

PRESS RELEASE
11 October 2021

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SEC, PSE approve Megawide Series 4 Preferred Shares Offering

Megawide Construction Corporation (Megawide or the Company) secured the pre-effective approval from the Philippines Securities and Exchange Commission (SEC) last October 7, 2021 for its Registration Statement for its planned P3.0 billion Series 4 Preferred Shares Offering, with an oversubscription option of up to P1.0 billion. Unless the Company redeems the Series 4 Preferred Shares 3.5 years from its listing date, the shares will be subject to a dividend step-up rate.

Subsequently, the Philippine Stock Exchange (PSE) also issued its approval for the listing of the Company's Series 4 Preferred Shares. The public offer period will run from October 13-19, 2021, with listing scheduled on October 29, 2021. RCBC Capital Corp. is the Sole Issue Manager and Lead Underwriter, with PNB Capital and Investment Corp. as Co-Lead Underwriter.

The Company intends to issue and list the shares at the PSE by the last week of October, subject to the completion of all documentary and regulatory requirements. Proceeds from the offering will be used to redeem the Series 1 Preferred Shares by December 2021 to avoid the step-up rate. Based on its Prospectus, the Series 1 Preferred Shares has a coupon rate of 7.025% per annum, with a call option on its seventh anniversary, and a maximum step up rate of 487.5 basis points if the call option is not exercised.

With the offering, Megawide will continue to maintain its comfortable debt-to-equity (D/E) ratio and be able to accommodate future capital raising. The Company continued to show improvement on its D/E ratio at the Parent level as of end June 2021, registering 1.1x versus 1.15x at the end of December 31, 2020 and against the covenant of 2.33x agreed with its lenders.

"Part of our financial game plan is to streamline our balance sheet to support our expansion programs, especially our pivot to infrastructure. With a manageable D/E ratio, we will have more flexibility to raise funds to pursue more projects in the infrastructure space, which we think will be critical in jumpstarting the economy," said Edgar Saavedra, Megawide's Chairman and CEO.

Based on existing benchmark BVAL rates on the Series 4 tenor compared with Series 1, the successful offering will also allow the Company to replace its original preferred shares with a lower dividend rate, thus translating to savings in financial costs.

"We have been embarking on a long-term financial management program to achieve a more balanced and efficient capital structure moving forward, taking advantage of the current accommodative benchmark rates to realize savings while also stretching our maturity towers as we continue to navigate through this pandemic," said Ramon Diaz, the Company's Group CFO.

The Company is in the midst of its pivot to infrastructure to take advantage of the government's massive infrastructure build-up. Megawide submitted bids for the Metro Manila Subway Project (MMSP) and the North-South Commuter Rail Southline to expand its foray into infrastructure. It also expressed its intention to participate in the electro-mechanical and track works for majority of the Malolos-Clark Railway Project alignment. Megawide is part of the consortium undergoing civil works for Package 1 of the MCRP, with Hyundai Engineering and Dong Ah Construction Corp. **END**



ABOUT MEGAWIDE

Megawide is one of the leading infrastructure and engineering innovators in the Philippines. Publicly-listed since 2011, it is one of the largest contractors for private sector construction projects in the country and the private partner of the Philippine Government for flagship infrastructure projects such as the development of the Mactan-Cebu International Airport (MCIA) and the Paranaque Integrated Terminal Exchange (PITX). Megawide is also the construction partner for the Clark International Airport New Passenger Terminal Building. It is currently undertaking the construction of the Malolos-Clark Railway Project Package 1, and the modernization of Cebu's historic Carbon Market District. In 2012, the company established Megawide Corporate Foundation, Inc., a non-profit organization focusing on social development projects.