# FIRST PACIFIC COMPANY LIMITED

*(Incorporated with limited liability under the laws of Bermuda)*

Website: www.firstpacific.com

**(Stock Code: 00142)**

## 2023 Annual Results – Audited

**FINANCIAL HIGHLIGHTS**

- Turnover increased by 2.0% to US$10,510.7 million (HK$81,983.5 million) from US$10,304.9 million (HK$80,378.2 million).
- Profit contribution from operations increased by 18.2% to US$701.5 million (HK$5,471.7 million) from US$593.3 million (HK$4,627.7 million).
- Recurring profit increased by 18.7% to US$603.8 million (HK$4,709.6 million) from US$508.8 million (HK$3,968.6 million).
- Profit attributable to owners of the parent increased by 28.0% to US$501.2 million (HK$3,909.4 million) from US$391.6 million (HK$3,054.5 million).
- Recurring basic earnings per share (calculated based on recurring profit) increased by 19.1% to U.S. 14.24 cents (HK111.1 cents) from U.S. 11.96 cents (HK93.3 cents).
- Basic earnings per share increased by 28.5% to U.S. 11.82 cents (HK92.2 cents) from U.S. 9.20 cents (HK71.8 cents).
- A final distribution of HK12.50 cents (U.S. 1.60 cents) (2022: HK11.50 cents or U.S. 1.47 cents) per ordinary share has been recommended, making a total distribution per ordinary share equivalent to HK23.00 cents (U.S. 2.95 cents) (2022: HK22.00 cents or U.S. 2.82 cents) for the full year.
- Equity attributable to owners of the parent increased by 11.9% to US$3,688.0 million (HK$28,766.4 million) at 31 December 2023 from US$3,296.5 million (HK$25,712.7 million) at 31 December 2022.
- Consolidated net debt decreased by 0.5% to US$8,450.3 million (HK$65,912.5 million) at 31 December 2023 from US$8,493.2 million (HK$66,247.0 million) at 31 December 2022.
- Consolidated gearing ratio decreased to 0.73 times at 31 December 2023 from 0.82 times at 31 December 2022.

**CONSOLIDATED FINANCIAL STATEMENTS**

**CONSOLIDATED INCOME STATEMENT**

| **For the year ended 31 December** | Notes | **2023 US$m** | 2022 US$m | **2023 HK$m*** | 2022 HK$m* |
|---|---|---|---|---|---|
| **Turnover** | 2 | **10,510.7** | 10,304.9 | **81,983.5** | 80,378.2 |
| Cost of sales | | **(7,136.1)** | (7,248.4) | **(55,661.6)** | (56,537.5) |
| **Gross profit** | | **3,374.6** | 3,056.5 | **26,321.9** | 23,840.7 |
| Selling and distribution expenses | | **(749.0)** | (723.2) | **(5,842.2)** | (5,641.0) |
| Administrative expenses | | **(602.8)** | (565.4) | **(4,701.8)** | (4,410.1) |
| Other operating income and expenses | 3(A) | **(112.0)** | (239.5) | **(873.6)** | (1,868.1) |
| Interest income | | **116.3** | 62.5 | **907.1** | 487.5 |
| Finance costs | 3(B) | **(574.1)** | (483.6) | **(4,478.0)** | (3,772.1) |
| Share of profits less losses of associated companies and joint ventures | | **366.3** | 265.6 | **2,857.1** | 2,071.7 |
| **Profit before taxation** | 3 | **1,819.3** | 1,372.9 | **14,190.5** | 10,708.6 |
| Taxation | 4 | **(477.9)** | (323.3) | **(3,727.6)** | (2,521.7) |
| **Profit for the year** | | **1,341.4** | 1,049.6 | **10,462.9** | 8,186.9 |
| **Profit attributable to:** | | | | | |
| Owners of the parent | 5 | **501.2** | 391.6 | **3,909.4** | 3,054.5 |
| Non-controlling interests | | **840.2** | 658.0 | **6,553.5** | 5,132.4 |
| | | **1,341.4** | 1,049.6 | **10,462.9** | 8,186.9 |
| | | **US¢** | US¢ | **HK¢*** | HK¢* |
| **Earnings per share attributable to owners of the parent** | 6 | | | | |
| Basic | | **11.82** | 9.20 | **92.2** | 71.8 |
| Diluted | | **11.81** | 9.19 | **92.0** | 71.7 |

Details of the distribution proposed for the year are disclosed in Note 7.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| For the year ended 31 December | 2023 US$m | 2022 US$m | 2023 HK$m* | 2022 HK$m* |
|---|---|---|---|---|
| **Profit for the year** | **1,341.4** | 1,049.6 | **10,462.9** | 8,186.9 |
| **Other comprehensive income/(loss)** | | | | |
| **Items that are or may be reclassified to profit or loss:** | | | | |
| Exchange differences on translating foreign operations | **112.1** | (1,002.8) | **874.5** | (7,821.8) |
| Unrealized (losses)/gains on debt investments at fair value through other comprehensive income | **(7.6)** | 0.3 | **(59.3)** | 2.3 |
| Unrealized gains on cash flow hedges | **18.7** | 4.9 | **145.9** | 38.2 |
| Realized gains on cash flow hedges | **(11.2)** | (59.5) | **(87.4)** | (464.1) |
| Income tax related to cash flow hedges | **(2.0)** | 9.9 | **(15.6)** | 77.2 |
| Share of other comprehensive income of associated companies and joint ventures | **1.9** | 69.5 | **14.8** | 542.1 |
| **Items that will not be reclassified to profit or loss:** | | | | |
| Changes in fair value of equity investments at fair value through other comprehensive income | **(10.0)** | 29.1 | **(78.0)** | 227.0 |
| Actuarial (losses)/gains on defined benefit pension plans | **(10.4)** | 13.1 | **(81.1)** | 102.2 |
| Share of other comprehensive (loss)/income of associated companies and joint ventures | **(57.9)** | 52.5 | **(451.6)** | 409.5 |
| **Other comprehensive income/(loss) for the year, net of tax** | **33.6** | (883.0) | **262.2** | (6,887.4) |
| **Total comprehensive income for the year** | **1,375.0** | 166.6 | **10,725.1** | 1,299.5 |
| **Total comprehensive income attributable to**: | | | | |
| Owners of the parent | **465.3** | 87.2 | **3,629.4** | 680.2 |
| Non-controlling interests | **909.7** | 79.4 | **7,095.7** | 619.3 |
| | **1,375.0** | 166.6 | **10,725.1** | 1,299.5 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Notes | At 31 December 2023 US$m | At 31 December 2022 US$m | At 31 December 2023 HK$m* | At 31 December 2022 HK$m* |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| Property, plant and equipment | | **3,730.3** | 3,758.6 | **29,096.3** | 29,317.1 |
| Biological assets | | **20.9** | 20.5 | **163.0** | 159.9 |
| Associated companies and joint ventures | | **5,283.8** | 5,316.2 | **41,213.6** | 41,466.4 |
| Goodwill | | **3,967.7** | 3,893.1 | **30,948.1** | 30,366.2 |
| Other intangible assets | | **6,839.3** | 6,033.7 | **53,346.5** | 47,062.8 |
| Investment properties | | **12.5** | 17.6 | **97.5** | 137.3 |
| Accounts receivable, other receivables and prepayments | | **118.7** | 89.2 | **925.9** | 695.7 |
| Financial assets at fair value through other comprehensive income | | **544.0** | 527.0 | **4,243.2** | 4,110.6 |
| Deferred tax assets | | **112.7** | 96.2 | **879.1** | 750.3 |
| Other non-current assets | | **669.6** | 555.2 | **5,222.9** | 4,330.6 |
| | | **21,299.5** | 20,307.3 | **166,136.1** | 158,396.9 |
| **Current assets** | | | | | |
| Cash and cash equivalents and short-term deposits | | **2,845.8** | 2,620.6 | **22,197.1** | 20,440.7 |
| Restricted cash | | **315.4** | 108.5 | **2,460.1** | 846.3 |
| Financial assets at fair value through other comprehensive income | | **528.2** | 64.1 | **4,120.1** | 500.0 |
| Accounts receivable, other receivables and prepayments | 8 | **1,208.3** | 1,189.5 | **9,424.7** | 9,278.1 |
| Inventories | | **1,087.7** | 1,136.8 | **8,484.1** | 8,867.0 |
| Biological assets | | **49.7** | 48.9 | **387.7** | 381.4 |
| | | **6,035.1** | 5,168.4 | **47,073.8** | 40,313.5 |
| Assets classified as held for sale | | **22.9** | 16.1 | **178.6** | 125.6 |
| | | **6,058.0** | 5,184.5 | **47,252.4** | 40,439.1 |
| **Current liabilities** | | | | | |
| Accounts payable, other payables and accruals | 9 | **1,814.9** | 1,737.3 | **14,156.2** | 13,550.9 |
| Short-term borrowings | | **2,195.3** | 1,824.3 | **17,123.3** | 14,229.6 |
| Provision for taxation | | **169.3** | 134.5 | **1,320.5** | 1,049.1 |
| Current portion of deferred liabilities, provisions and payables | | **405.9** | 412.5 | **3,166.0** | 3,217.5 |
| | | **4,585.4** | 4,108.6 | **35,766.1** | 32,047.1 |
| Liabilities directly associated with assets classified as held for sale | | **7.2** | - | **56.2** | - |
| | | **4,592.6** | 4,108.6 | **35,822.3** | 32,047.1 |
| **Net current assets** | | **1,465.4** | 1,075.9 | **11,430.1** | 8,392.0 |
| **Total assets less current liabilities** | | **22,764.9** | 21,383.2 | **177,566.2** | 166,788.9 |
| **Equity** | | | | | |
| Issued share capital | | **42.4** | 42.4 | **330.7** | 330.7 |
| Shares held for share award scheme | | **(1.2)** | (2.2) | **(9.4)** | (17.2) |
| Retained earnings | | **2,829.8** | 2,328.3 | **22,072.4** | 18,160.7 |
| Other components of equity | | **817.0** | 928.0 | **6,372.7** | 7,238.5 |
| Equity attributable to owners of the parent | | **3,688.0** | 3,296.5 | **28,766.4** | 25,712.7 |
| Non-controlling interests | | **7,878.9** | 7,069.3 | **61,455.4** | 55,140.5 |
| **Total equity** | | **11,566.9** | 10,365.8 | **90,221.8** | 80,853.2 |
| **Non-current liabilities** | | | | | |
| Long-term borrowings | | **9,416.2** | 9,398.0 | **73,446.4** | 73,304.4 |
| Deferred liabilities, provisions and payables | | **1,260.1** | 1,216.7 | **9,828.8** | 9,490.3 |
| Deferred tax liabilities | | **521.7** | 402.7 | **4,069.2** | 3,141.0 |
| | | **11,198.0** | 11,017.4 | **87,344.4** | 85,935.7 |
| | | **22,764.9** | 21,383.2 | **177,566.2** | 166,788.9 |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| US$ millions | Note | Issued share capital | Shares held for share award scheme | Share premium | Employee share-based compensation reserve | Other comprehensive loss (Note 10) | Differences arising from changes in equities of subsidiary companies | Capital and other reserves | Contributed surplus | Retained earnings | Total | Non-controlling interests | **Total equity** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Equity attributable to owners of the parent | | | | | | | | | | | |
| At 1 January 2022 | | 42.8 | (2.0) | 39.9 | 8.8 | (712.3) | 443.5 | 12.6 | 1,528.9 | 1,936.4 | 3,298.6 | 7,314.5 | 10,613.1 |
| Profit for the year | | - | - | - | - | - | - | - | - | 391.6 | 391.6 | 658.0 | 1,049.6 |
| Other comprehensive loss for the year | | - | - | - | - | (304.4) | - | - | - | - | (304.4) | (578.6) | (883.0) |
| Total comprehensive (loss)/income for the year | | - | - | - | - | (304.4) | - | - | - | 391.6 | 87.2 | 79.4 | 166.6 |
| Repurchase of shares | | (0.4) | - | (14.1) | - | - | - | - | - | - | (14.5) | - | (14.5) |
| Purchase of shares under share award scheme | | - | (1.0) | - | - | - | - | - | - | - | (1.0) | - | (1.0) |
| Issue of shares under share award scheme | | - | (0.9) | 0.9 | - | - | - | - | - | - | - | - | - |
| Shares vested under share award scheme | | - | 1.7 | - | (1.7) | - | - | - | - | - | - | - | - |
| Lapse of share options | | - | - | - | (0.3) | - | - | - | - | 0.3 | - | - | - |
| Employee share-based compensation benefits | | - | - | - | 2.2 | - | - | - | - | - | 2.2 | 0.1 | 2.3 |
| Acquisition of interests in subsidiary companies | | - | - | - | - | (8.7) | 44.3 | - | - | - | 35.6 | (128.4) | (92.8) |
| Step acquisition of a joint venture | | - | - | - | - | - | - | - | - | - | - | (1.2) | (1.2) |
| Recognition of a financial liability on non-controlling interests' put option | | - | - | - | - | - | (0.4) | - | - | - | (0.4) | (6.2) | (6.6) |
| 2021 final distribution paid | | - | - | - | - | - | - | - | (54.3) | - | (54.3) | - | (54.3) |
| 2022 interim distribution paid | 7 | - | - | - | - | - | - | - | (56.9) | - | (56.9) | - | (56.9) |
| Capital contributions from non-controlling shareholders | | - | - | - | - | - | - | - | - | - | - | 143.7 | 143.7 |
| Dividends declared to non-controlling shareholders | | - | - | - | - | - | - | - | - | - | - | (332.6) | (332.6) |
| At 31 December 2022 | | 42.4 | (2.2) | 26.7 | 9.0 | (1,025.4) | 487.4 | 12.6 | 1,417.7 | 2,328.3 | 3,296.5 | 7,069.3 | 10,365.8 |
| At 1 January 2023 | | 42.4 | (2.2) | 26.7 | 9.0 | (1,025.4) | 487.4 | 12.6 | 1,417.7 | 2,328.3 | 3,296.5 | 7,069.3 | **10,365.8** |
| Profit for the year | | - | - | - | - | - | - | - | - | 501.2 | 501.2 | 840.2 | **1,341.4** |
| Other comprehensive (loss)/income for the year | | - | - | - | - | (35.9) | - | - | - | - | (35.9) | 69.5 | **33.6** |
| Total comprehensive (loss)/income for the year | | - | - | - | - | (35.9) | - | - | - | 501.2 | 465.3 | 909.7 | **1,375.0** |
| Purchase of shares under share award scheme | | - | (0.5) | - | - | - | - | - | - | - | (0.5) | - | **(0.5)** |
| Shares vested under share award scheme | | - | 1.5 | - | (1.4) | - | - | - | - | (0.1) | - | - | **-** |
| Issue of shares upon the exercise of share options | | - | - | 0.3 | (0.1) | - | - | - | - | - | 0.2 | - | **0.2** |
| Employee share-based compensation benefits | | - | - | - | 1.6 | - | - | - | - | - | 1.6 | - | **1.6** |
| Acquisition and dilution of interests in subsidiary companies, net | | - | - | - | - | (1.7) | 50.0 | - | - | - | 48.3 | 302.1 | **350.4** |
| Acquisition of a subsidiary company | | - | - | - | - | - | - | - | - | - | - | 3.3 | **3.3** |
| Recognition of a financial liability on non-controlling interests' put option | | - | - | - | - | - | (4.4) | - | - | - | (4.4) | (17.0) | **(21.4)** |
| 2022 final distribution paid | 7 | - | - | - | - | - | - | - | (62.2) | - | (62.2) | - | **(62.2)** |
| 2023 interim distribution paid | 7 | - | - | - | - | - | - | - | (56.8) | - | (56.8) | - | **(56.8)** |
| Transfer of fair value reserve upon disposal of equity investments at fair value through other comprehensive income | | - | - | - | - | (0.4) | - | - | - | 0.4 | - | - | **-** |
| Capital contributions from non-controlling shareholders | | - | - | - | - | - | - | - | - | - | - | 40.8 | **40.8** |
| Dividends declared to non-controlling shareholders | | - | - | - | - | - | - | - | - | - | - | (429.3) | **(429.3)** |
| **At 31 December 2023** | | **42.4** | **(1.2)** | **27.0** | **9.1** | **(1,063.4)** | **533.0** | **12.6** | **1,298.7** | **2,829.8** | **3,688.0** | **7,878.9** | **11,566.9** |

