



## **FIRST PACIFIC COMPANY LIMITED**

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

# **2023 HALF-YEAR UNAUDITED FINANCIAL RESULTS EARNINGS AGAIN RISE TO NEW RECORD**

*Highest-Ever Interim Recurring Profit*

*CONTRIBUTION FROM OPERATIONS UP 15% TO RECORD US\$348.7 MLN  
RECURRING PROFIT RISES 14% TO RECORD HIGH US\$300.8 MLN  
NET PROFIT UP 43% TO US\$345.6 MLN  
TURNOVER ON TRACK TO SET RECORD HIGH FOR FULL YEAR  
INTERIM DISTRIBUTION STEADY AT 10.5 HK CENTS/SHARE*

*Hong Kong, 25<sup>th</sup> August 2023* – First Pacific Company Limited (HKSE: 00142) (“First Pacific” or the “Company”) today reported its interim financial results for the six months ended 30<sup>th</sup> June 2023, showing a rise to record highs for turnover, contribution from operations, and recurring profit.

First Pacific is a leading investment holding company focused on the economies of emerging Asia and is a major or controlling shareholder in Indonesia’s biggest vertically integrated food company, in the Philippines’ leading telecommunications, infrastructure, and mining companies, and in a major power generation company in Singapore.

First Pacific’s 2023 half-year results saw turnover rise 7% to a record high US\$5.4 billion from US\$5.1 billion a year earlier, led by PacificLight Power Pte. Ltd. (“PLP”), Singapore’s first-ever power producer supplied exclusively by liquified natural gas, followed by PT Indofood Sukses Makmur Tbk (“Indofood”), one of the largest instant noodle producers in the world with its global *Indomie* brand celebrating half a century of providing billions of delicious meals. Total contribution from operations increased 15% to a record high US\$348.7 million versus US\$302.5 million in the first half of 2022 on stronger results at all but the smallest operating companies in the First Pacific Group.

Recurring profit rose 14% to US\$300.8 million, the highest ever, from US\$263.3 million in the first half of last year even as overall Head Office costs rose 22% to US\$47.9 million versus US\$39.2 million, driven by a rise in net interest expense of 42% to US\$34.6 million from US\$24.4 million. Corporate overheads at First Pacific’s head office fell 15% to US\$9.6 million from US\$11.3 million a year earlier. Reported net profit rose 43% to US\$345.6 million versus US\$241.7 million in the year-earlier period. It was a record high for an interim figure.

The Company's basic earnings per share rose 44% to 8.16 U.S. cents (63.6 HK cents) per share in the first half of 2023 from 5.67 U.S. cents (44.2 HK cents) per share in the first half of 2022. Recurring basic earnings per share rose 15% to 7.10 U.S. cents (55.4 HK cents) from 6.17 U.S. cents (48.1 HK cents).

PLP saw its contribution rise 63% to US\$63.7 million from US\$39.0 million a year earlier on higher non-fuel margins for electricity sales and continued demand growth. PLP is well into its third year of turnaround during which it has paid down its gross debt by more than S\$400 million to S\$250 million at the end of June 2023 from S\$657 million at the end of 2020 while declaring significant dividends to its two shareholders, First Pacific and Manila Electric Company ("Meralco"), the Philippine's leading electricity distributor and generator, beginning in the fourth quarter of 2022.

"PLP's core business has been going from strength to strength over the past few years and it's leveraged this into improving its balance sheet while planning a strong foundation for continuing performance," said Executive Director Christopher H. Young, who has been a leader in guiding the Singapore power producer from its earlier difficulties to a position where it can contemplate new domestic power initiatives such as solar energy. "It is becoming a major contributor to First Pacific's earnings."

The contribution from MPIC rose 33% to US\$79.3 million from US\$59.7 million as its 47.5%-owned Meralco saw its own contribution to MPIC earnings surge on higher energy distribution revenues and sharply higher contribution from its power-generation assets. MPIC is an infrastructure holding company whose businesses range from the country's largest electricity distributor to its biggest toll road network, water distributor, private hospital group, and other investments.

