



Engineering A First-world Philippines

# **ANALYST BRIEFING**

## First Nine Months of 2018



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# 9M2018 CONSOLIDATED INCOME STATEMENT

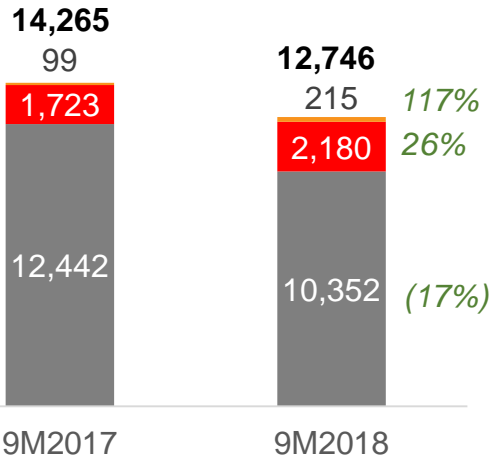
In Php M	9M 2018	9M 2017	Mov't	%	Remarks
<b>Total Revenues</b>	<b>12,746</b>	<b>14,265</b>	<b>(1,519)</b>	<b>(11%)</b>	Lower construction revenues
<i>Construction</i>	10,352	12,443	(2,091)	(17%)	Due to timing of new projects
<i>Airport Operations</i>	2,180	1,723	456	26%	15% growth in passenger volume
<i>Airport Merchandising</i>	215	99	116	117%	
<b>Direct Costs</b>	<b>9,128</b>	<b>10,860</b>	<b>(1,731)</b>	<b>(16%)</b>	
<i>Construction</i>	8,618	10,520	(1,902)	(18%)	In line with lower revenue
<i>Airport Operations</i>	459	313	146	46%	Increase in amortization and utilities of T2
<i>Airport Merchandising</i>	51	26	25	97%	In line with growth of revenue
<b>Gross Profit</b>	<b>3,618</b>	<b>3,405</b>	<b>213</b>	<b>6%</b>	
<b>Other Operating Expenses</b>	<b>935</b>	<b>819</b>	<b>116</b>	<b>14%</b>	Due to airport operations and merchandising
<b>Operating Profit</b>	<b>2,683</b>	<b>2,587</b>	<b>96</b>	<b>4%</b>	
<b>Other Income (Charges)</b>	<b>(588)</b>	<b>(437)</b>	<b>(151)</b>	<b>35%</b>	Due to increase in finance costs
<b>Profit before tax</b>	<b>2,095</b>	<b>2,149</b>	<b>(55)</b>	<b>(3%)</b>	
<b>Tax Expense</b>	<b>375</b>	<b>434</b>	<b>(59)</b>	<b>(14%)</b>	In line with profit before tax performance
<b>Income before Non Controlling Interest</b>	<b>1,720</b>	<b>1,716</b>	<b>4</b>	<b>0%</b>	92% of full year 2018 guidance
<b>Non-Controlling Interest</b>	<b>399</b>	<b>333</b>	<b>66</b>	<b>20%</b>	
<b>NIAT Attributable to MWIDE Equity Holders</b>	<b>1,321</b>	<b>1,383</b>	<b>(62)</b>	<b>(4%)</b>	

# 9M2018 FINANCIAL HIGHLIGHTS

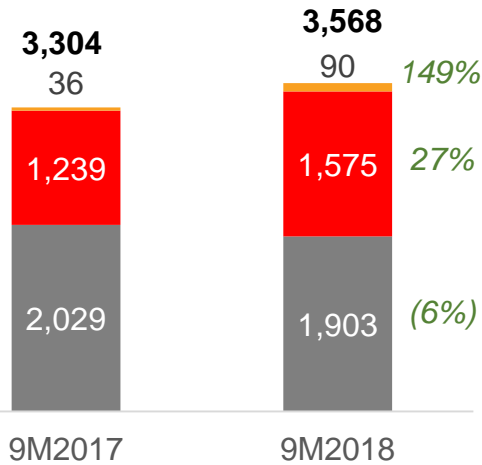
■ Construction ■ Airport ■ Merchandising % Change

## YoY PERFORMANCE

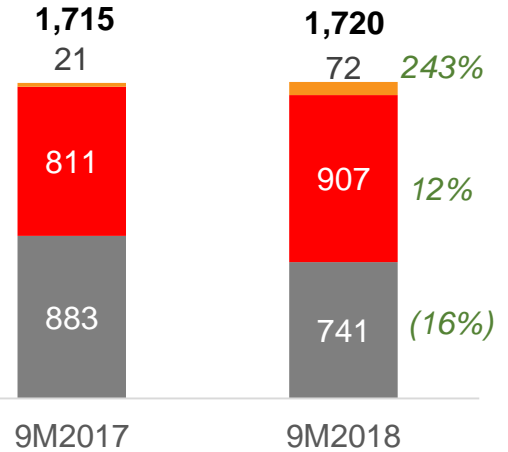
### Revenues (Pm)