| HK$ millions* | Note | Equity attributable to owners of the parent | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Issued share capital | Shares held for share award scheme | Share premium | Employee share-based compensation reserve | Other comprehensive loss (Note 10) | Differences arising from changes in equities of subsidiary companies | Capital and other reserves | Contributed surplus | Retained earnings | Total | Non-controlling interests | **Total equity** |
| At 1 January 2022 | | 333.8 | (15.6) | 311.3 | 68.6 | (5,555.9) | 3,459.3 | 98.3 | 11,925.4 | 15,103.9 | 25,729.1 | 57,053.1 | 82,782.2 |
| Profit for the year | | - | - | - | - | - | - | - | - | 3,054.5 | 3,054.5 | 5,132.4 | 8,186.9 |
| Other comprehensive loss for the year | | - | - | - | - | (2,374.3) | - | - | - | - | (2,374.3) | (4,513.1) | (6,887.4) |
| Total comprehensive (loss)/income for the year | | - | - | - | - | (2,374.3) | - | - | - | 3,054.5 | 680.2 | 619.3 | 1,299.5 |
| Repurchase of shares | | (3.1) | - | (110.0) | - | - | - | - | - | - | (113.1) | - | (113.1) |
| Purchase of shares under share award scheme | | - | (7.8) | - | - | - | - | - | - | - | (7.8) | - | (7.8) |
| Issue of shares under share award scheme | | - | (7.0) | 7.0 | - | - | - | - | - | - | - | - | - |
| Shares vested under share award scheme | | - | 13.2 | - | (13.2) | - | - | - | - | - | - | - | - |
| Lapse of share options | | - | - | - | (2.3) | - | - | - | - | 2.3 | - | - | - |
| Employee share-based compensation benefits | | - | - | - | 17.1 | - | - | - | - | - | 17.1 | 0.8 | 17.9 |
| Acquisition of interests in subsidiary companies | | - | - | - | - | (67.9) | 345.5 | - | - | - | 277.6 | (1,001.4) | (723.8) |
| Step acquisition of a joint venture | | - | - | - | - | - | - | - | - | - | - | (9.4) | (9.4) |
| Recognition of a financial liability on non-controlling interests' put option | | - | - | - | - | - | (3.1) | - | - | - | (3.1) | (48.4) | (51.5) |
| 2021 final distribution paid | | - | - | - | - | - | - | - | (423.5) | - | (423.5) | - | (423.5) |
| 2022 interim distribution paid | 7 | - | - | - | - | - | - | - | (443.8) | - | (443.8) | - | (443.8) |
| Capital contributions from non-controlling shareholders | | - | - | - | - | - | - | - | - | - | - | 1,120.9 | 1,120.9 |
| Dividends declared to non-controlling shareholders | | - | - | - | - | - | - | - | - | - | - | (2,594.4) | (2,594.4) |
| At 31 December 2022 | | 330.7 | (17.2) | 208.3 | 70.2 | (7,998.1) | 3,801.7 | 98.3 | 11,058.1 | 18,160.7 | 25,712.7 | 55,140.5 | 80,853.2 |
| At 1 January 2023 | | 330.7 | (17.2) | 208.3 | 70.2 | (7,998.1) | 3,801.7 | 98.3 | 11,058.1 | 18,160.7 | 25,712.7 | 55,140.5 | **80,853.2** |
| Profit for the year | | - | - | - | - | - | - | - | - | 3,909.4 | 3,909.4 | 6,553.5 | **10,462.9** |
| Other comprehensive (loss)/income for the year | | - | - | - | - | (280.0) | - | - | - | - | (280.0) | 542.2 | **262.2** |
| Total comprehensive (loss)/income for the year | | - | - | - | - | (280.0) | - | - | - | 3,909.4 | 3,629.4 | 7,095.7 | **10,725.1** |
| Purchase of shares under share award scheme | | - | (3.9) | - | - | - | - | - | - | - | (3.9) | - | **(3.9)** |
| Shares vested under share award scheme | | - | 11.7 | - | (10.9) | - | - | - | - | (0.8) | - | - | **-** |
| Issue of shares upon the exercise of share options | | - | - | 2.3 | (0.8) | - | - | - | - | - | 1.5 | - | **1.5** |
| Employee share-based compensation benefits | | - | - | - | 12.5 | - | - | - | - | - | 12.5 | - | **12.5** |
| Acquisition and dilution of interests in subsidiary companies, net | | - | - | - | - | (13.3) | 390.0 | - | - | - | 376.7 | 2,356.5 | **2,733.2** |
| Acquisition of a subsidiary company | | - | - | - | - | - | - | - | - | - | - | 25.7 | **25.7** |
| Recognition of a financial liability on non-controlling interests' put option | | - | - | - | - | - | (34.3) | - | - | - | (34.3) | (132.6) | **(166.9)** |
| 2022 final distribution paid | 7 | - | - | - | - | - | - | - | (485.2) | - | (485.2) | - | **(485.2)** |
| 2023 interim distribution paid | 7 | - | - | - | - | - | - | - | (443.0) | - | (443.0) | - | **(443.0)** |
| Transfer of fair value reserve upon disposal of equity investments at fair value through other comprehensive income | | - | - | - | - | (3.1) | - | - | - | 3.1 | - | - | **-** |
| Capital contributions from non-controlling shareholders | | - | - | - | - | - | - | - | - | - | - | 318.2 | **318.2** |
| Dividends declared to non-controlling shareholders | | - | - | - | - | - | - | - | - | - | - | (3,348.6) | **(3,348.6)** |
| **At 31 December 2023** | | **330.7** | **(9.4)** | **210.6** | **71.0** | **(8,294.5)** | **4,157.4** | **98.3** | **10,129.9** | **22,072.4** | **28,766.4** | **61,455.4** | **90,221.8** |

## CONSOLIDATED STATEMENT OF CASH FLOWS

| For the year ended 31 December | Notes | 2023 US$m | 2022 US$m | 2023 HK$m* | 2022 HK$m* |
|---|---|---|---|---|---|
| **Profit before taxation** | | **1,819.3** | 1,372.9 | **14,190.5** | 10,708.6 |
| Adjustments for: | | | | | |
| Finance costs | 3(B) | **574.1** | 483.6 | **4,478.0** | 3,772.1 |
| Depreciation | 3(C) | **340.9** | 328.4 | **2,659.0** | 2,561.5 |
| Provisions for impairment losses, net | | **214.0** | 59.5 | **1,669.2** | 464.1 |
| Amortization of other intangible assets | 3(C) | **120.5** | 140.1 | **939.9** | 1,092.8 |
| Write-down of inventories to net realizable value | 3(C) | **7.5** | 12.5 | **58.5** | 97.5 |
| Loss/(gain) on disposal of property, plant and equipment, net | 3(A) | **4.1** | (0.1) | **32.0** | (0.8) |
| Employee share-based compensation benefit expenses | | **1.6** | 2.3 | **12.5** | 17.9 |
| Share of profits less losses of associated companies and joint ventures | | **(366.3)** | (265.6) | **(2,857.1)** | (2,071.7) |
| Interest income | | **(116.3)** | (62.5) | **(907.1)** | (487.5) |
| Dividend income from financial assets at fair value through other comprehensive income | 3(A) | **(16.0)** | (15.8) | **(124.8)** | (123.2) |
| Gain on disposal of an associated company | 3(A) | **(4.0)** | (2.4) | **(31.2)** | (18.7) |
| (Gain)/loss on changes in fair value of biological assets, net | 3(A) | **(0.8)** | 9.1 | **(6.2)** | 71.0 |
| Gains on step acquisition of a joint venture | 3(A) | **-** | (65.3) | **-** | (509.3) |
| Others (including unrealized foreign exchange difference) | | **(56.2)** | 195.2 | **(438.5)** | 1,522.5 |
| | | **2,522.4** | 2,191.9 | **19,674.7** | 17,096.8 |
| Increase in accounts receivable, other receivables and prepayments | | **(152.8)** | (40.4) | **(1,191.8)** | (315.1) |
| Decrease/(increase) in inventories | | **84.7** | (248.3) | **660.6** | (1,936.7) |
| Increase in accounts payable, other payables and accruals | | **45.0** | 190.5 | **351.0** | 1,485.9 |
| Net cash generated from operations | | **2,499.3** | 2,093.7 | **19,494.5** | 16,330.9 |
| Interest received | | **115.6** | 60.1 | **901.7** | 468.8 |
| Interest paid | | **(540.2)** | (445.8) | **(4,213.5)** | (3,477.3) |
| Taxes paid | | **(344.6)** | (284.0) | **(2,687.9)** | (2,215.2) |
| **Net cash flows from operating activities** | | **1,730.1** | 1,424.0 | **13,494.8** | 11,107.2 |
| Dividends received from associated companies | | **308.9** | 280.6 | **2,409.4** | 2,188.7 |
| Decrease/(increase) in short-term deposits with original maturity of more than three months | | **132.0** | (80.2) | **1,029.6** | (625.6) |
| Disposal of property, plant and equipment | | **28.3** | 8.3 | **220.7** | 64.7 |
| Disposal of assets classified as held for sale | | **16.1** | - | **125.6** | - |
| Dividends received from financial assets at fair value through other comprehensive income | | **16.0** | 15.8 | **124.8** | 123.2 |
| Disposal of financial assets at fair value through other comprehensive income | | **7.7** | 11.9 | **60.1** | 92.8 |
| Disposal of an associated company | | **5.5** | 2.4 | **42.9** | 18.7 |
| Proceeds from redemption of a joint venture's preference shares | | **4.3** | - | **33.5** | - |
| Dividend received from a joint venture | | **4.2** | 8.5 | **32.8** | 66.3 |
| Disposal of a subsidiary company | | **3.0** | - | **23.4** | - |
| Investments in other intangible assets | | **(940.6)** | (792.2) | **(7,336.7)** | (6,179.2) |
| Investments in financial assets at fair value through other comprehensive income | | **(504.9)** | (54.3) | **(3,938.2)** | (423.5) |
| Payments for purchases of property, plant and equipment | | **(244.5)** | (286.3) | **(1,907.1)** | (2,233.1) |
| Increase in restricted cash | | **(205.4)** | (54.3) | **(1,602.1)** | (423.5) |
| Investments in associated companies | | **(69.6)** | (6.0) | **(542.9)** | (46.8) |
| Increased investments in joint ventures | | **(20.0)** | (6.3) | **(156.0)** | (49.1) |
| Investments in biological assets | | **(18.4)** | (14.7) | **(143.5)** | (114.6) |
| Acquisition of a subsidiary company | | **(3.2)** | - | **(25.0)** | - |
| Investment in financial assets at fair value through profit or loss | | **(1.2)** | (20.0) | **(9.4)** | (156.0) |
| Purchases of investment properties | | **(1.1)** | (0.5) | **(8.6)** | (3.9) |
| Increased investments in associated companies | | **(1.1)** | (172.9) | **(8.5)** | (1,348.6) |
| Collection of proceeds from deconsolidation of a discontinued operation | | **-** | 79.4 | **-** | 619.3 |
| Cash acquired from step acquisition of a joint venture | | **-** | 8.6 | **-** | 67.1 |
| Payment for retention amount payable | | **-** | (650.0) | **-** | (5,070.0) |
| Investment in a joint venture | | **-** | (278.1) | **-** | (2,169.2) |
| Advances to a joint venture | | **-** | (5.0) | **-** | (39.0) |
| Advances to an associated company | | **-** | (3.0) | **-** | (23.4) |
| **Net cash flows used in investing activities** | | **(1,484.0)** | (2,008.3) | **(11,575.2)** | (15,664.7) |
| Proceeds from new bank borrowings and other loans | | **3,802.6** | 4,464.6 | **29,660.3** | 34,823.9 |
| Proceeds from issuance of shares by subsidiary companies | | **408.6** | - | **3,187.1** | - |
| Capital contributions from non-controlling shareholders | | **40.8** | 30.2 | **318.2** | 235.6 |
| Proceeds from the issue of shares upon the exercise of share options | | **0.2** | - | **1.5** | - |
| Repayment of bank borrowings and other loans | | **(3,496.8)** | (3,836.1) | **(27,275.0)** | (29,921.6) |
| Dividends paid to non-controlling shareholders by subsidiary companies | | **(440.2)** | (314.1) | **(3,433.6)** | (2,450.0) |
| Distributions paid to shareholders | | **(119.0)** | (111.2) | **(928.2)** | (867.3) |
| Increased investments in subsidiary companies | | **(59.5)** | (1.0) | **(464.1)** | (7.8) |
| Principal portion of lease payments | | **(27.8)** | (34.0) | **(216.8)** | (265.2) |
| Payments for concession fees payable | | **(18.9)** | (15.8) | **(147.4)** | (123.3) |
| Repurchase of a subsidiary company's shares | | **(1.5)** | (91.8) | **(11.7)** | (716.1) |
| Payments for purchase of shares under a long-term incentive plan | | **(0.5)** | (1.0) | **(3.9)** | (7.8) |
| Repurchase of shares | | **-** | (14.5) | **-** | (113.1) |
| **Net cash flows from financing activities** | | **88.0** | 75.3 | **686.4** | 587.3 |
| **Net increase/(decrease) in cash and cash equivalents** | | **334.1** | (509.0) | **2,606.0** | (3,970.2) |
| Cash and cash equivalents at 1 January | | **2,457.8** | 3,116.9 | **19,170.8** | 24,311.8 |
| Exchange translation | | **22.4** | (150.1) | **174.7** | (1,170.8) |
| **Cash and cash equivalents at 31 December** | | **2,814.3** | 2,457.8 | **21,951.5** | 19,170.8 |
| **Representing** | | | | | |
| Cash and cash equivalents and short-term deposits as stated in the consolidated statement of financial position | | **2,845.8** | 2,620.6 | **22,197.1** | 20,440.7 |
| Less: short-term deposits with original maturity of more than three months | | **(31.5)** | (162.8) | **(245.6)** | (1,269.9) |
| **Cash and cash equivalents at 31 December** | | **2,814.3** | 2,457.8 | **21,951.5** | 19,170.8 |

**Notes:**

**1. Basis of preparation and changes to the Group's accounting policies**

*(A) Basis of preparation*

The consolidated financial statements of First Pacific Company Limited ("First Pacific" or the "Company") and its subsidiary companies (the "Group") have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all HKFRSs, Hong Kong Accounting Standards ("HKASs") and Hong Kong (International Financial Reporting Interpretations Committee) – Interpretations ("HK(IFRIC)-Ints")) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") issued by The Stock Exchange of Hong Kong Limited ("SEHK"). The consolidated financial statements have been prepared on a historical cost basis, except for biological assets, investment properties, financial assets/liabilities at fair value, derivative financial instruments and pension scheme assets which are stated at fair value. Assets classified as held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. These consolidated financial statements are presented in U.S. dollar and all values are rounded to the nearest million with one decimal place except when otherwise indicated.

*(B) Amendments adopted by the Group*

The Group has adopted the following revised HKFRSs, which were relevant to the Group, for the first time for the current year's financial statements.

| | |
|---|---|
| HKAS 1 and HKFRS Practice Statement 2 Amendments | "Disclosure of Accounting Policies" |
| HKAS 8 Amendments | "Definition of Accounting Estimates" |
| HKAS 12 Amendments | "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" |
| HKAS 12 Amendments | "International Tax Reform – Pillar Two Model Rules" |

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group's adoption of the above pronouncements has had no material effect on both the profit attributable to owners of the parent for the years ended 31 December 2023 and 2022 and the equity attributable to owners of the parent at 31 December 2023 and 31 December 2022.

**2. Turnover and segmental information**

| **For the year ended 31 December** | **2023 US$m** | 2022 US$m | **2023 HK$m*** | 2022 HK$m* |
|---|---|---|---|---|
| **Turnover** | | | | |
| Sale of goods | | | | |
| - Consumer Food Products | **7,274.9** | 7,478.2 | **56,744.2** | 58,329.9 |
| - Infrastructure | **2.6** | - | **20.3** | - |
| Sale of electricity | | | | |
| - Infrastructure | **2,039.4** | 1,755.3 | **15,907.3** | 13,691.4 |
| Sale of real estate | | | | |
| - Infrastructure | **16.6** | 9.3 | **129.6** | 72.5 |
| Rendering of services | | | | |
| - Consumer Food Products | **102.8** | 145.0 | **801.8** | 1,131.0 |
| - Infrastructure | **1,074.4** | 917.1 | **8,380.3** | 7,153.4 |
| **Total** | **10,510.7** | 10,304.9 | **81,983.5** | 80,378.2 |

**Segmental information**

A business segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group), whose results are regularly reviewed by the Group's most senior executive management who makes decisions about how resources are to be allocated to the segment and assesses its performance, and for which discrete financial information is available to them.

The Board of Directors considers the business of the Group from both product or service and geographical perspectives. From the product or service perspective, the Group's business interests are divided into four segments, which are consumer food products, telecommunications, infrastructure and natural resources. Geographically, the Board of Directors considers that the businesses of the Group are mainly located in Indonesia, the Philippines, Singapore, the Middle East, Africa and others, and the turnover information is based on the locations of the customers.

The Board of Directors assesses the performance of the business segments based on a measure of recurring profit. This basis measures the profit attributable to owners of the parent excluding the effects of foreign exchange and derivative gains/losses, and non-recurring items. Non-recurring items represent certain items, through occurrence or size, which are not considered as usual operating items. The amounts provided to the Board of Directors with respect to total assets and total liabilities are measured in a manner consistent with that of the consolidated financial statements. These assets and liabilities are allocated based on the business segment and the physical location of the assets.

