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Megawide and GAIBV Sign Deal with Aboitiz InfraCapital

Megawide Construction Corporation (Megawide or the Company) and GMR Airports International BV (GAIBV) executed a Share Subscription and Transfer Agreement with Aboitiz InfraCapital, Inc. (AIC), for AIC to acquire shares in GMR-Megawide Cebu Airport Corporation (GMCAC), the developer and operator of the award-winning Mactan Cebu International Airport (MCIA).

The joint-venture partners for the 25-year Concession Agreement to develop, operate, and maintain MCIA – Megawide and GAIBV – agreed to sell down their existing stakes in GMCAC to accommodate the entry of AIC. The agreement involves GMCAC’s issuance of primary shares and the transfer of secondary shares from Megawide and GAIBV to AIC amounting to P9.5 billion, which will result in the latter owning 33 and 1/3% minus 1 share stake in GMCAC.

Simultaneously with the above, the transaction likewise involves the issuance by Megawide and GAIBV of Exchangeable Notes for the aggregate amount of P15.5 billion (Notes). The Notes will mature on 30 October 2024, and will be exchanged by AIC for the remaining 66 and 2/3% plus 1 share of GMCAC’s outstanding capital stock.

“The transaction was accepted and deemed fair by all parties and aligned with their respective long-term goals. For GMCAC, the infusion provides it more financial muscle, with a higher capitalization, bigger balance sheet, and an improved gearing ratio. It also paves the way for the entry of another experienced and strong industry player,” said BDO Capital & Investment Corp. President Eduardo V. Francisco.

“We have always been open to partnerships that will enhance our capabilities and diversify our portfolio as an infrastructure innovator. The Company’s thrust of being an infrastructure innovator remains on track with this deal as we harness synergies with other major participants in the field,” Megawide Chairman, CEO and President, Edgar B. Saavedra said.

Over the past years, the Company revealed that it has been receiving interest from several parties to join its mission to modernize airport infrastructure in the Philippines, with the MCIA as the prototype.

“We believe that we will be able to achieve our objectives with someone who shares the same vision, has a strong local presence, and embraces the same passion for infrastructure development and national progress. AIC has deep roots in Cebu and MCIA deserves another world-class, Cebuano company to sustain what GMCAC has built so far, and take it to the next level,” said Louie Ferrer, GMCAC President and Megawide’s Executive Director for Infrastructure Development.

This move is also in line with Megawide’s strategy of constantly re-engineering its business and financial portfolio to support its vision of engineering a First-World Philippines.

“From Megawide’s perspective, the agreement enables us to crystallize the asset’s fair market value and helps unlock resources that will accelerate our developmental infrastructure portfolio and allows us to strengthen our balance sheet, as part of our long-term financial management program,” Saavedra added.

The Company previously announced its direction to explore more resilient, high-growth, and scalable opportunities to anchor its long-term and sustainable growth agenda.

In the construction business, Megawide bagged several big-ticket projects, such as the Malolos-Clark Railway Project and the Metro Manila Subway System Project, to spearhead its pivot to infrastructure. The Company is also exploring several transport-centric development (TCD) locations to complement its hub-and-spoke model with the Paranaque Integrated Terminal Exchange and engaging in its own brand of urban renewal through the Carbon Market Redevelopment.

“In the medium-term, we are seriously looking at diversifying into other exciting and high-growth infrastructure platforms, where we can leverage our engineering and construction expertise. At the end of the day, we believe it is the further value creation, which the transaction unlocks, that makes it very rewarding and exciting, and something to look forward to,” Saavedra ended.

The transaction is subject to the satisfaction of customary closing conditions including requisite third party and regulatory approvals.

BDO Capital & Investment Corp. acted as financial advisor to, and Romulo Mabanta Buenaventura Sayoc & de los Angeles and Shardul Amarchand Mangaldas & Co as legal counsels for, Megawide and GAIBV while AlphaPrimus Advisors acted as financial advisor to, and Gulapa Law as legal counsel for, AIC in this transaction.

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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 Parañaque 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, Metro Manila Subway Contract Package 104, 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.