



MERALCO

HALF YEAR ENDED JUNE 30, 2020

FINANCIAL AND OPERATING RESULTS

Investors and Analysts Briefing
July 27, 2020

FINANCIAL HIGHLIGHTS

1H 2020



Financial Summary (in Million PhP)

NET INCOME & EBITDA

CCNI

₱10,588 ↓ 14.0%

REPORTED INCOME

₱6,844 ↓ 43.0%

CORE EBITDA

₱15,368 ↓ 22.7%

REPORTED EBITDA

₱11,395 ↓ 42.7%

REVENUES

GROSS REVENUES

₱142,254 ↓ 13.8%

DISTRIBUTION REVENUE

₱33,365 ↑ 2.8%

GENERATION & OTHER PASS-THROUGH CHARGES

₱105,266 ↓ 18.3%

EXPENSES

PURCHASED POWER COST

₱104,147 ↓ 17.8%

OPERATING EXPENSES

₱13,783 ↑ 9.0%

CAPITAL EXPENDITURES

₱6,860 ↓ 35.9%

CASH AND BORROWINGS

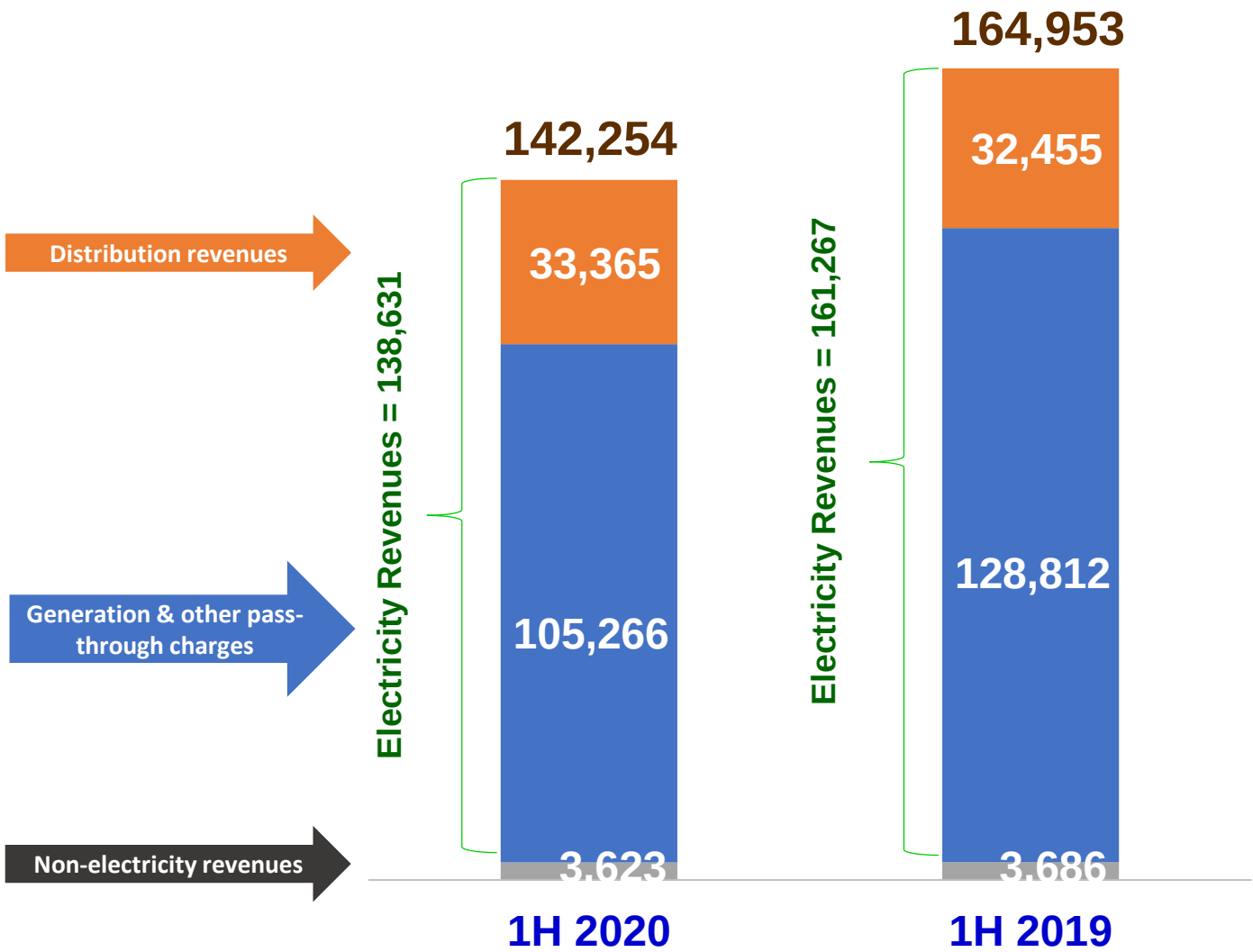
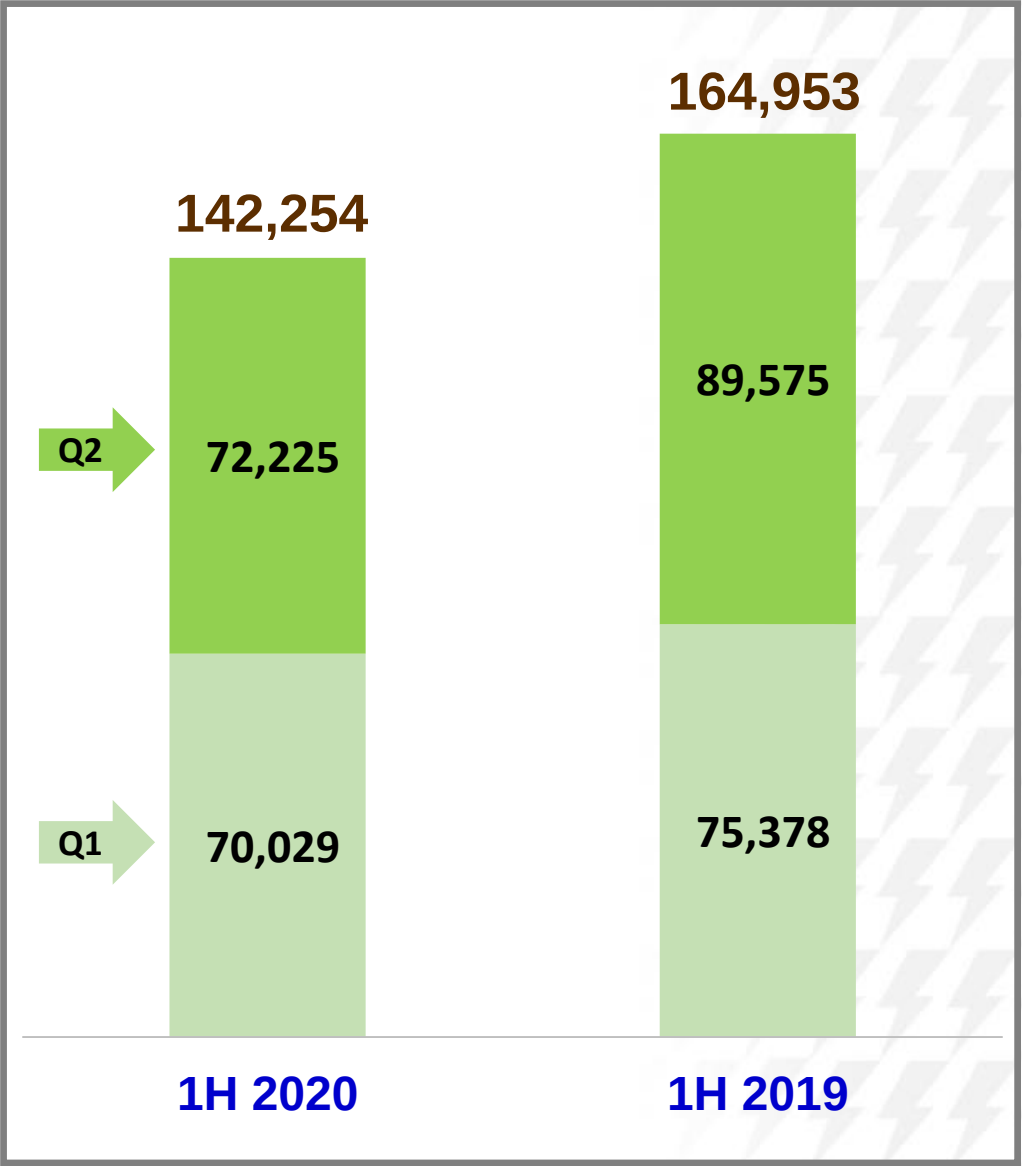
CASH & CASH EQUIVALENTS

