

FINANCIAL AND OPERATING RESULTS

Investors and Analysts Briefing
Half Year Ended June 30, 2017
August 3, 2017



Operating Highlights

1H 2017

Energy
Sales

↑3.1%*
20,338 GWh

Customer
Count

↑4.5%*
6.17 million

Peak
Demand

↑3.3%*
6,973 MW

Net System
Input (NSI)

↑2.5%*
21,761 GWh

Ave. Retail
Rates

↑5.9%*
P8.10/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)

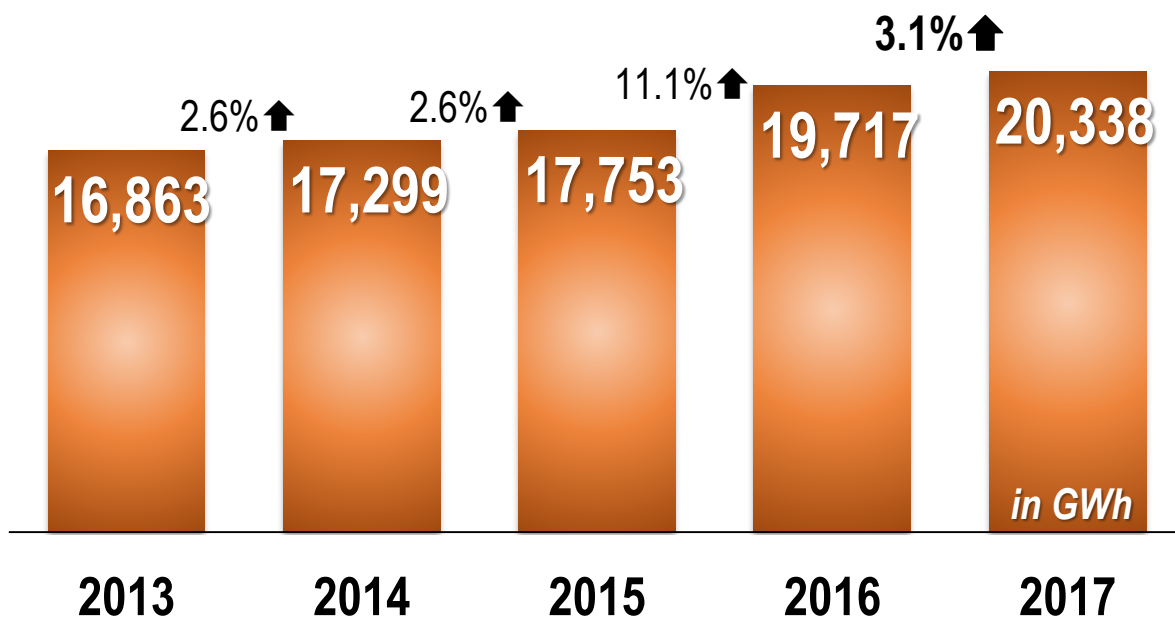
Details

1H
2017

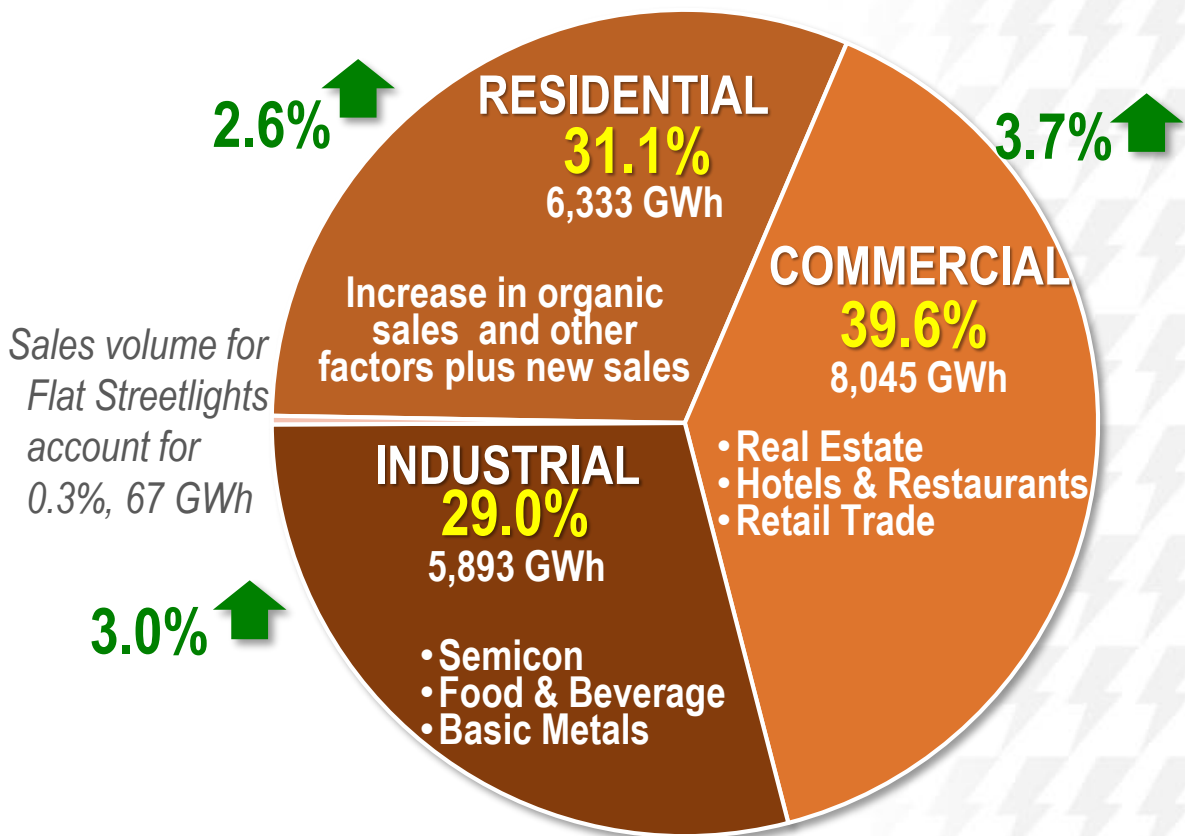


Energy Sales: 1H 2017

➤ Up 3.1% vs. 2016 (+621 GWh)

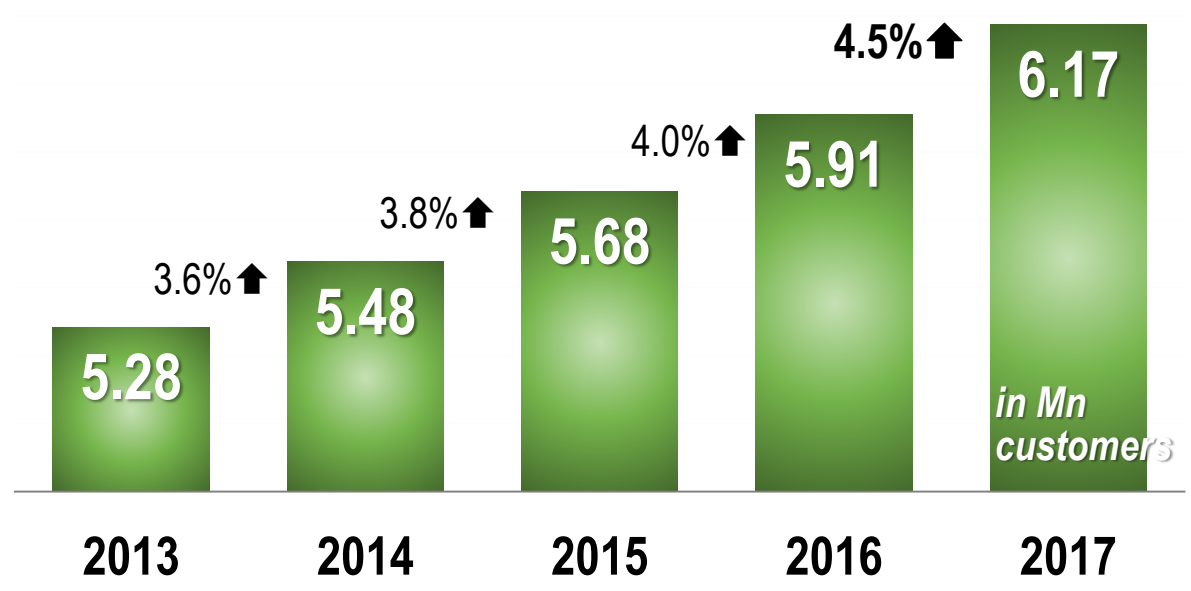


Share / Δ for 1H 2017:

