK$55,617.9 million).
- Recurring profit increased by 32.8% to US$426.5 million (HK$3,326.7 million) from US$321.2 million (HK$2,505.4 million).
- Profit contribution from operations increased by 23.6% to US$506.4 million (HK$3,949.9 million) from US$409.7 million (HK$3,195.7 million).
- Non-recurring losses decreased by 54.0% to US$70.8 million (HK$552.2 million) from US$153.8 million (HK$1,199.6 million).
- Profit attributable to owners of the parent increased by 65.3% to US$333.3 million (HK$2,599.7 million) from US$201.6 million (HK$1,572.5 million).
- Basic earnings per share increased by 66.0% to U.S. 7.72 cents (HK60.2 cents) from U.S. 4.65 cents (HK36.3 cents).
- Recurring basic earnings per share (calculated based on recurring profit) increased by 33.5% to U.S. 9.88 cents (HK77.1 cents) from U.S. 7.40 cents (HK57.7 cents).
- A final distribution of HK10.00 cents (U.S. 1.28 cents) (2020: HK7.50 cents or U.S. 0.96 cents) per ordinary share has been recommended, making a total distribution per ordinary share equivalent to HK19.00 cents (U.S. 2.43 cents) (2020: HK14.50 cents or U.S. 1.86 cents) for the full year or a distribution payout ratio of approximately 25% (2020: 25%) of recurring profit.
- Equity attributable to owners of the parent increased by 5.1% to US$3,298.6 million (HK$25,729.1 million) at 31 December 2021 from US$3,140.0 million (HK$24,492.0 million) at 31 December 2020.
- Consolidated net debt decreased by 4.1% to US$7,865.5 million (HK$61,350.9 million) at 31 December 2021 from US$8,205.6 million (HK$64,003.7 million) at 31 December 2020.
- Consolidated gearing ratio improved to 0.74 times at 31 December 2021 from 0.77 times at 31 December 2020.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December	Notes	2021 US$m	2020 US$m	2021 HK$m*	2020 HK$m*
Turnover	2	**9,103.2**	7,130.5	**71,005.0**	55,617.9
Cost of sales		**(6,275.2)**	(4,822.2)	**(48,946.6)**	(37,613.2)
Gross profit		**2,828.0**	2,308.3	**22,058.4**	18,004.7
Selling and distribution expenses		**(704.5)**	(619.0)	**(5,495.1)**	(4,828.2)
Administrative expenses		**(698.6)**	(604.9)	**(5,449.1)**	(4,718.2)
Other operating expenses, net		**(274.3)**	(50.5)	**(2,139.5)**	(393.9)
Interest income		**43.5**	68.8	**339.3**	536.7
Finance costs	3(a)	**(479.2)**	(442.6)	**(3,737.8)**	(3,452.3)
Share of profits less losses of associated companies and joint ventures		**373.9**	280.0	**2,916.4**	2,184.0
Profit before taxation from continuing operations	3	**1,088.8**	940.1	**8,492.6**	7,332.8
Taxation	4	**(281.9)**	(341.6)	**(2,198.8)**	(2,664.5)
Profit for the year from continuing operations		**806.9**	598.5	**6,293.8**	4,668.3
Profit for the year from a discontinued operation		**88.8**	69.1	**692.7**	539.0
Profit for the year		**895.7**	667.6	**6,986.5**	5,207.3
Profit attributable to:					
Owners of the parent		**333.3**	201.6	**2,599.7**	1,572.5
Non-controlling interests		**562.4**	466.0	**4,386.8**	3,634.8
		895.7	667.6	**6,986.5**	5,207.3
Profit attributable to owners of the parent arising from:					
Continuing operations		**300.5**	181.1	**2,343.9**	1,412.6
A discontinued operation		**32.8**	20.5	**255.8**	159.9
		333.3	201.6	**2,599.7**	1,572.5
		US¢	US¢	**HK¢***	HK¢*
Earnings per share attributable to owners of the parent	5				
Basic					
Continuing operations		**6.96**	4.18	**54.3**	32.6
A discontinued operation		**0.76**	0.47	**5.9**	3.7
		7.72	4.65	**60.2**	36.3
Diluted					
Continuing operations		**6.95**	4.17	**54.2**	32.5
A discontinued operation		**0.76**	0.47	**5.9**	3.7
		7.71	4.64	**60.1**	36.2

Details of the distribution proposed for the year are disclosed in Note 6.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	2021 US$m	2020 US$m	2021 HK$m*	2020 HK$m*
Profit for the year	**895.7**	667.6	**6,986.5**	5,207.3
Other comprehensive (loss)/income				
Items that are or may be reclassified to profit or loss:				
Exchange differences on translating foreign operations	**(434.4)**	318.2	**(3,388.3)**	2,481.9
Unrealized gains/(losses) on debt investments at fair value through other comprehensive income	**0.5**	(0.3)	**3.9**	(2.4)
Unrealized gains/(losses) on cash flow hedges	**106.1**	(58.9)	**827.6**	(459.4)
Realized (gains)/losses on cash flow hedges	**(38.3)**	44.5	**(298.7)**	347.1
Income tax related to cash flow hedges	**(7.9)**	0.7	**(61.6)**	5.5
Share of other comprehensive loss of associated companies and joint ventures	**(21.8)**	(47.2)	**(170.1)**	(368.2)
Reclassification adjustment for foreign operations disposed of during the year	**(10.7)**	-	**(83.5)**	-
Items that will not be reclassified to profit or loss:				
Changes in fair value of equity investments at fair value through other comprehensive income	**51.0**	30.2	**397.8**	235.6
Actuarial gains on defined benefit pension plans	**61.6**	21.6	**480.5**	168.5
Share of other comprehensive income/(loss) of associated companies and joint ventures	**63.9**	(53.4)	**498.4**	(416.5)
Other comprehensive (loss)/income for the year, net of tax	**(230.0)**	255.4	**(1,794.0)**	1,992.1
Total comprehensive income for the year	**665.7**	923.0	**5,192.5**	7,199.4
Income attributable to:				
Owners of the parent	**273.8**	269.9	**2,135.7**	2,105.2
Non-controlling interests	**391.9**	653.1	**3,056.8**	5,094.2
	665.7	923.0	**5,192.5**	7,199.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 31 December 2021 US$m	At 31 December 2020 US$m	At 31 December 2021 HK$m*	At 31 December 2020 HK$m*
Non-current assets					
Property, plant and equipment		**3,953.0**	4,038.1	**30,833.4**	31,497.2
Biological assets		**23.0**	22.2	**179.4**	173.2
Associated companies and joint ventures		**5,266.2**	5,314.4	**41,076.3**	41,452.3
Goodwill		**4,299.0**	4,366.3	**33,532.2**	34,057.2
Other intangible assets		**6,040.6**	5,927.3	**47,116.7**	46,232.9
Investment properties		**11.1**	9.3	**86.6**	72.5
Accounts receivable, other receivables and prepayments		**55.5**	63.9	**432.9**	498.4
Financial assets at fair value through other comprehensive income		**361.1**	426.0	**2,816.6**	3,322.8
Deferred tax assets		**87.0**	110.1	**678.6**	858.8
Other non-current assets		**663.0**	687.5	**5,171.4**	5,362.5
		20,759.5	20,965.1	**161,924.1**	163,527.8
Current assets					
Cash and cash equivalents and short-term deposits		**3,209.3**	2,377.8	**25,032.5**	18,546.8
Restricted cash		**53.6**	50.2	**418.1**	391.6
Financial assets at fair value through other comprehensive income		**205.0**	3.3	**1,599.0**	25.7
Accounts receivable, other receivables and prepayments	7	**1,327.8**	1,073.9	**10,356.9**	8,376.4
Inventories		**950.1**	835.6	**7,410.8**	6,517.7
Biological assets		**61.4**	55.7	**478.9**	434.5
		5,807.2	4,396.5	**45,296.2**	34,292.7
Assets classified as held for sale		-	1,582.0	-	12,339.6
		5,807.2	5,978.5	**45,296.2**	46,632.3
Current liabilities					
Accounts payable, other payables and accruals	8	**1,660.9**	1,552.8	**12,955.0**	12,111.8
Short-term borrowings		**1,645.7**	1,659.7	**12,836.5**	12,945.7
Provision for taxation		**147.9**	180.6	**1,153.6**	1,408.7
Current portion of deferred liabilities, provisions and payables		**1,170.3**	593.9	**9,128.4**	4,632.4
		4,624.8	3,987.0	**36,073.5**	31,098.6
Liabilities directly associated with the assets classified as held for sale		-	843.8	-	6,581.6
		4,624.8	4,830.8	**36,073.5**	37,680.2
Net current assets		**1,182.4**	1,147.7	**9,222.7**	8,952.1
Total assets less current liabilities		**21,941.9**	22,112.8	**171,146.8**	172,479.9
Equity					
Issued share capital		**42.8**	43.4	**333.8**	338.5
Shares held for share award scheme		**(2.0)**	(2.4)	**(15.6)**	(18.7)
Retained earnings		**1,936.4**	1,604.4	**15,103.9**	12,514.3
Other components of equity		**1,321.4**	1,494.6	**10,307.0**	11,657.9
Equity attributable to owners of the parent		**3,298.6**	3,140.0	**25,729.1**	24,492.0
Non-controlling interests		**7,314.5**	7,488.5	**57,053.1**	58,410.3
Total equity		**10,613.1**	10,628.5	**82,782.2**	82,902.3
Non-current liabilities					
Long-term borrowings		**9,482.7**	8,973.9	**73,965.0**	69,996.4
Deferred liabilities, provisions and payables		**1,469.3**	2,111.3	**11,460.6**	16,468.2
Deferred tax liabilities		**376.8**	399.1	**2,939.0**	3,113.0
		11,328.8	11,484.3	**88,364.6**	89,577.6
		21,941.9	22,112.8	**171,146.8**	172,479.9

Notes:

1. Basis of preparation and changes to the Group's accounting policies

(A) Basis of preparation

The consolidated financial statements of First Pacific Company Limited ("First Pacific" or the "Company") and its subsidiary companies (the "Group") have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all HKFRSs, Hong Kong Accounting Standards ("HKASs") and Hong Kong (International Financial Reporting Interpretations Committee) – Interpretations ("HK(IFRIC)-Ints")) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") issued by The Stock Exchange of Hong Kong Limited ("SEHK"). The consolidated financial statements have been prepared on a historical cost basis, except for biological assets, investment properties, financial assets/liabilities at fair value, derivative financial instruments and pension scheme assets which are stated at fair value. Assets classified as held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. These consolidated financial statements are presented in U.S. dollar and all values are rounded to the nearest million with one decimal place except when otherwise indicated.

(B) Amendments adopted by the Group

During 2021, the Group has initially adopted the following revised HKFRSs (which include all HKFRSs, HKASs and HK(IFRIC)-Ints) effective for annual periods commencing on or after 1 January 2021 issued by the HKICPA.

HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 Amendments	"Interest Rate Benchmark Reform – Phase 2"

The Group applied HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 Amendments "Interest Rate Benchmark Reform – Phase 2" ("the IRBR Phase 2 amendments") retrospectively. However, in accordance with exceptions permitted in the IRBR Phase 2 amendments, the Group has elected not to restate the comparative information with the cumulative effect of initial adoption as an adjustment to the opening balance of equity at 1 January 2021, if any.

The IRBR Phase 2 amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate ("IBOR") is replaced with an alternative nearly risk-free interest rate ("RFR").

