COVER SHEET

P	W	-	1	0	2				

S.E.C Registration Number

M	A	N	I	L	A		E	L	E	C	T	R	I	C		C	O	M	P	A	N	Y									

(Company's Full Name)

L	O	P	E	Z		B	U	I	L	D	I	N	G	,	O	R	T	I	G	A	S		A	V	E	N	U	E	,	
B	R	G	Y		U	G	O	N	G	,	P	A	S	I	G		C	I	T	Y											

(Business Address: No. Street City / Town / Province)

ATTY. WILLIAM S. PAMINTUAN

Contact Person

8632-8014

Company Telephone Number

1	2	-	3	1

Month Day

Fiscal Year

	1	7	-	C	

FORM TYPE

0	5

Month

3	1

Day

Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

1. **Date of Report:** *April 25, 2022*
2. **SEC Identification Number:** *PW-102*
3. **BIR Tax Identification Code:** *000-101-528-000*
4. **Name of Issuer as specified in its Charter:** *Manila Electric Company*
5. **Country of Incorporation:** *Philippines*
6. **Industry Classification: (SEC use only)**
7. **Address of principal office:** *Lopez Building, Ortigas Avenue, Barangay Ugong, Pasig City*
8. **Issuer's telephone numbers:** *(02) 8632-8014* **Area Code:** *1605*
9. **Former name or former address:** *Not Applicable*
10. **Securities registered pursuant to Sections 18 and 12 of the SRC or Sections 4 and 8 of the RSA:**

Number of Shares of
Common Stock Outstanding

1,127,098,705
(As of March 31, 2022)

Debt Securities: Php 7.0 Billion Bonds

11. **Item Number reported:** ***Item 9 (Other Events)***

The Company's Board of Directors, in its regular meeting held today, April 25, 2022, approved the Company's Financial and Operating Results for the First Quarter of 2022 with comparatives for 2021 (refer to the attached Press release).

SIGNATURE

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MANILA ELECTRIC COMPANY
Issuer

WILLIAM S. PAMINTUAN
Senior Vice President
Assistant Corporate Secretary &
Information Disclosure Officer

Date: April 25, 2022

Cc: Disclosure Department
Listings and Disclosure Group
Philippine Stock Exchange
Issuer Compliance and Disclosure Department
Philippine Dealing & Exchange Corp.

PRESS RELEASE

FINANCIAL AND OPERATING RESULTS
FOR THE THREE (3) MONTHS ENDED MARCH 31, 2022
WITH COMPARATIVES FOR 2021

- **CONSOLIDATED CORE NET INCOME ROSE 10% TO PESOS 5.624 BILLION, WHILE CONSOLIDATED REPORTED NET INCOME GREW 28% TO PESOS 5.564 BILLION**

- **CONSOLIDATED REVENUES INCREASED 33% TO PESOS 85.9 BILLION WITH THE GROWTH IN POWER GENERATION CONTRIBUTION, UPTICK IN ENERGY SALES, AND INCREASE IN PASS-THROUGH CHARGES**

- **MERALCO SYSTEM-WIDE ENERGY SALES VOLUMES REACHED 16,227 GWH , INCLUDING POWER GENERATION AND RETAIL ELECTRICITY BUSINESSES UP 4%; CONSOLIDATED DISTRIBUTION UTILITY ENERGY SALES REACHED 11,069 GWH AHEAD BY 6%**

- **12-MONTH MOVING AVERAGE SYSTEM LOSS IMPROVED TO 6.02%, AS SALES MIX APPROACHED PRE-PANDEMIC LEVEL WITH BIGGER SHARE FROM LOWER LOSS-TO-SERVE COMMERCIAL AND INDUSTRIAL SEGMENTS**

- **MERALCO SPENT PESOS 6.0 BILLION AND PESOS 8.2 BILLION IN CAPITAL AND OPERATING EXPENDITURES, RESPECTIVELY TO BOOST DISTRIBUTION NETWORK AND SUPPORT SUBSIDIARIES**

