



MANILA WATER

CARE IN EVERY DROP

1Q 2019 ANALYSTS' BRIEFING

May 09, 2019

The Blue Room, 25F Tower One & Exchange Plaza



KEY MESSAGES

- 💧 Consolidated net income dropped by 27% to Php1.2 Bn due to impact of the water supply shortage in the Manila Concession (provision for penalty imposed by MWSS; implementation of the one-time Bill Waiver Program for customers).
- 💧 Excluding effects of the water supply shortage, core net income grew by 22% to Php2.1 Bn.
- 💧 The Group continued to maintain a healthy balance sheet with total assets held steady at Php123 Bn.
- 💧 Domestic operations posted positive growth led by Estate Water, but partially offset by lower income levels of Clark Water, Laguna Water, and Boracay Water.
- 💧 Foreign operations registered higher equity share in net income of associates mainly driven by the full recognition of the East Water acquisition in 2018.

CONSOLIDATED FINANCIAL PERFORMANCE

Consolidated revenues grew by 8%, but offset by impact of water shortage in the Manila Concession

Net income dropped 27% to Php1.2 Bn

Excluding effect of water supply shortage, **core net income grew 22%** to Php2.1 Bn

(in Million Php)	1Q 2019	1Q 2018	% Change
Revenues	5,079	4,712	8%
COS and Operating Expenses	(2,461)	(1,776)	39%
Other Income (Expenses) - net	224	153	47%
Equity Share in net income of associates	207	109	89%
EBITDA	2,842	3,089	(8%)
<i>EBITDA margin</i>	56%	66%	
Depreciation and Amortization	(657)	(601)	9%
Net Interest Expense	(371)	(299)	24%
Provision for Income Tax	(540)	(461)	17%
Non-controlling Interests	(40)	(39)	2%
Net Income	1,233	1,689	(27%)
<i>Net Income Margin</i>	24%	36%	

CONSOLIDATED NET INCOME SUMMARY

Net income decline in the Manila Concession offset by higher contribution from domestic and foreign subsidiaries

(in Million Php)	1Q 2019	1Q 2018	% Change
Manila Concession	964	1,545	(38%)
Manila Water Philippine Ventures	174	162	7%
Manila Water Asia Pacific	135	58	133%
Manila Water Total Solutions	(8)	(35)	77%
<i>Less: Consolidation adjustments</i>	(32)	(41)	(22%)
Consolidated Net Income	1,233	1,689	(27%)

CONSOLIDATED COSTS AND EXPENSES

Direct costs rose by 18% due to increased cost of water treatment chemicals and power

Php534 Mn provision recognized as penalty in relation to the water supply shortage in the Manila Concession

(in Million Php)	1Q 2019	1Q 2018	% Change
COS and Operating Expenses	2,461	1,776	39%
Direct	894	755	18%
Personnel	569	555	3%
Overhead	782	255	207%
Other expenses	110	119	(8%)
Premises	107	92	16%
Bus. Dev't. Costs	17	42	(60%)

GROUP OPERATING RESULTS **CAPITAL EXPENDITURES**

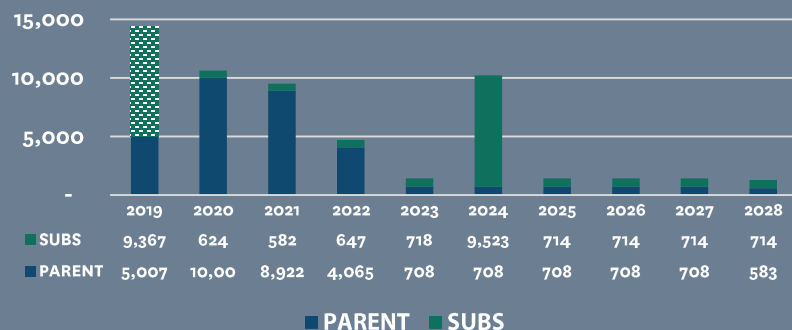
**Total CAPEX stood
at Php1.7 Bn** for the
1st quarter of 2019

(in Million Php)	1Q 2019
Total CAPEX	1,722
Manila Concession	1,338
Manila Water Philippine Ventures	383
Clark Water	29
Laguna Water	127
Boracay Water	62
Estate Water	102
Others	63
Manila Water Total Solutions	1

