

# FINANCIAL AND OPERATING RESULTS



**Investors and Analysts Briefing**  
Quarter Ended March 31, 2017

April 24, 2017





# OPERATIONS REPORT

Performance ended March 2017



MERALCO



# 1Q 2017 Operating Highlights

# 1Q 2017

Energy  
Sales

↑2.6%\*  
9,317 GWh

Customer  
Count

↑4.5%\*  
6.11 million

Peak  
Demand

↑6.0%\*  
6,577 MW

Net System  
Input (NSI)

↑2.1%\*  
9,968 GWh

Ave. Retail  
Rates

↑3.4%\*  
P7.84/kWh

S-Factor  
& GSL\*\*

Sustained  
Service  
Improvement

Business  
Updates



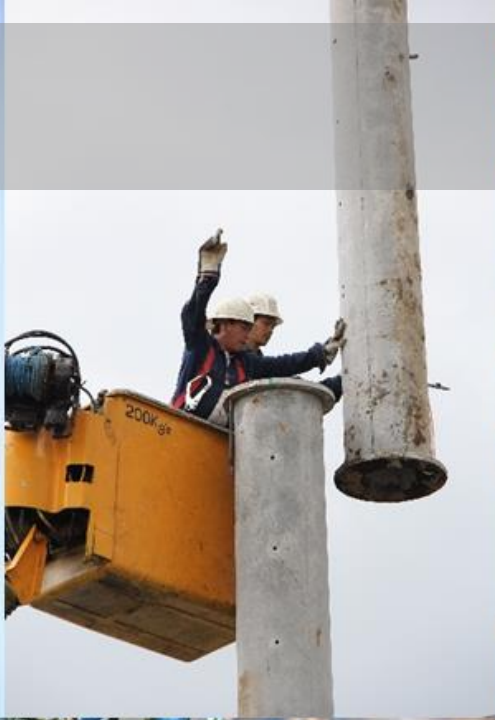
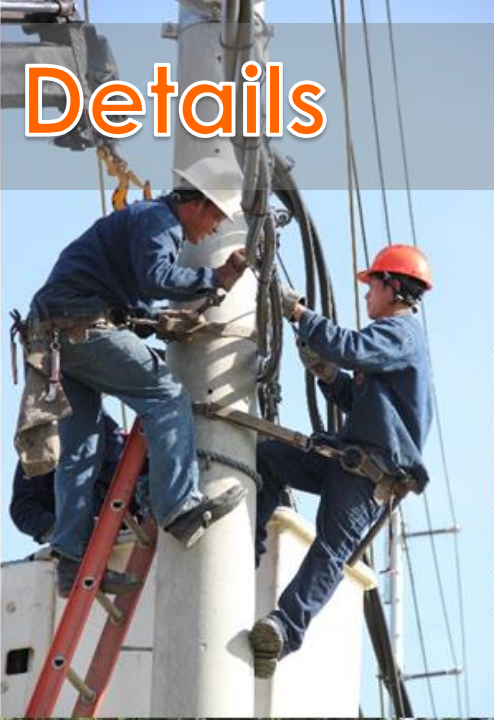
\*vs. same period, previous year

\*\*For GSL, RY2017 Period (July 1, 2016-June 30, 2017); compared with past levels (in the absence of 4RP standards/ reset)





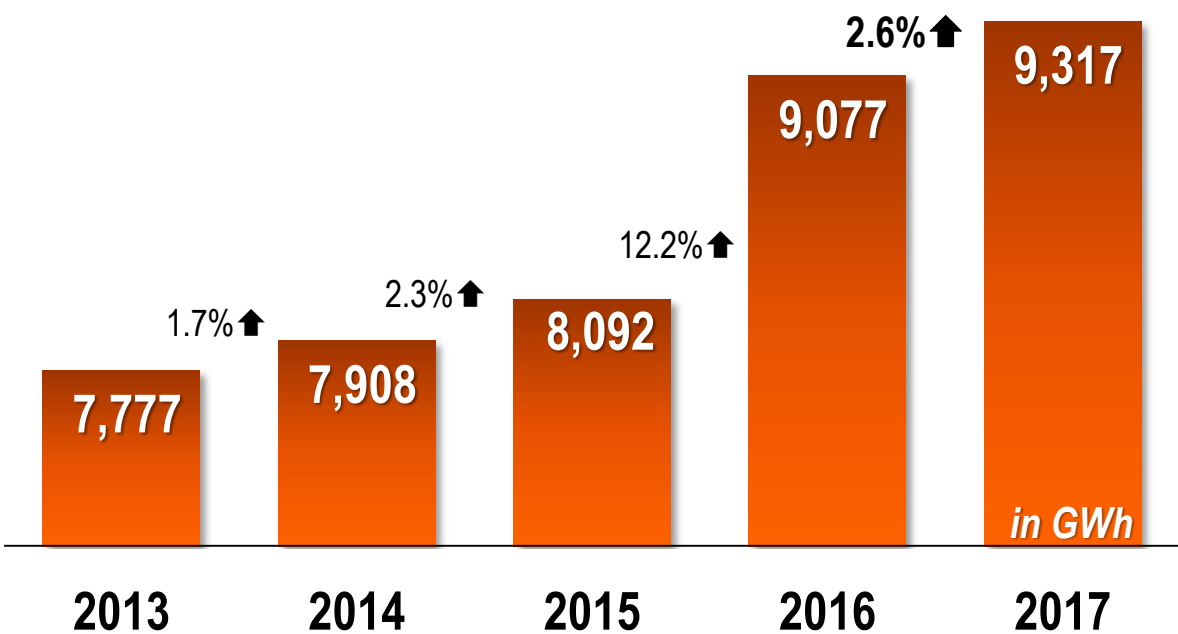
# Details



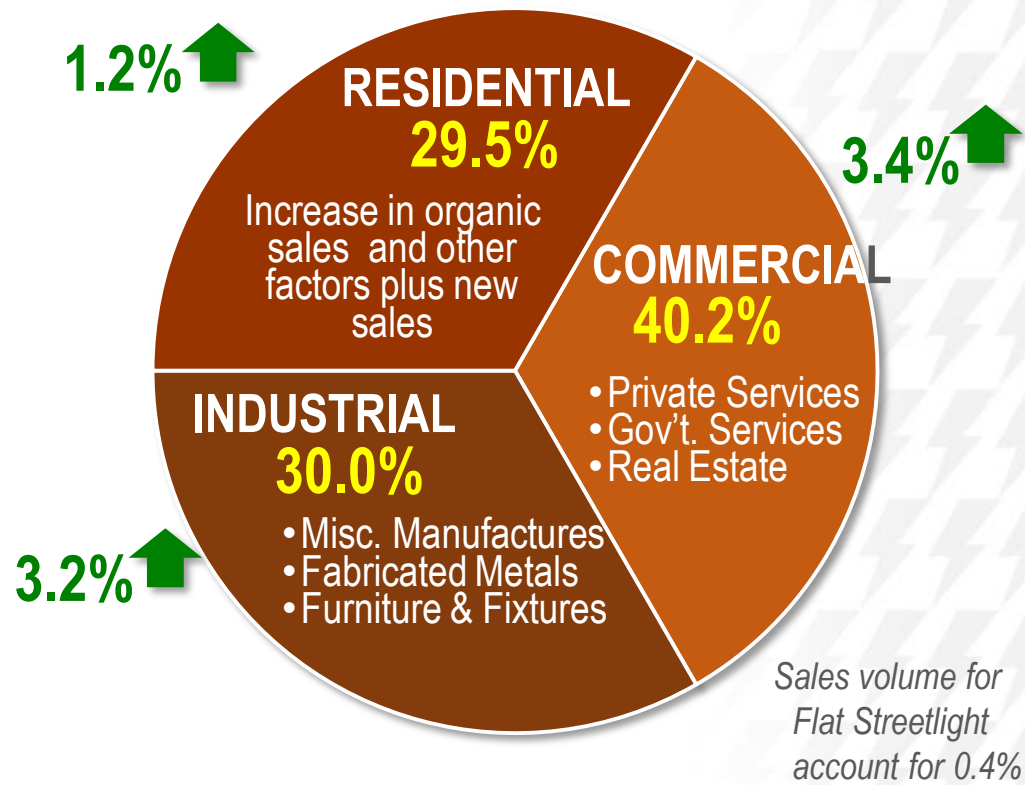


# Energy Sales: 1Q 2017

➤ Up 2.6% vs. 2016 (+240 GWh)



Share / Δ for 1Q 2017:

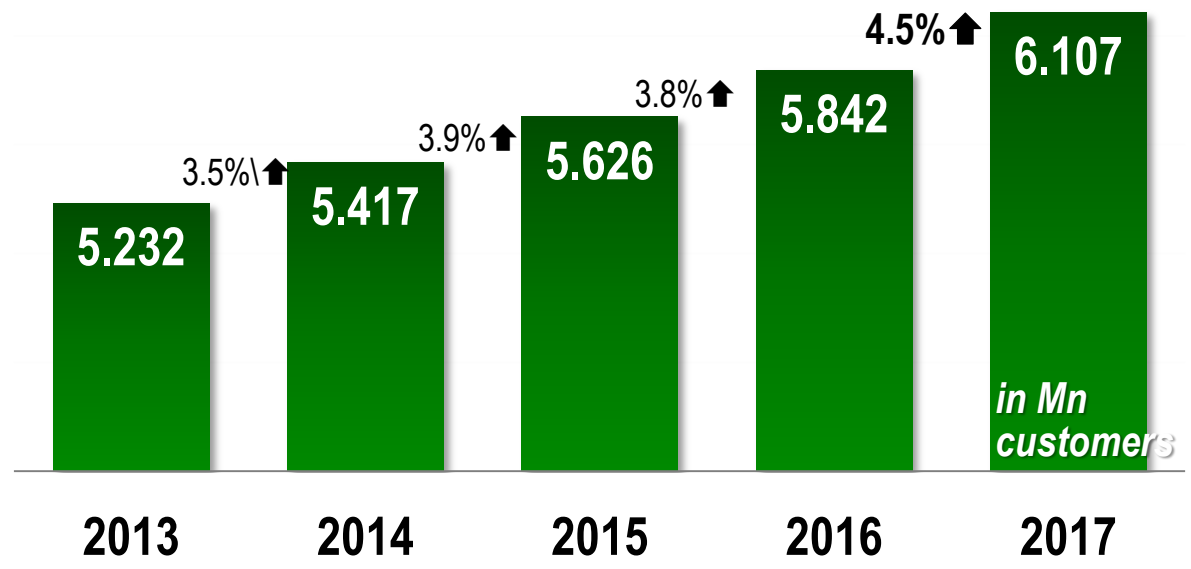


Note: Growth movers apply to GP customers under Industrial and Commercial segments.

