

Airport operations and pick up in construction business drive Megawide 1Q performance

Diversified engineering and infrastructure conglomerate Megawide Construction Corporation (“the Company”) posted unaudited consolidated revenues of PhP3.56 billion in the first three months of 2019, 10% higher than the fourth quarter of 2018. Net income for the period was recorded at PhP281.7 million.

In terms of segment, construction remained the core revenue driver at 72%, followed by airport operations with a 25% share. The balance of 3% came from the combined airport merchandising and terminal operations.

The Company’s earnings before interest, taxes, depreciation and amortization or EBITDA likewise remained healthy at PhP 1.18 billion from PhP1.02 billion a quarter ago.

Construction picks up

Revenue from the construction business began to pick-up in the first quarter and amounted to PhP2.57 billion, improving 10% from the previous quarter’s P2.34 billion, as the Company ramped up structural works on recently awarded contracts.

On-going projects that contributed to first quarter revenue included Araneta’s Gateway Mall 2; 8990’s Urban Deca Ortigas and Tondo; and Taft Properties’ Taft East Gate, among others.

“We expect to sustain this growth throughout the year as our existing projects also steadily increase accomplishment levels,” said Edgar Saavedra, Megawide Chairman and CEO.

Meanwhile, new contracts secured in 2019 reached PhP6.2 billion, which included Megaworld’s Sunset BPO, Gentry Manor and Empire East Highland Mall. This brought outstanding order book to PhP53.68 billion as of end-March 2019 and provides revenue visibility for the next two to three years.

Airport operations sustain momentum

Airport operations also continued to show steady improvement after the opening of Terminal 2 last July 2018. In the first quarter, revenues rose by 9% from the previous quarter and 38% above the same period last year prior to the opening of Terminal 2.

This was driven largely by the 13% growth in total passenger volume to 3,050,644 passengers, with international and domestic passengers growing 11% and 15%, respectively. Domestic passengers comprised 66% of the total passenger mix while international passengers composed 34%. Air traffic volume likewise increased by 5% with international traffic rising by 10% and domestic traffic improving by 3%.

In January, MCI welcomed the China Southern Airlines maiden flight from Guangzhou while Juneyao Airlines relaunched their Shanghai – Cebu services. Meanwhile, Philippines AirAsia (Z2) launched its Cebu to Macau in February.

Several airlines operated chartered flights during the Chinese New Year peak season. EVA Air added flights from Taipei (TPE), while China Eastern Airlines brought in passengers from Nanjing (NKG) and



Wuxi (WUX). Philippine Airlines also operated flights from Wenzhou (WNZ), Hangzhou (HGH), Nanjing (NKG), and Chengdu (CTU).

As of March 2019, MCI is serving 30 domestic and 20 international destinations with 25 partner carriers.

Landport operations build up capacity

After its opening in November last year, the Parañaque Integrated Terminal Exchange (PITX) generated PhP20 million in revenue during the first three months of 2019. This share is expected to become more significant as commercial spaces open by the third and fourth quarters of the year.

The terminal is expected to house a number of exciting brands and F&B establishments which will cater to the varying needs of the passengers and the surrounding communities. These include service-oriented tenants, fast food chains and leading Filipino retailers mixed with international concepts showcasing the latest offerings.

Philippine fashion-forward retailer Bench has already opened its doors, while unfolding in the coming months are fast food favorites Jollibee, Chowking, Mang Inasal, Subway, and Wendys. Convenience offerings such as 7-11 and Alfamart will soon provide every day essentials to customers, while Anytime Fitness will also be opening soon as part of the health and wellness offerings at PITX.

Foot traffic in the terminal grew daily from less than 10,000 at the start of operations to an average of 40,000 passengers daily as of March 2019 (or about 55,000 passengers daily as of the first half of May 2019), despite the still limited number of buses using the terminal.

Connectivity at PITX is also expected to improve with the addition of more units to existing routes and new long-haul routes, such as PITX-Lucena launched last May 2 and those coming from Visayas and Mindanao that will be commissioned soon. With the constant cooperation from government agencies and other stakeholders, the terminal is on its way to reach its projected traffic of 100,000 passengers daily.

“Overall, our different portfolios are sustaining their strong performances as they mature, particularly the concession assets, which provide steady and recurring income sources. We are also seeing the upturn in the construction business from a slow 2018 as existing projects steadily increase completion levels and contribute to revenues. These initial trends are expected to continue as we progress into the year,” said Edgar Saavedra, Megawide Chairman and CEO.

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