₱27,580 ↑ 1.0%

BORROWINGS

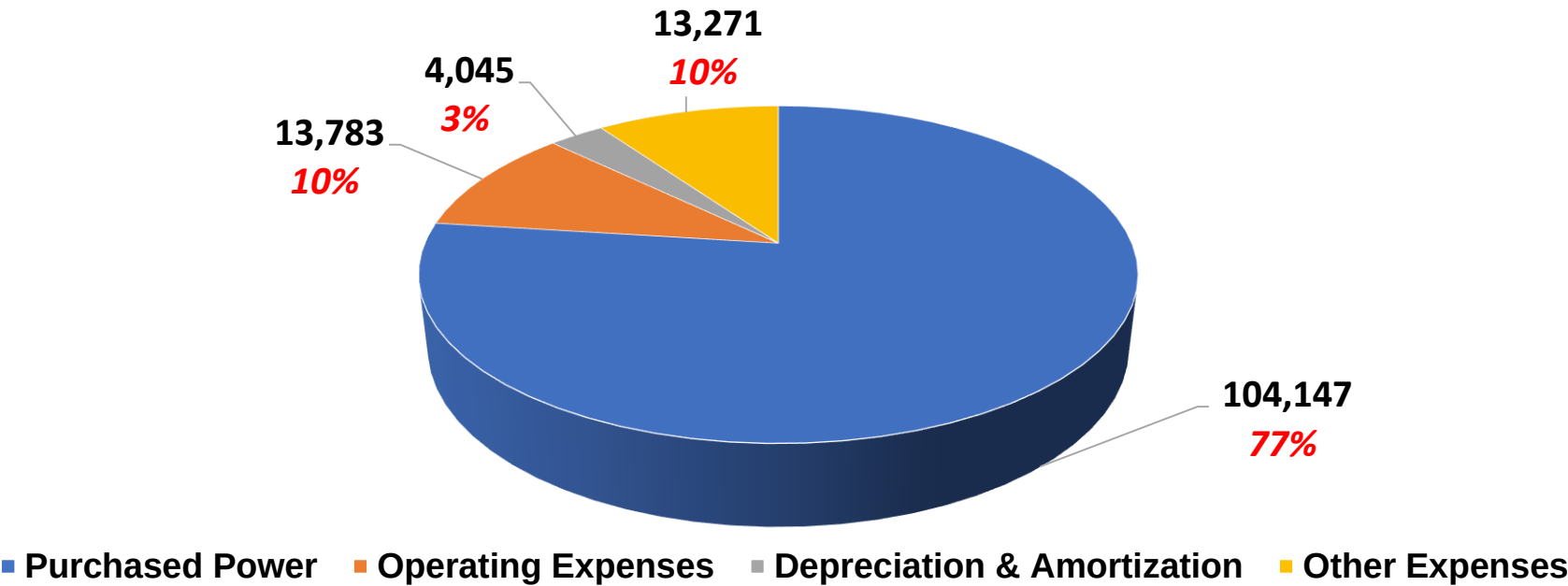
₱40,900 ↑ 30.8%

Consolidated Revenues (in Million PhP)

