



FIRST PACIFIC COMPANY LIMITED

(Incorporated with limited liability under the laws of Bermuda)

2023 FULL-YEAR AUDITED FINANCIAL RESULTS EARNINGS RISE TO RECORD HIGH INCREASED DISTRIBUTION TO SHAREHOLDERS

Record High Turnover, Contribution, Recurring Profit

*CONTRIBUTION FROM OPERATIONS UP 18% TO RECORD US\$701.5 MLN
RECURRING PROFIT RISES 19% TO RECORD HIGH US\$603.8 MLN
DIVIDEND AND FEE INCOME UP 43% TO US\$324.1 MLN VS. US\$225.9 MLN
FULL-YEAR DISTRIBUTION RAISED 5% TO 23.0 HK CENTS/SHARE
FIRST EARNINGS REPORT FOLLOWING PRIVATIZATION OF MPIC*

Hong Kong, 27th March, 2024 – First Pacific Company Limited (HKSE: 00142) (“First Pacific” or the “Company”) today reported its audited financial results for the year ended 31st December 2023, showing record highs for turnover, contribution, recurring profit, and dividend income owing to record-setting performances by all of its four core holdings. In a signal of the Company’s health, First Pacific’s Board of Directors increased the final distribution to shareholders by 9%.

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 and in the Philippines’ leading telecommunications, infrastructure, and mining companies as well as Singapore’s sole LNG-fired power plant.

“While they are important in themselves, we regard the financial performances of our disparate holdings in Southeast Asia as foundations for further earnings growth in the years ahead,” said Manuel V. Pangilinan, Managing Director and Chief Executive Officer of First Pacific. “At the same time, we are making strategic initiatives aimed at diversifying and strengthening the growth potential of the First Pacific Group, particularly in our core markets of Indonesia and the Philippines.”

First Pacific’s 2023 full-year results saw turnover rise 2% to a record high US\$10.5 billion from US\$10.3 billion a year earlier. Total contribution from operations increased 18% to a highest-ever US\$701.5 million versus US\$593.3 million in 2022, driven by strong increases in contribution from Metro Pacific Investments Corp. (“MPIC”), PacificLight Power Pte. Ltd. (“PLP”), PT Indofood Sukses Makmur Tbk (“Indofood”), and PLDT Inc. (“PLDT”).

“MPIC is worthy of particular notice in these results,” said Pangilinan. “Having delisted the Philippines’ biggest infrastructure holding company in the fourth quarter of last year, we can report that not only did MPIC deliver record high earnings, it also provided more than half of the increase in contribution from our investments in 2023 to the record high we are reporting today. We fully expect that MPIC’s value as a privately held asset will only increase in the months and years ahead.”

Recurring profit rose 19% to a third consecutive year of record high US\$603.8 million from US\$508.8 million in 2022 as overall Head Office costs rose 16% to US\$97.7 million from US\$84.5 million principally due to an increase in net interest expense.

In 2023, the Company reported net profit of US\$501.2 million, up 28% from US\$391.6 million in 2022.

“As a sign of our continuing confidence in the outlook for the First Pacific Group over the medium term, the Board of First Pacific has declared a final distribution of 12.5 HK cents per share, up from 11.5 HK cents per share last year,” Pangilinan said. “This will increase our full-year distribution to 23.0 HK cents in 2023, up 5% from 22.0 HK cents in 2022.” At First Pacific’s current share price, the full-year distribution amounts to a yield of approximately 6.0%.

In U.S. dollar terms, the final distribution recommended by First Pacific’s Board amounts to 1.60 U.S. cents per share and brings the full-year distribution to 2.95 U.S. cents versus 2.82 U.S. cents a year earlier. Recurring basic earnings per share rose 19% to 14.24 U.S. cents in 2023 versus 11.96 U.S. cents a year earlier.

The contribution from MPIC rose 53% to a highest-ever US\$159.8 million from US\$104.4 million as economic activity continued its recovery with the easing of community quarantine policies imposed amid the COVID-19 pandemic and long-delayed tariff increases in major businesses began to be implemented. All three of MPIC’s main businesses – electricity distribution, toll roads, and water supply – saw higher volumes in 2023 than a year earlier.