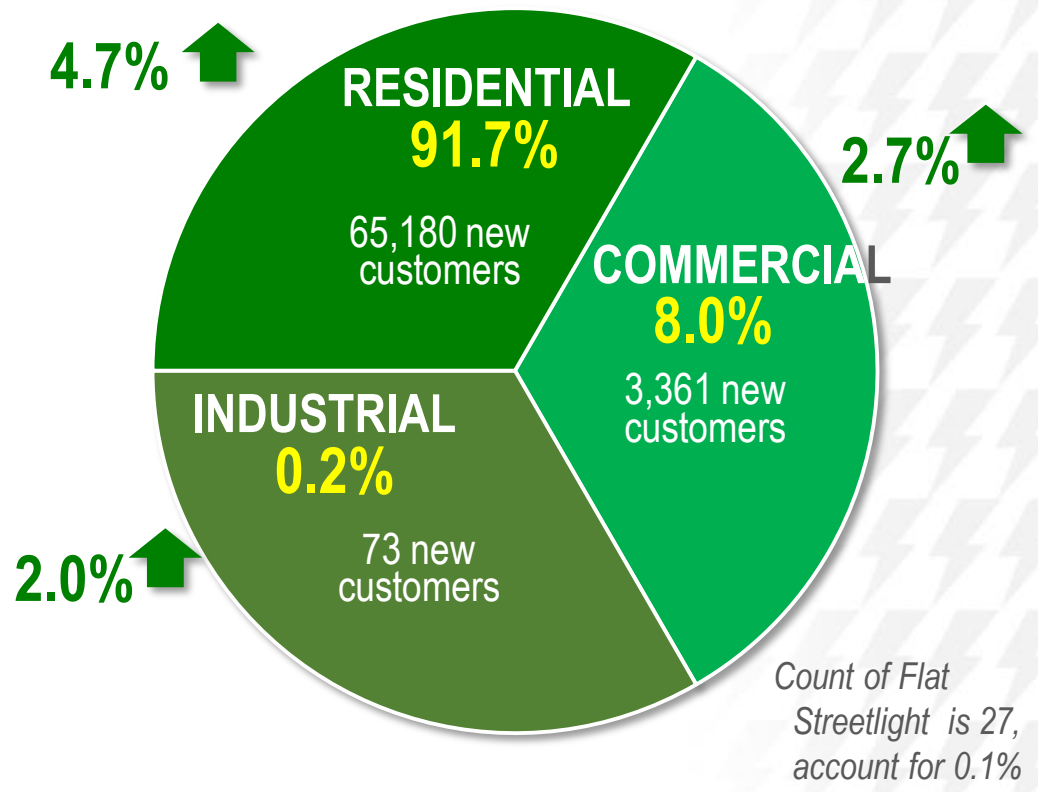


# Customer Count: 1Q 2017

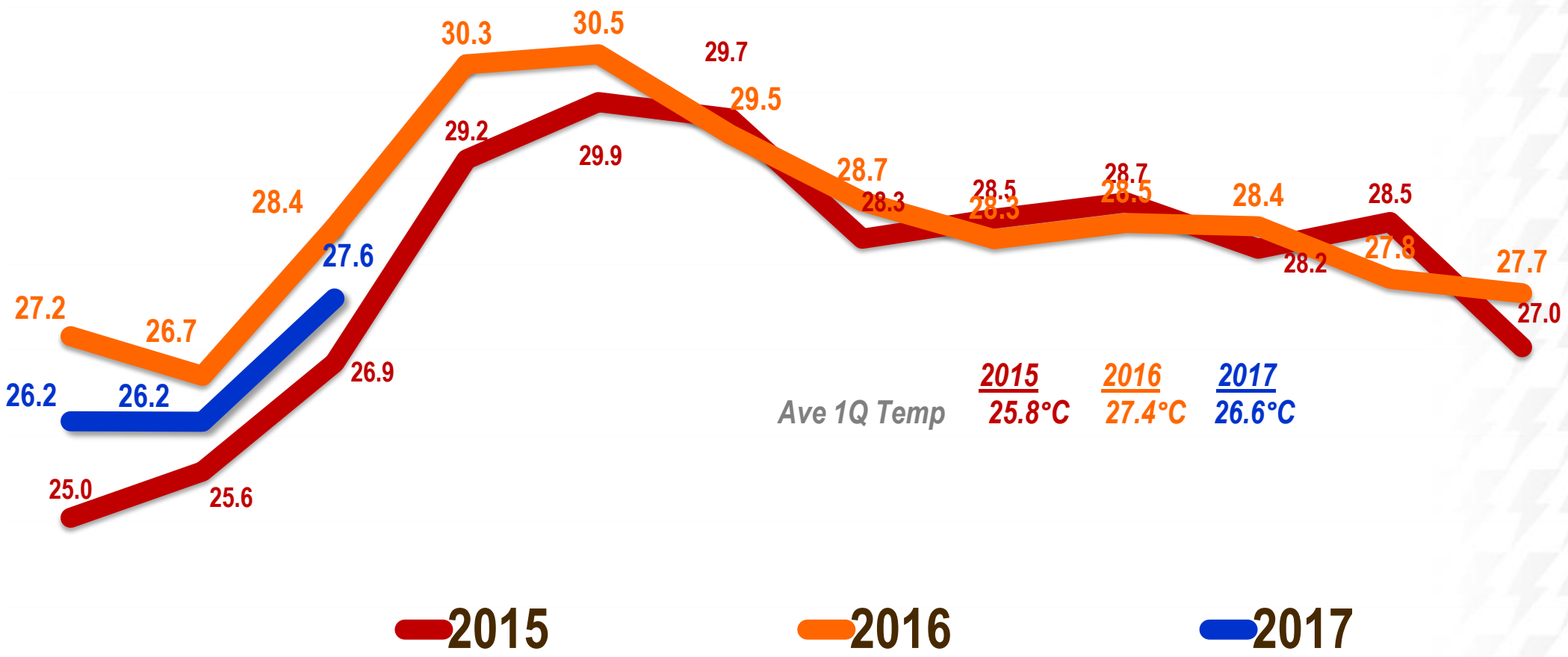
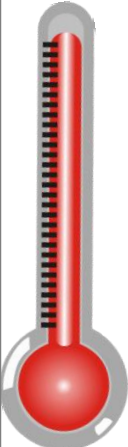
➤ Up 4.5% vs. 2016 (+265,217 customers)



Share / Δ for 1Q 2017:



