



MACROASIA 2017 NET INCOME BREACHES PHP1 BILLION MARK AND GROWS BY 146%

MacroAsia Corporation (“MAC”) ended 2017 with about Php1.1 billion in net income, a big increase of 146% from its 2016 net income of Php440 million. MAC’s 4th quarter consolidated net income ended at Php145 million, 82% higher compared to the previous year. The 4th quarter period has always been a seasonally weak quarter for MAC, due to the holidays and the traffic mix where passengers are normally inbound to the Philippines. It is during this time of the year that travelers to the Philippines arrive for the holidays and leave at about January the following year, which in turn mark a peak period for operations, particularly in airline catering and ground handling. For LTP, December is normally a slow month, as airline representatives from abroad who are looking after their aircraft for repair in the Philippines also take a holiday break during the last two weeks of December.

Consolidated revenues jumped to Php2.9 billion for 2017, a 26% growth from 2016. 2017 EBITDA (equity earnings from LTP included) ended at Php1.3 billion, 110% higher than the Php642 million in 2016.

The strong operational results were driven by the continuing growth of core aviation services businesses, namely Lufthansa Technik Philippines (LTP, 49%-owned by MAC), MacroAsia Airport Services Corp. (MASCORP, 100% MAC) and MacroAsia Catering Services (MACS, 67%-owned by MAC). MAC’s venture into the water supply and concession business has also started to pick up, coming from 2016 as an operational startup year.

In 2017, LTP’s total revenues stood at USD255 million, marked by a 25% increase from 2017. Of these revenues, USD153M are core revenues. LTP’s 2017 net income grew by 76% to USD37.5 million, from USD21.3 million in 2016. LTP’s MRO (maintenance, repair and overhaul) business was boosted by the gain of two new Airbus A380 customers: British Airways and Korean Air. These big planes are not being used for commercial flights in NAIA, but these are being sent solely for repair in the LTP facility within the MacroAsia Special Ecozone in NAIA. The first A380 checks for these clients were completed in the first half of 2017. British Airways has a total of 12 A380s, and in the next five years, there will be a total of 34 layovers in LTP. Korean Air flies two of its A380s to Manila for heavy-maintenance or 6-year checks. These client gains underscore LTP’s edge in A380 repair and maintenance, as it in fact celebrated its 50th A380 layover in April 2017, through the maintenance of a Qantas A380 that first saw repair in LTP in 2012.

LTP also supported PAL in its drive to be a 5-star airline, by reconfiguring PAL’s A330-300 cabins from one class to tri-class (economy, premium economy and business class). The newly-reconfigured planes were launched last June 2017. LTP has upgraded its service capabilities to include the heavy checks for the Boeing B777. In 2017, it did its first heavy maintenance check for one of the B777 owned by PAL. LTP has also started to upgrade its service capabilities for the next-generation aircraft. It has started preparations for the A321 neo and A350 planes of PAL which will be arriving this 2018. Early this 2018, PAL has signed a 12-year line maintenance with LTP for the servicing of these new aircraft that will soon join PAL’s fleet.

MacroAsia Catering Services (MACS) started 2017 from a high base of performance in 2016. Despite this, MACS’ revenues have increased by 7% to end at Php1.5 billion in 2017. The company is the preferred

airline caterer of foreign airlines in NAIA, as it services most of the major foreign airlines flying into NAIA. MACS has concentrated its business on the foreign airlines, and is not the inflight caterer for Philippine Airlines. Its service to PAL is through the provision of the food for PAL's Mabuhay Lounges in NAIA. MACS is currently building a new commissary/central production facility that will be used principally for institutional accounts other than airlines. This facility will be operated by its subsidiary, MacroAsia SATS Food Industries. This new entity will grow MacroAsia's business in the non-airline food segment starting this 2018. Earlier though, MACS has already been serving the meal requirements of some BPOs, banks, casinos and even caterers who require mass production of meals.

MacroAsia Airport Services Corp. (MASCORP) which is the ground handling unit of MAC has seen substantial growth during 2017. MASCORP's revenues grew by 52% to Php1 billion, from Php679 million in 2016. The growth is mainly caused by the increased number of airports being served. From 7 airport locations in 2016, MASCORP ended 2017 by serving PAL in 27 airport locations within the country. MASCORP is expected to continue to operate in more locations in 2018 and is also seen to operate in the new Terminal 2 in Mactan, Cebu.

MAC's balance sheet remains strong thru the end of 2017. The company's cash/cash equivalents at the end of 2017 almost doubled to Php1 billion from Php560 million the prior year. The company is not significantly leveraged, as it funds its working capital requirement, capital expenditures and acquisitions thru internally generated funds. The company has a strong operational cash flow of Php449Mil.

MAC's financial position is expected to remain solid moving forward, as majority of the companies are generating cash and are able to fund their operating growth. MAC remains to be conservative in its approach to its balance sheet, and does not expect to take up a significant amount of debt any time soon.

In January 2018, MAC paid to its shareholders cash dividends of PHP0.14/share. Yesterday, March 22, the Company announced that it has declared a 30% stock dividend to its shareholders. The stock dividend will still be submitted for shareholders' approval in accordance with SEC regulations.

MAC was qualified by the PSE to be included in PSE's Services Sector Index last February 2018. Its float in recent months has increased to 26%, as trading for this stock has gained momentum since last year.