



First Half 2018
Operating and Financial Highlights
26 July 2018

1H2018 Highlights

- **Core net income at P646 million**
- **Net income at P552 million**
- **EBITDA at P1.73 billion**
- **US\$10.0 million debt retired in 1H2018**
- **Concept Study for Silangan's Underground Mining Method Underway**

Operating Statistics

	1H2018	1H2017	Inc (Dec)
Tonnes Milled ('000)	4,388	4,138	6%
Production			
Gold – ozs	34,583	43,251	-20%
Copper - lbs ('000)	14,149	14,992	-6%
Recovery			
Gold	76%	82%	-7%
Copper	79%	83%	-5%
Ore Grade			
Gold - gms/DMT	0.321	0.399	-20%
Copper - %	0.186	0.199	-7%
Prices			
Gold (US\$/ounce)	1,314	1,258	5%
Copper (US\$/pound)	3.11	2.65	17%

- **2017 productivity issues being addressed**
- **Lower ore grades and recovery**
- **Increased/surging slimes**
- **Managed extraction at high grade ore sources**

Financial Highlights

(in PHP million, unless indicated)	1H2018	1H2017	Inc/(dec)
Gross Revenue	4,646	4,756	-2%
Smelting Charges	377	400	-6%
Cost & Expenses	3,361	3,294	2%
Income from Operations	909	1,062	-14%
Other Inc / (charges)	(129)	(34)	279%
Provision for Tax	(228)	(309)	-26%
Net Income	552	719	-23%
Core Net Income	646	748	-14%
EBITDA	1,734	1,821	-5%
Operating margin (%)	20%	22%	-9%
EBITDA Margin (%)	37%	38%	-3%

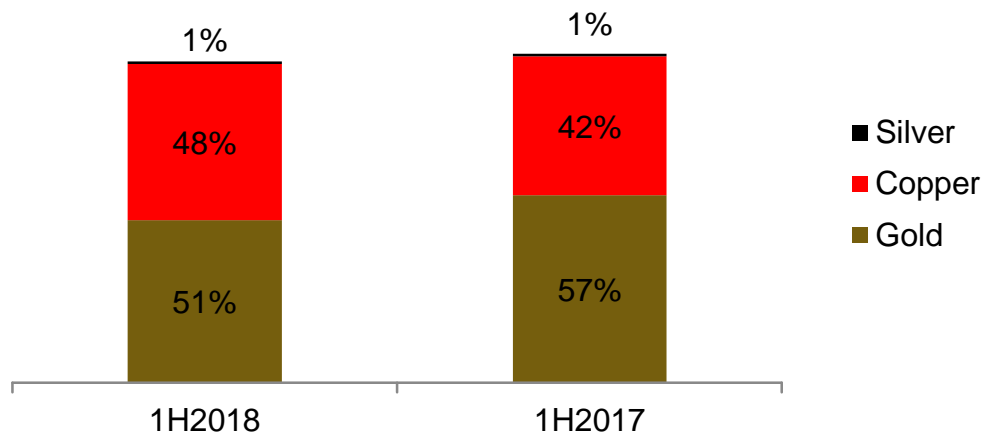
➤ **Lower metal output despite higher prices and favorable exchange rate**

➤ **Higher non-cash charges**

➤ **100% increase in excise tax rate**

Revenue Breakdown

REVENUE PERFORMANCE



REVENUE PER PRODUCT (PhP million)			
	1H2018	1H2017	Inc (Dec)
Gold	2,349	2,710	-13%
Copper	2,262	2,007	13%
Silver	36	39	-8%
TOTAL	4,646	4,756	-2%

Cost and Expenses

(in PHP million)	1H2018	1H2017	Inc (Dec)
Production cost			
Materials & Supplies	866	869	3%
Power	601	663	-9%
Labor	442	425	4%
Contracts	100	100	0%
Others	109	119	-9%
Cash Production cost	2,118	2,175	-3%
Depreciation & Amortization	808	737	10%
Total Production Cost	2,926	2,912	5%
Excise Tax & Royalties	281	208	35%
Operating Cost	3,206	3,120	3%
G&A	154	174	-11%
TOTAL COST AND EXPENSES	3,361	3,294	2%

- **3% decline in cash production cost due to:**
 - ✓ Lower renegotiated power rates
- **Increase in tonnage and deployment of new equipment**
- **100% increase in excise tax rate**

Capital Expenditures

CAPITAL EXPENDITURE PERFORMANCE



CAPITAL EXPENDITURE BREAKDOWN (PhP million)			
	1H2018	1H2017	Inc/(dec)
Padcal & Head Office	715	730	-2%
Silangan & Kalayaan	112	339	-67%
Other mine exploration	71	48	47%
TOTAL	898	1,117	-20%

Financial Position

ASSETS (in PHP million)