The contribution from PLP rose 44% to a record high US\$118.8 million from US\$82.4 million on higher blended non-fuel margins and higher electricity sales. During the year, PLP sharply reduced its borrowings.

Indofood, the world’s largest maker of wheat instant noodles and the biggest food company listed in Indonesia, saw its contribution rise 7% to a record high US\$285.1 million versus US\$265.8 million a year earlier on surging sales growth in its Noodles and Distribution businesses.

The contribution from PLDT, the largest telecommunications services provider in the Philippines, increased 7% to US\$143.2 million from US\$133.7 million as revenue growth in all three main businesses – Individual, Home, and Enterprise – offset higher costs even as net service revenues rose 1% to a record high 191.4 billion Philippine pesos. After spending US\$1 billion or more on capital expenditures in every year since 2015, PLDT is seeing its customers respond with explosive growth in demand for data services ranging from home Wi-Fi to mobile streaming and to cloud services and data centers.

For its part, Philex saw its contribution decline 43% to US\$7.6 million from US\$13.4 million in 2022 as lower ore volumes offset higher gold prices. Development of its Silangan gold and copper mining project in Mindanao continues, aiming for launch of operations in 2025.

First Pacific Head Office recorded foreign exchange gains of US\$0.9 million, versus losses of US\$8.8 million a year earlier, while invested companies recorded foreign exchange gains of US\$18.6 million versus losses of US\$88.7 million a year earlier, mainly because of appreciation of the Indonesian rupiah and Philippine peso.

In 2023, First Pacific received a record high US\$324.1 million in dividend and fee income from the companies it is invested in, up 43% from US\$225.9 million received in 2022, led by PLP, PLDT, Indofood, and MPIC.

At 31st December 2023, gross debt at the Head Office was approximately US\$1.5 billion, little changed from a year earlier, with cash on hand of US\$71 million. Fixed-rate debt made up 49% of the total, with floating-rate debt making up the remaining 51%. First Pacific's blended interest cost amounted to 5.4%, up from 4.8% a year earlier, and the average maturity of its debt was 3.2 years versus 2.8 years at the end of 2022. At year-end 2023, the Company's interest coverage ratio stood at 4.4 times versus 4.0 times a year earlier. As part of the proactive liability management initiatives, Head Office has obtained committed banking facilities to refinance the US\$210 million outstanding bank loans due in 2024.

OUTLOOK

“All our four core holdings are running strong, and I have every expectation that as a group they will improve upon their record-setting performances of 2023 with even better results in 2024,” Pangilinan said. “The medium-term outlook is such that we are confident in amending our distribution/dividend policy to a commitment to deliver a progressive dividend policy over time. The aim of this policy is to steadily increase or at least maintain the Hong Kong dollar value of dividends per share annually.”

However, he added, “Prospective dividends remain dependent on the financial performance and funding needs of the Company. That said, we can be confident in the outlook going forward, building on the solid footing of medium-term earnings growth in our mix of listed and private assets, and the implication that has for shareholder returns over time.”

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

REVIEW OF OPERATIONS

Indofood reported an 8% increase in core income to a record high Rp9.8 trillion from Rp9.1 trillion a year earlier largely as a result of strong sales growth led by the Consumer Branded Products and Distribution businesses, with both reaching record highs. EBIT margins remained strong, with Consumer Branded Products business EBIT margin increased to 21.5% in 2023 from 19.0% a year earlier and the overall Indofood EBIT margin at 17.6% vs. 17.8% in 2022.

More details are available at www.indofood.com.

PLDT reported Telco core profit rose 4% to ₱34.3 billion on record high EBITDA and lower depreciation, offset by higher financing costs and income tax provision as service revenues climbed to a record high ₱201.8 billion with all three main businesses delivering increases. Service revenues and EBITDA are seen reaching consecutive record highs in 2024 on mid-single-digit growth while 2024 full-year telco core profit is seen reaching at least ₱35 billion as capital expenditures continue their downward trend to a range of ₱75-78 billion vs. ₱85.1 billion in 2023.