Indofood saw its contribution rising 10% to a new record high of US\$137.2 million versus US\$124.4 million as near record-high noodles margins drove net sales to a record interim high, notwithstanding inflation and foreign-exchange pressures in key markets of its Pinehill unit and sharply lower soft commodity prices affecting sales at its Agribusiness. Indofood expects the second half of 2023 to be stronger than the first as it powers on towards a fifth annual record high for core profit.

The contribution from PLDT Inc. ("PLDT"), the largest telecommunications services provider in the Philippines, rose 1% to US\$73.4 million from US\$73.0 million as strong demand growth at its Home and Enterprise businesses lifted gross service revenues by 3% to a record high 99.3 billion pesos. PLDT also reported that the Maya digital banking unit of PLDT's fintech arm Voyager is now the biggest such institution in the Philippines with 2.3 million bank customers holding 25 billion pesos in deposits and loan disbursements of more than 10 billion pesos. Maya is also home to 61% of all domestic digital bank accounts in the Philippines.

Philex Mining Corporation ("Philex") saw its contribution fall 48% to US\$5.1 million from US\$9.8 million on lower metal production and copper prices.

First Pacific Head Office recorded foreign exchange gains of US\$0.8 million versus losses of US\$9.5 million a year earlier while foreign exchange gains from operating units were US\$36.8 million versus losses of US\$40.2 million in the first half of 2022. Non-recurring gains fell 74% to US\$7.2 million from US\$28.1 million a year earlier.

First Pacific received US\$142.9 million in dividend and fee income from its operating companies in the first half of the year, more than double the US\$66.3 million received a year earlier thanks to the dividends received from PLP. In addition to PLP, this total includes dividends from PLDT and MPIC, but not Indofood, which pays one dividend annually, usually in the third quarter.

First Pacific's Board of Directors approved an interim distribution of 10.5 HK cents per share, (1.35 U.S. cents) unchanged from a year earlier.

At 30<sup>th</sup> June 2023, net debt at the Head Office declined 7% from year-end 2022 to approximately US\$1.3 billion, with cash on hand of US\$203.6 million, up from US\$96.6 million at end-2022. Of First Pacific's borrowings, fixed-rate debt made up 49% of the total, with floating-rate debt making up the remainder. The Company's one remaining bond (a US\$350.0 million issue with a coupon of 4.375% maturing in 2027) makes up 24% of all borrowings with bank loans forming the remainder. First Pacific's blended interest cost amounted to approximately 5.3%, up from approximately 4.8% at year-end while the average maturity of its debt was 3.8 years.

"We are several months into a challenging interest-rate environment, as can be seen with the rise in our blended average interest cost in the first half of the year even with our gross debt almost entirely unchanged," said Chief Financial Officer Joseph H.P. Ng. "We are maintaining prudence with regard to the interim distribution to shareholders pending the outcome of the MPIC delisting exercise. That said, we are optimistic with regard to the final dividend payout for FY2023," he said, pointing to the Company's cash interest cover of approximately 4.5 times for the first half of 2023.

There are other challenges too, said Group Chief Sustainability Officer John W. Ryan. "In areas with greater real-world consequences, I am pleased and relieved that Group companies are working hard to ensure compliance with the comprehensive new disclosure requirements recently issued by the International Sustainability Standards Board under the IFRS Foundation for fiscal 2024 reporting and going forward."

## OUTLOOK

"We are pleased with these results," said First Pacific Managing Director and Chief Executive Officer Pangilinan. "We've been setting record highs for our earnings for a couple of years now and there are solid grounds for expecting similar performance for the rest of the year—even further ahead."

Pointing towards the ongoing initiative to privatize MPIC in a tender offer ending on 7<sup>th</sup> September 2023, Pangilinan said, "quite apart from the benefit of continuing strong earnings and cash flow, First Pacific could well look markedly different when we present our full-year financial and operational results next Spring. It's beginning to look like we'll remember 2023 for a very long time."

Further details of earnings by First Pacific's subsidiary and associated companies follow.