### EBITDA (Pm)

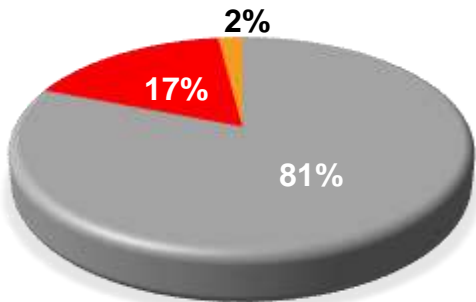


### Net Income (Pm)

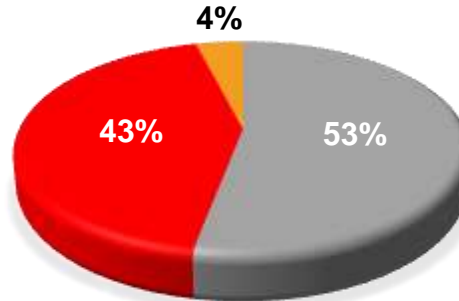


## % SHARE

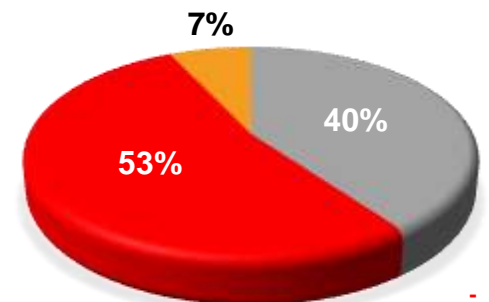
### REVENUE



### EBITDA



### NET INCOME



# MARGIN PERFORMANCE

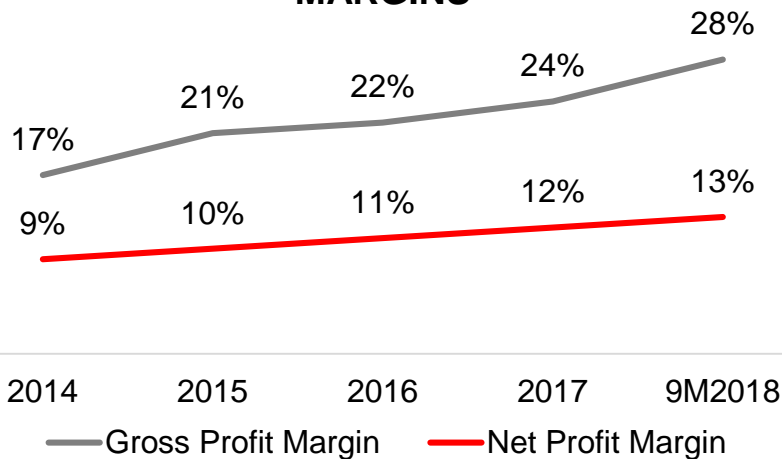
<i>In Php M</i>	9M 2018	9M 2017	FY 2017	FY 2016
<b>Gross Profit Margin</b>	28%	24%	24%	22%
<i>Construction</i>	17%	15%	16%	15%
<i>Airport Operations</i>	79%	82%	82%	81%
<i>Airport Merchandising</i>	76%	74%	72%	-
<b>EBITDA Margin</b>	28%	23%	22%	20%
<i>Construction</i>	18%	16%	15%	15%
<i>Airport Operations</i>	72%	72%	71%	70%
<i>Airport Merchandising</i>	42%	37%	43%	-
<b>Net Income Margin</b>	13%	12%	12%	11%
<i>Construction</i>	7%	7%	7%	6%
<i>Airport Operations</i>	42%	47%	49%	48%
<i>Airport Merchandising</i>	34%	21%	29%	-

# FINANCIAL POSITION

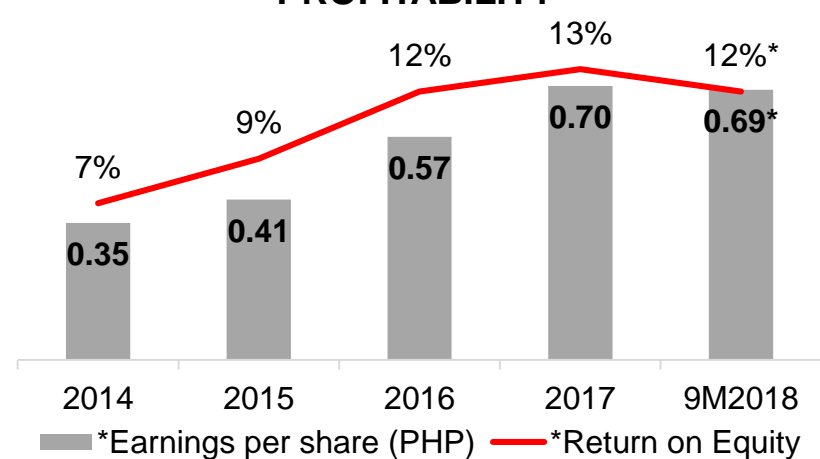
In Php M	30-Sep-18	31-Dec-17	Movement	% Change
Cash & Financial Assets	8,751	8,140	611	8%
Other Current Assets	12,977	10,559	2,418	23%
Total Current Assets	21,728	18,699	3,029	16%
Concession Assets	27,991	25,608	2,383	9%
Total Non Current Assets	40,351	35,719	4,632	13%
Total Assets	62,079	54,418	7,661	14%
Current Liabilities	11,286	9,413	1,873	20%
Non Current Liabilities	31,198	26,869	4,329	16%
Total Liabilities	42,484	36,282	6,202	17%
Equity	19,595	18,136	1,459	8%