	As of June 30, 2018	As of Dec 31, 2017
Cash & cash equivalents	843	584
Receivables & others	5,107	5,683
Current assets	5,950	6,267
Property, plant & equipment	6,558	6,721
Deferred exploration costs	24,797	24,361
Others	2,312	2,330
Total assets	39,618	39,679

LIABILITIES AND STOCKHOLDERS' EQUITY (in PHP million)

	As of June 30, 2018	As of Dec 31, 2017
Short-term debt	2,080	2,447
Others	2,151	2,418
Current liabilities	4,231	4,857
Bonds Payable	7,125	6,950
Deferred tax liability/others	3,137	3,140
Total liabilities	14,493	14,947
Total equity	25,124	24,732
Total Liabilities and SHE	39,618	39,679

SELECTED FINANCIAL RATIOS

Current Ratio	1.41:1	1.29:1
Debt-to-equity Ratio	37:63	38:62

- **Deferred Exploration costs:** investments in Silangan and sustained exploration in Padcal
- **Short-term debt:** repayment of US\$10 million in Parent Company's debt, balance down to US\$39 million as of June 30, 2018



PXP Energy Corporation

1H2018 Financial Highlights and Operational Updates

Profit and Loss

<i>(in PhP millions)</i>	1H2018	1H2017	% Inc (Dec)
Gross revenue	₱ 67	₱ 53	27%
Cost and expenses	110	78	42%
Loss from operations	(44)	(25)	74%
Other income (charges)	11	8	36%
Reported net loss	₱ (33)	₱ (17)	91%

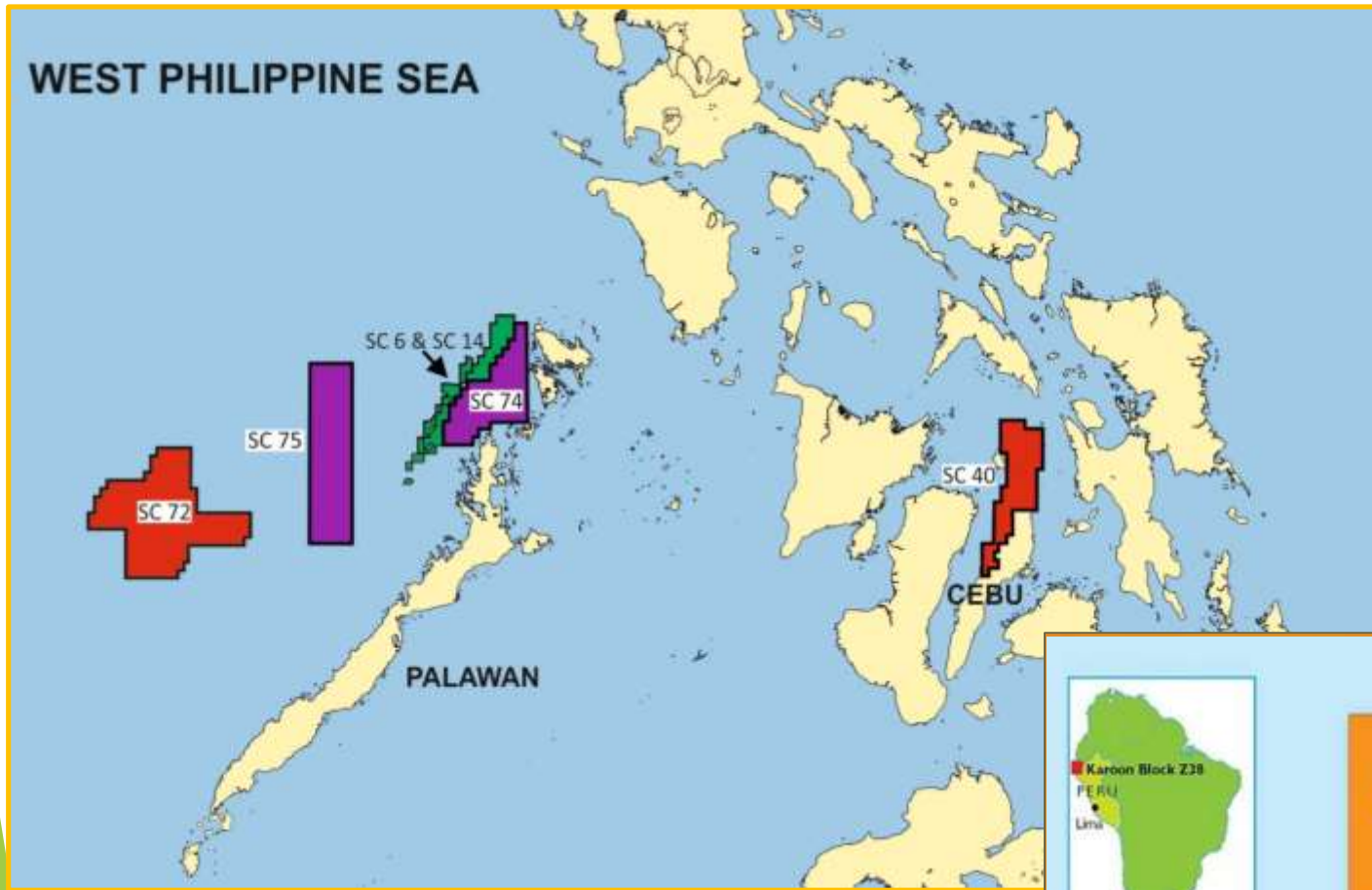
- **27% increase in gross revenue due to:**
 - *Higher crude price offset by lower output*
- **42% increase in cost and expenses due to:**
 - *Increase in production cost due to 16% higher depletion and decommission of old SC 14 wells offset by*
 - *Cost control resulting to 13.4% lower G& A*
- **91% increase in reported net loss due to:**
 - *Decommissioning cost and higher depletion partly offset by higher petroleum revenues*