- **MERALCO READY FOR 2022 NATIONAL AND LOCAL ELECTIONS; ENSURES DELIVERY OF STABLE AND RELIABLE ELECTRICITY SERVICE TO ABOUT 3,000 POLLING AND CANVASSING CENTERS**

- **MERALCO RAISED ITS COMMITMENT TO GENDER DIVERSITY AND BROADER INCLUSION WITH BREAKTHROUGH POLICIES AND KEY INITIATIVES**

MANILA, Philippines, April 25, 2022 – Manila Electric Company ("*Meralco*") today reported Consolidated Core Net Income ("*CCNI*") in the first three months of the year rose by 10% to Pesos 5.624 billion from Pesos 5.1 billion in the same quarter last year, on the back of increased contribution from its power generation business and higher volumes of energy sold.

Core earnings per share amounted to Pesos 4.99, up by 10% over the comparative period last year.

Reported net income meanwhile improved 28% to Pesos 5.564 billion from Pesos 4.3 billion with the adjustments made in 2021 in relation to the passing into law of the Corporate Recovery and Tax Incentives for Enterprises ("*CREATE*") Act.

Consolidated revenues rose by 33% to Pesos 85.9 billion from Pesos 64.7 billion, as electricity revenues grew similarly by 33% to Pesos 83.3 billion from Pesos 62.5 billion, mainly due to higher pass-through charges on account of the unprecedented increase in global fuel prices.

Meralco's average retail rate increased by 14% to Pesos 8.89 per kWh from Pesos 7.82 per kWh as generation charges, which accounted for about 59% of total retail rate, went up 21%. Transmission charges, comprising 9% of the retail rate, also increased by 9%.

The rate increase was mitigated by the Pesos 0.1064 per kWh average refund of distribution over-recoveries, which was implemented by *Meralco* following the order of the Energy Regulatory Commission ("*ERC*") in March 2022. This refund was intended to expand its coverage to include the December 2020 to December 2021 period. This is in addition to the Pesos 0.1528 per kWh refund of distribution over-recoveries for the period July 2015 to November 2020, which is currently being implemented as ordered by the *ERC* in February 2021. With these, the average effective distribution rate charged to customers by *Meralco* was at Pesos 1.33 per kWh for the first quarter of 2021.

Purchased power cost ("*PPC*") increased 30% to Pesos 61.7 billion from Pesos 47.5 billion due to higher cost of power caused by the spike in global fuel prices, as well as by the increase in the Wholesale Electricity Spot Market ("*WESM*") prices as a result of tight supply conditions and higher average capacity on outage in Luzon. The average Malampaya natural gas price also increased to US$8.71/GJ during the quarter versus US$6.26/GJ the previous year. The Malampaya gas supply restrictions, which began in March 2021, forced suppliers to use more expensive alternative fuel. The depreciation of the peso against the US dollar to Pesos 51.74 at the end of March this year from Pesos 48.53 as of end-March last year also contributed to the higher *PPC*.

Meralco spent Pesos 6.0 billion for capital expenditures ("*CAPEX*"), of which 70% or Pesos 4.0 billion went to Networks *CAPEX.* The Networks *CAPEX* consisted of new connections, asset renewals, load growth projects, support for the government's Build, Build, Build ("*BBB*") program and the *Meralco* Electrification Program ("*MEP*").

Operating expenses ("*OPEX*") went up by 16% to Pesos 8.2 billion mainly due to higher spending of subsidiaries, particularly Meralco Industrial Engineering Services Corporation ("*MIESCOR*"), CIS Bayad Center, Inc. ("*Bayad*"), and Radius Telecoms, Inc. ("*Radius*"), to support their growth.

Consolidated interest-bearing debt stood at Pesos 86 billion, of which Pesos 33.9 billion are maturing within one (1) year. The total amount includes debt of subsidiaries of Pesos 45.3 billion.

Energy sales volumes recover across all segments; customer count nearing 7.5 million

Consolidated distribution utility energy sales volumes in the first quarter rose to 11,069 GWh from 10,473 GWh in the same three months last year following the easing of pandemic-related restrictions and higher temperatures.