# LIQUIDITY AND GEARING RATIOS

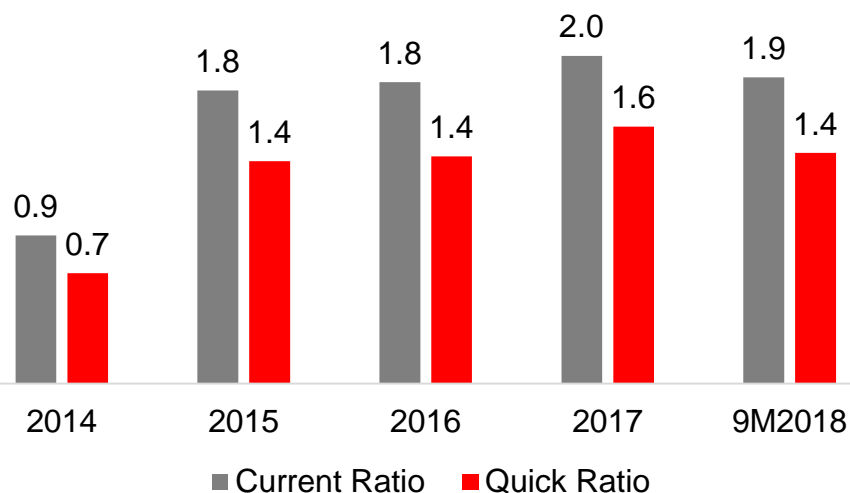
## MARGINS



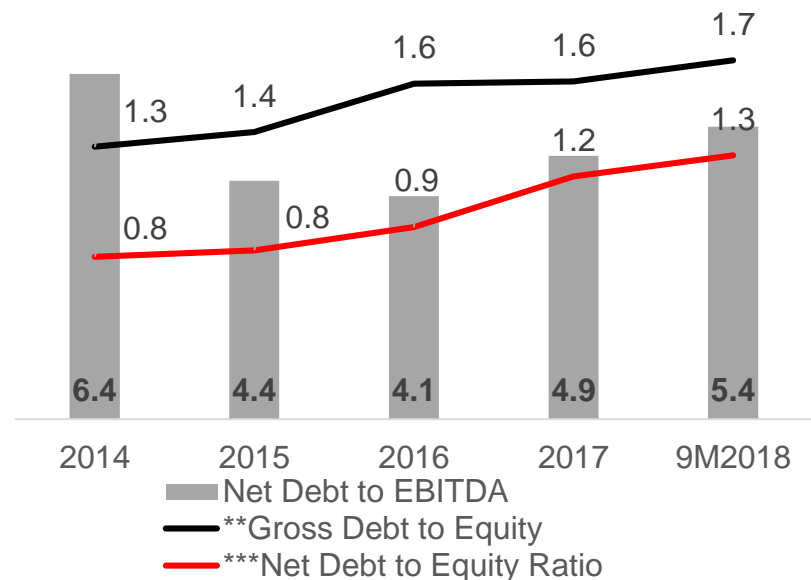
## PROFITABILITY



## LIQUIDITY



## SOLVENCY



\* Annualized

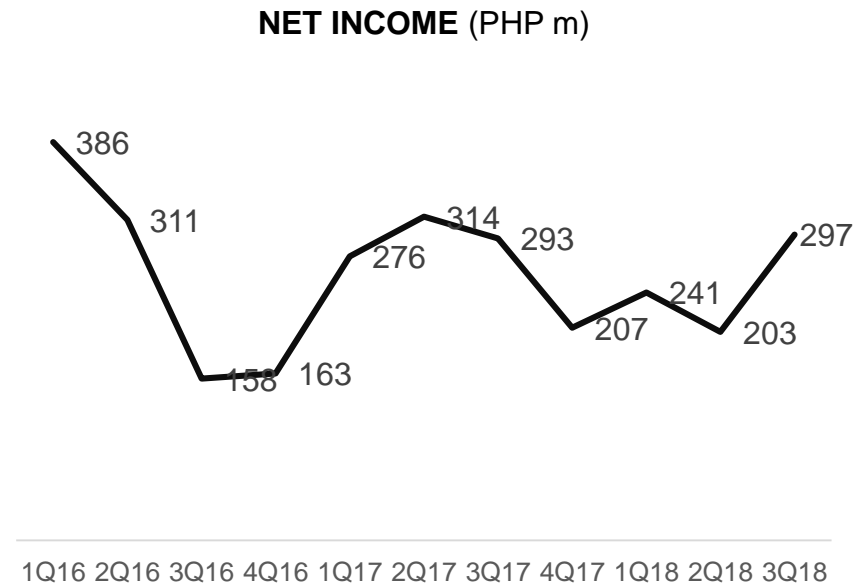
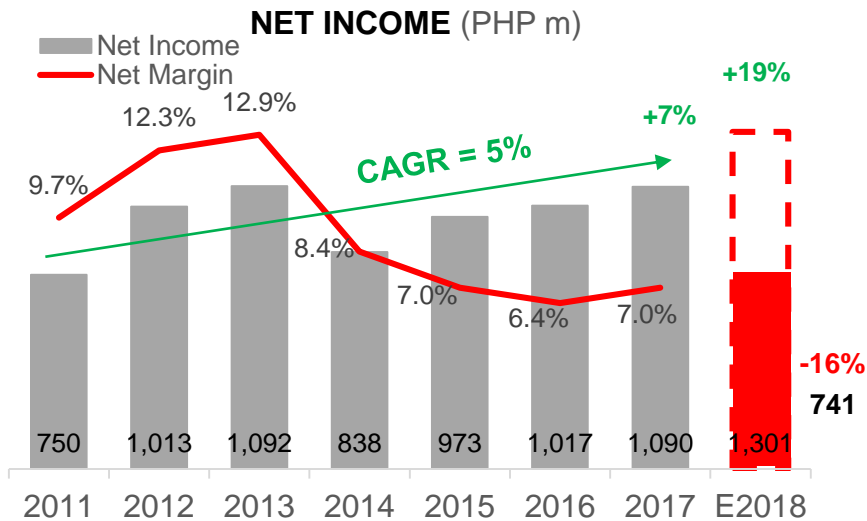
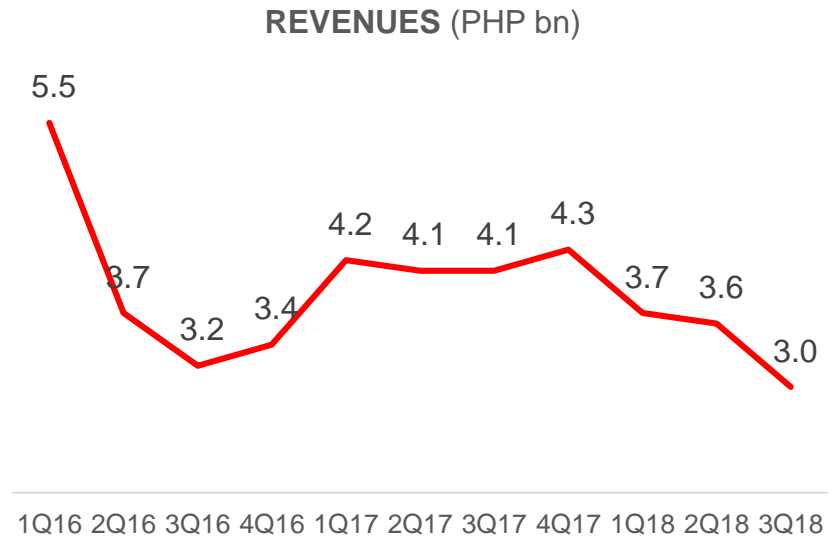
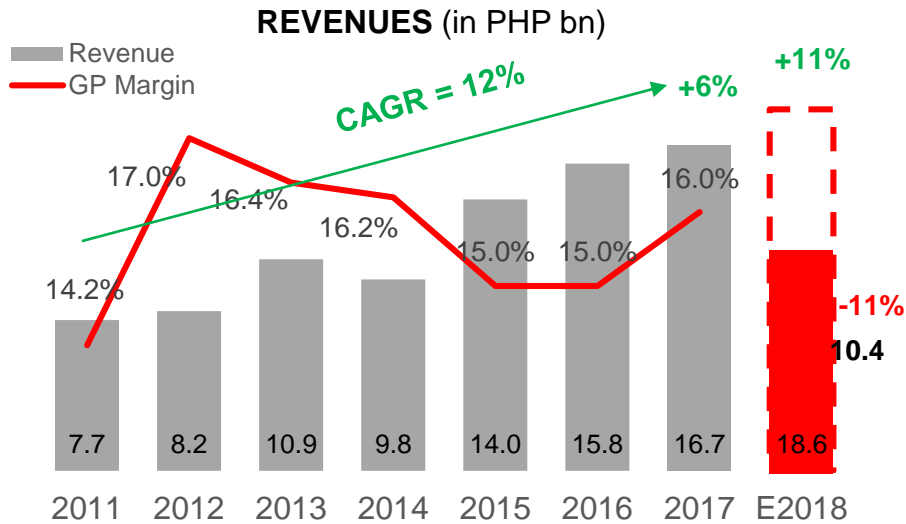
\*\* Interest Bearing loans: 9M18 – P30.1bn