The revenue, results and other information for the years ended 31 December 2023 and 2022, and assets and liabilities at 31 December 2023 and 2022 on segmental basis are as follows:

### By Principal Business Activity – 2023

| **For the year ended/at 31 December** | Consumer Food Products US$m | Telecom-munications US$m | Infrastructure US$m | Natural Resources US$m | Head Office US$m | **2023 Total US$m** | **2023 Total HK$m*** |
|---|---|---|---|---|---|---|---|
| **Revenue** | | | | | | | |
| Turnover | | | | | | | |
| - Point in time | 7,274.9 | - | 7.9 | - | - | **7,282.8** | **56,805.8** |
| - Over time | 102.8 | - | 3,125.1 | - | - | **3,227.9** | **25,177.7** |
| Total | 7,377.7 | - | 3,133.0 | - | - | **10,510.7** | **81,983.5** |
| **Results** | | | | | | | |
| Recurring profit | 272.1 | 143.2 | 278.6 | 7.6 | (97.7) | **603.8** | **4,709.6** |
| **Assets and Liabilities** | | | | | | | |
| Non-current assets (other than financial instruments and deferred tax assets) | | | | | | | |
| - Associated companies and joint ventures | 416.2 | 1,067.1 | 3,602.3 | 198.2 | - | **5,283.8** | **41,213.6** |
| - Others | 7,298.3 | - | 7,889.7 | - | 1.4 | **15,189.4** | **118,477.4** |
| | 7,714.5 | 1,067.1 | 11,492.0 | 198.2 | 1.4 | **20,473.2** | **159,691.0** |
| Other assets | 4,518.1 | - | 2,129.1 | - | 214.2 | **6,861.4** | **53,518.9** |
| Total segment assets | 12,232.6 | 1,067.1 | 13,621.1 | 198.2 | 215.6 | **27,334.6** | **213,209.9** |
| Assets classified as held for sale | 22.9 | - | - | - | - | **22.9** | **178.6** |
| Total assets | 12,255.5 | 1,067.1 | 13,621.1 | 198.2 | 215.6 | **27,357.5** | **213,388.5** |
| Borrowings | 4,258.2 | - | 5,886.5 | - | 1,466.8 | **11,611.5** | **90,569.7** |
| Other liabilities | 1,570.4 | - | 2,441.4 | - | 160.1 | **4,171.9** | **32,540.9** |
| Total segment liabilities | 5,828.6 | - | 8,327.9 | - | 1,626.9 | **15,783.4** | **123,110.5** |
| Liabilities directly associated with the assets classified as held for sale | 7.2 | - | - | - | - | **7.2** | **56.2** |
| Total liabilities | 5,835.8 | - | 8,327.9 | - | 1,626.9 | **15,790.6** | **123,166.7** |
| **Other Information** | | | | | | | |
| Depreciation and amortization | (285.5) | - | (173.4) | - | (4.1) | **(463.0)** | **(3,611.4)** |
| Impairment losses | (203.4) | - | (18.1) | - | - | **(221.5)** | **(1,727.7)** |
| Interest income | 64.0 | - | 36.7 | - | 15.6 | **116.3** | **907.1** |
| Finance costs | (239.8) | - | (250.4) | - | (83.9) | **(574.1)** | **(4,478.0)** |
| Share of profits less losses of associated companies and joint ventures | 10.9 | 127.4 | 222.8 | 5.2 | - | **366.3** | **2,857.1** |
| Taxation | (311.7) | - | (148.9) | - | (17.3) | **(477.9)** | **(3,727.6)** |
| Additions to non-current assets (other than financial instruments and deferred tax assets) | 356.8 | - | 1,061.8 | - | 0.2 | **1,418.8** | **11,066.6** |

### By Geographical Market – 2023

| **For the year ended/at 31 December** | Indonesia US$m | The Philippines US$m | Singapore US$m | The Middle East, Africa & Others US$m | **2023 Total US$m** | **2023 Total HK$m*** |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| Turnover | | | | | | |
| - Consumer Food Products | 5,649.0 | 61.1 | 128.4 | 1,539.2 | **7,377.7** | **57,546.0** |
| - Infrastructure | 56.6 | 1,046.6 | 2,029.2 | 0.6 | **3,133.0** | **24,437.5** |
| Total | 5,705.6 | 1,107.7 | 2,157.6 | 1,539.8 | **10,510.7** | **81,983.5** |
| **Assets** | | | | | | |
| Non-current assets (other than financial instruments and deferred tax assets) | 3,770.3 | 11,426.9 | 756.1 | 4,519.9 | **20,473.2** | **159,691.0** |

**By Principal Business Activity – 2022**

| For the year ended/at 31 December | Consumer Food Products US$m | Telecom-munications US$m | Infrastructure US$m | Natural Resources US$m | Head Office US$m | 2022 Total US$m | 2022 Total HK$m* |
|---|---|---|---|---|---|---|---|
| **Revenue** | | | | | | | |
| Turnover | | | | | | | |
| - Point in time | 7,478.2 | - | 4.2 | - | - | 7,482.4 | 58,362.7 |
| - Over time | 145.0 | - | 2,677.5 | - | - | 2,822.5 | 22,015.5 |
| Total | 7,623.2 | - | 2,681.7 | - | - | 10,304.9 | 80,378.2 |
| **Results** | | | | | | | |
| Recurring profit | 259.4 | 133.7 | 186.8 | 13.4 | (84.5) | 508.8 | 3,968.6 |
| **Assets and Liabilities** | | | | | | | |
| Non-current assets (other than financial instruments and deferred tax assets) | | | | | | | |
| - Associated companies and joint ventures | 558.5 | 1,081.2 | 3,485.2 | 191.3 | - | 5,316.2 | 41,466.4 |
| - Others | 7,179.7 | - | 7,039.9 | - | 3.7 | 14,223.3 | 110,941.7 |
| | 7,738.2 | 1,081.2 | 10,525.1 | 191.3 | 3.7 | 19,539.5 | 152,408.1 |
| Other assets | 3,931.1 | - | 1,771.3 | - | 233.8 | 5,936.2 | 46,302.3 |
| Total segment assets | 11,669.3 | 1,081.2 | 12,296.4 | 191.3 | 237.5 | 25,475.7 | 198,710.4 |
| Assets classified as held for sale | 16.1 | - | - | - | - | 16.1 | 125.6 |
| Total assets | 11,685.4 | 1,081.2 | 12,296.4 | 191.3 | 237.5 | 25,491.8 | 198,836.0 |
| Borrowings | 4,283.1 | - | 5,480.2 | - | 1,459.0 | 11,222.3 | 87,534.0 |
| Other liabilities | 1,468.6 | - | 2,277.4 | - | 157.7 | 3,903.7 | 30,448.8 |
| Total liabilities | 5,751.7 | - | 7,757.6 | - | 1,616.7 | 15,126.0 | 117,982.8 |
| **Other Information** | | | | | | | |
| Depreciation and amortization | (289.7) | - | (176.4) | - | (4.7) | (470.8) | (3,672.2) |
| Impairment losses, net of reversal | (56.1) | - | (15.9) | - | - | (72.0) | (561.6) |
| Interest income | 33.6 | - | 21.4 | - | 7.5 | 62.5 | 487.5 |
| Finance costs | (213.8) | - | (210.7) | - | (59.1) | (483.6) | (3,772.1) |
| Share of profits less losses of associated companies and joint ventures | 8.3 | 46.6 | 202.2 | 8.5 | - | 265.6 | 2,071.7 |
| Taxation | (244.6) | - | (68.1) | - | (10.6) | (323.3) | (2,521.7) |
| Additions to non-current assets (other than financial instruments and deferred tax assets) | 283.3 | - | 844.0 | - | 22.4 | 1,149.7 | 8,967.7 |

**By Geographical Market – 2022**

| For the year ended/at 31 December | Indonesia US$m | The Philippines US$m | Singapore US$m | The Middle East, Africa & Others US$m | 2022 Total US$m | 2022 Total HK$m* |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| Turnover | | | | | | |
| - Consumer Food Products | 5,710.0 | 219.7 | 141.8 | 1,551.7 | 7,623.2 | 59,460.9 |
| - Infrastructure | 50.6 | 882.9 | 1,747.6 | 0.6 | 2,681.7 | 20,917.3 |
| Total | 5,760.6 | 1,102.6 | 1,889.4 | 1,552.3 | 10,304.9 | 80,378.2 |
| **Assets** | | | | | | |
| Non-current assets (other than financial instruments and deferred tax assets) | 3,740.7 | 10,499.9 | 768.2 | 4,530.7 | 19,539.5 | 152,408.1 |

There was no revenue from transactions with a single customer that accounted for 10% or more of the Group's consolidated revenue during the year (2022: None).

## 3. Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

### (A) Other operating income and expenses

| For the year ended 31 December | **2023 US$m** | 2022 US$m | **2023 HK$m*** | 2022 HK$m* |
|---|---|---|---|---|
| Foreign exchange and derivative (gains)/losses, net (Note 5(A)) | **(30.0)** | 265.0 | **(234.0)** | 2,067.0 |
| Impairment losses/(reversal of impairment), net | | | | |
| - Associated companies and joint ventures | **163.8** | 86.1 | **1,277.6** | 671.6 |
| - Other receivables | **16.6** | 26.0 | **129.5** | 202.8 |
| - Property, plant and equipment | **15.6** | (141.1) | **121.7** | (1,100.6) |
| - Goodwill | **1.7** | 7.0 | **13.3** | 54.6 |
| - Other intangible assets | **0.9** | 77.1 | **7.0** | 601.4 |
| Amortization of other intangible assets | **14.1** | 13.0 | **110.0** | 101.4 |
| Loss/(gain) on disposal of property, plant and equipment, net | **4.1** | (0.1) | **32.0** | (0.8) |
| Dividend income from financial assets at fair value through other comprehensive income ("FVOCI") | **(16.0)** | (15.8) | **(124.8)** | (123.2) |
| Gain on disposal of an associated company | **(4.0)** | (2.4) | **(31.2)** | (18.7) |
| (Gain)/loss on changes in fair value of biological assets, net | **(0.8)** | 9.1 | **(6.2)** | 71.0 |
| Gains on step acquisition of a joint venture | **-** | (65.3) | **-** | (509.3) |
| Other income, net | **(54.0)** | (19.1) | **(421.3)** | (149.1) |
| **Total** | **112.0** | 239.5 | **873.6** | 1,868.1 |

### (B) Finance costs

| For the year ended 31 December | **2023 US$m** | 2022 US$m | **2023 HK$m*** | 2022 HK$m* |
|---|---|---|---|---|
| Finance costs on | | | | |
| - Bank borrowings and other loans | **696.7** | 609.9 | **5,434.3** | 4,757.2 |
| - Lease liabilities | **3.5** | 2.9 | **27.3** | 22.6 |
| Less: Finance costs capitalized in | | | | |
| - Other intangible assets | **(123.3)** | (123.7) | **(961.8)** | (964.8) |
| - Property, plant and equipment | **(2.8)** | (5.5) | **(21.8)** | (42.9) |
| **Total** | **574.1** | 483.6 | **4,478.0** | 3,772.1 |

### (C) Other items

| For the year ended 31 December | **2023 US$m** | 2022 US$m | **2023 HK$m*** | 2022 HK$m* |
|---|---|---|---|---|
| Cost of inventories sold | **3,746.1** | 4,057.3 | **29,219.6** | 31,646.9 |
| Cost of services rendered | **2,041.9** | 1,877.6 | **15,926.8** | 14,645.3 |
| Employees' remuneration | **837.2** | 826.3 | **6,530.2** | 6,445.1 |
| Depreciation | **340.9** | 328.4 | **2,659.0** | 2,561.5 |
| Amortization of other intangible assets(i) | **120.5** | 140.1 | **939.9** | 1,092.8 |
| Expenses relating to short-term leases | **18.3** | 19.0 | **142.7** | 148.2 |
| Impairment losses on accounts receivable(ii) | **15.4** | 4.4 | **120.1** | 34.3 |
| Write-down of inventories to net realizable value(iii) | **7.5** | 12.5 | **58.5** | 97.5 |
| Auditor's remuneration | | | | |
| - Audit services | **4.3** | 4.2 | **33.5** | 32.8 |
| - Non-audit services(iv) | **0.5** | 0.5 | **3.9** | 3.9 |
| Expenses relating to leases of low value assets | **0.2** | 0.9 | **1.6** | 7.0 |

*(i) US$106.3 million (HK$829.1 million) (2022: US$125.5 million or HK$978.9 million) included in cost of sales, US$12.7 million (HK$99.1 million) (2022: US$13.0 million or HK$101.4 million) included in other operating income and expenses, and US$1.5 million (HK$11.7 million) (2022: US$1.6 million or HK$12.5 million) included in administrative expenses.*

*(ii) Included in administrative expenses.*

*(iii) Included in cost of sales.*

*(iv) Pertained to due diligence, review of continuing connected transactions and other transactions relating to the Group's business development.*

## 4. Taxation

No Hong Kong profits tax (2022: Nil) has been provided as the Group had no estimated assessable profits (2022: Nil) arising in Hong Kong for the year. Taxation on assessable profits generated outside Hong Kong has been provided at the rates of taxation prevailing in the countries in which the Company's subsidiary companies operate.

| For the year ended 31 December | 2023 US$m | 2022 US$m | 2023 HK$m* | 2022 HK$m* |
|---|---|---|---|---|
| **Subsidiary companies - overseas** | | | | |
| Current taxation | **377.5** | 283.8 | **2,944.5** | 2,213.6 |
| Deferred taxation | **100.4** | 39.5 | **783.1** | 308.1 |
| **Total Tax Charge** | **477.9** | 323.3 | **3,727.6** | 2,521.7 |

Included in the share of profits less losses of associated companies and joint ventures is taxation of US$118.1 million (HK$921.2 million) (2022: US$74.5 million (HK$581.1 million)) which is analyzed as follows:

| For the year ended 31 December | 2023 US$m | 2022 US$m | 2023 HK$m* | 2022 HK$m* |
|---|---|---|---|---|
| **Associated companies and joint ventures - overseas** | | | | |
| Current taxation | **119.2** | 81.0 | **929.8** | 631.8 |
| Deferred taxation | **(1.1)** | (6.5) | **(8.6)** | (50.7) |
| **Total Tax Charge** | **118.1** | 74.5 | **921.2** | 581.1 |

## 5. Profit attributable to owners of the parent

The profit attributable to owners of the parent includes (A) net foreign exchange and derivative gains/(losses), and (B) non-recurring items with details as follows:

### (A) Analysis of Foreign Exchange and Derivative Gains/(Losses), Net

Net foreign exchange and derivative gains of US$19.5 million (HK$152.1 million) (2022: losses of US$97.5 million or HK$760.5 million), which represent the foreign exchange translation differences on the Group's unhedged foreign currency denominated net liabilities and the changes in the fair values of derivatives, are analyzed as follows:

| For the year ended 31 December | 2023 US$m | 2022 US$m | 2023 HK$m* | 2022 HK$m* |
|---|---|---|---|---|
| Subsidiary companies (Note 3(A)) | **30.0** | (265.0) | **234.0** | (2,067.0) |
| Associated companies and joint ventures | **11.6** | (3.2) | **90.5** | (25.0) |
| Subtotal | **41.6** | (268.2) | **324.5** | (2,092.0) |
| Attributable to taxation and non-controlling interests | **(22.1)** | 170.7 | **(172.4)** | 1,331.5 |
| **Total** | **19.5** | (97.5) | **152.1** | (760.5) |

### (B) Analysis of Non-recurring Items

The non-recurring losses represent certain items, through occurrence or size, which are not considered as usual operating items.

For the year ended 31 December 2023, non-recurring losses of US$122.1 million (HK$952.4 million) mainly represent PT Indofood CBP Sukses Makmur Tbk ("ICBP")'s impairment provision for its investment in Dufil Prima Foods Plc. ("Dufil") (US$65.7 million or HK$512.5 million), PLDT's and Manila Electric Company ("Meralco")'s write-down of assets (US$63.6 million or HK$496.1 million) and PLDT's manpower reduction costs (US$7.0 million or HK$54.6 million), partly offset by PLDT's gains on tower sales (US$24.4 million or HK$190.3 million).

For the year ended 31 December 2022, non-recurring losses of US$19.7 million (HK$153.6 million) mainly represent PLDT's accelerated depreciation for network assets (US$180.3 million or HK$1,406.3 million) and manpower reduction costs (US$17.7 million or HK$138.1 million), and the Group's impairment provisions for investments (US$51.6 million or HK$402.5 million), partly offset by the reversal of impairment provisions for the Group's investments in PLP (US$92.0 million or HK$717.6 million), PLDT's gains on tower sale (US$88.2 million or HK$688.0 million) and prescription of redemption liability on preferred shares (US$27.6 million or HK$215.3 million), and MPIC's gains on step acquisition of Landco Pacific Corporation ("Landco") (US$29.4 million or HK$229.3 million).

## 6. Earnings per share attributable to owners of the parent

The calculation of the basic earnings per share is based on the profit for the year attributable to owners of the parent, and the weighted average number of ordinary shares of 4,241.8 million (2022: 4,261.3 million) in issue less the weighted average number of ordinary shares held for a share award scheme of 3.1 million (2022: 5.6 million) during the year.

The calculation of the diluted earnings per share is based on the profit for the year attributable to owners of the parent. The weighted average number of ordinary shares used in the calculation is based on the number of ordinary shares used in the basic earnings per share calculation adjusted for the dilutive effect of awarded shares and share options of the Company, where applicable.

The calculations of basic and diluted earnings per share are based on:

| For the year ended 31 December | 2023 US$m | 2022 US$m | 2023 HK$m* | 2022 HK$m* |
|---|---|---|---|---|
| **Earnings** | | | | |
| Profit attributable to owners of the parent used in the basic and diluted earnings per share calculation | **501.2** | 391.6 | **3,909.4** | 3,054.5 |

| For the year ended 31 December<br>Millions | 2023 | 2022 |
|---|---|---|
| | Number of shares | |
| **Shares** | | |
| Weighted average number of ordinary shares issued during the year | **4,241.8** | 4,261.3 |
| Less: Weighted average number of ordinary shares held for a share award scheme | **(3.1)** | (5.6) |
| Weighted average number of ordinary shares used in the basic earnings per share calculation | **4,238.7** | 4,255.7 |
| Add: Dilutive impact of share awards on the weighted average number of ordinary shares | **5.3** | 5.0 |
| Add: Dilutive impact of share options on the weighted average number of ordinary shares | **0.1** | 0.1 |
| Weighted average number of ordinary shares used in the diluted earnings per share calculation | **4,244.1** | 4,260.8 |

## 7. Ordinary share distribution

| | Per ordinary share | | | | Total | | | |
|---|---|---|---|---|---|---|---|---|
| **For the year ended 31 December** | **2023 US¢** | 2022 US¢ | **2023 HK¢*** | 2022 HK¢* | **2023 US$m** | 2022 US$m | **2023 HK$m*** | 2022 HK$m* |
| Interim | **1.35** | 1.35 | **10.50** | 10.50 | **56.8** | 56.9 | **443.0** | 443.8 |
| Proposed final/final | **1.60** | 1.47 | **12.50** | 11.50 | **68.0** | 62.2 | **530.4** | 485.2 |
| **Total** | **2.95** | 2.82 | **23.00** | 22.00 | **124.8** | 119.1 | **973.4** | 929.0 |

The proposed final distribution for the year ended 31 December 2023 is subject to the approval of the Company's shareholders at the forthcoming Annual General Meeting.

