FIRST PACIFIC COMPANY LIMITED
第一太平有限公司

Press Release

Thursday, 28 February 2013

MPIC FY2012 Core Net Income up 28% to ₱6.5 bln
Continuing to Exceed Targets

The attached press release was released today in Manila by Metro Pacific Investments Corporation (MPIC), in which First Pacific Group holds an economic interest of approximately 55.9%.

MPIC is a Philippine-listed, investment management and holding company focused on infrastructure development. Further information on MPIC can be found at www.mpic.com.ph.

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PRESSRELEASE

FY2012 Core Net Income Up 28% to ₱6.5 Bln

Continuing to Exceed Targets

- **2012 Core Net Income up 28% to ₱6.5 bln vs ₱5.1 bln in 2011**
- **Reported Net Income attributable to owners of the parent company up 26% to ₱6.4 bln vs ₱5.1 bln**
- **Consolidated revenues up 26% to ₱28 bln vs ₱22 bln**
- **Fully diluted Core Net Income per share up 19% to 26.47 centavos**
- **Final dividend increased by 33% to 2.00 centavos per share**
- **Full year interim and final dividend of 3.20 centavos per share, an increase of 28%**
- **MPIC Parent net gearing ratio at 15% at year end vs net cash position at end of 2011**
- **MERALCO Core Net Income ₱16.3 bln, Core EBITDA ₱26.8 bln**
- **Maynilad Water Core Net Income ₱6.8 bln, Core EBITDA ₱10.5 bln**
- **Tollways Core Net Income ₱1.6 bln, Core EBITDA ₱4.4 bln**
- **Hospital Group Core Net Income ₱722 mln, Core EBITDA ₱2.2 bln**

MANILA, Philippines, 28th February 2013 – Metro Pacific Investments Corporation (“MPIC” or the “Company”) (PSE: MPI) today announced consolidated Core Net Income of ₱6.5 billion for the year ended 31st December 2012, up 28% over the ₱5.1 billion recorded in 2011. Every one of its four mainstream businesses delivered strong growth.

Consolidated Reported Net Income attributable to owners of the parent company stood at ₱6.4 billion for the year 2012 compared with ₱5.1 billion recorded in 2011, an improvement of 26%. A net loss of ₱142 million for non-recurring charges for the year has been reflected.

The rise in Core Net Income is due mainly to: (i) higher profit contributions from Manila Electric Company (“MERALCO”) reflecting increased volumes of power sold; (ii) growth at Maynilad Water Services, Inc. (“Maynilad”) due to a combination of tariff progression and higher billed volumes; (iii) traffic growth and interest expense savings at Metro Pacific Tollways Corporation (“MPTC”); and (iv) the benefit from investments in the

Hospital group made in 2011. Lower interest and head office costs at MPIC parent company also contributed to this improvement.

In terms of contribution to MPIC's net operating income representing MPIC's attributable interest in each investee company, Maynilad accounted for ₱3.6 billion or 46% of the aggregate contribution. MERALCO contributed ₱2.2 billion or 28%, while MPTC delivered ₱1.6 billion or 20%. The Hospital group contributed ₱507 million or 6% of the total.

"All our businesses achieved robust growth in 2012. In light of this strong performance your Board of Directors today declared a final dividend for 2012 of 2.00 centavos per share. This represents a 33% increase over the 2011 final dividend and brings the full-year dividend per share for 2012 to 3.20 centavos." said Jose Ma. K. Lim, MPIC President and Chief Executive Officer. "2013 is off to a strong start with our investment in CAVITEX, our recent capital raising and the closing of our transaction to bring Marubeni into Maynilad." Lim added "I anticipate continued strong growth in 2013 despite delays in tariff increases on our various tollroads."

The record date for the final dividend is 11th March 2013. Payment date is 16th April 2013.