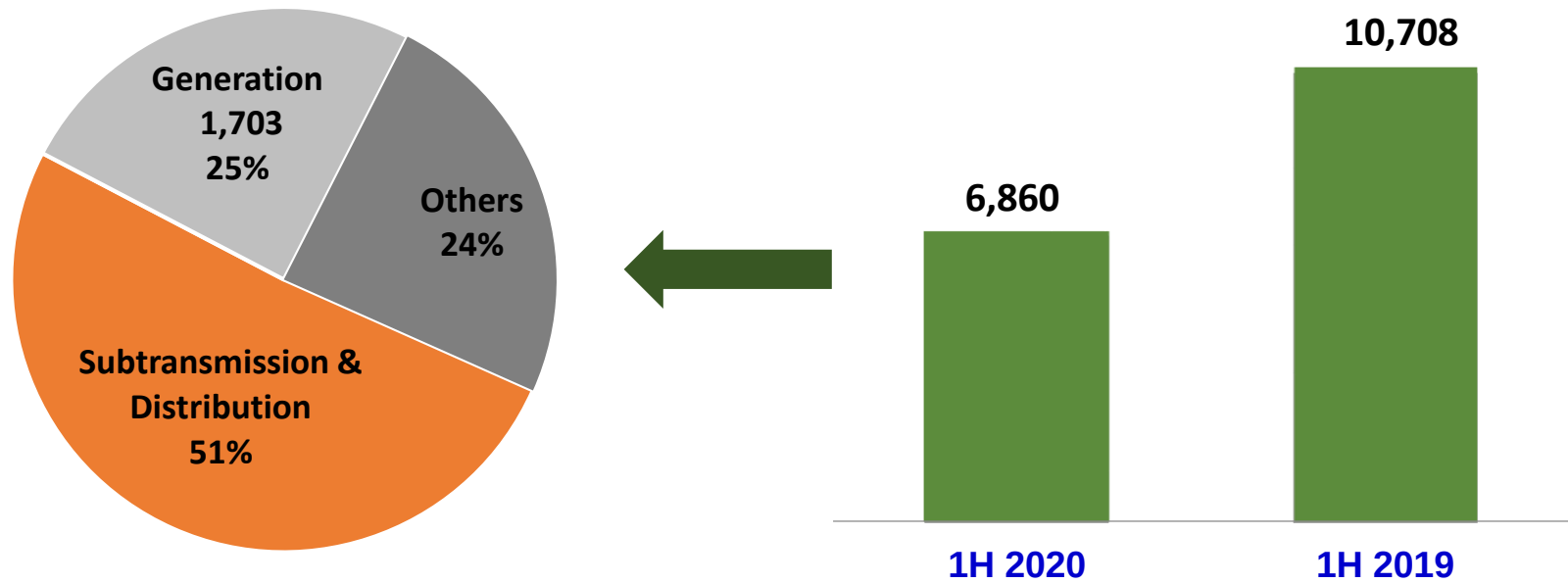


Costs and Expenses/Capital Expenditures (in Million PhP)