## 8. Accounts receivable, other receivables and prepayments

Included in accounts receivable, other receivables and prepayments are accounts receivable of US$706.7 million (HK$5,512.3 million) (2022: US$738.7 million (HK$5,761.9 million)) with an aging profile based on the invoice date as follows:

| At 31 December | 2023 US$m | 2022 US$m | 2023 HK$m* | 2022 HK$m* |
|---|---|---|---|---|
| 0 to 30 days | **576.2** | 611.9 | **4,494.4** | 4,772.8 |
| 31 to 60 days | **59.8** | 57.6 | **466.4** | 449.3 |
| 61 to 90 days | **30.7** | 30.5 | **239.5** | 237.9 |
| Over 90 days | **40.0** | 38.7 | **312.0** | 301.9 |
| Total | **706.7** | 738.7 | **5,512.3** | 5,761.9 |

Indofood generally allows customers 30 to 60 days of credit. MPIC generally allows seven to 60 days of credit for its water and sewage service customers, 45 to 60 days of credit for its bulk water supply customers, and an instalment period of one to three years for its real estate customers. PLP generally allows customers 30 days of credit.

**9. Accounts payable, other payables and accruals**

Included in accounts payable, other payables and accruals are accounts payable of US$578.4 million (HK$4,511.5 million) (2022: US$585.2 million (HK$4,564.6 million)) with an aging profile based on invoice date as follows:

| At 31 December | 2023 US$m | 2022 US$m | 2023 HK$m* | 2022 HK$m* |
|---|---|---|---|---|
| 0 to 30 days | **501.6** | 488.9 | **3,912.4** | 3,813.4 |
| 31 to 60 days | **15.7** | 24.0 | **122.5** | 187.2 |
| 61 to 90 days | **7.0** | 25.3 | **54.6** | 197.3 |
| Over 90 days | **54.1** | 47.0 | **422.0** | 366.7 |
| **Total** | **578.4** | 585.2 | **4,511.5** | 4,564.6 |

**10. Other comprehensive (loss)/income attributable to owners of the parent**

| | Exchange reserve US$m | Fair value reserve of financial assets at FVOCI US$m | Unrealized gain/ (losses) on cash flow hedges US$m | Income tax related to cash flow hedges US$m | Actuarial gain/ (losses) on defined benefit pension plans US$m | Share of other comprehensive (loss)/income of associated companies and joint ventures US$m | Total US$m | Total HK$m* |
|---|---|---|---|---|---|---|---|---|
| At 1 January 2022 | (690.0) | 148.8 | 29.5 | (4.9) | 14.1 | (209.8) | (712.3) | (5,555.9) |
| Other comprehensive (loss)/income for the year | (358.3) | 13.9 | (27.6) | 5.5 | 4.4 | 57.7 | (304.4) | (2,374.3) |
| Acquisition of an interest in a subsidiary company | (8.7) | - | - | - | - | - | (8.7) | (67.9) |
| At 31 December 2022 | (1,057.0) | 162.7 | 1.9 | 0.6 | 18.5 | (152.1) | (1,025.4) | (7,998.1) |
| At 1 January 2023 | (1,057.0) | 162.7 | 1.9 | 0.6 | 18.5 | (152.1) | **(1,025.4)** | **(7,998.1)** |
| Other comprehensive income/(loss) for the year | 23.8 | (12.6) | 2.6 | (1.1) | (3.5) | (45.1) | **(35.9)** | **(280.0)** |
| Net acquisition of an interest in a subsidiary company | (1.7) | - | - | - | - | - | **(1.7)** | **(13.3)** |
| Transfer of fair value reserve upon the disposal of equity investments at FVOCI | - | (0.4) | - | - | - | - | **(0.4)** | **(3.1)** |
| **At 31 December 2023** | **(1,034.9)** | **149.7** | **4.5** | **(0.5)** | **15.0** | **(197.2)** | **(1,063.4)** | **(8,294.5)** |

**11. Contingent liabilities**

At 31 December 2023, except for guarantees of US$24.4 million (HK$190.3 million) (31 December 2022: US$18.4 million or HK$143.5 million) given by Indofood for loan facilities obtained by certain plantation farmers in relation to arrangements for those farmers' production and sale of fresh fruit bunches to Indofood, the Group had no significant contingent liabilities (31 December 2022: Nil).

**12. Employee information**

| For the year ended 31 December | 2023 US$m | 2022 US$m | 2023 HK$m* | 2022 HK$m* |
|---|---|---|---|---|
| Employee remuneration (including Directors' remuneration) | **837.2** | 826.3 | **6,530.2** | 6,445.1 |

| Number of employees | 2023 | 2022 |
|---|---|---|
| At 31 December | **101,469** | 101,203 |
| Average for the period | **100,976** | 100,668 |

**13. Approval of the consolidated financial statements**

The audited consolidated financial statements of the Company were approved and authorized for issue by the Board of Directors on 27 March 2024.

* *The Company maintains its accounts and reports to its shareholders in United States dollars. The figures shown in Hong Kong dollars are for illustration only and are based on a fixed exchange rate of 7.8 Hong Kong dollars to one United States dollar.*

## REVIEW OF OPERATIONS

### FIRST PACIFIC

Below is an analysis of results by individual company.

### Contribution and profit summary

| For the year ended 31 December<br>US$ millions | Turnover 2023 | Turnover 2022 | Contribution to Group profit(i) 2023 | Contribution to Group profit(i) 2022 |
|---|---|---|---|---|
| Indofood | **7,338.4** | 7,429.8 | **285.1** | 265.8 |
| PLDT(ii) | **-** | - | **143.2** | 133.7 |
| MPIC | **1,103.8** | 934.1 | **159.8** | 104.4 |
| FPM Power | **2,029.2** | 1,747.6 | **118.8** | 82.4 |
| Philex(ii) | **-** | - | **7.6** | 13.4 |
| FP Natural Resources(iii) | **39.3** | 193.4 | **(13.0)** | (6.4) |
| **Contribution from operations(iv)** | **10,510.7** | 10,304.9 | **701.5** | 593.3 |
| Head Office items: | | | | |
| - Corporate overhead | | | **(19.4)** | (22.2) |
| - Net interest expense | | | **(71.4)** | (54.8) |
| - Other expenses | | | **(6.9)** | (7.5) |
| **Recurring profit(v)** | | | **603.8** | 508.8 |
| Foreign exchange and derivative gains/(losses), net(vi) | | | **19.5** | (97.5) |
| Non-recurring items(vii) | | | **(122.1)** | (19.7) |
| **Profit attributable to owners of the parent** | | | **501.2** | 391.6 |

*(i) After taxation and non-controlling interests, where appropriate.*

*(ii) Associated companies.*

*(iii) RHI's 2023 loss widened reflecting limited operations due to lack of raw sugar and molasses supply. On 28 February 2024, RHI announced that its sugar refinery business is closing for operation permanently due to extremely difficult operational and market conditions. The divestment of certain assets is ongoing, and the proceeds will mainly be used to settle its obligations.*

*(iv) Contribution from operations represents the recurring profit contributed to the Group by its operating companies.*

*(v) Recurring profit represents the profit attributable to owners of the parent excluding the effects of foreign exchange and derivative gains/losses, and non-recurring items.*

*(vi) Foreign exchange and derivative gains/losses, net represent the net gains/losses on foreign exchange translation differences on the Group's unhedged foreign currency denominated net liabilities and the changes in the fair value of derivatives.*

*(vii) Non-recurring items represent certain items, through occurrence or size, which are not considered as usual operating items. 2023's non-recurring losses of US$122.1 million mainly represent the Group's impairment provision for investment (US$65.7 million), PLDT's and Meralco's write-down of assets (US$63.6 million) and PLDT's manpower reduction costs (US$7.0 million), partly offset by PLDT's gains on tower sales (US$24.4 million). 2022's non-recurring losses of US$19.7 million mainly represent PLDT's accelerated depreciation for network assets (US$180.3 million) and manpower reduction costs (US$17.7 million), and the Group's impairment provisions for investments (US$51.6 million), partly offset by the reversal of impairment provisions for the Group's investments in PLP (US$92.0 million), PLDT's gains on tower sales (US$88.2 million) and prescription of redemption liability on preference shares (US$27.6 million), and MPIC's gains on step acquisition of Landco Pacific Corporation (US$29.4 million).*

First Pacific's performance in 2023 continued into a third consecutive year of record high recurring profit with the delivery of its highest-ever turnover, contribution from operations, and recurring profit as a result of contribution growth from MPIC, PLP, Indofood, and PLDT. With most investee companies' stronger performances continuing, total contribution from operations rose 18% to US$701.5 million notwithstanding a high interest rate environment.

Turnover up 2% to US$10.5 billion from US$10.3 billion

- reflecting higher revenues at PLP driven by higher volume of electricity sold and higher revenue from sales of gas
- higher revenues at MPIC driven by toll roads and water businesses
- partly offset by lower U.S. dollar revenue contribution from Indofood resulting from a 2.0% depreciation of the rupiah average exchange rate against the U.S. dollar notwithstanding a 1% revenue increase in rupiah terms

Recurring profit up 19% to US$603.8 million from US$508.8 million

- reflecting higher profit contributions from MPIC, PLP, Indofood, and PLDT
- lower corporate overhead
- partly offset by higher Head Office net interest expenses and lower contribution from Philex due to lower metal output, ore grades, and copper prices

Non-recurring losses up 520% to US$122.1 million from US$19.7 million

- reflecting the Group's impairment provisions
- PLDT's and Meralco's write-down of assets
- PLDT's manpower rightsizing costs
- partly offset by PLDT's gains on towers sales

Reported profit up 28% to US$501.2 million from US$391.6 million

- reflecting higher recurring profit
- net foreign exchange and derivative gains verse losses in 2022
- partly offset by a higher non-recurring loss

The Group's operating results are denominated in local currencies, principally the rupiah, the peso and the Singapore dollar (S$), which are translated and consolidated to provide the Group's results in U.S. dollars. The changes of these currencies against the U.S. dollar are summarized below.

| Closing exchange rates against the U.S. dollar | | | |
|---|---|---|---|
| At 31 December | **2023** | 2022 | One year change |
| Rupiah | **15,416** | 15,731 | +2.0% |
| Peso | **55.37** | 55.76 | +0.7% |
| S$ | **1.320** | 1.340 | +1.5% |

| Average exchange rates against the U.S. dollar | | | |
|---|---|---|---|
| For the year ended 31 December | **2023** | 2022 | One year change |
| Rupiah | **15,222** | 14,917 | -2.0% |
| Peso | **55.56** | 54.47 | -2.0% |
| S$ | **1.342** | 1.378 | +2.7% |

During 2023, the Group recorded net foreign exchange and derivative gains of US$19.5 million (2022: losses of US$97.5 million), which can be further analyzed as follows:

| US$ millions | **2023** | 2022 |
|---|---|---|
| Head Office | **0.9** | (8.8) |
| Indofood | **9.4** | (79.9) |
| PLDT | **9.0** | (7.5) |
| MPIC | **0.2** | (1.9) |
| FPM Power | **(0.1)** | 0.1 |
| Philex | **0.1** | 0.5 |
| **Total** | **19.5** | (97.5) |

### Privatization of MPIC

On 26 April 2023, First Pacific through its Philippine affiliate, Metro Pacific Holdings, Inc. ("MPHI"), entered into a Memorandum of Agreement with a consortium of bidders including GT Capital Holdings, Inc., Mit-Pacific Infrastructure Holdings Corporation, and MIG Holdings Incorporated (collectively, the "Bidders") proposing to take MPIC private with a tender offer price of 4.63 pesos (US$0.08) per MPIC common share. On 3 July 2023, the Bidders raised the tender offer price to 5.20 pesos (US$0.09) per share. The revised tender offer price values MPIC at 149.2 billion pesos (US$2.7 billion) in equity value on 100% basis.

At a Special Shareholders Meeting on 8 August 2023, MPIC shareholders representing over 77% of the total outstanding common shares of MPIC voted to approve the proposal for voluntary delisting, while less than 1% voted against. The voting result fulfilled requirements under the Amended Voluntary Delisting Rules of the Philippine Stock Exchange ("PSE") for the tender offer to proceed.

At a Special General Meeting on 24 August 2023, over 99.99% of First Pacific shareholders voted to approve MPHI's participation in the Bidders' tender offer.

The tender offer was closed on 19 September 2023. With a consideration of approximately 3.2 billion pesos (US$57 million), MPHI's shareholding at MPIC increased to 48.2% from 46.1%. With supports from 97.23% of its shareholders, MPIC was delisted from the PSE on 9 October 2023.

On 8 November 2023, MPHI completed the subscription of approximately 765 million primary shares of MPIC at 5.20 pesos (US$0.09) per share for a total consideration of approximately 4.0 billion pesos (US$72 million). On a fully diluted basis, MPHI's shareholding at MPIC decreased from 48.2% to 46.2%.

### Capital Management

#### Distributions

First Pacific's Board of Directors declared a final distribution of HK 12.5 cents (U.S. 1.60 cents) (2022: HK 11.5 cents (U.S. 1.47 cents)) per share which brings the total distribution for 2023 to HK 23.0 cents (U.S. 2.95 cents) per share, up 5% from HK 22.0 cents (U.S. 2.82 cents) in 2022.

First Pacific strives to deliver a progressive distribution policy over time. The aim of this policy is to steadily increase or at least maintain the Hong Kong dollar value of distributions per share annually. Prospective distributions, however, remain dependent on the financial performance and funding needs of the Company.

### Credit Ratings

As at the end of December 2023, First Pacific maintained its credit rating at Baa3 with Stable outlook from Moody's Investors Service and BBB- with Stable outlook from Standard & Poor's Global Ratings.

### Debt Profile

On 18 April 2023, First Pacific fully redeemed the outstanding principal amount of US$357.8 million of 10-year unsecured bonds on their maturity, financed by long term banking facilities.

As at 31 December 2023, Head Office gross debt remained at approximately US$1.5 billion with an average maturity at 3.2 years. It includes the only outstanding 7-year unsecured bond of US$350.0 million at 4.375% coupon with maturity on 11 September 2027. Net debt remained at approximately US$1.4 billion. Approximately 49% of the Head Office borrowings were at fixed rates while floating rate bank loans comprised the remainder. In a high interest rate environment, the blended average interest rate rose to approximately 5.4% in 2023 from approximately 4.8% in 2022. All Head Office borrowings are unsecured. As part of the proactive liability management initiatives, Head Office has obtained committed banking facilities to refinance the US$210 million outstanding bank loans due in 2024.

There is no Head Office recourse for the borrowings of subsidiary or associated companies.

### Operating Cashflow and Interest Cover

For 2023, Head Office operating cash inflow before interest expense and tax increased 48% to US$306.4 million from US$207.3 million in 2022, reflecting inaugural dividends received from PLP.

Net cash interest expense rose 36% to US$70.3 million from US$51.7 million, reflecting a higher average interest rate resulting from global financial market trends. For the 12 months ended 31 December 2023, the cash interest cover was approximately 4.4 times (2022: 4.0 times).

### Foreign Currency Hedging

The Company actively reviews the potential benefits of hedging based on forecast dividend income and enters into hedging arrangements for managing its foreign currency risk exposure in dividend income and payments in foreign currencies.

### Outlook

In the wake of 2023's record-setting numbers, all of First Pacific's four core holdings are running strong and the Company's management broadly expect continuing improvement over the medium term. The Company is confident in the outlook going forward, building on the solid footing of medium-term earnings growth in First Pacific's mix of listed and private assets, and the implication that has for shareholder returns over time.

## INDOFOOD

Indofood continues to implement the strategies of broad product offerings, strengthened brand equity, increased product availability, and improving efficiencies which have sustained its growth momentum in 2023 notwithstanding global uncertainties and volatility in soft commodity prices. Sales growth was recorded in the CBP and Distribution groups, while Bogasari group was impacted by a slight decline in sales volume, and the Agribusiness group suffered from softening of crude palm oil ("CPO") prices despite higher sales volumes of palm products.

Indofood's contribution to the Group rose 7% to US$285.1 million (2022: US$265.8 million) principally reflecting a higher core profit.

| | |
|---|---|
| Core profit up 8% to 9.8 trillion rupiah (US$642.7 million) from 9.1 trillion rupiah (US$607.3 million) | ▪ reflecting higher operating profits of CBP group<br>▪ partly offset by lower operating profits of the Agribusiness and Bogasari groups |
| Net income up 28% to 8.1 trillion rupiah (US$535.2 million) from 6.4 trillion rupiah (US$426.3 million) | ▪ reflecting higher core profit<br>▪ higher foreign exchange gain of 436.1 billion rupiah (US$28.6 million) resulting from a 2.0% appreciation of the rupiah closing exchange rate against the U.S. dollar, in contrast with a foreign exchange loss of 3.7 trillion rupiah (US$245.8 million) in 2022 |
| Consolidated net sales up 1% to 111.7 trillion rupiah (US$7.3 billion) from 110.8 trillion rupiah (US$7.4 billion) | ▪ record high sales driven by sales growth at the CBP, and Distribution groups<br>▪ partly offset by lower sales of the Bogasari, and Agribusiness group |
| Gross profit margin to 32.3% from 30.7% | ▪ mainly due to lower raw material costs and higher efficiencies at the CBP group<br>▪ partly offset by lower average selling prices of products at the Agribusiness group and a decline in sales volume at Bogasari group |
| Consolidated operating expenses up 15% to 16.4 trillion rupiah (US$1.1 billion) from 14.3 trillion rupiah (US$975.2 million) | ▪ reflecting a foreign exchange loss from operating activities compared with a foreign exchange gain in 2022<br>▪ higher selling and general and administrative expenses |
| EBIT margin to 17.6% from 17.8% | |

### Debt Profile

As at 31 December 2023, Indofood's gross debt decreased 2% to 64.5 trillion rupiah (US$4.2 billion) from 66.1 trillion rupiah (US$4.2 billion) as at 31 December 2022. Of this total, 28% matures in the next 12 months and the remainder matures between January 2025 and April 2052, while 30% was denominated in rupiah and the remaining 70% in foreign currencies.

