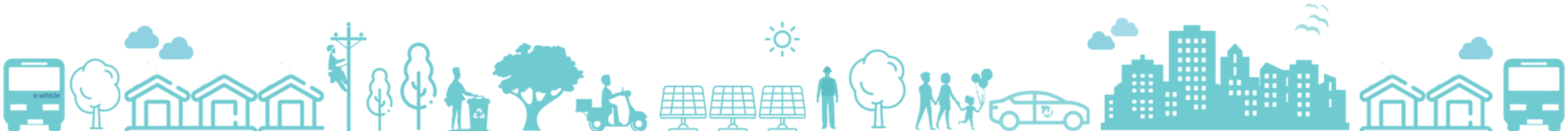
HALF YEAR ENDED JUNE 30, 2022
FINANCIAL AND OPERATING RESULTS

July 25, 2022



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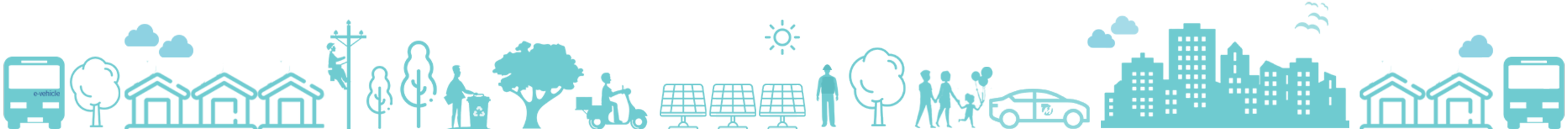


1H 2022 **Financial Highlights** in PhP, Mn

With 1H 2021 comparative figures

NET INCOME AND EBITDA

CCNI

13,088

▲ 15% 11,399

Reported Net Income

13,121

▲ 32% 9,949

Core EBITDA

24,368

▲ 0.3% 24,305

REVENUES

Gross Revenues

199,606

▲ 34% 149,097

Distribution Revenue

30,695

▼ 3% 31,607

Generation, Transmission and other pass-through

150,433

▲ 39% 108,336

Energy Fee

12,613

▲ 158% 4,897

EXPENSES

Purchased Power Cost

148,412

▲ 40% 106,044

Coal and Fuel/ Power Plant O&M

9,939

▲ 264% 2,734

Capital Expenditures

14,178

▲ 8% 13,087

CASH AND BORROWINGS

Cash & Cash Equivalents

49,999

▼ 3% 51,812

Borrowings

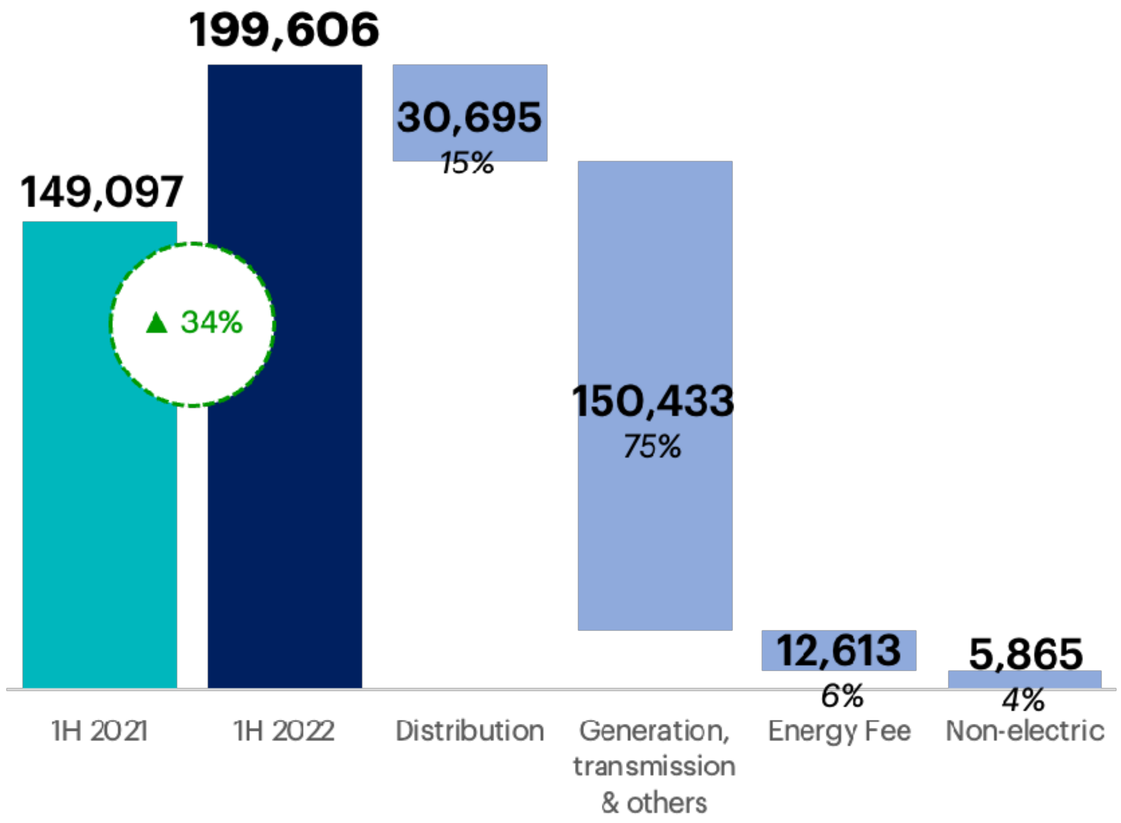
89,043

▼ 3% 91,662

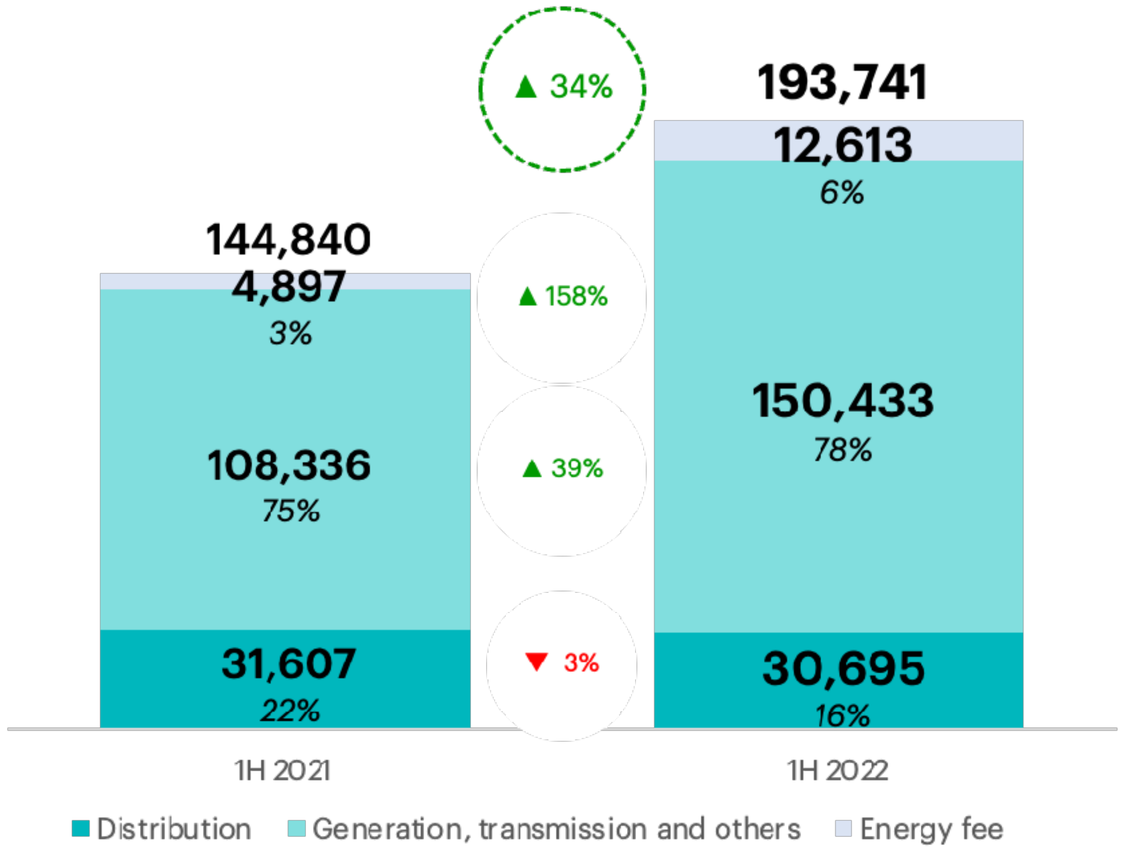
1H 2022 **Revenues** in PhP, Mn

Driven by growth in power generation revenues and increase in pass-through charges with the global increase in fuel prices.

