



## PRESSRELEASE

### **1Q 2013 Core Net Income Up 23% to ₱1.9 Bln** *All Businesses Continue to Exceed Targets*

- **1Q 2013 Core Net Income up 23% to ₱1.9 bln vs ₱1.6 bln in 1Q 2012**
- **Reported Net Income attributable to owners of the parent company up 13% to ₱1.8 bln vs ₱1.6 bln**
- **Consolidated revenues up 11% to ₱7.4 bln vs ₱6.7 bln**
- **Fully diluted Core Net Income per share up 18% to 7.57 centavos**
- **MPIC Parent net gearing ratio at 0.3% vs 15% as of December 31, 2012**
- **MERALCO Core Net Income ₱4.0 bln, Core EBITDA ₱7.1 bln**
- **Maynilad Water Core Net Income ₱2.0 bln, Core EBITDA ₱2.8 bln**
- **Tollways Core Net Income ₱0.5 bln, Core EBITDA ₱1.4 bln**
- **Hospital Group Core Net Income ₱219 mln, Core EBITDA ₱665 mln**

MANILA, Philippines, 8<sup>th</sup> May 2013 – Metro Pacific Investments Corporation (“MPIC” or the “Company”) (PSE: MPI) today announced consolidated Core Net Income of ₱1.9 billion for the quarter ended 31<sup>st</sup> March 2013, up 23% over the ₱1.6 billion recorded in the first quarter of 2012. Each of the four mainstream businesses delivered strong growth.

Consolidated Reported Net Income attributable to owners of the parent company stood at ₱1.8 billion for the period compared with ₱1.6 billion for the first quarter of 2012, an improvement of 13%. Non-recurring charges of ₱175 million were recorded, principally reflecting termination costs on the early repayment of various fixed rate borrowings.

The rise in Core Net Income is due mainly to: (i) higher profit contributions from Manila Electric Company (“MERALCO”) and Maynilad Water Services, Inc. (“Maynilad”) due to a combination of tariff progression and slightly higher volumes; (ii) Metro Pacific Tollways Corporation (“MPTC”) benefitting from strong traffic growth and interest savings on the NLEX and profit contribution from the recently acquired CAVITEX and, finally, (iii) cost reductions and higher patient revenues at our hospitals.

In terms of contribution to the Company's net operating income representing MPIC's attributable interest in each investee business, Maynilad accounted for ₱1.0 billion or 43% of the aggregate contribution. MERALCO contributed ₱779 million or 33% of the total, while MPTC delivered ₱438 million or 18%. The Hospital group contributed ₱141 million or 6% of the total.

"All our businesses achieved strong growth in profitability for the first quarter," said Jose Ma. K. Lim, MPIC President and Chief Executive Officer. "I am also encouraged by the significant uptick in April this year in power and water sales volumes."

## **Operational Review**

### **MERALCO: Efficiency gains and improved power availability and reliability**

Core Net Income for the first quarter of 2013 rose 18% to ₱4.0 billion compared with the first quarter of 2012 due mainly to an increased average distribution tariff together with a 1% increase in energy sales to 7,777 gigawatt hours. The modest increase in energy sold in the quarter reflected increased commercial and industrial demand offset in part by marginally reduced residential consumption due to lower average temperatures and there being one less day in the quarter as 2012 was a leap year. The volume of power sold in April increased by 9% year-on-year.

The average distribution charge for the quarter stood at ₱1.63 per kWh, up from ₱1.49 per kWh in the first quarter of 2012.

Capital expenditure for the first quarter of 2013 amounted to ₱1.7 billion, consisting of new substations designed to decongest critical loads, provide additional capacity for load growth and improve network reliability.

Meralco continues to outperform all of its regulatory standards for service reliability, such as the System Average Interruption Frequency Index (a measure of how often electricity supplies fail) which improved by 20.8% from a year earlier.

MERALCO PowerGen Corporation, MERALCO's wholly-owned subsidiary, continues to develop Redondo Peninsula Energy, Inc. (RP Energy), a project to build 600 MW of circulating fluidized coal-fired power generation, the cleanest of all coal-fired generation technologies, in Subic Bay. RP Energy continues to work through permitting and related compliance matters towards procuring an Engineering, Procurement and Construction Contract ("EPC").

Technical specifications for the EPC have been finalized and transmission line and interconnection requirements have been agreed with the National Grid Corporation of the Philippines. In addition to this project, MERALCO PowerGen continues to evaluate further potential generation projects in Luzon to head off forecast power shortages in the region's [ASEAN] fastest-growing economy.

The Department of Energy has announced that Retail Competition and Open Access will begin next month. The MERALCO Retail Electricity Supply organization is in the process of implementing its energy trading and risk management system to prepare for the new market.

