

MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING
MEGAWIDE CONSTRUCTION CORPORATION
Held on September 18, 2017
Ballroom B, 7th Floor, Marco Polo Hotel
Meralco Ave, San Antonio, Pasig City

I. CALL TO ORDER

The Chairman called the meeting to order at 2:00 p.m. The host introduced the Board members present during the meeting:

Chairman	-	Michael C. Cosiquien
Director	-	Edgar B. Saavedra
Director	-	Oliver Y. Tan
Director	-	Hilario G. Davide, Jr.
Independent Director	-	Leonilo G. Coronel
Corporate Secretary	-	Althea Isobel F. Oaminal

The host also introduced the new nominee to the Board of Directors, Mr. Manuel Louie B. Ferrer.

II. NOTICE AND QUORUM

The Corporate Secretary certified that the notices of the meeting were sent to stockholders of record as of August 7, 2017 in accordance with the By-laws of the Corporation and that stockholders representing 75.14% of the outstanding voting stock of the Corporation, or 1,606,837,135 shares, are present in person or represented by proxy and that a quorum existed.

III. APPROVAL OF THE MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING HELD ON SEPTEMBER 16, 2016

Agenda Item 3: To approve the Minutes of the Annual Stockholders' Meeting held on September 16, 2016 which contains the following: (a) approval of the minutes of the Annual Stockholders Meeting on June 30, 2015; (b) Chairman's Address; (c) President's Report; (d) Ratification of all acts of Management and the Board of Directors; (e) Election of Directors; (f) Approval of the 2015 Audited Financial Statements; (g) Amendment of the Articles of Incorporation; and (h) Appointment of External Auditor.

Resolution: On motion duly seconded, the shareholders representing 100% of the 1,606,837,135 shares represented during the meeting unanimously voted in favor of the following:

"RESOLVED, to dispense with the reading of the Minutes of the September 16, 2016 Annual Stockholders' Meeting and the same is approved as presented."

IV. CHAIRMAN'S ADDRESS

The Chairman, Engr. Michael C. Cosiquien, gave the welcome address.

- The Corporation's thrust towards vertical integration has allowed the Company to transform from a pure construction player to a diversified conglomerate.

- The Company was able to hit its full-year targets and deliver steady growth across the different business segments.
- The strong underlying growth of the Mactan-Cebu International Airport (MCIA) is one of the revenue drivers in 2016. The expansion into the airport segment and venture into land-based transportation through the Southwest Intermodal Transport Exchange (SWITEX) allows the Company to build a sustainable foundation of a broader business, and safeguards the Company from concentration risks in the construction industry.
- The Company remains committed to inclusive Corporate Social Responsibility through the Megawide Foundation. As of 2016, the Foundation has spent P1.5 Million on reading programs, engineering scholarships, livelihood trainings, and environmental campaigns.
- The Company acknowledged the stakeholders for their support and trust in the Company.

V. PRESIDENT'S REPORT

The President and Chief Operating Officer (COO), Engr. Edgar B. Saavedra, reported on the operational highlights of the Corporation for the year 2016.

- The Company reached historic highs in 2016.
- Consolidated revenues were reported at P17.7 Billion, a 14% year-on-year growth from 2015 due to the strong performance of the construction business and increasing contributions from MCIA. Construction revenues contributed 89%, the airport generated 11%. Consolidated gross profit margin stands at 22%.
- Operating revenues and expenses led to consolidated earnings before interest, taxes, depreciation, and amortization (EBITDA) of P3.6 Billion in 2016, increasing by 19% from the previous year with an improved EBITDA margin of 21%.
- Consolidated net income grew by 30% to P1.9 Billion from last year's P1.5 Billion, with the airport segment contributing 47% and the construction business bringing in 53%. Net income margin for the year is at 11%.
- Consolidated return on equity registered at 12% from 9% in 2015, while earnings per share is at 0.57 versus 0.41 the previous year.
- The Company maintained an optimal and well-capitalized balance sheet, with total assets amounting to P51.1 Billion, while shareholders' equity ended the year at P16.2 Billion. Current ratio registered at 1.83x. Gross and net debt to equity ratios are still within loan covenants at 1.59x and 0.91x, respectively.
- Stock price jumped by 139% by the end of 2016 at P14.80 from P6.20 at end 2015, despite the broader index PSEi's year-on-year decline of 2%. This resulted to a year-end total market capitalization of P31.7 billion.
- The Company's Engineering Procurement Construction (EPC) segment remains the Company's stable and core business, accounting for 89% of the total revenues in 2016.
- EPC revenues increased by 13%, ending at P15.8 billion from last year's P14.0 billion. Net income rose by 5% to P1.0 billion from P973 million in 2015. Gross profit margin and net income margin remain at 15% and 6.4%, respectively.
- Construction order book stood at P38.5 billion. This was comprised of 65% Residential projects across all market segments, 28% Office and Commercial, and 7% Infrastructure projects.
- Airport revenues rose by 26% to P1.9 billion. Revenues from the Passenger Service Charge (PSC) at MCIA accounted for 59% of total revenues, while non-aero and aero-related revenues accounted for 28% and 13%, respectively.
- PSC rose 13% in 2016. Aero related revenues grew by 38%. Non-aero or commercial revenues increased by 57% due to the increased commercial area and an attractive mix of commercial tenants, which resulted to higher average spending per passenger.
- Airport EBITDA for 2016 was recorded at P1.3 billion, a 34% increase compared to previous year's P971 million. EBITDA margin improved at the 70% level compared to last year's 65%.