# Ave. Temperature(°C): 1Q 2017

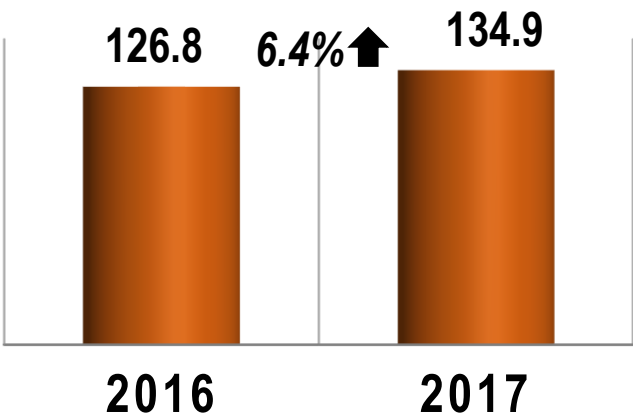


Ave Max 1Q Temp    2015 33.7°C    2016 34.0°C    2017 33.7°C



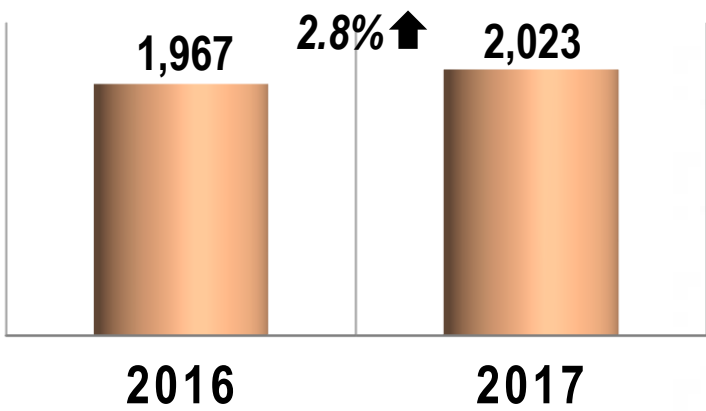
# Clark Electric (CEDC): 1Q 2017

ENERGY SALES, in GWh

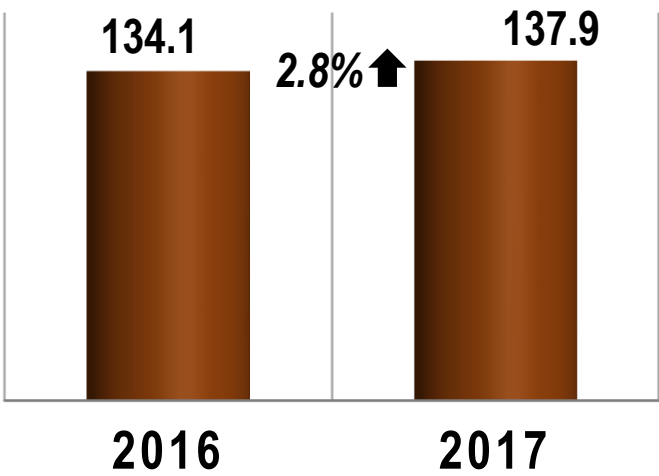


CEDC's top 5 sales contributors for March 2017 include Phoenix Semiconductor Philippines Corp. (PSPC), Advent Energy (Yokohama Tire Phils), SN Aboitiz Power (Taiyo Nippon), Premier Central (SM Clark), and SN Aboitiz Power (Nanox 2)

CUSTOMER COUNT



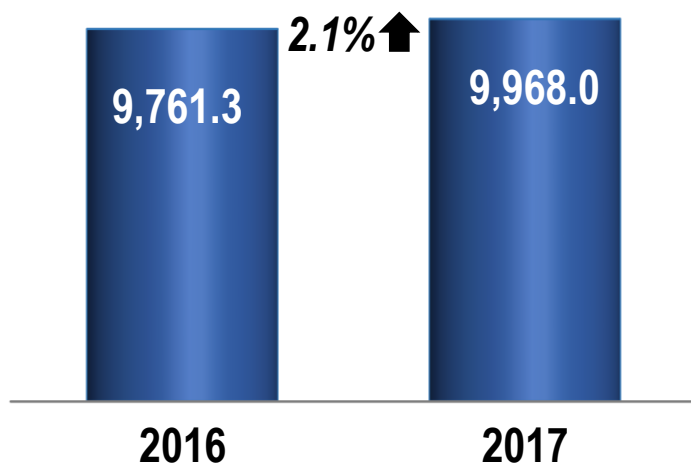
NSI, in GWh





# Net System Input (NSI): 1Q 2017

■ Up 8.9% at 6,748 MW.



NSI includes:

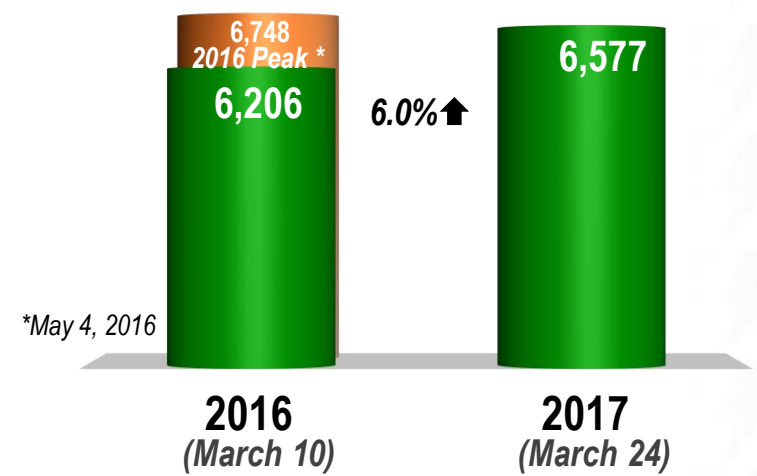
- Power purchases of D.U. (for Captive Customers), its Local RES (for Contestable Customers)
- Other RESs (for Contestable Customers including SDC)
- Volumes for CEZ, Sunpower, Cocochem Agro-Industrial Park (CAIP)
- Export Energy from Net Metering customers

CONSOLIDATED

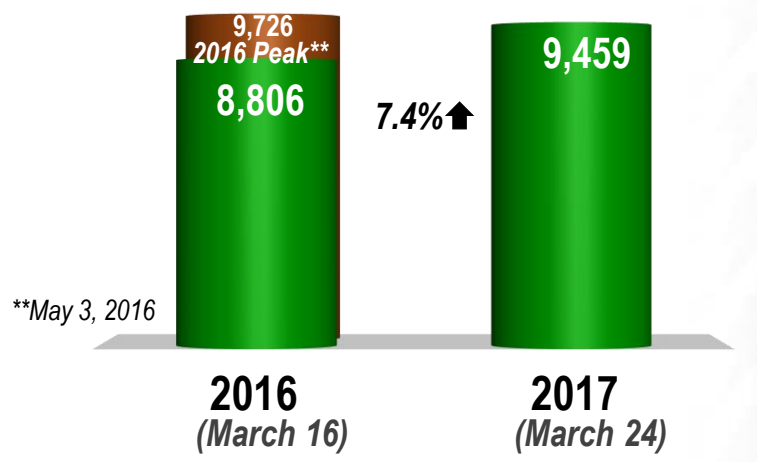
# Peak Demand: 1Q 2017

■ Meralco Peak Demand up 6.0% at 6,577 MW.

Meralco YTD, MW:

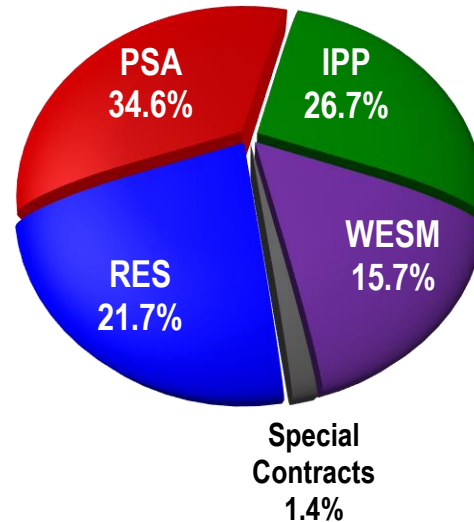


Luzon YTD Peak Demand, MW:



# Energy Sources: 1Q 2017

SOURCE	1Q 2017	
	GWh	Share
<b>PSAs-Total</b>	<b>3,444.1</b>	<b>34.6%</b>
SEM-Calaca	324.9	3.3%
MPPC-Masinloc	354.6	3.6%
TLI-Pagbilao	433.7	4.3%
SMEC-Sual + CEDC	669.9	6.7%
SPPC-Ilijan	1,374.8	13.8%
Others*	286.3	2.9%
<b>IPPs-Total</b>	<b>2,659.3</b>	<b>26.7%</b>
QPPL-Mauban	316.8	3.2%
Sta. Rita	1,437.1	14.4%
San Lorenzo	905.4	9.1%
<b>WESM</b>	<b>1,566.8</b>	<b>15.7%</b>
Special Contracts**	137.6	1.4%
<b>RESSs***</b>	<b>2,160.2</b>	<b>21.7%</b>
<b>TOTAL SOURCE (NSI Equivalent)</b>	<b>9,968.0</b>	<b>100.0%</b>



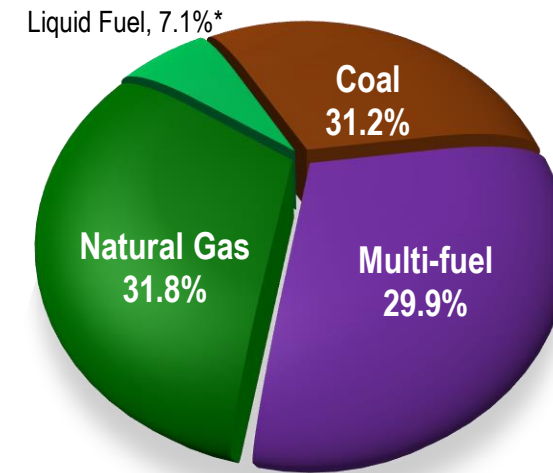
\*Includes volumes from TMO, Philpodeco, Net Metering and Embedded Solar

\*\*Includes volumes for Cavite Economic Zone (CEZ), Sunpower and Cocomchem Agro-Industrial Park (CAIP)

\*\*\*Includes volumes for MPower and Other Retail Electricity Suppliers

CONSOLIDATED

# Fuel Mix: 1Q 2017



TYPE OF FUEL	1Q 2017	
	GWh	Share
<b>Natural Gas</b>	<b>3,165.4</b>	<b>31.8%</b>
<b>Liquid Fuel*</b>	<b>708.6</b>	<b>7.1%</b>
Coal	3,109.2	31.2%
<b>Multi-fuel**</b>	<b>2,984.9</b>	<b>29.9%</b>
<b>TOTAL FUEL MIX (NSI Equivalent)</b>	<b>9,968.0</b>	<b>100.0%</b>

\*Replacement due to 20-day Malampaya Gas Outage (Jan 28 – Feb 16) and Fuel Oil System Rectification of Sta. Rita (Jan 9)