In March 2013 Meralco announced the acquisition of an effective 28% interest in GMR Energy (Singapore) Pte Ltd, a 2x400 MW Liquefied Natural Gas (LNG)-fired combined cycle facility in Singapore. The project, since renamed PacificLight Power, will support technology transfer to our projects in Luzon.

MPIC is also seeing a boost in contribution from MERALCO due to the step up in its holdings of preference shares in Beacon Electric Asset Holding, Inc. from ₱8.0 billion to ₱11.6 billion effective 29<sup>th</sup> June 2012.

### **Maynilad and other water projects: Bringing clean water to millions**

Maynilad saw a 2% increase in the volume of water sold in its concession area in the first quarter, a rate of growth held back by project delays in Cavite. April billed volume growth accelerated to 5% year-on-year. The increase in water sold was achieved even as Maynilad managed to draw 6% less water from the Angat Dam than a year earlier owing to less non-revenue water (NRW).

Selling more water while drawing less, as well as lower leakage and theft, resulted in a decline in NRW to 39.9% by the end of March 2013 from 44.9% a year earlier. The improvement was achieved through Maynilad's continuing leak repair program, which saw 11,365 leaks repaired in the first quarter of 2013. The program, coupled with pipe rehabilitation and more efficient management of water pressure and supply, has resulted in the recovery of over 139 million liters per day of water. Maynilad continues to push forward with its ambitious NRW reduction program by allocating ₱2.9 billion in 2013 for NRW diagnostics, leak repairs and the establishment and maintenance of District Metered Areas.

Maynilad now delivers 24-hour water supply to 96.7% of its customers, while 99.8% of customers also receive water pressure of at least seven pounds per square inch, the minimum pressure necessary to provide water to the second floor. The year-earlier percentages were 84% and 96%, respectively. The number of billed customers rose 6% to 1,088,264 by the end of March 2013 from 1,023,494 a year earlier.

Total revenues for the quarter rose 8% to ₱4.1 billion from ₱3.8 billion in 2012 due to the combined effect of a 2% increase in billed volume and an average effective year-on-year effective tariff increase of 6.6%. Maynilad's Core Net Income rose 18% to ₱2.0 billion from ₱1.7 billion a year earlier. Maynilad's capital expenditure during the first quarter of 2013 stood at ₱1.2 billion.

Philhydro, Maynilad's bulk water supply project in Bulacan has made its first profit contribution to Maynilad.

MetroPac Water Investments Corporation, a wholly-owned subsidiary of MPIC, acquired an economic interest of 20% in Carmen Bulk Water Supply Project in January 2013. The project is a partnership with Manila Water and the Provincial Government of Cebu.

On 15<sup>th</sup> March 2013, Maynilad acquired a 10% shareholding in Subic Water and Sewerage Co., Inc. ("Subic Water"), which serves 40,000 customers in Olongapo City and the Subic Bay Freeport Zone under a build-operate-transfer scheme. Maynilad has a route to acquiring an additional 40% of Subic Water.

### **MPTC: Continuing service improvements in Luzon; construction commenced on Harbour Link**

MPTC's Core Net Income of ₱450 million for the first quarter of 2013 was 19% higher than a year earlier as a result of greater traffic and lower interest and operating costs on the NLEX together with a contribution from CAVITEX beginning on 2<sup>nd</sup> January 2013. Average daily entries rose 5% on the NLEX and 7% on the Cavite in the first quarter from a year earlier.

Work has begun in earnest on construction of the first stage of the NLEX Harbour Link extension following a ground-breaking ceremony earlier this year. The 8-kilometer road to link NLEX to the North Manila Port will see its first stage open in the second quarter of next year. Work is proceeding with the Government to begin the resettlement needed to begin construction on the NLEX Citilink project to extend the NLEX by 8 km and connect Minadanao Avenue to Katipunan Avenue and to C5.

President Benigno S. Aquino III has approved the implementation of two elevated expressways that will connect the Northern and Southern toll road systems. Metro Pacific Tollways Development Corporation's (MPTDC) Connector Road Project, a four-lane elevated expressway, will connect the Harbour Link to Southern Luzon. The two expressways will have a common portion spanning 5 kilometers from Buendia to Sta. Mesa, Manila. MPTC through its subsidiary, MPTDC will, after completion, reimburse 37.5% of the construction costs of the common alignment. The remaining portion of the Connector Road alignment proposed by MPTC will be subject to a Swiss challenge in due course. MPTC expects the Connector Road to increase traffic on existing Northern and Southern toll road systems by enabling commercial vehicles to traverse Metro Manila without violating the aforementioned truck ban, and slashing travel time between systems to no more than 20 minutes from over an hour today.