As at the end of December 2023, ICBP maintained its investment-grade BBB- and Baa3 stable ratings from Fitch and Moody's, respectively. In early 2024, Moody's has upgraded ICBP's outlook to positive from stable, reflecting its conservative financial policies and improved credit metrics as well as stable earnings and free cash flow generation.

**Additional Investments**

In 2023, Indofood acquired a total of approximately 9.4 million shares of Indofood Agri Resources Ltd. ("IndoAgri") from the open market for a total consideration of approximately S$2.8 million (US$2.1 million), increasing Indofood's effective interest in IndoAgri to approximately 72.9% from 72.3%.

From 1 January 2024 to 27 March 2024, Indofood acquired an additional approximately 0.6 million shares of IndoAgri from the open market for a total consideration of approximately S$0.2 million (US$0.1 million), increasing Indofood's effective interest in IndoAgri to approximately 73.0% from 72.9%.

**Consumer Branded Products**

The CBP group produces and markets a wide range of consumer branded products, offering everyday solutions to consumers of all ages across different market segments. This business group comprises the Noodles, Dairy, Snack Foods, Food Seasonings, Nutrition & Special Foods, and Beverages divisions. Its business operations are supported by 60 plants located in key regions across Indonesia. The CBP group also owns more than 20 manufacturing facilities in Malaysia, Africa, the Middle East, and South-eastern Europe serving overseas markets. In addition, the CBP group also exports many of its products from Indonesia, making them available in more than 100 countries globally.

Indofood's Noodles division is one of the world's largest producers of instant noodles and is the market leader in Indonesia, Saudi Arabia, Egypt, Morocco, Nigeria, and Türkiye among others, serving a population of more than 1.2 billion consumers in its major markets at home and abroad. Its annual production capacity is around 36 billion packs, across a broad range of instant noodle varieties.

The Dairy division has an annual production capacity of more than 900,000 tonnes and is one of the largest dairy manufacturers in Indonesia. It produces and markets UHT milk, sterilized bottled milk, sterilized canned milk, sweetened condensed creamer, evaporated milk, pasteurized liquid milk, multi-cereal milk, milk-flavored drinks, powdered milk, ice cream, and butter.

The Snack Foods division has an annual production capacity of around 50,000 tonnes, producing modern-style and contemporized traditional snacks, as well as extruded snacks, making it the market leader in the modern snack category in Indonesia.

The Food Seasonings division has an annual production capacity of around 240,000 tonnes, manufacturing and marketing a wide range of culinary products, including recipe mixes, seasoning flour, soy sauces, chili sauces, tomato sauces, and stock soup as well as syrups.

Indofood's Nutrition & Special Foods division is a leading player in Indonesia's baby food industry. This division has an annual production capacity of around 25,000 tonnes, producing baby cereals, baby snacks such as rice puffs, crunchies, biscuits and puddings, noodle and pasta for infants and toddlers, cereal-based snacks for children, and cereal powdered drinks for the whole family, as well as milk products for expectant and lactating mothers.

The Beverages division offers a wide range of ready-to-drink teas, packaged water, and fruit-flavored drinks which are produced in 17 factories across Indonesia with a combined annual production capacity of approximately three billion liters.

In 2023, CBP group sales rose 5% to 68.6 trillion rupiah (US$4.5 billion), mainly driven by higher volume and average selling prices in both domestic and overseas markets. The EBIT margin improved to 21.5% from 19.0% mainly due to lower input prices and higher efficiencies.

In the coming year, the CBP group aims to continue balancing sales growth with profitability while maintaining a robust balance sheet. It will focus on growing organically in both domestic and overseas businesses through product portfolio optimization, driving relevance and excitement through innovation, expanding distribution and penetration, and enhancing product and brand visibility. Integrated sales and marketing programs will be implemented to drive consumption and increase brand awareness, while operational excellence and strategy execution will be strengthened to ensure competitiveness.

**Bogasari**

Bogasari is the largest integrated flour miller in Indonesia, operating four flour mills with total combined annual production capacity of approximately 4.4 million tonnes. Bogasari produces a wide range of wheat flour products and pasta for domestic and international markets.

Its sales declined 5% to 30.4 trillion rupiah (US$2.0 billion), reflecting a slight decline in sales volume. Its EBIT margin slightly declined to 7.5% from 7.8%.

The prospects for the wheat flour business remain promising in Indonesia, where people consume less flour than in neighboring countries. Indonesia's growing population size, rising per-capita income and greater urbanization are expected to drive demand growth for flour-based foods such as bread, pizza, and pasta. Global wheat prices are expected to remain volatile especially with the recent non-renewal of the Black Sea grain deal and weather uncertainties.

**Agribusiness**

The diversified and vertically integrated Agribusiness group is one of Indonesia's largest producers of palm oil with a leading market share in branded edible oils and fats. Its two divisions, Plantation and EOF, operate through IndoAgri and its main operating subsidiaries, PT Salim Ivomas Pratama Tbk and PT Perusahaan Perkebunan London Sumatra Indonesia Tbk in Indonesia. In Brazil, IndoAgri has 36.2% equity investments in sugar and bioethanol operations in Companhia Mineira de Açúcar e Álcool Participações ("CMAA") and land assets in Bússola Empreendimentos e Participações S.A..

The performance of the Agribusiness group was in line with the softening prices of CPO over 2023. Agribusiness group sales declined 10% to 16.0 trillion rupiah (US$1.0 billion) mainly due to lower average selling prices of palm products and EOF products despite higher sales volumes. The sales volumes of CPO and palm kernel-related products rose 6% and 11% to 743,000 tonnes and 184,000 tonnes, respectively. The EBIT margin declined to 13.3% from 18.8%.

### Plantation

In Indonesia, the total planted area declined slightly to 293,429 hectares from year-end 2022, of which oil palm accounted for 83%, while rubber, sugar cane and other crops accounted for the remainder. IndoAgri's oil palms have an average age of approximately 19 years, while around 13% of its oil palms are younger than seven years. This division has a total annual processing capacity of 7.2 million tonnes of fresh fruit bunches ("FFB").

The Plantation division recorded a 7% decline in sales to 10.8 trillion rupiah (US$712.7 million) mainly reflecting lower average selling prices of palm products despite higher sales volume.

The Plantation division's FFB nucleus production decreased 1% to 2,784,000 tonnes and CPO production declined 4% to 708,000 tonnes. The CPO extraction rate was stable at 20.8%.

In Brazil, the total planted area for sugar cane rose 4% to 124,031 hectares from year-end 2022, of which 51% was owned by CMAA, while contracted third-party farmers accounted for the remainder.

CPO prices are expected to remain highly volatile with uncertainties from weather conditions and geopolitical conflicts. Demand growth is likely to be impacted by macroeconomic factors, such as inflation and interest rates.

The Plantation Division will continue its crop management activities for enhancing FFB yields and plantation productivity, cost efficient initiatives, and prioritizing capital investments in critical areas.

### Edible Oils & Fats

This division manufactures cooking oils, margarines, and shortenings. It has an annual CPO refinery capacity of 1.7 million tonnes.

In 2023, this division recorded an 11% decline in sales to 11.3 trillion rupiah (US$741.4 million) as a result of lower sales prices of edible oil products despite higher sales volume.

EOF division will continue its competitive pricing strategies for sales volume growth and recovery. With the increasing population and per capita income growth trends, the Agribusiness group has confidence in the expansion potential of the EOF market in Indonesia.

## Distribution

The Distribution group is a strategic component of Indofood's Total Food Solutions network of vertically integrated operations as it has one of the most extensive nationwide distribution networks in Indonesia, covering all densely populated areas. It is well connected to both traditional and modern grocery outlets to ensure the ready availability of Indofood products to consumers across Indonesia.

The Distribution group's sales rose 12% to 7.0 trillion rupiah (US$456.9 million) supported by higher sales of Indofood's products and other consumer goods companies this group provides services to, and improved efficiency. The EBIT margin improved to 6.9% from 6.5% due to lower operating expenses.

With momentum in economic growth ongoing in Indonesia, the Distribution group continues to strengthen its operational excellence to capture emerging opportunities and secure a competitive edge in the market to achieve sustainable growth. Emphasis will be placed on deepening market penetration, particularly in rural areas, as well as managing and developing its distribution channels.

## Outlook

The movement of soft commodity prices, particularly wheat and CPO, the arrival of El Niño, and the purchasing power of its consumers are seen impacting the financial performance of the Indofood group. The growing spending power of rising middle classes in Indonesia and overseas markets will remain key demand drivers for Indofood's products.

Indofood will be monitoring the global situation cautiously and continuing to balance its market share with profitability and maintaining a healthy balance sheet.

## PLDT

PLDT's core business recorded steady growth in 2023. Telco core net income exceeded guidance for the full year with EBITDA, service revenues from the Home and Enterprise businesses, and consolidated service revenues reaching all-time highs. Data and broadband services remained the main drivers of revenue growth.

PLDT's contribution to the Group rose 7% to US$143.2 million (2022: US$133.7 million), reflecting higher consolidated core net income.

Telco core net income up 4% to 34.3 billion pesos (US$618.1 million) from 33.1 billion pesos (US$608.0 million)

- reflecting higher EBITDA
- lower depreciation and amortization
- partly offset by higher financing costs and provision for income taxes

| | |
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| Consolidated core net income up 6% to 32.5 billion pesos (US$638.3 million) from 30.6 billion pesos (US$561.2 million) | ▪ reflecting higher telco core net income<br>▪ share of lower losses in Maya Innovations Holdings Pte. Ltd. ("Maya", formerly Voyager Innovations Holdings Pte. Ltd.) |
| Reported net income up 154% to 26.6 billion pesos (US$479.0 million) from 10.5 billion pesos (US$192.5 million) | ▪ reflecting higher core net income<br>▪ accelerated depreciation for network assets in 2022<br>▪ lower manpower rightsizing expenses<br>▪ partly offset by lower gain from the sale and leaseback of telco towers |
| Consolidated service revenues (net of interconnection costs) up 1% to 191.4 billion pesos (US$3.4 billion) from 190.1 billion pesos (US$3.5 billion) | ▪ reflecting growth in Individual, Home and Enterprise service revenues<br>▪ Individual, Home and Enterprise service revenues rose 2%, 1% and 1%, accounting for 43%, 32% and 25% of consolidated service revenues, respectively<br>▪ data and broadband remained the main growth drivers, with combined revenues up 4%, representing 82% (2022: 80%) of consolidated service revenues<br>▪ excluding legacy revenues, consolidated service revenues rose 6% to 200.8 billion pesos (US$3.6 billion) |
| EBITDA (ex-MRP)* rose 4% to 104.3 billion pesos (US$1.9 billion) from 100.5 billion pesos (US$1.8 billion) | ▪ reflecting higher service revenues<br>▪ lower cash operating expenses<br>▪ lower subsidies and provisions |
| EBITDA (ex-MRP) margin at 52% from 51% | ▪ EBITDA (ex-MRP) margin of wireless and fixed line at 57% and 49%, respectively |

** EBITDA (ex-MRP) excludes manpower rightsizing program and telco tower sale and leaseback related expenses*

**Capital Expenditures**

In 2023, capital expenditure declined 12% to 85.1 billion pesos (US$1.5 billion). The ratio of capital expenditure to service revenues decreased to 42% from 50% in 2022, progressing towards PLDT's goal of sequential reduction in capital spending building towards positive free cash flow.

PLDT's fiber footprint, the Philippines' most extensive network, expanded further to over 1.1 million cable kilometers. As at the end of December 2023, it had over 0.9 million kilometers of domestic fiber and more than 200,000 kilometers of international fiber. Total homes passed by PLDT's fiber optic network reached over 17.5 million, reaching 70% of the country's towns and 91% of its municipalities. On Smart's wireless network, the total number of base stations rose to over 74,700. Smart's combined 5G and 4G network coverage reached approximately 97% of the Philippines' population.

Capital expenditure guidance for 2024 is further lowered to between 75 billion pesos to 78 billion pesos, which includes investment in network capacity to drive revenue growth and support continuing growth in data traffic.

**Debt Profile**

As at 31 December 2023, PLDT's consolidated net debt increased to 239.8 billion pesos (US$4.3 billion) from 225.7 billion pesos (US$4.0 billion) at year-end 2022, with net debt to EBITDA at 2.30 times. Total gross debt rose to 256.9 billion pesos (US$4.6 billion) from 251.9 billion pesos (US$4.5 billion), with an average maturity extended to 6.95 years. 16% of gross debt was denominated in U.S. dollars, with only 5% of total debt unhedged after taking into account available currency hedges and U.S. dollar cash allocated for debt service. 61% of total debt is due to mature beyond 2028. 47% of the total are fixed-rate loans. The average pre-tax interest cost for the year rose to 4.58% from 4.04% in 2022 due to a higher interest rate environment.

As at the end of December 2023, PLDT's credit ratings remained at investment grade at Moody's (Baa2) and S&P (BBB), the international credit rating agencies.

**Dividends**

On 7 March 2024, the PLDT Board of Directors declared a final regular cash dividend of 46 pesos (US$0.83) (2022: 45 pesos (US$0.81)) per share payable on 5 April 2024 to shareholders on record as of 21 March 2024. Together with an interim regular dividend of 49 pesos (US$0.89) per share paid on 1 September 2023, total dividends for 2023 amounted to 95 pesos (US$1.72) per share, representing a 60% payout of its 2023 telco core net income, in line with PLDT's dividend policy.

**Service Revenues by Business Segment**

Data and broadband services remained key drivers of PLDT's performance during the year, now accounting for 82% of total service revenues. Data and broadband revenues increased 4% to 157.6 billion pesos (US$2.8 billion). Mobile data revenues grew 4% to 74.7 billion pesos (US$1.3 billion), Home broadband revenues rose 3% to 52.5 billion pesos (US$944.9 million), corporate data recorded 4% growth to 25.1 billion pesos (US$451.8 million), while ICT revenues were up 15% to 5.3 billion pesos (US$95.4 million).

Home service revenues rose 1% to a record high 60.4 billion pesos (US$1.1 billion) of which 87% (2022: 85%) were from fiber. Fiber-only revenues increased 9% to 53.0 billion pesos (US$953.9 million), accounting for 88% (2022: 81%) of total Home service revenues. Growth was underpinned by PLDT's competitive advantage of superior network quality – extending services to unserved, underserved, and niche markets, enhancing customized offers by leveraging fiber and fixed-wireless technologies, and delivering innovative industry leadership.

In 2023, PLDT's fiber subscriber base rose 8% to 3.2 million.

Recently, PLDT offered two pioneering innovation services to its Home customers, further improving customers' digital experience. By deploying XGS-PON technology, the internet connection speed of its groundbreaking fiber broadband service can reach 10 gigabits per second ("Gbps"), 100 times faster than the average 100 megabits per second ("Mbps") prevalent in the Philippines. PLDT's customers can enjoy ultra-fast internet connection such as those available in developed countries like the USA, South Korea, and Singapore.

By leveraging PLDT's industry-fastest fixed infrastructure and Smart's robust wireless network, the newly launched Always-On broadband service provides a seamless, ultra-high-speed connection ensuring 24/7 access for work, study, or entertainment for customers.

PLDT Enterprise continued its growth momentum in data centers via VITRO Inc., and multi-cloud services at ePLDT. Its service revenues rose 1% to a record high 47.1 billion pesos (US$847.7 million) of which 72% (2022: 73%) were from data/broadband, driven by growth at the information and communications technology business, including data center services, and corporate data.

VITRO Inc. has 10 state-of-the-art data centers facilities - the largest network in the Philippines. The country's largest and first true hyperscaler data center VITRO Sta. Rosa ("VSR") in Sta. Rosa, Laguna is expected to commence service in July 2024. By adding VSR's capacity consisting of 4,500 racks and 50 megawatts of power, VITRO Inc.'s total facility capacity will double to approximately 100 megawatts, cementing its market leadership in the Philippines and positioning the country as a leading data center hub in Asia Pacific.

In support of the Philippine government's Cloud-First Policy and to enhance the delivery of government services, ePLDT launched the Philippines' first highly secured sovereign cloud Pilipinas Cloud for hosting highly sensitive government data and applications.

PLDT Enterprise's Internet of Things ("IoT") Connectivity platform also recorded substantial growth by adding over 200,000 new additions in 2023. Its extensive partnerships and customized solutions across sectors such as automotive, retail, logistics, and utilities sustained its position as a key player in data-driven technologies.

PLDT Global extended its global reach to Guam via a partnership with Guam's primary telecommunications company, GTA Teleguam ("GTA"). Its Virtual Points-of-Presence service extends the network reach of its customers to markets across Australia, Taiwan, South Korea, Indonesia, Vietnam, and Europe.

In 2023, the recovery of Individual business was demonstrated by a 2% increase in service revenues to 81.8 billion pesos (US$1.5 billion), 87% (2022: 84%) of which were from data. Made possible by an improving macro-economic and competitive backdrop and driven by Smart's long-validity offers, its wide range of top-up products, and the launch of innovation services such as prepaid eSIMs, mobile data revenues rose 6% to 71.1 billion pesos (US$1.3 billion) with data traffic up 11% to 4,898 petabytes. The number of active data users was approximately 39.0 million.