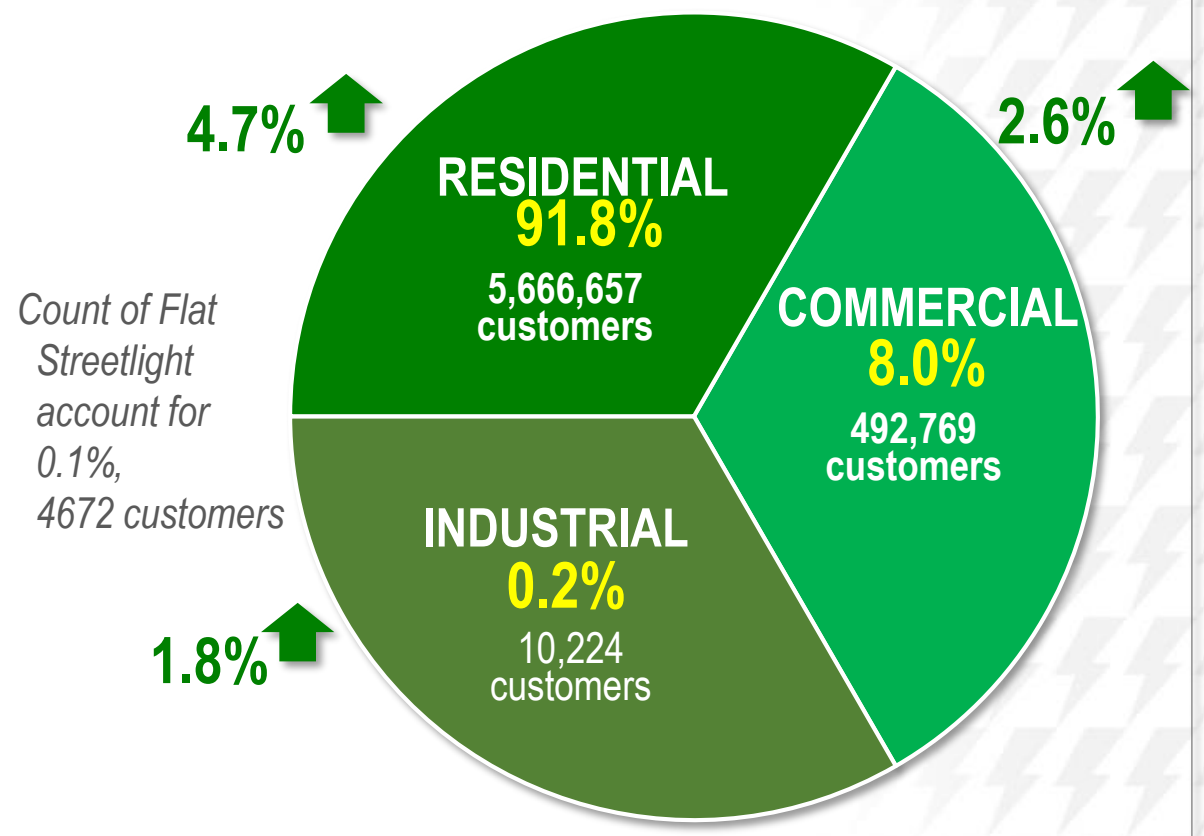


Customer Count: 1H 2017

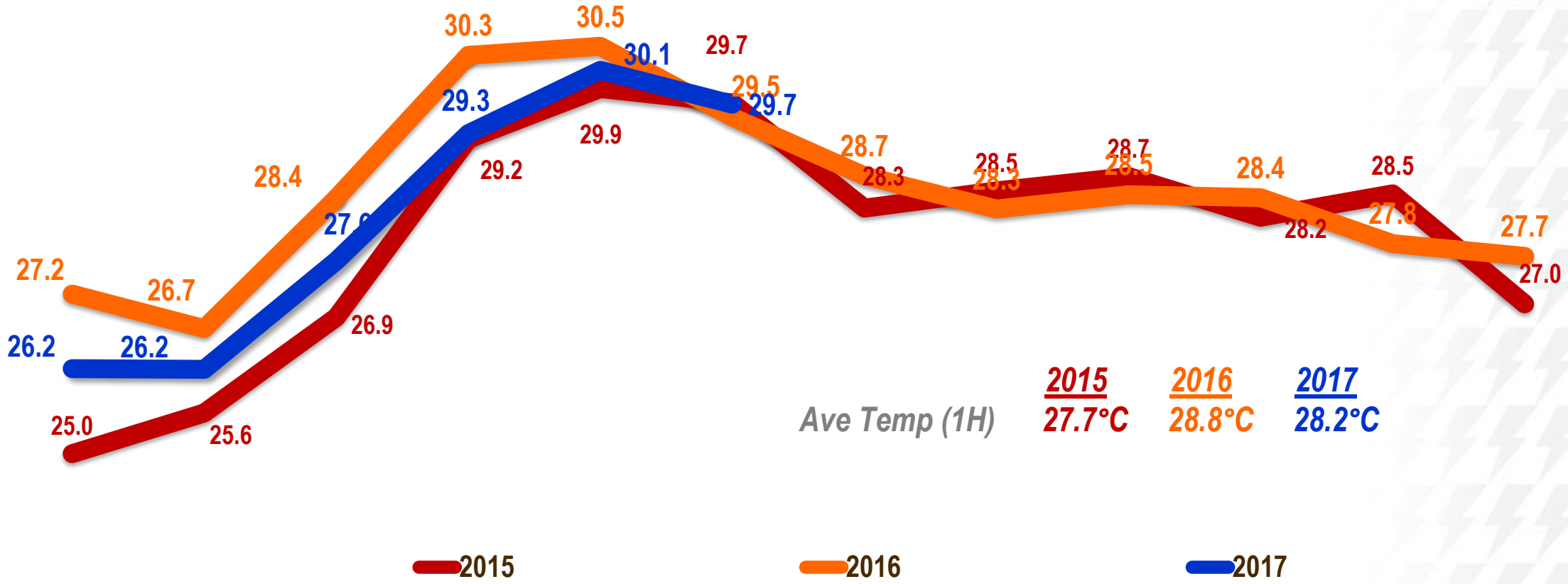
➤ Up 4.5% vs. 2016 (+264,756 customers)



Share / Δ for 1H 2017:



Ave. Temperature(°C): 1H 2017



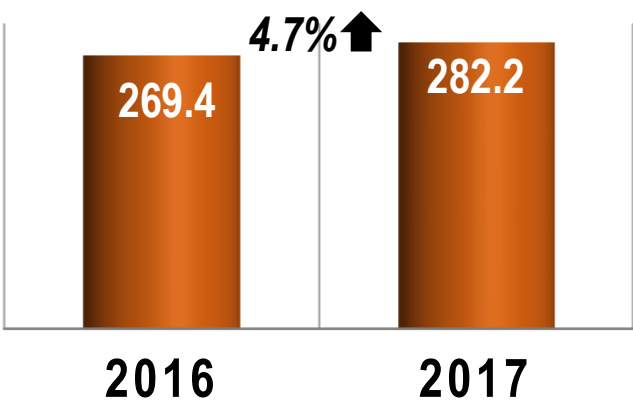
Ave Max Temp (1H)

Year	Ave Max Temp (1H) (°C)
2015	35.0°C
2016	35.3°C
2017	34.9°C



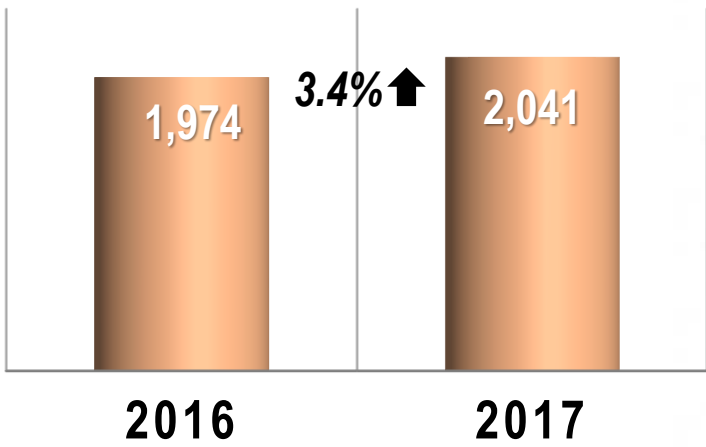
Clark Electric (CEDC): 1H 2017

ENERGY SALES, in GWh

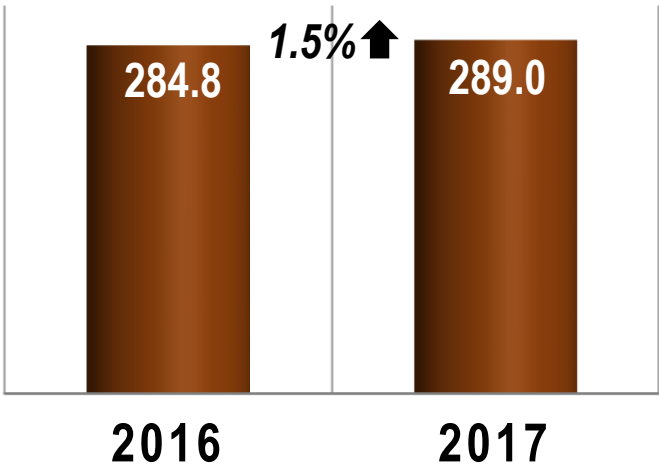


CEDC's top 5 sales contributors for June 2017 include SFA Semicon Phils. - Phoenix Semiconductor Philippines Corp. (PSPC), Advent Energy (Yokohama), SN Aboitiz Power (Taiyo Nippon Sanso), Premier Central (SM Clark), and SN Aboitiz Power (Nanox 2).