National Capital Region ("*NCR*") and parts of Cavite, Laguna, Batangas, Rizal and Quezon ("*CALABARZON*") were placed under the least restrictive Alert Level 1 in March, driving power demand in Luzon that peaked at 11,654 MW on March 23, exceeding the actual peak demand in 2021. *Meralco* peak demand for the first quarter of 2022 was at 7,816 MW, 10% higher than the previous year.

In terms of the sales mix, residential sales accounted for 35%, while commercial and industrial sales accounted for 34% and 31%, respectively.

While demand in the residential segment continued to normalize with increased mobility due to higher vaccination rate, the continuing hybrid work arrangements and home-based learning set-up, as well as the relatively warmer temperatures pushed residential sales volume to grow 5% to 3,808 GWh from 3,616 GWh.

Commercial sales volumes likewise went up to 3,781 GWh from 3,560 GWh amid the increase in economic activities. Demand in the real estate and education sectors posted growth as schools began hybrid face-to-face classes. Full operation of retail, restaurants, and hospitality sectors also contributed to the higher commercial sales volumes.

With the more relaxed restrictions, growth in industrial sales volumes was sustained, increasing to 3,443 GWh from 3,261 GWh. Growth mainly came from the semiconductor, cement, food and beverage, plastics, and chemical packaging industries.

Meanwhile, consolidated customer count grew at a steady 4% to 7.46 million at end-March from 7.21 million in the same period last year. Energization of new customers for both ordinary service and project-covered applications recovered, as local government units and developers cleared backlogs and normalized operations.

Meralco's 12-month moving average ("*12-MMA*") system loss at end-March was at 6.02%, a 0.12 percentage point improvement compared with 6.14% in 2021 as a result of sales approaching pre-pandemic mix and system loss management initiatives. Clark Electric Distribution Corporation's *12-MMA* system loss was at 2.01% as at March 2022.

Meralco cautions that the ongoing Russia-Ukraine conflict, along with the continuing effects of the pandemic, that has affected fuel prices in particular, may have a significant impact on customer electricity consumption moving forward.

More robust distribution network to support post-pandemic recovery

To ensure delivery of safe, reliable, and adequate electricity service to support the country's post-pandemic recovery, *Meralco* continued with the expansion and upgrading of distribution network facilities and pole relocation activities.

In the first quarter of 2022, a total of 315 poles were relocated for various *BBB* and Public-Private Partnership *("PPP")* projects, including the 38-kilometer PNR North 1 Rail Transit Project, the NLEX-SLEX Connector Road, and the Intramuros-Binondo Bridge Project.

To support road widening projects of the Department of Public Works and Highways ("*DPWH*") and various local government units, *Meralco* retired a total of 437 poles in the same three-month period.

As part of the Energy Task Force Elections, *Meralco* also ensures readiness of its distribution network for the National and Local Elections on May 9, 2022. The Company inspected close to 3,000 critical election sites, including polling and canvassing centers located within its franchise area, and conducted maintenance of its distribution facilities to make sure they are in optimum condition in time for the elections.

Meralco crews and contractors will be strategically positioned across the franchise area, along with mobile generator sets and floodlights readied for deployment, to immediately resolve any electricity-related troubles throughout the election period.

"We are working closely with all key government agencies and partners in the private sector to ensure readiness of the energy industry in the upcoming elections. As we fulfill the growing requirements of our customers and further improve overall customer experience, we also remain cognizant of the bigger role we play in supporting the continuing economic recovery and nation-building efforts that will help us emerge as a stronger and more resilient country post-pandemic," said *Meralco President and CEO* **Ray C. Espinosa**.

Continuing transparency in the conduct of business

Competitive Selection Process ("CSP")

On February 2, 2022, the *Meralco* Third-Party Bids and Awards Committee ("*TPBAC*") conducted the Bid Submission and Opening for the *CSP* of *Meralco's* 170 MW peaking requirement for the period February 26, 2022, to July 25, 2022. South Premiere Power Corporation submitted the lowest bid and was given a Notice of Award on February 3, 2022, following post-qualification evaluation. The resulting Power Supply Agreement ("*PSA*") with *SPPC* was filed with the *ERC* on March 22, 2022 and is awaiting to be scheduled for hearing.