As at the end of December 2023, the PLDT group's combined wireless subscriber base stood at 57.8 million – the country's largest. Among wireless subscribers, approximately 96% were prepaid customers.

A recent collaboration with Google Cloud marked Smart as one of the first mobile operators in the world to deploy Telecom Subscriber Insights, Google Cloud's AI-powered solution which enables Smart subscribers to access and engage with relevant offers as desired.

**Fintech Ecosystem Drives Growth**

PLDT's digital financial services unit Maya – a market leader with the most comprehensive fintech ecosystem in the Philippines, is ranked number one for its fintech ecosystem: digital banking, payments processing, merchant acquisition, and consumer app. Its products and services are tailored to address the market's requirements, offering the best digital financial services experience in the country.

Maya enables high-engagement banking by integrating consumer payments with bank accounts and, as a result, is able to offer interest rates up to 15% per annum on savings accounts for consumers. At the end of December 2023, Maya Bank's depositor base grew by over 2 times to 3 million, with deposit balances higher by 69% from launch to 25 billion pesos (US$451.5 million). Maya's savings and wealth-building products including Maya Time Deposit Plus, Maya Funds, and Maya Stocks. Maya Card enables users to use their Maya account globally.

Maya Bank's cumulative loan disbursements rose almost seven times to 22 billion pesos (US$396.0 million) for full year 2023.

For enterprises, the Maya platform empowers businesses with all-in-one digital banking services. Its platform supports various payment methods seamlessly. Visa and BancNet data show that Maya's omni-channel offering sustained its number one position in processing payment transactions for credit and debit cards, and QR Ph transactions for the second year in a row.

Maya Bank meets the financial needs of micro-, small-, and medium-sized enterprises ("MSMEs"). It offers higher business deposit interest rates than traditional banks and up to 2 million pesos (US$35,121) in unsecured credit to businesses that typically do not have access to credit.

**Sustainability: Deepening integration into operations**

In support of PLDT's purpose of inspiring innovations, creating meaningful connections, and its ambition of becoming a sustainability leader in the region, the PLDT group continued to pursue its sustainability roadmap in 2023.

PLDT enacted its Human Rights Policy which identifies relevant human rights impact areas, details its actions and governance approach, and provides guidance on the proper conduct of business for its directors, employees, consultants, and other contracted personnel.

PLDT group raised environmental awareness among stakeholders via its "Be Kind. Recycle" e-waste program, while e-waste bins were deployed in Smart Stores, and PLDT and Smart Experience Hubs. PLDT Home's Fiber All-out campaigns included e-waste collection drives. PLDT Enterprise embarked on an e-waste collection partnership with a client. E-waste collection campaigns were also extended to the Makati Medical Center and a university. In 2023, a total of 2,312 kilograms of e-waste were collected and turned over to accredited recyclers. Other programs include hazardous waste management.

PLDT continues to leverage its technology knowhow in the areas of education, disaster resilience, internet safety, and livelihood with the aim of delivering a positive impact to the communities it serves as well as enhancing business competitiveness and sustainability. Over 11,000 MSMEs, 3,000 farmers, and 3,000 educators and students were beneficiaries of PLDT and Smart's digitalization programs.

Ligtas Kits - portable, all-in-one emergency communications packages – were delivered to 36 local government units in hazard-prone areas and were deployed in training in psychological first aid to 100 representatives from local government units and in digital wellness to over 6,000 individuals.

PLDT and Smart's flagship inclusion program - IDEATe or Inclusion, Diversity, Equity and Advocacy through Technology, supports the visually impaired with assistive technology. Training on business basics and virtual tech related jobs is provided to those with physical and psychosocial needs. IDEATe raises awareness of disability sensitivity among stakeholders and was the only Philippine initiative recognized as a finalist at the recent Global Mobile Awards held in Barcelona, Spain.

Among PLDT's initiatives for its people, its Corporate University program partnered with LinkedIn to provide over 16,000 self-paced courses for the continuous upskilling of its workforce.

As part of PLDT's decarbonization roadmap and sustainability agenda, it secured a five-year 1.0 billion pesos Green Loan Facility on 6 March 2024 to partially fund its ongoing nationwide modernization and expansion of its fiber network for enhancing energy efficiency.

In 2023, PLDT's sustainability initiatives were recognized by international institutions. It is among one of six Philippine companies cited in TIME Magazine's World's Best Companies 2023 with the highest score in sustainability, the 3-Golden Arrow Award at the ASEAN Corporate Governance Scorecard organized by the Institute of Corporate Directors, and was named a "Leader" in the 2023 Children's Rights and Business Benchmark by the Global Child Forum, while being cited at the 3rd United Nations Global Compact Network Philippines' Sustainable Development Goals Awards - Prosperity Category for its Madiskarte Moms PH program for digital inclusion for all. The International Association of Business Communicators Philippines named it the Company of the Year at the 20th Quill Awards and 59th Anvil Awards. PLDT was also an awardee of the Anvils for a fourth year in a row, and more.

**Outlook**

For 2024, consolidated service revenues and EBITDA are guided at mid-single digit growth, underpinned by continued topline growth and cost management. Telco core net income is expected to be higher than 35.0 billion pesos.

PLDT's updated vision is to reshape the PLDT group, strengthening its market leadership, pursuing growth and value, and spearheading a transformative drive towards becoming a Digico. Its goal is to unify customer experience across group companies and their business partners to drive new growth via technology.

**MPIC**

MPIC's core businesses – power, toll roads, and water – performed consistently well in 2023. Driven by the strong performance of the power generation business and higher water tariffs, MPIC's consolidated reported net income and contribution from operations surged to record highs.

MPIC's contribution to the Group rose 53% to a highest-ever US$159.8 million (2022: US$104.4 million), reflecting higher consolidated core net income.

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| Consolidated core net income up 38% to 19.5 billion pesos (US$351.5 million) from 14.2 billion pesos (US$260.5 million) | ▪ reflecting a 29% growth in contribution from operations to 24.5 billion pesos (US$440.2 million), mainly driven by strong performance of the power generation business, higher water tariffs and billed volume, lower light rail core losses, and lower interest expenses<br>▪ a 23% rise in contribution from the power business to 15.2 billion pesos (US$274.3 million) driven by growth in power generation<br>▪ a 2% increase in contribution from the toll roads business to 5.8 billion pesos (US$104.3 million) reflecting higher in traffic volumes and toll rates<br>▪ a 65% growth in contribution from the water business to 4.4 billion pesos (US$78.9 million) reflecting higher billed volumes and higher effective tariffs, and lower concession amortization expense resulting from the extension of the concession period |
| Consolidated reported net income up 90% to 19.9 billion pesos (US$358.5 million) from 10.5 billion pesos (US$192.7 million) | ▪ reflecting higher consolidated core net income<br>▪ a non-recurring gain verses a loss in 2022 when impairment provisions were recorded for some investments<br>▪ a foreign exchange gain in 2023 versus a loss in 2022 |

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| Consolidated revenues up 21% to 61.3 billion pesos (US$1.1 billion) from 50.9 billion pesos (US$934.1 million) | ▪ reflecting higher revenues at toll roads, water, and light rail businesses |

**Debt Profile**

As at 31 December 2023, MPIC's consolidated debt rose 8% to 316.7 billion pesos (US$5.7 billion) from year-end 2022, while net debt increased 5% to 258.8 billion pesos (US$4.7 billion). MPIC head office gross debt declined 6% to 76.8 billion pesos (US$1.4 billion) and net debt decreased 15% to 62.6 billion pesos (US$1.1 billion).

Of the total consolidated debt, 87% was denominated in pesos and fixed-rate borrowings accounted for 85% of the total. The average interest rate charged on MPIC's consolidated borrowings rose slightly to 6.14% for 2023 from 6.12% at year-end 2022, and debt maturities ranged from 2023 to 2037.

There is no recourse to MPIC parent company level for the borrowings of its subsidiaries.

**Voluntary delisting**

On 26 April 2023, MPIC received a Tender Offer Notice from a consortium including Metro Pacific Holdings, Inc. (a Philippine affiliate company of First Pacific), GT Capital Holdings, Inc., Mit-Pacific Infrastructure Holdings Corporation, and MIG Holdings Incorporated (collectively referred to as the "Bidders") proposing a tender price of 4.63 pesos (US$0.08) per MPIC common share. On 3 July 2023, the Bidders raised the tender offer price to 5.20 pesos (US$0.09) per share.

At a Special Shareholders Meeting held on 8 August 2023, MPIC shareholders representing over 77% of the total outstanding common shares of MPIC voted to approve the proposal for voluntary delisting from the Philippine Stock Exchange ("PSE"), while less than 1% voted against. The voting result fulfilled requirements under the Amended Voluntary Delisting Rules of the PSE for the tender to go ahead.

The tender offer was closed on 19 September 2023. MPIC was delisted from the PSE on 9 October 2023.

**Additional Investments**

On 24 March 2023, Metro Pacific Health Corporation ("MPH") completed the acquisition of a 93.4% interest in Howard Hubbard Memorial Hospital ("HHMH") for a total consideration of 170 million pesos (US$3.1 million). HHMH is a 95-bed hospital located in Polomolok, the Philippines, providing healthcare services to employees of Dole Philippines, Inc., and residents of local communities.

On 5 May 2023, MPIC completed the acquisition of 1.6 billion common shares in SP New Energy Corporation ("SPNEC") from Solar Philippines Power Project Holdings, Inc. ("SPH") for a consideration of 2.0 billion pesos (US$36.2 million). SPNEC develops, constructs, and operates solar power plants primarily in Luzon, the Philippines.

On 19 May 2023, MPIC completed the acquisition of a 51% equity interest in The Laguna Creamery, Inc. ("TLCI") from Carmen's Best Group for a total consideration of 198 million pesos (US$3.6 million). The business owns Carmen's Best Ice Cream, a premium ice cream brand in the Philippines, and Holly's Milk, the only domestic Philippine company producing pasteurized and homogenized fresh milk, yogurt, and cheese.

On 3 July 2023, MPH completed the acquisition of a 70.4% interest in Medical Center Imus ("MCI") for a total consideration of 978.4 million pesos (US$17.7 million). MCI is a 90-bed hospital located in Cavite, Philippines.

On 4 October 2023, MPH completed the acquisition of a 94.2% interest in Antipolo Doctors Hospital ("ADH") for a total consideration of 504.8 million pesos (US$9.1 million). ADH is a 77-bed hospital located in Rizal, the Philippines.

On 25 October 2023, MPH completed the acquisition of a 60.9% interest in Lucena United Doctors Hospital ("LUDH") for a total consideration of 785.9 million pesos (US$14.1 million). On 30 November 2023, MPH concluded a mandatory tender offer and acquired an additional 21.8% interest for a consideration of 280.7 million pesos (US$5.1 million), increased MPH's total interest in LUDH to 82.7%. LUDH is a 95-bed hospital located in Quezon, the Philippines.

On 20 December 2023, Metro Pacific Agro Ventures, Inc. ("MPAV"), a wholly-owned subsidiary of MPIC, announced the amendment of payment for the acquisition of approximately 31.33% interest in Axelum Resources Corp. ("ARC") from a group of sellers, for a consideration of approximately 4.82 billion pesos (US$88.3 million), and the subscription of 200 million redeemable preferred shares of ARC for a consideration of 0.5 billion pesos (US$9.2 million). On 22 December 2023, MPAV paid an initial amount of 3.87 billion pesos (US$69.6 million), with the remaining amount to be paid upon the achievement of certain EBITDA targets of ARC. ARC is a Philippine-listed corporation and is a leading fully integrated manufacturer and exporter of a wide range of high-quality coconut products to global markets.

On 27 December 2023, MGen Renewable Energy, Inc. ("MGreen"), an indirect wholly-owned subsidiary of Meralco, completed the subscription of 15.7 billion common shares and 19.4 billion redeemable preferred voting shares in SPNEC from SPH, for a consideration of 15.9 billion pesos (US$280.4 million). MGreen's common and preferred voting shares make MGreen the controlling shareholder of SPNEC with a total voting interest of 50.5%.

On 28 December 2023, Metro Pacific Tollways Corporation's ("MPTC") 71.5%-owned subsidiary PT Margautama Nusantara ("MUN") issued a total of 2,673 primary shares to Warrington Investment Pte. Ltd ("WIPL") for a total subscription price of 3.3 trillion rupiah (US$214.8 million). On the same day, PT Metro Pacific Tollways Indonesia, a wholly-owned subsidiary of MPTC, completed the subscription of 833 primary shares of MUN for a consideration of 1.0 trillion rupiah (US$65.1 million). On a fully diluted basis, MPTC's effective interest in MUN was diluted to 50.9%.

On 1 March 2024, Meralco PowerGen Corporation ("MGen"), a wholly-owned subsidiary of Meralco, and Aboitiz Power Corporation ("AP") announced through a 60%:40% joint venture Chromite Gas Holdings, Inc., jointly invest in 67% of two gas-fired power plants of San Miguel Global Power Holdings Corp. ("SMGP") comprising an operational 1,278 megawatts Ilijan power plant and a new 1,320 megawatts combined cycle power facility which is expected to start operations by the end of 2024. MGen and AP also agreed to, together with SMGP, invest in approximately 100% of a liquefied natural gas ("LNG") import and regasification terminal. The proposed collaboration venture among the parties is valued at approximately US$3.3 billion enterprise value, whilst MGen's equity contribution will be approximately US$1.3 billion prior to any asset-level debt financing that may be considered.

### Power

Meralco is the largest electricity distributor in the Philippines, delivering electricity to users accounting for over half of the country's gross domestic product. It is also a major power generator with installed capacity of 2,240 megawatts (net). To achieve low-carbon commitments, it targets to contract 1,500 megawatts of renewable energy supply and to build a further 1,500 megawatts of renewable capacity by 2030.

The volume of electricity sold rose 4% to 51,044 gigawatt hours. The residential, commercial, and industrial sectors accounted for 35%, 37% and 28%, respectively, of the total sales volume in 2023. Residential volume rose 4% due to higher temperatures, while commercial volume increased 9% driven by strong economic recovery and increasing business activities. Industrial volume recorded a decline of 1% as the semiconductor industry posted decline in year-end sales and the construction sector was affected by import and supply challenges.

Meralco's revenues rose 4% to 443.6 billion pesos (US$8.0 billion) largely driven by the distribution business with sales volumes rising 4% and higher pass-through revenues.

Capital expenditures declined 29% to 30.0 billion pesos (US$540.7 million) due to decline in acquired and leaseback towers by Miescor Infrastructure Development Corporation and significant capital expenditures in 2022 for the completion of MGen's Baras Solar Power Plant Phase 1, which came online in the first quarter of 2023.

MGen delivered a total of 14,293 gigawatt hours of energy, slightly higher than 2022 largely due to higher plant availability and the addition of two solar projects in Baras and Curimao.

### Toll Roads

MPTC operates the North Luzon Expressway ("NLEX"), the Manila-Cavite Toll Expressway ("CAVITEX"), the Subic Clark Tarlac Expressway ("SCTEX"), the Cebu-Cordova Link Expressway ("CCLEX"), and the Cavite-Laguna Expressway ("CALAX") in the Philippines and is a shareholder in PT Nusantara Infrastructure Tbk in Indonesia and CII Bridges and Roads Investment Joint Stock Company in Vietnam.

MPTC's revenues rose 19% in 2023 to 27.2 billion pesos (US$489.8 million), reflecting higher tolls and traffic volumes in the Philippines and Indonesia, and the commencement of toll collection from CAVITEX-C5 South Link, NLEX Connector Road and the extended segment of CCLEX. Average daily vehicle entries on MPTC's toll roads rose 32% to 1,227,037 as the lifting of pandemic-related restrictions stimulated economic and social activities. In the Philippines, average daily vehicle entries rose 12% to 659,687. In Indonesia, with the inclusion of traffic volume from Jakarta-Cikampek Elevated Toll Road acquired at the end of 2022, average daily vehicle entries rose 82% to 489,728, while it increased 5% to 77,622 in Vietnam.

Capital expenditure decreased 29% to 15.3 billion pesos (US$275.4 million) with the completion of road construction projects. In the Philippines, ongoing construction costs of approximately 53.7 billion pesos (US$969.8 million) were estimated for the CAVITEX-C5 South Link, CALAX, and Candaba 3rd Viaduct, with a total length of 57.7 kilometers. The first two projects are expected to be completed in 2025 while the last one would be in 2024.

### Water

Maynilad Water Services, Inc. ("Maynilad") is the Philippines' largest water utility in terms of customer numbers, operating a concession for water distribution and sewerage and sanitation services for the West Zone of Metro Manila. MetroPac Water Investments Corporation ("MPW") is MPIC's investment vehicle for water investments outside Metro Manila.

Higher billed volumes and tariffs drove a 19% increase in Maynilad's revenues to 27.3 billion pesos (US$491.8 million) in 2023.

Capital expenditures rose 29% to 19.7 billion pesos (US$354.3 million), spent largely on repairing leaks and replacing pipes under the terms of the business plan approved by its regulator.

### Outlook

Among MPIC's core businesses, Meralco's power generation business is becoming a steady growth driver with promising expansion opportunities. Traffic volume on toll roads is on an upward trend, while Maynilad is benefiting from a catch-up in delayed tariff increases.

With the promising prospect in the Philippines and ASEAN, 2024 could be another banner year for MPIC and its operating companies. Greater private sector participation in infrastructure development will help propel higher economic growth in the near term and further ahead.

### FPM POWER/PLP

PLP's 800-megawatt Jurong Island Power Generation Facility remains one of the most efficient combined cycle power plants operating in Singapore following the launch of commercial operations in 2014.