CUSTOMER COUNT

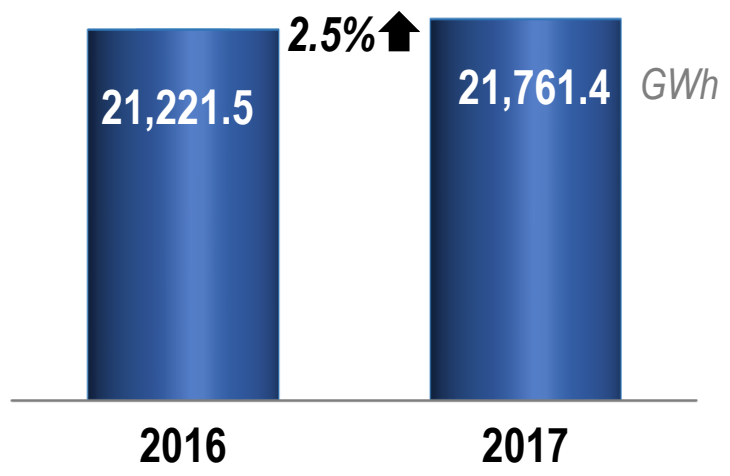


NSI, in GWh



Net System Input (NSI): 1H 2017

➤ Up 2.5% at 21,761 GWh



NSI includes:

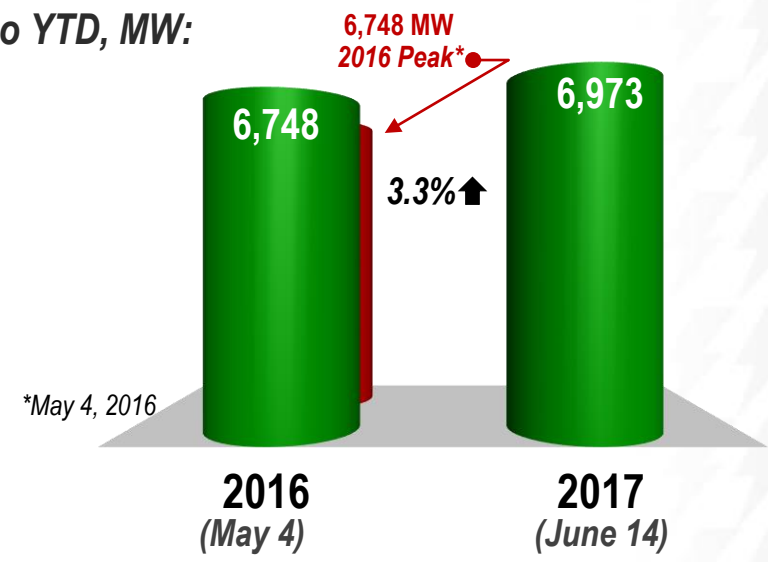
- Power purchases of D.U. (for Captive Customers), its Local RES (for Contestable Customers)
- Other RESs (for Contestable Customers including SDC)
- Volumes for CEZ, Sunpower, Cocochem Agro-Industrial Park (CAIP)
- Export Energy from Net Metering customers

CONSOLIDATED

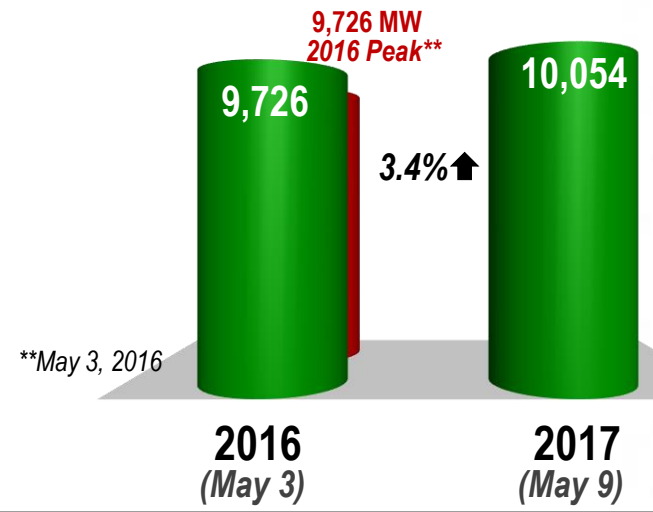
Peak Demand: 1H 2017

➤ Meralco Peak Demand of 6,973 MW (breached 2016 Peak)

Meralco YTD, MW:

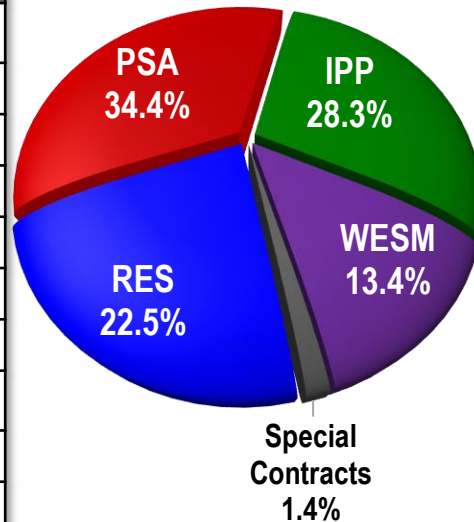


Luzon YTD Peak Demand, MW:



Energy Sources: 1H 2017

SOURCE	1H 2017	
	GWh	Share
PSAs-Total	7,480.1	34.4%
SEM-Calaca	728.0	3.4%
MPPC-Masinloc	873.2	4.0%
TLI-Pagbilao	756.4	3.5%
SMEC-Sual + CEDC	1,425.5	6.6%
SPPC-Ilijan	3,145.7	14.5%
Others*	551.3	2.5%
IPPs-Total	6,160.7	28.3%
QPPL-Mauban	1,302.3	6.0%
Sta. Rita	3,054.6	14.0%
San Lorenzo	1,803.8	8.3%
WESM	2,923.7	13.4%
Special Contracts**	296.0	1.4%
RESSs***	4,900.9	22.5%
TOTAL SOURCE (NSI Equivalent)	21,761.4	100%



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

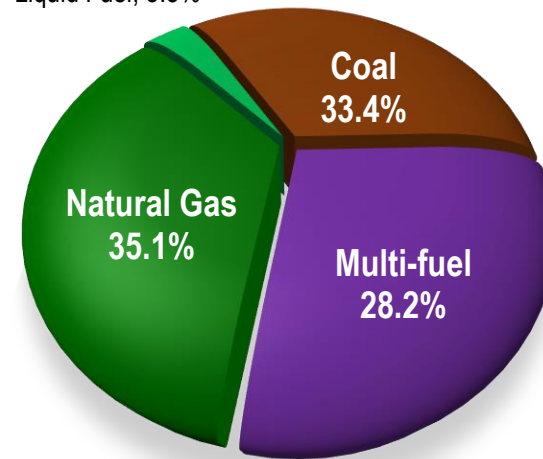
**Includes volumes for Cavite Economic Zone (CEZ), Sunpower and Coccochem Agro-Industrial Park (CAIP)

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

CONSOLIDATED

Fuel Mix: 1H 2017

Liquid Fuel, 3.3%*



TYPE OF FUEL	1H 2017	
	GWh	Share
Natural Gas	7,644.3	35.1%
Liquid Fuel*	708.6	3.3%
Coal	7,274.2	33.4%
Multi-fuel**	6,134.4	28.2%
TOTAL FUEL MIX (NSI Equivalent)	21,761.4	100.0%

*Replacement due to 20-day Malampaya Gas Outage (Jan 28 – Feb 16), Fuel Oil System Rectification of Sta. Rita (Jan 9) and Fuel Oil Commissioning (Apr 6)