Meralco in February secured the Department of Energy's ("*DOE*") approval of the *CSP* Terms of Reference *("TOR")* for its 180 MW (net) baseload requirement until July 25, 2022. Due to lack of Expression of Interest by the March 31, 2022 deadline, the Company sought another approval for

a second round of *CSP*, with a new Bid Submission Deadline on May 23, 2022**.** This *CSP* is intended to mitigate indefinite exposure of *Meralco* customers to additional generation costs associated with running natural gas plants on liquid fuel and allow for partial replacement of the capacity affected by the persisting Malampaya gas restriction.

The Company started in January the *CSP* via competitive challenge of Terra Solar Philippines, Inc.'s unsolicited proposal for the supply of 850 MW renewable energy to cover *Meralco's* mid-merit requirement starting 2026. The *TPBAC* declared a failure of bidding after no comparative bids were received on April 5, 2022. Afterwards, *Meralco* secured the *DOE's* approval to conduct another round of *CSP* for the unsolicited proposal with a new Bid Submission Deadline scheduled on June 6, 2022. This *CSP* is in compliance with the *DOE's* policy on Renewable Portfolio Standards and forms part of the Company's efforts to source up to 1,500 MW of its power requirements from renewable energy sources.

Distribution True-up Refund ("DRTU")

In March 2022, *Meralco* received and implemented an *ERC* Order dated February 23, 2022, expanding the coverage of its *DRTU* refund to include the December 2020 to December 2021 period – amounting to an additional Pesos 4.8 billion, to be implemented in a period of 12 months or until the amount is fully refunded.

To recall, the *ERC* in February 2021 provisionally approved *Meralco*'s proposal to implement a *DRTU* refund amounting to Pesos 13.9 billion over a period of 24 months or until the amount is fully refunded. This refund covers the lapsed period from July 2015 to November 2020.

The *DRTU* refund amounts represent the difference between the Actual Weighted Average Tariff and the *ERC*-approved Interim Average Rate for distribution-related charges.

5th Regulatory Period Reset Application

The Company, together with Group A entrants Dagupan Electric Corporation ("*DECORP*") and Cagayan Electric Power and Light Co. ("*CEPALCO*"), on March 11, 2022 submitted the application for distribution rate reset under the 5th Regulatory Period ("*5RP*"), consistent with the governing rules issued by the *ERC.* The *5RP* covers July 1, 2022, to June 30, 2026, and follows a seven-year lapsed period from July 1, 2015 to June 30, 2022.

Meralco proposed a Maximum Average Price ("*MAP*") of Pesos 1.57 per kWh based on its Annual Revenue Requirement needed to cover significantly higher capital and operating expenditures. This will allow the Company to implement projects and programs that strengthen its distribution network, promote grid modernization and customer empowerment, and further improve its operational efficiency and customer service.

"The significant rise in fuel prices, as well as the persisting supply restrictions of the Malampaya natural gas field continue to pose risks to *Meralco* electricity rates. We are proactive in implementing mitigating measures, including supply augmentation efforts through *CSP* and

coordination with our suppliers, to cushion the impact to our customers, while we continue to deliver stable, reliable, and quality electricity service to our customers," said **Mr. Espinosa**

Business units and subsidiaries' performance

Retail Electricity Supply ("RES")

- MPower, the local *RES* unit of *Meralco*, Clark Electric Distribution Corporation's Cogent, and three (3) other affiliate retail electricity suppliers, sold 1,992 GWh of energy to the contestable market as of end-March.

- Combined volumes went up by 16% amid the easing of restrictions and increased business activities. However, the contribution to *Meralco CCNI* was adversely affected by higher *PPC* as a result of higher coal and *WESM* prices.