CAVITEX is a 14-km toll road built in two segments running from Parañaque to Cavite which currently sees 100,000 vehicle entries a day. The business offers significant expansion prospects as a result of the NAIA 2 and CALA expressway projects which will connect to CAVITEX, as well as from the soon-to-open Ternate-Nasugbu tunnel which will substantially reduce journey time between Batangas and Manila.

The NLEX Harbour Link, Citilink and Connector Road projects together with expansion of the CAVITEX will see MPTC invest approximately ₱45 billion over the next few years

to complete construction. MPTC and MPIC intend to fund this sum from internal resources and external debt.

MNTC continues to reformat and refine its proposals with the Bases Conversion and Development Authority and the Government, in a series of negotiations since 2010, on turning over management of the Subic Clark Tarlac Expressway (SCTEX). MNTC plans to invest ₱400 million to integrate SCTEX with NLEX to facilitate seamless travel between the two expressways.

### **Hospitals: The country's largest private provider of hospital services**

Aggregate Core Net Income for the Hospital Group rose 13% to ₱219 million in the first quarter compared with a year earlier as a result of higher patient revenues, lower losses at our nursing schools, and tighter expense controls.

The Hospital group comprises six full-service hospitals with approximately 1,800 beds in total: Makati Medical Center, Cardinal Santos Medical Center, Our Lady of Lourdes Hospital and Asian Hospital in Metro Manila; Riverside Medical Center in Bacolod; and Davao Doctors Hospital in Mindanao. It is expected that closing of our investment in a seventh hospital - De Los Santos Medical Center - will happen next month.

### **Other Projects:**

An MPIC-Ayala led consortium has passed the Government's first pre-qualification screening of interested bidders for the LRT1 South Extension project and our bid is currently being formulated.

The Company has agreed with JG Summit, Inc. - owner and operator of Cebu Pacific Airways - to bid, together with Aéroports de Lyon, for the Government's Cebu-Mactan Airport Project.

The MPIC – Ayala Corporation Consortium in the Automated Fare Collection System (“AFCS”) has been declared qualified to bid for the AFCS project. The AFCS is to provide a unified ticketing system for the Metro Rails.

### **Corporate Governance:**

MPIC recently received five awards from Corporate Governance Asia: Asia's Best CEO and CFO – Jose Ma. K. Lim and David J. Nicol, respectively – as well as Asia's Best Investor Relations, Asia's Best Investor Relations Website and Asia's Best Corporate Social Responsibility.

### **Corporate Social Responsibility (“CSR”): A Unified effort on environmental sustainability**

Volunteer divers from the MVP group of companies are now gearing up for the launch of the 5th year anniversary of the MPIC Foundation's multi-awarded Environmental awareness campaign known as Shore It Up: Rescue, Restore, Revive on May 25-26, 2013. In returning to the coastal communities of Anilao, Puerto Galera, Alaminos, Subic and Siargao, Shore it Up will revisit its commitments in these areas as it initiates students from public elementary schools into the Junior Environmental Scouts to help care for their surrounding aquatic resources. To heighten awareness on environmental issues and preservation there will be sessions on waste management, conservation and coral reef propagation from environmental experts, government agencies and conservationists partnering with Shore it Up.

## **Conclusion and Outlook**

“All our businesses continue to be focused on service quality and operational efficiency, while growing our sales and core profitability,” said MPIC Chairman Manuel V. Pangilinan. “The strong results for the first quarter reflect significant improvements in service levels and efficiency gains for all our operating companies.”

Pangilinan went on to say: “The outlook for our full year Core Net Income growth looks positive. We will provide full year guidance when we announce our half year results. We have significant expansion programmes within each of our core businesses which should provide good long term value growth for our shareholders. We intend to bid on the Government’s PPP projects at levels which would provide appropriate returns for our shareholders and service quality to our customers and for the public.”

## **Forward Looking Statements**

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This press release may contain “forward-looking statements” which are subject to a number of risks and uncertainties that could affect MPIC’s business and results of operations. Although MPIC believes that expectations reflected in any forward-looking statements are reasonable, it can give no guarantee of future performance, action or events.