Financial Position

ASSETS (in PHP millions)			
	As of Jun 30, 2018	As of Dec 31, 2017	% Inc (Dec)
Cash & cash equivalents	₱ 414	₱ 450	-7.9%
Receivables and other CA	82	76	8.3%
<i>Current assets</i>	496	526	-5.6%
Deferred exploration costs & other NCA	6,856	6,703	2.3%
Total assets	₱ 7,352	₱ 7,229	1.7%

LIABILITIES AND STOCKHOLDERS' EQUITY (in PHP millions)			
	As of Jun 30, 2018	As of Dec 31, 2017	% Inc (Dec)
Due to affiliate	₱ 2,896	₱ 2,906	-0.4%
Accounts payable & others	50	19	156.1%
<i>Current liabilities</i>	2,946	2,926	0.7%
Deferred income tax liability	192	191	0.8%
Others	1,109	1,110	-0.1%
<i>Non-current liabilities</i>	1,301	1,301	0.0%
Total liabilities	4,247	4,226	0.5%
Capital stock	1,700	1,700	0.0%
Deficit	(1,315)	(1,295)	1.6%
Others	274	198	38.0%
<i>Non-controlling interest</i>	2,446	2,398	2.0%
<i>Total equity</i>	3,105	3,002	3.4%
Total Liabilities and SHE	₱ 7,352	₱ 7,229	1.7%

Operations Update



SC 72 Recto Bank (Forum 70%)

- Under Force Majeure (FM) since 15 December 2014.
- Forum will have 20 months upon lifting of the FM to drill the two (2) commitment wells.

SC 75 NW Palawan (PXP 50%)

- Under FM since 27 December 2015.
- Sub-Phase 2 will have a term of 18 months upon lifting of FM with the acquisition of 1,000 sq km of 3D seismic data as the minimum work commitment.

We will continue to coordinate with DOE on the immediate lifting of the FM for both SCs.

SC 74 Linapacan Block (PXP 70%)

- Gravity modeling exercise already completed. The generated model will be forwarded to contractor (Cosine Ltd.) for technical review.
- Fieldwork in the Calamian Islands was conducted in June 2018 in cooperation with graduate students from the University of the Philippines National Institute of Geological Sciences (UP NIGS).
- Ongoing engineering and economic studies on Linapacan A & B Fields
- Pre-Stack Depth Migration (PSDM) reprocessing of selected 2D seismic lines will start in August

SC 40 North Cebu (Forum 66.67%)

- Processing of land gravity data that was acquired in April 2018 has started.

SC 14C1 Galoc (Forum 2.27%)

- Continued production in Galoc Field. It produced a total of 1.46 million barrels of oil (mmbo) in 2017, and 20.6 mmbo since production started in October 2008.
- A total of 4 liftings are scheduled for 2018 with the second one completed last 10 May 2018. The next lifting will be in August 2018.

SC 14C2 West Linapacan (Forum 9.103%)

- Ongoing interpretation of Pre-Stack Depth Migrated 3D seismic data.
- Study the viability of re-entering old wells

SC 6A Octon Block (PXP 5.56% / Forum 5.56%)

- Completed the Pre-Stack Depth Migration (PSDM) processing and quantitative interpretation (QI) of the 2013 3D seismic data.
- Ongoing 3D seismic interpretation, integrating the results of the QI work.

Peru Block Z-38 (Pitkin 25%)

- Under Force Majeure (FM) since 01 September 2013. The current Third Exploration Period will have 22 months remaining once the FM is lifted.
- The Peruvian government's approval of the farm-in of Tullow Oil plc (UK) to Z-38 is currently being processed. Under the farm-in agreement executed by Tullow with the Operator, Karoon Gas, Tullow will partially carry Karoon in the cost of one well, Marina-1, to earn 35% participating interest. The well is expected to be drilled in 2019. Karoon will remain as Operator of Z-38 with 40% interest.
- Pitkin will be carried in the cost of Marina-1 and a second well under a previous farm-in agreement with Karoon,

Thank you

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