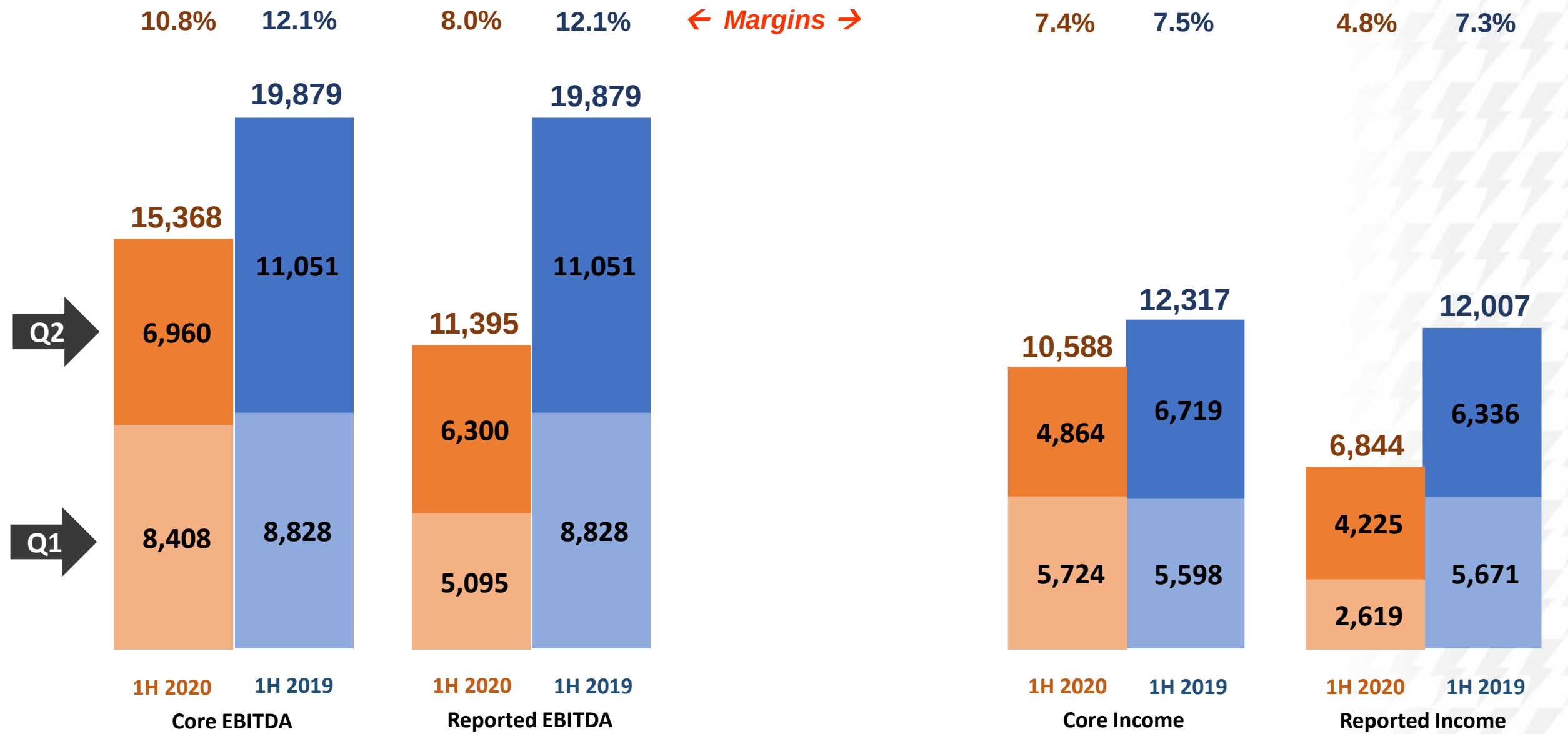
Costs and Expenses



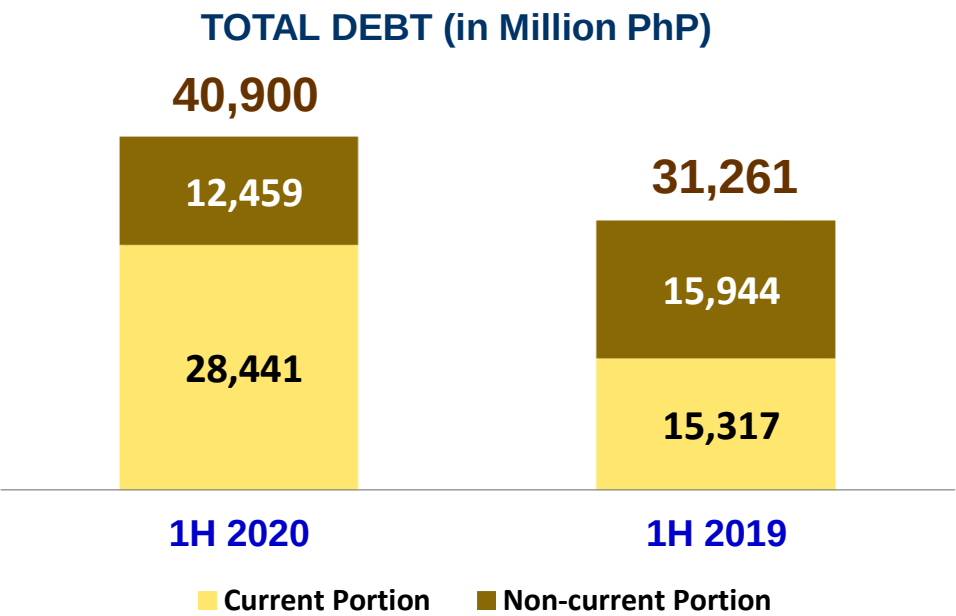