\*\*Coal, Hydro, Biomass, Geothermal, et. al.; includes also WESM, CAIP, Other RESS

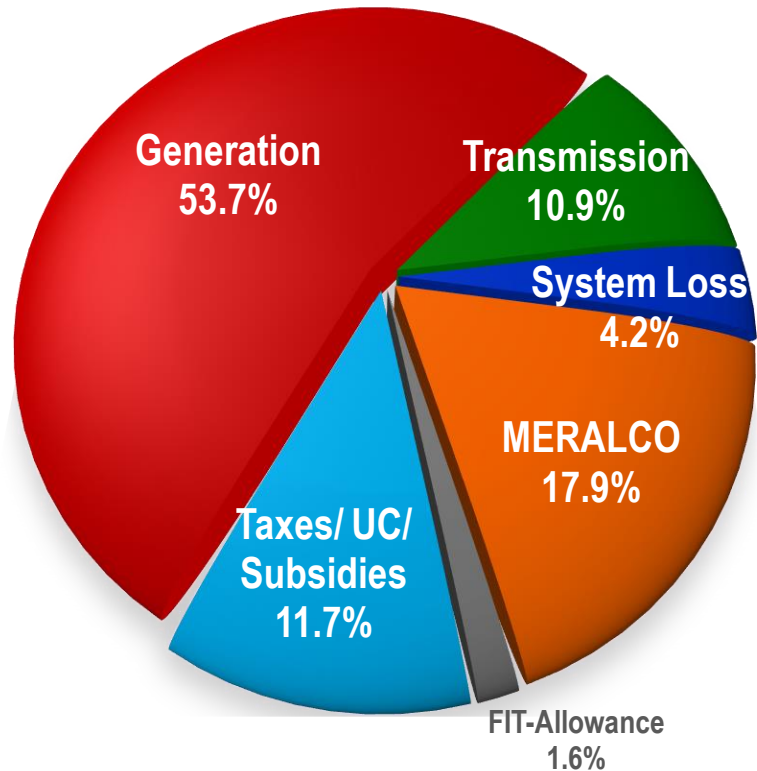
CONSOLIDATED





# Average Retail Rates: 1Q 2017

- 3.4% higher than 2016 average rates (-26¢/kWh); mainly due to Generation and FIT-All charges
- For 2017, Generation Charge, largest component in customer's bill, 53.7%; Meralco 17.9%; NGCP 10.9%



BILL COMPONENT	1Q 2016 Overall Ave, P/kWh	1Q 2017 Overall Ave, P/kWh	Δ P/kWh
Generation Charge*	3.94	4.21	0.27
Distribution Charge** (MERALCO)	1.42	1.41	-0.01
Transmission Charge** (NGCP)	0.91	0.86	-0.05
System Loss Charge**	0.33	0.33	0.00
Taxes, Univ Charge**	0.95	0.91	-0.03
FIT-All***	0.04	0.12	0.08
<b>TOTAL</b>	<b>7.58</b>	<b>7.84</b>	<b>0.26 (3.4%↑)</b>

\*Generation Retail Rate (applies to captive customers only)

\*\*Other Charges are based on total captive and contestable customers in Meralco Franchise Area

\*\*\*Excludes contestable customers and Cavite Ecozone (CEZ)- started February 2015; March 21, 2016- ERC posted on its website its Order granting PROVISIONAL APPROVAL of a FIT-All rate of P0.1240/kWh, effective April billing period

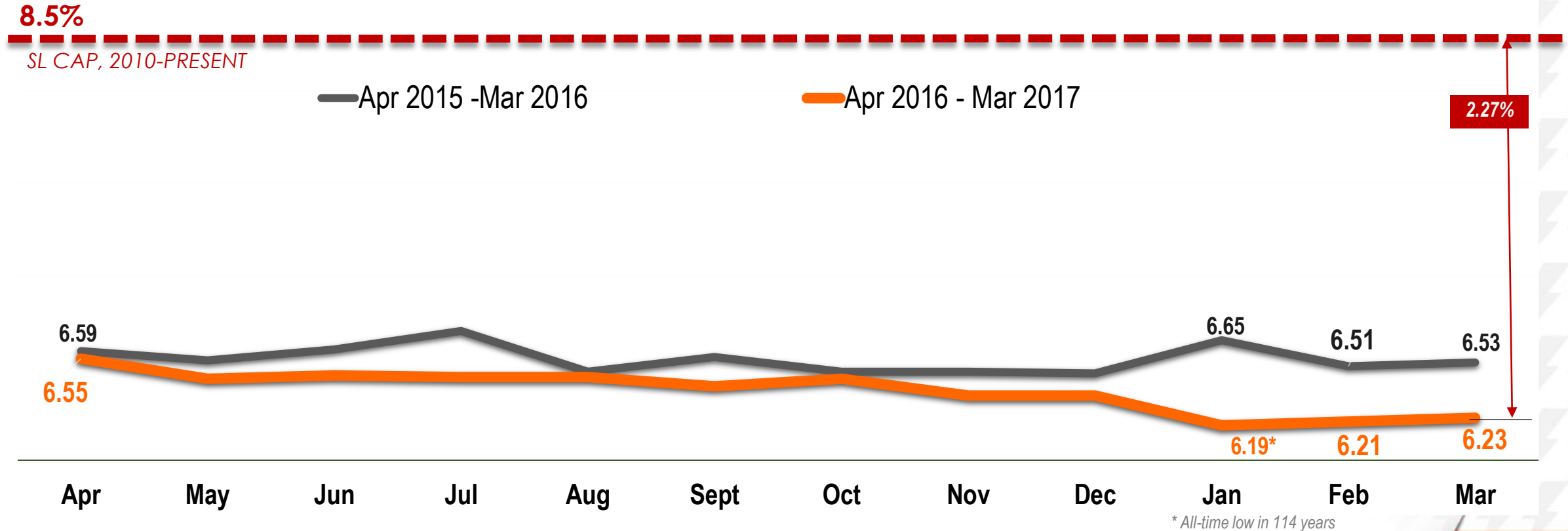
Per Customer Segment

Month	Residential	Commercial	Industrial	Streetlights	Overall
1Q 2017	9.08	7.88	6.34	9.73	7.84



# System Loss Performance: March 2017, 12-MMA

- 12-MMA ending March 2017 at 6.23%
  - Improved by 0.30%pt vs. March 2016's 6.53%
  - Lower by 2.27% vs. SL cap of 8.5%



• Official ERC-filed Meralco System Loss, in percent which excludes Clark Electric Distribution Corp. (CEDC)'s 12MMA system loss ending March 2017 of 2.78% and March 2016 of 4.00%





# S-Factor & GSL Performance: 1Q 2017 & RY2017 (for GSL)

➤ Sustained service improvements vs. past levels\*

SAIFI, Forced and PAI (Times)			
TARGET LEVEL	REWARDS (<6.98)	DEADBAND (6.98 – 8.24)	PENALTY (>8.24)
1Q 2017 ACTUAL	0.24		

Ave. Time to Process App. (Days)			
TARGET LEVEL	REWARDS (<7.91)	DEADBAND (7.91 – 12.28)	PENALTY (>12.28)
1Q 2017 ACTUAL	3.13		

SAIDI, Pre-arranged (Minutes)			
TARGET LEVEL	REWARDS (<126.57)	DEADBAND (126.57 – 198.40)	PENALTY (>198.40)
1Q 2017 ACTUAL	13.87		

Ave. Time to Connect (Days)			
TARGET LEVEL	REWARDS (<3.56)	DEADBAND (3.56 – 5.77)	PENALTY (>5.77)
1Q 2017 ACTUAL	1.86**		

CAIDI, Forced and PAI (Minutes)			
TARGET LEVEL	REWARDS (<144.40)	DEADBAND (144.40 – 168.72)	PENALTY (>168.72)
1Q 2017 ACTUAL	124.33		

Call Center performance (Secs.)			
TARGET LEVEL	REWARDS (<13.56)	DEADBAND (13.56 – 21.03)	PENALTY (>21.03)
1Q 2017 ACTUAL	3.11		

Prob. of Voltage Level (% not falling within limits)			
TARGET LEVEL	REWARDS (<0.86)	DEADBAND (0.86 – 1.44)	PENALTY (>1.44)
1Q 2017 ACTUAL	0.00		

System Loss (%) -12MMA		
TARGET LEVEL	REWARDS (≤ 8.50)	DEADBAND (>8.50)
1Q 2017 ACTUAL	6.23	

GSL1 : Customer experiencing a cumulative duration of sustained service interruptions in a Regulatory Year that exceeds the threshold

RY2017 NO. OF INCIDENTS ALLOWED	(CEILING) 373,658 Customers
RY2017 ACTUAL ***	2,290

GSL2 : Customer experiencing a total number of sustained interruption in a Regulatory Year that exceeds the threshold

RY2017 NO. OF INCIDENTS ALLOWED	(CEILING) 18,989 Customers
RY2017 ACTUAL ***	0

GSL3: Restoration of supply to a customer after a fault on the secondary distribution network taking longer that the threshold time

RY2017 NO. OF INCIDENTS ALLOWED	(CEILING) 234,439 Incidents
RY2017 ACTUAL ***	239

GSL4 : Connection not provided on the day agreed with the customer

RY2017 NO. OF INCIDENTS ALLOWED	(CEILING) 163,995 Days Delay
RY2017 ACTUAL ***	42,578

Note: All actual performances are indicative

\*Based on 3RP Targets (4RP standards not yet available).

