



March 12, 2019

**THE PHILIPPINE STOCK EXCHANGE, INC.**

The Philippine Stock Exchange, Inc.

6<sup>th</sup> Floor PSE Tower

28<sup>th</sup> corner 5<sup>th</sup> 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 December 31, 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 2018 recurring earnings rise to US\$243 million; up by 51%**

Clean, renewable and low-carbon electricity producer First Gen Corporation (First Gen), a Lopez Group company, reported recurring net income attributable to equity holders of the parent of US\$243 million (Php12.8 billion) in 2018. This was a 51% or an US\$82 million (Php4.6 billion) surge from US\$161 million (Php8.1 billion) in 2017, mainly from the strong contribution of the Company's natural gas business that delivered recurring earnings of US\$186 million (Php9.7 billion) versus US\$120 million (Php6.0 billion) previously.

The Company's attributable net income in 2018 of US\$221 million (Php11.6 billion) was 65% higher from 2017. The Company's newest natural gas-fired plant, the 420 MW San Gabriel flex plant (San Gabriel), benefited from significantly higher dispatch and revenues as it sold power at attractive prices in the spot market in the first half of 2018, and subsequently sold its full production to Meralco under its Power Supply Agreement starting last June. First Gen's numbers were likewise made better by lower interest expenses and higher interest income as a result of the group's deleveraging and refinancing initiatives. Savings in interest expense and the receipt of insurance proceeds likewise offset unrealized foreign exchange losses and higher deferred taxes.

First Gen's consolidated revenues from the sale of electricity increased by US\$271 million (Php17.8 billion), or 16% to US\$2.0 billion (Php103.8 billion) from US\$1.7 billion (Php86.0 billion) in 2017. The natural gas portfolio accounted for US\$1,240 million (Php65.1 billion), or 63% of First Gen's total consolidated revenues. Their revenues were 20% higher in 2018 mainly due to the aforementioned strong performance of our natural gas plants.

Energy Development Corporation's (EDC) geothermal, wind and solar revenues accounted for US\$ 652 million (Php34.2 billion), or 33% of total consolidated revenues. Compared to US\$595 million (Php30.0 billion) in 2017, EDC's revenues in 2018 were higher by US\$56 million (Php4.2 billion), or 9%. EDC's renewable energy portfolio generated higher revenues in 2018, primarily driven by the full recovery of the Unified Leyte plants (after the impact of Typhoon Urduja) that resulted in higher sales volume.

Recurring attributable earnings from EDC (excluding FG Hydro) was, however, lower at US\$74 million (Php3.9 billion) in 2018 versus 2017's US\$85 million (Php4.3 billion). The decrease was mainly from First Gen's reduced economic stake in EDC following its participation in the September 2017 tender offer, which reduced its average economic stake from 48.5% in 2017 to 42.5% in 2018, as well as the foreign exchange translation of EDC's Peso books into U.S. Dollars, which is First Gen's functional currency. In terms of comparable economic stake and foreign exchange translation, recurring attributable earnings from EDC would have been higher by 3%.

FG Hydro, owner of the 132 MW Pantabangan-Masiway hydroelectric plants, reported higher revenues at US\$36 million (Php1.9 billion). The hydro plants accounted for 2% of First Gen's total consolidated revenues. The absence of ancillary service sales in the first quarter of 2018 was partially offset by the hydro plants' higher volume sales to WESM and higher spot market prices in 2018. Consequently, the recurring attributable earnings contribution of US\$6 million (Php0.3 billion) in 2018 was less than the previous period's US\$8.0 million (Php0.4 billion).

"2018 was an exceptional year for First Gen as we concretized value from the sizable investment made for the modern 420 MW San Gabriel natural gas-fired power plant. This was made in anticipation of the market's increased electricity demand and the need for new cost-competitive power supply to the grid. The 1,500 MW Santa Rita and San Lorenzo natural gas-fired plants

continued their reliable performance incorporating the technical upgrades we have invested in over the years that effectively reduced the power rates to consumers. We are now focused on firming up our future direction with the LNG regasification terminal investment in partnership with Tokyo Gas.

Our geothermal platform, through EDC, likewise made a remarkable recovery in the second half of 2018 with the faster-than-expected recovery of its Unified Leyte plants from the outage caused by natural calamities in 2017, coupled with higher sales volume and more attractive selling prices. We expect EDC to continue to outperform this year,” First Gen President and COO Francis Giles B. Puno remarked.

*\*U.S. Dollar balances were translated to Philippine Peso using the weighted average rate of US\$1.00: Php52.472 for 2018 and US\$1.00:Php50.358 for 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 3,492 MW 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.