The IRBR Phase 2 amendments include the following practical expedients:

(i) a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;

(ii) permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued; and

(iii) provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

At 31 December 2021, the Group had certain interest-bearing borrowings denominated in the United States dollars and foreign currencies based on the London Interbank Offered Rate ("LIBOR") and various IBOR, respectively. In addition, the Group currently has applied cash flow hedge to manage the cash flow interest rate risk of bank borrowings, denominated in the United States dollars based on LIBOR, by using interest rate swaps. Since these IBORs had not been replaced up to the reporting date, the amendments have no significant impact on the consolidated financial statements. The Group will apply above-mentioned practical expedients in the future periods when they become applicable and expects that no significant modification gain or loss will arise as a result of applying the amendments. While uncertainty persists in the timing or amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument, the Group continues to apply the existing accounting policies.

In addition, the Group has elected to early adopt HKFRS 16 Amendment "COVID-19-Related Rent Concessions beyond 30 June 2021" with effect from 1 January 2021. The amendment extends the availability of the practical expedient in paragraph 46A of HKFRS 16 "Leases" so that it applies to COVID-19-related rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment has no significant impact on the consolidated financial statements.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2. Turnover and segmental information

For the year ended 31 December	2021 US$m	2020 US$m	2021 HK$m*	2020 HK$m*
Turnover				
Sale of goods				
- Consumer Food Products	**6,869.4**	5,637.8	**53,581.3**	43,974.8
Sale of electricity				
- Infrastructure	**1,201.3**	577.7	**9,370.1**	4,506.1
Rendering of services				
- Consumer Food Products	**156.8**	96.2	**1,223.1**	750.4
- Infrastructure	**875.7**	818.8	**6,830.5**	6,386.6
Total	**9,103.2**	7,130.5	**71,005.0**	55,617.9

Segmental information

A business segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group), whose results are regularly reviewed by the Group's most senior executive management who makes decisions about how resources are to be allocated to the segment and assesses its performance, and for which discrete financial information is available to them.

The Board of Directors considers the business of the Group from both product or service and geographical perspectives. From the product or service perspective, the Group's business interests are divided into four segments, which are consumer food products, telecommunications, infrastructure and natural resources. Geographically, the Board of Directors considers that the businesses of the Group are mainly located in Indonesia, the Philippines, Singapore, the Middle East, Africa and others, and the turnover information is based on the locations of the customers.

The Board of Directors assesses the performance of the business segments based on a measure of recurring profit. This basis measures the profit attributable to owners of the parent excluding the effects of foreign exchange and derivative gains/losses, gain/loss on changes in fair value of biological assets and non-recurring items. Non-recurring items represent certain items, through occurrence or size, which are not considered as usual operating items. The amounts provided to the Board of Directors with respect to total assets and total liabilities are measured in a manner consistent with that of the consolidated financial statements. These assets and liabilities are allocated based on the business segment and the physical location of the assets.

The revenue, results and other information for the years ended 31 December 2021 and 2020, and assets and liabilities at 31 December 2021 and 2020 on segmental basis are as follows:

By Principal Business Activity - 2021

For the year ended/at 31 December	Consumer Food Products US$m	Telecom-munications US$m	Infrastructure US$m	Natural Resources US$m	Head Office US$m	2021 Total US$m	2021 Total HK$m*
Revenue							
Turnover							
- Point in time	6,869.4	-	-	-	-	**6,869.4**	**53,581.3**
- Over time	156.8	-	2,077.0	-	-	**2,233.8**	**17,423.7**
Total	7,026.2	-	2,077.0	-	-	**9,103.2**	**71,005.0**
Results							
Recurring profit	228.1	139.1	119.9	19.3	(79.9)	**426.5**	**3,326.7**
Assets and Liabilities							
Non-current assets (other than financial instruments and deferred tax assets)							
- Associated companies and joint ventures	564.8	1,202.5	3,320.9	178.0	-	**5,266.2**	**41,076.3**
- Others	7,933.4	-	6,959.5	-	6.2	**14,899.1**	**116,213.0**
	8,498.2	1,202.5	10,280.4	178.0	6.2	**20,165.3**	**157,289.3**
Other assets	4,337.5	-	1,822.3	-	241.6	**6,401.4**	**49,931.0**
Total assets	12,835.7	1,202.5	12,102.7	178.0	247.8	**26,566.7**	**207,220.3**
Borrowings	4,425.6	-	5,267.6	-	1,435.2	**11,128.4**	**86,801.5**
Other liabilities	2,296.6	-	2,368.1	-	160.5	**4,825.2**	**37,636.6**
Total liabilities	6,722.2	-	7,635.7	-	1,595.7	**15,953.6**	**124,438.1**
Other Information							
Impairment losses	(66.9)	-	(201.9)	-	-	**(268.8)**	**(2,096.6)**
Share of profits less losses of associated companies and joint ventures	9.3	139.5	199.1	26.0	-	**373.9**	**2,916.4**
Taxation	(245.2)	-	(17.1)	-	(19.6)	**(281.9)**	**(2,198.8)**
Additions to non-current assets (other than financial instruments and deferred tax assets)	332.0	-	956.4	-	0.2	**1,288.6**	**10,051.1**

By Geographical Market - 2021

For the year ended/at 31 December	Indonesia US$m	The Philippines US$m	Singapore US$m	The Middle East, Africa & Others US$m	**2021 Total US$m**	**2021 Total HK$m***
Revenue						
Turnover						
- Consumer Food Products	5,367.9	122.7	204.3	1,331.3	**7,026.2**	**54,804.4**
- Infrastructure	82.3	799.7	1,194.5	0.5	**2,077.0**	**16,200.6**
Total	5,450.2	922.4	1,398.8	1,331.8	**9,103.2**	**71,005.0**
Assets						
Non-current assets (other than financial instruments and deferred tax assets)	3,594.2	11,502.0	612.8	4,456.3	**20,165.3**	**157,289.3**

By Principal Business Activity - 2020

For the year ended/at 31 December	Consumer Food Products US$m	Telecom-munications US$m	Infrastructure US$m	Natural Resources US$m	Head Office US$m	2020 Total US$m	2020 Total HK$m*
Revenue							
Turnover							
- Point in time	5,637.8	-	-	-	-	5,637.8	43,974.8
- Over time	96.2	-	1,396.5	-	-	1,492.7	11,643.1
Total	5,734.0	-	1,396.5	-	-	7,130.5	55,617.9
Results							
Recurring profit	184.5	134.9	82.3	8.0	(88.5)	321.2	2,505.4
Assets and Liabilities							
Non-current assets (other than financial instruments and deferred tax assets)							
- Associated companies and joint ventures	578.5	1,201.5	3,373.5	160.9	-	5,314.4	41,452.3
- Others	8,043.0	-	6,896.6	-	10.1	14,949.7	116,607.7
	8,621.5	1,201.5	10,270.1	160.9	10.1	20,264.1	158,060.0
Other assets	3,253.1	-	1,600.4	-	244.0	5,097.5	39,760.5
Segment assets	11,874.6	1,201.5	11,870.5	160.9	254.1	25,361.6	197,820.5
Assets classified as held for sale	-	-	1,582.0	-	-	1,582.0	12,339.6
Total assets	11,874.6	1,201.5	13,452.5	160.9	254.1	26,943.6	210,160.1
Borrowings	3,887.6	-	5,315.1	-	1,430.9	10,633.6	82,942.1
Other liabilities	2,270.4	-	2,430.5	-	136.8	4,837.7	37,734.1
Segment liabilities	6,158.0	-	7,745.6	-	1,567.7	15,471.3	120,676.2
Liabilities directly associated with the assets classified as held for sale	-	-	843.8	-	-	843.8	6,581.6
Total liabilities	6,158.0	-	8,589.4	-	1,567.7	16,315.1	127,257.8
Other Information							
Impairment losses	(74.5)	-	(47.4)	-	-	(121.9)	(950.8)
Share of profits less losses of associated companies and joint ventures	(0.6)	126.2	172.7	(18.3)	-	280.0	2,184.0
Taxation	(246.6)	-	(78.5)	-	(16.5)	(341.6)	(2,664.5)
Additions to non-current assets (other than financial instruments and deferred tax assets)	897.1	-	811.6	-	-	1,708.7	13,327.9

By Geographical Market - 2020

For the year ended/at 31 December	Indonesia US$m	The Philippines US$m	Singapore US$m	The Middle East, Africa & Others US$m	2020 Total US$m	2020 Total HK$m*
Revenue						
Turnover						
- Consumer Food Products	4,736.7	173.2	51.7	772.4	5,734.0	44,725.2
- Infrastructure	33.5	792.0	571.0	-	1,396.5	10,892.7
Total	4,770.2	965.2	622.7	772.4	7,130.5	55,617.9
Assets						
Non-current assets (other than financial instruments and deferred tax assets)	3,867.3	11,479.6	579.4	4,337.8	20,264.1	158,060.0

There was no revenue from transactions with a single customer that accounted for 10% or more of the Group's consolidated revenue during the year (2020: None).

3. Profit before taxation from continuing operations

Profit before taxation from continuing operations is arrived at after charging/(crediting):

(a) Finance costs

For the year ended 31 December	**2021 US$m**	2020 US$m	**2021 HK$m***	2020 HK$m*
Finance costs on				
- Bank borrowings and other loans	**628.7**	632.0	**4,903.9**	4,929.6
- Lease liabilities	**3.4**	4.3	**26.5**	33.5
Less: Finance costs capitalized in				
- Other intangible assets	**(144.4)**	(185.4)	**(1,126.3)**	(1,446.1)
- Property, plant and equipment	**(8.5)**	(8.3)	**(66.3)**	(64.7)
Total	**479.2**	442.6	**3,737.8**	3,452.3

(b) Other items

For the year ended 31 December	**2021 US$m**	2020 US$m	**2021 HK$m***	2020 HK$m*
Provision of impairment losses				
- Other intangible assets(i)	**144.4**	1.3	**1,126.3**	10.1
- Property, plant and equipment(i)	**46.6**	24.0	**363.5**	187.2
- Other receivables(i)	**35.8**	11.2	**279.2**	87.4
- Associated companies and joint ventures(i)	**29.1**	22.3	**227.0**	173.9
- Accounts receivable(ii)	**3.1**	12.6	**24.2**	98.3
- Goodwill(i)	**2.8**	37.5	**21.8**	292.5
Write-down of inventories to net realizable value(iii)	**7.0**	13.0	**54.6**	101.4

(i) Included in other operating expenses, net
(ii) Included in selling and distribution expenses
(iii) Included in cost of sales

4. Taxation

No Hong Kong profits tax (2020: Nil) has been provided as the Group had no estimated assessable profits (2020: Nil) arising in Hong Kong for the year. Taxation on assessable profits generated outside Hong Kong has been provided at the rates of taxation prevailing in the countries in which the Company's subsidiary companies operate.

For the year ended 31 December	**2021 US$m**	2020 US$m	**2021 HK$m***	2020 HK$m*
Subsidiary companies - overseas				
Current taxation	**289.8**	326.8	**2,260.4**	2,549.1
Deferred taxation	**(7.9)**	14.8	**(61.6)**	115.4
Total	**281.9**	341.6	**2,198.8**	2,664.5

Included in the share of profits less losses of associated companies and joint ventures is taxation of US$120.9 million (HK$943.0 million) (2020: US$107.4 million or HK$837.7 million) which is analyzed as follows:

For the year ended 31 December	**2021 US$m**	2020 US$m	**2021 HK$m***	2020 HK$m*
Associated companies and joint ventures - overseas				
Current taxation	**112.3**	119.8	**875.9**	934.4
Deferred taxation	**8.6**	(12.4)	**67.1**	(96.7)
Total	**120.9**	107.4	**943.0**	837.7

5. **Earnings per share attributable to owners of the parent**

The calculation of the basic earnings per share is based on the profit for the year attributable to owners of the parent, and the weighted average number of ordinary shares of 4,323.6 million (2020: 4,344.9 million) in issue less the weighted average number of ordinary shares held for a share award scheme of 6.4 million (2020: 6.1 million) during the year.