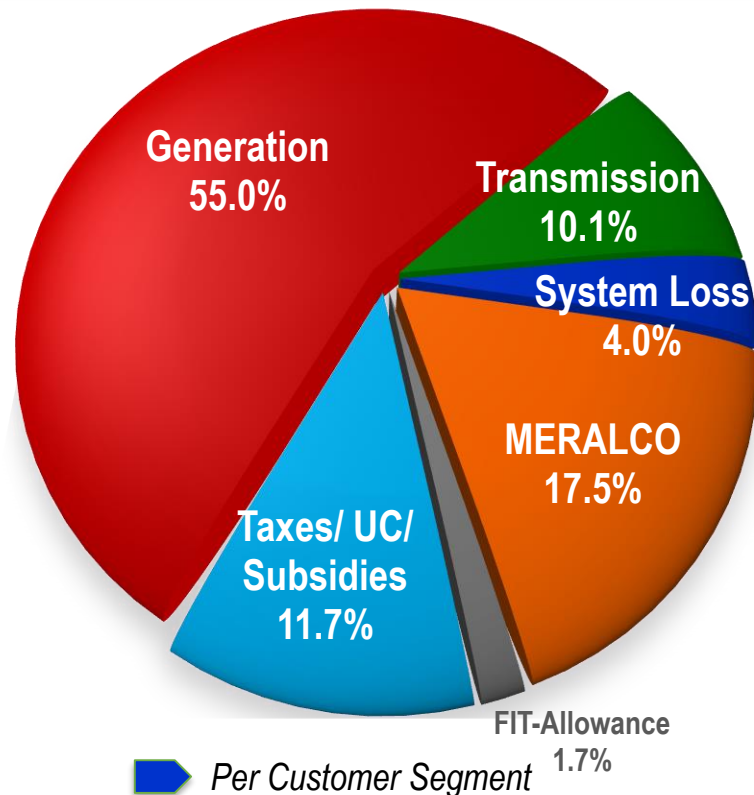
**Coal, Hydro, Biomasss, Geothermal, et. al.; includes also WESM, CAIP, Other RESS



Average Retail Rates: 1H 2017

(Reflects Gen Wheeling adjustments)

- 5.9% higher than 2016 average rates (+45¢/kWh); mainly due to Generation and FIT-All charges
 - May 18, 2017 – ERC approved a Final FIT-All rate of 18.30¢/kWh (increase of 5.9¢/kWh from the provisionally-approved rate of 12.40¢/kWh (April 2016 billing)); to be reflected starting June 2017 bills to customers
- For 2017, Generation Charge, largest component in customer's bill, 55.0%; Meralco 17.5%; NGCP 10.1%



BILL COMPONENT	1H 2016 Overall Ave, P/kWh	1H 2017 Overall Ave, P/kWh	Δ P/kWh
Generation Charge*	3.94	4.45	0.51
Distribution Charge** (MERALCO)	1.44	1.42	-0.02
Transmission Charge** (NGCP)	0.90	0.82	-0.08
System Loss Charge**	0.33	0.32	-0.01
Taxes, Univ Charge**	0.96	0.95	-0.01
FIT-All***	0.09	0.14	0.05
TOTAL	7.65	8.10	0.45 (5.9% ↑)

*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

Month	Residential	Commercial	Industrial	Streetlights	Gen. Wheeling	Overall
1H 2017	9.41	7.96	6.91	9.88	0.15	8.10

Gen. Wheeling includes DSM



S-Factor & GSL Performance: 1H 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)
1H 2017 ACTUAL	0.81		

Ave. Time to Process App. (Days)

TARGET LEVEL	REWARDS (<7.91)	DEADBAND (7.91 – 12.28)	PENALTY (>12.28)
1H 2017 ACTUAL	3.33		

SAIDI, Pre-arranged (Minutes)

TARGET LEVEL	REWARDS (<126.57)	DEADBAND (126.57 – 198.40)	PENALTY (>198.40)
1H 2017 ACTUAL	25.42		

Ave. Time to Connect (Days)

TARGET LEVEL	REWARDS (<3.56)	DEADBAND (3.56 – 5.77)	PENALTY (>5.77)
1H 2017 ACTUAL	1.72**		

CAIDI, Forced and PAI (Minutes)

TARGET LEVEL	REWARDS (<144.40)	DEADBAND (144.40 – 168.72)	PENALTY (>168.72)
1H 2017 ACTUAL	104.78		

Call Center performance (Secs.)

TARGET LEVEL	REWARDS (<13.56)	DEADBAND (13.56 – 21.03)	PENALTY (>21.03)
1H 2017 ACTUAL	4.13		

Prob. of Voltage Level (% not falling within limits)

TARGET LEVEL	REWARDS (<0.86)	DEADBAND (0.86 – 1.44)	PENALTY (>1.44)
1H 2017 ACTUAL	0.00		

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 ***	616

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

RY2017 NO. OF INCIDENTS ALLOWED	(CEILING) 163,995 Days Delay
RY2017 ACTUAL ***	62,634

Note: All actual performances are indicative

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

**With exclusions

*** July 1, 2016 – June 30, 2017

Business Updates & Other Events of Interest

1H
2017



Business Updates: Significant Events/ Customer Initiatives & Programs

S&P upgrades Meralco Credit Rating to Investment Grade at BBB-



- Upgrade of its long-term corporate credit rating to Investment Grade at "BBB-" with Stable Outlook, from "BB+", with Positive Outlook.
- Indicates Meralco's likely maintenance of moderate leverage, as the Company continues to invest heavily in its core distribution business and in strategic power generation joint ventures to meet continuing growth in demand for electricity and in customer base
- Reflective of strong balance sheet, liquidity, relatively stable cash flows, and financial discipline. Will enable the Company to meet operational cash requirements, substantial distribution business capital expenditures and sizable capital calls for its power generation joint ventures with reputable partners with proven track record in power generation.
- **6th upgrade in 4 years**

Meralco wins back-to-back Company of the Year

- *Rewrites Philippine Quill history*



- First in **Philippine Quill Awards'** 15-year history, a Testament to Meralco's strength in business communication excellence.
- Third **Company of the Year** for Meralco since International Association of Business Communicators (IABC) Philippines introduced as a special award.
- Meralco hauled most number of awards - a total of 35, with 17 Excellence Awards and 18 Merit Awards for communication campaigns across different functions, including Public Information, Internal Communication, Human Resources, Talent Resourcing, Learning & Development, Training & Education (Meralco Power Academy), Safety Communication, Sports & Youth Advocacy, Corporate Technology & Transformation, Corporate Strategy & Business Development, Corporate Project Management, Investor Relations, Marketing, Social Media, Corporate Social Responsibility and Networks.
- The Philippine Quill Awards is considered the country's most prestigious awards program in the field of business communication – emphasizing excellent use of communication in achieving goals and in making a difference in society.

Business Updates: Significant Events/ Customer Initiatives & Programs

Meralco bests Asian Utilities



- Asian Utility Week, May 24-25 in Bangkok, Thailand.
- Awarded Meralco the prestigious “Best in Customer Engagement Project” for Meralco’s rollout of its Prepaid Electricity Service, topping over 40 utilities from Asia.
- Judges cited “shared value” that Meralco magnified, benefitting both customers and the country, providing a pioneering, innovative service.

Power Tech Construction Now In Full Swing



- Construction was delayed a few months ago due to permit issues. The project team proceeded with identification and finalization of technologies that will be featured in the facility.
- Reached a milestone with its first concrete pouring on June 29, 2017.
- Target completion is 1Q 2018
- Facility will feature technologies that will accelerate development of country’s Power and Energy Professionals in the areas of Distribution Automation, Smart Substation, Distribution Energy Resource, Microgrid, Asset Management, Advance Metering Infrastructure, Electric vehicles, Information and Communications Technology, and Smart Home.
- *Power Tech will serve as a vehicle for Meralco in bringing Philippine power and energy industry into the future. This technical training and research and development facility is Meralco’s response to leading development of innovative energy solutions, and bridging gap between current and emerging technological capabilities.*

Business Updates: Strengthening the Core Business

(via CapEx for Enhanced Capacity & Power Quality)

Upgrading of San Miguel 20 MVA PXF Bank 1 to 33 MVA

➤ May 09, 2017

This project improves the power quality and provides additional capacity in San Miguel, San Ildefonso, and Doña Remedios Trinidad, Bulacan including some barangays in Pampanga.

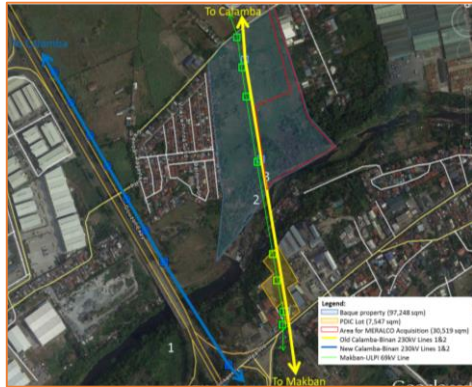


Business Updates: Strengthening the Core Business

(via CapEx for Enhanced Capacity & Power Quality)

Status of Pending RP3 Major Projects

Development of Calamba, 230 kV-115 kV Delivery Point Substation (RY2013)



- Lot adjacent with NGCP's 230 kV switchyard already purchased
- Target Completion Date: December 2018
- % Budget Utilization = 46%
- Equipment Status - Majority of the equipment are already available and for delivery.