\*\*With exclusions

\*\*\* July 1, 2016 – March 31, 2017



# Business Updates & Other Events of Interest





# Business Updates: Strengthening the Core Business (via CapEx for Enhanced Capacity & Power Quality)

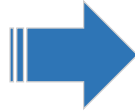
## Voltage Improvement in Pasay and Makati Area

### ➤ Replacement of Malibay Power Transformer Bank No. 1

March 29, 2017



Old 100 MVA Osaka Transformer



New 83 MVA ABB Transformer

- The new transformer is equipped with On-Load Tap Changer (OLTC) that automatically adjusts voltage within acceptable level
- Major customers that will benefit on the significant improvement in power quality are Forbes Park Association, Dasmariñas Village Association, Asia Pacific College, Pasay City Government, Wilcon Builders Supply, San Agustin College, Inc., MWSS, Rustan Commercial Corporation, among others

# Business Updates: Significant Events/ Customer Initiatives & Programs



## Meralco Celebrates 25th Listing Anniversary

- January 10, 2017 at the Philippine Stock Exchange
- Marked 25th year as listed company with a special bell ringing ceremony
- Present are Meralco BOD Chairman MVP, Directors Pedro Roxas, Amb. Manuel Lopez, and Pres. & CEO OS Reyes.
- PSE officials who attended are Chairman Jose Pardo, Pres. & CEO Hans Sicat, COO Roel Refran, Dirs. Emmanuel Bautista, Ramon Monson, and Edgardo Lacson.



## Meralco Launches SPECTRUM, its Renewable Energy Subsidiary

- January 13, 2017, the launch signals Meralco's foray into renewable energy and other technologies, as part of its commitment to sustainability. This is also the latest development in the company's diversification of its distribution business.
  - Local retail giant has partnered with Spectrum for its solar PV system in Robinsons Novaliches, which has a contracted capacity of 1.87 MW
  - Showcasing the end-to-end process of generating power via solar technology, and highlighting the benefits of solar adoption in homes and businesses
- *"We are very interested in exploring new technology and are glad that by doing this, we are also able to promote sustainability and social responsibility."* - Robinsons Land Corporation President Frederick Go



## ERC Visits Meralco's Meter Laboratory

- January 26, 2017 with Comms. Josefina Patricia M. Asirit and Geronimo D. Sta. Ana and ERC - Consumer Affairs Head Maria Corazon C. Gines
- In accordance with ERC Resolution No. 12, S. 2009's Rules and Procedures for the Test and Maintenance of Electric Meters of Distribution Utilities which requires a yearly on-site inspection by the Commission to verify MERALCO's continued compliance and to ensure that the Meter Shop calibrates meters according to ERC standards.
  - MERALCO demonstrated Net Metering and how Battery Energy Storage System stores excess solar electricity which can be used as a back-up power supply, when needed.



# Business Updates: Significant Events/ Customer Initiatives & Programs

## Luminaries 2017 (Celebrating Customer success)



- March 9, 2017 at the Shangri-La at the Fort, Grand Ballroom
- Theme: **Future of Possibilities**
- Attendance reached 527 guests this year
- Notable guests include
  - Josephine Gotianun Yap – President and CEO, Filinvest Corporation
  - Former Senator Tessie Aquino-Oreta
  - Natoy Almeda – Board Director, Solaire Resort and Casino
  - Pedro Palomino – President, CEMEX Phils.
  - Delfin Angelo “Buds” Wenceslao – President, Aseana Holdings Inc.
  - Usec. Bobby Lim – Undersecretary for Airports, Dept. of Transportation
  - Manny Blas – Commercial Operations Head, Fort Bonifacio Dev’t Corp.
  - DOE, ERC, Media, Creative Agencies, Salesforce, Accenture



**LGU Luminaries:** Malabon, Pasay, Imus represented by Mayor Len-Len Oreta, Mayor Antonino Calixto, Mayor Emmanuel Maliksi



**BIZ Luminaries:** Eng Bee Tin, Ever Bileña, RDF Foods, Livestock and Feeds, Inc. represented by Mr. Gerry Chua, Mr. Dioceldo Sy, Dr. Robert Lo



**Corp. Commercial Luminaries:** The Net Group, City of Dreams Manila, Century Properties Group Inc. represented by Mr. Carlos Rufino, Mr. Clarence Chung, Mr. J.E.B. Antonio



**Corp. Industrial Luminaries:** Amkor Technology Phils., Saffron Phils. Inc., Swedish Match Phils. Inc. represented by Mr. Bing Viera, Mr. Kennan Lao, Mr. Leo Obias



# Business Updates: Significant Events/ Customer Initiatives & Programs

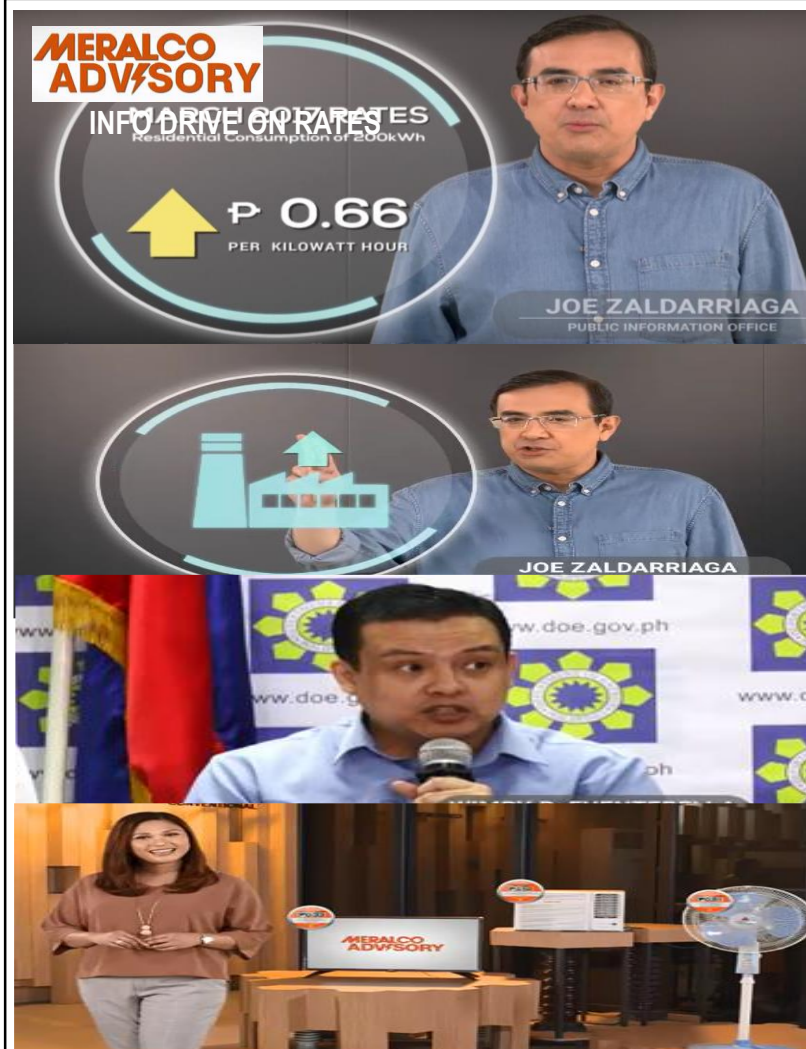


**49,825 ACTIVATED**  
4,386 incremental  
(all time high)

KLoad in Eat Bulaga's "Juan for All, All for Juan"

**We continue to educate our customers on PREPAID ELECTRICITY**

- Featured in the daily segment of Eat Bulaga for the whole month of March
- 3 Caravans in Mandaluyong
- Product briefing for Empire East



**TV**  
August 11  
**Radio**  
August 12

**Email**  
Aug 12: email to  
CBG customers

**Digital**  
f t y

**Engagement Rates:**  
FB: 6.27%  
Twitter: 0.39%

Engagement rate = (# of replies + retweets)/# of reach  
Industry standard: 0.35% (FB) and 0.70% (Twitter)

## DOE invited Meralco to help craft National Smart Grid Policy

(DOE USec. Wimpy Fuentebella visit – Mar 21)



- **Meralco presented:**
  - KLoad initiatives/deployments
  - Summer energy efficiency campaign
  - Network resiliency and restoration preparedness
- **DOE supports Meralco's push for smart grid deployment:**
  - Invited Meralco to craft a National Smart Grid policy.
- **Next Step**
  - Creation of an Inter-Agency Technical Working Group



# Business Updates: Significant Events/ Customer Initiatives & Programs

## Power Up Forum



### IS YOUR BUSINESS FIRE PROOF?

The Meralco Biz Partners can help you ensure that your business is electrically safe.

Join the FREE "Power Up Forum" on March 08, 2017, 8:00 am to 12:00 pm at the Meralco Mini-Theatre, Laper Building, Ortigas.

To register, email [biz@meralco.com.ph](mailto:biz@meralco.com.ph) or reply to 090-4424243. Snacks and lunch will be served.

SPONSORED BY MERALCO BIZ PARTNERS

**NERALCO BIZ PARTNERS**

**136**  
ATTENDEES

Date: March 08  
Meralco's mini-theatre.