The calculation of the diluted earnings per share is based on the profit for the year attributable to owners of the parent, adjusted to reflect the dilutive impact of awarded shares of the Group's subsidiary and associated companies, where applicable. The weighted average number of ordinary shares used in the calculation is based on the number of ordinary shares used in the basic earnings per share calculation adjusted for the dilutive effect of share options and awarded shares of the Company, where applicable.

The calculations of basic and diluted earnings per share are based on:

For the year ended 31 December	2021 US$m	2020 US$m	2021 HK$m*	2020 HK$m*
Earnings				
Profit attributable to owners of the parent used in the basic and diluted earnings per share calculation				
- Continuing operations	**300.5**	181.1	**2,343.9**	1,412.6
- A discontinued operation	**32.8**	20.5	**255.8**	159.9
	333.3	201.6	**2,599.7**	1,572.5

For the year ended 31 December Millions	Number of shares 2021	 2020
Shares		
Weighted average number of ordinary shares issued during the year	**4,323.6**	4,344.9
Less: Weighted average number of ordinary shares held for a share award scheme	**(6.4)**	(6.1)
Weighted average number of ordinary shares used in the basic earnings per share calculation	**4,317.2**	4,338.8
Add: Dilutive impact of awarded shares on the weighted average number of ordinary shares	**5.2**	6.5
Weighted average number of ordinary shares used in the diluted earnings per share calculation	**4,322.4**	4,345.3

For the years ended 31 December 2021 and 2020, the effect of share options of the Company on the weighted average number of ordinary shares was anti-dilutive and therefore not included in the above calculation of diluted earnings per share.

6. **Ordinary share distribution**

	Per ordinary share				Total			
For the year ended 31 December	**2021** **US¢**	2020 US¢	**2021** **HK¢***	2020 HK¢*	**2021** **US$m**	2020 US$m	**2021** **HK$m***	2020 HK$m*
Interim	**1.15**	0.90	**9.00**	7.00	**49.9**	39.2	**389.2**	305.8
Proposed final/final	**1.28**	0.96	**10.00**	7.50	**54.7**	41.8	**426.7**	325.9
Total	**2.43**	1.86	**19.00**	14.50	**104.6**	81.0	**815.9**	631.7

The proposed final distribution for the year ended 31 December 2021 is subject to the approval of the Company's shareholders at the forthcoming Annual General Meeting.

7. **Accounts receivable, other receivables and prepayments**

Included in accounts receivable, other receivables and prepayments are accounts receivable of US$732.6 million (HK$5,714.3 million) (2020: US$679.7 million or HK$5,301.7 million) with an aging profile based on the invoice date as follows:

At 31 December	2021 US$m	2020 US$m	2021 HK$m*	2020 HK$m*
0 to 30 days	**550.8**	431.8	**4,296.2**	3,368.0
31 to 60 days	**96.9**	113.1	**755.8**	882.2
61 to 90 days	**32.3**	38.7	**251.9**	301.9
Over 90 days	**52.6**	96.1	**410.4**	749.6
Total	**732.6**	679.7	**5,714.3**	5,301.7

8. **Accounts payable, other payables and accruals**

Included in accounts payable, other payables and accruals are accounts payable of US$563.7 million (HK$4,396.9 million) (2020: US$420.6 million or HK$3,280.7 million) with an aging profile based on invoice date as follows:

At 31 December	2021 US$m	2020 US$m	2021 HK$m*	2020 HK$m*
0 to 30 days	**466.8**	347.2	**3,641.0**	2,708.2
31 to 60 days	**18.9**	12.4	**147.4**	96.7
61 to 90 days	**20.9**	13.1	**163.0**	102.2
Over 90 days	**57.1**	47.9	**445.5**	373.6
Total	**563.7**	420.6	**4,396.9**	3,280.7

9. Events after the reporting period

(a) On 7 January 2022, Republic Act No. 11600 (the "Act") granted Maynilad Water Services, Inc. ("Maynilad"), a subsidiary company of MPIC, a 25-year franchise (the "Franchise"). The Act affirmed Maynilad's authority to provide waterworks system and sewerage and sanitation services in the West Zone Service Area of Metro Manila and the Province of Cavite of the Philippines. The Act has been effective since 22 January 2022, being fifteen days after its publication in the Official Gazette of the Philippines on 7 January 2022 and highlights of the Act include:

(i) the grant of authority to the Metropolitan Waterworks and Sewerage System ("MWSS") to amend the term of the revised concession agreement (ending in 2037) to coincide with term of the Franchise (ending in 2047). In the event the waterworks and sewerage system assets of MWSS pertaining to the Franchise area are privatized by law, Maynilad shall have the right to match the highest compliant bid after a public bidding;
(ii) establishment of tariffs and charges which Maynilad may charge, as the regulator may allow, after taking into account certain factors, the methodology provided under the revised concession agreement and requirements under applicable law and jurisprudence;
(iii) prohibition on the passing on of corporate income tax to customers;
(iv) the requirement to publicly list at least 30% of Maynilad's outstanding capital stock within five years from the grant of the Franchise; and
(v) the completion of Maynilad's water and sewerage projects to attain 100% coverage by 2037, which shall include periodic 5-year completion targets.

(b) On 16 February 2022, MPIC's Board approved the implementation of a share buyback program of up to Pesos 5.0 billion (US$98.0 million or HK$764.4 million) commencing on 17 February 2022. The purpose for the share buyback program is to enhance and improve shareholder value and to manifest confidence in MPIC's value and prospects through the repurchase of its common shares.

Up to 30 March 2022, MPIC acquired a total of 391 million shares from the open market at a total consideration of Pesos 1.5 billion (US$28.7 million or HK$223.9 million) and held under treasury shares. As a result, First Pacific's economic interest in MPIC increased to 44.6% from 44.0%.

* *The Company maintains its accounts and reports to its shareholders in United States dollars. The figures shown in Hong Kong dollars are for illustration only and are based on a fixed exchange rate of 7.8 Hong Kong dollars to one United States dollar.*

REVIEW OF OPERATIONS

FIRST PACIFIC

Below is an analysis of results by individual company.

Contribution and profit summary

For the year ended 31 December US$ millions	Turnover **2021**	 2020	Contribution to Group profit[i] **2021**	 2020
Indofood	**6,925.9**	5,583.1	**237.0**	194.4
PLDT[ii]	**-**	-	**139.1**	134.9
MPIC	**882.5**	825.5	**98.1**	84.8
Philex[ii]	**-**	-	**19.3**	8.0
FPM Power	**1,194.5**	571.0	**21.8**	(2.5)
FP Natural Resources	**100.3**	150.9	**(8.9)**	(9.9)
Contribution from operations[iii]	**9,103.2**	7,130.5	**506.4**	409.7
Head Office items:				
- Corporate overhead			**(20.8)**	(19.7)
- Net interest expense			**(51.3)**	(60.0)
- Other expenses			**(7.8)**	(8.8)
Recurring profit[iv]			**426.5**	321.2
Foreign exchange and derivative (losses)/gains, net[v]			**(24.2)**	34.1
Gain on changes in fair value of biological assets			**1.8**	0.1
Non-recurring items[vi]			**(70.8)**	(153.8)
Profit attributable to owners of the parent			**333.3**	201.6

(i) After taxation and non-controlling interests, where appropriate.
(ii) Associated companies.
(iii) Contribution from operations represents the recurring profit contributed to the Group by its investee companies.
(iv) Recurring profit represents the profit attributable to owners of the parent excluding the effects of foreign exchange and derivative (losses)/gains, gain on changes in fair value of biological assets and non-recurring items.
(v) Foreign exchange and derivative (losses)/gains, net represent the net (losses)/gains on foreign exchange translation differences on the Group's unhedged foreign currency denominated net liabilities/assets and the changes in the fair values of derivatives.
(vi) Non-recurring items represent certain items, through occurrence or size, which are not considered as usual operating items. 2021's non-recurring losses of US$70.8 million mainly represent the Group's impairment provisions for investments and network assets and provision for claims (US$88.6 million), and the Group's debt refinancing costs (US$5.7 million), partly offset by MPIC's gains on deconsolidation of Global Business Power Corporation ("GBPC") (US$28.3 million) and disposal of Don Muang Tollway Public Company Limited ("DMT") (US$9.4 million). 2020's non-recurring losses of US$153.8 million mainly represent (a) the Group's impairment provisions for assets, including investments in Roxas Holdings, Inc. ("RHI")'s, property, plant and equipment, goodwill, deferred costs and others (US$74.1 million), loss on disposal of RHI's sugar mill, ethanol plant and other assets in La Carlota, Negros Occidental ("La Carlota assets") (US$15.8 million) and debt refinancing costs (US$7.5 million), and (b) PLDT's manpower reduction costs (US$9.5 million) and accelerated amortization for Sun trademark (US$6.8 million), and PacificLight Power Pte. Ltd. ("PLP")'s provisions for take-or-pay obligation and onerous contracts (US$7.4 million).

First Pacific recorded its strongest-ever earnings in 2021 notwithstanding pressures from the continuing COVID-19 pandemic, driven by improved contributions from all invested companies, with total contribution from investments rising 24% to US$506.4 million. Turnover and recurring profit rose to record highs in 2021, the year of First Pacific's 40th anniversary.

Growth was led by Indofood with its first full-year contribution from Pinehill Company Limited ("Pinehill") and higher crude palm oil ("CPO") prices. PLP swung to a profit as electricity demand growth outpaced the limited gas supply. PLDT benefitted from continuing strong growth in demand for data services, led by the residential broadband offered by its Home business. As the Philippines gradually lifted movement restrictions, MPIC's several businesses returned to growth. Philex benefitted from surging metal prices, particularly for copper.

Turnover up 28% to US$9.1 billion from US$7.1 billion
- reflecting higher revenues at Indofood with the first full-year contribution from Pinehill acquired on 27 August 2020
- substantially higher average selling price per unit of electricity at PLP as a result of high selling prices in the second half of 2021 and higher sales volumes
- higher revenues at MPIC due to a gradual economic recovery as a result of relaxation of quarantine measures

Recurring profit up 33% to US$426.5 million from US$321.2 million
- reflecting higher profit contributions from Indofood, PLDT, MPIC and Philex
- a turnaround of PLP with a profit contribution versus a loss in 2020
- lower Head Office net interest expenses

Non-recurring losses down 54% to US$70.8 million from US$153.8 million
- reflecting gains on the deconsolidation of GBPC in the Philippines and the disposal of DMT in Thailand
- lower impairment provisions made by the Group
- the absence of loss on disposal of RHI's La Carlota assets

Reported profit up 65% to US$333.3 million from US$201.6 million	- higher recurring profit - lower non-recurring losses - partly offset by a net foreign exchange and derivative loss associated with the depreciation of the peso and rupiah versus a gain in 2020

Capital Management

Distributions

First Pacific's Board of Directors declared a final distribution of HK 10.0 cents (U.S. 1.28 cent) (2020: HK 7.5 cents (U.S. 0.96 cent)) per share which brings the total distribution for 2021 to HK 19.0 cents (U.S. 2.43 cents) per share, up 31% from HK 14.5 cents (U.S. 1.86 cents) in 2020. The full-year distribution represents a payout ratio of approximately 25% (2020: 25%) of 2021 recurring profit, marking the 12th consecutive year that First Pacific has distributed 25% of recurring profit to its shareholders, beginning in 2010 and continuing every year since.

Share Repurchase Program

On 30 March 2021, the Board approved a share repurchase program to buy back US$100 million of First Pacific shares from the open market over three years. The program reflects management's commitment to enhancing shareholder returns.

From April to December 2021, First Pacific repurchased approximately 65.8 million shares at an average price of HK$2.81 (US$0.36) per share with a total cost of approximately HK$185.1 million (US$23.8 million).

In 2022, during the period up to 25 February, First Pacific repurchased approximately 9.8 million shares at an average price of HK$3.02 (US$0.39) per share with a total cost of approximately HK$29.6 million (US$3.8 million). All repurchased shares were subsequently cancelled.