Gross Revenues

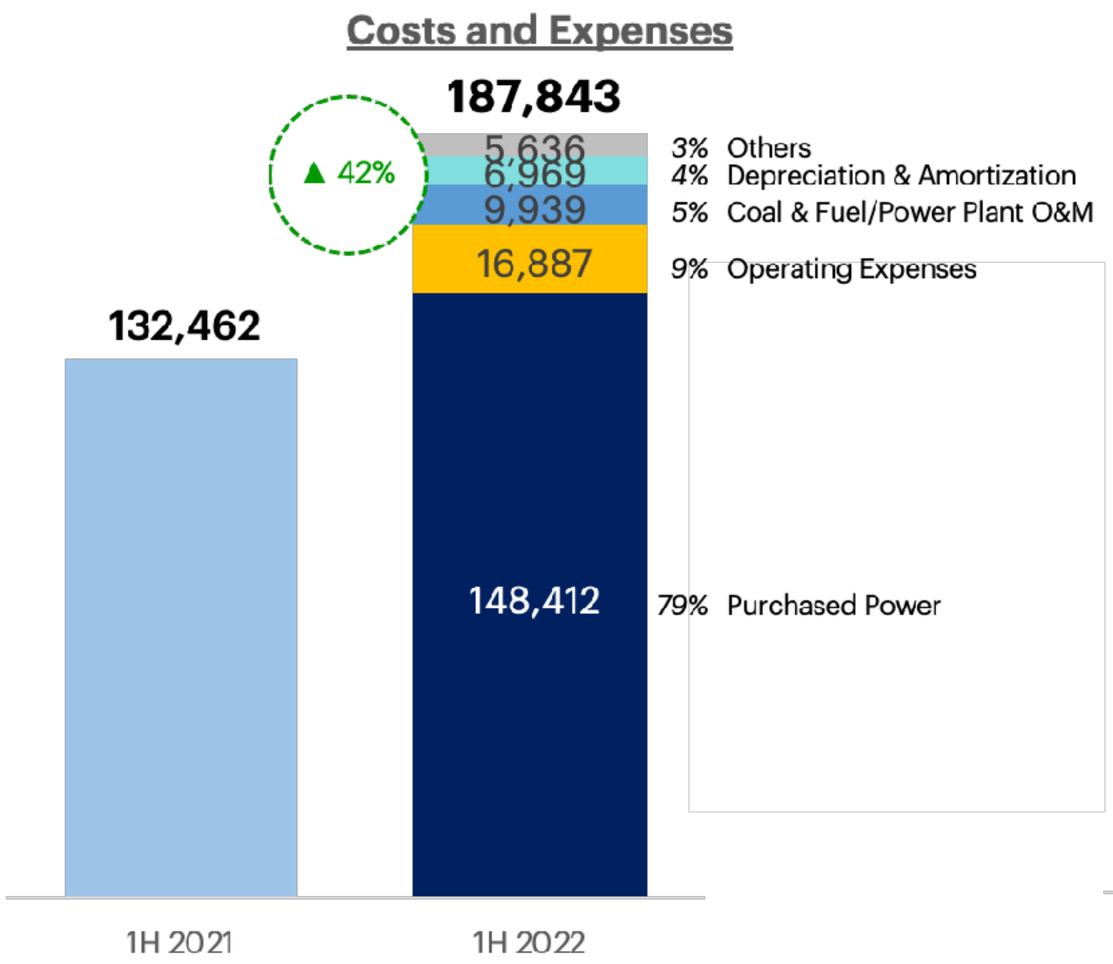


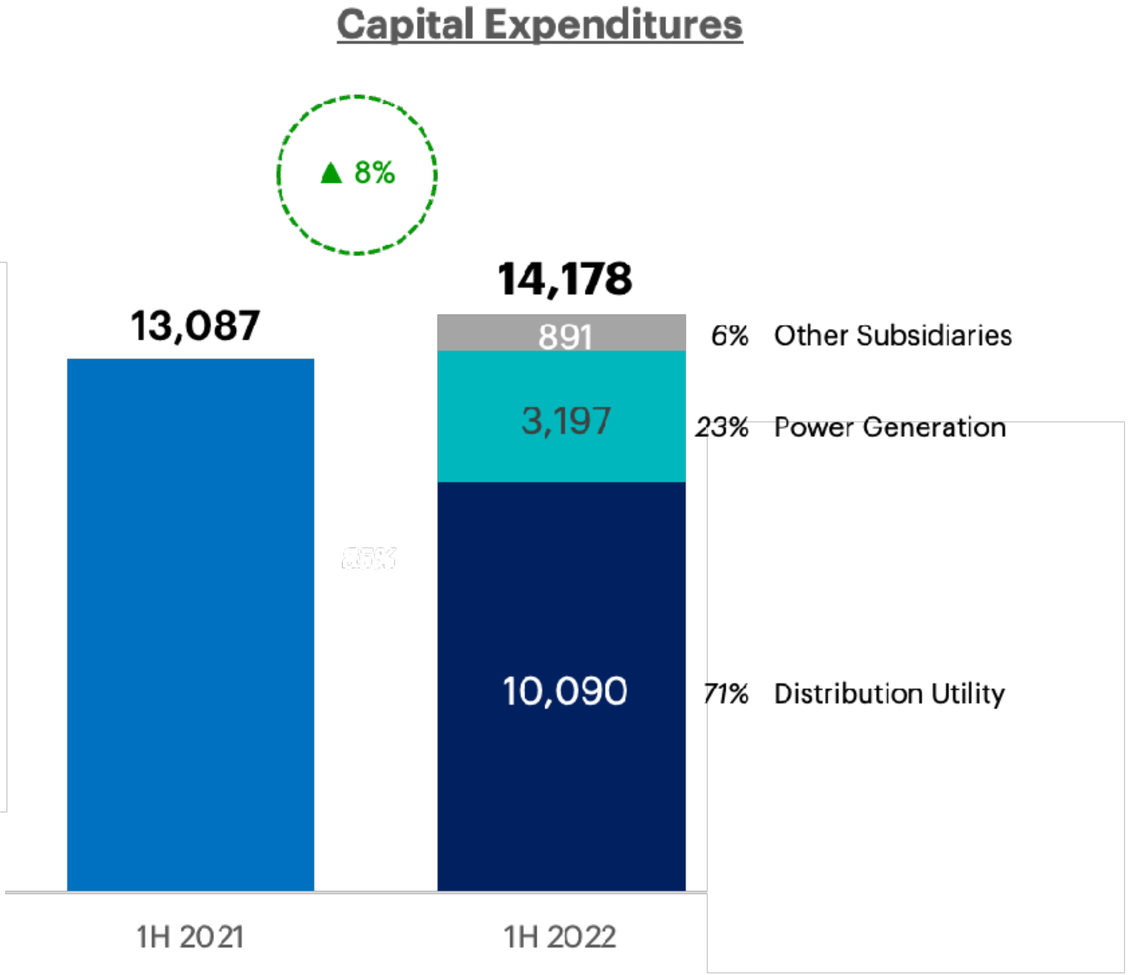
Electric Revenues



1H 2022 **Cost and Expenses, Capital Expenditures** in PhP, Mn

Purchased power costs accounted for 79% of total Costs and Expenses.
DU CAPEX largely from electric capital projects to support new connections, asset renewals and load growth.

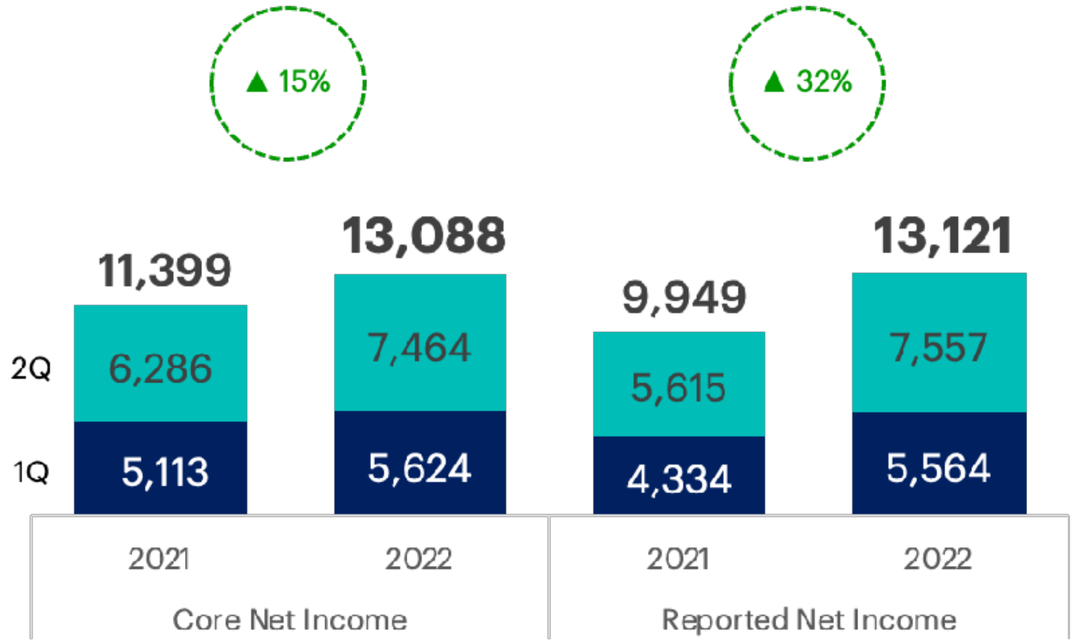




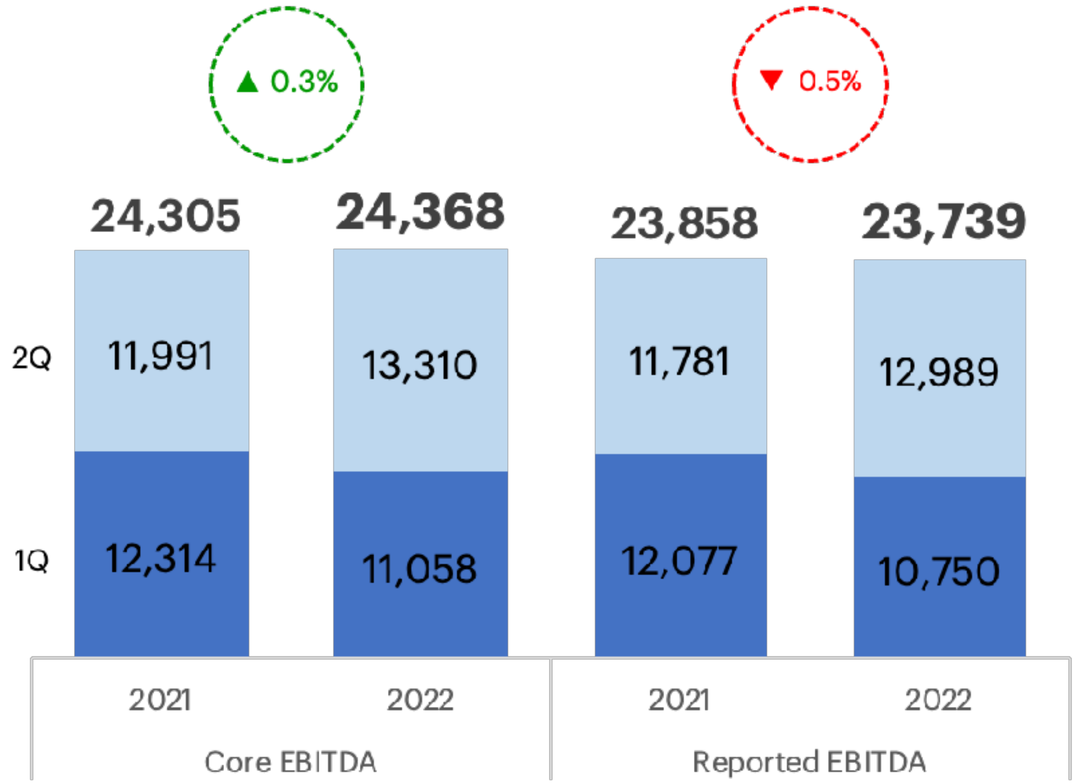
1H 2022 **Net Income and EBITDA** in PhP, Mn

Increase in CCNI driven by continued contribution from power generation and higher DU volumes.

Core and Reported Net Income



Core and Reported EBITDA



Margin	*8%*	*7%*	*7%*	*7%*	*16%*	*12%*	*16%*	*12%*

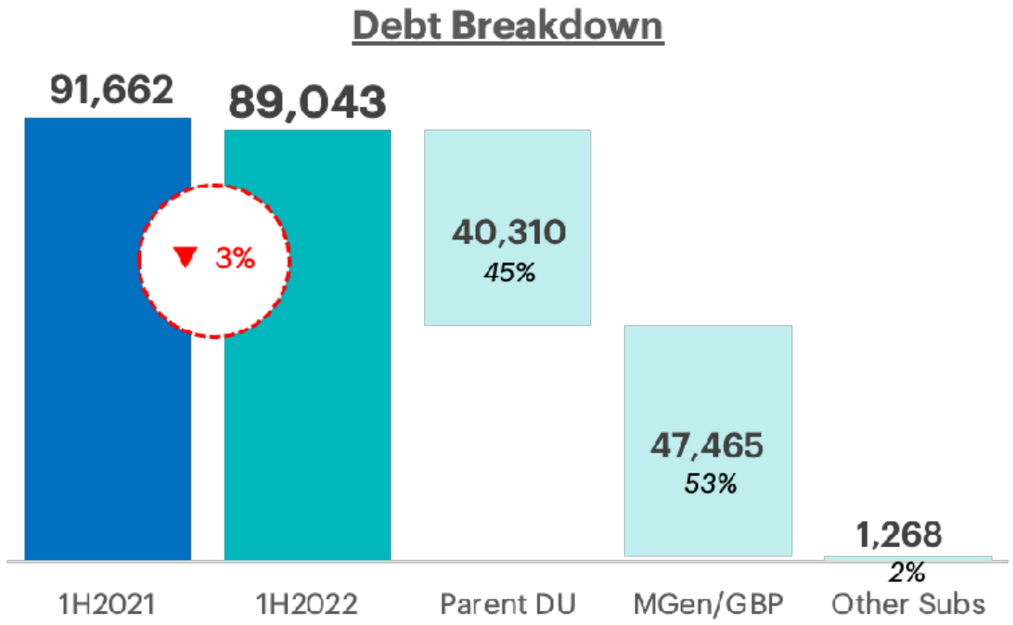
1H 2022 **Power Generation Results of Operations**

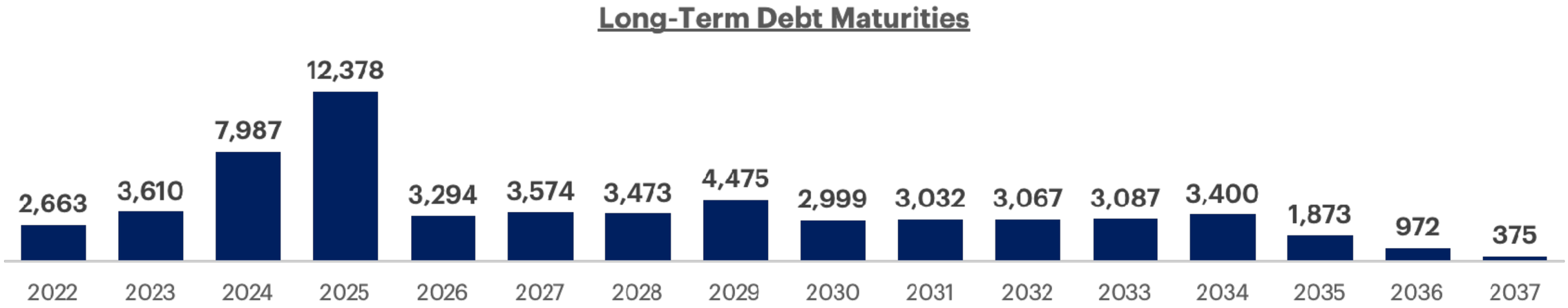
CCNI contribution from power generation as a result of PacificLight's turnaround performance driven by the increasing demand in Singapore and higher margin on spot prices, SBPL and BulacanSol's continued delivery to Meralco under 20-year PSAs.