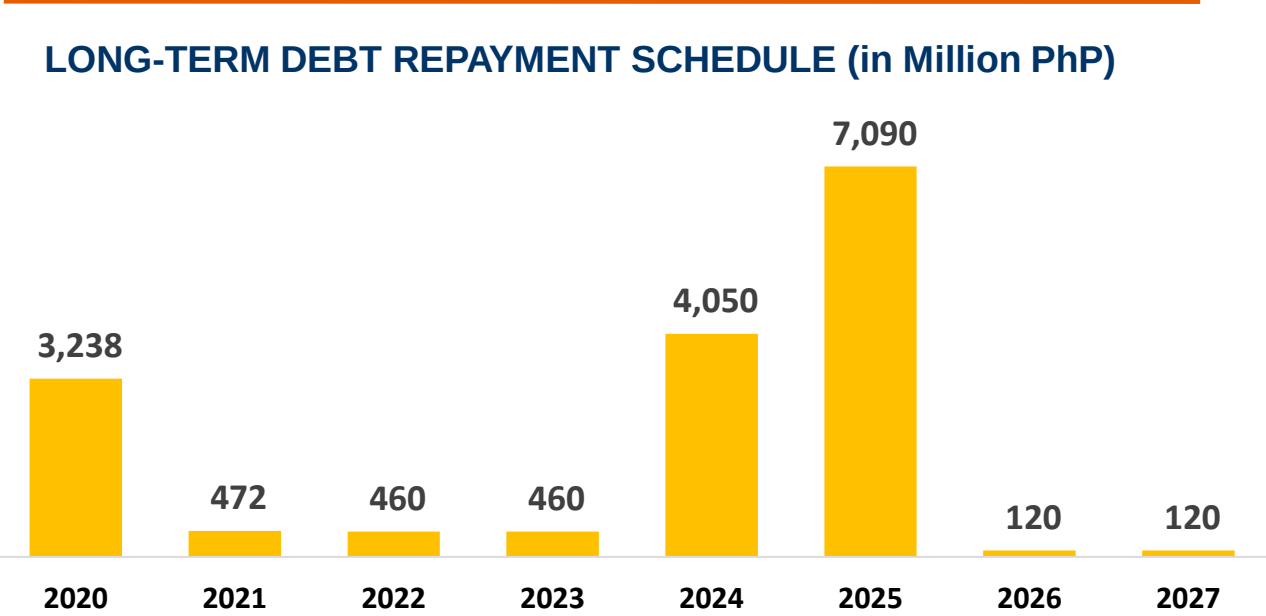
Capital Expenditures



Consolidated EBITDA and Net Income (in Million PhP)