Construction of Parang-Marikina 115 kV Line (RY2014)



- Completed substation works at Parang and Marikina substations
- On-going design for the alternate source (Parang-San Mateo 115 kV line) in conjunction with the proposed Marikina-San Mateo 115 kV line
- Target Completion Date: December 2018
- % Budget Utilization = 35%
- Equipment Status – All equipment already installed at both substations. This project shall be substituted by the "Construction of San Mateo – Diliman – Marikina 115kV Line".

Construction of Paco Delivery Point's Additional 115 kV Lines (RY2015)



- All Electro-Mech works at Paco Substation were already completed.
- Completed rerouting of Paco-Tegen Line 1 and Line 2
- Completed rerouting of Paco-Tutuban
- Ongoing Construction of Paco-Kamagong and Paco Legaspi Line & CBP-Rockwell
- Target Completion Date: September 2017
- % Budget Utilization = 117%

Note:

1. Development of Dila 115 kV-34.5 kV Substation (formerly Calauan 115 kV-34.5 kV Substation) – commissioned on December 18, 2016
2. Construction of Antipolo Delivery Point 115 kV Lines – Lot purchase is dependent on NGCP's purchase of lot which until now is being purchased. A substitution was already filed to the ERC to consider an additional scope of work.

Business Updates: Significant Events/ Customer Initiatives & Programs



KURYENTE LOAD
PREPAID ELECTRICITY



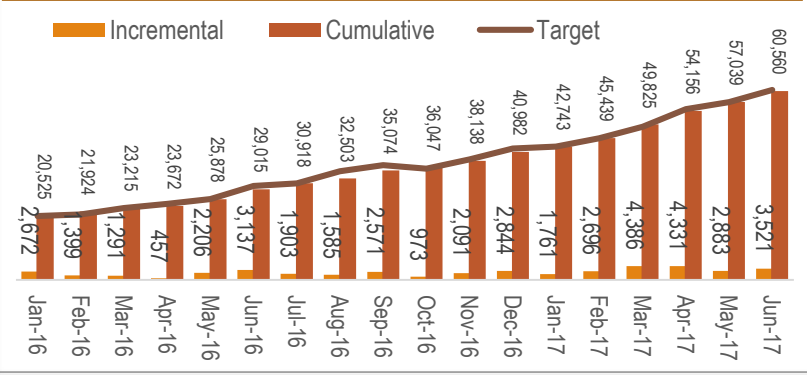
60,560 ACTIVATED

EASY AS 1-2-3
MAG-APPLY!
1 valid government I.D.
2 hundred pesos minimum initial load
3 days for meter installation



MENTALCO P100
LOADED TO YOUR ACCOUNT

Cinema ad
caravans
bill ad
Meralco Advisory
Lemonade stand





JUNE 2017 MERALCO ADVISORY
RESIDENTIAL CONSUMPTION OF 200K



P1.43
PER KILOWATT HOUR



BRIGHT IDEAS
by MERALCO



P1.98
High rating
Program: Peak Load
Type: 1000
Brand: Mitsubishi H-03



1.0 HP window-type aircon
SAVE UP TO P638*
per month
25°C or MEDIUM SETTING

IV August 11
Radio August 12
Email Aug 12: email to CBG customers
Digital
Engage FB: 6.27%
Twitter: 0.39%

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

Programs to Delight Customers: Orange Tag (YTD: 46 tags have been released)



Business Appliances
Save your appliances with intelligent consumption with just one tag! This Orange Tag contains easy-to-understand appliance information that helps you save energy and money.



Only P2.61 per hour*
This mabe inverter air conditioner costs only P2.66 a day*



P6.66
This mabe inverter air conditioner costs only P6.66 a day*

Payment Programs



BDO
Credit Cards
Get a chance to win 1 of 22 exciting home appliances!
Enroll your Meralco bill to BDO Auto Charge

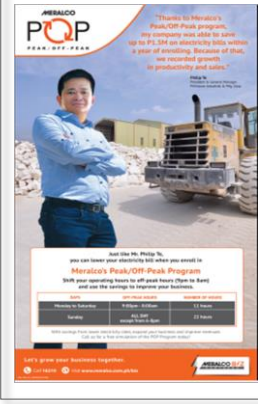


PayMaya
Your app to pay online.
Download PayMaya Now!



Treat YOU CAN'T Resist
BPI Rewards Card

Communicate Customer Stories



POP
Peak Off-Peak
"Thanks to Meralco's Peak Off-Peak program, my company was able to save up to P1.50 per kilowatt-hour, which is a great saving. Because of that, we increased productivity and sales."



SAFFRON PHILIPPINES, INC.
CORPORATE INDUSTRIAL LUMINARY: SAFFRON PHILIPPINES INC. LEADS LOCAL TEXTILE INDUSTRY RESURGENCE



The Meralco Group takes lead in green sustainability in BOC towers

Business Updates: Significant Events/ Customer Initiatives & Programs



CBG: POWER UP- TECHNICAL EDITION

6 Jun: Robinsons Land Corp. Residential Division

8 Jun: Vista Land and Lifescapes, Inc.

16 Jun: Toyota Motors Philippines

21 Jun: Megaworld Corporation

27 Jun: First Cavite Industrial Estate

CBG: PSECE

19-23 Jun: Philippine Semiconductor and Electronics Convention and Exhibition (PSECE)



28 Jun: Meralco Mini-Theater for Industry partners

LGU ACTIVITIES

02 Jun: Service Application forum for Social Housing Finance Corporation

20 Jun: Pasig Utility Planning

19 Jun: Buhayani Festival Calamba, Laguna

22 Jun: Power Up Form North, Bldg officials / City Engineers

23 Jun: Pasig Day Motorcade

24 Jun: San Juan Wattah Wattah Festival



Business Updates: Significant Events/ Customer Initiatives & Programs

Customer eXperience Engine (CXE)

Release 1- I-JOIN (Online Service Application)

Launched in May 2017. First of many releases as part of the Customer eXperience Transformation Program (CXTP) to enhance customer experience by automating its back-end processes and platforms to deliver simple, fast, and convenient service across every customer interaction.



CUSTOMERS



“Ako po ay nasisiyahan dahil mabilis ang assistance ng mga empleyado kaya kami ay hindi nahihirapan mag follow-up ng aming mga papeles ... kaya para sa akin ay maganda ang performance ng Meralco.”



“The new system implemented by Meralco today is more efficient and effective...”

PARTNERS



“...Mas mabilis po ngayon ang proseso ng Meralco dahil dito may mga customer ako na nasurvey at nainspect ng wala pang 3 araw at nakabitan ng metro ng mas maaga sa inaasahan ng customer.”

44,158

SERVICE APPLICATIONS (SA) PROCESSED

13.40

(64% improvement) DAYS TO ENERGIZE

24,942

SA CASES IN PIPELINE

3 to 5 mins

SA PROCESSING TIME BY FRONTLINER

* as of June 2017

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PROJECT UPDATES

03 August 2017



San Buenaventura Power Limited Co. (SBPL)

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

- Construction of the power project is now on its 20th 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)

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

- Application for approval of the Meralco PSA submitted to the ERC since 29 April 2016. ERC approval still pending.
- Engineering, Procurement and Construction (EPC) Contract signed in October 2016 with Doosan Heavy Industries and Azul Torre Construction Inc.
- The financing Agreements for full debt requirement (1st 300MW) were signed in Dec 2016 with a group composed of three (3) Philippine commercial banks.

Development work on the 1st 300MW Phase complete. RP Energy is in a position to issue a Notice to Proceed (NTP) to its EPC Contractor upon PSA approval by the ERC.

Redondo Peninsula Energy, Inc. (RP Energy)

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

- RP Energy received the “Philippines Power Deal of the Year – Highly Commended” from The Asset. The award was given in Hong Kong on June 28, 2017 during The Asset Triple A Infrastructure Awards.
- The award recognized RP Energy's PhP31.5-billion funding as the largest greenfield project financing in the country in 2016.



Atimonan One Energy, Inc. (A1E)

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

- Environmental Compliance Certificate (ECC) obtained in October 2015
- Connection Agreement with NGCP executed in January 2017; 23-km Transmission Line (from Atimonan Power Plant site to New Pagbilao Substation) approved by the ERC in February 2017
- Evaluation of the EPC bids received from contractors is ongoing, with advanced negotiations taking place.
- Mandate Letter for up to Php107.5B from a group of 7 local banks signed.
- Site preparation works are targeted to start in Q4 2017. Expected completion of Unit 1 is in Q4 2021.