	PacificLight	SBPL	BULACANSOL	GBP GLOBAL BUSINESS POWER
Core Net Income	**PhP 5.7 B**	**PhP 1.5 B**	**PhP 186 M**	**(PhP 1.2 B)**
Meralco Stake	**58%**	**51%**	**60%**	**100%**
Highlights of Operations	• 2,770 GWh of energy delivered in 1H 2022 with average plant availability of 91% • Turnaround from 1H 2021's net loss due to the 3% increase in demand and higher margin on spot prices • Total net capacity of 771 MW, of which 640 MW is contracted	• 1,368 GWh of energy delivered in 1H 2022 with average plant availability of 86% • Fully-contracted with Meralco under a 20-year PSA valid until 2039	• 63 GWh of energy delivered in 1H 2022 with average plant availability of 99.73% • Began commercial operations on May 12, 2021 • Fully-contracted with Meralco under a 20-year PSA valid until 2041	• 2,361 GWh of energy delivered in 1H 2022 • Losses due to higher fuel costs combined with the implementation of fixed rate contracts, and impact of Typhoon Odette • Total net capacity of 970 MW, of which 816 MW is contracted

1H 2022 **Credit and Debt Profile** in PhP, Mn (except ratios)

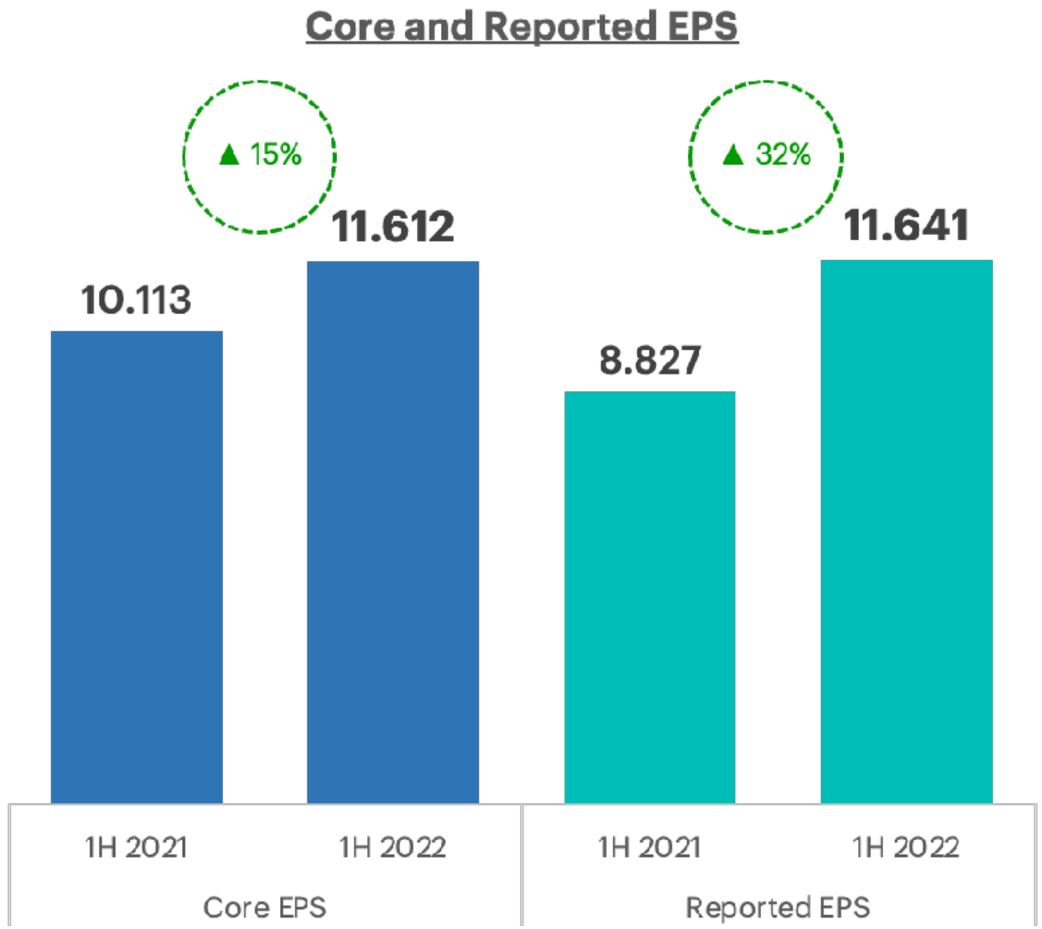
	1H 2022	1H 2021	Change
Cash & Cash Equivalents	**49,999**	51,812	▼ -3%
Short-Term Investments	**17,960**	17,458	▲ 3%
Gross Debt	**89,043**	91,662	▼ -3%
Net Debt	**21,084**	22,392	▼ -6%
Gross Debt to EBITDA	**1.88**	1.92	▲ -2%
Net Debt to EBITDA	**0.44**	0.47	▲ -5%
Gearing Ratio	**0.22**	0.28	▼ -22%
Interest Expense	**2,148**	1,554	▲ 38%
Interest Income	**920**	1,137	▼ -19%

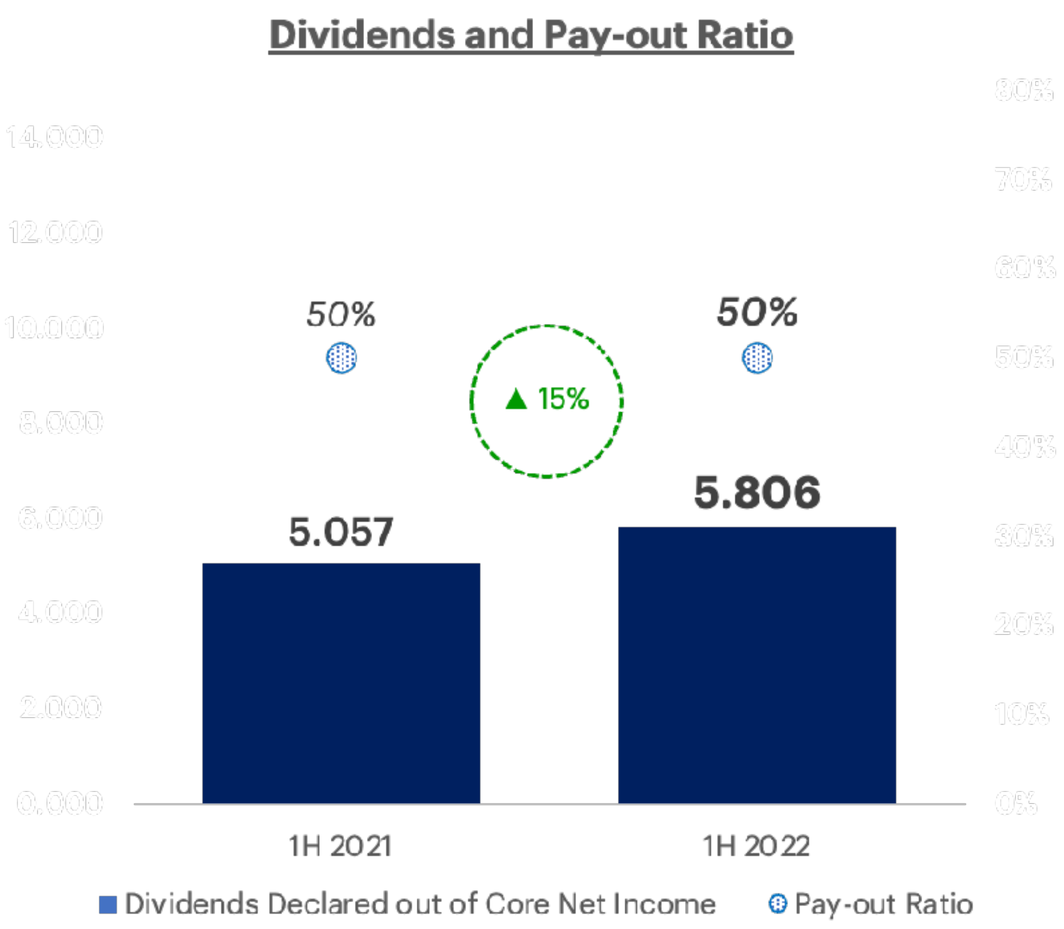




1H 2022 **Earnings per Share and Dividends** in PhP per share

Increasing shareholder value with declaration of Php 5.806 per share interim dividends, representing 50% of 1H 2022 Core Earnings per Share.





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OPERATING RESULTS

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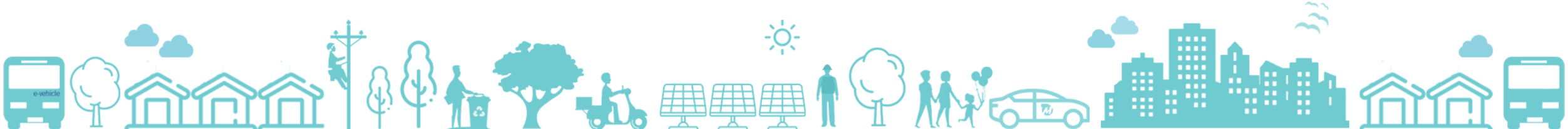