\*\*\* Net debt: 9M18 - P23.6bn

# 1 ENGINEERING, PROCUREMENT, and CONSTRUCTION (EPC)



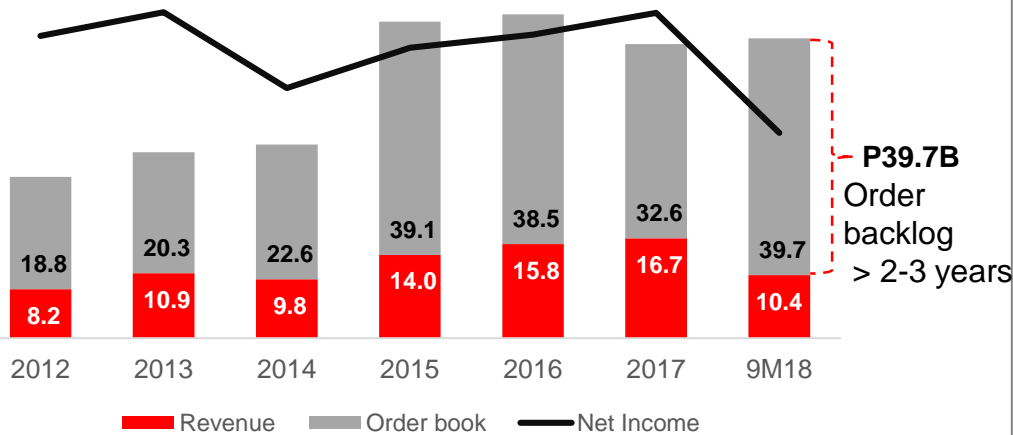
# SOLID CONSTRUCTION REVENUES



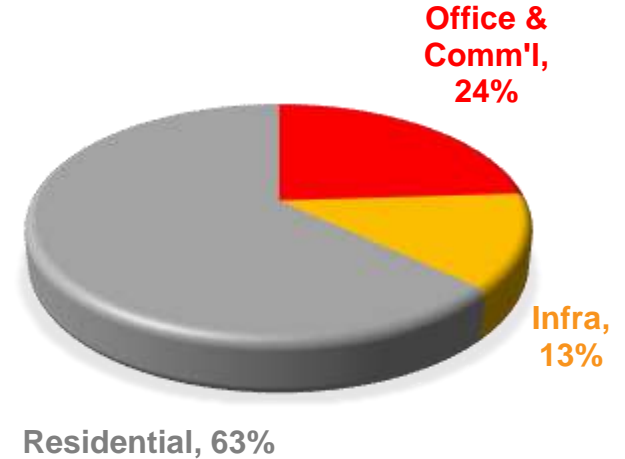
\* 2015 Expiration of ITH

# HEALTHY PROJECT PIPELINE

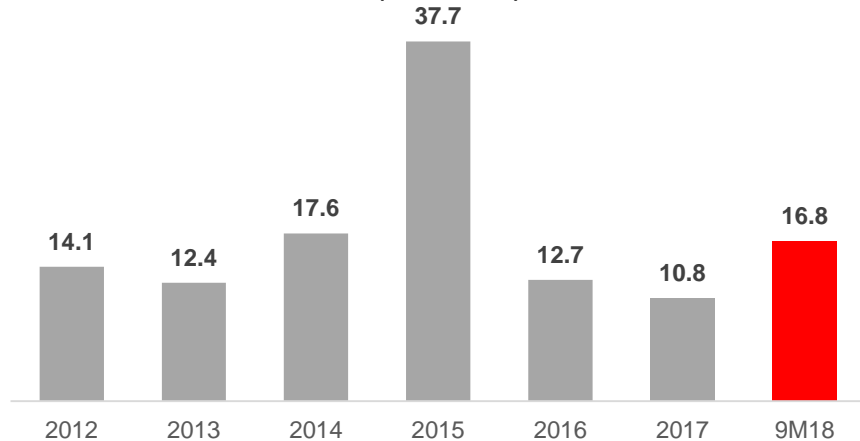
## ORDER BOOK VS REVENUE



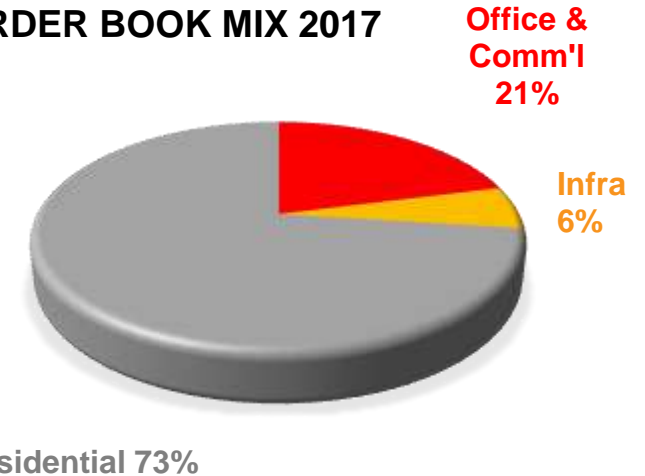
## ORDER BOOK MIX 9M18



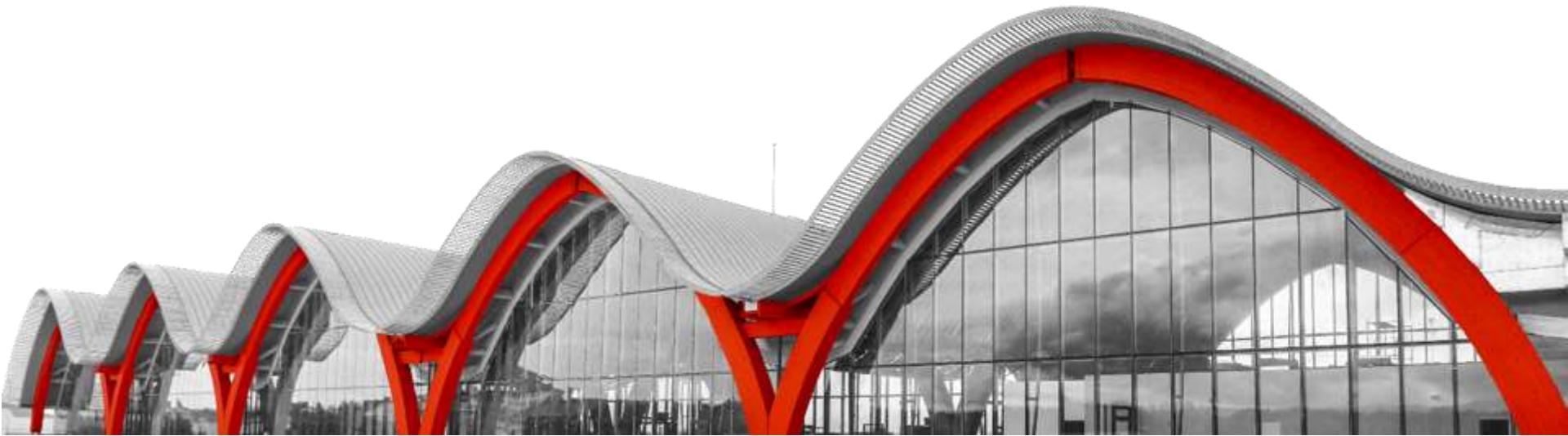
## NEW CONTRACTS (PHP bn)