Atimonan One Energy, Inc. (A1E)

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

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



St. Raphael Power Generation Corporation (SRPGC)

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 PSA was signed by SRPGC and Meralco in April 2016 for 400 MW capacity of the plant. The PSA is awaiting approval by the ERC.
- An Environmental Compliance Certificate (ECC) for the project was secured in Sept 2015.
- Grid Impact Study for the proposed transmission line interconnection was approved by the NGCP in Feb 2017.
- Development activities for the project are ongoing.

Other Investments

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).
- GBPC in June signed an agreement with the Alcantara Group for the acquisition of 50% interest in Alsons Thermal Energy Corporation (ATEC).
 - ATEC holds a 75% interest in a 105-MW net CFB plant in Maasim, Sarangani that started operations in 2016; Another 105-MW CFB unit is targeted to be completed by 2019.
 - Acquisition is subject to approval of the Philippine Competition Commission

PACIFICLIGHT POWER PTE LTD (PLP)

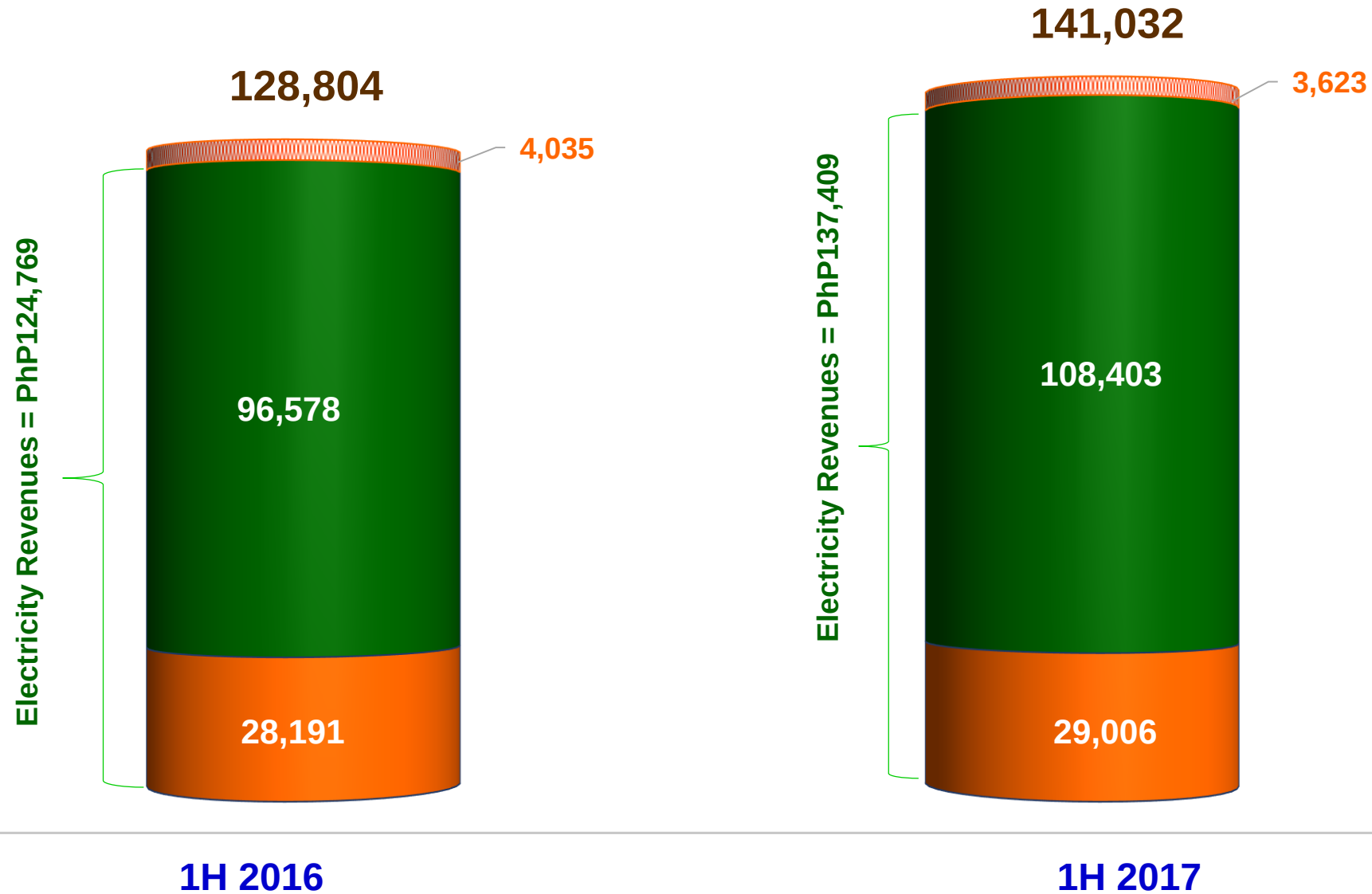
- PLP has been operating a 2x400 MW natural gas facility in Jurong Island, Singapore since February 2014. The facility supplies electricity to industrial and retail customers in Singapore.
- MGen holds an effective 28% equity interest in PLP.

FINANCIAL HIGHLIGHTS

1H2017



Consolidated Revenues (in Million PhP)

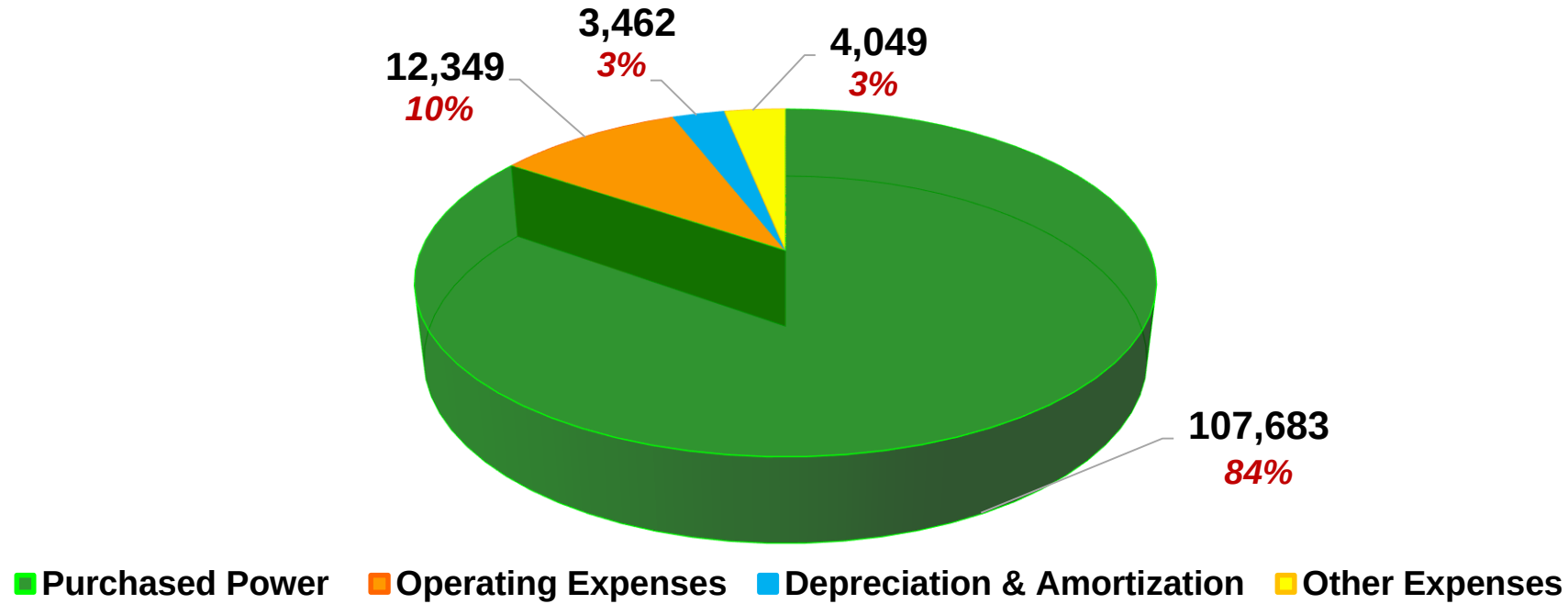


■ Distribution Revenues ■ Generation & Other Pass-through Charges ■ Non-Electricity Revenues

