

MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING OF

**MEGAWF**The Chairman called the meeting to order at 2:00 p.m. The host int



#### IV. PRESIDENT'S REPORT

**Agenda Item 5:** The President will give the operational highlights of 2014.

The President and Chief Operating Officer (COO), Engr. Edgar B. Saavedra, reported on the operational highlights of the Corporation for the year 2014:

- x There are 2 significant milestones in 2014: (1) the first time to report Financial Statements on a consolidated basis; and (2) highest amount of booked contracts in a year.
- x The Corporation reported Php200 Million in airport operations revenues on top of Php9 Billion construction revenues.
- x In April 2014, the Corporation, in partnership with GMR Infrastructure Limited, won the tender to operate the second largest gateway to the Philippines, Mactan Cebu International Airport (MCIA). Upon completion, both terminals can accommodate 12.5 Million passengers per annum. Since its take-over last November 2014, the Corporation has introduced changes and improvements on terminal 1.
- x Income from airport operations revenue contributed to Php49 Million or 6% of the consolidated income in 2 months of operations. Marketing efforts to promote Cebu as a travel destination will increase traffic. Airport operations are expected to contribute to 10% of consolidated revenue and 1/3 of consolidated income.
- x The Corporation had the highest amount of new contracts booked in a year at Php17.6 Billion.
- x There will be more receivables due to Total Order Book Backlog representing unworked portions of existing contracts amounting to Php22.3 Billion, an increase from Php20.3 Billion.
- x Construction Revenue Mix is composed of residential, office, commercial and basic infrastructure projects. Residential projects constitute 15% while office and commercial comprise 41%, airport project amount to 24% and the school and hospital projects constitute the remainder.
- x Office and commercial building projects include a project of Double Dragon, World Plaza, One Town Square and Southwoods Mall and Office.
- x The Department of Education successfully turned over the first phase of Build-Lease Transfer 7,085 classrooms for Regions III and IV. The Corporation is engaged in building 2,240 classrooms in Regions, I II, III, Cordillera Administrative Region.
- x Another project of the Corporation is the modernization of the Philippine Orthopedic Center (POC), a 25-year Build-Operate Transfer Agreement to create a 700-bed specialty hospital.
- x The number of employees grew from 1,935 to 2128 in preparation for higher volume of projects.

- x The Corporation, through Megawatt Clean Energy, Inc. (Megawatt), invested in the development of renewal energy. Megawatt is working on a mixed portfolio of solar, hydro and biomass power. Solar projects will begin construction in third quarter 2015 while the hydro and biomass projects will begin in 2016.
- x Consolidated total assets grew to 84% or to Php39.1 Billion from 21.5 Billion due to the Php16.13 Billion bid premium paid for the concession rights to manage MCIA for 25 years.
- x Total assets grew by Php4 Billion or 90% due to investment in subsidiaries and affiliates amounting to Php3.98 Billion. This amount represents 60% direct interest in GMR Megawide Cebu Airport Corporation (GMCAC), a special purpose vehicle.
- x Total equity increased by 57% from Php8.54 Billion to Php13.4 Billion primarily due to perpetual preferred shares offering last year. Proceeds of Php4 Billion brought back the Corporation to the same cash position as last year.
- x Book value is Php5.57 per share. Retained earnings amount to Php2.48 Billion.
- x Total parents' income amount to Php868 Million due to Php70 Million worth of stock dividends. This was also used to subscribe to an increase in the authorized capital stock of the Corporation.
- x The Megawide Corporate Foundation donated a complete renovation of

Statement duly distributed to the stockholders, including execution of an Omnibus Loan and Security Agreement, Guaranty and other documents for the Modernization of the Philippine Orthopedic Center Project and signing of a Receivables Purchase Agreement, Performance Guaranty and other documents for the sale of receivables from the Public School Infrastructure Project 1 of the Department of Education.”

1. Michael C. Cosiquien
2. Edgar B. Saavedra
3. Yerik C. Cosiquien
4. Elizabeth Anne C. Uychaco
5. Florentino A. Tuason, Jr.
6. Leonilo M. Coronel (independent director)

**RESOLUTION:** On motion duly seconded, the stockholders representing 99.99% of the 1,777,533,043 shares represented during the meeting voted in favor of the following:

Leonor M. Briones (independent director)

#### VII. APPROVAL OF THE 2014 AUDITED FINANCIAL STATEMENTS

**Agenda Item 8:** To approve the 2014 Audited Financial Statements

**RESOLUTION:** On motion duly seconded, the stockholders representing 100% of the 1,777,533,043 shares represented during the meeting unanimously voted in favor of the following:

“RESOLVED, to approve the 2014 Audited Financial Statements as presented.”

#### VIII. APPOINTMENT OF EXTERNAL AUDITOR

**Agenda Item 9:** To approve the appointment of Punongbayan & Araullo as external auditor

**RESOLUTION:** On motion duly seconded, the stockholders representing 100% of the 1,777,533,043 shares represented during the meeting unanimously voted in favor of the following:

“RESOLVED, upon the recommendation of the Audit and Compliance Committee, to appoint Punongbayan & Araullo as external auditor.”

#### IX. OTHER MATTERS

A shareholder asked if there are politicians donating to the Megawide Corporate Foundation, Inc. The Chairman answered that there are none and that the Corporation is providing the funds for the Foundation.

The same shareholder inquired if he can have a free parking ticket. The Chairman said yes.

Another shareholder asked if the Corporation is positioned to take advantage of the ASEAN integration. The Chief Financial Officer replied that the ASEAN integration can be a threat and an opportunity. He also stated that the Corporation is in a position to be on equal footing, if not better, with potential foreign contractor as a result of the ASEAN integration. He explained that the Corporation has been using first world technology for 5 years and working with expatriates for technology transfer and know-how. Thus, the Corporation is in a position to withstand the influx of potential foreign contractors