1H 2022 **Operational Highlights**

BUSINESS DRIVERS

Energy Sales

23,968 GWh

▲ 6% vs. 2021

Customer Count

7.519 M

▲ 3% vs. 2021

Net System Input

25,289 GWh

▲ 6% vs. 2021

Meralco Peak Demand

8,111 MW

▲ 4% vs. 2021

May 13, 2022

SERVICE PERFORMANCE

System Loss

5.86%

▲ 0.03%PT, 12-MMA vs. 2021

System Average Interruption Frequency Index

0.660 times

▲ 1% vs. 2021

System Average Interruption Duration Index

62.508 minutes

▼ 4% vs. 2021

Time to Connect

1.62 days

▼ 5% vs. 2021

ELECTRICITY RATE per kWh

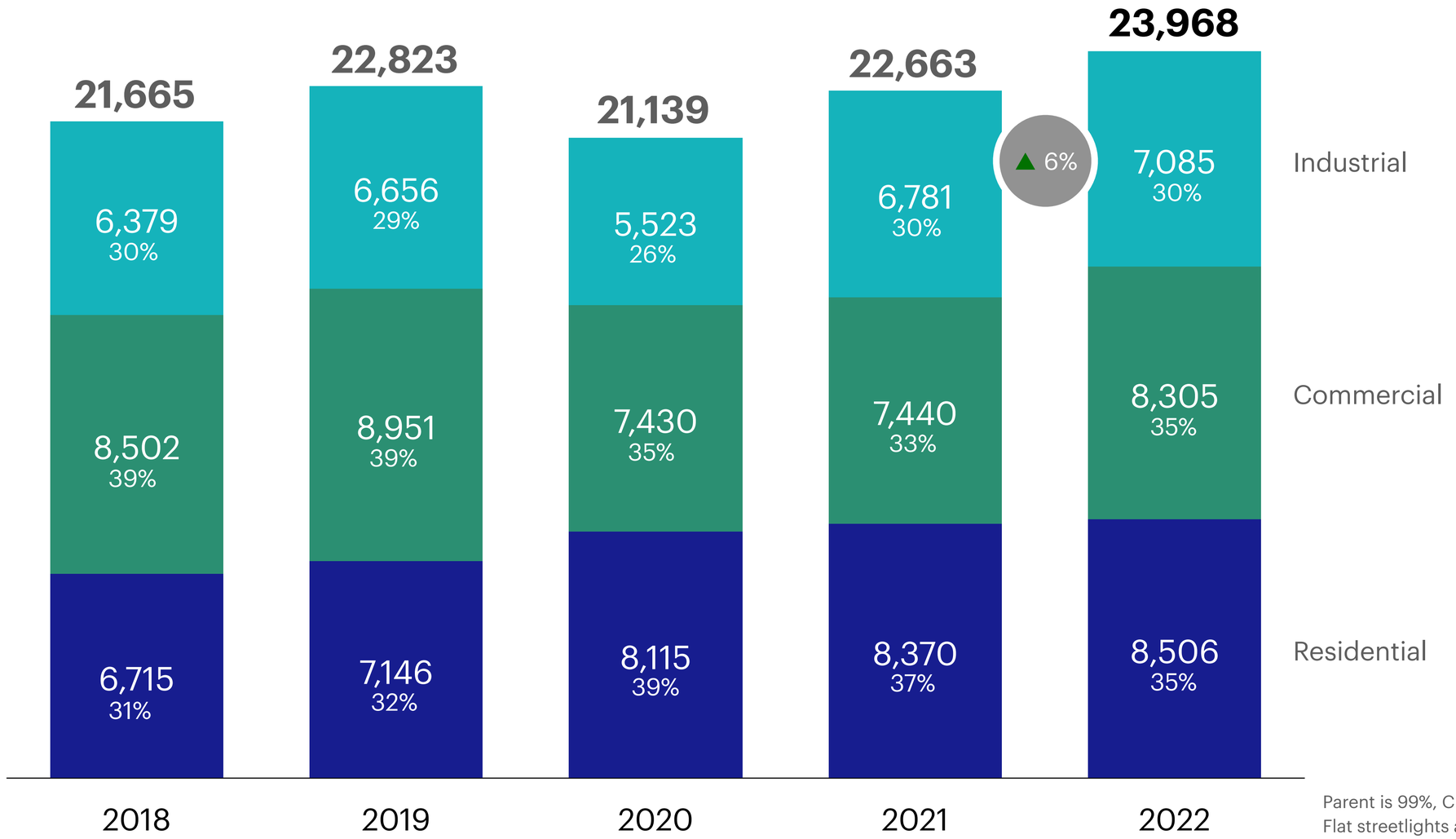
Average Retail Rate

PhP 9.33

▲ 18%, vs 2021

1H 2022 **Consolidated Energy Sales** in GWh

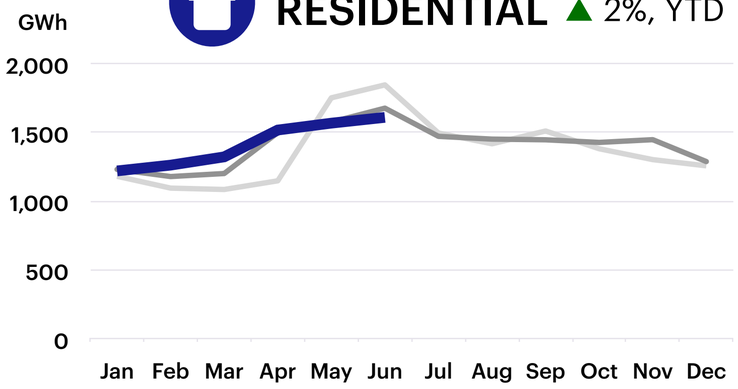
Surpassed pre-pandemic levels as total energy sales increased 6% vs. 2021 driven by double-digit growth from Commercial segment



Parent is 99%, CEDC is 1%
Flat streetlights account for <1%

1H 2022 **DU Energy Sales Profile and Drivers**

RESIDENTIAL ▲ 2%, YTD

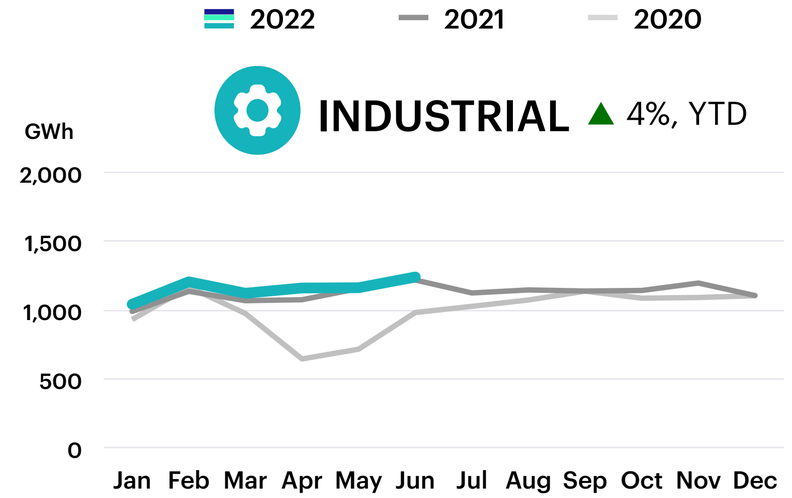


- Grew 2% as mobility increased due to relaxed restrictions and return-to-work
- Continuous strong household energizations with significant contribution from mass housing projects in Cavite and Bulacan
- Tempered consumption amid increasing prices of fuel and commodities, as well as early onset of rainy season

COMMERCIAL ▲ 11%, YTD

- Grew 11% driven by heightened activities as economy continued to reopen under Alert Level 1
- Retail, Restaurants, and Hotels operated at full capacity
- Education benefitted from elections and recovered with face-to-face activities
- Real Estate (e.g., rentable spaces) ramped up as Fiscal Incentives Board mandated IT-BPM sector to adopt hybrid work set-up
- Transport improved from Libreng Sakay program of MRT-3 and PUVs

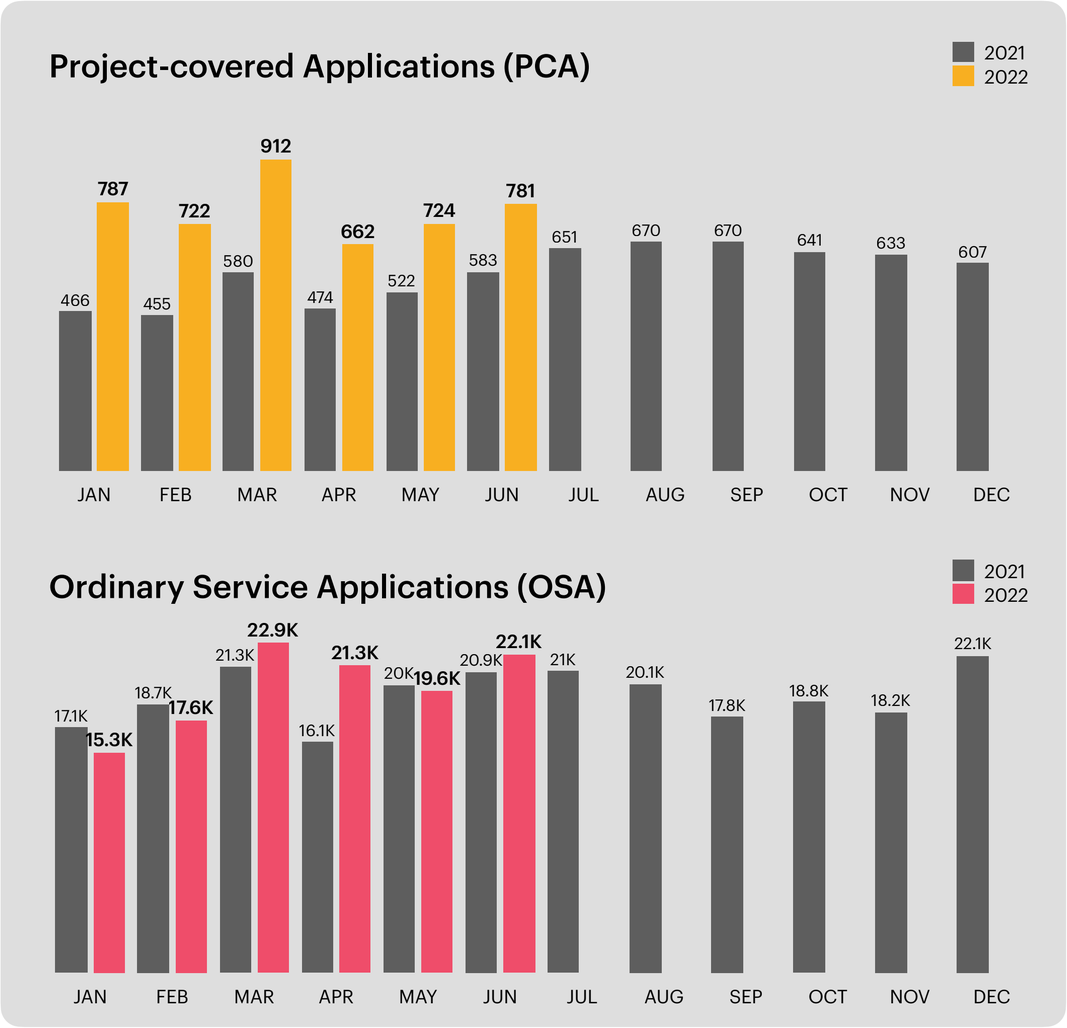
INDUSTRIAL ▲ 4%, YTD

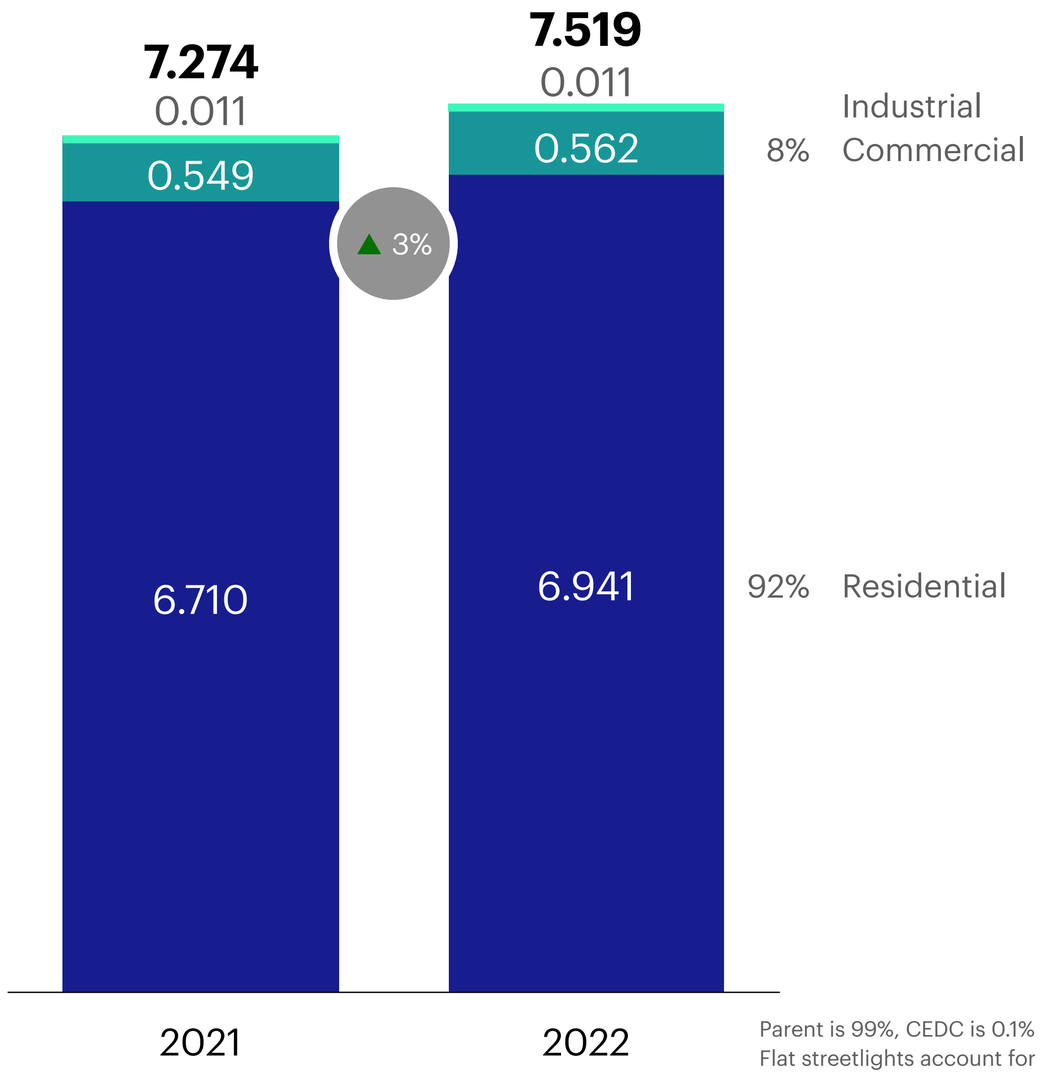


- Grew 4% driven by increase in demand from easing restrictions
- Semicon continued to grow despite shortage of raw materials
- Steel benefitted from high demand of local billets and high global prices
- Cement improved as construction activities ramped up
- F&B and Plastics posted growth from increased demand for essentials production
- Electricity, Gas, and Water slowed down due to declining output of generators