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

	Unaudited March 31, 2013	Restated* December 31, 2012	Restated* January 1, 2012
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents and short-term deposits	12,043	9,119	15,126
Restricted cash	1,585	1,359	1,915
Receivables	4,282	3,608	2,949
Due from related parties	286	146	373
Other current assets	1,645	1,793	2,356
Total Current Assets	19,841	16,025	22,719
<b>Noncurrent Assets</b>			
Receivables	755	7,332	957
Due from related parties	65	65	65
Available-for-sale financial assets	1,447	1,403	1,386
Investments and advances	51,805	45,083	36,738
Goodwill	17,400	13,155	13,069
Service concession assets	90,279	81,870	76,824
Property use rights	679	690	765
Property and equipment	6,041	6,049	5,863
Other noncurrent assets	2,064	1,832	1,787
Total Noncurrent Assets	170,535	157,479	137,454
	190,376	173,504	160,173
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Note payable	-	4,700	-
Accounts payable and other current liabilities	13,344	13,712	11,677
Income tax payable	467	183	76
Due to related parties	205	97	122
Payable to non-controlling interest	-	-	1,299
Current portion of:			
Provisions	3,788	3,670	2,989
Service concession fees payable	636	688	792
Long-term debt	3,231	1,847	1,594
Total Current Liabilities	21,671	24,897	18,549

(Forward)



	<b>Unaudited March 31, 2013</b>	Restated* December 31, 2012	Restated* January 1, 2012
<b>Noncurrent Liabilities</b>			
Noncurrent portion of:			
Provisions	934	252	190
Service concession fees payable	7,831	8,026	8,033
Long-term debt	40,274	37,068	38,429
Deferred credits and other long-term liabilities	10,685	5,464	5,553
Deferred tax liabilities	3,230	3,437	2,989
<b>Total Noncurrent Liabilities</b>	<b>62,954</b>	<b>54,247</b>	<b>55,194</b>
<b>Total Liabilities</b>	<b>84,625</b>	<b>79,144</b>	<b>73,743</b>
<b>Equity</b>			
Owners of the Parent Company:			
Capital stock	26,052	24,664	24,643
Additional paid-in capital	42,872	38,097	38,056
Equity reserves	3,095	707	706
Retained earnings	16,189	15,037	9,828
Other comprehensive income reserve	1,170	1,123	530
Total equity attributable to owners of the Parent Company	<b>89,378</b>	<b>79,628</b>	<b>73,763</b>
Non-controlling interest	16,373	14,732	12,667
<b>Total Equity</b>	<b>105,751</b>	<b>94,360</b>	<b>86,430</b>
	<b>190,376</b>	<b>173,504</b>	<b>160,173</b>

\* Restated due to prior year adjustments arising from adoption of the revised Philippine Accounting Standards 19  
"Employee Benefits"

**METRO PACIFIC INVESTMENTS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(Amounts in Millions except Per Share Amounts)

	<b>Three Months ended March 31</b>	
	<b>2013</b>	<b>2012*</b>
<b>OPERATING REVENUES</b>		
Water and sewerage services revenue	<b>₱4,064</b>	₱3,749
Toll fees	<b>1,995</b>	1,670
Hospital revenue	<b>1,279</b>	1,223
School revenue	<b>33</b>	25
	<b>7,371</b>	6,667
<b>COST OF SALES AND SERVICES</b>		
	<b>(2,697)</b>	(2,619)
<b>GROSS PROFIT</b>		
	<b>4,674</b>	4,048
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>		
	<b>(1,435)</b>	(1,329)
<b>OTHER INCOME AND EXPENSES</b>		
Construction revenue	<b>1,050</b>	1,589
Construction costs	<b>(1,047)</b>	(1,564)
Interest expense	<b>(1,343)</b>	(926)
Share in net earnings of associates and a joint venture - net	<b>425</b>	335
Foreign exchange gains - net	<b>90</b>	196
Interest income	<b>140</b>	198
Dividend income	<b>513</b>	280
Other income	<b>130</b>	113
Other expenses	<b>(286)</b>	(360)
	<b>(328)</b>	(139)
<b>INCOME BEFORE INCOME TAX</b>		
	<b>2,911</b>	2,580
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b>		
Current	<b>322</b>	282
Deferred	<b>(115)</b>	(93)
	<b>207</b>	189
<b>NET INCOME</b>		
	<b>₱2,704</b>	₱2,391
<b>Net Income Attributable to:</b>		
Owners of the Parent Company	<b>₱1,773</b>	₱1,568
Non-controlling interest	<b>931</b>	823
	<b>₱2,704</b>	₱2,391
<b>EARNINGS PER SHARE (IN CENTAVOS)</b>		
<b>Basic Earnings Per Common Share, Attributable to Owners of the Parent Company</b>		
	<b>₱6.91</b>	₱6.37
<b>Diluted Earnings Per Common Share, Attributable to Owners of the Parent Company</b>		
	<b>₱6.89</b>	₱6.36

*\*Restated for consistency in presentation and classification with 2013 balances*