Debt Profile

On 30 November 2021, First Pacific completed the early redemption of the remaining outstanding principal amount of US$120.5 million 7-year 5.75% coupon unsecured guaranteed bonds issued by a wholly-owned subsidiary of First Pacific, FPC Capital Limited, in 2018.

As at 31 December 2021, Head Office gross debt stood at approximately US$1.4 billion with an average maturity of 3.3 years. Net debt was at approximately US$1.3 billion. Approximately 65% of the Head Office borrowings were at fixed rates while floating rate bank loans comprised the remainder. The blended interest rate was approximately 3.2% per annum. All Head Office borrowings are unsecured.

As at 30 March 2022, the principal amounts of the following two bonds remained outstanding:

- US$357.8 million 10-year at 4.5% coupon with maturity on 16 April 2023
- US$350.0 million 7-year at 4.375% coupon with maturity on 11 September 2027

There is no Head Office recourse for the borrowings of subsidiary or associated companies.

Operating Cashflow and Interest Cover

For 2021, Head Office operating cash inflow before interest expense and tax increased 8% to US$185.8 million from US$172.6 million for 2020, principally due to an increase in PLDT dividends received.

Net cash interest expense declined 11% to US$49.3 million from US$55.2 million, reflecting lower blended interest costs on borrowings arising from the refinancing of loans and the redemption of a bond in 2020. For the 12 months ended 31 December 2021, the cash interest cover was approximately 3.8 times.

Foreign Currency Hedging

The Company actively reviews the potential benefits of hedging based on forecast dividend income and enters into hedging arrangements for managing its foreign currency exposures in dividend income and payments in foreign currencies.

Outlook

First Pacific's Philippine investments are expected to benefit from continuing economic growth and increasing purchasing power of Philippine consumers. Indofood expects continuing sales and profit growth in 2022 but turbulence in soft commodity prices may potentially impact its margins and earnings growth.

INDOFOOD

Indofood's wide variety of well priced consumer food product offerings coupled with its extensive and highly responsive distribution system were key to double-digit sales growth in all four major businesses, significantly boosted by the first full year of contribution from Pinehill following the August 2020 acquisition of this noodle maker based in the Middle East, Africa, and South-eastern Europe.

Indofood's contribution to the Group increased 22% to a record high of US$237.0 million (2020: US$194.4 million) principally reflecting higher core profit and a 2% appreciation of the average rupiah exchange rate against the U.S. dollar.

Core profit up 35% to 8.0 trillion rupiah (US$561.1 million) from 6.0 trillion rupiah (US$407.1 million)	▪ reflecting improved performance across all business groups ▪ strong performance of the Consumer Branded Products ("CBP") group mainly driven by volume growth in domestic and overseas markets ▪ higher profit of the Agribusiness group on higher CPO prices ▪ partly offset by higher net financing costs
Net income up 18% to 7.6 trillion rupiah (US$532.8 million) from 6.5 trillion rupiah (US$441.0 million)	▪ reflecting higher core profit ▪ partly offset by a net foreign exchange loss versus a gain in 2020
Consolidated net sales up 22% to 99.3 trillion rupiah (US$6.9 billion) from 81.7 trillion rupiah (US$5.6 billion)	▪ driven by higher sales of all business groups
Gross profit margin stable at 32.7%	▪ reflecting higher average selling prices of most products at the CBP, Bogasari and Agribusiness groups ▪ offset by higher raw material costs
Consolidated operating expenses up 12% to 15.6 trillion rupiah (US$1.1 billion) from 13.9 trillion rupiah (US$947.0 million)	▪ reflecting higher selling expenses, driven by higher sales
EBIT margin to 17.0% from 15.8%	▪ reflecting lower operating expenses to sales ratio

Debt Profile

On 9 June 2021, PT Indofood CBP Sukses Makmur Tbk ("ICBP") issued two global bonds for a total of US$1.75 billion for partial refinancing of bank loans associated with the acquisition of Pinehill. US$1.15 billion of the bond issuance is a 10-year bond with a coupon of 3.398% and the remaining US$600 million is a 30-year bond with a coupon of 4.745%.

On 27 October 2021, ICBP issued another two global bonds for a total of US$1.0 billion. US$600 million of the bond issuance is a 10.5-year bond with a coupon of 3.541% and the remaining US$400 million is a 30.5-year bond with a coupon of 4.805%.

The bonds are the first-ever 30-year or longer issued by a domestic Indonesian corporate.

ICBP obtained a rating of "$_{\text{Id}}$Baa3" and "$_{\text{Id}}$BBB-" from Moody's and Fitch, respectively.

As at 31 December 2021, Indofood's gross debt was 16% higher than a year earlier at 61.8 trillion rupiah (US$4.3 billion) versus 53.3 trillion rupiah (US$3.8 billion) as at 31 December 2020. Of this total, 28% matures within the year and the remainder matures between 2023 and April 2052, while 29% was denominated in rupiah and the remaining 71% was denominated in foreign currencies.

Additional Investments

In January 2021, Indofood's subsidiary PT Salim Ivomas Pratama Tbk ("SIMP") completed the transaction of increasing its effective economic interest in PT Mentari Subur Abadi to approximately 80% from approximately 60% for a consideration of 807 billion rupiah (US$56.3 million).

On 17 February 2021, ICBP completed the acquisition of 49% interest in PT Indofood Fritolay Makmur ("IFM") for a consideration of approximately 494 billion rupiah (US$34.4 million) from Fritolay Netherlands Holding B.V., an affiliated company of PepsiCo Inc. ("PepsiCo"), to increase ICBP's interest in IFM to approximately 100% from 51%. After the licensing agreement with PepsiCo ended six months afterwards, ICBP ceased all production and sales of PepsiCo branded products.

In 2021, Indofood acquired a total of approximately 3.8 million shares of Indofood Agri Resources Ltd. ("IndoAgri") from the open market for a total consideration of approximately S$1.1 million (US$0.8 million), increasing Indofood's effective interest in IndoAgri to approximately 71.9%.

Consumer Branded Products

In 2021, CBP group sales rose 21% to 57.0 trillion rupiah (US$4.0 billion) reflecting higher sales volumes and average selling prices across most of CBP divisions. EBIT margin improved to 20.3% from 19.4%. The strong performance was contributed by both domestic and overseas sales.

Bogasari

Its sales rose 13% to 25.9 trillion rupiah (US$1.8 billion), reflecting higher average selling prices. The EBIT margin decreased to 7.3% from 7.8%.

Agribusiness

Sales rose 35% to 19.7 trillion rupiah (US$1.4 billion), reflecting higher prices of palm products (CPO and palm kernel ("PK")) and Edible Oils & Fats ("EOF") products, and higher sales volume of EOF products. Sales volume of CPO and PK related products declined 7% and 11% to 698,000 and 162,000 tonnes, respectively. The EBIT margin improved to 16.4% from 10.3%.

Plantations

In 2021, the Plantations division recorded a 25% increase in sales to 10.6 trillion rupiah (US$736.3 million) as a result of higher prices for palm products, partly offset by lower sales volume of CPO and PK related products.

Fresh fruit bunch ("FFB") nucleus production declined 8% to 2.8 million tonnes, mainly reflecting lower nucleus output caused by replanting activities in Riau and North Sumatra, as well as heavy rainfall that adversely affected harvesting activities and road infrastructure. CPO production declined 7% to 687,000 tonnes mainly due to lower FFB nucleus production and lower purchase from plasma farmers. The CPO extraction rate was stable at 21.0%.

In Brazil, the total planted area for sugar cane rose 7% to 114,152 hectares from year-end 2020, of which 45% was owned by Companhia Mineira de Açúcar e Álcool Participações , while contracted third party farmers accounted for the remainder.

Edible Oils & Fats

In 2021, despite higher CPO purchase costs and challenges due to the pandemic, the EOF division continued to deliver growth, with higher sales and stable profitability. This division recorded a 42% increase in sales to 16.3 trillion rupiah (US$1.1 billion) driven by higher average selling prices and sales volume of EOF products.

Distribution

The Distribution group's sales increased 10% to 5.0 trillion rupiah (US$350.0 million) mainly supported by the growth in demand for the products of Indofood and those of other consumer goods companies this group provides services to. The EBIT margin improved to 4.5% from 3.5%.

Outlook

Despite the uncertainties that will unfold as the pandemic and geopolitical situation evolves, the global economy including Indonesia is expected to recover in 2022. Against this backdrop, Indofood with its vertically integrated business model is well placed to capture the opportunities that lie ahead despite volatility in the commodity price environment. Indofood will continue to pursue growth in both the domestic and overseas markets, by balancing between market share and profitability and enhancing operational efficiency and productivity, as well as maintaining a healthy balance sheet position.

PLDT

PLDT's investments in expanding its network capacity and coverage resulted in network leadership that enabled the robust performance of its fixed-line, mobile, and information and communications technology ("ICT") businesses. Data and broadband services remained strong growth drivers in 2021.

PLDT's contribution to the Group increased 3% to US$139.1 million (2020: US$134.9 million) reflecting higher consolidated core net income.

Telco core net income up 8% to 30.2 billion pesos (US$612.4 million) from 28.1 billion pesos (US$567.5 million)	▪ reflecting higher EBITDA driven by strong growth in service revenues ▪ lower provision for income tax due to lower tax rates under the Corporate Recovery and Tax Incentives for Enterprises ("CREATE") Law ▪ partly offset by higher depreciation and amortization, and higher net financing costs in connection with PLDT's capital expenditure program
Consolidated core net income up 10% to 29.9 billion pesos (US$606.5 million) from 27.1 billion pesos (US$548.2 million)	▪ reflecting higher telco core net income ▪ a higher gain on dilution of Voyager
Reported net income up 9% to 26.4 billion pesos (US$534.2 million) from 24.3 billion pesos (US$490.7 million)	▪ reflecting higher core net income ▪ a gain on debt modification from re-negotiation of selected outstanding peso loans ▪ lower manpower rightsizing program expenses ▪ partly offset by foreign exchanges losses versus gains in 2020, higher amortization of the Sun trademark and accelerated depreciation related to network transformation, and lower asset sales
Consolidated service revenues (net of interconnection costs) up 6% to 182.1 billion pesos (US$3.7 billion) from 171.5 billion pesos (US$3.5 billion)	▪ reached an all-time high, reflecting sustained strong performance in the Home and Enterprise business segments ▪ led by strong growth in home broadband and mobile data revenues ▪ growth of Individual service revenues was impacted by competition, limited mobility due to the pandemic, and Typhoon Odette ▪ Home and Enterprise service revenues grew 24% and 4%, respectively, and accounted for 26% and 23% of consolidated service revenues, respectively ▪ data and broadband remained the main growth drivers, with combined revenues up 12% and representing 77% (2020: 73%) of consolidated service revenues

EBITDA up 11% to 95.9 billion pesos (US$1.9 billion) from 86.2 billion pesos (US$1.7 billion)	▪ reached an all-time high, reflecting higher service revenues and lower provisions ▪ partly offset by higher cash operating expenses
EBITDA margin to 52% from 50%	▪ wireless EBITDA margin stable at 61%, while fixed line EBITDA margin rose to 39% from 34%

Capital Expenditures

In 2021, capital expenditure peaked at 89.0 billion pesos (US$1.8 billion), most of which was invested in extensive nationwide network buildout, including LTE and 5G rollouts, migration of fixed-line customers from copper to fiber connections, and the fiberization of base stations. It also included 17.5 billion pesos (US$354.5 million) of capital expenditure to support expansion of the Home broadband business, mainly the buildout of additional fiber port capacity to meet data demand and new connects, resulting in immediate revenue contribution.