1H 2022 **Consolidated Customer Count** in M

Sustained PCA and OSA performance driven by energizations of mixed-use buildings, subdivisions, and telecoms customers

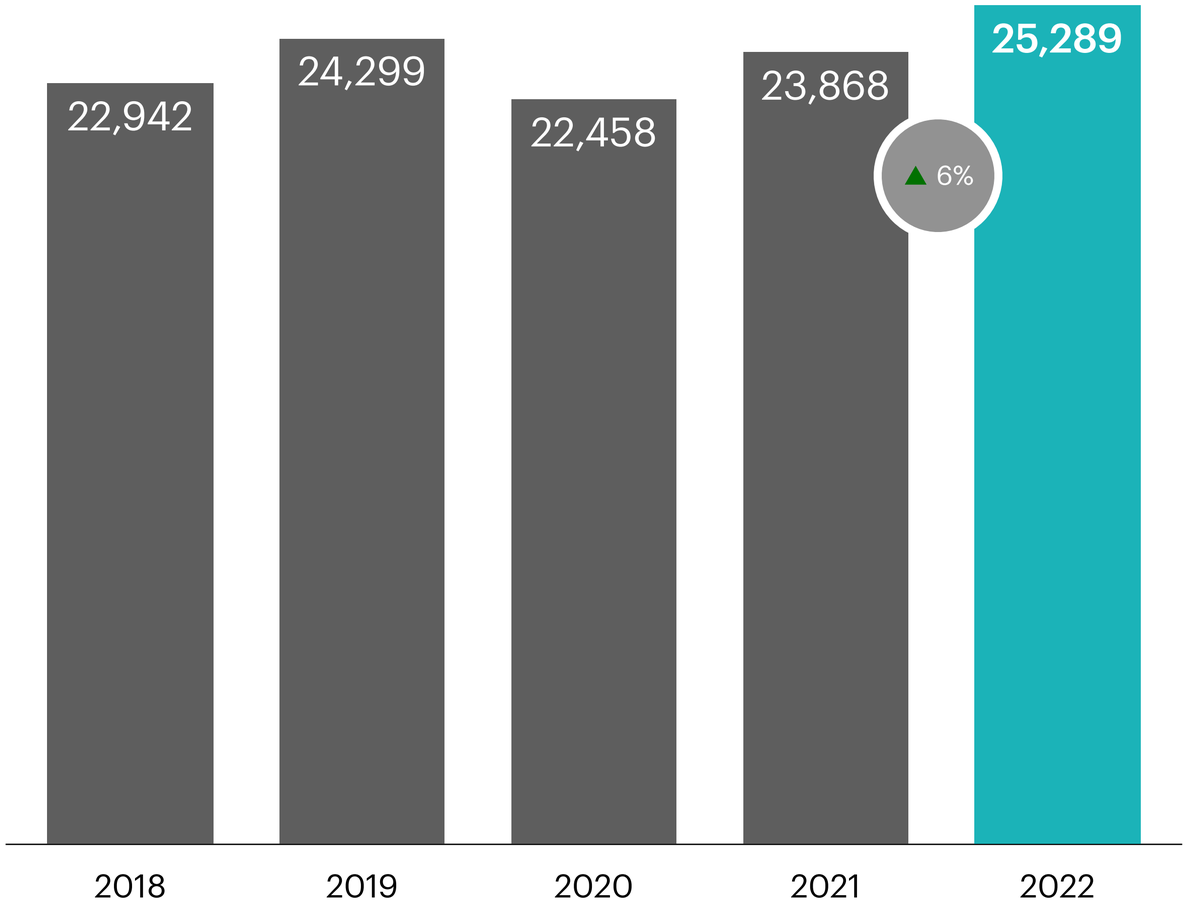


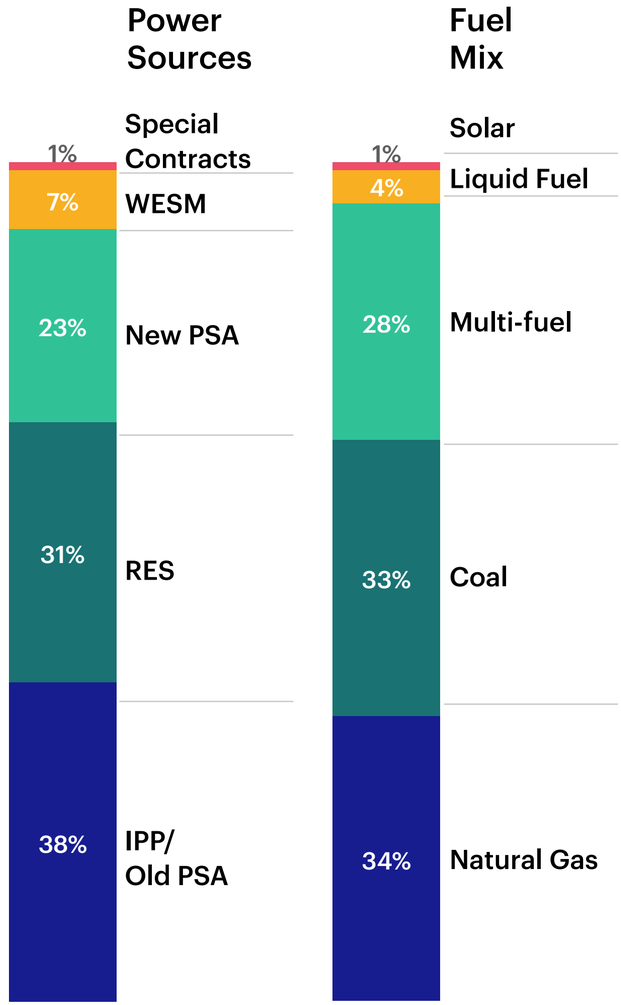


Parent is 99%, CEDC is 0.1%
Flat streetlights account for <1%

1H 2022 **Consolidated NSI** in GWh

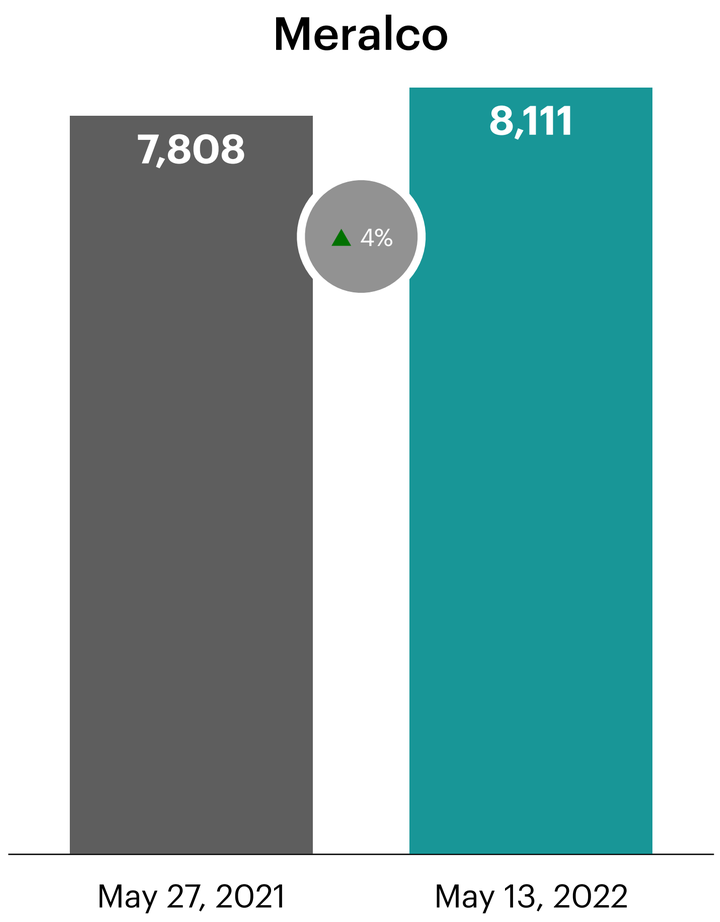
Higher vs. pre-pandemic performance driven by recovery across all customer segments

