

**MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING**  
**MEGAWIDE CONSTRUCTION CORPORATION**  
**Held on July 2, 2018**  
**Garden Ballroom EDSA Shangri-la Hotel**  
**1 Garden Way, Ortigas Center**  
**Mandaluyong City**

**I. CALL TO ORDER**

The Chairman of Megawide Construction Corporation (“Megawide” or the “Corporation”) called the meeting to order at 2:00 p.m. The host introduced the members of the Board of Directors present during the meeting:

Chairman	-	Edgar B. Saavedra
Director	-	Manuel Louie B. Ferrer
Director	-	Oliver Y. Tan
Independent 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. Celso P. Vivas.

**II. NOTICE AND QUORUM**

The Corporate Secretary certified that: (i) the notices of the meeting were sent to stockholders of record as of April 30, 2018, in accordance with the By-laws of the Corporation; (ii) stockholders representing 70.83% of the outstanding voting stock of the Corporation, or 1,514,873,473 shares, are present in person or represented by proxy; and (iii) a quorum existed.

**III. APPROVAL OF THE MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING HELD ON SEPTEMBER 18, 2017**

**Agenda Item 3:** To approve the Minutes of the Annual Stockholders' Meeting held on September 18, 2017, which contains the following: (a) Approval of the Minutes of the Annual Stockholders Meeting held on September 16, 2016; (b) Chairman's Address; (c) President's Report; (d) Election of Directors; (e) Approval of the 2016 Audited Financial Statements; (f) Appointment of External Auditor; (g) Ratification of all Acts of Management and the Board of Directors; and (h) Amendment of the Articles of Incorporation.

**Resolution:** On motion duly seconded, the shareholders representing 100% of the 1,514,873,473 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, 2017 Annual Stockholders’ Meeting and the same is approved as presented.”

#### **IV. PRESIDENT’S REPORT**

The President and Chairman of the Board of Directors, Engr. Edgar B. Saavedra, reported on the operational highlights of the Corporation for the year 2017:

- Megawide exceeded its 2017 targets with a recorded P19.2 billion in consolidated revenues. This is a 9% year-on-year growth from 2016. Construction is still Megawide’s main revenue source with 87%, while the airport business brought in 12%; gross profit margin ended at 24%.
- Consolidated EBITDA rose by 19% to P4.3 billion with revenue growing at a faster pace and tempered operating expenses; 61% was generated by the EPC business and 39% by the airport business.
- The airport business contributed 52% of the total net profit while EPC contributed 48%. Consolidated net income before controlling interest ended at P2.2 billion, 17% higher than 2016. Net income attributable to Megawide equity holders amounted to P1.8 billion, 14% higher compared to the same period last year.
- The balance sheet remained at a healthy level to support future projects, with total assets increasing by 7% to P54.4 billion. Megawide’s loan covenants allow the Corporation up to 2x gross debt-to-equity and ended 2017 at 1.60x while net debt-to-equity stood at 1.13x on a consolidated level.
- At the end of the year, Megawide stock price performed 22% better than 2016 to end at P18.00, a testament to the trust of the investing public in the direction of Megawide. This resulted to a market capitalization of P38.5 billion, the highest so far since Megawide’s market debut in 2011.
- The EPC business segment remained Megawide’s largest revenue contributor, forming 87% of the Megawide Group’s total revenue at P16.7 billion, a 6% increase from P15.8 billion last year mainly due to the upswing in private sector projects.
- Gross profit margin is maintained within Megawide’s comfort level at 16%. The Corporation’s EPC business contributed 61% to the Megawide Group’s EBITDA. Net income, which represents 48% of consolidated net profit, grew by 7% to P1.1 billion. This translates to a net income after tax of 7%.
- Megawide’s total order book at P32.6 billion, as of year-end, provides two years revenue visibility. Megawide continues to grow its new contracts,

with P10.8 billion worth of new projects in 2017, mainly from private sector projects. 58% of these new projects were booked towards the last quarter of 2017. Backlog is comprised of 73% residential, 23% office and commercial, and 6% infrastructure.

- Megawide will grow its portfolio of infrastructure projects even as an EPC contractor. The EPC contract for Clark International Airport already forms part of Megawide's order book for the first quarter of 2018.
- Megawide's airport operations accounted for 12% of the Megawide Group's total revenue at P2.3 billion, 23% higher than 2016's P1.9 billion. This is attributed to growth in the three revenue streams of the airport: Passenger Service Charge or PSC, Aero related, and Non-aero or Commercial Revenues. PSC brought in 56% of revenue or P1.3 billion, which increased by 16%. Aero revenues derived from airline-related services contributed 13% as it grew by 27% to P295 million. Non-aero revenues posted the highest growth to P723 million, driven by the improvements in retail space and a better tenant mix. This accounted for 31% of the total airport revenues.
- EBITDA rose by 26% to P1.6 billion. Net income also increased by 24% to P1.1 billion, with net income margin improving to 49% from 48% in the prior year.
- MCI A is serving 35 domestic and 22 international destinations, with 25 airline carriers. As a result, air traffic movement increased by 19%, with 30% growth for international and 16% for domestic.
- The aggressive airline and destination marketing initiatives allowed Megawide to launch new routes and airlines. This led to an overall increase in passenger throughput at 12% with MCI A handling 9.97 million passengers in 2017. Korea remains the leading international market but there has been substantial growth in the number of Japanese, American, and Chinese tourists.
- Domestic passengers comprised 69% of the total number, while international passengers comprised 31%. In 2018, MCI A targets a 14% rise in passenger volume to 11.3 million with Domestic growth seen at 12% and international at 19%.