- Biz customers were taught by the Meralco Safety Office to do business continuity planning
- Bureau of Fire Protection oriented Biz customers on making their businesses fire proof
- BiZ customer Eng Bee Tin gave a talk on fire safety advocacy
- 136 Biz customers attended

## LGU Engagements

### Takbo Laban sa Sunog

4 Mar, Bacoor

Results: 24 stemcells filled out,  
8 AMC referrals

18 Mar, Imus

Results: 56 stemcells filled out

## ENERGIZING PARTNERSHIPS

**NERALCO HOME & MICROBIZ PARTNERS**

**6**  
MOU  
SIGNINGS

17 Mar	CarSiGMA	27 Mar	Binangonan, Rizal
20 Mar	San Miguel, Bulacan	28 Mar	Marikina
22 Mar	Cabuyao, Laguna	29 Mar	Teresa, Rizal

## Customer Engagements



# Business Updates: Significant Events/ Customer Initiatives & Programs



## Meralco bagged a total of 12 Anvil Awards including Public Relations (PR) Team of the Year



PR Team of the Year



### GOLD (7)

- ❖ Meralco & Workplace: Changing the Way We Work
- ❖ 7 Days of MVP Makabayan Volunteerism Award
- ❖ MVP Academic Achievement Awards 2016
- ❖ Service Beyond the Call of Duty
- ❖ Energizing Off-Grid Island Public Schools through One Meralco's School Electrification
- ❖ Relocatees and Informal Settlers Electrification (RAISE) Program
- ❖ Football for Peace: Advocating for Peace through Sports

### SILVER (4)

- ❖ Meralco Election 2016 Preparedness Program
- ❖ Meralco Advisory 2016: Towards A More Tipid Energy
- ❖ Meralco's Pokemon Go Marathon: Using Trends to Engage Employees
- ❖ Powered by Service, Driven by Commitment. The Meralco and OMF 2015 Unified Annual Reports





The information as contained herein may neither be reproduced nor used, in whole or in part, for any other purpose nor furnished to any person(s) without express written permission from MERALCO PowerGen Corporation



# PROJECT UPDATES

24 April 2017



# San Buenaventura Power Limited Co. (SBPL)

22

## 455MW (net) Supercritical Coal-Fired Power Plant in Mauban, Quezon

- Construction of the power project is now on its 17<sup>th</sup> month and on schedule for commercial operations in mid 2019.



**Pulverizer and Boiler Area**



**Control Building and STG Area**



# Redondo Peninsula Energy, Inc. (RP Energy)

23

## 2x300 MW CFB Coal-Fired Power Plant in Subic, Zambales

- Power plant site is ready for major construction activities starting off with the first phase (300 MW) which is targeted to be completed in 2020.
  - The second phase (300 MW) shall follow within 12 months subject to progress of rights-of-way acquisition for the new transmission line that will connect the second phase to the Grid.
- EPC Contract signed in October 2016; Financing Agreements for full PhP31.5 billion debt requirement (first 300MW) signed in December 2017.

# Redondo Peninsula Energy, Inc. (RP Energy)

24

## 2x300 MW CFB Coal-Fired Power Plant in Subic, Zambales

- Power supply agreements (PSA) for the first 300 MW have been signed with Meralco (225 MW) and Aboitiz Energy Solutions, Inc. (AESI) in April 2016
  - The ERC approval of the PSA is expected to be secured by May 2017.





# Atimonan One Energy, Inc. (A1E)

25

## 2x600 MW Ultra Supercritical Coal-Fired Power Plant in Atimonan, Quezon

- Environmental Compliance Certificate (ECC) obtained in October 2015
- Grid Interconnection approved by the ERC in January 2017; Connection Agreement with NGCP executed in January 2017
- Evaluation of the engineering, procurement and construction (“EPC”) bids received from contractors is ongoing
- Discussions with local banks on entire debt requirement of the project ongoing.
- Site preparation works are targeted to start in mid-2017. Expected completion of Unit 1 is in late 2021.

# Atimonan One Energy, Inc. (A1E)

26

## 2x600 MW Ultra Supercritical Coal-Fired Power Plant in Atimonan, Quezon

- Turnover of resettlement housing for the affected families was completed last March 8.
- In April 2016, A1E signed a PSA with Meralco for the full output of the plant. The PSA is still subject to the ERC's approval.





# St. Raphael Power Generation Corporation (SRPGC)

27

## 2x350 MW Pulverized Coal-Fired Power Plant in Calaca, Batangas

- MGen and Semirara Mining and Power Corp. entered a Joint Venture Agreement for a 50-50 stake in the planned 2x350 MW coal power plant in Calaca, Batangas in 2016.
- A Power Supply Agreement (PSA) was signed by SRPGC and Meralco in April 2016 for 400 MW capacity of the plant. The PSA is pending approval by the ERC.



# St. Raphael Power Generation Corporation (SRPGC)

28

## 2x350 MW Pulverized Coal-Fired Power Plant in Calaca, Batangas

- Development activities for the project are ongoing.
- An Environmental Compliance Certificate (ECC) for the project was issued in September 2015.
- Grid Impact Study for the proposed transmission line interconnection was approved by the NGCP in March 2017.



# Other Investments

29

## PROJECTS IN OPERATION

### **GLOBAL BUSINESS POWER CORPORATION (GBPC)**

- MGen holds 14% equity interest in GBPC, the largest independent power producer in the Visayas with an existing portfolio totaling 854 MW (coal and diesel plants).

### **PACIFICLIGHT POWER PTE LTD (PLP)**

- PLP has been operating a 2x400 MW natural gas facility in Jurong Island, Singapore since February 2014. The facility supplies electricity to industrial and retail customers in Singapore.
- MGen holds an effective 28% equity interest in PLP.