- From January to March, NewCastle ("*NEWC*") coal index rose to an average of US$263.75 per MT versus US$88.69 per MT in the same three months last year, while average *WESM* prices rose to Pesos 6.80 per kWh from an average of Pesos 3.01 per kWh.

Power Generation

- Wholly owned subsidiary, Meralco PowerGen Corporation ("*MGen*") contributed Pesos 1.2 billion to *Meralco's CCNI* in the first quarter of 2022, significantly higher than the Pesos 119.4 million the previous year, largely driven by the contribution of Singapore-based PacificLight Power Pte. Ltd. ("*PLP*"). As of end-March, *MGen* had a total power generation capacity of 2,251 MW (net).

- *PLP* booked a S$79.3 million (Pesos 3.1 billion) *CCNI* in the first quarter of 2022, due to the 6% increase in demand and higher spot prices, which averaged at S$172.63/MWh during the period. This was a turnaround from a S$6.0 million loss in the same period last year. *PLP*'s 800 MW liquefied natural gas facility in Jurong Island, Singapore delivered a total of 1,324 GWh of energy in the quarter. *MGen* currently has combined direct and indirect interest of 58% in *PLP*.

- San Buenaventura Power Ltd. Co. ("*SBPL*") 455-MW (net) supercritical coal-fired plant in Mauban, Quezon, which underwent almost 25 days of preventive maintenance shutdown, delivered 625 GWh of energy with an average plant availability of 72.95%. *SBPL*'s first quarter *CCNI* was Pesos 416.3 million.

- Global Business Power Corporation ("*GBP*") delivered 1,032 GWh of energy during the three-month period. *GBPC* has ownership in coal and oil plants with a net capacity of 970 MW, of which 793 MW are contracted under *PSAs* with captive and contestable customers and Ancillary Services Procurement Agreements ("*ASPAs*").

- The 55 MWac plant of PowerSource First Bulacan Solar, Inc. ("*BulacanSol*") in San Miguel, Bulacan had an average plant availability of 99.99% and delivered 31 GWh of solar energy to *Meralco* under a 20-year *ERC*-approved *PSA*. *CCNI* for the quarter ended March 31, 2022 was at Pesos 53.3 million.

- MGen Renewable Energy, Inc. ("*MGreen*") is currently developing a 75 MWac solar plant in Baras Rizal and a 45 MWac solar plant in Cordon, Isabela in partnership with Mitsui's local unit Mit-Renewables Philippine Corporation; and a 68 MWac solar plant in Ilocos Norte in partnership with Pasuquin Energy Holdings, Inc. of Vena Energy. These are expected to commence operations in the latter part of 2022 up to early 2023.

Non-electric subsidiaries

Bayad

- *Bayad*, *Meralco's* payment service arm, contributed Pesos 26.5 million to *Meralco's CCNI* in the first quarter of 2022 as consolidated revenues grew by 4% to Pesos 486.4 million.

- Gross transactions value of bills payments across various platforms reached Pesos 73 billion during the period, up 30% versus last year. *Bayad* also added 27 new billers in the first quarter, bringing its total number of serviced billers to 505 as of end-March.

- The *Bayad* App has so far recorded over 220,500 downloads and booked Pesos 54.0 million in bills payment transactions in the first three months of 2022. Meanwhile, *Bayad* Online recorded 53,211 registered users since its commercial launch in December 2020.

Radius

- *Radius, Meralco's* wholly owned data and internet services unit, booked Pesos 427.9 million consolidated revenues in January to March versus Pesos 337.6 million the previous year. It contributed Pesos 65.1 million to *Meralco's CCNI* during the period.

- *Radius* currently has 8,381 kilometers of fiber optic cable, including 1,501 kilometers of Gigabit Passive Optical Network ("*GPON*"), serving carrier, enterprise, residential and MSME requirements.

- With the establishment of its capability to manage end-to-end broadband operations, *Radius'* RED Fiber and RED Fiber for Business ended the first quarter of 2022 with 37,012 subscribers in Metro Manila, Rizal, Bulacan, Cavite, Laguna, Cebu and Clark in Pampanga.