Despite mobility restrictions and other challenges of the pandemic, total homes passed by PLDT's fixed-line fiber optic network rose 54% to 13.9 million, port capacity rose 42% to 5.8 million as at the end of 2021, and the fiber footprint expanded by 73% to 743.7 thousand cable kilometers from end-2020 levels. On the wireless network, the number of Smart 5G base stations increased 1,366% to 7.2 thousand, while the number of LTE/4G base stations increased 28% to 38.6 thousand from 2020 year-end. PLDT's 4G and 3G network coverage expanded to reach over 96% of the Philippines' population.

In 2021, PLDT built an additional 1.7 million ports for connecting more homes to its fiber optic network, maintaining its market leadership position with port capacity of approximately 5.8 million. Its fixed broadband geographical coverage reached nearly 60% of the Philippines.

In line with a greater focus on delivering positive free cash flow, PLDT aims to manage downward its capital expenditures. As such, capital expenditure for 2022 is expected to decline to between 76 billion pesos to 80 billion pesos. It will continue to be demand-driven primarily enabling the growth of its home broadband business, as well as for network capacity expansion and IT platform advancement for supporting growth in data traffic, the expansion of the 5G network, cable capacity, and the construction of an 11th data center for hyperscaler businesses.

Debt Profile

As at 31 December 2021, PLDT's consolidated net debt was US$4.5 billion while net debt to EBITDA was at 2.38 times. Total gross debt stood at US$5.0 billion, of which 16% was denominated in U.S. dollars. Only 5% of the total debt was unhedged after taking into account available U.S. dollar cash and currency hedges allocated for debt. 63% of total debts are due to mature after 2026. Post interest rate swaps, 64% of the total debt is fixed-rate borrowings. The average pre-tax interest cost for 2021 declined further to 4.31% from 4.66% for the full year 2020.

As at the end of December 2021, PLDT's credit ratings remained at investment grade at S&P Global and Moody's, the international credit rating agencies.

Dividends

PLDT's dividend policy is to pay 60% of its telco core net income to shareholders. On 3 March 2022, the PLDT Board of Directors approved a final cash dividend of 42 pesos (US$0.82) (2020: 40 pesos (US$0.83)) per share payable on 4 April 2022 to shareholders on record as of 17 March 2022. Together with the interim dividend of 42 pesos (US$0.86) per share paid on 3 September 2021, total dividends for 2021 amounted to 84 pesos (US$1.68) (2020: 78 pesos (US$1.59)) per share.

Service Revenues by Business Segment

High demand for data and broadband services continued to drive revenue growth by 6% to a record high of 182.1 billion pesos (US$3.7 billion), led by a 12% revenue increase in data and broadband to 139.7 billion pesos (US$2.8 billion). Mobile data and internet revenues grew 6% to 70.3 billion pesos (US$1.4 billion), Home broadband revenues rose 29% to 42.6 billion pesos (US$863.0 million), corporate data recorded 6% growth to 22.0 billion pesos (US$445.7 million), and ICT revenues were up 14% to 4.8 billion pesos (US$97.2 million).

As at year-end 2021, the PLDT group's total subscriber base was stable at approximately 78.8 million.

Home service revenues' growth momentum continued in 2021, rising 24% to 47.8 billion pesos (US$968.4 million). The growth was driven by the fast-tracked nationwide fiber-to-the-home ("FTTH") rollout, with over 1.1 million new fiber customers connected during the year, raising PLDT's total fixed broadband subscriber base 27% to approximately 3 million. Fiber-only revenues rose 82% to 33.0 billion pesos (US$668.6 million) and accounted for 69% of total Home revenues.

Individual segment sustained its performance despite increased competition, restricted mobility caused by the pandemic, and the impact of Typhoon Odette at year-end. Individual service revenues for 2021 were steady at 86.2 billion pesos (US$1.7 billion) of which 80% (2020: 75%) were data/broadband revenues.

Enterprise service revenues increased 4% to a new high of 42.2 billion pesos (US$854.9 million) in 2021, reflecting high demand for digital services from small and medium-sized enterprises and corporate customers, as well as for information and communication technology ("ICT") services. Driven by accelerated digital transformation and the expansion of hyperscaler businesses, data center and cloud revenues reached record highs.

Digital Financial Services

PayMaya is the only end-to-end digital financial services ecosystem in the Philippines, offering a wide range of digital payments and financial services to Enterprise and Individual customers. It is the largest payments processor for key industries, with around 430,000 points of acceptance. At year-end 2021, the number of PayMaya registered users reached 44 million. With 63,000 network agents, PayMaya has the widest network servicing offline consumers, covering 92% of the Philippines' population. PayMaya is crypto-ready and has received its Virtual Asset Service Provider ("VASP") license from the Bangko Sentral ng Pilipinas – the only telecommunications provider in the country to receive this.

Together with PayMaya, Maya Bank will leapfrog digital financial services adoption and unlock the value of its deep ecosystem.

Outlook

PLDT expects mid-single-digit growth in service revenues, to be led by accelerating growth in Home broadband revenues, followed by the Enterprise business with stronger growth to be underpinned by ICT. While the wireless business is expected to face some headwinds from competition, there are opportunities anticipated with the further opening up of the economy as pandemic movement restrictions ease. EBITDA is expected to grow to over 100 billion pesos while telco core income is seen reaching 32-33 billion pesos. Capital expenditures of 76-80 billion pesos is expected to maintain PLDT's network and customer experience leadership in fixed-line and wireless businesses.

PLDT aims to deliver positive free cash flows from higher revenues, cost optimisation and sale of strategic assets with the goal of reducing its financial leverage to a level below two times net debt to EBITDA and thereby improving its position to pay a special dividend to shareholders.

MPIC

In 2021 MPIC's core businesses benefited from gradual economic recovery in the Philippines stemming from the continued rollout of vaccinations and easing of quarantine measures. Toll road traffic volume and power demand recorded growth, while billed water volume declined slightly and ridership on light rail services remained low due to capacity restrictions continuing from 2020.

MPIC's contribution to the Group increased 16% to US$98.1 million (2020: US$84.8 million), reflecting higher core net income.

Consolidated core net income up 20% to 12.3 billion pesos (US$249.7 million) from 10.2 billion pesos (US$206.9 million)

- reflecting an 11% growth in contribution from its operations to 17.1 billion pesos (US$346.7 million)
- power, toll roads and water businesses accounted for 65%, 23% and 16%, respectively, of the consolidated profit contribution to MPIC, while a negative contribution of 4% was recorded from other businesses
- a 6% rise in contribution from the power business to 11.2 billion pesos (US$227.3 million) driven by higher volume sold
- a 58% increase in contribution from the toll roads business to 3.9 billion pesos (US$78.3 million) reflecting substantial improvement in traffic volume under more relaxed quarantine measures and lower taxes resulting from Optional Standard Deduction
- a 10% decline in contribution from the water business to 2.8 billion pesos (US$55.9 million) reflecting lower demand from residential and commercial customers, partly offset by higher demand from industrial customers
- a higher contribution from the healthcare business was offset by higher losses at the light rail and logistics businesses due to the adverse impact of the COVID-19 pandemic. As a result, net loss from light rail and other businesses increased 4% to 734 million pesos (US$14.9 million)
- lower provision for income tax due to lower tax rates from 30% to 25% under the CREATE law

Consolidated reported net income up 113% to 10.1 billion pesos (US$205.0 million) from 4.7 billion pesos (US$95.9 million)

- reflecting higher core net income
- a lower non-recurring loss due to gains on transfer of GBPC in the Philippines to Meralco PowerGen Corporation ("MGen") and the sale of DMT in Thailand

Consolidated revenues up 7% to 43.6 billion pesos (US$882.5 million) from 40.9 billion pesos (US$825.5 million)

- reflecting higher revenues at toll road businesses
- partly offset by lower revenues at water and rail businesses

Debt Profile

As at 31 December 2021, MPIC's consolidated debt rose 6% to 246.3 billion pesos (US$4.8 billion) from 231.4 billion pesos (US$4.8 billion) as at 31 December 2020, mainly reflecting additional bank borrowing for ongoing toll roads and light rail construction projects, and the acquisition of Philippine Tank Storage International Holdings Inc. ("PTSI"). Net debt increased 8% to 194.8 billion pesos (US$3.8 billion).

Of the total debt, 89% was denominated in pesos and fixed-rate borrowings accounted for 83%. The average interest rate was reduced to approximately 5.68% from 6.14% at year-end 2020, and debt maturities ranged from 2022 to 2037.

Capital Management

Dividends

MPIC's Board of Directors declared a final cash dividend of 0.076 peso (U.S. 0.15 cent) per share payable on 6 April 2022 to shareholders on record as of 25 March 2022. Together with the interim dividend of 0.0345 peso (U.S. 0.07 cent) per share paid on 2 September 2021, total dividends for 2021 amounted to 0.1105 peso (U.S. 0.22 cent) per share. This represented a dividend payout ratio of 27% (2020: 33%) of core net income despite the ongoing pandemic challenges.

Share Buyback Program

On 1 October 2020, MPIC's Board of Directors approved a share buyback program budgeted at up to 5.0 billion pesos (US$101.3 million). In September 2021, the approved budget was fully utilized when MPIC bought back approximately 599 million shares from the open market at a total cost of approximately 2.3 billion pesos (US$46.3 million) during the year.

On 16 February 2022, MPIC's Board of Directors approved another up to 5.0 billion pesos (US$98.0 million) share buyback program. Up to 30 March 2022, MPIC bought back approximately 391 million shares from the open market at a total cost of approximately 1.5 billion pesos (US$28.7 million).

Additional Investments/Divestments

On 29 January 2021, KM Infrastructure Holdings, Inc. ("KMIH"), a 50:50 joint venture between Keppel Infrastructure Fund Management Pte. Ltd. ("KIT") and MPIC, completed the acquisition of a 100% interest in PTSI from Philippine Investment Alliance for Infrastructure for a consideration of approximately US$333.8 million which was subsequently adjusted to US$337.9 million. The equity investment of MPIC in a 50% interest in KMIH amounted to approximately US$145 million. KIT, MPIC and KMIH also entered into a shareholders' agreement for the purpose of regulating the management of the business of PTSI and the relationship between shareholders. KIT and MPIC shall enjoy equal voting rights and bear equal obligations in respect of PTSI's business. PTSI wholly owns Philippine Coastal Storage and Pipeline Corporation ("PCSPC"), the largest independent petroleum product storage facility and import terminal in the Philippines, located in the Subic Bay Freeport Zone.

On 19 February 2021, MPTC completed the sale of its entire approximately 29.45% indirect interest in DMT to a group of investors in Thailand for a consideration of approximately US$149.3 million.

On 31 March 2021, MPIC's wholly-owned indirect subsidiary, Beacon PowerGen Holdings Inc. ("Beacon PowerGen") completed the transfer of approximately 56% interest in GBPC to MGen, an associated company of First Pacific for a consideration of 22.4 billion pesos (US$454.7 million), which was subsequently adjusted to 21.2 billion pesos (US$429.7 million) to reflect the dividend of 1.2 billion pesos (US$25.0 million) received by Beacon PowerGen from GBPC in May 2021. Beacon PowerGen received 80% of the adjusted consideration in 2021, with the remaining 20% to be received on the date falling eighteen months following the completion date. This transaction was approved by First Pacific's shareholders on 2 March 2021.

Power

The volume of electricity sold rose 6% to 46,073 gigawatt hours. The residential, commercial and industrial sectors accounted for 37%, 33% and 30%, respectively, of the total sales volume in 2021. Growth of 3%, 3% and 13% in residential, commercial and industrial volumes, respectively, reflected a boost to business activity and increased community mobility following the reopening of the economy.

Meralco revenues increased 16% to 318.5 billion pesos (US$6.5 billion) as a result of higher energy sales volume and higher generation pass-through revenues partly offset by lower transmission pass-through revenues, and the consolidation of GBPC from April 2021. The number of billed customers rose 4% to 7.4 million in 2021.