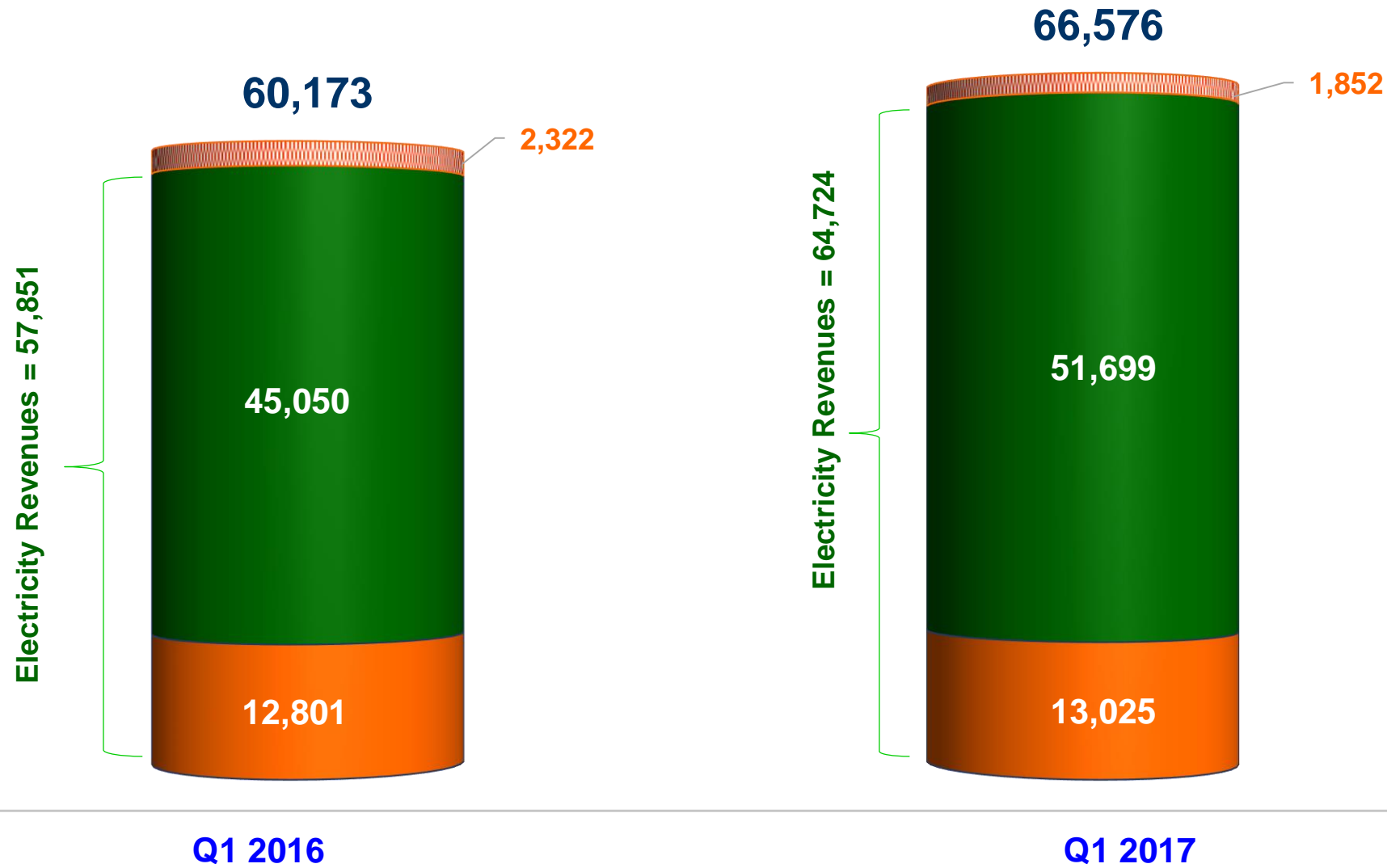
# FINANCIAL HIGHLIGHTS

## Q1 2017





# Consolidated Revenues (in Million PhP)

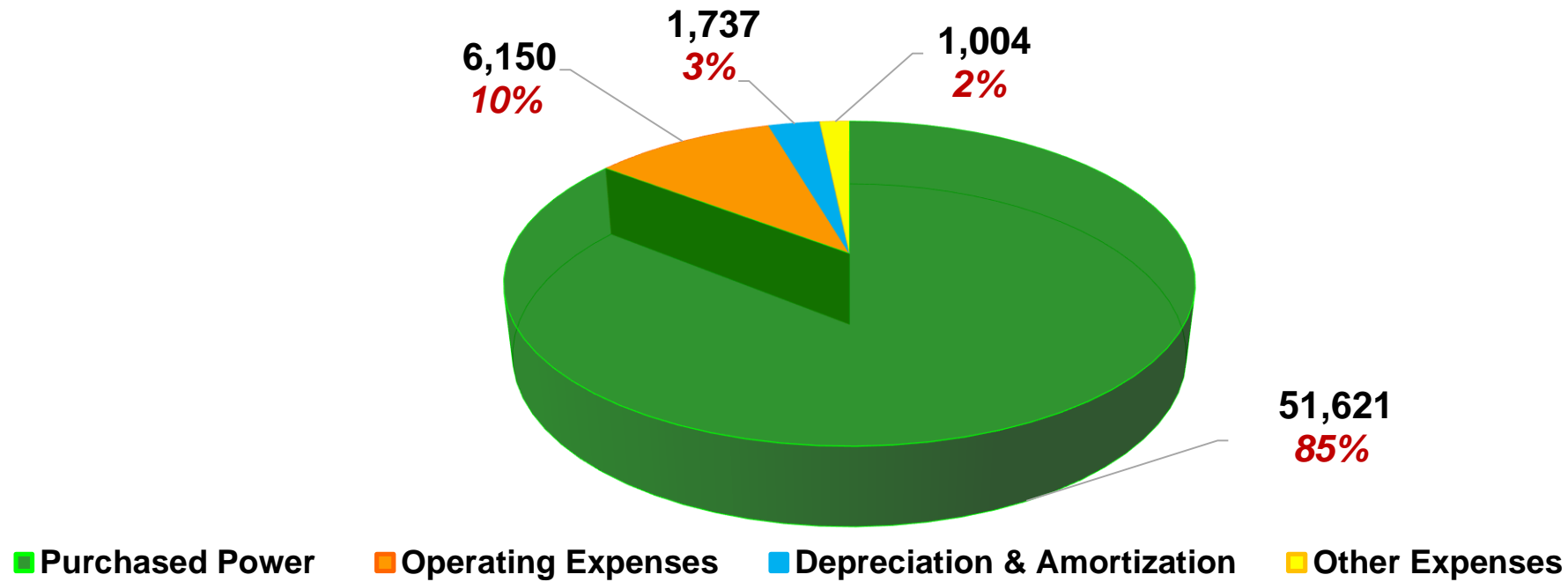


■ Distribution Revenues ■ Generation & Other Pass-through Charges ■ Non-Electricity Revenues