Net income significantly jumped by 80% to P903 million from P501 million in 2015. Net income registered at 48% better than prior year's 34%.

- Air Traffic Movement (ATM) went up by 12%, with international flights overtaking the growth of domestic flights at 19% and 10%, respectively. While the airport handled 8.9 million passengers per annum (mppa) in 2016, well beyond Terminal 1's (T1) capacity of 4.5 mppa, the airport ensured the comfort of passengers by spreading out flights across different time slots. This is an increase of 2 million passengers in volume, or a 30% jump in passenger count since the takeover of airport operations in 2014.
- MCI A has garnered recognition from the industry. In September 2016, MCI A was named Best Regional Airport in Asia Pacific by the CAPA Center for Aviation. We also received commendation in Airline Marketing for both Routes Asia 2016 and World Routes 2016. MCI A was also voted 2016 14th Best Airport in Asia by passengers, rising four (4) places from 2015.

VI. ELECTION OF DIRECTORS

Agenda Item 6: To elect the regular and independent members of the Board of Directors to hold office until the next stockholders' meeting and until their respective successors have been elected and qualified.

The following were nominated and elected as regular and independent members of the Board of Directors:

Director's Name	Position	Approved	Disagreed/ Abstained
Michael Cosiquien	Chairman	1,480,454,954	126,382,181
Edgar B. Saavedra	President and Chief Operating Officer	1,502,423,897	104,413,238
Hilario G. Davide, Jr.	Independent Director	1,464,490,580	142,346,555
Oliver Y. Tan	Chief Financial Officer and Director	1,507,661,897	99,175,238
Leonilo G. Coronel	Independent Director	1,534,137,754	72,699,381
Florentino A. Tuason, Jr.	Director	1,552,698,504	54,138,631
Manuel Louie B. Ferrer	Chief Marketing Officer/ Data Protection Officer/ Corporate Information Officer	1,552,811,304	54,025,831

Resolution: On motion duly seconded, the stockholders represented during the meeting voted in favor of the following:

"RESOLVED, to elect the following to the Board of Directors of the Corporation to serve for the current year:

1. Michael C. Cosiquien
2. Edgar B. Saavedra
3. Chief Justice Hilario G. Davide, Jr. (Ret.) (independent director)
4. Oliver Y. Tan
5. Leonilo G. Coronel (independent director)
6. Florentino A. Tuason, Jr.
7. Manuel Louie B. Ferrer"

VII. APPROVAL OF THE 2016 AUDITED FINANCIAL STATEMENTS

Agenda Item 7: To approve the 2016 Audited Financial Statements.

Resolution: On motion duly seconded, the stockholders representing 100% of the 1,606,837,135 shares represented during the meeting unanimously voted in favor of the following:

“RESOLVED, to approve the 2016 Audited Financial Statements as presented.”

VIII. APPOINTMENT OF EXTERNAL AUDITOR

Agenda Item 8: To approve the appointment of Punongbayan & Araullo as external auditor.

Resolution: On motion duly seconded, the stockholders representing 100% of the 1,606,837,135 shares represented during the meeting unanimously voted in favor of the following:

“RESOLVED, upon the recommendation of the Audit and Compliance Committee, to appoint Punongbayan & Araullo as external auditor.”

IX. RATIFICATION OF ALL ACTS OF MANAGEMENT AND THE BOARD OF DIRECTORS

Agenda Item 9: To ratify all acts of Management and the Board of Directors in the ordinary course of business pertaining to obtaining government permits and clearances, execution of contracts, availment of services from banks and other acts necessary for various construction projects of the Corporation.

Resolution: On motion duly seconded, the stockholders representing 100% of the 1,606,837,135 shares represented during the meeting unanimously voted in favor of the following:

“RESOLVED, to ratify all acts of Management and the Board of Directors as reported by the President in the Annual Stockholders’ Meeting held on September 18, 2017 and stated in the Information Statement duly distributed to the stockholders.”

X. AMENDMENT OF THE ARTICLES OF INCORPORATION TO INCLUDE ENGAGING IN PUBLIC-PRIVATE PARTENRSHIP (PPP) PROJECTS AND POWER GENERATION BUSINESS IN THE SECONDARY PURPOSE

Agenda Item 10: To approve the amendment in the secondary purpose.

Resolution: On motion duly seconded, the stockholders representing 100% of the 1,606,837,135 shares represented during the meeting unanimously voted in favor of the following:

“RESOLVED, to amend the Articles of Incorporation to include the power to engage in allied construction businesses and acquire shares of publicly listed private corporations.

“RESOLVED, to authorize the Corporate Secretary to file the necessary application for amendment of Articles of Incorporation with the Securities and Exchange Commission.”

XI. OTHER MATTERS

The Chairman then asked whether there were other matters may be taken up at today’s meeting. When the floor was given to stockholders who wished to ask questions, no stockholder came forward to ask any.

XII. ADJOURNMENT

There being no further business to discuss, the meeting was adjourned.

Certified Correct:

ALTHEA ISOBEL F. OAMINAL
Corporate Secretary

Attested by:

MICHAEL C. COSIQUIEN
Chairman