

Press Release
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MEGAWIDE DELIVERS 10% JUMP IN NET PROFIT

The growth was propelled by the strong performance of the Mactan-Cebu International Airport, which saw an increase in passenger numbers as it opened more flights to China in the first half of the year.

Metro Manila, Philippines – Diversified engineering and infrastructure conglomerate Megawide Construction Corporation (“the Company”) delivered a consolidated net profit growth of 10% for the first half of 2018 to P1.26 billion from P1.15 billion in the same period last year. The increase was driven by the continued robust growth of the Company’s airport business segment, which contributed 65% to consolidated net earnings. The construction business segment accounted for the remaining 35%.

“We remain optimistic about the Company’s continued strong performance in 2018,” said Megawide Chairman and CEO Edgar Saavedra. “Our growth prospects continue to be promising with the addition of more routes at Mactan-Cebu International Airport (MCIA) and the numerous opportunities in the construction segment. We are also continuing to boost our order book levels to ensure a more stable revenue pipeline in the next three years, at least.”

Revenues

Consolidated revenues reached P8.96 billion, of which the construction business contributed 82% and the airport business accounted for the balance of 18%.

Airport operations posted a 14% growth in revenues to P1.32 billion, attributed to the 12% increase in passenger volume. International passengers grew 17%, which outperformed domestic passenger growth of 10%.

Contributions from the new airport merchandising segment are also expected to grow with the increase in foreign tourists. At the end of the second quarter, airport merchandising revenue amounted to P273.2 million while operating exclusively inside Terminal 2. However, with the expansion of its operations to Terminal 1 in the near future, the segment’s contribution is expected to become more significant moving forward.

Meanwhile, first half revenues for the construction business came in at P7.4 billion, due to timing differences, as various projects were in the finishing stages while new projects booked towards the 4th quarter of 2017 and the 1st quarter of 2018 await the start of construction.

Airport Revenues Driven by Rise in Passenger Volume

Revenues from airport operations continue to be driven by strong passenger volume. For the first half of 2018, MCI A saw 5.8 million passengers compared to 5.1 million in the same period last year. Domestic passengers accounted for 67% while International passengers accounted for 33%.

The increase in the number of passengers led to the growth of the Passenger Service Charge by 13%. Non-aero or commercial revenues rose by 18%, and aero-related revenues increased by 11%.

With the growth in revenues and drop in operating expenses, airport EBITDA grew by 22%. This resulted in an improved EBITDA margin of 75% from 70% last year. Airport net income jumped by 34% while net income margin likewise rose to 56% from 48%

New Routes to China

12 out of the 15 new flights opened in the first half of 2018 were direct flights to China. These include new routes to Beijing, Guangzhou, Shenzhen, Hangzhou, Chengdu, Changsa and Nanjing and additional flights to Shanghai.

“Traffic growth in Cebu will be driven to a greater extent by our visitors from China. This is an opportunity that we want to maximize,” said Saavedra. “These new flights are the result of sustained airline marketing initiatives, and we will continue to work on opening more routes to provide Chinese tourists with even greater accessibility to Cebu and nearby destinations.”

According to Saavedra, traveling via Cebu to other tourist destinations in Visayas and Mindanao only takes about 30 minutes compared to the almost one hour travel time from Manila. “The location of Cebu provides added convenience for travelers going to these areas. Cebu is the ideal starting point.”

To date, MCI A serves 34 domestic and 24 international destinations, with 26 airline partners.

New EPC Contracts

Meanwhile, Megawide’s construction business bagged new contracts amounting to Php14.2 billion in the first six months of the year. This already represents 59% of the Company’s full year guidance for new 2018 contracts, and surpasses new contracts booked for the full year of 2017 by 31%.

New contracts were driven by the private sector, accounting for 86% of the total order book, while the balance of 14% was comprised of infrastructure projects, including the EPC contract for the expansion of Clark International Airport.

Saavedra added that the Company is also gearing up to enhance its construction portfolio through projects in the government’s Build, Build, Build program. “As a Quadruple A contractor, we are poised to participate in the administration’s infrastructure development program, either as a straightforward EPC contractor or as a fully-integrated bidder with EPC and O&M capabilities.”

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ABOUT MEGAWIDE

Megawide is one of the most innovative engineering and infrastructure companies in the Philippines. Publicly-listed since 2011, Megawide is the private partner of the Philippine Government for infrastructure projects such as the Mactan-Cebu International Airport (MCIA) and the Parañaque Integrated Terminal Exchange (PITX). In 2012, the company established Megawide Corporate Foundation, Inc., a non-profit organization focusing on social development projects.