Singapore's economy recorded growth of 1.1% in 2023 with stable electricity demand. The implementation from July 2023 of a temporary price cap by the regulatory authority in Singapore to address price volatility delivered limited impact to PLP's performance in 2023.

In 2023, PLP's contribution to the Group increased 44% to US$118.8 million (2022: US$82.4 million) mainly reflecting higher core net profit.

During the year, average plant availability declined to 92.3% (2022: 95.3%) as a result of scheduled regular maintenance work and a system upgrade for Unit 20 to improve its efficiency and capacity from 400 to 415 megawatts. Unit 20 also encountered forced outages associated with re-commissioning after its system upgrade. Unit 10 has had no operational forced outage since February 2022. The heat rate remained low and the plant highly reliable.

The volume of electricity sold in 2023 rose 2% to 5,719 gigawatt hours (2022: 5,619 gigawatt hours), of which 90% (2022: 91%) was for contracted sales and vesting contracts, and the remaining 10% (2022: 9%) was sold in the pool market. PLP's generation market share for the year was approximately 9.8% (2022: 9.8%).

| | |
|---|---|
| Core net profit up 37% to S$394.9 million (US$294.3 million) from S$287.8 million (US$208.9 million) | ▪ reflecting higher non-fuel margin for electricity sales and higher sales volume<br>▪ partly offset by higher deferred taxation |
| Net profit up 28% to S$391.8 million (US$292.0 million) from S$305.7 million (US$221.8 million) | ▪ reflecting higher core net profit |
| Revenues up 13% to S$2.7 billion (US$2.0 billion) from S$2.4 billion (US$1.7 billion) | ▪ reflecting a higher volume of electricity sold on higher contracted positions<br>▪ higher revenue from sales of gas |
| Net operating expenses up 7% to S$36.1 million (US$26.9 million) from S$33.8 million (US$24.5 million) | ▪ reflecting lower sales of carbon credits<br>▪ partly offset by lower marketing expenses |
| EBITDA up 38% to S$501.9 million (US$374.0 million) from S$365.1 million (US$264.9 million) | ▪ reflecting higher non-fuel margin for electricity sales and higher sales volume |

#### Debt Profile

In June 2023, PLP completed the refinancing of its S$250 million (US$189.4 million) long-term debt and extended the maturity from December 2026 to June 2028.

As at 31 December 2023, FPM Power is in a net cash position of US$15.1 million, while gross debt stood at US$166.7 million with most of the debt due to mature by June 2028. All of the borrowings were floating-rate bank loans.

#### Dividends

In 2023, PLP distributed total dividends of S$380 million (US$283.2 million) to its shareholders.

#### Singapore's Pioneer Offshore Solar Import Project

Since 2021, PLP has been working with a consortium comprising PT Medco Power Indonesia, a leading Indonesian independent power producer, and Gallant Venture Ltd., a Salim Group company, to develop a project to import solar energy from Bulan Island in Indonesia to Singapore.

In September 2023, the project company, Pacific Medco Solar Energy Pte. Ltd., was granted conditional approval by the Energy Market Authority of Singapore to import up to 600 megawatts of solar power. The renewable electricity will be supplied to Singapore via a dedicated subsea cable connection from a solar farm at Bulan Island directly to the Singapore Power Grid. Applications for the requisite permits in both Singapore and Indonesia, as well as detailed engineering studies are currently in progress. The project is in line with the Singapore Green Plan 2030 and Singapore's goal to import up to 4.0 gigawatts of renewable electricity by 2035. Upon completion of the development, the first phase of the project is expected to offset over 830,000 tonnes of carbon emissions annually.

#### Outlook

Electricity demand is expected to rise at a moderate rate in tandem with Singapore's economy, which is forecast to increase by 1% to 3% in 2024. PLP will continue to secure additional long-term retail contracts with its customers, as well as optimise its operations, taking advantage of its increased capacity and enhanced efficiency from facility upgrades. The market outlook remains stable.

**PHILEX**

The Padcal mining operation was challenged in 2023 with metal production hindered by unscheduled breakdowns of aging mill and mine equipment, power outages, and a decline in gold and copper grades, offset to some extent by favorable gold prices.

In 2023, Philex's contribution to the Group declined 43% to US$7.6 million (2022: US$13.4 million), reflecting lower core net income.

Total ore milled fell 8% to 6.9 million tonnes due to production interruptions caused by unscheduled repairs of mill equipment. Metal output was further held back by a decline in average gold and copper grades by 12% and 5%, respectively. As a result, gold production declined 22% to 37,784 ounces and copper output fell 15% to 21.3 million pounds. The average realized gold price increased 8% to US$1,928 per ounce while the copper price weakened by 4% to US$3.79 per pound.

| | |
|---|---|
| Core net income down 44% to 963 million pesos (US$17.3 million) from 1.7 billion pesos (US$31.8 million) | ▪ reflecting lower revenue<br>▪ higher power costs<br>▪ Partly offset by lower depletion, depreciation and amortization |
| Net income down 43% to 1.0 billion pesos (US$18.3 million) from 1.8 billion pesos (US$33.0 million) | ▪ reflecting lower core net income<br>▪ lower foreign exchange gain |
| Revenue (net of smelting charges) down 17% to 7.7 billion pesos (US$139.1 million) from 9.3 billion pesos (US$170.0 million) | ▪ lower metal output, and copper price<br>▪ partly offset by higher gold price and favorable exchange rates<br>▪ revenues from gold, copper and silver contributed 46%, 53% and 1% of the total, respectively |
| EBITDA down 49% to 1.8 billion pesos (US$32.1 million) from 3.5 billion pesos (US$64.7 million) | ▪ mainly reflecting lower revenue |
| Operating cost per tonne of ore milled up 2% to 1,061 pesos (US$19.1) from 1,036 pesos (US$19.0) | ▪ mainly reflecting higher costs for power and labor<br>▪ partly offset by lower depletion, depreciation and amortization |
| Capital expenditure (including exploration costs) up 28% to 2.3 million pesos (US$40.8 million) from 1.8 billion pesos (US$32.6 million) | ▪ reflecting higher capital expenditure for preliminary mine development groundworks at the Silangan Project<br>▪ mine exploration for the potential projects |

**Debt Profile**

As at 31 December 2023, Philex had 9.1 billion pesos (US$164.9 million) of borrowings, comprising 6.3 billion pesos (US$112.9 million) of bonds with a 1.5% coupon and 2.9 billion pesos (US$52.0 million) of U.S. dollar-denominated bank loans with an average interest cost of approximately 6.2%.

**Dividend**

On 29 February 2024, the Philex Board of Directors declared a final dividend of 0.02 peso (U.S. 0.036 cent) (2022: 0.02 peso (U.S. 0.036 cent)) per share payable on 27 March 2024 to shareholders on record as of 15 March 2024.

**Silangan Project**

The Silangan Project is a large-scale gold and copper mining project located in Surigao del Norte, at the north-eastern tip of Mindanao in the Philippines. It is one of the biggest mining projects in the Philippines.

According to the In-Phase Mine Plan feasibility study for the Boyongan deposit (Phase 1 of the Silangan Project) completed in January 2022, the mine life and operation for the Boyongan deposit is 28 years. With mineable reserves estimate of 81 million tonnes, and estimated gold grade of 1.13 grams per tonne and copper grade of 0.67%, the estimated recoverable gold is 2.8 million ounces and copper is 993 million pounds. From mineral resource estimates of 279 million tonnes, estimated grade of 0.70 gram per tonne for gold and 0.52% for copper.

The capital expenditure requirements under the In-Phase Mine Plan is up to US$224 million, with initial daily estimated ore production capacity of 2,000 tonnes and ramping up to 12,000 tonnes by the twelfth year of operation.

Completion of funding requirement

The initial capital expenditure funding requirement for the Silangan Project was completed in February 2024. Philex raised net proceeds of 2.65 billion pesos (US$47.6 million) from a Stock Rights Offering in August 2022, along with US$100 million and US$70 million syndicated debt facilities signed in November 2023 and February 2024, respectively, to provide finance for this project.

### Development works progressing

The project footprint area has been secured. The underground tunnelling works have crossed over the halfway mark to the Boyongan ore body. Initial works at the tailing storage facilities have started, while the tendering process for the various packages of the processing plant is ongoing. Packages for some of the long lead items needed for the processing plant have already been awarded to various global suppliers. Commercial operations are targeted to commence by the first quarter of 2025.

## PXP

In 2023, petroleum revenue from Service Contract ("SC") 14C-1 Galoc oil field decreased 15% to 63 million pesos (US$1.1 million) (2022: 74 million pesos (US$1.4 million)) reflecting a 15% decline in average crude oil sale prices and a slightly lower total volume lifted of 475,183 barrels from 479,955 barrels in 2022.

Costs and expenses rose 3% to 103 million pesos (US$1.8 million) (2022: 100 million pesos (US$1.8 million)), reflecting higher compliance costs.

PXP's core net loss widened to 43 million pesos (US$0.8 million) from 22 million pesos (US$0.4 million), reflecting lower petroleum revenue, higher costs and expenses, and higher interest expense.

### SC 72 and SC 75

Forum Energy Limited ("FEL"), a 77.9%-owned subsidiary of PXP, holds a 70% interest in SC 72 Recto Bank, which covers an area of 8,800 square kilometers located in offshore Northwest Palawan, Philippines. Its second Sub-Phase ("SP") of exploration activities resumed on 14 October 2020 when the Force Majeure imposed on 15 December 2014 was lifted by the Philippine Department of Energy ("DOE"). FEL was required at the time to drill a minimum of two wells as part of its work commitment under SP 2 of SC 72 in a 20-month period from 14 October 2020 to 13 June 2022.

PXP holds a 50% interest in SC 75 Northwest Palawan Block. All exploration activities of SC 75 were suspended on 27 December 2015 due to the imposition of Force Majeure until its lifting by the DOE on 14 October 2020. The SC 75 consortium is required to undertake a 3D seismic survey which includes the acquisition, processing, and interpretation of at least 1,000 square kilometers of 3D seismic data, as part of its work commitment under SP 2 of SC 75 in an 18-month period from 14 October 2020 to 13 April 2022.

The exploration activities of SC 72 and SC 75 were suspended from 6 April 2022 when FEL and PXP received a directive from the DOE to suspend such work. On 11 April 2022, FEL and PXP terminated all the related exploration work and declared Force Majeure for both SC 72 and SC 75.

On 20 March 2023, the DOE affirmed it would credit back the period from 14 October 2020 to 6 April 2022 to both SC 72 and SC 75 with equivalent remaining terms once the Force Majeure is lifted in the future.

On 25 October 2023, the Work Program & Budget for 2024 was submitted to the DOE which includes the drilling of two wells, with the implementation contingent upon the lifting of the force majeure on SC 72; and the conduct of a 3D survey in SC 75, with the implementation likewise contingent on the lifting of the force majeure on the block.

## Outlook

With the securing of the initial funding requirement of the Silangan Project, its development and construction works have shifted to a high gear. Philex will continue to enhance the operation at the Padcal mine via re-fleeting of critical aging equipment, continued optimizing of mining execution for higher blended ore grades, implementing power optimization programs and enhancing employees' capabilities. Philex will aggressively implement exploration activities within the vicinity of the Padcal mine to open opportunities to maximize the current mine site infrastructure.

To demonstrate its support to mining as one of the Philippines' economic growth catalysts, Philex will continue pursuing activities related to green metals technology and enhancing ESG practices.

# FINANCIAL REVIEW

## NET DEBT AND GEARING

### *(A) Head Office net debt*

The increase in net debt mainly reflects the additional investments in MPIC, partly offset by the increase in dividend income. The Head Office's borrowings at 31 December 2023 comprise bonds of US$348.8 million (with a face value of US$350.0 million) which are due for redemption in September 2027, and bank loans totalling US$1,118.0 million (with a principal amount of US$1,130.0 million) which are due for repayment between May 2024 and June 2029. As part of the proactive liability management initiatives, Head Office has obtained committed banking facilities to refinance the US$210 million outstanding bank loans due in 2024.

**Changes in Head Office net debt**

| US$ millions | Borrowings | Cash and cash equivalents | Net debt |
|---|---|---|---|
| At 1 January 2023 | 1,459.0 | (96.6) | 1,362.4 |
| Movement | 7.8 | 25.7 | 33.5 |
| **At 31 December 2023** | **1,466.8** | **(70.9)** | **1,395.9** |

**Head Office cash flow**

| For the year ended 31 December<br>US$ millions | **2023** | 2022 |
|---|---|---|
| Dividend and fee income | **324.1** | 225.9 |
| Head Office overhead expense | **(17.7)** | (18.6) |
| Net cash interest expense | **(70.3)** | (51.7) |
| Tax paid | **(0.2)** | (0.1) |
| **Net cash inflow from operating activities** | **235.9** | 155.5 |
| Net investments[(i)] | **(148.5)** | (58.2) |
| Financing activities | | |
| - Distributions paid | **(119.0)** | (111.2) |
| - New borrowings, net | **8.7** | 15.5 |
| - Payments for repurchase of shares | **-** | (14.5) |
| - Others[(ii)] | **(2.8)** | (3.5) |
| **Net decrease in cash and cash equivalents** | **(25.7)** | (16.4) |
| Cash and cash equivalents at 1 January | **96.6** | 113.0 |
| **Cash and cash equivalents at 31 December** | **70.9** | 96.6 |

*(i) 2023 net investments mainly represents additional investments in MPIC through the participation in a tender offer of MPIC shares in September 2023 and subscription of MPIC's new common shares in November 2023, and additional investment in Maya, an associated company of PLDT. 2022 net investments mainly represented additional investment in Philex through a stock rights offering and the investment in Maya.*

*(ii) Mainly payments for lease liabilities and to the trustee for share purchase scheme.*

### *(B) Group net debt and gearing*

An analysis of net debt and gearing for consolidated and associated companies follows.

| **Consolidated**<br>US$ millions | **Net debt/(cash)[(i)] 2023** | **Total equity 2023** | **Gearing[(ii)] (times) 2023** | Net debt[(i)] 2022 | Total equity 2022 | Gearing[(ii)] (times) 2022 |
|---|---|---|---|---|---|---|
| Head Office | **1,395.9** | **976.1** | **1.43x** | 1,362.4 | 1,139.5 | 1.20x |
| Indofood | **2,327.1** | **6,353.0** | **0.37x** | 2,549.7 | 5,834.0 | 0.44x |
| MPIC | **4,668.6** | **5,053.0** | **0.92x** | 4,398.8 | 4,276.9 | 1.03x |
| FPM Power | **(15.1)** | **333.7** | **-** | 103.6 | 285.1 | 0.36x |
| FP Natural Resources | **73.8** | **(44.3)** | **-** | 78.7 | 12.2 | 6.45x |
| Group adjustments[(iii)] | **-** | **(1,104.6)** | **-** | - | (1,181.9) | - |
| **Total** | **8,450.3** | **11,566.9** | **0.73x** | 8,493.2 | 10,365.8 | 0.82x |
| **Associated Companies** | | | | | | |
| PLDT | **4,309.6** | **1,993.6** | **2.16x** | 4,023.8 | 2,043.8 | 1.97x |
| Philex | **96.0** | **572.2** | **0.17x** | 64.6 | 553.6 | 0.12x |

*(i) Includes short-term deposits and restricted cash.*

*(ii) Calculated as net debt divided by total equity.*

*(iii) Group adjustments mainly represents elimination of goodwill arising from acquisitions prior to 1 January 2001 against the Group's retained earnings and other standard consolidation adjustments to present the Group as a single economic entity.*

Head Office's gearing increased because of an increase in its net debt as a result of additional investments in MPIC, despite increase in dividend income, coupled with a decrease in its equity reflecting the Company's distributions to shareholders.

Indofood's gearing decreased because of an increase in its profit recorded during the year, coupled with a decrease in its net debt as a result of its operating cash inflow, despite payment for its capital expenditure.

MPIC's gearing decreased because of an increase in its equity reflecting issuance of new common shares and its profit recorded during the year, partly offset by an increase in its net debt as a result of payments for its capital expenditure, investments and concession fees, despite proceeds from its issuance of new common shares and divestment of its interest in MUN, operating cash inflow and the receipts of dividends from Meralco.

FPM Power's net cash position reflects PLP's operating cash inflow. The increase in its equity reflecting profit less dividends declared during the year.

FP Natural Resources' net debt decreased because of proceeds from RHI's disposal of its sugar milling assets, despite RHI's operating cash outflow. The deficit mainly reflects RHI's loss recorded during the year.

The Group's gearing decreased to 0.73 times because of an increase in the Group's equity reflecting the Group's profit recorded during the year, coupled with a lower net debt level mainly as a result of the Group's operating cash inflow, partly offset by the Group's payment for capital expenditure and investments.

PLDT's gearing increased mainly because of an increase in its net debt reflecting payments of capital expenditure, despite proceeds from its towers sale. Philex's gearing increased mainly because of an increase in its net debt reflecting payments of capital expenditure, partly offset by an increase in its equity reflecting its profit recorded during the year.

