



March 15, 2017

THE PHILIPPINE STOCK EXCHANGE, INC.
3rd Floor, Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue cor. Paseo de Roxas
Makati City 1226

*Attention: **Atty. Jose Valeriano B. Zuño III***
OIC-Head, Disclosure Department

Gentlemen:

Please find attached a press statement pertaining to the financial results of First Gen Corporation for the period ended December 31, 2016.

Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Rachel R. Hernandez', written in a cursive style.

RACHEL R. HERNANDEZ
Corporate Secretary

FIRST GEN CORPORATION

Press Release

First Gen reports 19% higher 2016 attributable net income at US\$200 million

Clean and renewable electricity producer First Gen Corporation (First Gen), a Lopez Group company, reported net income attributable to equity holders of the parent of US\$200 million for 2016. This was a 19% or a US\$32 million increase from the US\$167 million it made in 2015. The Company's newest natural gas-fired power plant, the 414 MW San Gabriel Flex Plant, and Energy Development Corporation (EDC)'s 140 MW BacMan geothermal plant, booked non-recurring income in 2016. Moreover, EDC and First Gen Hydro Power Corporation (FG Hydro) both delivered higher earnings that were supplemented by cost-saving initiatives throughout the Company.

First Gen's consolidated revenues from the sale of electricity decreased to US\$1.56 billion for 2016 compared to US\$1.84 billion in the previous year. The 1,000 MW Santa Rita and the 500 MW San Lorenzo natural gas-fired power plants accounted for US\$827 million, or 53% of First Gen's total consolidated revenues. Their revenues were 23% lower in comparison to their contribution of US\$1.08 billion in 2015 mainly due to lower fuel pass-through prices, worsened by the lower combined dispatch of the gas plants at 75% in 2016 versus 81% in 2015. To supplement Santa Rita and San Lorenzo's earnings, San Gabriel recorded US\$36 million of income from delay liquidated damages that was partially offset by expenses, while the 97 MW Avion Peaking Plant generated commissioning income in 2016. The earnings contribution from the natural gas portfolio increased by US\$21 million to US\$142 million in 2016.

EDC's geothermal, wind and solar revenues accounted for US\$676 million, or 43% of total consolidated revenues. From US\$717 million in 2015, EDC's revenues declined by US\$41 million mainly due to an unfavorable effect of foreign exchange translation. The actual decline in revenues from lower spot market prices was US\$11 million (out of US\$41 million). This was despite the power plants' higher dispatch. EDC's attributable earnings of US\$89 million in 2016 came in higher from US\$78 million in 2015 mostly due to drops in operating, interest, and administrative expenses, augmented by a receipt in insurance claims from its BacMan power plant.

The 132 MW Pantabangan-Masiway hydroelectric plants' revenues was 16% better at US\$48 million, or 3% of total consolidated revenues. FG Hydro showed a growth in revenues of US\$7 million for 2016 versus 2015's US\$42 million due to the higher dispatch of its power plants and higher ancillary service sales. Consequently, the attributable earnings contribution of FG Hydro was higher by US\$5 million, or 60% at US\$14 million.

On a recurring basis, First Gen's attributable net income for 2016 was flat at US\$162 million. As most of the platforms' power plants in the portfolio benefited from higher dispatch, these were offset by lower spot market prices. These likewise offset the gains made from cost-containment initiatives.

"Though 2016 was a year not without its challenges, it was also the year First Gen achieved its highest net income. We are optimistic that this trend will continue with the addition of our two newest natural gas-fired plants – the 414 MW San Gabriel Flex Plant and the 97 MW Avion Peaking Plant – that will deliver full year operations this year, alongside marked improvements in the operations of EDC's 100% renewable portfolio," First Gen President and COO Francis Giles B. Puno said.

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