Capital expenditures rose 32% to 27.5 billion pesos (US$557.1 million) primarily used for adding new connections, facility renewals, capacity expansion and its electrification program. These investments further strengthened the resiliency of Meralco's distribution network.

Renewable Energy

Meralco's electricity distribution arm committed to source 1,500 megawatts of its power requirements from renewable energy sources in the next five years in its own generation build-out. MGen, Meralco's wholly-owned power generation subsidiary, is also accelerating the development of its clean energy generation capacity by up to 1,500 megawatts in the next five to seven years.

Meralco's first and the Philippines' largest single operating solar plant, the 50-megawatt BulacanSol, commenced commercial operation from May 2021 and delivered 67 gigawatt hours of solar energy during the year. Another solar plant in Rizal with 78 megawatt capacity is expected to go online by the end of 2022. Two additional solar power plant projects with a total capacity of 113 megawatts are under development by GBPC.

Toll Roads

In 2021, MPTC's revenues rose 29% to 17.5 billion pesos (US$354.2 million), reflecting recovery in traffic volumes with the easing of mobility restrictions, vaccine roll-out, toll increases at NLEX from May 2021, and new revenues from CALAX sub-section 5 from August 2021. Average daily vehicle entries on MPTC's toll roads rose 18% to 747,580, reflecting an improvement in economic activity despite certain mobility restrictions remaining in force. In the Philippines, average daily vehicle entries increased 24 % to 483,170, while traffic volume on international toll roads rose 9% to 264,410.

Capital expenditure was down 17% to 19.2 billion pesos (US$389.0 million), mainly reflecting completion of certain projects, and delays in other road projects owing to the pandemic.

Water
Revenues declined 4% to 22.0 billion pesos (US$444.7 million), reflecting lower billed volumes. Residential and commercial consumption remained low while industrial demand shown 2% growth as more businesses gradually resumed their operations.

Capital expenditure rose 10% to 8.6 billion pesos (US$174.2 million), largely employed in the development of new water treatment plants.

Light Rail
Revenues declined 10% to 1.1 billion pesos (US$23.0 million) due to the implementation of physical distancing protocols and overall lower demand. Average daily ridership fell 33% to 124,329 passengers, reflecting a compulsory capacity ceiling of 30% on overall ridership capacity, which was subsequently raised to 70% from 4 November 2021 and back to 100% capacity from 1 March 2022.

In 2021, LRMC's capital expenditure rose 14% to 4.5 billion pesos (US$90.6 million), and was spent mainly on the construction of LRT1's Cavite Extension with phase 1 reaching 68% completion in March 2022.

Healthcare
Revenues rose 37% to 20.3 billion pesos (US$411.1 million), reflecting longer average length of stay of inpatients, price increases, better case mix, and a 128% growth in COVID-19 related admissions and testing.

Inpatient admissions declined 11% to 94,957 while outpatient visits rose 24% to 3,109,785.

MPHHI's capital expenditure increased 24% to 2.2 billion pesos (US$45.4 million) to catch up on expansion following a focus on cash conservation in 2020.

Fuel Storage
In 2021, MPIC expanded its business portfolio through investing in PTSI. The fuel storage business is expected to offer stable earnings and cash flow. PCSPC, the operating unit of PTSI, recorded revenues at 1.8 billion pesos (US$37.0 million) while capital expenditure was 167 million pesos (US$3.4 million). Its average capacity was 5.8 million barrels with an average utilization rate of 71%.

Outlook
Continuing recovery from the economic costs of the COVID-19 pandemic is expected to deliver continuing demand growth for Meralco's electricity supply, Maynilad's water deliveries, and traffic on MPTC's toll roads. MPTC is looking forward to new toll roads and extensions entering service and providing new sources of revenue growth while Meralco expects the entering into service of new solar power generation facilities will in their own turn bring new sources of generation revenues. The Hospitals business expects a continuing shift away from pandemic operations towards more normal medical inpatient and outpatient services even as it continues its ambitions to expand via acquisition. PCSPC will continue to seek new storage contracts while LRMC looks forward to gradually increased ridership as its expansion-oriented capital expenditures continue.

PHILEX
Padcal mine operations continued throughout the year with implementation of strict measures against the COVID-19 pandemic in compliance with the government's quarantine guidelines and an extensive vaccination program, which proved effective in containing the spread of the virus despite a small number of COVID-19 cases in the Padcal mine.

In 2021, Philex's contribution to the Group increased 141% to US$19.3 million (2020: US$8.0 million), reflecting higher metal prices with the average realized gold price increasing 2% to US$1,785 per ounce while copper rose 48% to US$4.24 per pound, partly offset by a slightly lower metal output, and higher operating costs.

Total ore milled rose 1% to 7.9 million tonnes. The average gold grade at 0.285 grams per tonne was slightly higher than the previous year. The average copper grade at 0.186% was down 1% from 2020. Gold production was down 2% to 55,149 ounces (2020: 56,000 ounces) and copper production declined 1% to 26.2 million pounds (2020: 26.4 million pounds), reflecting declines in gold and copper recoveries of 2% and 1%, respectively.

Core net income up 118% to 2.5 billion pesos (US$51.3 million) from 1.2 billion pesos (US$23.5 million)	▪ reflecting higher revenue ▪ partly offset by higher operating costs
Net income up 98% to 2.4 billion pesos (US$49.3 million) from 1.2 billion pesos (US$24.8 million)	▪ reflecting the substantial improvement of core net income

Revenue (net of smelting charges) up 25% to 9.8 billion pesos (US$198.5 million) from 7.8 billion pesos (US$158.3 million)	▪ reflecting higher realized gold and copper prices ▪ slightly lower metal output from lower recovery rate, despite higher tonnage ▪ revenues from gold, copper and silver contributed 53%, 46% and 1% of the total, respectively
EBITDA up 60% to 4.3 billion pesos (US$87.5 million) from 2.7 billion pesos (US$54.6 million)	▪ reflecting higher revenue ▪ partly offset by higher cash production costs
Operating cost per tonne of ore milled up 5% to 886 pesos (US$17.9) from 846 pesos (US$17.1)	▪ reflecting higher cash production costs for power, materials and supplies, and labour ▪ higher excise taxes and royalties due to higher revenue from higher metal prices ▪ partly offset by lower non-cash charge associated with the extension of Padcal mine life to December 2024
Capital expenditure (including exploration costs) flat at 1.2 billion pesos (US$23.9 million)	▪ reflecting a higher cost for tailings storage facility expansion projects ▪ offset by a lower cost for machinery and equipment

The mine life of Philex's major operating mining asset, the Padcal mine, has been extended by two years to December 2024. The latest mineable reserves estimate at Padcal mine as of end-March 2021 is 30.2 million tonnes with average gold grade of 0.23 grams per tonne and copper grade of 0.18%.

Debt Profile
As at 31 December 2021, Philex had 10.1 billion pesos (US$98.6 million) of borrowings, comprising bonds with a 1.5% coupon and short-term bank loans with an average interest cost of approximately 3.3%. Short-term bank loans fell 17% to 1.5 billion pesos (US$29 million) from year-end 2020.

Silangan Project
The Silangan Project is a large-scale gold and copper mining project located in Surigao del Norte, at the north-eastern tip of Mindanao in the Philippines.

On 11 January 2022, Philex announced the completion of the In-Phase Mine Plan feasibility study for the Boyongan deposit (Phase 1 of the Silangan project). The mine life and operation for the Boyongan deposit is stretched to 28 years with a mineable reserve estimate of 81 million tonnes, and estimated gold grade of 1.13 grams and copper grade of 0.67% per tonne of ore. The daily estimated ore production capacity for the first five years is 2,000 tonnes, increasing to 4,000 tonnes for the following three years, then to 8,000 tonnes and reaching 12,000 tonnes from the twelfth year of operation. The initial capital requirements under the In-Phase Mine Plan is US$224 million, to be funded by a combination of proceeds from a proposed stock rights offer, from Philex's cash reserves, and possibly some incremental debt at the Silangan level. The project plans to start commercial operation in early 2025.

Outlook
The sustained prices of gold and copper in the global market provide continuing opportunity for Philex to optimize its mineable reserves and metal output. Profitability and liquidity since 2020 have been on a positive trend and materially strengthening Philex's financial position, together with the other funding sources such as a proposed stock rights offer and possible debt may accelerate the development of the Silangan Project.

Further studies are underway to explore and determine the feasibility of mineable resources and reserves in the vicinity of the Padcal mine.

After the Philippine government lifted its ban on new mining agreements and on open pit mining in 2021, the new operating environment is favourable to the long-term development of the mining industry in the country.

FPM POWER/PLP
Electricity demand in Singapore rose over 5% in 2021 as gradual recovery of economic activity resulted in higher demand and hence higher sales of electricity.

PLP was able to continue its business operations and deliver a high level of service even during periods when some employees were obliged to work from home as most of their workflow has been digitized, and most business partners and customers have adopted e-transactions in their contract arrangements with PLP.

In 2021, PLP turned around its performance and made a profit contribution of US$21.8 million to First Pacific, compared with a loss of US$2.5 million in 2020.

In 2021, the volume of electricity sold rose over 10% to 5,459 gigawatt hours (2020: 4,942 gigawatt hours), of which 91% (2020: 86%) was for contracted sales and vesting contracts, and the remaining 9% (2020: 14%) was for pool market sales. PLP's generation market share for the year was approximately 10% (2020: 9%).

Core net profit of S$80.7 million (US$60.0 million) versus core net loss of S$33.6 million (US$24.4 million)	▪	reflecting higher non-fuel margin for electricity sales and higher sales volume
	▪	lower interest expense
	▪	partly offset by a lower reversal of provision for onerous contracts and higher marketing expense
Net profit of S$69.1 million (US$51.4 million) versus net loss of S$81.0 million (US$58.8 million)	▪	reflecting a turnaround to core net profit from core net loss
	▪	a lower non-recurring loss due to lack of provision for onerous contracts
	▪	partly offset by a foreign exchange loss while it was a foreign exchange gain in 2020
Revenues up 104% to S$1.6 billion (US$1.2 billion) from S$786.3 million (US$571.0 million)	▪	reflecting a substantially higher average selling price per unit of electricity as a result of high oil prices and severe gas curtailment in the second half of 2021
	▪	higher volume of electricity sold associated with economic recovery
Net operating expenses down 2% to S$23.0 million (US$17.1 million) from S$23.4 million (US$17.0 million)	▪	reflecting higher other income on sales of carbon credit
	▪	partly offset by higher marketing and distribution expenses
EBITDA up 878% to S$111.5 million (US$83.0 million) from S$11.4 million (US$8.3 million)	▪	reflecting substantial improvement in non-fuel margin for electricity sales and higher sales volume

Debt Profile

As at 31 December 2021, FPM Power's net debt stood at US$378.3 million while gross debt stood at US$437.4 million with most of the total debts due to mature by December 2026. All of the borrowings were floating-rate bank loans.

Singapore's Pioneer Offshore Solar Import Project

On 25 October 2021, PLP signed a Joint Development Agreement with consortium partners Medco Power Indonesia, a leading Indonesian independent power producer, and Gallant Venture Ltd., a Salim Group company, for a pilot solar import project from Bulan Island in Indonesia to Singapore.

The project has been granted in principle approval by the Energy Market Authority of Singapore. It is expected to have an installed generation capacity of 670 megawatt-peak in the initial phase, and will provide 100-megawatt equivalent of non-intermittent electricity, supplied via a dedicated plant-to-grid 230 kilovolt high voltage alternating current subsea connection to Singapore, with a schedule of commissioning in 2024.

Upon the completion of the development, the project is expected to offset over 357,000 tonnes of carbon emissions annually. It is in line with the Singapore Green Plan 2030 to increase renewable generation, and reduce Singapore's reliance on fossil fuels.

