

## **Metro Pacific Tollways Corporation Gets Highest Credit Rating for Proposed Bond Issue**

Philippine Rating Services Corporation (PhilRatings) has assigned an Issue Credit Rating of **PRS Aaa**, with a **Stable Outlook**, to Metro Pacific Tollways Corporation's (MPTC) proposed bond issue of ₱15.0 billion, with an Oversubscription Option of up to ₱5.0 billion

Obligations rated **PRS Aaa** are of the highest quality with minimal credit risk. The obligor's capacity to meet its financial commitment on the obligation is extremely strong. **PRS Aaa** is the highest rating assigned by PhilRatings. A **Stable Outlook**, on the other hand, indicates that the assigned rating is likely to be maintained or to remain unchanged in the next 12 months.

PhilRatings took into account the following major rating factors in assigning the rating and corresponding Outlook: (1) MPTC as a well-managed tollway developer and operator with a growing regional footprint and project pipeline; (2) its sustained growth, backed by strong demand; (3) the Company's robust and steadily increasing earnings; (4) its healthy cash flows, backed by consistently positive operating cash; and (5) the anticipated easing of its leverage levels, reversing the uptrend in previous years.

The rating and Outlook are based on available information and projections at the time that the rating review was performed. PhilRatings shall continuously monitor developments relating to MPTC and may change the rating at any time, should circumstances warrant a change.

MPTC is the toll road development and operations arm of Metro Pacific Investments Corporation (MPIC). Since it began toll operations in 2006, MPTC has steadily expanded its portfolio to include six major tollway concessions in the Philippines, complemented by toll road assets in Indonesia and Vietnam through its subsidiaries. These toll roads serve as vital transportation corridors, connecting key population centers, ports, airports, and economic zones. Notable operating toll road assets of the Company include: the North Luzon Expressway (NLEX), Subic-Clark-Tarlac Expressway (SCTEX), NLEX Connector, Manila-Cavite Expressway (CAVITEX), Cavite-Laguna Expressway (CALAX), and Cebu-Cordova Link Expressway (CCLEX). In Southeast Asia, MPTC holds controlling interests in PT Nusantara Infrastructure in Indonesia and CII Bridges & Roads Investment Joint Stock Company in Vietnam.

Managing a total of 1,095 kilometers of toll roads across the Philippines, Indonesia, and Vietnam, MPTC continues to expand its network through a pipeline of ongoing projects. Key developments under construction include: NLEX Segment 8.2 Section 1A, CAVITEX Segment 3B, the CAVITEX-CALAX Link, and CALAX Subsections 1 to 3, with completion expected between late 2025 and early 2026 for all four projects. Additionally, pre-construction activities are underway for the Lapu-Lapu Expressway, which aims to connect CCLEX to the Mactan-Cebu International Airport, further expanding the Company's reach.

Between 2020 and 2024, MPTC recorded sustained traffic growth driven by increasing vehicle ownership and strong infrastructure demand. Over the five-year period, vehicle volume compound annual growth rates (CAGRs) in the Philippines ranged from 11% to nearly 50%, with CALAX leading at 50%.

Meanwhile, NLEX and SCTEX registered solid traffic volume CAGRs of 13% and 15%, respectively. Toll roads in Indonesia also posted steady growth, with Bintaro Serpong Damai (BSD) leading with a 16% CAGR. This robust traffic demand translated into average daily vehicle entries (ADVE) of approximately 2.4 million across the Company's toll road network in 2024. Such strong demand was sustained in the first half of 2025 (1H2025).

Given traffic growth, as well as toll rate increases, MPTC's toll revenues consistently improved post-2020. Toll revenues doubled from ₱13.6 billion in 2020 to ₱27.2 billion in 2023 (CAGR of 26%) and further increased to ₱31.6 billion (+16%) in 2024. Additionally bolstered by the pickup in non-toll revenues, total revenues followed a similar trend, climbing from ₱14.4 billion in 2020 to ₱33.4 billion in 2024. Amid controlled increases in expenses, consolidated net income grew at a CAGR of 29% from ₱3.4 billion in 2020 to ₱7.3 billion in 2023. Bottom line subsequently rose by 34% to ₱9.8 billion in 2024, further propped up by the hike in other income and the turnaround in equity earnings. Net income attributable to MPTC likewise expanded from ₱2.3 billion in 2020 to ₱6.5 billion in 2024.

Sustaining its growth momentum, toll revenues and total revenues both grew by 18% year-on-year (YoY) in 1H2025. Net income went up by 5% YoY to ₱4.9 billion, tempered by the increase in financing costs and the absence of the one-off gain recorded in the previous year. Revenues are projected to continue to grow over the next decade, supported by project completions, sustained traffic growth, and the implementation of tariff adjustments.

MPTC also consistently maintained positive operating cash flows since 2020. Net cash flows from its operating activities recovered and grew to ₱19.0 billion in 2023, underpinned by the improvement in the Company's earnings. Operating cash remained positive at ₱15.5 billion in 2024. In 1H2025, net cash from operating activities amounted to ₱8.2 billion, higher by 3% YoY and more than enough to cover the net investing cash outflow of ₱5.8 billion. Amid healthy investing activities and with funds augmented by cash from financing activities, the Company's year-end cash balance ranged from ₱7.4 billion to ₱15.3 billion in 2020–2024. Its cash and cash equivalents amounted to ₱15.1 billion as of end-June 2025, notably up by 58% from end-2024.

MPTC's interest-bearing debt to equity (D/E) ratio increased from 1.5x as of end-2020 to 3.0x as of end-June 2025, amid faster increase in its debt levels relative to its equity. Nonetheless, the Company expects steady improvement in its leverage levels moving forward, supported by operating cash flow growth and proactive liability management.