**MATURITY PROFILE**
The maturity profile of debt of consolidated companies follows.

**Consolidated**

| | Carrying amounts | | Nominal values | |
|---|---|---|---|---|
| US$ millions | **2023** | 2022 | **2023** | 2022 |
| Within one year | **2,195.3** | 1,824.3 | **2,199.9** | 1,828.5 |
| One to two years | **415.1** | 996.8 | **418.6** | 1,003.4 |
| Two to five years | **2,789.4** | 2,555.3 | **2,810.6** | 2,573.3 |
| Over five years | **6,211.7** | 5,845.9 | **6,251.6** | 5,901.3 |
| **Total** | **11,611.5** | 11,222.3 | **11,680.7** | 11,306.5 |

The change in the Group's debt maturity profile from 31 December 2022 to 31 December 2023 mainly reflects a shift in long-term borrowings among the different maturity periods for Indofood and MPIC, Head Office's refinancing of US$357.8 million bonds matured in April 2023 with new long-term borrowings, PLP's early settlement of S$65.0 million (US$48.4 million) and refinancing of S$250.0 million (US$186.3 million) long-term borrowings, RHI's reclassification of Pesos 4.3 billion (US$77.5 million) loan as current due to certain covenant compliance issues, and the Group's net new borrowings.

| | PLDT | | | | Philex | | | |
|---|---|---|---|---|---|---|---|---|
| | Carrying amounts | | Nominal values | | Carrying amounts | | Nominal values | |
| US$ millions | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 |
| Within one year | **210.3** | 579.1 | **216.8** | 585.5 | **34.0** | 29.0 | **34.0** | 29.0 |
| One to two years | **413.8** | 203.2 | **419.5** | 208.8 | **112.9** | - | **119.1** | - |
| Two to five years | **1,135.7** | 1,138.5 | **1,150.6** | 1,154.8 | **18.0** | 106.0 | **18.0** | 114.8 |
| Over five years | **2,841.9** | 2,555.2 | **2,853.3** | 2,567.7 | **-** | - | **-** | - |
| **Total** | **4,601.7** | 4,476.0 | **4,640.2** | 4,516.8 | **164.9** | 135.0 | **171.1** | 143.8 |

The change in PLDT's debt maturity profile from 31 December 2022 to 31 December 2023 mainly reflects new borrowings arranged to finance capital expenditure and/or refinance its loan obligations which were utilized for service improvements and expansion programs, and loan repayments due to proceeds from tower sales. The increase in Philex's debt reflects new borrowings arranged to finance the development of Silangan project.

**CHARGES ON GROUP ASSETS**
At 31 December 2023, certain bank and other borrowings were secured by the Group's property, plant and equipment, accounts and other receivables, cash and cash equivalents, and inventories amounting to net book values of US$935.7 million (2022: US$900.4 million) and the interests of the Group's 70% (2022: 70%) in PLP, 55% (2022: 55%) in Light Rail Manila Corporation, 100% (2022: 100%) in MPCALA Holdings, Inc., 100% (2022: 100%) in Cebu Cordova Link Expressway Corporation, 35% (2022: 35%) in PT Jakarta Lingkar Baratsatu, 88.9% (2022: 88.9%) in PT Bintaro Serpong Damai, 99.5% (2022: 99.5%) in PT Makassar Metro Network, 99.4% (2022: 99.4%) in PT Jalan Tol Seksi Empat, 61.2% (2022: 61.2%) in PT Inpola Meka Energi, and 40.0% (2022: 40.0%) in Jasa Marga Jalanlayang Cikampek.

## FINANCIAL RISK MANAGEMENT

### FOREIGN CURRENCY RISK

***(A) Company risk***

As the Head Office debts are currently denominated in U.S. dollars, foreign currency risk relates mainly to the receipt of cash dividends.

The Company actively reviews the potential benefits of hedging based on forecast dividend flows and enters into hedging arrangements (including the use of forward exchange contracts) for managing its foreign currency exposure in respect of dividend income and payments in foreign currencies on a transactional basis.

***(B) Group risk***

The results of the Group's subsidiary and associated companies are denominated in local currencies, principally the rupiah, peso and S$, which are translated and consolidated to give the Group's results in U.S. dollars. The Group also exposed to foreign currency risk in relates to the translation of non-U.S. dollar denominated investments in subsidiary and associated companies. However, the Group does not actively seek to hedge risks arising on the translation of foreign currency denominated investments due to (i) the non-cash nature of such exposure until the values of the investments are realized, and (ii) the high costs associated with such hedging.

The principal components of the Group's net asset value ("NAV") mainly relate to investments denominated in the rupiah and peso. Accordingly, any change in these currencies, against their respective 31 December 2023 exchange rates, would have an effect on the Group's NAV in U.S. dollar terms.

The following table illustrates the estimated effect on the Group's adjusted NAV for a one per cent change of the rupiah and peso exchange rates against the U.S. dollar.

| **Company** | **Basis** | **Effect on adjusted NAV** US$ millions | **Effect on adjusted NAV per share** HK cents |
|---|---|---|---|
| Indofood | (i) | 18.4 | 3.38 |
| PLDT | (i) | 12.8 | 2.35 |
| MPIC | (ii) | 13.7 | 2.52 |
| Philex | (i) | 1.5 | 0.28 |
| PXP | (i) | 0.4 | 0.07 |
| Head Office - Other assets | (iii) | 1.2 | 0.22 |
| **Total** | | **48.0** | **8.82** |

*(i) Based on quoted share prices at 31 December 2023 applied to the Group's economic interests.*
*(ii) Based on the tender offer price for MPIC delisting of Pesos 5.20 per share.*
*(iii) Mainly represents the carrying amount of Silangan Mindanao Exploration Co., Inc. ("SMECI")'s notes.*

### NET DEBT BY CURRENCY

It is often necessary for subsidiary and associated companies to borrow in U.S. dollars, which results in the risk of a translation impact on local currency results. A summary of consolidated and associated companies' net debt by currency follows.

**Consolidated**

| US$ millions | US$ | Rupiah | Peso | S$ | Others | **Total** |
|---|---|---|---|---|---|---|
| Total borrowings | 4,510.2 | 1,719.1 | 5,063.0 | 182.5 | 136.7 | **11,611.5** |
| Cash and cash equivalents[(i)] | (802.3) | (1,412.4) | (783.9) | (78.2) | (84.4) | **(3,161.2)** |
| **Net Debt** | 3,707.9 | 306.7 | 4,279.1 | 104.3 | 52.3 | **8,450.3** |
| Representing: | | | | | | |
| Head Office | 1,403.3 | - | (5.8) | - | (1.6) | **1,395.9** |
| Indofood | 2,286.0 | 104.4 | - | 13.1 | (76.4) | **2,327.1** |
| MPIC | 125.8 | 202.3 | 4,210.2 | - | 130.3 | **4,668.6** |
| FPM Power | (106.3) | - | - | 91.2 | - | **(15.1)** |
| FP Natural Resources | (0.9) | - | 74.7 | - | - | **73.8** |
| **Net Debt** | 3,707.9 | 306.7 | 4,279.1 | 104.3 | 52.3 | **8,450.3** |

**Associated Companies**

| US$ millions | US$ | Peso | **Total** |
|---|---|---|---|
| **Net Debt** | | | |
| PLDT | 638.6 | 3,671.0 | **4,309.6** |
| Philex | 52.0 | 44.0 | **96.0** |

*(i) Includes short-term deposits and restricted cash.*

As a result of unhedged U.S. dollar net debt, the Group's results are sensitive to fluctuations in U.S. dollar exchange rates. The following table illustrates the estimated effect on the Group's reported profitability for a one per cent change in the principal operating currencies of subsidiary and associated companies. This does not reflect the indirect effect of fluctuating exchange rates on revenues and input costs at respective company levels.

| US$ millions | Total US$ exposure | Hedged amount | Unhedged amount | Profit effect of 1% change in currency | **Group net profit effect** |
|---|---|---|---|---|---|
| Head Office[(i)] | 1,403.3 | - | 1,403.3 | - | **-** |
| Indofood | 2,286.0 | - | 2,286.0 | 22.9 | **8.9** |
| MPIC | 125.8 | - | 125.8 | 1.3 | **0.4** |
| FPM Power | (106.3) | - | (106.3) | (1.1) | **(0.4)** |
| FP Natural Resources | (0.9) | - | (0.9) | - | **-** |
| PLDT | 638.6 | (290.2) | 348.4 | 3.5 | **0.7** |
| Philex | 52.0 | - | 52.0 | 0.5 | **0.2** |
| **Total** | 4,398.5 | (290.2) | 4,108.3 | 27.1 | **9.8** |

*(i) As the Group reports its results in U.S. dollars, unhedged U.S. dollar net debt at Head Office does not give rise to any significant exchange exposure.*

**EQUITY MARKET RISK**

As the majority of the Company's investments are listed, the Company is exposed to fluctuations in the equity market values of such investments. In addition, the value of the Company's investments may be impacted by sentiment towards specific countries.

**INTEREST RATE RISK**

The Company and its subsidiary and associated companies are exposed to changes in interest rates to the extent that they impact the cost of variable interest rate borrowings. An analysis of this for consolidated and associated companies follows.

**Consolidated**

| US$ millions | Fixed interest rate borrowings[(i)] | Variable interest rate borrowings[(i)] | Cash and cash equivalents[(ii)] | **Net debt** |
|---|---|---|---|---|
| Head Office | 725.4 | 741.4 | (70.9) | **1,395.9** |
| Indofood | 2,732.6 | 1,448.1 | (1,853.6) | **2,327.1** |
| MPIC | 4,855.0 | 864.8 | (1,051.2) | **4,668.6** |
| FPM Power | - | 166.7 | (181.8) | **(15.1)** |
| FP Natural Resources | 23.6 | 53.9 | (3.7) | **73.8** |
| **Total** | 8,336.6 | 3,274.9 | (3,161.2) | **8,450.3** |
| **Associated Companies** | | | | |
| PLDT | 2,152.2 | 2,449.5 | (292.1) | **4,309.6** |
| Philex | 135.9 | 29.0 | (68.9) | **96.0** |

*(i) Reflects certain interest rate swap agreements which effectively changed variable interest rate borrowings to fixed interest rate borrowings at Head Office, MPIC and PLDT.*
*(ii) Includes short-term deposits and restricted cash.*

The following table illustrates the estimated effect on the Group's reported profitability for a one per cent change in average annual interest rates in respect of the variable interest rate borrowings.

| US$ millions | Variable interest rate borrowings | Profit effect of 1% change in interest rates | **Group net profit effect** |
|---|---|---|---|
| Head Office | 741.4 | 7.4 | **7.4** |
| Indofood | 1,448.1 | 14.5 | **5.6** |
| MPIC | 864.8 | 8.6 | **3.0** |
| FPM Power | 166.7 | 1.7 | **0.6** |
| FP Natural Resources | 53.9 | 0.5 | **0.2** |
| PLDT | 2,449.5 | 24.5 | **4.7** |
| Philex | 29.0 | 0.3 | **0.1** |
| **Total** | 5,753.4 | 57.5 | **21.6** |

**ADJUSTED NAV PER SHARE**

There follows a calculation of the Group's underlying worth.

| At 31 December<br>US$ millions | Basis | **2023** | 2022 |
|---|---|---|---|
| Indofood | (i) | **1,839.3** | 1,879.3 |
| PLDT | (i) | **1,276.1** | 1,304.8 |
| MPIC | (ii) | **1,371.0** | 811.0 |
| FPM Power | (iii) | **370.0** | 150.0 |
| Philex | (i) | **154.8** | 145.6 |
| PXP | (i) | **39.6** | 76.4 |
| Head Office - Other assets | (iv) | **139.2** | 144.6 |
| - Net debt | | **(1,395.9)** | (1,362.4) |
| **Total valuation** | | **3,794.1** | 3,149.3 |
| **Number of ordinary shares in issue** (millions) | | **4,242.3** | 4,241.7 |
| Value per share - U.S. dollars | | **0.89** | 0.74 |
| - HK dollars | | **6.98** | 5.79 |
| Company's closing share price (HK$) | | **3.11** | 2.33 |
| Share price discount to HK$ value per share (%) | | **55.4** | 59.8 |

*(i)* *Based on quoted share prices applied to the Group's economic interests.*

*(ii)* *Based on tender offer price for MPIC delisting of Pesos 5.20 per share (2022: Quoted share price applied to the Group's economic interest).*

*(iii)* *Represents investment cost (2022: Book carrying amount).*

*(iv)* *Represents the carrying amounts of SMECI's notes and the Company's investments in Maya and RHI (based on the quoted share price applied to the Group's effective economic interest).*

**PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**
During the year ended 31 December 2023, the independent trustee managing the Company's share award scheme bought on the SEHK a total of 1,400,000 (2022: 2,618,000) shares of the Company at an aggregate consideration of approximately HK$3.9 million (US$0.5 million) (2022: HK$8.1 million (US$1.0 million)) at the cost of the Company.

On 17 April 2023, FPC Treasury Limited ("FPC Treasury"), a wholly-owned subsidiary of the Company, redeemed in full the US$357,835,000 aggregate principal amount outstanding of the US$400,000,000 4.5 per cent. guaranteed bonds due 2023 (the "Bonds") issued by FPC Treasury and irrevocably and unconditionally guaranteed by the Company. The redeemed Bonds were cancelled subsequently.

Save as disclosed above, during the year ended 31 December 2023, neither the Company, nor any of its subsidiary companies, has purchased, sold or redeemed any of the Company's listed securities.

**CORPORATE GOVERNANCE**
**Corporate Governance Practices**
First Pacific is committed to maintaining and upholding high standards of corporate governance with a view to safeguarding the interests of our shareholders, employees and other relevant stakeholders. The Company's Corporate Governance Committee, comprising mainly of Independent Non-executive Directors ("INEDs") and chaired by an INED, is delegated with the responsibility to supervise the Company's corporate governance functions.

The Company has adopted its own Code on Corporate Governance Practices, which incorporates the principles and requirements set out in the Corporate Governance Code contained in Appendix C1 of the Listing Rules (the "CG Code"). Throughout the year ended 31 December 2023, the Company has applied the principles and complied with the material code provisions ("CP") of the CG Code, save for the deviations from (i) CP E.1.5 (disclosure of details of remuneration payable to members of senior management by band); and (ii) CP D.2.5 (an internal audit function).

The Board of Directors believes that the Company has strong underlying rationale to deal with such deviations as disclosed in the section headed "Governance Framework" in the Corporate Governance Report of its 2022 Annual Report and the section headed "Corporate Governance Practices" in its 2023 Interim Report. Detailed information regarding the Company's corporate governance practices will be disclosed in the Corporate Governance Report contained in the Company's 2023 Annual Report. The Board of Directors will continue to review and recommend alternative steps and actions as appropriate in the circumstances of such deviations.

**Compliance of the Model Code for Securities Transactions by Directors of Listed Issuers**
The Company has adopted its own Model Code for Securities Transactions by Directors (the "Model Code") on terms no less exacting than the required standards of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules. All Directors have confirmed, following specific enquiries by the Company, that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2023.

**AUDIT OPINION**
The Group's independent auditor, Ernst & Young, has expressed an unqualified opinion on the Group's financial statements for the year ended 31 December 2023 in their report dated 27 March 2024.

**REVIEW STATEMENT BY THE AUDIT AND RISK MANAGEMENT COMMITTEE**
The Audit and Risk Management Committee has reviewed the 2023 annual results, including the accounting policies and practices adopted by the Group. The Audit and Risk Management Committee also has discussed financial reporting, auditing, risk management and internal control matters with the Company's management and its independent auditor.

**FINAL DISTRIBUTION**
The Board of Directors has recommended a final distribution of HK12.50 cents (U.S. 1.60 cents) per ordinary share. Subject to approval by shareholders of the Company at the forthcoming annual general meeting ("AGM"), the final distribution will be paid in cash in a currency to be determined based on the registered address of each shareholder on the Company's Register of Members (the "Register of Members") as follows: Hong Kong dollars for shareholders with registered addresses in Hong Kong, Macau and the People's Republic of China; Sterling pounds for shareholders with registered addresses in the United Kingdom; and U.S. dollars for shareholders with registered addresses in all other countries. It is expected that the distribution warrants will be dispatched to shareholders on or about Thursday, 4 July 2024.

**AGM**
The AGM of the Company will be held on Friday, 14 June 2024. A circular to shareholders containing, among others, the notice of AGM, will be uploaded to the websites of the Company (www.firstpacific.com) and the SEHK (www.hkexnews.hk), and be dispatched to those shareholders requiring printed copies by the end of April 2024.

**CLOSURE OF REGISTER OF MEMBERS**
**1. AGM**
The Register of Members will be closed from Tuesday, 11 June 2024 to Friday, 14 June 2024, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch registrar in Hong Kong, Computershare Hong Kong Investor Services Limited (the "Hong Kong Branch Registrar"), at Shops 1712 to 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 7 June 2024.

2. **Proposed Final Distribution**
Upon shareholders' approval of the proposed final distribution, the Register of Members will be closed from Thursday, 20 June 2024 to Monday, 24 June 2024, both days inclusive, during which period no transfer of shares will be registered. The ex-entitlement date will be Tuesday, 18 June 2024. In order to qualify for the proposed final distribution, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Hong Kong Branch Registrar (at the address above) no later than 4:30 p.m. on Wednesday, 19 June 2024. The final distribution will be paid to shareholders whose names appear on the Register of Members on Monday, 24 June 2024 and the payment date will be on or about Thursday, 4 July 2024.

**Results Announcement and Annual Report**
This annual results announcement is published on the website of the Company (www.firstpacific.com) and the website of the SEHK (www.hkexnews.hk). The 2023 Annual Report will be uploaded to the above websites and be dispatched to those shareholders requiring printed copies by the end of April 2024.

On behalf of the Board of Directors
**First Pacific Company Limited**
**Manuel V. Pangilinan**
*Managing Director and Chief Executive Officer*

Hong Kong, 27 March 2024

As at the date of this announcement, the Board of Directors of the Company comprises the following Directors:

***Executive Directors:***
Manuel V. Pangilinan, *Managing Director and Chief Executive Officer*
Christopher H. Young

***Non-executive Directors:***
Anthoni Salim, *Chairman*
Benny S. Santoso
Axton Salim

***Independent Non-executive Directors:***
Prof. Edward K.Y. Chen, *GBS, CBE, JP*
Margaret Leung Ko May Yee, *SBS, JP*
Philip Fan Yan Hok
Madeleine Lee Suh Shin
Blair Chilton Pickerell