CONSOLIDATED BALANCE SHEET HIGHLIGHTS

Group balance sheet remained healthy, with Total Assets held steady at Php123 Bn

DEBT MATURITY PROFILE



Bullet repayment on short-term loan for East Water acquisition

(in Million Php)	1Q 2019	FY 2018	% Change
Assets	122,829	122,533	0.24%
Liabilities	69,088	68,912	0.26%
Equity	53,741	53,621	0.22%
Cash and Cash Equivalents	7,415	9,391	(21%)

Ratios	1Q 2019	FY 2018
Net Bank Debt to Equity	0.81x	0.81x
DSCR	4.29x	3.03x
ROE	9.0%	13.0%

	1Q 2019
Average Cost of Debt	4.6%
Peso to Foreign Currency Loans	47:53
Fixed to Floating Rate	70:30
Average Remaining Life	6.29 years

MANILA CONCESSION



MANILA CONCESSION OPERATING HIGHLIGHTS

**Billed volume flat
for 1Q 2019**

**Average effective tariff
increase only at 2%** due
to accrual of one-time
Bill Waiver Program

NRW level increased
as production had to be
realigned to the flat
prevailing demand

	1Q 2019	1Q 2018	% Change
Billed Volume (in mcm)	121.6	120.4	1%
Billed Connections (in '000s)	992,036	968,409	2%
Average Tariff (Php/cu.m.)	31.03	30.30	2%
Average Consumption (in cu.m. per connection)	40.94	41.53	(1%)
NRW	12.7%	11.8%	(0.9 ppt.)

MANILA CONCESSION FINANCIAL HIGHLIGHTS

Revenue growth tempered by one-time Bill Waiver Program

OPEX increase driven by provision for MWSS penalty

Excluding effect of water supply shortage, **net income** (exc. one-offs) **grew 16% to Php1.8 Bn**

(in Million Php)	1Q 2019	1Q 2018	% Change
Revenues	3,917	3,758	4%
COS and Operating Expenses	(1,170)	(1,055)	11%
<i>MWSS Penalty</i>	(534)		
<i>Additional OPEX due to Water Shortage</i>	(13)		
COS and Operating Expenses	(1,717)	(1,055)	63%
EBITDA	2,218	2,748	(19%)
<i>EBITDA margin</i>	57%	73%	
Net Income	964	1,545	(38%)
Net Income (excluding one-offs)	1,792	1,545	16%
<i>Net Income margin</i>	25%	41%	

MANILA
CONCESSION
**WATER SUPPLY
AUGMENTATION
PROJECTS**

Several water supply augmentation projects are underway in support of the MWSS Water Security Master Plan

Proponent	Water Source	Potential Volume	Projected Completion
JV between Prime Infra (Razon Group) and San Lorenzo Builders (Violago)	Wawa Dam and Multi Basin Source in Tayabasan, Rizal	518 MLD	80 MLD by 2021; 438 MLD by 2025
AMA Group	Laguna Lake	300 MLD	50 MLD by 2021 (Assessment on-going)
Sierra Madre Water Corporation	Sierra Madre River System in Pangil, Quezon	750 MLD	(Assessment on-going)

MANILA WATER PHILIPPINE VENTURES



MANILA WATER PHILIPPINE VENTURES **CONSOLIDATED**

Net income
increased by 7% led
by Estate Water

**Clark Water, Laguna
Water, and Boracay
Water net income**
declined due to lower
billed volume

(in Million Php)	1Q 2019	1Q 2018	% Change
Revenues	1,056	889	19%
COS and Operating Expenses*	(568)	(499)	14%
Bus. Dev't. Costs	(8)	(27)	(70%)
EBITDA	488	390	25%
<i>EBITDA margin</i>	46%	44%	
Net Income	174	162	7%
<i>Net Income margin</i>	17%	18%	
Billed Volume (mcm)	21.9	21.4	2%
Billed Connections	147,290	135,084	9%

**includes Business Development Costs*

MANILA WATER PHILIPPINE VENTURES **OPERATING AND FINANCIAL HIGHLIGHTS**

Net income increased by 7% led by Estate Water

Clark Water, Laguna Water, and Boracay Water net income declined due to lower billed volume

	1Q 2019	1Q 2018	% Change
Clark Water			
Billed Volume (mcm)	3.5	3.6	(3%)
NRW (in percentage)	7.6%	5.6%	(2.0 ppts.)
Net Income (millions)	11	28	(60%)
Laguna Water			
Billed Volume (mcm)	10.4	10.8	(3%)
NRW (in percentage)	18.5%	19.9%	1.4 ppts.
Net Income (millions)	85	102	(16%)
Boracay Water			
Billed Volume (mcm)	1.1	1.4	(25%)
NRW (in percentage)	8.3%	13.8%	5.5 ppts.
Net Income (millions)	23	48	(52%)
Estate Water			
Billed Volume (mcm)	2.5	1.9	35%
Net Income (millions)	94	35	171%

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Posted gains in new connections amidst slight drop in BV with slowdown of key accounts.