## REVIEW OF OPERATIONS

**Indofood** reported a 17% increase in core income to a record high 4.7 trillion rupiah from 4.0 trillion rupiah a year earlier driven largely by near-record high margins and record-high sales in its Noodles business. The Distribution and Bogasari flour and pasta businesses also contributed to higher sales notwithstanding lower margins there. Indofood's overall EBIT margin declined to 15.8% from 16.7%, dragged down most by the Agribusiness which saw sharply lower prices for its palm oil products.

More details are available at [www.indofood.com](http://www.indofood.com).

**PLDT** delivered a rise of 3% in telco core income to 17.6 billion pesos on higher EBITDA and lower depreciation, offset by higher financing costs and income tax provision as gross service revenues rose 3% to a record high 99.3 billion pesos versus 96.5 billion pesos as consumer and business demand for data and broadband services continued to rise.

More details are available at [www.pldt.com](http://www.pldt.com).

**MPIC** reported a 33% increase in core income to a record high 9.9 billion pesos vs. 7.5 billion pesos on surging power prices at its Meralco associate boosted by sharply higher contribution from Meralco's power generation business, followed by stronger contribution from MPIC's Maynilad water utility on higher tariffs and volumes. A consortium including controlling-shareholder First Pacific is awaiting results of a tender offer to delist MPIC and take it into private ownership.

More details are available at [www.mpic.com.ph](http://www.mpic.com.ph).

**PLP** reported a 66% increase in core income to a record high S\$216.5 million vs. S\$130.7 million on higher prices and demand for electricity. Revenues rose 25% to S\$1,470.6 million vs. S\$1,180.7 million and EBITDA rose 52% to S\$268.9 million vs. S\$177.3 million. PLP is expecting continuing strong performance for 2023 riding on the back of secured contract margins from retail customers. It is evaluating participation in domestic solar power projects as electricity market dynamics improve, and is working with its two shareholders to develop a pilot project to import 100 megawatts of solar-generated electricity to Singapore from Indonesia, joined by Medco Power Indonesia and Gallant Venture Ltd.

More details are available at [www.pacificlight.com.sg](http://www.pacificlight.com.sg).



**CONDENSED CONSOLIDATED INCOME STATEMENT - UNAUDITED**

For the six months ended 30 June	2023 US\$m	2022 US\$m
<b>Turnover</b>	<b>5,411.2</b>	5,071.9
Cost of sales	(3,765.7)	(3,564.4)
<b>Gross profit</b>	<b>1,645.5</b>	1,507.5
Selling and distribution expenses	(371.5)	(383.8)
Administrative expenses	(309.3)	(293.6)
Other operating income and expenses	123.2	(29.3)
Interest income	50.4	25.1
Finance costs	(281.7)	(229.2)
Share of profits less losses of associated companies and joint ventures	230.4	164.9
<b>Profit before taxation</b>	<b>1,087.0</b>	761.6
Taxation	(242.2)	(172.1)
<b>Profit for the period</b>	<b>844.8</b>	589.5
<b>Profit attributable to:</b>		
Owners of the parent	345.6	241.7
Non-controlling interests	499.2	347.8
	<b>844.8</b>	589.5
	US¢	US¢
<b>Earnings per share attributable to owners of the parent</b>		
Basic	<b>8.16</b>	5.67
Diluted	<b>8.15</b>	5.66