Outlook

Electricity demand grew 5.4% in 2021 on the back of a 7.6% economic expansion. The upward trend of electricity growth is expected to continue as the Singaporean economy is forecast to grow at 3.0% to 5.0% in 2022. The electricity market is expected to remain buoyant following its turnaround in 2021.

FP NATURAL RESOURCES/RHI

In 2021, FP Natural Resources' loss narrowed 10% to US$8.9 million (2020: US$9.9 million), reflecting a lower core net loss at RHI.

The disposal of La Carlota assets was completed on 30 September 2020. Excluding La Carlota assets, RHI's sugar milling increased 12% to 733 thousand tonnes (2020: 655 thousand tonnes), sales volumes of refined sugar and alcohol rose 32% to 751 thousand LKg (2020: 571 thousand LKg) and 91% to 31.7 million liters (2020: 16.6 million liters), respectively, while sales volume of raw sugar declined 74% to 193 thousand LKg (2020: 739 thousand LKg). The higher alcohol production from the San Carlos ethanol plant was partly offset by the adverse impact from the La Niña climate phenomenon which caused delays in cane harvesting and milling, and deteriorated cane yield.

Core net loss down 10% to 974 million pesos (US$19.7 million) from 1.1 billion pesos (US$21.8 million)	▪	reflecting lower operating expenses and interest expenses
	▪	lower revenue
	▪	unfavourable gross margins due to decreased cane yield and adverse weather conditions
Reported net loss down 78% to 891 million pesos (US$18.1 million) from 4.1 billion pesos (US$83.3 million)	▪	reflecting lower core net loss
	▪	the absence of loss on disposal of La Carlota assets and an impairment provision for goodwill recorded in 2020

Revenues down 34% to 5.0 billion pesos (US$100.3 million) from 7.5 billion pesos (US$150.9 million)	▪ reflecting the absence of sales generated by the La Carlota assets ▪ lower sales volumes of raw sugar and volume of milling service ▪ lower alcohol prices ▪ partly offset by higher sales volume of refined sugar and alcohol, and higher sugar prices
Operating expenses down 38% to 559 million pesos (US$11.3 million) from 904 million pesos (US$18.3 million)	▪ reflecting the absence of operating expenses at the La Carlota assets and manpower reduction initiatives
EBITDA at a loss of 95 million pesos (US$1.9 million) from a profit of 71 million pesos (US$1.4 million)	▪ reflecting unfavourable gross margins ▪ partly offset by lower operating expenses
EBITDA margin to -2% from 1%	▪ reflecting the EBITDA at a loss and lower revenue

Debt Profile

In 2021, RHI managed to extend the maturity of certain short-term debt. As at 31 December 2021, long-term debt of RHI, including a convertible note, stood at 5.4 billion pesos (US$106.6 million) with maturities up until December 2028 at an annual interest rate of approximately 6.0%. Short-term debt stood at 202 million pesos (US$4.0 million) with an average interest rate of approximately 6.5%.

Outlook

RHI expects higher annual refined sugar and ethanol production on the back of expanded fuel sources for one of its boilers and higher supply of cane and molasses.

FINANCIAL REVIEW

NET DEBT AND GEARING

(A) Head Office net debt

The marginal increase in net debt mainly reflects a slight increase in borrowings netting off the increase in net cash inflow from operating activities as a result of increased dividend income and reduction in interest expense, partly offset by the increase in return to shareholders in form of repurchase of shares and increased distributions. The Head Office's borrowings at 31 December 2021 comprise bonds of US$705.4 million (with an aggregated face value of US$707.8 million) which are due for redemption between April 2023 and September 2027, and bank loans of US$729.8 million (with a principal amount of US$735.0 million) which are due for repayment between March 2022 and June 2029. Subsequent to the year end, the bank loan maturity in March 2022 was fully refinanced with a bank term loan. There are no other borrowings due for repayment in 2022.

Changes in Head Office net debt

US$ millions	Borrowings	Cash and cash equivalents	Net debt
At 1 January 2021	1,430.9	(111.4)	1,319.5
Movement	4.3	(1.6)	2.7
At 31 December 2021	**1,435.2**	**(113.0)**	**1,322.2**

Head Office cash flow

For the year ended 31 December US$ millions	**2021**	2020
Dividend and fee income	**204.4**	189.9
Head Office overhead expense	**(18.6)**	(17.3)
Net cash interest expense	**(49.3)**	(55.2)
Tax paid	**(0.1)**	(0.6)
Net cash inflow from operating activities	**136.4**	116.8
Net investments	**(13.3)**	(14.2)
Financing activities		
- Distributions paid	**(91.7)**	(78.4)
- Payments for repurchase of shares	**(23.8)**	-
- Repayment of borrowings, net	**(1.4)**	(234.3)
- Others(i)	**(4.6)**	(3.5)
Net increase/(decrease) in cash and cash equivalents	**1.6**	(213.6)
Cash and cash equivalents at 1 January	**111.4**	325.0
Cash and cash equivalents at 31 December	**113.0**	111.4

(i) Mainly payments for lease liabilities and to the trustee for share purchase scheme

(B) Group net debt and gearing

An analysis of net debt and gearing for consolidated and associated companies follows.

Consolidated

US$ millions	**Net debt(i) 2021**	**Total equity 2021**	**Gearing(ii) (times) 2021**	Net debt(i) 2020	Total equity 2020	Gearing(ii) (times) 2020
Head Office	**1,322.2**	**1,336.5**	**0.99x**	1,319.5	1,621.2	0.81x
Indofood	**2,263.2**	**5,998.2**	**0.38x**	2,548.1	5,598.2	0.46x
MPIC	**3,819.5**	**4,547.2**	**0.84x**	3,762.8	5,079.5	0.74x
FPM Power	**378.3**	**43.4**	**8.72x**	468.4	(42.9)	-
FP Natural Resources	**82.3**	**29.0**	**2.84x**	106.8	55.3	1.93x
Group adjustments(iii)	**-**	**(1,341.2)**	**-**	-	(1,682.8)	-
Total	**7,865.5**	**10,613.1**	**0.74x**	8,205.6	10,628.5	0.77x
Associated companies						
PLDT	**4,483.3**	**2,499.3**	**1.79x**	3,801.1	2,492.0	1.53x
Philex	**142.0**	**523.5**	**0.27x**	182.6	504.5	0.36x

(i) Includes short-term deposits and restricted cash
(ii) Calculated as net debt divided by total equity
(iii) Group adjustments mainly represents elimination of goodwill arising from acquisitions prior to 1 January 2001 against the Group's retained earnings and other standard consolidation adjustments to present the Group as a single economic entity.

Head Office's gearing increased because of a decrease in its equity during the year reflecting the Company's distributions to shareholders and loss for the year.

Indofood's gearing decreased because of a decrease in its net debt as a result of its operating cash inflow, despite its payments for capital expenditure, investments in mutual funds and a 49% interest in IFM, coupled with an increase in its equity reflecting its profit recorded during the year.

MPIC's gearing increased because of a decrease in its equity as a result of deconsolidation of GBPC, despite its profit recorded during the year, coupled with an increase in its net debt as a result of payments for capital expenditure and concession fees, its acquisition of a 50% effective interest in PCSPC, and final instalment payment for its acquisition of a 25% interest in Beacon Electric from PLDT Communications and Energy Ventures, Inc., despite net proceeds from transfer of a 56% interest in GBPC and disposal of a 29.5% interest in DMT, operating cash inflow, and dividends received from Meralco.

FPM Power's net debt decreased because of PLP's operating cash inflow. The decrease in deficit mainly reflects capitalization of shareholder's loans into equity and its profit recorded during the year.

FP Natural Resources' gearing increased because of a decrease in its equity reflecting RHI's loss recorded during the year.

The Group's gearing decreased to 0.74 times because of a lower net debt level mainly as a result of the Group's operating cash inflow and net proceeds from assets disposals, partly offset by the Group's payments for investments and capital expenditure.

PLDT's gearing increased mainly because of an increase in its net debt reflecting its payments for capital expenditure. Philex's gearing decreased mainly because of a decrease in its net debt reflecting its operating cash inflow.

MATURITY PROFILE

The maturity profile of debt of consolidated companies follows.

Consolidated

	Carrying amounts		**Nominal values**	
US$ millions	**2021**	2020	**2021**	2020
Within one year	**1,645.7**	1,659.7	**1,649.8**	1,662.5
One to two years	**760.5**	867.9	**767.9**	874.2
Two to five years	**2,481.9**	4,113.2	**2,499.6**	4,127.4
Over five years	**6,240.3**	3,992.8	**6,282.4**	4,016.3
Total	**11,128.4**	10,633.6	**11,199.7**	10,680.4

The change in the Group's debt maturity profile from 31 December 2020 to 31 December 2021 mainly reflects a shift in long-term borrowings among the different maturity periods for Head Office, Indofood and MPIC, in particular Indofood's issuance of bonds mature between June 2031 and April 2052 with a total amount of US$2,750 million mainly to refinance its acquisition loans for Pinehill originally due in August 2025 and the settlement of retention amount payable due in April 2022.

CHARGES ON GROUP ASSETS

At 31 December 2021, certain bank and other borrowings (2020: including those reclassified to liabilities of a disposal group) were secured by the Group's property, plant and equipment, accounts and other receivables, cash and cash equivalents, and inventories (2020: including certain assets classified as held for sale) amounting to net book values of US$801.1 million (2020: US$1,711.5 million) and the interests of the Group's 55% (2020: 55%) in Light Rail Manila Corporation, 100% (2020: 100%) in MPCALA Holdings, Inc., 100% (2020: 100%) in Cebu Cordova Link Expressway Corporation, 35% (2020: 35%) in PT Jakarta Lingkar Baratsatu, 88.9% (2020: 88.9%) in PT Bintaro Serpong Damai, 99.5% (2020: 99.5%) in PT Bosowa Marga Nusantara, 99.4% (2020: 99.4%) in PT Jalan Tol Seksi Empat, 61.2% (2020: 61.2%) in PT Inpola Meka Energi, 70% (2020: 70%) in PLP, and nil (2020: 56%) in GBPC.

FINANCIAL RISK MANAGEMENT

FOREIGN CURRENCY RISK

(A) Company risk

As the Head Office debts are currently denominated in U.S. dollars, foreign currency risk relates mainly to the receipt of cash dividends and to the translation of non-U.S. dollar denominated investments in subsidiary and associated companies.

The Company actively reviews the potential benefits of hedging based on forecast dividend flows and enters into hedging arrangements (including the use of forward exchange contracts) for managing its foreign currency exposure in respect of dividend income and payments in foreign currencies on a transactional basis. However, the Company does not actively seek to hedge risks arising on the translation of foreign currency denominated investments due to (i) the non-cash nature of such exposure until the values of the investments are realized and (ii) the high costs associated with such hedging. Accordingly, the Company is exposed to the impact of foreign currency fluctuations on the translated U.S. dollar value of its foreign currency denominated investments.

With the exception of the Head Office, the principal components of the Group's net asset value ("NAV") mainly relate to investments denominated in the rupiah and peso. Accordingly, any change in these currencies, against their respective 31 December 2021 exchange rates, would have an effect on the Group's NAV in U.S. dollar terms.

The following table illustrates the estimated effect on the Group's adjusted NAV for a one per cent change of the rupiah and peso exchange rates against the U.S. dollar.

Company	**Basis**	**Effect on adjusted NAV** US$ millions	**Effect on adjusted NAV per share** HK cents
Indofood	(i)	19.5	3.55
PLDT	(i)	19.6	3.58
MPIC	(i)	10.1	1.84
Philex	(i)	2.4	0.44
PXP	(i)	0.7	0.12
FP Natural Resources	(ii)	0.1	0.03
Head Office - Other assets	(iii)	1.0	0.18
Total		**53.4**	**9.74**

(i) Based on quoted share prices at 31 December 2021 applied to the Group's economic interests
(ii) Based on quoted share price of RHI at 31 December 2021 applied to the Group's effective economic interest
(iii) Represents the carrying amount of Silangan Mindanao Exploration Co., Inc.'s notes ("SMECI's notes")

(B) Group risk

The results of the Group's subsidiary and associated companies are denominated in local currencies, principally the rupiah, the peso and S$, which are translated and consolidated to give the Group's results in U.S. dollars.