Increase in OPEX contributed to net income decline.

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BV drop due to lower consumption of LTI locators and other key accounts.

Net income decline due to higher direct costs related to meter reading services.

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Boracay still recovering from the island's closure in April 2018.

NRW has improved to 8.3% as leaks caused by clearing operations and road improvements were repaired.

MANILA WATER PHILIPPINE VENTURES **OPERATING AND FINANCIAL HIGHLIGHTS**

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Billed Volume (mcm)	10.4	10.8	(3%)
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Net Income (millions)	16	19	(16%)
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BV growth due to additional customers in ALI subdivisions and takeover of new estates.

Net income growth driven by higher supervision fees from both ALI and non-ALI projects.

MANILA WATER

ASIA PACIFIC



MANILA WATER ASIA PACIFIC **CONSOLIDATED**

Net income contribution growth mainly driven by East Water acquisition

Margin improvement with lower personnel and management and professional fees

(in Million Php)	1Q 2019	1Q 2018	% Change
Equity Share in Net Income of Associates	207	109	89%
COS and Operating Expenses*	(24)	(44)	(47%)
Bus. Dev't. Costs	(9)	(15)	(41%)
EBITDA	180	63	184%
Net Income	135	57	135%
Net Income margin**	65%	53%	
Billed Volume (mcm)	162.5	139.7	16%

*includes Business Development Costs

**Formula: Net Income/Equity Share in Net Income of Associates

MANILA WATER ASIA PACIFIC **OPERATING AND FINANCIAL HIGHLIGHTS**

TDW and KDW
profitability affected by
lower billed volume and
higher direct costs

SGW net loss on lower
revenues and higher direct
costs; one-time gain was
recognized for Can Tho in
2018

	1Q 2019	1Q 2018	% Change
Thu Duc Water			
Billed Volume (mcm)	26.5	26.7	(1%)
Net Income (in VND billions)	24	27	(9%)
Net Income @ 49% (in PHP millions)	61	65	(6%)
Kenh Dong Water			
Billed Volume (mcm)	14.1	14.5	(3%)
Net Income (in VND billions)	10	17	(39%)
Net Income @ 47.35% (in PHP millions)	29	37	(20%)
Saigon Water			
Billed Volume (mcm)	26.6	19.3	38%
Net Income (loss) (in VND billions)	(7)	45	(116%)
Net Income @ 37.99% (in PHP millions)	(6)	(9)	32%

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Drop in BV due to lower offtake of
SAWACO and lower reading days.

Lower net income due to decline in BV
and higher direct costs.

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Lower net income due to drop in BV; ongoing upgrade of raw water canal and increase in raw water fees.

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**Net loss of VND7 billion on account
of higher direct costs.**

MANILA WATER TOTAL SOLUTIONS



MANILA WATER TOTAL SOLUTIONS **OPERATING AND FINANCIAL HIGHLIGHTS**

MWTS showed improvement in OPEX streamlining and management;
Pipelaying and environmental services drove unit growth

(in Million Php)	1Q 2019	1Q 2018	% Change
Revenues	114	97	17%
COS and Operating Expenses	(111)	(125)	(11%)
EBITDA	3	(27)	110%
Net Income (Loss)	(8)	(35)	78%
<i>NI contribution per segment</i>			
<i>Pipelaying</i>	<i>19</i>	<i>11</i>	<i>76%</i>
<i>Healthy Family</i>	<i>(26)</i>	<i>(44)</i>	<i>41%</i>
<i>Environmental Svcs</i>	<i>6</i>	<i>(2)</i>	<i>415%</i>

(in Thousands)	1Q 2019	1Q 2018	% Change
HF Bottle Sales			
5-Gallon	613	1,405	(56%)
Mini	693	333	108%



SUMMARY

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DISCLAIMER

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RESILIENT IN
THE PURSUIT
OF SUSTAINABLE
**WATER AND
SANITATION**