Maya Innovations Holdings Pte. Ltd., the leading digital banking platform in the Philippines and a 38%-owned associate of PLDT, reported full-year losses down to ₱2.2 billion vs. ₱3.2 billion in 2022 and forecast that it is on course to break even by 4th quarter 2024. The number of bank depositors more than doubled in 2023 while deposit balances rose 1.7 times and cumulative loans disbursed soared by 6.9 times.

More details are available at www.pldt.com.

MPIC reported that its core profit rose 38% in 2023 to a highest-ever ₱19.5 billion vs. ₱14.2 billion in 2022 as contribution from investee companies rose 29% to a record high ₱24.5 billion vs. ₱18.9 billion on contribution growth led by the power and water businesses. Earnings growth is seen continuing in the double digits in 2024.

PLP reported core profit rose 37% to a record high S\$394.9 million vs. S\$287.8 million on higher blended non-fuel margins as revenue rose 13% to a highest-ever S\$2.7 billion vs. S\$2.4 billion on the strength of higher sales volumes. Electricity sales rose 2% to highest-ever 5,719.0 GWh vs. 5,618.7 GWh while Singapore's sole LNG-fired power generator saw its net debt fall 68% to S\$72.6 million at end-year from S\$228.9 million at end-2022.

Philex reported core profit fell 44% to ₱963 million vs. ₱1.7 billion a year earlier on lower metal grades, recovery, and operating revenue, which fell 15% to ₱8.6 billion vs. ₱10.1 billion on lower metal production and lower copper prices. Looking ahead, commissioning and testing at Philex's new Silangan Mine is seen completing ahead of commercial operations in 2025 even as the mine life of the currently operating Padcal mine has been extended to end-2027.

More details are available at www.philexmining.com.ph.

Further information and analysis

Attached to this news release are:

- First Pacific's consolidated income statement
- Consolidated statement of financial position
- Contribution and profit summary

More details about the earnings of First Pacific and of the businesses it is invested in can be found on www.firstpacific.com under the Investor Relations tab. The 2023 Annual Report will be posted to the website and to shareholders before the end of April 2024.

Corporate Profile

First Pacific is a Hong Kong-based investment holding company with operations located in Asia-Pacific. The Company's principal businesses are in consumer food products, telecommunications, infrastructure, and mining. First Pacific is listed in Hong Kong (HKSE: 00142) and its shares are also available in the United States through American Depositary Receipts (ADR code: FPAFY). For further information, visit www.firstpacific.com.

First Pacific investor materials can be found at <https://www.firstpacific.com/ir/presentations.php>.

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CONSOLIDATED INCOME STATEMENT

For the year ended 31 December	2023 US\$m	2022 US\$m
Turnover	10,510.7	10,304.9
Cost of sales	(7,136.1)	(7,248.4)
Gross profit	3,374.6	3,056.5
Selling and distribution expenses	(749.0)	(723.2)
Administrative expenses	(602.8)	(565.4)
Other operating income and expenses	(112.0)	(239.5)
Interest income	116.3	62.5
Finance costs	(574.1)	(483.6)
Share of profits less losses of associated companies and joint ventures	366.3	265.6
Profit before taxation	1,819.3	1,372.9
Taxation	(477.9)	(323.3)
Profit for the year	1,341.4	1,049.6
Profit attributable to:		
Owners of the parent	501.2	391.6
Non-controlling interests	840.2	658.0
	1,341.4	1,049.6
	US¢	US¢
Earnings per share attributable to owners of the parent		
Basic	11.82	9.20
Diluted	11.81	9.19