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	At 30 June 2023 (Unaudited) US\$m	At 31 December 2022 (Audited) US\$m
<b>Non-current assets</b>		
Property, plant and equipment	3,840.9	3,758.6
Biological assets	21.5	20.5
Associated companies and joint ventures	5,442.2	5,316.2
Goodwill	4,066.8	3,893.1
Other intangible assets	6,405.2	6,033.7
Investment properties	18.3	17.6
Accounts receivable, other receivables and prepayments	111.2	89.2
Financial assets at fair value through other comprehensive income	579.6	527.0
Deferred tax assets	93.1	96.2
Other non-current assets	662.5	555.2
	<b>21,241.3</b>	<b>20,307.3</b>
<b>Current assets</b>		
Cash and cash equivalents and short-term deposits	2,799.6	2,620.6
Restricted cash	93.7	108.5
Financial assets at fair value through other comprehensive income	206.6	64.1
Accounts receivable, other receivables and prepayments	1,430.7	1,189.5
Inventories	1,266.9	1,136.8
Biological assets	48.9	48.9
	<b>5,846.4</b>	<b>5,168.4</b>
Assets classified as held for sale	-	16.1
	<b>5,846.4</b>	<b>5,184.5</b>
<b>Current liabilities</b>		
Accounts payable, other payables and accruals	2,023.9	1,737.3
Short-term borrowings	2,243.8	1,824.3
Provision for taxation	166.2	134.5
Current portion of deferred liabilities, provisions and payables	409.5	412.5
	<b>4,843.4</b>	<b>4,108.6</b>
<b>Net current assets</b>	<b>1,003.0</b>	<b>1,075.9</b>
<b>Total assets less current liabilities</b>	<b>22,244.3</b>	<b>21,383.2</b>
<b>Equity</b>		
Issued share capital	42.4	42.4
Shares held for share award scheme	(0.7)	(2.2)
Retained earnings	2,674.1	2,328.3
Other components of equity	952.7	928.0
Equity attributable to owners of the parent	3,668.5	3,296.5
Non-controlling interests	7,540.6	7,069.3
<b>Total equity</b>	<b>11,209.1</b>	<b>10,365.8</b>
<b>Non-current liabilities</b>		
Long-term borrowings	9,340.5	9,398.0
Deferred liabilities, provisions and payables	1,259.2	1,216.7
Deferred tax liabilities	435.5	402.7
	<b>11,035.2</b>	<b>11,017.4</b>
	<b>22,244.3</b>	<b>21,383.2</b>

**CONTRIBUTION AND PROFIT SUMMARY**

For the six months ended 30 June US\$ millions	Turnover		Contribution to Group profit <sup>(i)</sup>	
	2023	2022	2023	2022
Indofood	<b>3,741.6</b>	3,639.8	<b>137.2</b>	124.4
PLDT <sup>(ii)</sup>	-	-	<b>73.4</b>	73.0
MPIC	<b>532.3</b>	464.8	<b>79.3</b>	59.7
FPM Power	<b>1,098.3</b>	863.7	<b>63.7</b>	39.0
Philex <sup>(ii)</sup>	-	-	<b>5.1</b>	9.8
FP Natural Resources	<b>39.0</b>	103.6	<b>(10.0)</b>	(3.4)
<b>Contribution from operations<sup>(iii)</sup></b>	<b>5,411.2</b>	5,071.9	<b>348.7</b>	302.5
Head Office items:				
– Corporate overhead			<b>(9.6)</b>	(11.3)
– Net interest expense			<b>(34.6)</b>	(24.4)
– Other expenses			<b>(3.7)</b>	(3.5)
<b>Recurring profit<sup>(iv)</sup></b>			<b>300.8</b>	263.3
Foreign exchange and derivative gains/(losses), net <sup>(v)</sup>			<b>37.6</b>	(49.7)
Non-recurring items <sup>(vi)</sup>			<b>7.2</b>	28.1
<b>Profit attributable to owners of the parent</b>			<b>345.6</b>	241.7

(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 operating companies.

(iv) Recurring profit represents the profit attributable to owners of the parent excluding the effects of foreign exchange and derivative gains/losses and non-recurring items.

(v) Foreign exchange and derivative gains/losses, net represent the net gains/losses on foreign exchange translation differences on the Group's unhedged foreign currency denominated net liabilities 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. 1H23's non-recurring gains of US\$7.2 million mainly represent PLDT's gains on towers sales (US\$10.8 million), partly offset by PLDT's manpower reduction costs (US\$6.1 million). 1H22's non-recurring gains of US\$28.1 million mainly represent PLDT's gains on towers sale (US\$61.9 million) and prescription of redemption liability on preference shares (US\$28.8 million), and MPIC's gain on consolidation of Landco Pacific Corporation (US\$29.2 million), partly offset by PLDT's accelerated depreciation for network assets (US\$60.5 million) and manpower reduction costs (US\$17.7 million), and Indofood's loss on changes in fair value of biological assets (US\$1.7 million).