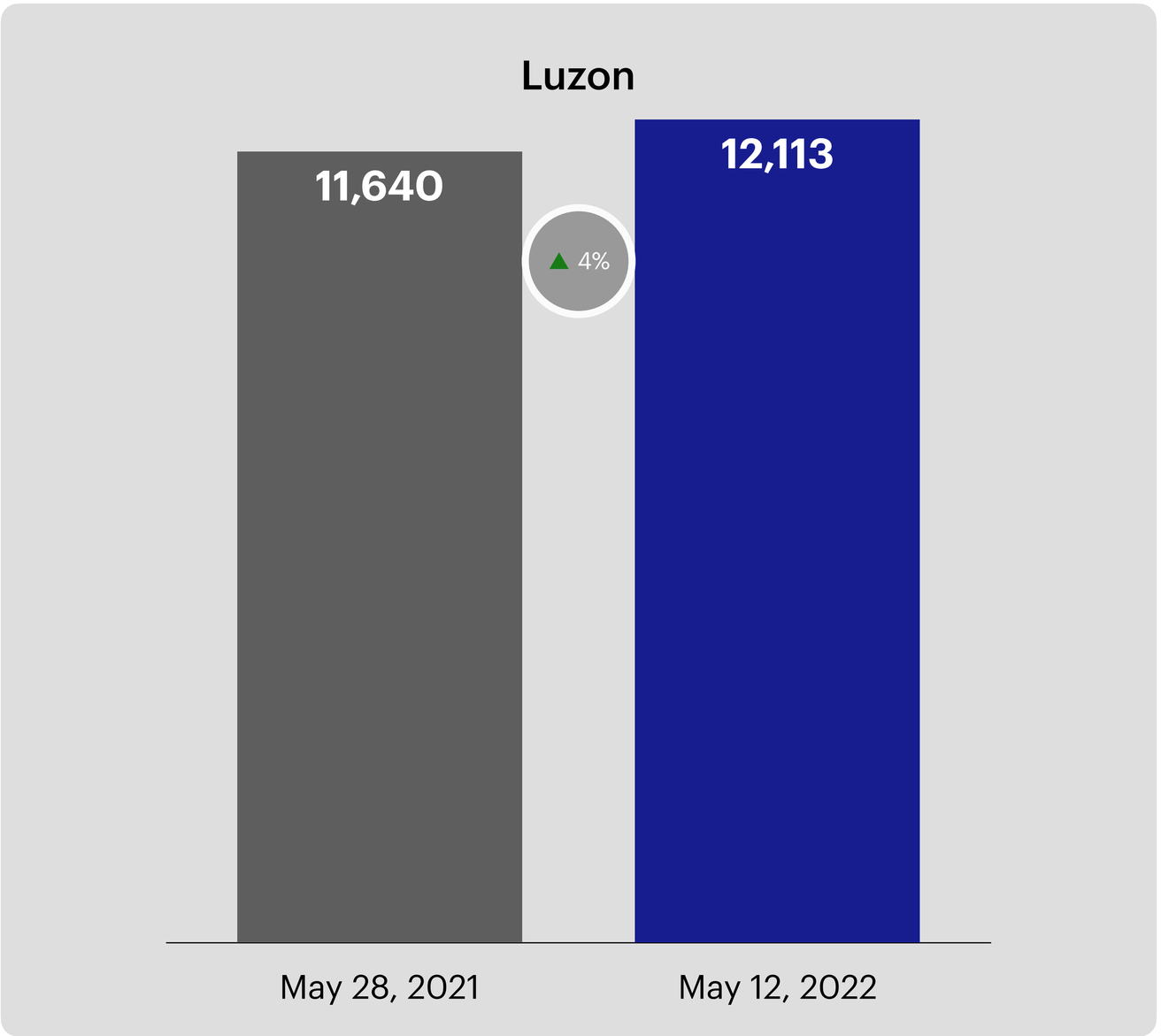




1H 2022 **Peak Demand** in MW

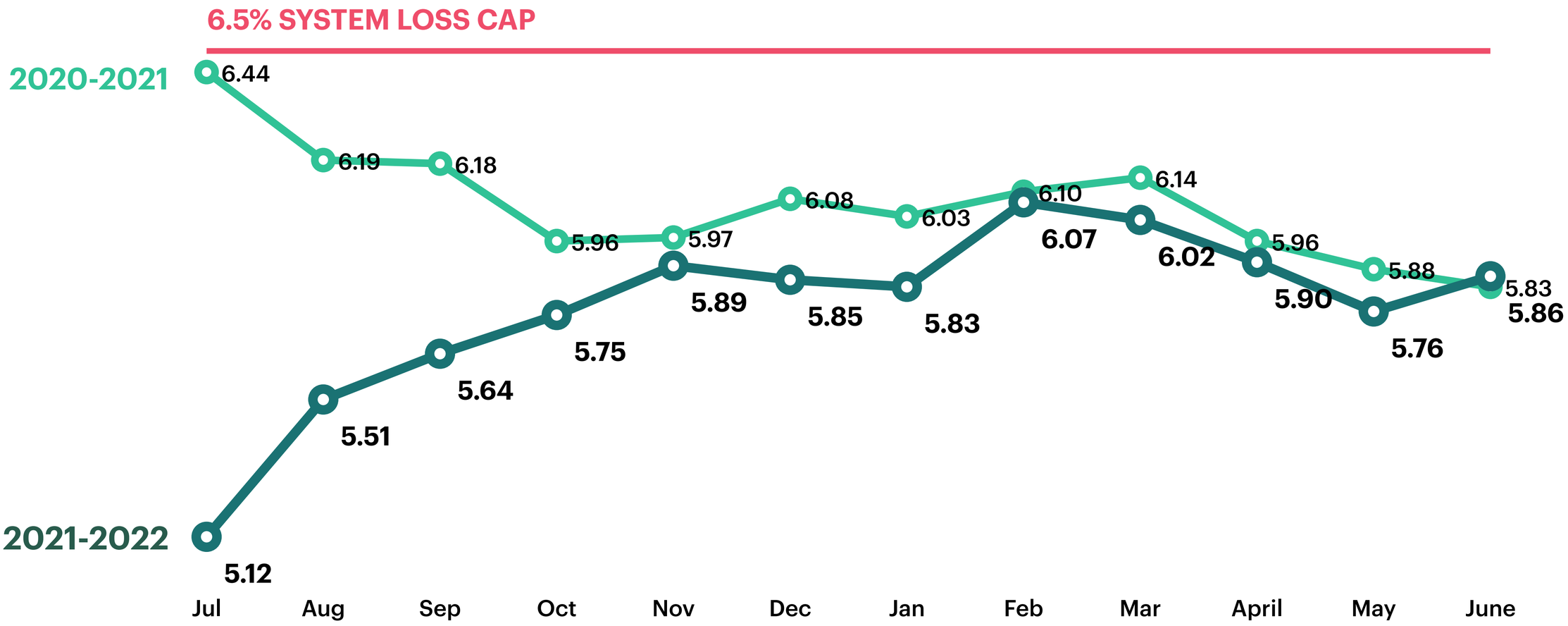
Meralco and Luzon peaks above 2021 due to heightened activities amid Alert Level 1





1H 2022 **System Loss** in %, 12-MMA

Slightly higher vs. 2021 due to ramp up in consumption towards latter part of June supply month, but still below cap



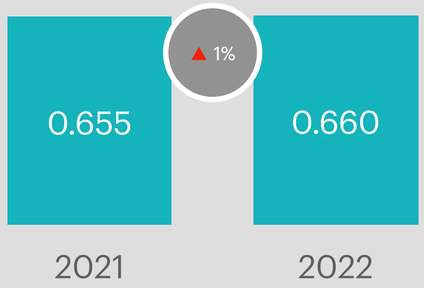
1H 2022 **S-Factor Performance and Guaranteed Service Levels (GSL)**

Continued to deliver well within performance ceilings despite slight increase in SAIFI

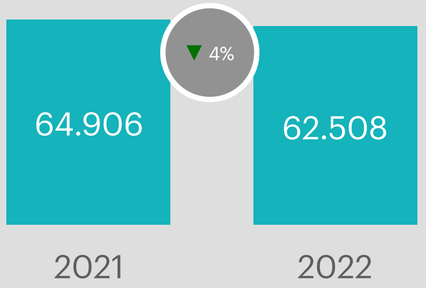
Network

- **% Probability of Voltage Violation** at 0.06 (within rewards level of <0.85)
- **Planned SAIDI** at 30.237 minutes (within rewards level of <126.57)

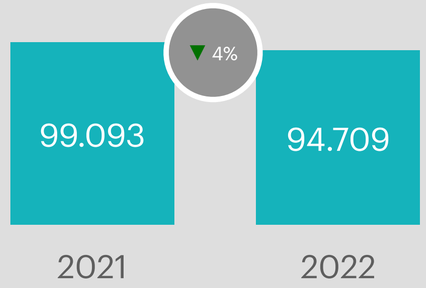
SAIFI times
Rewards < 6.98



SAIDI
in minutes

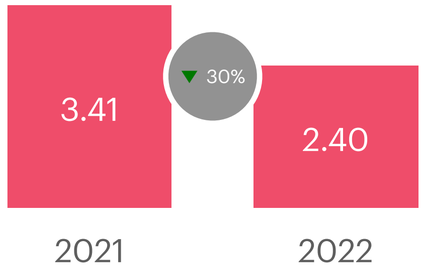


CAIDI in minutes
Rewards < 144.40

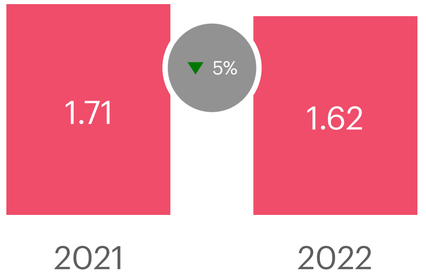


Customer

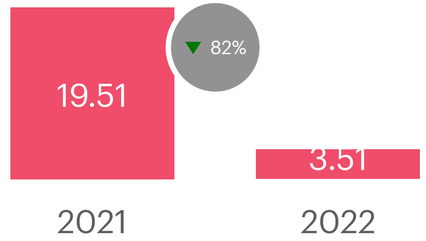
Average Time to Process Applications
in days | Rewards < 7.90



Average Time to Connect
in days | Rewards < 3.55



Call Center Performance
in seconds | Rewards < 13.55



RY2022

GSL 1*
136 customers
experiencing cumulative duration of sustained interruptions
up to 373,658 violations

GSL 2*
136 customers
experiencing number of sustained interruptions
up to 18,989 violations

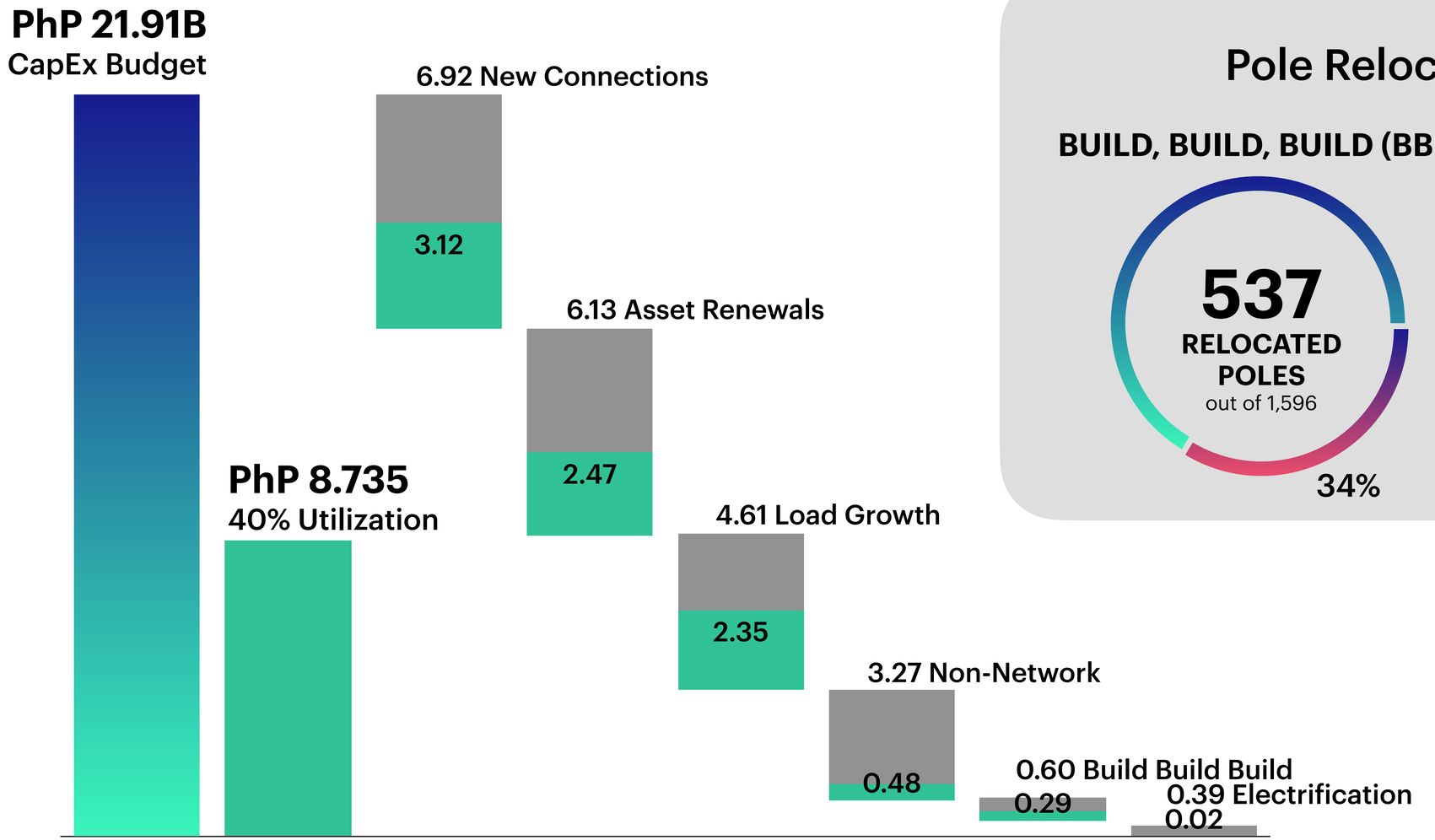
GSL 3
224 incidents
restoration of supply to customer after fault on secondary line
up to 234,439 violations

GSL 4
38,711 days-delay
connection not provided agreed with customer
up to 163,995 violations

*Due to overloading of existing 60-kW Solar PV facility (in Cagbalete Island, Quezon) with pending ERC approval for additional 1.4-MW expansion

1H 2022 **Networks CapEx** in PhP, B

40% of CapEx budget utilized with ~90% of spend in new connections, asset renewals, and load growth, while continuing to support BBB and DPWH projects



Pole Relocation Program

BUILD, BUILD, BUILD (BBB)