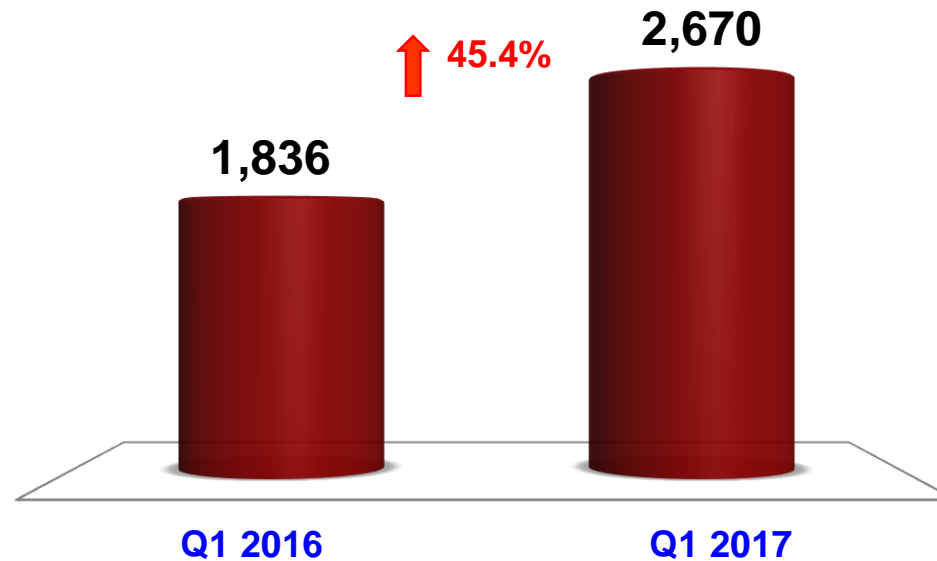


# Costs and Expenses/Capital Expenditures (in Million PhP)

Costs and Expenses

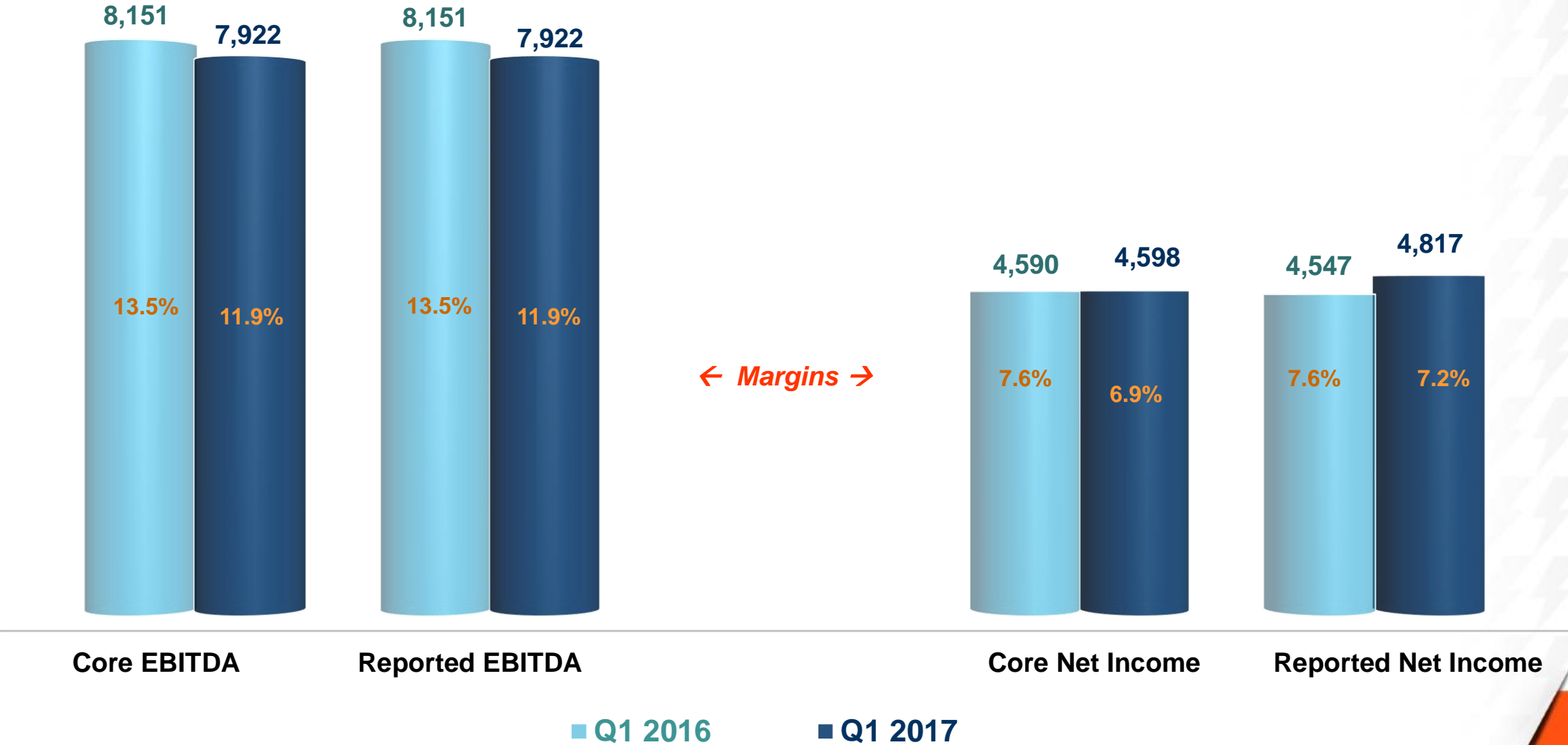


Capital Expenditures



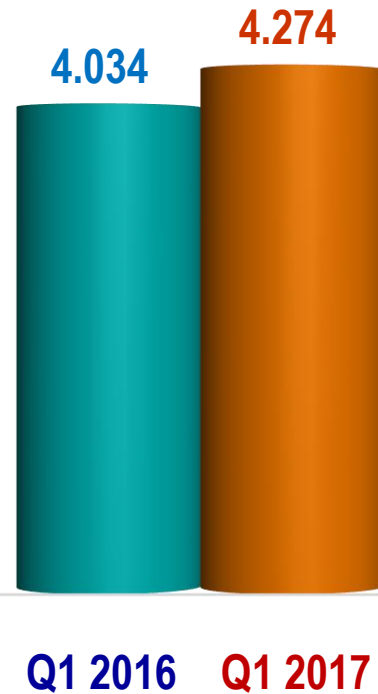


# Consolidated EBITDA and Net Income (in Million PhP)

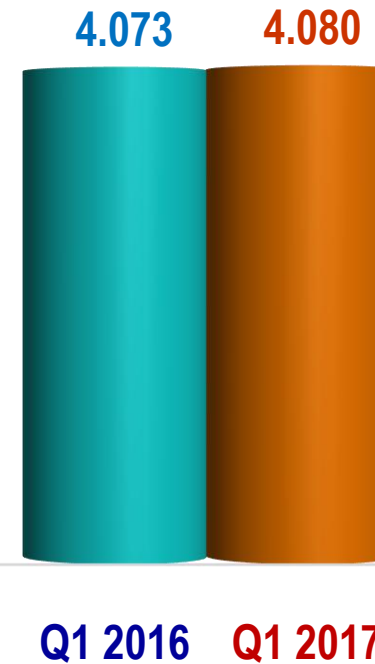


# Earnings per Share

Earnings Per Share



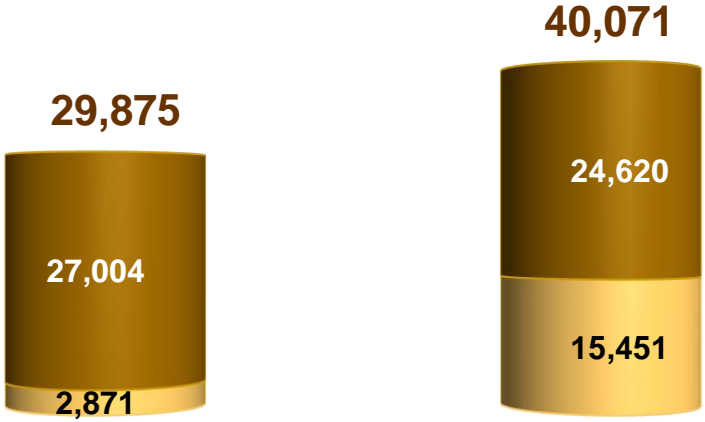
Core Earnings Per Share





# Credit and Debt Profile

TOTAL DEBT (in Million PhP)

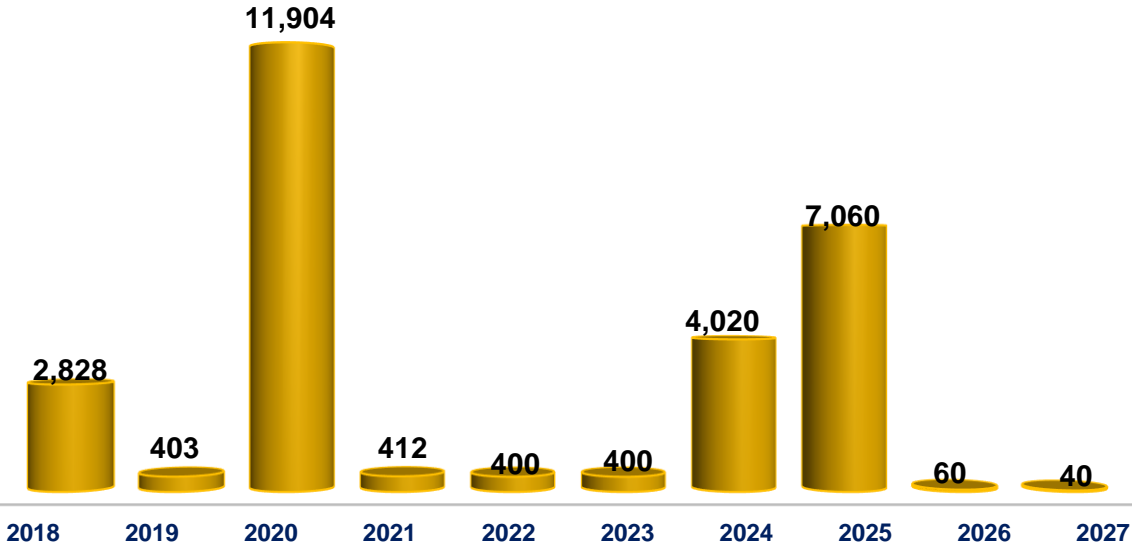


Q1 2016

Q1 2017

■ Current Portion    ■ Non-current Portion

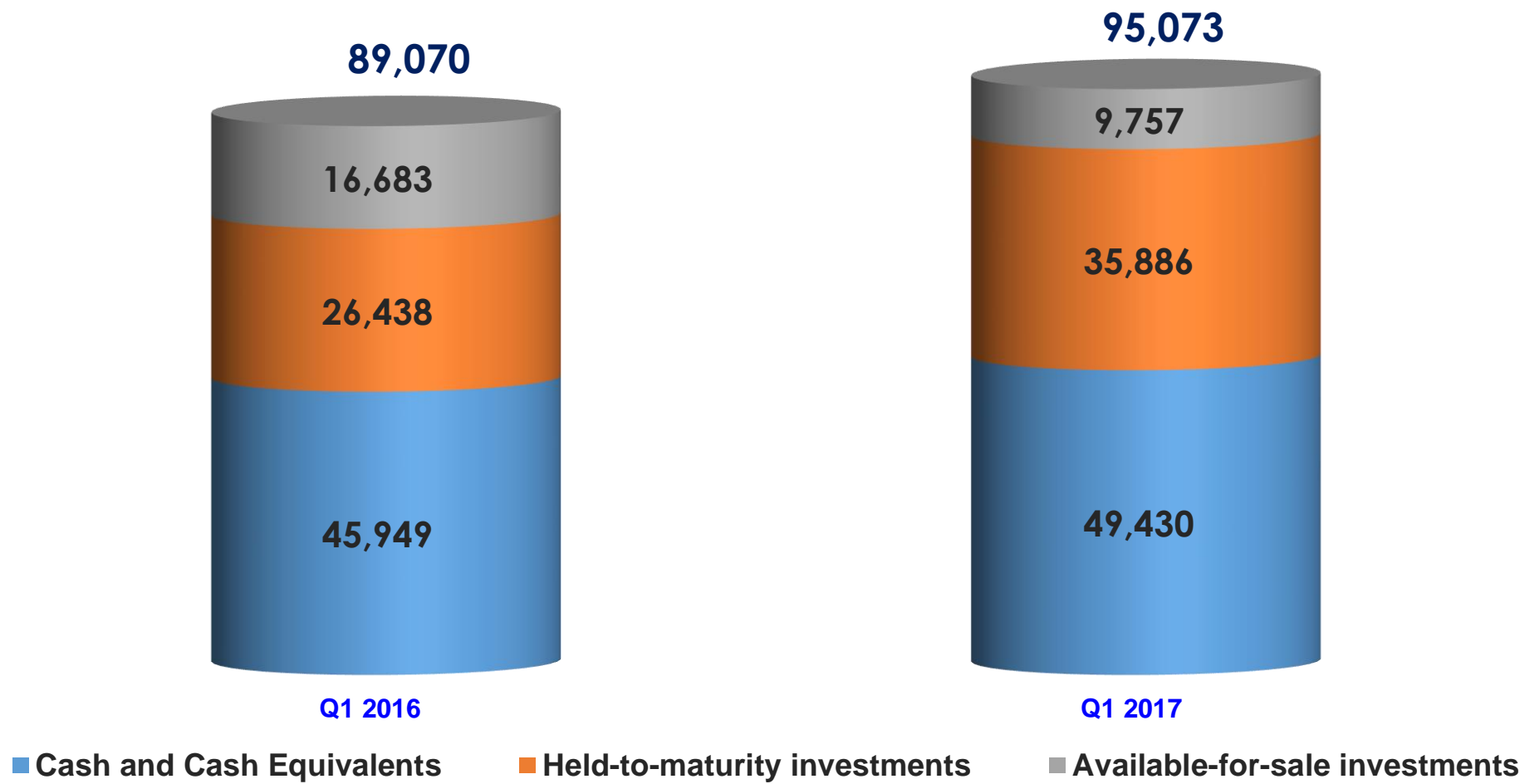
LOAN REPAYMENT SCHEDULE (in Million PhP)



(in Million PhP, except ratios)	Q1 2016	Q1 2017
Cash	45,949	49,430
Gross Debt	29,875	40,071
Net Debt	(16,074)	(9,359)
Gross Debt/EBITDA	0.92	1.26
Net Debt/EBITDA	(0.49)	(0.30)
Gearing Ratio	(0.22)	(0.14)
Interest Expense	313	371



# Cash & Cash Equivalents, Available-for-Sale and Held-to-Maturity Investments





# CIS Bayad Center, Inc. and Densan System Co., Ltd. Partnership



The logo for DSK is displayed in a white rectangular box. It consists of the letters "DSK" in a bold, blue, sans-serif font. The letter "K" is stylized with a vertical bar composed of five horizontal segments to its left.

# Cautionary Statements

This presentation is prepared for the participants of the **MERALCO Investors and Analysts Briefing & Teleconference** held on **April 24, 2017**. This presentation has consequential limitations and is not a comprehensive discussion about **Manila Electric Company and Subsidiaries (MERALCO)**. The same materials are restricted to the participants and may only be used in conjunction with the meeting held on such date.

The information contained herein should not be quoted in whole or in part without prior consent of **MERALCO**. No responsibility to any third party is accepted as the presentation has not been prepared for and is not intended for any other purpose.

Accordingly, **MERALCO** makes no representation or assurance that any projected results based on the use of these information will be realized. Investors and analysts should not place undue reliance on these information, though presumed correct at the time of the presentation. These information are exposed to various risks and competitive uncertainties and contingencies which are beyond **MERALCO's** control.

