Very Strong Credit Rating Maintained for Megawide's Outstanding Bonds

Philippine Rating Services Corporation (PhilRatings) maintained its Issue Credit Rating of **PRS Aa**, with a **Stable Outlook**, for Megawide Construction Corporation's (Megawide) ₱9.0 billion outstanding bonds.

Obligations rated **PRS Aa** are of high quality and are subject to very low credit risk. The obligor's capacity to meet its financial commitment on the obligation is very strong. 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.

The assigned rating and Outlook took into account: (1) Megawide's solid brand and track record; (2) its vertical integrations that increase operational synergies and contractual engagements; (3) the increased diversification of its continuing segments; (4) the favorable industry outlook and opportunities; and (5) the sustained recovery in the Company's profitability.

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

Megawide is one of the country's rapidly growing infrastructure conglomerates, with a portfolio in engineering, procurement, and construction (EPC), airport and landport infrastructure, and property development. With its track record of key infrastructure construction and adding to its list of Public Private Partnership (PPP) projects, Megawide was awarded in November 2024 the contract to design and construct the terminal building at the Caticlan Airport. The groundbreaking ceremony for the new terminal was recently held in July 2025 with President Ferdinand Marcos, Jr. as Guest of Honor. In December 2024, the Company and its partner also secured the contract for the Cavite Bus Rapid Transit project—Phase I of which is currently ongoing.

The Company integrates comprehensive engineering, procurement, and construction (EPC) services in its operations, utilizing modern building and engineering technologies, such as precast, formworks, concrete batching, and specialized logistics systems. Furthermore, it is positioned as a construction company that has a manufacturing component, accompanied by proven experience as a project operator. This allows greater flexibility in bidding for projects, especially with PPPs and other private sector-led expansion programs.

In 2024, Megawide secured 17 new contracts amounting to ₱17.2 billion for its construction business. The Company secured another ₱2.0 billion worth of new contracts in the first quarter of 2025 (1Q2025), bringing its order book to ₱41.5 billion as of end-March 2025. Included in Megawide's ongoing projects is the CP-104 of the Metro Manila Subway Project, which will facilitate the Company's diversification into railway systems.

In addition, the Company acquired PH1 World Developers, Inc. (PH1) in 2023, its real estate arm that aims to disrupt property development conventions through innovation and engineering technology. This acquisition extended the vertical integration of the Company's existing EPC and precast and construction solutions (PCS) capabilities to property development, harnessing synergies and paving the way for progression into a higher value-business—particularly in horizontal developments and modular-type structures and buildings.

In May 2024, PH1 broke ground for its new PPP project with the local government of Imus, Cavite—its maiden entry into the government's flagship *Pambansang Pabahay Para sa Pilipino (4PH)* housing program, which aims to address the six million estimated housing backlog in the country. In May 2025, the company also broke ground for four new 4PH locations in Cavite—two in Dasmariñas and two in Bacoor—to help the administration achieve its goal. These five projects alone are expected to deliver 7,000 housing units over the next two to three years in the province of Cavite.

In 2024, Megawide posted a twofold increase in its net income to ₱538.5 million. Bottom line rallied driven by the improvement in revenues across all segments, primarily from the construction and real estate operations. Net profit margin for 2024 was 2.4%, while return on average assets (ROAA) and return on average equity (ROAE) were 0.8% and 3.2%, respectively. These posted improvements from its counterparts in the previous year of 1.4%, 0.4%, and 1.5%, respectively.

In 1Q2025, the Company reported a consolidated net income of ₱209.2 million, 14.1% higher year-on-year (YoY). Total revenues decreased by 19.2%YoY to ₱4.2 billion, attributed to the winding down phase for a number of existing projects which resulted in a 25.9% YoY decrease in revenues from the construction segment. The latter was partly offset by the 27.1% YoY increase in landport revenues and the 169.9% YoY jump in real estate revenues. Gross profit slipped by 2.0% YoY. The bottom line was nevertheless propped up by lower expenses, resulting in an improved net profit margin of 5.0%.

The construction industry—which expanded by 10.3%—remained a key driver of GDP growth in 2024, with a 7.5% contribution. Going forward, the domestic construction industry remains bullish for the coming years. This will be aided by the government's push for PPP for infrastructure development, as well as by population growth and fast urbanization.