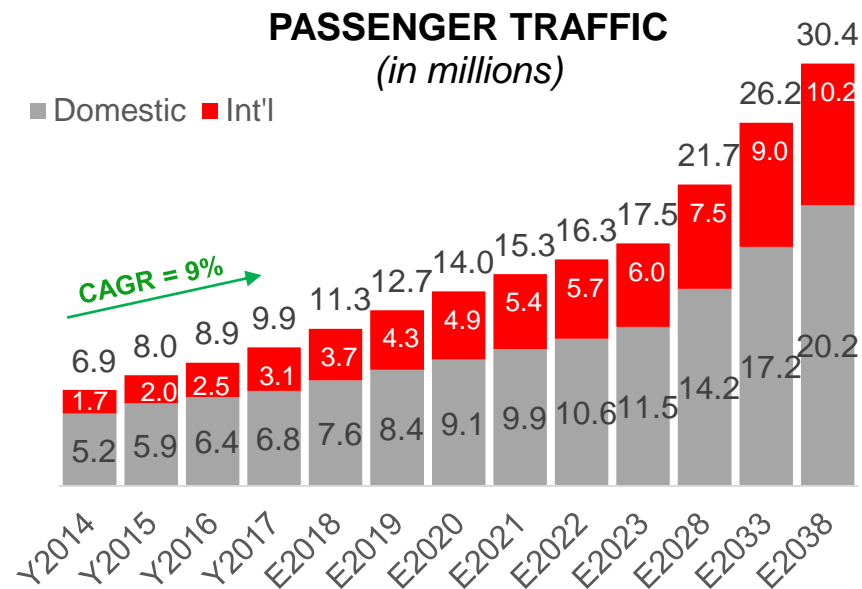
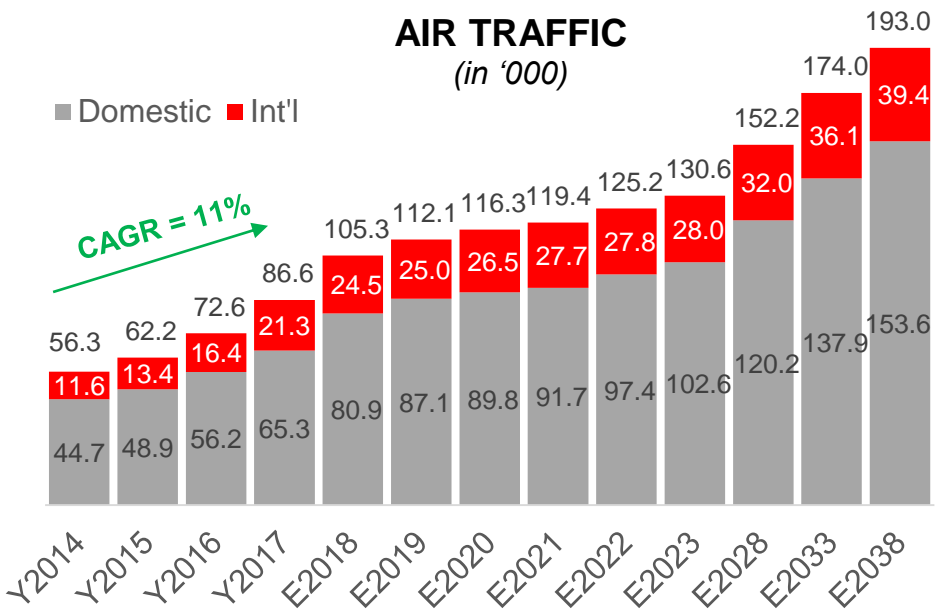
## ORDER BOOK MIX 2017



## 2 AIRPORT BUSINESS SEGMENT



# ROBUST TRAFFIC GROWTH



## Air Traffic Volume

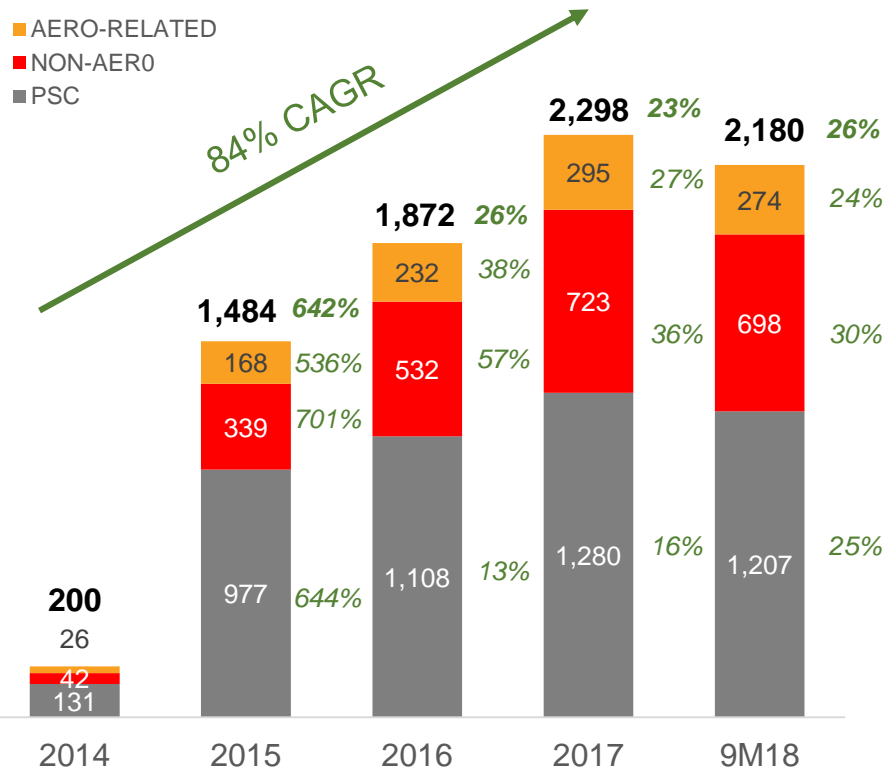
	<u>2017</u>	<u>2016</u>	<u>% Increase</u>
<b>Domestic</b>	<b>65,300</b>	56,210	16%
<b>International</b>	<b>21,300</b>	16,383	30%
<b>Total</b>	<b>86,600</b>	72,593	19%
	<u>9M2018</u>	<u>9M2017</u>	<u>% Increase</u>
<b>Domestic</b>	<b>55,286</b>	49,338	12%
<b>International</b>	<b>19,204</b>	15,890	21%
<b>Total</b>	<b>74,490</b>	65,228	14%

## Passenger Volume Growth

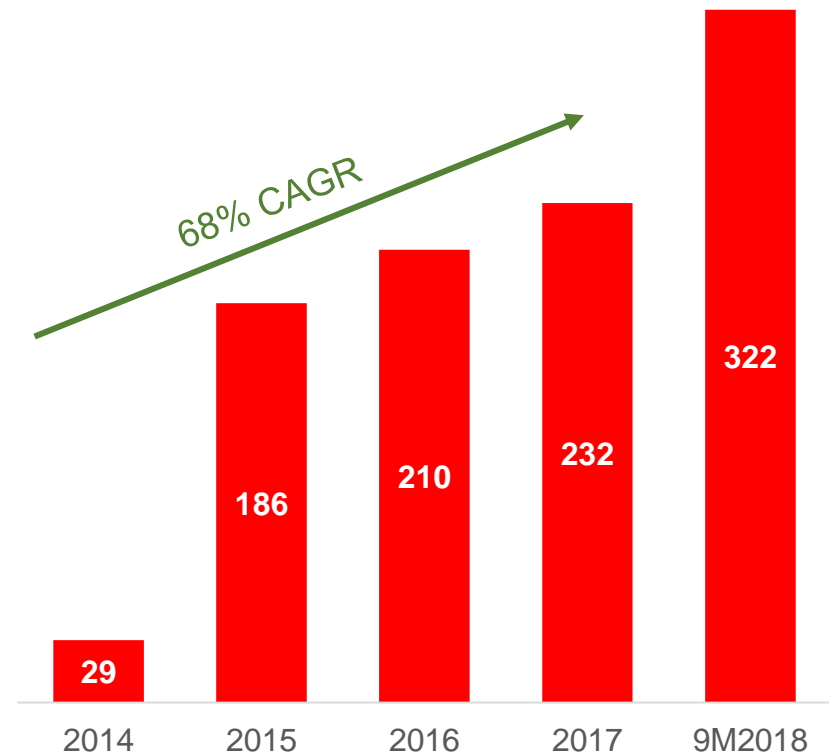
	<u>2017</u>	<u>2016</u>	<u>% Increase</u>
<b>Domestic</b>	<b>6.84</b>	6.38	7%
<b>International</b>	<b>3.13</b>	2.52	24%
<b>Total</b>	<b>9.97</b>	8.89	12%
	<u>9M2018</u>	<u>9M2017</u>	<u>% Increase</u>
<b>Domestic</b>	<b>5.70</b>	5.12	11%
<b>International</b>	<b>2.94</b>	2.37	24%
<b>Total</b>	<b>8.64</b>	7.50	15%

