

PRESS RELEASE

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Megawide's transport infra now contributes more than 50% of net income

The Company's diversification strategy delivers with strong contributions from airport operations and a record number of new EPC projects in a single year.

Diversified engineering and infrastructure conglomerate Megawide Construction Corporation ("the Company") posted an unaudited consolidated net profit of PhP1.80 billion in 2018, in line with the guidance the Company provided at the start of last year.

"2018 was a landmark year for Megawide as we opened two flagship infrastructure projects, the Mactan-Cebu International Airport (MCIA) Terminal 2 and the Parañaque Integrated Terminal Exchange (PITX)," said Edgar Saavedra, Megawide Chairman and CEO. "Not only did we secure our space as a transport infrastructure developer, we are also witnessing the results of our diversification plan to mitigate the natural cyclicity of construction."

While net profit was affected by cyclicity in the construction business, earnings before interest, taxes, depreciation and amortization (EBITDA) remained healthy at PhP4.76 billion, an 8% increase from the previous year, propelled by the strong performance of the airport business. Boosted by the opening of MCIA's new international terminal in July 2018, airport operations delivered revenues of PhP3.00 billion, 30% higher year-on-year, and contributed 20% to total consolidated revenues.

The Company posted consolidated revenues of PhP15.11 billion for the twelve months ended 2018 compared with PhP19.16 billion for the same period in 2017. Construction remains the core revenue contributor at 78%, with 20% coming from airport operations, and the balance of 2% from airport merchandising.

Airport contribution drives 2018 with increase in passenger traffic and new commercial openings

MCIA brought in a 15% growth in total passenger volume from 10 million passengers per annum (mppa) in 2017 to 11.5 million passengers in 2018, with international and domestic passengers growing 23% and 12% respectively. Domestic passengers comprised 67% of the total passenger mix while international comprised 33%. Air traffic volume likewise increased by 15% with international traffic up by 19% and domestic traffic improving 14%.

The overall improvement in passenger and air traffic was attributed to additional airline partners and the increased number of domestic and international flights. In 2018, MCIA opened 12 new international routes, eight of those to China; and 2 new domestic routes to Ormoc and Catbalogan via AirJuan.

As of February this year, the Company is serving 30 domestic and 20 international destinations with six local and 19 international airline partners.

"We continue to see the growth in both international and local travel as an opportunity to promote Cebu not only as a destination but as a hub to other destinations in Visayas and Mindanao. We intend to make the most of these prospects by embarking on new developments within the MCIA concession area to attract more traffic and complement our existing facilities," Saavedra added.

Megawide achieves highest number of EPC contracts in a single year

New contracts secured in 2018 reached PhP29.5 billion, almost three times the level in the previous year. At the end of 2018, order backlog amounted to PhP50.9 billion, the highest level by far in Megawide's history.

Construction revenues slowed down in 2018 as a result of projects in different completion stages in the order book, with projects either winding down or in the early phases of construction. Net income of PhP762.8 million was likewise affected by one-time finance charges related to the impairment of disputed receivables.

"We remain highly optimistic in our construction business, especially with such a robust order book which gives us visibility for the next two to three years," said Saavedra. "Our local property sector is thriving, not to mention the continuing opportunities in the Government's infrastructure development program. These, with our strong macroeconomic fundamentals, give us a positive outlook on construction."

PITX expected to ramp up in 2019

Meanwhile, the Parañaque Integrated Transport Exchange (PITX) is also expected to contribute to the Company's topline this year. PITX officially opened in November 2018. From an average daily foot traffic of less than 10,000 in December 2018, PITX is currently hosting an average of at least 40,000 passengers daily.

"With the constant cooperation from the government and other stakeholders, connectivity at PITX has improved. Commuters and bus operators have started to appreciate the real benefits of the terminal," Saavedra commented. PITX is expected to open new long haul routes within this month, including routes to Bicol and Quezon Province.

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