



November 14, 2018

THE PHILIPPINE STOCK EXCHANGE, INC.

The Philippine Stock Exchange, Inc.

6th Floor PSE Tower

28th corner 5th Avenue

Bonifacio Global City

Taguig City

Attention: **Ms. Janet A. Encarnacion**
Head, Disclosure Department

Gentlemen:

Please find attached a press statement pertaining to the financial results of First Gen Corporation for the period ended September 30, 2018.

Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Rachel R. Hernandez', written in a cursive style.

RACHEL R. HERNANDEZ

Corporate Secretary

First Gen recurring earnings for 9M18 rises by 45% YoY to US\$180 million

Clean, renewable and low-carbon electricity producer First Gen Corporation (First Gen), a Lopez Group company, reported improved recurring net income attributable to equity holders of the parent at US\$180 million (Php9.4 billion) in the first nine months of 2018. This was a 45%, or US\$56 million (Php3.2 billion) jump from US\$124 million (Php6.2 billion) in 2017. The Company's natural gas platform surged and delivered recurring earnings of US\$140 million (Ph7.3 billion) versus US\$87 million (Php4.4 billion) previously.

The Company's attributable net income in the first three quarters of 2018 of US\$151 million (Php7.9 billion) was 50% higher from 2017. The Company's newest and most modern plant, the 420 MW San Gabriel flex plant (San Gabriel), benefited from markedly higher dispatch and revenues as it sold power in the spot market at attractive prices in the first half of 2018, and its full production to Meralco under its Power Supply Agreement in the third quarter. The Company's numbers were likewise made better by lower interest expenses and higher interest income as a result of the Company's deleveraging initiatives. Savings in interest expense likewise offset unrealized foreign exchange losses and higher deferred taxes.

First Gen's consolidated revenues from the sale of electricity increased by US\$184 million (Php12.2 billion), or 14% to US\$1.5 billion (Php76.2 billion) compared to US\$1.3 billion (Php64.0 billion) in the first nine months of 2017. The natural gas portfolio accounted for US\$919 million (Php47.9 billion), or 63% of First Gen's total consolidated revenues. Their revenues were 18% higher in the first three quarters of 2018 mainly due to higher volume sales and prices.

"We are pleased to report that First Gen's sizable investment in new capacity with the modern San Gabriel plant started serving the power needs of Meralco's customers in the third quarter of 2018. We are happy to report that San Gabriel delivers a low-cost source of electricity to Filipino consumers. Contrary to perception, First Gen is clearly proving the price competitiveness of clean low-carbon natural gas-fired power versus more polluting coal-fired power even at full baseload dispatch," First Gen President and COO Francis Giles B. Puno remarked.

Energy Development Corporation's (EDC) geothermal, wind and solar revenues accounted for US\$476 million (Php24.8 billion), or 33% of total consolidated revenues. From US\$438 million (Php21.9 billion) in the first nine months of 2017, EDC's revenues in the first nine months of 2018 are now higher than last year's by US\$38 million (Php2.9 billion), or 9%. EDC's renewable energy portfolio generated higher revenues in the third quarter of 2018. This was primarily driven by the full recovery of the Unified Leyte plants (after the impact of Typhoon Urduja) that resulted in higher sales volume.

Its other geothermal power plants and the Burgos Wind power plant likewise registered higher sales volume growth. Recurring attributable earnings from EDC (excluding FG Hydro) was, however, lower at US\$55 million (Php2.9 billion) in 2018 versus 2017's US\$68 million (Php3.4 billion) mainly because of First Gen's reduced economic stake in EDC after the tender offer in September last year and the foreign exchange translation of EDC's Peso books into U.S. Dollars which is First Gen's functional currency.

FG Hydro, owner of the 132 MW Pantabangan-Masiway hydroelectric plants, reported flat revenues at US\$29 million (Php1.5 billion). The hydro plants account for only 2% of First Gen's total consolidated revenues. The absence of ancillary service sales in the first quarter of 2018 was almost completely offset by the hydro plants' higher contracted sales volumes and higher spot market prices this year. Consequently, the recurring attributable earnings contribution of US\$5 million (Php0.2 billion) is less than last year's US\$8.5 million (Php0.4 billion).

“EDC made a respectable recovery in the third quarter as its portfolio of renewable energy power plants enjoyed higher sales volumes and prices with the recovery of its Unified Leyte plants from the effects of the previous year’s natural calamities. FG Hydro, however, experienced low sales in the third quarter. This is expected to reverse in the fourth quarter as recent rains have filled its water reservoir,” Puno remarked.

**U.S. Dollar balances were translated to Philippine Peso using the weighted average rate of US\$1.00: PHP52.107 in 3Q 2018 and US\$1.00:PHP50.105 in 3Q 2017.*

About First Gen

First Gen is a leading independent power producer in the Philippines that primarily utilizes clean and indigenous fuels such as natural gas, geothermal energy from steam, hydro-electric, wind, and solar power. The Company has 3,490MW of installed capacity in its portfolio which accounts for 21% of the country’s gross generation capacity. First Gen is a subsidiary of First Philippine Holdings Corporation, one of the most established conglomerates in the Philippines, and has over 20 years of experience in power development. First Gen is part of the Lopez Group of Companies.