Operational Review

MERALCO: Strong volume growth and efficiency gains; improved power availability and reliability in Luzon

Core Net Income for 2012 rose by 9% to ₱16.3 billion compared with 2011 due mainly to a 7% increase in energy sales to 32,771 gigawatt hours and regulatory recoveries. The strong sales increase reflects underlying economic growth, increased household purchasing power and growth in new property developments. This strength in sales volumes helped offset a lower distribution tariff and other revenues.

The 7% growth in energy sales reflects strong demand across the whole customer base with a 3% increase in billed customers. The growth in volume of power sold includes power distributed to the Clark Freeport Zone and power sold to self-generating customers and the Cavite Ecozone, which opted to shift to the Meralco service.

The average distribution charge for the year stood at ₱1.55 per kWh, reflecting the combined effect of the 2012 1st half industrial-dominated volume growth and the slightly higher Maximum Average Price (MAP) starting July 1, 2012.

Capital expenditure for 2012 amounted to ₱10.3 billion, consisting of new substations designed to decongest critical loads, provide additional capacity for load growth and improve network reliability.

System loss declined to a record low of 7.04% from 7.35% a year earlier mainly due to the continuing refinement of loss reduction initiatives. The steady decline of electricity theft resulting from Government-initiated resettlement programs was crucial to the record-setting system loss performance.

Two other significant measures of service reliability also improved with System Average Interruption Frequency Index (a measure of how often electricity supplies fail) declining by 18.8% and Customer Average Interruption Duration Index (a measure of how long such breakdowns last) down by 11.5%.

MERALCO PowerGen Corporation, MERALCO's wholly-owned subsidiary, is continuing development at Redondo Peninsula Energy, Inc. (RP Energy). This project is for 600 MW of circulating fluidized coal-fired power generation, the cleanest of all coal-fired generation technologies. RP Energy has received its Environmental Clearance Certificate from the Department of Environment and Natural Resources. The Writ of Kalikasan filed by certain advocate groups was heard and rejected by the Court of Appeals. RP Energy continues with its aim of bringing the first 300MW plant into commercial operations during 2016 and the next 300MW six months after.

Technical specifications for the Engineering, Procurement and Construction Contract have been finalized with the contract expected to be awarded before June 2013. Transmission and interconnection arrangements with National Grid Corporation of the Philippines are expected to be concluded shortly.

Evaluation of further potential generation projects is proceeding steadily. Financing for these projects can be provided without recourse to additional equity from MERALCO shareholders.

The Department of Energy has announced that Retail Competition and Open Access will begin in June 2013. The MERALCO Retail Electricity Supply organization is in the process of implementing its energy trading and risk management system in preparation for this.

MPIC is also seeing a boost in contribution from MERALCO after increasing its attributable economic interest to 24.2% as of 31st December 2012, compared with 22.7% a year earlier.

Maynilad: Bringing clean water to millions of people

Maynilad increased the volume of water sold by 7% in 2012 as its five-year ₱36 billion capital expenditure-program continued to deliver results and returns. The increase in water sold was achieved even as Maynilad managed to draw 2% less water from the Angat Dam than a year earlier.

Selling more water while drawing less, as well as lower leakage and theft, has resulted in a decline of non-revenue water (NRW), to 41.0% by the end of December 2012 with an average for the year of 43.5% compared with 47.8% for 2011. This was achieved through Maynilad's continuing leak repairs program, which saw 45,988 leaks repaired during 2012. This program, coupled with pipe rehabilitation and more efficient management of water pressure and supply, has resulted in the recovery of over 120 million liters per day (MLD) of water. Maynilad continues to push forward with its ambitious NRW reduction program and spent ₱1.3 billion in 2012 for NRW diagnostics, leak repairs and the establishment and maintenance of District Metered Areas.

With its improved water distribution system, Maynilad now delivers 24-hour water supply to 96% of its customers, while 99.8% of its customers also enjoy 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 7% to 1,073,508 billed clients at the end of December 2012 from 1,005,350 a year earlier.

During 2012, Maynilad spent ₱740 million to improve and expand its wastewater services.