# STEADILY GROWING REVENUES

**AIRPORT REVENUE\***  
(In Php M)

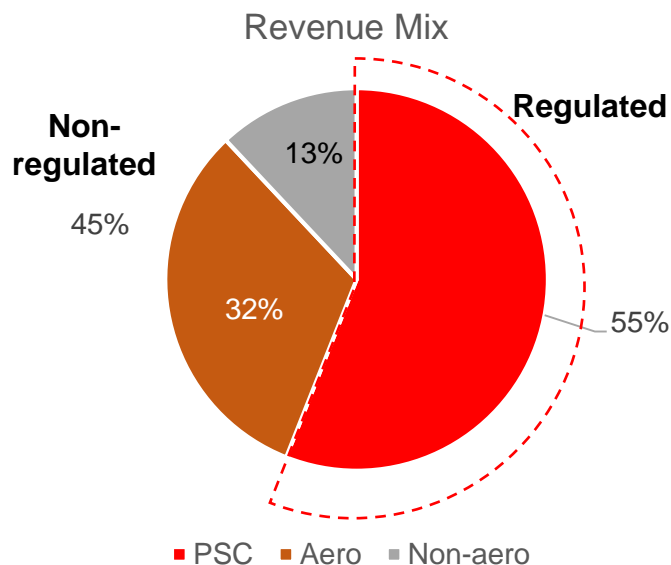


**REVENUE PER PASSENGER**  
(PHP)

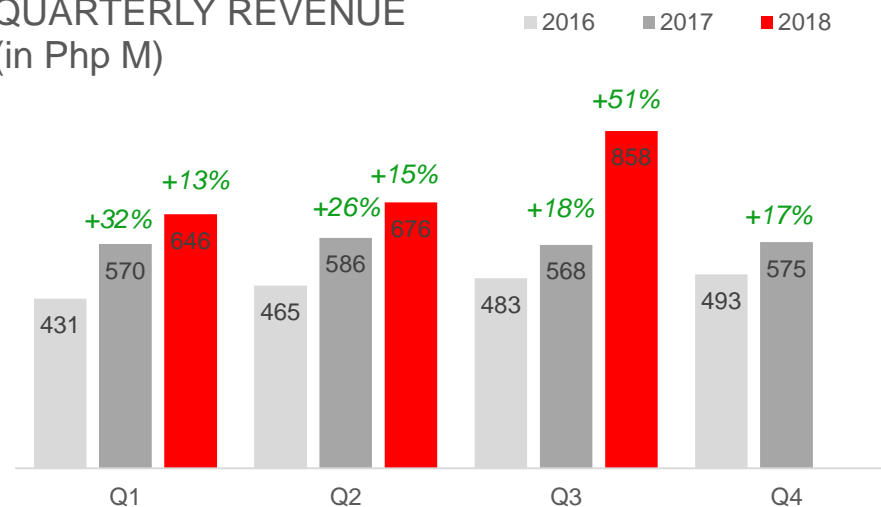


\* excludes airport merchandising revenues of P215M

# DIVERSE RECURRING STREAMS



QUARTERLY REVENUE  
(in Php M)



<b>Passenger Service Charge (PSC)</b>	1 <sup>st</sup> Step-Up: Effective June 2015 2 <sup>nd</sup> Step-Up: Effective July 2018 Domestic – retained at P300 International – from P750 to P850
<b>Aero Related</b>	Aircraft service charges – fees from airlines for the payment for aero bridges, ground handling, fuel, etc.
<b>Non-aero</b>	Rental revenues from concession tenants such and Retail. Also includes advertising, car parking and other rental revenues

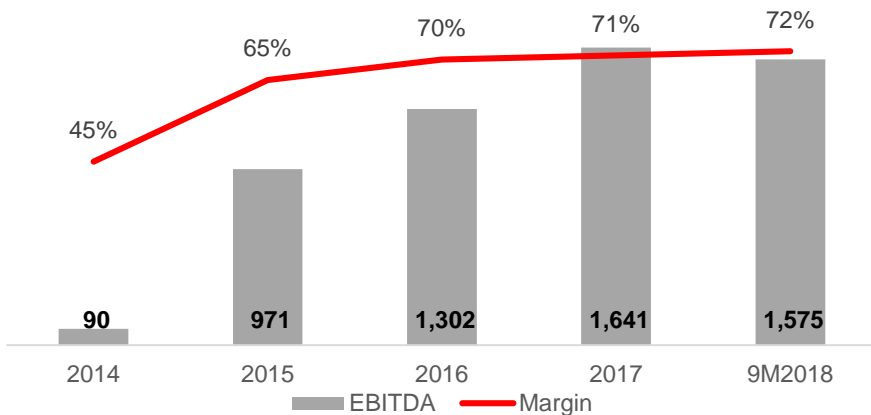
FINANCIAL RATIOS	2017	2016	2015
Current Ratio	1.0	1.3	0.4
Gross Debt to Equity	2.7	2.6	2.5
Net Debt to Equity	2.5	2.3	2.5
Gross Debt to EBITDA	12.4	13.0	14.4
Return on Equity	16%	15%	9%

