

February 26, 2019

Securities and Exchange Commission

Secretariat Building, PICC Complex, Roxas Boulevard, Pasay City, Philippines

Attention : **Mr. Vicente Graciano. P. Felizmenio, Jr.**
Director, Markets and Securities Regulation Department

Philippine Stock Exchange, Inc.

PSE Tower, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City, Philippines

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

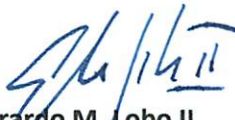
Subject : **Unaudited Full Year 2018 Performance Results**

Gentlemen :

Manila Water announces today its unaudited Full Year 2018 performance results. Please refer to the enclosed financial and operating highlights.

Also attached is the press release for more information.

Very truly yours,



Gerardo M. Lobo II
Assistant Corporate Secretary

MANILA WATER FINANCIAL AND OPERATING HIGHLIGHTS (CONSOLIDATED)

(in Million Php)	FY 2018 Audited	FY 2017 Audited	% Change
Revenues	19,836	18,516	7%
COS and Operating Expenses	(8,077)	(7,360)	10%
Other Income - net	879	541	62%
Equity Share in Net Income of Associates	699	457	53%
Other Income (loss) - net	180	84	114%
EBITDA	12,639	11,696	8%
EBITDA margin	64%	63%	1%
Depreciation and Amortization	(2,655)	(2,557)	4%
Net Interest Expense	(1,372)	(1,057)	30%
Provision for Income Tax	(1,976)	(1,942)	2%
Non-controlling Interests	(111)	7	(1,771%)
Net Income	6,524	6,147	6%

(in Million Php)	December 31, 2018 Audited	December 31, 2017 Audited	% Change
Assets			
Current Assets	13,449	12,759	5%
Noncurrent Assets	109,084	90,636	20%
Total Assets	122,533	103,394	19%
Liabilities and Stockholders' Equity			
Current Liabilities	22,708	11,739	93%
Non-current Liabilities	46,203	43,095	7%
Total Liabilities	68,912	54,834	26%
Stockholders' Equity	53,621	48,561	10%
Total Liabilities and Stockholders' Equity	122,533	103,394	19%

(in mcm)	FY 2018	FY 2017	% Change
Total Billed Volume	1,157.1	806.7	43%
Manila Concession	503.3	488.4	3%
Clark Water	14.1	14.5	(3%)
Laguna Water	42.5	44.1	(4%)
Boracay Water	3.9	5.5	(29%)
Cebu Water	12.8	13.0	(1%)
Estate Water	5.7	4.5	25%
Thu Duc Water	110.2	110.9	(1%)
Kenh Dong Water	57.0	57.8	(1%)
Saigon Water Associates	85.9	68.0	26%
East Water	316.5	-	100%
PT STU	5.2	-	100%

	FY 2018	FY 2017	% Change
Total Billed Connections	1,107,455	1,078,350	3%
Manila Concession	986,756	961,663	3%
Clark Water	2,061	2,050	1%
Laguna Water	102,068	98,217	4%
Boracay Water	6,106	6,267	(3%)
Estate Water	10,464	10,153	3%

PRESS RELEASE
26 February 2019

Manila Water posts P6.5 Billion Net Income in 2018

Manila Water continued on its path to growth in 2018, posting net income increase of 6% from the previous year to reach P6.5 billion. This was driven largely by the steady performance of the Manila Concession, bolstered by the approval of its positive tariff adjustment and Business Plan. Beyond the Manila Concession, new business wins and acquisitions establish an ideal platform for further market expansion.

Operationally, Manila Water capped off another year of healthy billed volume growth, reaching 4% on a consolidated level with the Manila Concession leading the way with a 3% increase from the previous year. Furthermore, the new international acquisitions of East Water in Thailand, and PT Sarana Tirta Ungaran in Indonesia have strengthened the billed volume base by more than 320 million cubic meters (mcm), enabling consolidated billed volume to breach the 1 billion cubic meter threshold. Management's continued efficiency and cost management initiatives resulted in the continued strength of its EBITDA and Net Income margins, measured at 64% and 33%, respectively.

On the regulatory front, 2018 marked a significant milestone as Manila Water saw through a positive conclusion to its Rate Rebasing Exercise with the Metropolitan Water and Sewerage System (MWSS). Specifically, Manila Water secured a positive tariff adjustment of nearly 25% on the current basic tariff for the prevailing Rate Rebasing Period. The first tranche of the adjustment was successfully implemented in October last year, with a P1.46 increase per cubic meter. Subsequent adjustments are programmed for 2020 and 2021 (Php2.00 per year), with MWSS incorporating additional adjustments in recognition of the need to develop additional water source projects.

Outside the Manila Concession, Manila Water Philippine Ventures (MWPV) experienced a banner year in new business development, winning eleven (11) new projects in 2018. Existing subsidiaries continued to post positive revenue growth, increasing 6% from the previous year to P3.3 billion. The year was not without its challenges, however. Specifically, in Boracay Water, billed volume levels were borne down by the government-mandated closure of the island in 2018 to make way for environmental rehabilitation. Throughout the closure period, Boracay Water worked to ensure operational efficiencies were maintained, so that the environmental gains from the rehabilitation are preserved upon the island's re-opening.

Internationally, 2018 saw Manila Water undertake its largest investment to date towards regional expansion, with the acquisition of an 18.72% stake in East Water in Thailand. Coupled with the acquisition of PT Sarana Tirta Ungaran in Indonesia, Manila Water increased its equity share in net income of associates by 53% in 2018, with billed volume contribution from international subsidiaries more than doubling from the previous year to reach 575 million cubic meters.

Manila Water President and CEO Ferdinand M. Dela Cruz is encouraged by the resilient performance in 2018, as it serves to further strengthen the Manila Water growth platform. "I see our 2018 performance as a testament to our resolve, as we surmounted significant challenges to come out stronger. In the Manila Concession, we have forged a clear path to regulatory stability with the positive conclusion of the Rate Rebasing Exercise. For our domestic operations, we remained true to our service commitments even under sudden market disruptions like the Boracay closure. We are excited for the road ahead, as we follow through on our growth aspirations in ASEAN and in other new markets."