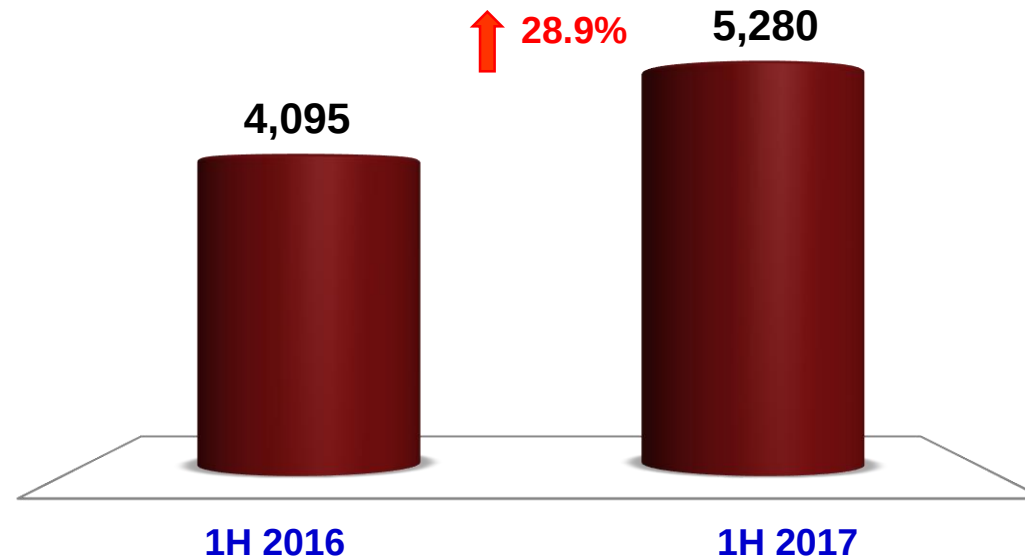


Costs and Expenses/Capital Expenditures (in Million PhP)

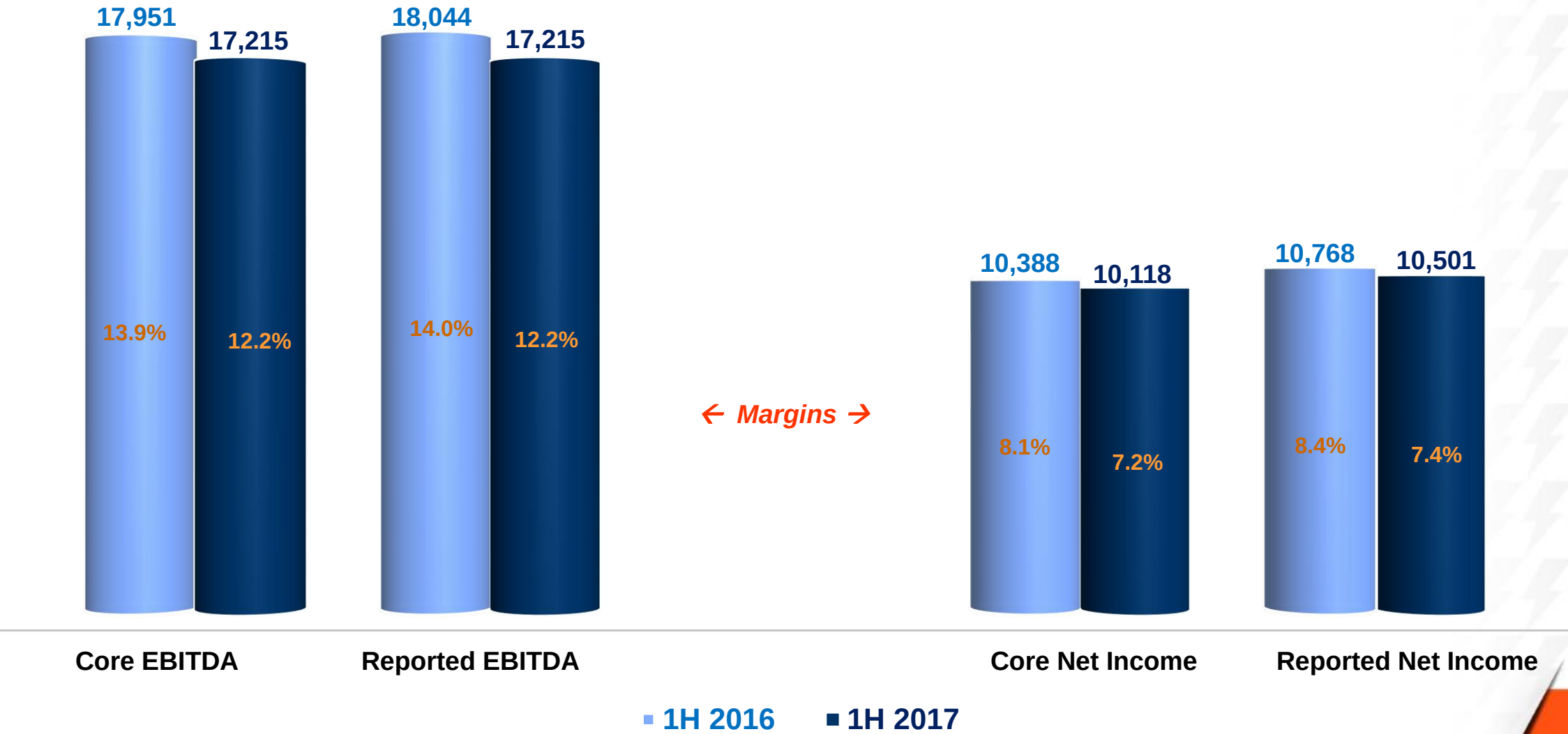
Costs and Expenses



Capital Expenditures

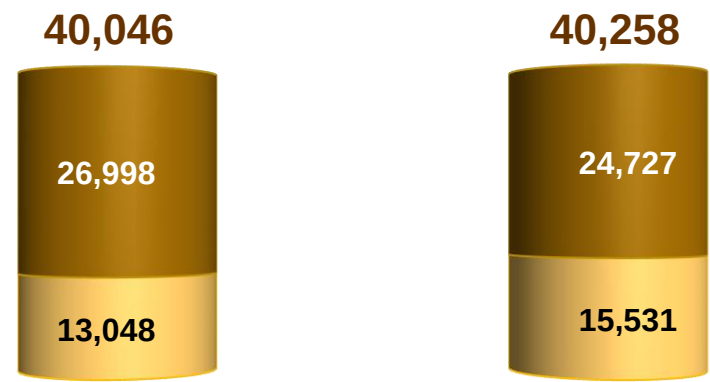


Consolidated EBITDA and Net Income (in Million PhP)



Credit and Debt Profile

TOTAL DEBT (in Million PhP)