\*Non-regulated: commercial revenues + aero-related

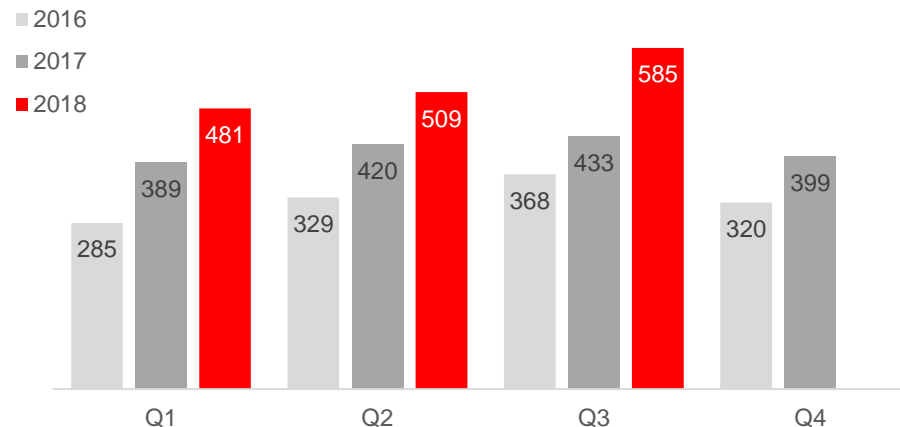
# HEALTHY FINANCIAL PERFORMANCE

## EBITDA\*

### ANNUAL

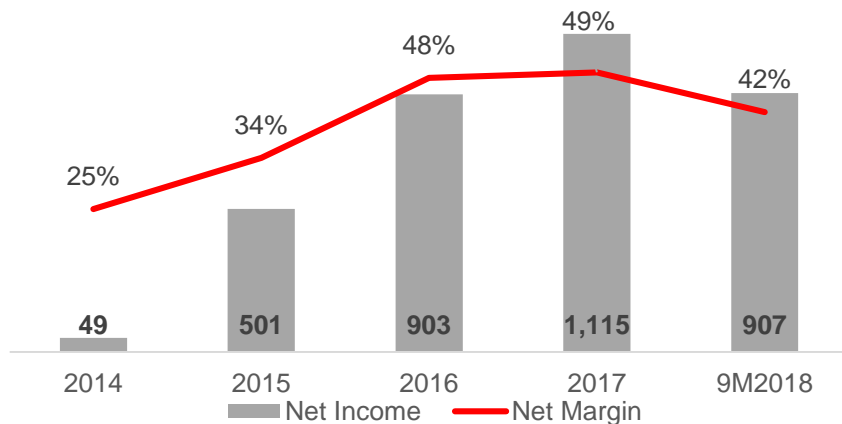


### QUARTERLY

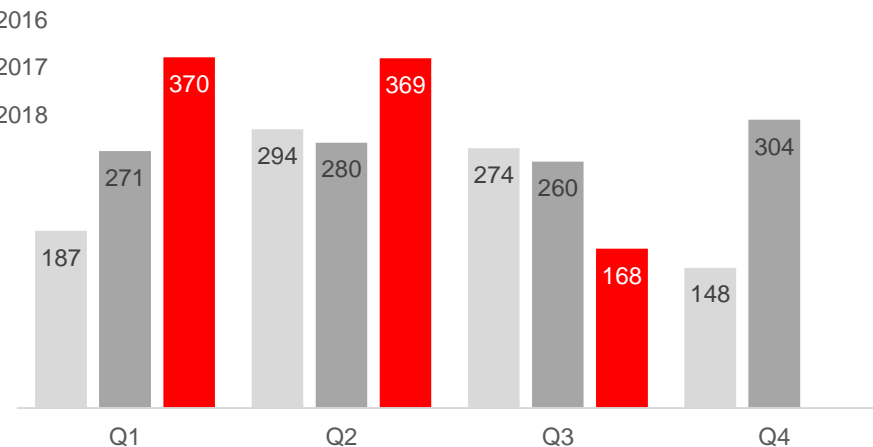


## NET INCOME

### ANNUAL



### QUARTERLY



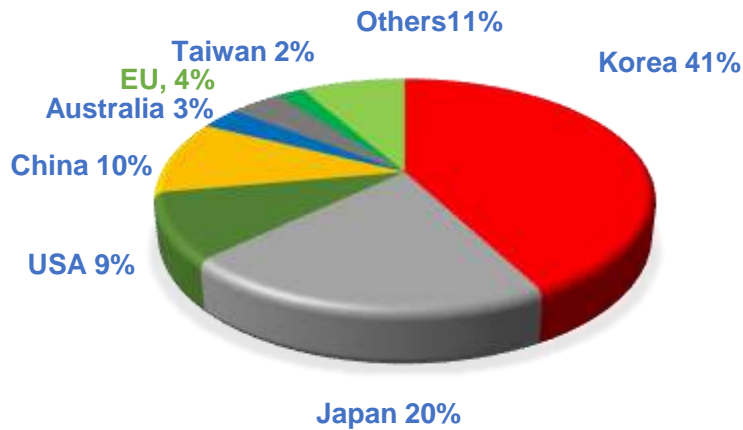
\* excludes airport merchandising EBITDA of P90M and NI of P72M and using UOP method of depreciation effective 1Q18

# GROWING PASSENGER MIX

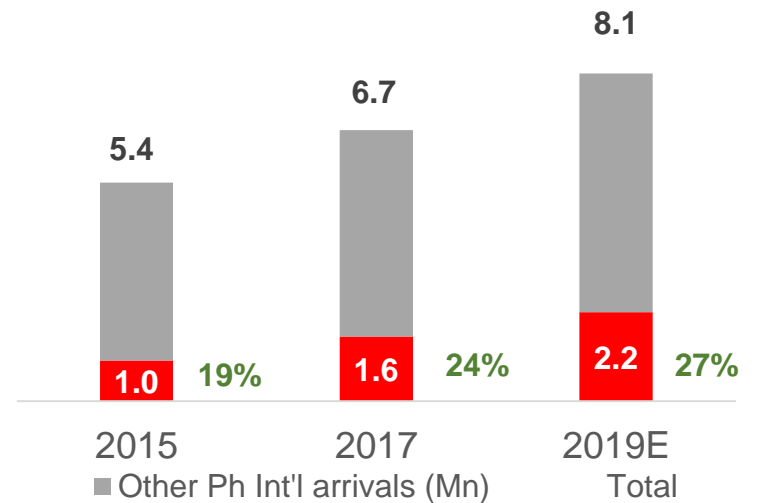
## Passenger Mix



### Breakdown of International Tourists 2017



### % of Cebu to Total PH Int'l Arrivals



# 3 INTEGRATED TRANSPORT EXCHANGE BUSINESS SEGMENT



# FIRST LANDPORT IN THE PHILIPPINES



<b>Owner</b>	<b>MWM Terminals (Megawide-Waltermart)*</b>
<b>Location</b>	Manila-Cavite Expressway, Paranaque City
<b>Project Size</b>	4.59 Hectares
<b>Agreement</b>	Build-Transfer-Operate for 35 years
<b>Project Cost</b>	Php 5.6 B
<b>Opening Date</b>	Nov 4, 2018

**PITX is the first Landport in the Philippines. It will serve passengers going to and from provinces southwest of Metro Manila and vice versa.**

- ❑ 35-year PPP contract
- ❑ Build-Transfer-Operate modality
- ❑ 1 terminal area; 1,000 buses/ 200k passengers
- ❑ 4 office-grade towers, 17.9K GLA each
- ❑ 12K retail GLA

# LOCATION AND CONNECTIVITY

Located at the southwest of Metro Manila, PITX will serve as a major connecting hub between Cavite and Metro Manila.

