

# Review of Goals for 2000

p. 10

## FIRST PACIFIC

- Continue the rehabilitation and further enhancement of recurrent profits and cash flow **PARTIALLY ACHIEVED**

Recurring profits increased 23 per cent, off increased contribution from operations of 24 per cent. Head Office cash at the year-end was up 76 per cent, however, this was principally reflective of disposal proceeds and not improved recurrent cash flows.

- As restructuring activities decline, return full management focus to building and developing value **ACHIEVED**

Restructuring activities continued throughout the year, including: PLDT's acquisition of Smart; the combining of the First Pacific Group's interests in PLDT; the increased investment in Indofood; and the disposal of First Pacific Bank. In addition, Head Office net indebtedness reduced to its lowest level since 1995. Management focus is now wholly on building and developing value.

- Promote the development of common e-market platforms, and seek opportunities for application service provision **ACHIEVED**

Infrontier, a provider of rapidly-deployable Internet-based business-to-business solutions for Asian markets, has been established.

- Finalize the evaluation review of Metrocel and execute conclusions **NOT ACHIEVED**

The Group continues to evaluate its options regarding the future of Metrocel.

## INDOFOOD

- Exploit opportunities for value creation from existing businesses **ACHIEVED**

Ongoing market and product developments have resulted in increased sales volumes for all divisions.

- Expand existing businesses, domestically, regionally or internationally, either organically or through acquisition **ACHIEVED**

All divisions experienced organic, domestic growth in sales volumes, including record high sales of Instant Noodles. Exports remain relatively small; however these are growing with Instant Noodle export sales volumes increasing 77 per cent during 2000.

## PLDT

- Focus on diversifying revenue streams **ACHIEVED**

Significant growth in Cellular, Data and Other Network Services has considerably reduced reliance on International Long Distance revenues.

- Continue to grow EBITDA through efficient cost management **ACHIEVED**

Consolidated EBITDA has grown seven per cent, despite significant marketing expenses incurred to grow the Cellular business.

- Grow Internet-based, data oriented, value added services **ACHIEVED**

Data and Other Network Services now make up five per cent of revenue, representing growth of 54 per cent year on year.

- Grow GSM service in terms of capacity and subscribers **ACHIEVED**

Subscribers grew twelvefold to 2.7 million GSM subscribers; by year end capacity had increased to support up to 3.95 million subscribers.

- Realize synergies through the integration of wireline and wireless operations **ACHIEVED**

PLDT acquired Smart's local exchange carrier. Smart and Piltel merged and rationalized operations, business functions, and cell sites, resulting in reduced administrative and maintenance costs.

- Accelerate the convergence strategy to develop a multimedia platform for total communications solutions **ACHIEVED**

ePLDT, the corporate vehicle for PLDT's Internet, e-commerce and multimedia businesses, has been formed, offering Internet Data Center, e-business delivery, call center and procurement services.

## METRO PACIFIC

- Continue to position Metro Pacific as a property development and services company **ACHIEVED**

As a result of asset disposals, more than 90 per cent of Metro Pacific's assets now relate to property.

- Continue to develop revenue sources through interim land use programs **ACHIEVED & CONTINUING**

Construction started on HatchAsia Global City Center, a 24,000 sq.m. building that will house incubator firms; 50 per cent of the facility is pre-leased to HatchAsia. Metro Pacific's Fort Bonifacio also signed land leases totaling 51,700 sq.m. with a variety of commercial and consumer businesses.

## METRO PACIFIC *continued*

- Maximize the potential for Information Technology Zone status by offering e-business solutions to locators and property developers **ACHIEVED**

Metro Pacific launched E-Square, a 25-hectare IT development project registered with the Philippine Economic Zone Authority (PEZA).

- Continue to enhance value through the vigorous development of the Global City **ACHIEVED & CONTINUING**

The construction of the Bonifacio Ridge residential high rise project is under way and 136 units have been sold. Big Delta, Pacific Plaza Towers and the Kalayaan flyover access route were all completed.

## BERLI JUCKER

- Aggressively seek value-creating opportunities to deliver better returns on equity **ACHIEVED**

Certain non-core, non-branded, assets have been sold. Despite concerted efforts, a value enhancing acquisition was unachievable at realistic valuations. Therefore, to enhance returns on equity, a special interim dividend, totaling US\$62 million, was paid through raising debt.

- Increase focus on branded consumer products **ACHIEVED**

Significant market share gains achieved in the tissue and snacks businesses.

## DARYA-VARIA

- Achieve organic growth by developing new prescription and over-the-counter products **PARTIALLY ACHIEVED**

Following extensive streamlining of product lines, sales increased 21 per cent. New products have been developed, but resource constraints hindered full launch.

- Conclude the implementation of management and distribution information systems **ACHIEVED**

New management systems are in place, affording optimal efficiency and improved competitiveness.

## ESCOTEL

- Develop value added services **ACHIEVED**

Escotel has introduced a range of tailored products and services, including Internet-to-cellular messaging, international automatic roaming, and unique mobile to mobile rates.

- Conclude strategic, value enhancing transactions **NOT ACHIEVED**

A number of acquisitions were identified and accessed. However, unrealistic valuations precluded further progress.

- Achieve break-even by year end 2000 **NOT ACHIEVED**

Despite subscriber growth, the exponential growth of prepaid services put ARPU under pressure.

## FIRST PACIFIC

- Continue to enhance recurrent profits and cash flow
- Refinance convertible bonds with long-term debt
- Continue to consolidate ownership positions in core businesses
- Seek value-enhancing transactions consistent with core business focus
- Enhance recurrent cash flows to Head Office
- Finalize the evaluation review of Metrosel and execute conclusions

## INDOFOOD

- Reorganize operations to create greater definition between branded consumer products and the commodity businesses
- Explore opportunities for utilizing substantial free cash flows
- Continue to implement corporate governance initiatives to align Indofood's practices with international best practice
- Resume dividend payments to shareholders

## PLDT

- Continue to grow consolidated revenue and net profit
- Maintain momentum for growing cellular subscribers to achieve a total of 5.5 million subscribers by year-end
- Continue 2000 initiatives in respect of revenue diversification and efficiencies
- Advance ePLDT as a platform for future revenue growth

## METRO PACIFIC

- Conclude disposals of remaining non-core assets
- Simplify corporate ownership structure
- Put long-term financing in place to better match long-term revenue streams

## BERLI JUCKER

- Continue to seek value-enhancing opportunities

## DARYA-VARIA

- Grow revenues faster than the total market to increase market share

## ESCOTEL

- Achieve cash flow break-even
- Conclude strategic, value-enhancing transactions to broaden geographical presence

## INFRONTIER

- Establish the operational infrastructure required to build a sustainable pan-Asian business solutions provider
- Evolve from start-up to develop sustainable revenues to achieve profitability by year-end 2003