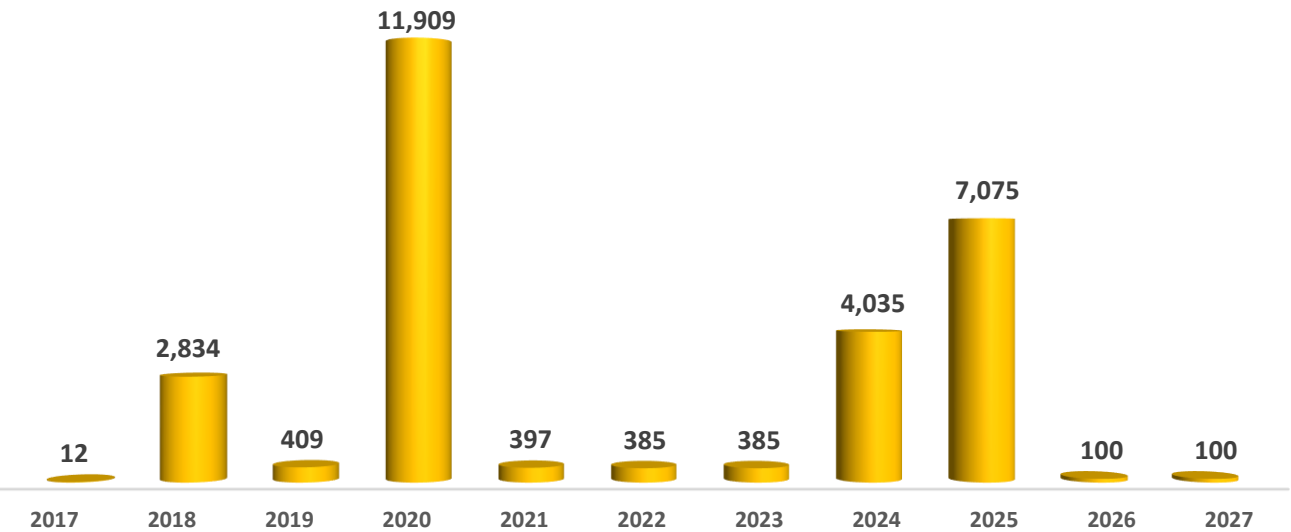


1H 2016

1H 2017

■ Current Portion ■ Non-current Portion

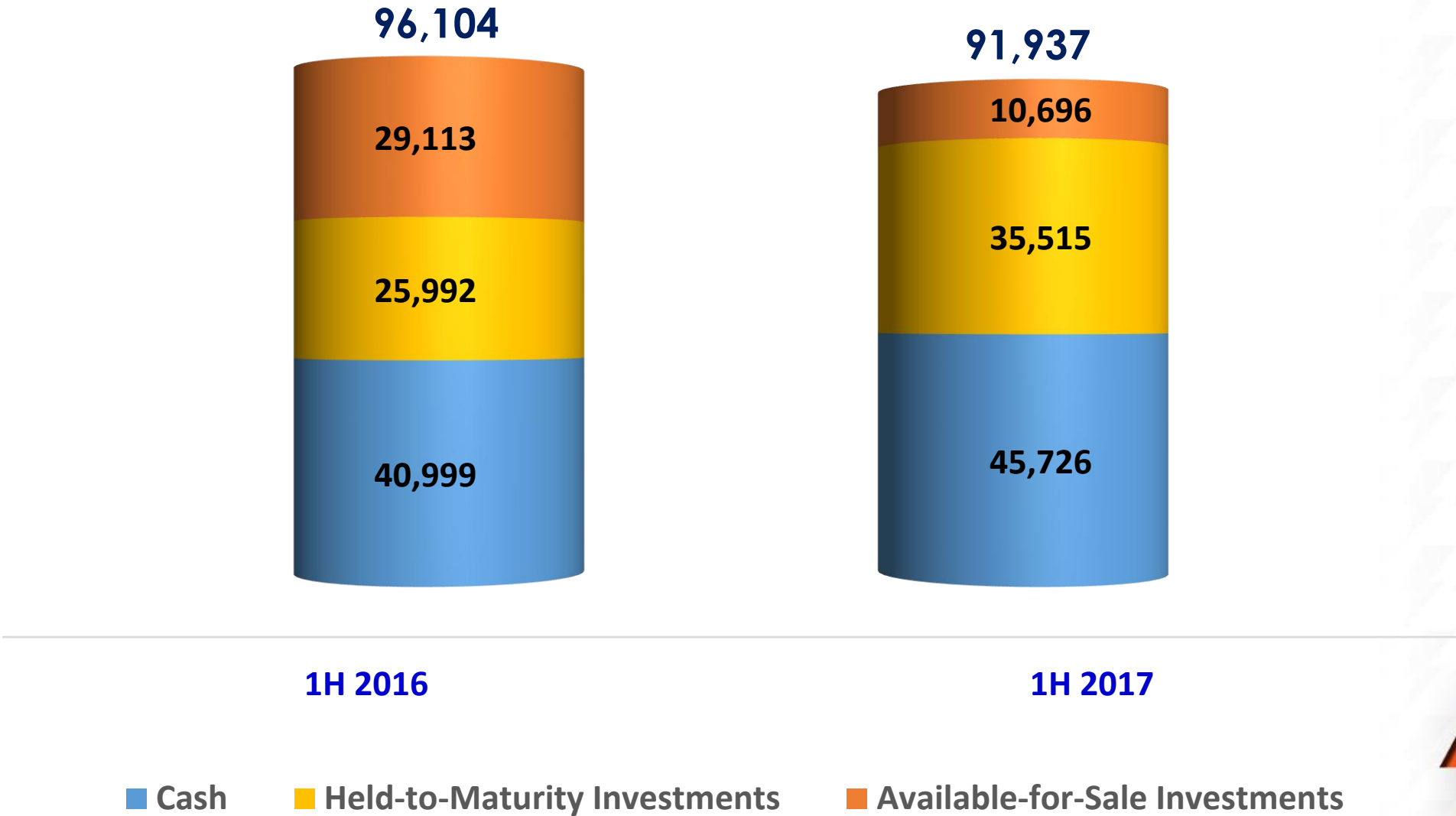
LOAN REPAYMENT SCHEDULE (in Million PhP)



(in Million PhP, Except Ratios)	1H 2016	1H 2017
Cash	40,999	45,726
Gross Debt	40,046	40,258
Net Debt	(953)	(5,468)
Gross Debt/EBITDA	1.11	1.17
Net Debt/EBITDA	(0.03)	(0.16)
Gearing Ratio	(0.01)	(0.07)
Interest Expense	615	750

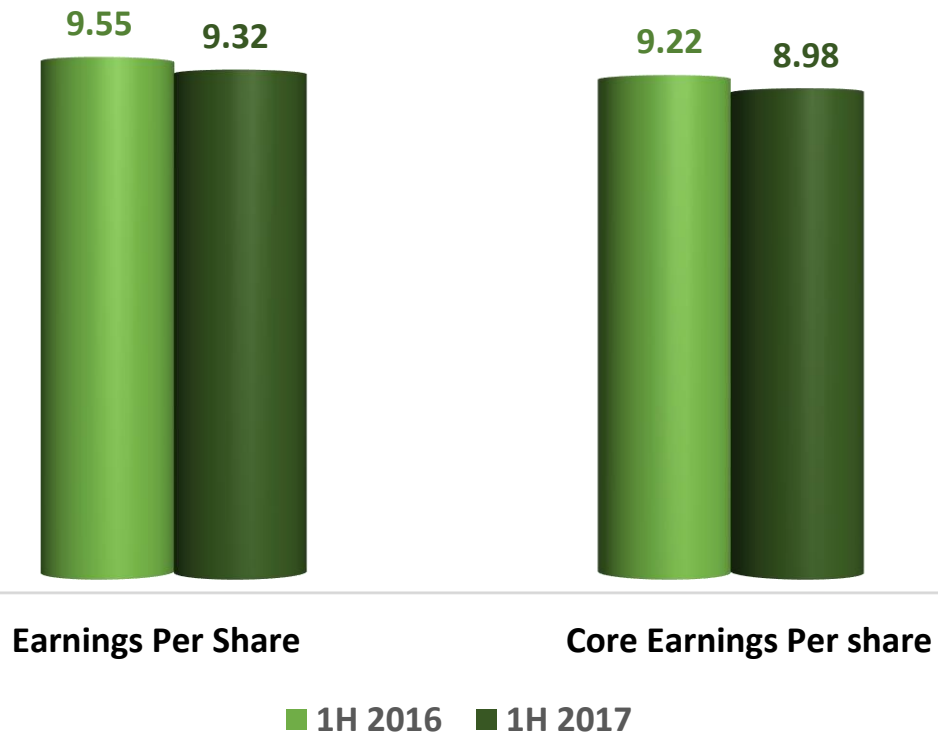


Cash and Cash Equivalents, Available-for-Sale and Held-to-Maturity Investments

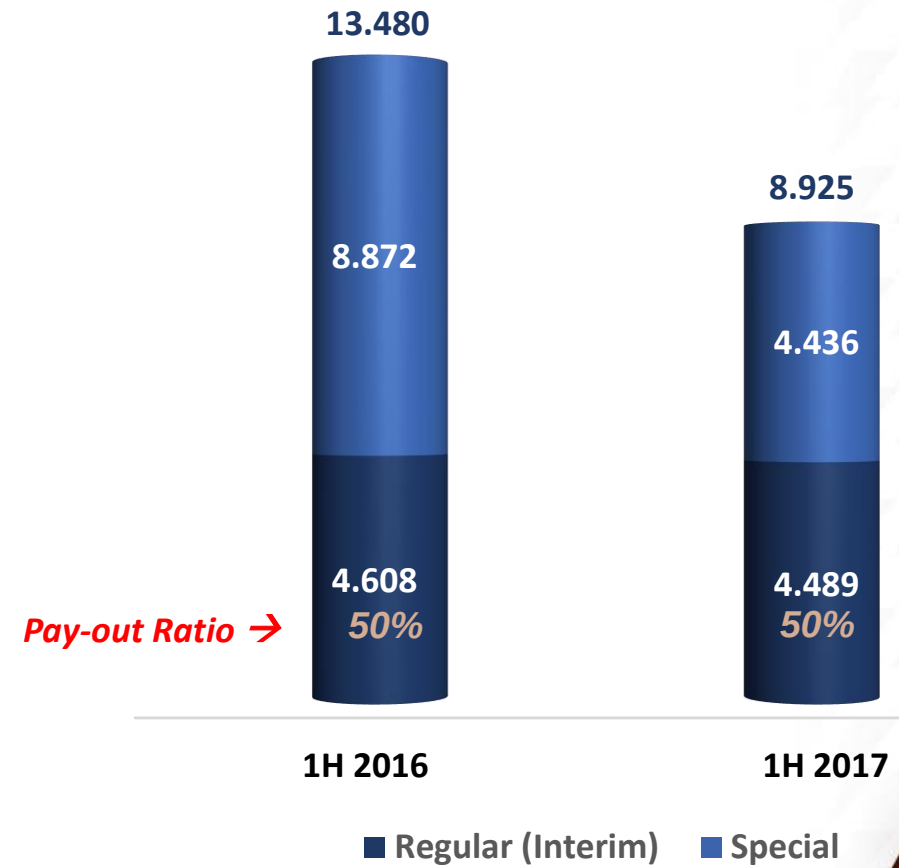


Earnings per Share and Cash Dividends

REPORTED AND CORE EARNINGS PER SHARE
(in PhP Per Share)



DIVIDENDS DECLARED
(in PhP Per Share)



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