Total revenues during 2012 grew 15% to ₱15.9 billion from ₱13.8 billion in 2011 due to the combined effect of the 7% increase in billed volume and an average year-on-year effective tariff increase of 8%. Maynilad's Core Net Income increased by 13% to ₱6.8 billion from ₱6.0 billion a year ago. Maynilad's capital expenditure during 2012 stood at ₱7.0 billion.

MPTC: Continuing service improvements, environmental development and community outreach

MPTC's Core Net Income of ₱1.57 billion for 2012 was 6% higher than a year earlier as a result of traffic growth and lower interest and operating costs. Average daily entries to our road system increased by 3% in 2012 compared with the same period in 2011, despite the imposition of a 12% value-added tax on toll rates starting October 2011.

The most significant event of 2012 for MPTC was the financing investment in the Manila-Cavite Toll Expressway (CAVITEX) in December 2012.

CAVITEX is a 14 kilometer tollroad built in two segments running from Cavite to Laguna and currently has 90,000 vehicle entries a day. The business offers significant expansion prospects as a result of the NAIA 2 and CALA expressways, 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.

MPTC's Harbour Link project to connect the NLEX to the port area of Manila broke ground earlier this month. The project is divided into two parts with Segment 9 due to open in 2014 and Segment 10 in 2015 - depending on Government securing the required Rights-of-Way. The Harbour Link will allow commercial vehicles 24-hour access to Manila's Port Area from the NLEX, in contrast with the current ban at peak times of day. The Harbour Link will also reduce travel time for motorists accessing NLEX from Western Metro Manila.

President Benigno S. Aquino 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 2013. 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.

The Harbour Link and Connector Road projects will see MPTC invest approximately ₱27 billion to complete construction. MPTC and MPIC intend to fund this sum from internal resources and external debt.

MNTC continues to coordinate with BCDA and the Government to attempt to close the turnover of management of the Subic Clark Tarlac Expressway (SCTEX). We plan to invest ₱400 million to integrate SCTEX with NLEX to facilitate seamless travel between the two expressways.

Hospitals: The country's largest private chain serving customers from all economic backgrounds

Aggregate Core Net Income for the Hospital Group during 2012 rose 29% to ₱722 million, reflecting the benefit of investments made in the Asian Hospital in December 2011 and an increased shareholding in Cardinal Santos in November 2011. In December 2012, we announced an investment in De Los Santos Medical Center which is expected to complete next month.

In addition to De Los Santos Medical Center, 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.

Additional Projects:

MPIC continues to seek ways to help improve the country's infrastructure. In this vein, the Company has been in discussion with the Department of Transportation and Communications on a proposal to improve the operations and reliability of the MRT3 line in Metro Manila.

An MPIC-Ayala led consortium has passed the Government's first pre-qualification screening of interested bidders for the LRT1 South Extension project and we are now formulating our bid.

On February 22nd 2013, the Company formally entered into agreement with JG Summit, Inc. (JGS) to bid, together with others, for the Government's PPP Cebu-Mactan Airport Project.

Corporate Social Responsibility ("CSR"): Aligning programs and working together to improve lives and benefit communities

The CSR Council composed of foundations and CSR departments in the MVP Group of companies formed "Tulong Kapatid" (Brotherly Help) to collaborate in common activities relating to environmental programs, tree planting, coastal clean-ups, blood banks, medical missions and disaster preparedness and responsiveness. Recent efforts of Tulong Kapatid provided coordination for medical assistance and service restoration in telecommunications, electricity and water. Prompted by one text message and organized in 24 hours, the Tulong Kapatid MVP Telethon in December 2012 raised over ₱100 million for victims of typhoon Pablo in just six hours.

Conclusion and Outlook

"All our businesses continue to be focused on service quality and operational efficiency, while growing our sales and core profitability to improve the lives of all our customers - whether providing first class medical care, offering safe and efficient road transportation, delivering electricity to power homes and businesses, or piping water to improve consumption and sanitation," said MPIC Chairman Manuel V. Pangilinan. "The strong results for 2012 reflect significant improvements in service levels and efficiency gains for all our operating companies. The outlook for 2013 is encouraging given the continuing optimistic view about the Philippine economy".