537
RELOCATED POLES
out of 1,596

34%

DPWH ROAD WIDENING

775
RETIRED POLES
out of 3,227

24%

Networks Project Updates

Development of Commonwealth Gas-Insulated Switchgear (GIS) Substation

- Commissioned 83 MVA power transformer bank 1 and distribution feeder on April 12, 2022 as part of RY2019 CAPEX filing (PhP 606M)
- Implemented to:
  - Unload critically-loaded power transformer banks in Diliman and Novaliches substations
  - Address increasing power demand in Quezon City
  - Enhance switching flexibility during contingencies
  - Improve voltage regulation and reduce technical system loss

Networks Project Updates
Development of Escoda GIS Substation

- Commissioned 83 MVA power transformer bank 1 and three distribution feeders on April 28, 2022 as part of RY2016 CAPEX filing (PhP 436M)
- Implemented to:
  - Relieve loading of Paco transformer banks 1 and 2, and Tegen transformer banks 7 and 9
  - Improve operational switching flexibility benefitting customers in Manila
- Implemented new color scheme for Meralco GIS building to blend with community and environment

Networks Project Updates
Commissioning of Parang-San Mateo 115 kV Line

- Commissioned on May 6, 2022 as part of San Mateo Substation Development RY2017 CAPEX filing
- Implemented to:
  - Provide needed N-1 contingency for Parang, San Mateo, and Commonwealth substations, improving operational switching flexibility
  - Enhance reliability of 115 kV subtransmission system in Rizal Sector
  - Reduce technical system loss by 104 MWhr annually
  - Improve voltage regulation in San Mateo and Rodriguez, Rizal

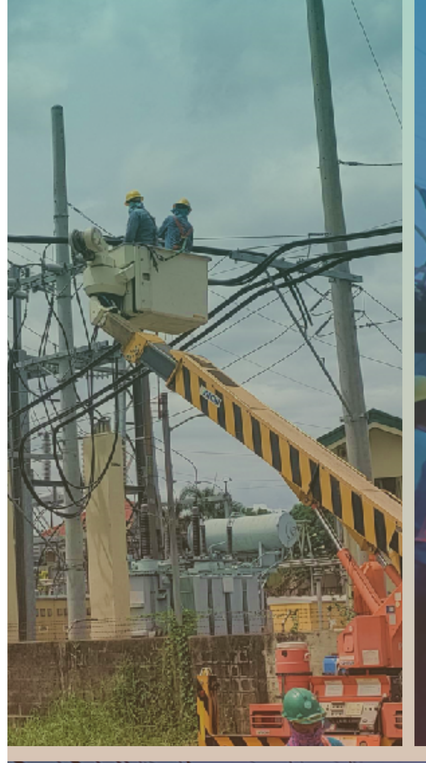
Note: Project completion was delayed due to (1) limited construction hours allowed by San Mateo LGU and (2) difficulty in securing permits and ROW from the same LGU and private property lot owners

BBB/PPP Pole Relocation Project Updates
NLEX-SLEX Connector Road

- 8-km, 4-lane, all-elevated expressway
  - C3 Road Caloocan Interchange to PUP Sta. Mesa, Manila
  - Connects to Skyway Stage 3 and mostly traverses PNR Rail Track
- Relocated 1,121 poles
  - June: Relocated 68 poles including those along Piers 176-184 to give way to bored piling, column and crosshead erection by NLEX Corporation

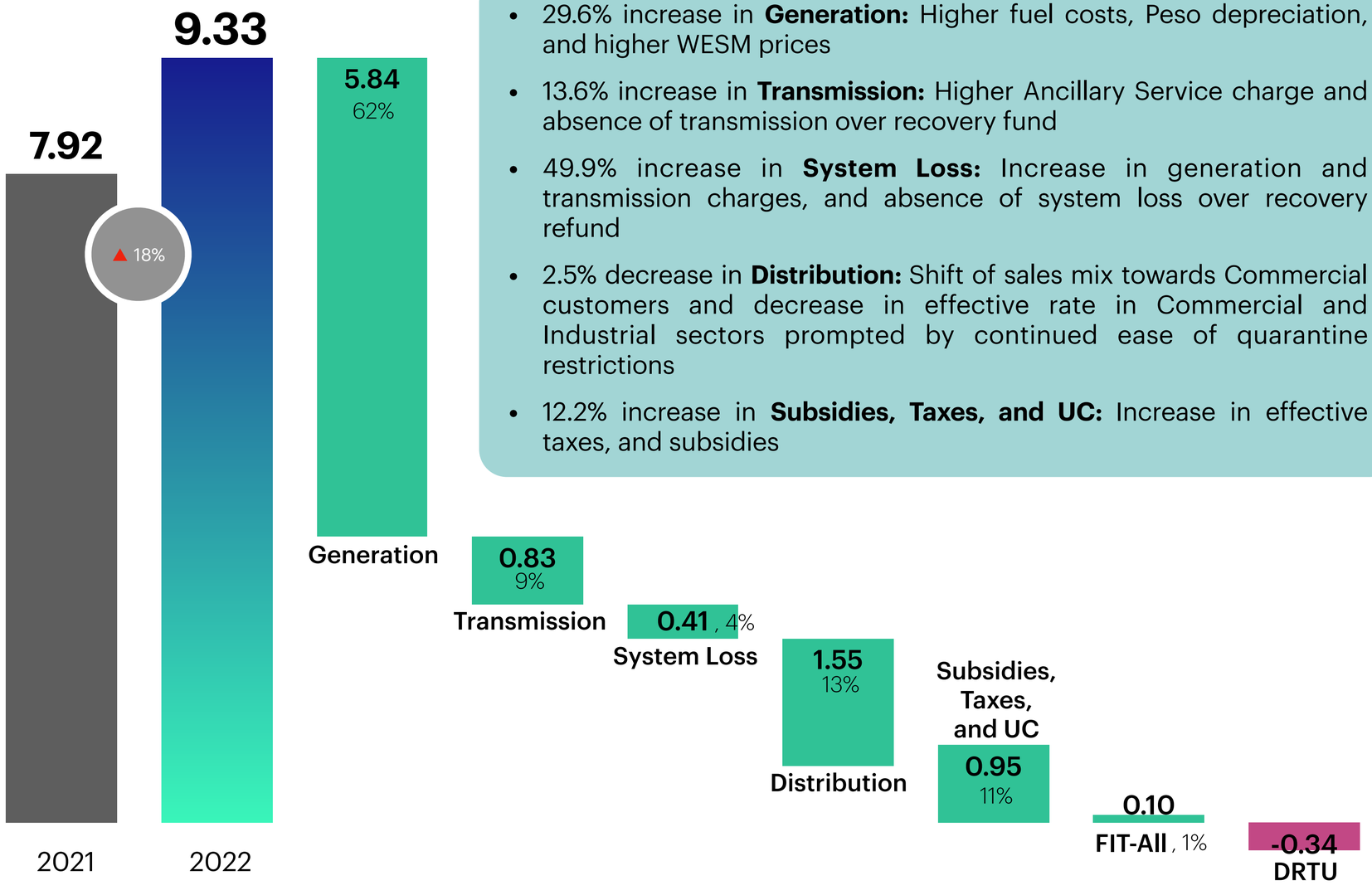
BBB/PPP Pole Relocation Project Updates
PNR North 1 Rail Transit

- 38-km urban rail transit
  - Part of North-South Commuter Railway (NCSR)
  - Connects Malolos City, Bulacan with Tutuban, Manila
  - Consists of 10 stations for construction
- Relocated 470 poles
  - June: Relocated 72 poles allowing completion of bored piling works crucial for rail project



1H 2022 **Average Retail Rate** in PhP per kWh

18% increase vs. 1H 2021 due to higher generation, transmission, system loss charges, and taxes



- 29.6% increase in **Generation:** Higher fuel costs, Peso depreciation, and higher WESM prices
- 13.6% increase in **Transmission:** Higher Ancillary Service charge and absence of transmission over recovery fund
- 49.9% increase in **System Loss:** Increase in generation and transmission charges, and absence of system loss over recovery refund
- 2.5% decrease in **Distribution:** Shift of sales mix towards Commercial customers and decrease in effective rate in Commercial and Industrial sectors prompted by continued ease of quarantine restrictions
- 12.2% increase in **Subsidies, Taxes, and UC:** Increase in effective taxes, and subsidies

Average Rate per Customer Segment

10.45 Residential

9.28 Commercial

7.95 Industrial

10.72 Streetlights

0.50 Generator Wheeling

Regulatory Updates
ERC Decision on Maximum Average Price (MAP) for RY2012-2015

- ***June 10, 2022:*** Decision on ERC Cases 2010-069RC (3RP), 2011-088RC (MAP 2012), 2012-054RC (MAP 2013), 2013-056RC (MAP 2014), and 2014-029RC (MAP 2015) recognizing "intertwined and causal relationship" between 3RP Opening RAB True Up and MAP applications
- Re-computation and finalization of MAP Translated Rates from RY 2012-2015

	RY2012	RY2013	RY2014	RY2015
Provisionally Approved MAP	1.6012	1.6303	1.6474	1.5562
Final MAP	1.5683	1.5801	1.5708	1.4575
Over-recovery (for refund)	0.0328	0.0502	0.0766	0.0987

- Decision confirms rates resulting in PhP 7.75B refund due to RAB True Up (refund internally known as DRTU-3)*

*ERC Order (dated March 8, 2022) pertains to Meralco's 3RP Opening RAB True Up and revision in 3RP CapEx resulting in PhP 7.57B refund (internally known as DRTU-3)

Regulatory Updates
ERC Decision on Interim Average Rate (IAR) for Lapsed Period

- ***June 16, 2022:*** Decision on ERC Case 2015-112RC, Meralco's proposed IAR due to lack of rules governing 4RP
- Due to revision in Meralco's 3RP Opening RAB and CapEx, Smoothed MAP (SMAP) for RY2012-2015 recalculated, and formed basis for revised IAR applicable to Lapsed Period July 2015 to June 2022*

	RY2012	RY2013	RY2014	RY2015	Average	Less: 2RP Under Recovery	Less: Efficiency Carryover	IAR
3RP Final Determination	1.5828	1.5824	1.5821	1.5817	1.5822	-0.1883	-0.0129	1.3810
Recomputed	1.5532	1.5533	1.5534	1.5536	1.5534	-0.1883	-0.0129	1.3522
Difference	0.0296	0.0291	0.0286	0.0281	0.0288	-	-	0.0288

- Decision "resolved to finally close the Lapsed Period" and applicable rate shall be recomputed IAR
- ERC also directed Meralco to implement ERC-approved IAR of PhP 1.3522 per kWh and revised distribution, supply and metering charges starting in next billing cycle (August 2022) until otherwise directed

*ERC Order (dated March 8, 2022) pertains to Meralco's 3RP Opening RAB True Up and revision in 3RP CapEx resulting in PhP 7.57B refund (internally known as DRTU-3)

Regulatory Updates

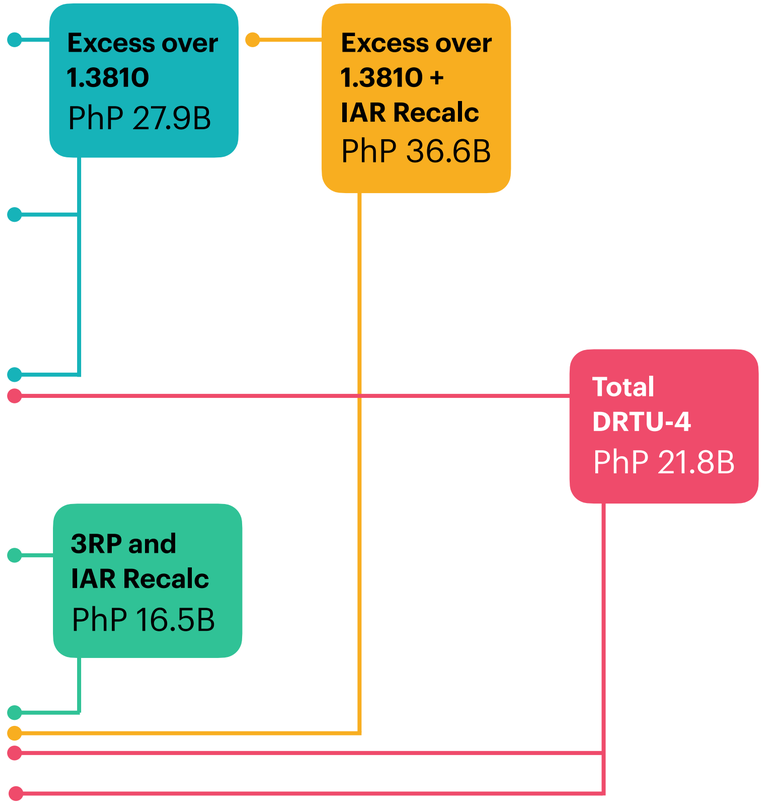
ERC Decision on Confirmation of Lapsed Period Calculation and Final Actual Weighted Average Tariff (AWAT) Refund

- ***June 16, 2022:*** Decision on ERC Case 2020-043RC adopting confirmation and true-up process in determining the Lapsed Period rates, by factoring in adjustments made in MERALCO's 3RP Regulatory Asset Base (RAB) and resulting recomputed IAR of PhP 1.3522.
- Confirmed rates subjected to true-up mechanism against AWAT.
- Total refund PhP 21.8B considering remaining balance representing difference between PhP 1.4730 AWAT and recalculated IAR of PhP 1.3522, inclusive of PhP 3.9B interest charges. This is internally called DRTU-4, implemented in July 2022.