Mr. Saavedra also reported on the non-construction activities of Megawide, as follows:

- Megawide Foundation (the "Foundation") became a duly accredited entity by the Department of Social Welfare and Development and the Philippine Council for NGO Certification. The Foundation also became a member of the League of Corporate Foundations.
- In education, the Megawide Engineering Excellence Scholarship program added the Polytechnic University of the Philippines (PUP) as a partner school, along with the Technological University of the Philippines (TUP) and the University of the Philippines (UP) Diliman. From just 8 scholars when the program began in 2016, Megawide now has 28 scholars from

these 3 universities. This 2018, the Pamantasan ng Lungsod ng Maynila will be added as a new partner school. Megawide aims to more than double its number of scholars this year.

- Another milestone for the education program is the Megawide Centers of Excellence. Megawide supported TUP in their quest to attain “Center of Excellence” status by donating equipment to their engineering department. Moreover, in partnership with the Department of Education, the Foundation “adopted” two K-12 Tech-Voc schools in Nangka and Navotas, donating carpentry and plumbing tools and equipment to assist them in upgrading their programs.
- Under Building Green, Megawide is now in the second year of the 3-year tree-planting campaign, providing significant support to the Marikina Watershed Project. With Megawide’s partner Tulungan sa Kabuhayan ng Calawis, Inc., a total of 1,875 forest tree seedlings were planted on the 3-hectare reforestation site while on 2 hectares of agro-forestry were planted 1,250 fruit-bearing seedlings.

## V. ELECTION OF DIRECTORS

**Agenda Item 5:** 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	Approved	Disagreed/ Abstained
Edgar B. Saavedra	1,388,226,248	126,647,225
Michael C. Cosiquien	1,444,718,541	70,154,932
Hilario G. Davide, Jr.	1,398,146,307	116,727,166
Oliver Y. Tan	1,446,755,307	68,118,166
Leonilo G. Coronel	1,507,679,073	7,194,400
Manuel Louie B. Ferrer	1,384,035,626	130,837,847
Celso P. Vivas	1,399,972,918	114,900,555

**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. Edgar B. Saavedra
2. Oliver Y. Tan
3. Manuel Louie B. Ferrer

4. Michael C. Cosiquien
5. Chief Justice Hilario G. Davide, Jr. (Ret.) (independent director)
6. Leonilo G. Coronel (independent director)
7. Celso P. Vivas (independent director)."

## **VI. APPROVAL OF THE 2017 AUDITED FINANCIAL STATEMENTS**

**Agenda Item 6:** To approve the 2017 Audited Financial Statements.

**Resolution:** On motion duly seconded, the stockholders representing 99.99% of the shares or 1,513,945,073 shares represented during the meeting unanimously voted in favor of the following:

"RESOLVED, to approve the 2017 Audited Financial Statements as presented."

## **VII. APPOINTMENT OF EXTERNAL AUDITOR**

**Agenda Item 7:** To approve the appointment of Punongbayan & Araullo as external auditor.

**Resolution:** On motion duly seconded, the stockholders representing 100% of the shares or 1,514,873,473 shares represented during the meeting unanimously voted in favor of the following:

"RESOLVED, upon the recommendation of the Audit and Risk Management Committee, to appoint Punongbayan & Araullo as external auditor."

## **VIII. RATIFICATION OF ALL ACTS OF MANAGEMENT AND THE BOARD OF DIRECTORS**

**Agenda Item 8:** To ratify all acts of Megawide's 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 99% of the shares or 1,513,945,073 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 July 2, 2018 and stated in the Information Statement duly distributed to the stockholders.”

**IX. AMENDMENT OF THE ARTICLES OF INCORPORATION TO CHANGE THE PRINCIPAL ADDRESS OF THE CORPORATION**

**Agenda Item 9:** To approve the amendment of the principal address of the Corporation.

**Resolution:** On motion duly seconded, the stockholders representing 99.5% of the shares or 1,507,919,073 shares represented during the meeting unanimously voted in favor of the following:

“RESOLVED, to amend the Articles of Incorporation to change the principal address of the Corporation to 20 N. Domingo St., Barangay Valencia, Quezon City.

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

**X. EXTENSION OF CORPORATE GUARANTY**

**Agenda Item 10:** To approve the issuance of a corporate guaranty in favor of a bank to be decided by Megawide’s Management, for the construction and development of 2 mixed-use high-rise buildings located at 1887 C.M. Recto Avenue, Sampaloc, Manila City, named Space University Belt Towers 1 and 2.

**Resolution:** On motion duly seconded, the stockholders representing 99.3% of the shares or 1,504,441,785 shares represented during the meeting unanimously voted in favor of the following:

“RESOLVED, to approve the issuance of a corporate guaranty in favor of a bank to be decided by management, for the construction and development of two (2) mixed-use high-rise buildings located at 1887 C.M. Recto Avenue, Sampaloc, Manila City, named Space University Belt Towers 1 and 2.”

**XI. OTHER MATTERS**

The Chairman then asked whether there were other matters to be taken up at today’s meeting and the following matters were discussed:

- One shareholder manifested that he will abstain from voting for all items.
- One shareholder congratulated Mr. Louie Ferrer for the successful inauguration of the Mactan Cebu International Airport.
- One shareholder inquired as to what makes Megawide more cutting edge as compared to other big construction companies in the Philippines. Mr. Saavedra and Mr. Ferrer informed him and the other stockholders that Megawide is the only construction company in the Philippines with experience in airport construction, renovation, and operation.

## **XII. ADJOURNMENT**

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

Certified Correct:

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**ALTHEA ISOBEL F. OAMINAL**  
Corporate Secretary

Attested by:

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**EDGAR B. SAAVEDRA**  
Chairman of the Board of Directors