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Forward Looking Statements

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 (AUDITED)

(Amounts in Millions)

	December 31	
	2012	2011
ASSETS		
Current Assets		
Cash and cash equivalents and short-term deposits	**9,119**	15,126
Restricted cash	**1,359**	1,915
Receivables	**3,608**	2,949
Due from related parties	**146**	373
Other current assets	**1,793**	2,356
Total Current Assets	**16,025**	22,719
Noncurrent Assets		
Receivables	**7,332**	957
Due from related parties	**65**	65
Available-for-sale financial assets	**1,403**	1,386
Investments in associates and a joint venture	**45,083**	36,738
Goodwill	**13,155**	13,069
Service concession assets	**81,870**	76,824
Property use rights	**690**	765
Property and equipment	**6,049**	5,863
Other noncurrent assets	**1,832**	1,787
Total Noncurrent Assets	**157,479**	137,454
	173,504	160,173
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities	**18,412**	11,677
Income tax payable	**183**	76
Due to related parties	**97**	122
Payable to non-controlling interest	**-**	1,299
Current portion of:		
Provisions	**3,670**	2,989
Service concession fees payable	**688**	792
Long-term debt	**1,847**	1,594
Total Current Liabilities	**24,897**	18,549

(Forward)

	December 31	
	2012	2011
Noncurrent Liabilities		
Noncurrent portion of:		
Provisions	**252**	190
Service concession fees payable	**8,026**	8,033
Long-term debt	**37,068**	38,429
Deferred credits and other long-term liabilities	**5,464**	5,552
Deferred tax liabilities	**3,437**	2,990
Total Noncurrent Liabilities	**54,247**	55,194
Total Liabilities	**79,144**	73,743
Equity		
Owners of the Parent Company:		
Capital stock	**24,664**	24,643
Additional paid-in capital	**38,097**	38,056
Equity reserves	**707**	706
Retained earnings	**16,180**	10,460
Other comprehensive income reserve	**(20)**	(102)
Total equity attributable to owners of the Parent Company	**79,628**	73,763
Non-controlling interest	**14,732**	12,667
Total Equity	**94,360**	86,430
	173,504	160,173

METRO PACIFIC INVESTMENTS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME (AUDITED)

(Amounts in Millions except Per Share Amounts)

	For the Year Ended December 31	
	2012	2011
OPERATING REVENUES		
Water and sewerage services revenue	**₱15,883**	₱13,769
Toll fees	**6,784**	6,465
Hospital revenue	**5,034**	1,740
School revenue	**106**	96
	27,807	22,070
COST OF SALES AND SERVICES	**(11,162)**	(8,371)
GROSS PROFIT	**16,645**	13,699
GENERAL AND ADMINISTRATIVE EXPENSES	**(5,717)**	(4,206)
OTHER INCOME AND EXPENSES		
Construction revenue	**6,731**	8,866
Construction costs	**(6,608)**	(8,701)
Interest expense	**(4,057)**	(3,977)
Share in net earnings of associates and a joint venture - net	**2,233**	2,112
Foreign exchange gains - net	**885**	1,289
Interest income	**652**	743
Dividend income	**561**	280
Other income	**1,958**	989
Other expenses	**(1,920)**	(2,851)
	435	(1,250)
INCOME BEFORE INCOME TAX	**11,363**	8,243
PROVISION FOR (BENEFIT FROM) INCOME TAX		
Current	**1,098**	712
Deferred	**573**	(298)
	1,671	414
NET INCOME	**₱9,692**	₱7,829
Net Income Attributable to:		
Owners of the Parent Company	**₱6,388**	₱5,059
Non-controlling interest	**3,304**	2,770
	₱9,692	₱7,829
EARNINGS PER SHARE (IN CENTAVOS)		
Basic Earnings Per Share, Attributable to Owners of the Parent Company	**₱25.95**	₱22.49
Diluted Earnings Per Share, Attributable to Owners of the Parent Company	**₱25.89**	₱22.08