- Throughout the period, *Radius* maintained 99.92% service level availability performance. It also maintained reduced downtime as a result of its proactive scheduling of regular preventive maintenance activities, and the re-engineering of its local and international IP backbone to improve the streaming experience of its customers.

MIESCOR

- *MIESCOR*, the engineering and construction arm of *Meralco,* and its subsidiaries contributed Pesos 36.0 million to *Meralco*'s *CCNI* in the first quarter as revenues grew by 13% to Pesos 1.4 billion driven by its Engineering, Procurement and Construction ("*EPC*") and telecoms contracts.

Meralco advances gender diversity and inclusion in the workplace

As part of a traditionally male-dominated industry, *Meralco* has committed to promote a more inclusive and gender-balanced workplace. Through #MBrace, its overarching diversity and inclusion program, the Company develops and implements various initiatives to increase women representation in the organization with a target of 40% by 2030.

In February, the Company relaunched the Meralco Linecrew Training Program, through which it will train 15 aspiring female line crew members, who are envisaged to eventually become part of the *Meralco* workforce. Successful applicants will undergo a five-month program that includes on-the-job training. They will subsequently be assessed for hiring and deployment.

Meralco and One Meralco Foundation *("OMF")* also partnered with Don Bosco College-Canlubang for a scholarship program that will benefit 15 aspiring female electrical technicians beginning in the August 2022 academic year.

Further cementing its commitment to heightening workforce diversity and to nurturing an inclusive and safe workplace for its employees, *Meralco* has put in place a Diversity and Inclusion Policy that ensures equal employment opportunities for all. The new policy extends to all areas of *Meralco*'s business, including its subsidiaries and affiliates.

This important policy is aligned with the United Nations Sustainable Development Goals *("UN SDGs")*—specifically *UN SDG 5* on Gender Equality as well as *UN SDG 10* on Reduced Inequalities. It likewise fortifies *Meralco*'s commitment to the UN Global Compact's Principle 6 on Elimination of Discrimination in Employment and supports the UN Women's Empowerment Principles.

Conclusion

"We remain vigilant over global geo-political developments, and remain cautious about their impact on the Philippine economies. We are working with industry players, including the government, regulators, and our suppliers, to agree on ways to mitigate the adverse impact of these challenging circumstances to our customers," *Meralco Chairman* ***Manuel V. Pangilinan*** said.

"The challenges notwithstanding, we remain positive that we shall be able to sustain *Meralco's* operational and financial performance in the course of the year, as we bank on the further reopening of the economy, and traverse the road towards post-pandemic recovery," *Chairman* ***Pangilinan*** concluded.

	MANILA ELECTRIC COMPANY Consolidated Financial Highlights (in Million Pesos, except per share data)		
	For the Three Months (3) Months Ended March 31, 2022		% Change
	2022	2021	
REVENUES			
Electricity	83,272	62,484	33
Non-electricity	2,633	2,228	18
	85,905	64,712	33
COSTS AND EXPENSES	80,837	55,304	46
OTHER INCOME – net	2,040	707	189
INCOME BEFORE INCOME TAX	7,108	10,115	(30)
PROVISION FOR INCOME TAX	1,449	5,758	(75)
NET INCOME	5,659	4,357	30
NET INCOME – REPORTED	5,564	4,334	28
CORE NET INCOME	5,624	5,113	10
EARNINGS PER SHARE			
On Reported Net Income			
Basic	4.936	3.846	28
Diluted	4.936	3.846	28
On Core Net Income [1]			
Basic	4.990	4.536	10
Diluted	4.990	4.536	10

[1] Reported net income, adjusted to exclude the effect of foreign exchange gains or losses, impairment charges, mark-to-market adjustments and other one-time, exceptional transactions.

This press release may contain some statements, which constitute “forward-looking statements” that are subject to a number of risks and uncertainties that may affect the business and results of operations of *Meralco*. Although the management of *Meralco* believes that expectations reflected in any of the forward-looking statements are reasonable, it cannot guarantee any future performance, action or events.

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