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At 31 December 2023 US\$m	At 31 December 2022 US\$m
Non-current assets		
Property, plant and equipment	3,730.3	3,758.6
Biological assets	20.9	20.5
Associated companies and joint ventures	5,283.8	5,316.2
Goodwill	3,967.7	3,893.1
Other intangible assets	6,839.3	6,033.7
Investment properties	12.5	17.6
Accounts receivable, other receivables and prepayments	118.7	89.2
Financial assets at fair value through other comprehensive income	544.0	527.0
Deferred tax assets	112.7	96.2
Other non-current assets	669.6	555.2
	21,299.5	20,307.3
Current assets		
Cash and cash equivalents and short-term deposits	2,845.8	2,620.6
Restricted cash	315.4	108.5
Financial assets at fair value through other comprehensive income	528.2	64.1
Accounts receivable, other receivables and prepayments	1,208.3	1,189.5
Inventories	1,087.7	1,136.8
Biological assets	49.7	48.9
	6,035.1	5,168.4
Assets classified as held for sale	22.9	16.1
	6,058.0	5,184.5
Current liabilities		
Accounts payable, other payables and accruals	1,814.9	1,737.3
Short-term borrowings	2,195.3	1,824.3
Provision for taxation	169.3	134.5
Current portion of deferred liabilities, provisions and payables	405.9	412.5
	4,585.4	4,108.6
Liabilities directly associated with assets classified as held for sale	7.2	-
	4,592.6	4,108.6
Net current assets	1,465.4	1,075.9
Total assets less current liabilities	22,764.9	21,383.2
Equity		
Issued share capital	42.4	42.4
Shares held for share award scheme	(1.2)	(2.2)
Retained earnings	2,829.8	2,328.3
Other components of equity	817.0	928.0
Equity attributable to owners of the parent	3,688.0	3,296.5
Non-controlling interests	7,878.9	7,069.3
Total equity	11,566.9	10,365.8
Non-current liabilities		
Long-term borrowings	9,416.2	9,398.0
Deferred liabilities, provisions and payables	1,260.1	1,216.7
Deferred tax liabilities	521.7	402.7
	11,198.0	11,017.4
	22,764.9	21,383.2

CONTRIBUTION AND PROFIT SUMMARY

For the year ended 31 December US\$ millions	Turnover		Contribution to Group profit ⁽ⁱ⁾	
	2023	2022	2023	2022
Indofood	7,338.4	7,429.8	285.1	265.8
PLDT ⁽ⁱⁱ⁾	-	-	143.2	133.7
MPIC	1,103.8	934.1	159.8	104.4
FPM Power	2,029.2	1,747.6	118.8	82.4
Philex ⁽ⁱⁱ⁾	-	-	7.6	13.4
FP Natural Resources ⁽ⁱⁱⁱ⁾	39.3	193.4	(13.0)	(6.4)
Contribution from operations^(iv)	10,510.7	10,304.9	701.5	593.3
Head Office items:				
- Corporate overhead			(19.4)	(22.2)
- Net interest expense			(71.4)	(54.8)
- Other expenses			(6.9)	(7.5)
Recurring profit^(v)			603.8	508.8
Foreign exchange and derivative gains/(losses), net ^(vi)			19.5	(97.5)
Non-recurring items ^(vii)			(122.1)	(19.7)
Profit attributable to owners of the parent			501.2	391.6

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

(ii) Associated companies.

(iii) RHI's 2023 loss widened reflecting limited operations due to lack of raw sugar and molasses supply. On 28 February 2024, RHI announced that its sugar refinery business is closing for operation permanently due to extremely difficult operational and market conditions. The divestment of certain assets is ongoing, and the proceeds will mainly be used to settle its obligations.

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

(v) 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.

(vi) 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 value of derivatives.

(vii) Non-recurring items represent certain items, through occurrence or size, which are not considered as usual operating items. 2023's non-recurring losses of US\$122.1 million mainly represent the Group's impairment provision for investment (US\$65.7 million), PLDT's and Manila Electric Company's write-down of assets (US\$63.6 million) and PLDT's manpower reduction costs (US\$7.0 million), partly offset by PLDT's gains on tower sales (US\$24.4 million). 2022's non-recurring losses of US\$19.7 million mainly represent PLDT's accelerated depreciation for network assets (US\$180.3 million) and manpower reduction costs (US\$17.7 million), and the Group's impairment provisions for investments (US\$51.6 million), partly offset by the reversal of impairment provisions for the Group's investments in PLP (US\$92.0 million), PLDT's gains on tower sales (US\$88.2 million) and prescription of redemption liability on preference shares (US\$27.6 million), and MPIC's gains on step acquisition of Landco Pacific Corporation (US\$29.4 million).