Expected ~50,000 pax daily by provincial buses

Major Sources	% pax <sup>1</sup>	% buses <sup>2</sup>
Cavite City	37%	15%
Dasmariñas	9%	8%
Imus	8%	2%
General Trias	5%	2%
Kawit	5%	0%
Trece Martires	5%	9%

Major Destinations	% pax <sup>1</sup>	% buses <sup>2</sup>
Pasay	28%	19%
Taguig	28%	0%
Parañaque	10%	26%

## Other nearby connections

- Mall of Asia Ferry Terminal (North)
- LRT-1 Asia World Station (North Avenue Station to Dr. Santos Station)
- MRT-3 (Edsa Taft Station to LRT-1 Baclaran Station)



# TERMINAL FEATURES

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## Multi-modal Transport Options

- Provincial bus
  - City bus
  - UV Express Shuttle
  - P2P
  - PUJs/Taxi
  - Ride Sharing
  - Future LRT Connection
- **Centralized Ticketing System**
  - **Online Booking with Seat Selection**
  - **Public Information Displays**
  - **Terminal Management System**

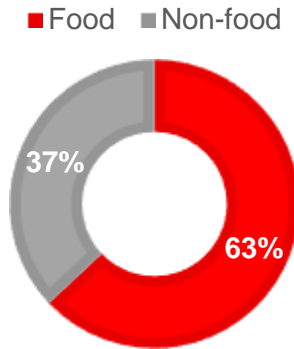


# RECURRING REVENUE STREAMS

## RETAIL PODIUM

(12K sqms retail GLA) ongoing leasing

- Others
- Bank
  - Apparel
  - Grocery
  - Services



## OFFICE TOWERS

(18K sqms GLA/tower)



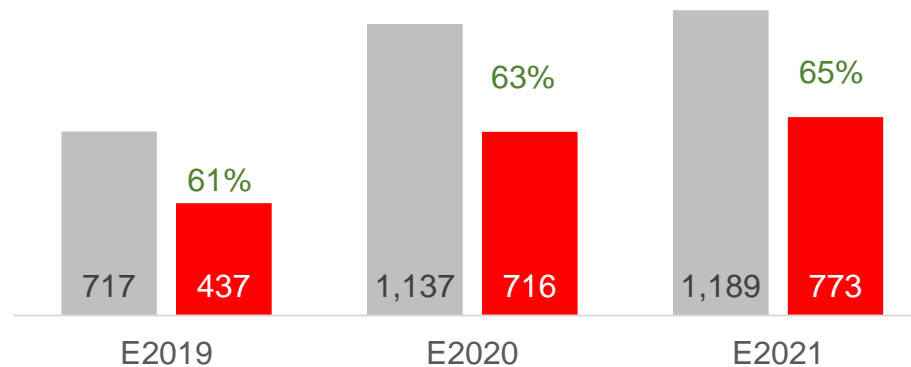
### Towers 1 & 2

- Completion end-2018
- Pre-leased

### Towers 3 & 4

- For completion 1H2019
- Ongoing negotiations for pre-leasing

■ Lease revenue (PHPm) ■ EBITDA (PHPm)  
EBITDA Margin



# BUSINESS UPDATES



# CLARK INTERNATIONAL AIRPORT (Hybrid PPP)

## Engineering Procurement & Construction

- Construction of new building terminal to accommodate 8 mppa
- Contract Cost: P9.36 Billion
- 50-50 JV with GMR
- Hybrid PPP Structure: Build-and-Transfer (BT)
- Construction Period: May 2018 – May 2020
- Payment Terms based on three milestones, upon completion of:
  1. the shell of the new building terminal
  2. the landside facilities
  3. the remaining balance of work

## Operations and Maintenance (O&M)

November 9, 2018 Bidding

### Bought bid documents:

- Megawide-GMR
- Metro Pacific Investments Corp.
- Filinvest Development Corp.
- San Miguel Holdings Corp.
- Prime Asset Ventures, Inc.
- Central Luzon Infrastructure Consultancy, Inc. consortium;
- GVK Airport Developers Ltd.
- Groupe ADP.

### Participated:

- **Filinvest North Luzon Airport Consortium:** Filinvest Development Corp., Gokongweiled JG Summit Holdings, Inc., Philippine Airport Ground Support Solutions, Inc., and Changi Airport Philippines.
- **X-Droid Consortium:** Angkasa Pura II, Globalport 900, Inc., Mazy's Capital, Inc. and Desco, Inc. and Philippines AirAsia, Inc.



# MCIA EXPANSION PROJECT (Unsolicited Proposal)



## Three Main Phases:

**Phase 1:** Takeover airside facility and subsequently undertake the following:

- rehabilitation of the existing runway and taxiways
- construction of an additional full length parallel taxiway
- development of additional rapid exit taxiways and runway holding positions

**Phase 2:** Construction of a second parallel and independent runway

**Phase 3:** Construction of Terminal 3

- Submitted 07 June 2017
- Investment: P208 billion (US\$4 billion)
- Original Proponent Status
- Awaiting NEDA approval

## Progressive Property Dev't Opportunity

6.5 Hectares land as part of the existing concession, ripe for development for mixed-use concept.

# NAIA REHABILITATION PROJECT (Unsolicited Proposal)



Megawide-GMR	Proposal
Project Cost	<b>P150Bn</b>
Concession Period	<b>18 Years</b>
Technical Partner	<b>Mitre Corporation</b>
3 <sup>rd</sup> Runway	<b>Not viable</b>
Passenger Volume in 4 years	<b>72 mppa</b>
Aircraft movement/hr	<b>40-60</b>

Infrastructure Plan
<b>1. Improve airside capacity and implement terminal improvements</b>
<b>2. Introduction of key performance measures</b>
<b>3. Building future capacity</b>

# PNR EAST WEST RAIL PROJECT (Unsolicited Proposal)

- In October 2015, the Consortium of East West Rail Corporation (EWRC) and Alloy MTD (Alloy) made an unsolicited proposal for undertaking the East West Transit Rail Project, which is a 9.7 km railway line in Metro Manila.
- On 27th March, 2017, Megawide entered into an Investment Agreement with EWRTC to acquire 60% stake in the consortium.
- The project is subdivided into two components:
  - Build-Transfer (BT) for the construction, civil works and electromechanical systems; and
  - Build-Operate-Transfer (BOT) for the operations & management (O&M) for 30 years.

Stations	Type	Connecting Network
Lerma	Elevated	LRT-1, LRT-2
UST	Elevated	
Antipolo	Elevated	PNR
Welcome Rotonda	Elevated	
Banawe	Elevated	
G. Araneta	Elevated	
Roces	Elevated	
Timog	Elevated	
EDSA	Underground	
Quezon Memorial	Underground	MRT-3
University Avenue	Underground	MRT-7



Q & A

# COMPANY INFORMATION

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<b>Company Name</b>	Megawide Construction Corporation
<b>Office Address</b>	20 N. Domingo St., Brgy. Valencia, Quezon City
<b>Telephone Numbers</b>	(02) 655-1111
<b>Website</b>	<a href="http://www.megawide.com.ph">www.megawide.com.ph</a> <ul style="list-style-type: none"><li>• <a href="https://fb.com/MegawideConstructionCorporationOfficial">fb.com/MegawideConstructionCorporationOfficial</a></li><li>• <a href="https://twitter.com/megawidebuilds">twitter.com/megawidebuilds</a></li></ul>
<b>Email Address</b>	<a href="mailto:investorrelations@megawide.com.ph">investorrelations@megawide.com.ph</a>