NET DEBT BY CURRENCY

It is often necessary for subsidiary and associated companies to borrow in U.S. dollars, which results in the risk of a translation impact on local currency results.

As a result of unhedged U.S. dollar net debt, the Group's results are sensitive to fluctuations in U.S. dollar exchange rates. The following table illustrates the estimated effect on the Group's reported profitability for a one per cent change in the principal operating currencies of subsidiary and associated companies. This does not reflect the indirect effect of fluctuating exchange rates on revenues and input costs at respective company level.

US$ millions	Total US$ exposure	Hedged amount	Unhedged amount	Profit effect of 1% change in currency	**Group net profit effect**
Head Office[(i)]	1,333.4	-	1,333.4	-	**-**
Indofood	1,754.8	-	1,754.8	17.5	**6.9**
MPIC	239.9	-	239.9	2.4	**0.8**
FPM Power	(14.6)	-	(14.6)	(0.1)	**(0.1)**
FP Natural Resources	(0.9)	-	(0.9)	(0.0)	**(0.0)**
PLDT	647.3	(298.3)	349.0	3.5	**0.7**
Philex	(47.1)	-	(47.1)	(0.5)	**(0.2)**
Total	**3,912.8**	**(298.3)**	**3,614.5**	**22.8**	**8.1**

(i) As the Group reports its results in U.S. dollars, unhedged U.S. dollar net debt at Head Office does not give rise to any significant exchange exposure.

EQUITY MARKET RISK

As the majority of the Company's investments are listed, the Company is exposed to fluctuations in the equity market values of such investments. In addition, the value of the Company's investments may be impacted by sentiment towards specific countries.

INTEREST RATE RISK

The Company and its subsidiary and associated companies are exposed to changes in interest rates to the extent that they impact the cost of variable interest rate borrowings.

The following table illustrates the estimated effect on the Group's reported profitability for a one per cent change in average annual interest rates in respect of the variable interest rate borrowings.

US$ millions	Variable interest rate borrowings	Profit effect of 1% change in interest rates	**Group net profit effect**
Head Office	501.4	5.0	**5.0**
Indofood	1,459.2	14.6	**5.7**
MPIC	813.8	8.1	**2.7**
FPM Power	437.4	4.4	**1.5**
FP Natural Resources	63.4	0.6	**0.2**
PLDT	1,776.3	17.8	**3.4**
Philex	29.0	0.3	**0.1**
Total	**5,080.5**	**50.8**	**18.6**

ADJUSTED NAV PER SHARE

There follows a calculation of the Group's underlying worth.

At 31 December US$ millions	Basis	**2021**	2020
Indofood	(i)	**1,948.7**	2,134.9
PLDT	(i)	**1,962.8**	1,541.5
MPIC	(i)	**1,011.2**	1,178.5
Philex	(i)	**243.8**	235.2
PXP	(i)	**67.0**	127.3
FP Natural Resources	(ii)	**14.6**	27.1
Head Office - Other assets	(iii)	**98.8**	104.9
- Net debt		**(1,322.2)**	(1,319.5)
Total valuation		**4,024.7**	4,029.9
Number of ordinary shares in issue (millions)		**4,279.1**	4,344.9
Value per share - U.S. dollars		**0.94**	0.93
- HK dollars		**7.34**	7.23
Company's closing share price (HK$)		**2.87**	2.47
Share price discount to HK$ value per share (%)		**60.9**	65.8

(i) Based on quoted share prices applied to the Group's economic interests

(ii) Based on quoted share price of RHI applied to the Group's effective economic interest

(iii) Represents the carrying amount of SMECI's notes

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Pursuant to the repurchase mandate approved by the shareholders at the Company's annual general meeting held in 2021 and the 3-year share repurchase program approved by the Board on 30 March 2021 to repurchase up to US$100 million (equivalent to approximately HK$780 million) in value of the Company's shares from the open market, the Company repurchased a total of 65,818,000 (2020: Nil) ordinary shares on the SEHK at an aggregate consideration of HK$185.1 million (US$23.8 million) (2020: Nil) during the year ended 31 December 2021. These shares have been subsequently cancelled. Details of the repurchases are summarized as follows:

		Purchase price paid per share			
	Number of ordinary shares	**Highest**	**Lowest**	**Aggregate consideration paid**	
Month of repurchases	**repurchased**	**HK$**	**HK$**	**HK$ millions**	**US$ millions**
April 2021	5,534,000	2.74	2.55	14.6	1.9
May 2021	6,292,000	2.71	2.58	16.7	2.2
June 2021	9,910,000	2.93	2.55	26.7	3.4
July 2021	5,746,000	2.80	2.68	15.8	2.0
September 2021	7,980,000	3.00	2.67	22.6	2.9
October 2021	4,750,000	3.17	2.68	13.9	1.8
November 2021	10,748,000	3.10	2.87	32.1	4.1
December 2021	14,858,000	2.95	2.79	42.7	5.5
Total	**65,818,000**	**3.17**	**2.55**	**185.1**	**23.8**

During the year ended 31 December 2021, the Company early redeemed the outstanding principal amount of US$120.5 million (2020: repurchased US$54.5 million) of the US$175 million 5.75% Guaranteed Bonds due May 2025 ("2025 Bonds") issued by FPC Capital Limited at an aggregate consideration of approximately US$123.6 million (2020: US$58.5 million) in November 2021. As a result, the Company had redeemed all of the outstanding 2025 Bonds as of 30 November 2021 and listing of the 2025 Bonds on the SEHK was withdrawn with effect from 8 December 2021.

During the year ended 31 December 2021, the independent trustee managing the Company's share award scheme bought on the SEHK a total of 3,690,000 shares (2020: 3,228,000 shares) of the Company at an aggregate consideration of approximately US$1.3 million (2020: US$0.9 million) at the cost of the Company.

Except as disclosed above, neither the Company, nor any of its subsidiary companies, has made any purchase, sale or redemption of any of the Company's listed securities during the year.

CORPORATE GOVERNANCE

Corporate Governance Practices

First Pacific is committed to maintaining and upholding high standards of corporate governance with a view to safeguarding the interests of our shareholders, employees and other relevant stakeholders. The Company's Corporate Governance Committee, comprising mainly of Independent Non-executive Directors ("INEDs") and chaired by an INED, is delegated with the responsibility to supervise the Company's corporate governance functions.

The Corporate Governance Committee reviewed the Company's corporate governance practices in respect of the year ended 31 December 2021 to ensure their compliance with the Listing Rules. This Committee is also tasked with the responsibility of overseeing Environmental, Social and Governance ("ESG") reporting in compliance with Listing Rule requirements.

The Company has adopted its own Code on Corporate Governance Practices (the "First Pacific Code"), which incorporates the principles and requirements set out in the Corporate Governance Code contained in Appendix 14 of the Main Board Listing Rules (the "CG Code"). The First Pacific Code is updated from time to time to follow relevant amendments to the Listing Rules in order to strengthen the transparency and accountability of the Board and the respective Board committees; and to ensure that the Company is in line with international and local corporate governance best practices.

Throughout the year under review, the Company has complied with the applicable code provisions ("CP") and recommended best practices ("RBP") of the CG Code, apart from the deviations from (i) CP B.1.5 (disclosure of details of remuneration payable to members of senior management by band); (ii) RBP C.1.6 and C.1.7 (announce and publish quarterly financial results); and (iii) CP C.2.5 (review the need for an internal audit function).

The Board believes that the Company has strong underlying rationale to deal with such deviations as mentioned under the section headed "GOVERNANCE FRAMEWORK" in the Corporate Governance Report of its 2020 Annual Report and as included in the section headed "CORPORATE GOVERNANCE PRACTICES" in its 2021 Interim Report. Detailed information regarding the Company's corporate governance practices will be disclosed in the Corporate Governance Report contained in the Company's 2021 Annual Report. The Board will continue to review and recommend alternative steps and actions as appropriate in the circumstances of such deviations.

Compliance of the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted its own Model Code for Securities Transactions by Directors (the "Model Code") on terms no less exacting than the required standards of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules. All Directors have confirmed, following specific enquiries by the Company, that they have complied with the required standards set out in the Model Code for the year ended 31 December 2021.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in this preliminary results announcement have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary results announcement.

REVIEW STATEMENT BY THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee has reviewed the 2021 annual results, including the accounting policies and practices adopted by the Group. The Audit and Risk Management Committee also has discussed financial reporting, auditing, risk management and internal control matters with the Company's management and its external auditor.

FINAL DISTRIBUTION

The Board has recommended a final cash distribution of HK10 cents (US1.28 cent) per ordinary share. Subject to approval by shareholders at the forthcoming Annual General Meeting ("AGM"), the final distribution will be paid in cash in a currency to be determined based on the registered address of each shareholder on the Company's Register of Members as follows: Hong Kong dollars for shareholders with registered addresses in Hong Kong, Macau and the People's Republic of China, Sterling pounds for shareholders with registered addresses in the United Kingdom and US dollars for shareholders with registered addresses in all other countries. It is expected that the distribution warrants will be dispatched to shareholders on or about Friday, 8 July 2022.

CLOSURE OF REGISTER OF MEMBERS

1. **AGM**

   The Register of Members will be closed from Monday, 13 June 2022 to Thursday, 16 June 2022, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 10 June 2022.

2. Proposed Final Distribution

Upon shareholders' approval of the proposed final distribution, the Register of Members will be closed from Friday, 24 June 2022 to Tuesday, 28 June 2022, both days inclusive, during which period no transfer of shares will be registered. The ex-dividend date will be on Wednesday, 22 June 2022. In order to qualify for the proposed final distribution, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Thursday, 23 June 2022. The final distribution will be paid to shareholders whose names appear on the Register of Members on Tuesday, 28 June 2022 and the payment date will be on or about Friday, 8 July 2022.

Hybrid AGM

The Company will conduct a hybrid AGM by using Computershare e-Meeting System, which allows shareholders of the Company to participate online with an internet connection, with the combination of a physical meeting at Mandarin Oriental, Hong Kong on Thursday, 16 June 2022 at 2:30 p.m. A circular to shareholders containing, among others, the notice of AGM, will be uploaded to the websites of the Company (www.firstpacific.com) and the SEHK (www.hkexnews.hk), and be despatched to those shareholders requiring printed copies by the end of April 2022.

In light of uncertain development of the current COVID-19 situation, shareholders are encouraged to appoint the chairman of the AGM as their proxy to vote on the resolutions, instead of attending the meeting in person. In accordance with prevailing guidelines published by the Hong Kong Government and/or regulatory authorities, the Company will implement additional precautionary measures at the AGM to ensure the safety of shareholders attending the AGM, including body temperature screening, requiring all participants to wear surgical face mask, plus safe distancing measures for queue management and seating arrangement at the meeting venue. Details of the measures will be set out in the circular to shareholders, and any further updates will be announced as appropriate.

Results Announcement and Annual Report

This annual results announcement is published on the website of the Company (www.firstpacific.com) and the website of SEHK (www.hkexnews.hk). The 2021 annual report containing all the information required by the Listing Rules will be uploaded to the above websites and be despatched to those shareholders requiring printed copies by the end of April 2022.

On behalf of the Board of Directors
First Pacific Company Limited
Manuel V. Pangilinan
Managing Director and Chief Executive Officer

Hong Kong, 31 March 2022

As at the date of this announcement, the Board of the Company 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
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