	Internal Name	RY2012
Total AWAT vs. 1.3522 IAR Refund (July 2015-June 2022)		36.6 B
Less: AWAT vs. 1.3810 IAR Refund (July 2015-Nov 2020)	DRTU-1	-13.9 B
Less: AWAT vs. 1.3810 IAR Refund (Dec 2020-Dec 2021)	DRTU-2	-4.8B
Remaining Refund Balance		17.9 B
Add: Interest		+3.9 B
Remaining Refund Balance + Interest	DRTU-4	21.8 B

Regulatory Updates
Summary of PBR Refunds

		Rate	Refund
DRTU-1: AWAT vs IAR for Jul 2015 to Nov 2020	AWAT (July 2015-Nov 2020)	1.4414	
	Less: Interim Average Rate (IAR)	1.3810	
	Difference	0.0604	PhP 13.9B
DRTU-2: AWAT vs IAR for Dec 2020 to Dec 2021	AWAT (Dec 2020-Dec 2021)	1.4794	
	Less: IAR	1.3810	
	Difference	0.0984	PhP 4.8B
DRTU-4: AWAT vs. IAR portion for Jan-June 2022	AWAT (Jan-June 2022)	1.7602	
	Less: IAR	1.3810	
	Difference	0.3792	PhP 9.2B
DRTU-3: 3RP Asset True Up (ATU)	3RP Smoothed Price Average	1.5822	
	Less: Recalculation due to Asset True Up	1.5534	
	Difference (3RP)	0.0288	PhP 7.8B
DRTU-4: 3RP ATU impact to Lapsed Period	IAR	1.3810	
	Less: Recalculated IAR	1.3522	
	Difference (Lapsed Period)	0.0288	PhP 8.7B
DRTU-4: Interest	Interest on AWAT vs. Recalculated IAR		PhP 3.9B
	Total 3RP Asset True Up, Recalculated IAR, AWAT- Adjustment and Interest		**PhP 48.3B**



Regulatory Updates

Supreme Court Decision on Staggered Approval of November 2013 Supply Month Billing Charge 1/2

DECISION (Voting 6-5)

- ***July 6, 2022:*** Received Supreme Court (SC) Decision resolving consolidated petitions:
  - G.R. No. 210245 – Partylist reps. (Bayan Muna, Gabriela, ACT Teacher and Kabataan) vs. ERC and Meralco
  - G.R. No. 210255 – NASECORE, FOVA, and FOLPHA vs. Meralco, ERC, and DOE
  - G.R. No. 210502 – Meralco vs. PEMC, GenCos that Meralco had PSAs with GenCos that trade in WESM and NGCP (Meralco's counter-petition to initial petition)
- Filing of petitions prompted by December 9, 2013 ERC letter granting Meralco's proposal to implement staggered collection of December 2013 bill to mitigate significant increase in generation charges
  - Total generation costs at PhP 22.64B, translating to PhP 9.1070/kWh. ERC cleared implementation of PhP 7.67/kWh in December 2013, additional PhP 1.00/kWh in February 2014, and balance in March 2014
- SC initially issued TRO on December 23, 2013 to enjoin implementation of said ERC Order
  - ***Apr. 22, 2014:*** SC indefinitely extended TRO issued on December 23, 2013 and February 18, 2014, and directed GenCos, NGCP, and PEMC not to collect from Meralco
- ERC filed Manifestation and Motion dated March 6, 2014 praying that Order dated March 3, 2014 be considered in resolution of case
  - Order voided WESM prices during November and December 2013 supply months and imposed regulated prices

Regulatory Updates

Supreme Court Decision on Staggered Approval of November 2013 Supply Month Billing Charge 2/2

RULING

- Affirmed validity of December 9, 2013 ERC letter granting Meralco's proposal on staggered recovery of generation costs
  - ERC has not acted with grave abuse of discretion. ERC acted within regulatory powers in approving staggered recovery of generation costs
  - When ERC allowed staggered recovery of adjustment charges, while denying request for carrying cost, ERC did so precisely to protect consumer interest. If ERC did not approve staggered recovery, Meralco, consistent with AGRA mechanism, could have imposed full bill in applicable billing period.
  - Recovery is still subject to ERC's post-verification procedures following existing guidelines on imposition of generation rate
- Nullified March 3, 2014 ERC Order
  - Order is premature and violative of due process as it was issued while ERC was still "completing its findings on possible abuse of market power which could have negatively impacted on prices of electricity in the market"

DISSENTING OPINIONS (Justices Leonen and Lazaro-Javier)

- Circumstances surrounding ERC's approval of MERALCO's proposal showed grave abuse of discretion
- Regulatory failure on part of ERC for not acting on anti-competitive behavior

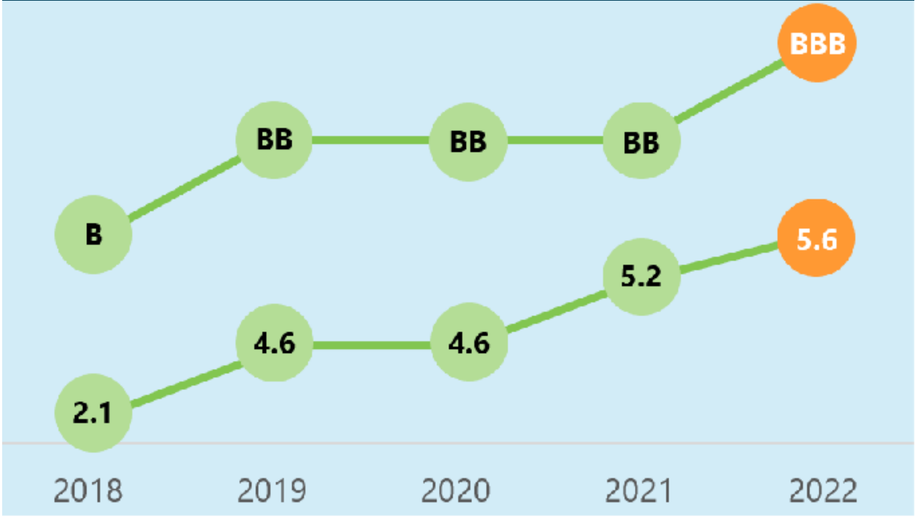
#PoweringTheGoodLife

MSCI upgrades Meralco to BBB in latest ESG ratings

MSCI ESG Ratings

- **8,500+ companies** rated on general and industry-specific ESG issues
- Rating system: 0 / CCC (lowest) to 10 / AAA (highest)
- Current BBB rating is **Meralco's all-time best**
- Strong performance cited in:
  - Opportunities in Renewable Energy
  - Human Capital Development

Meralco MSCI ESG Ratings (2018-2022)



MSCI ESG ratings (Philippine companies)

Globe Telecom	A
MERALCO	**BBB**
Aboitiz Equity Ventures	BBB
Ayala Corporation	BBB
MPIC	BBB
Ayala Land	BB
Metrobank	BB
PLDT	BB
SM Investments Corporation	BB
ICTSI	B

#PoweringTheGoodLife

Meralco now part of World Benchmarking Alliance's (WBA) SDG2000

World Benchmarking Alliance

- **200+ non-profit organizations and financial institutions** that develop seven benchmarks to drive private sector engagement towards SDGs
  1. Social
  2. Food & Agriculture
  3. Climate & Energy
  4. Urban Transformation
  5. Digital Inclusion
  6. Circular
  7. Financial System
- Identifies **SDG2000**—world's 2,000 most influential companies crucial in SDG achievement

Meralco now part of SDG2000 and included in two benchmarks:

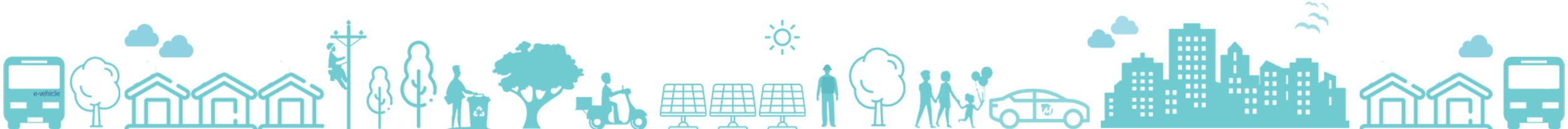
1. **Urban Transformation:** 2023/2024
2. **Social:** TBD

Other Philippine companies in SDG2000:

SM PRIME · AboitizPower · Globe · Jollibee · Universal Robina · PLDT · Megaworld · Metro Pacific Investments · Ayala

HALF YEAR ENDED JUNE 30, 2022
POWER GENERATION OPERATING RESULTS

July 25, 2022



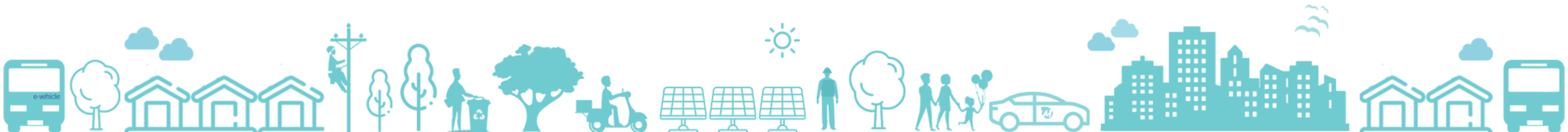
1H 2022 **Highlights**

- MGen Group energy delivered at 6,562 GWh, 6% lower vs. 6,963 GWh in 1H 2021 due to outages
- GBP energy delivered at 2,361 GWh, a decline of 7% vs. 2,533 GWh in 1H 2021 due to impact of typhoon Odette and outages
- SBPL energy delivered dipped 21% vs. 1H 2021 due to 25-day outage resulting in 86% plant availability. SBPL continues to recover as plant availability in June 2022 was at 100%
- PacificLight energy delivered 2,770 GWh, 3% higher vs. 1H 2021 as demand grew by 3.4%
- BulacanSol delivered 63 GWh with steady average availability at 99.7%

Energy Delivered in GWh

	YTD 2022	YTD 2021	% change
GBP	2,361	2,533	▼ 7%
SBPL	1,368	1,734	▼ 21%
PacificLight	2,770	2,682	▲ 3%
BULACANSOL	63	14	▲ 350%
TOTAL	6,562	6,963	▼ 6%

Renewable Energy Development

- Target of **1,500 MW** renewable energy (RE) capacity in next 5-7 years
- **RE Projects under Construction:**
  - 75 MWac solar in Baras, Rizal (in partnership with Mitsui)
  - 68 MWac solar in Ilocos Norte (in partnership with Vena)
- **RE Projects under Development:**
  - 45 MWac solar in Cordon, Isabela (in partnership with Mitsui)
- **Other RE Projects under Pre-Development:**
  - Construction of first large-scale wind farm
  - Solar/Storage developments that can compete in mid-merit space

THANK YOU