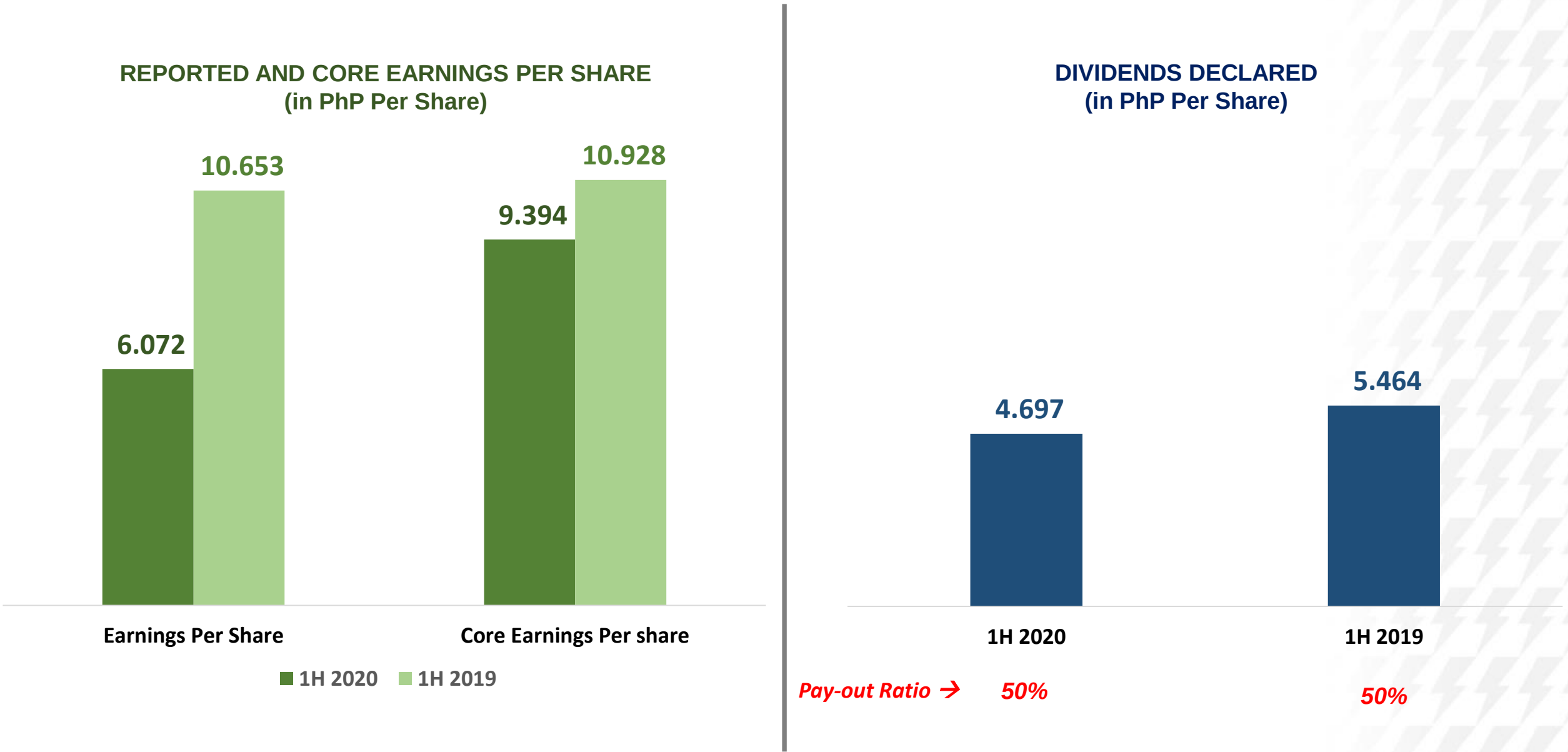


Credit and Debt Profile



(in Million PhP, Except Ratios)	1H 2020	1H 2019
Cash & Cash Equivalents	27,580	27,319
Gross Debt	40,900	31,261
Net Debt	13,320	3,942
Gross Debt/EBITDA	1.8	0.8
Net Debt/EBITDA	0.6	0.1
Gearing Ratio	0.2	0.1
Interest Expense	821	801

Earnings and Dividends Per Share (in PhP)



OPERATING HIGHLIGHTS

1H 2020



MERALCO

PERFORMANCE HIGHLIGHTS

FIRST HALF 2020 VS. 2019

BUSINESS DRIVERS

CONSOLIDATED ENERGY SALES*

21,139 GWh

▼7%

CONSOLIDATED CUSTOMER COUNT

6.936 M

▲3%

NET SYSTEM INPUT

4,158 GWh

▼10%

MERALCO PEAK DEMAND

7,614 MW*

▼2%

*March 10, 2020

SERVICE PERFORMANCE

SYSTEM LOSS

5.66%

▼0.19 %PT, 12-MMA

SYSTEM AVE. INTERRUPTION
FREQUENCY INDEX

0.662

▼27%

SYSTEM AVE. INTERRUPTION
DURATION INDEX

15.785 minutes

▼46%

AVE. TIME TO CONNECT

1.69 days

▼4%

ELECTRICITY RATE

AVE. RETAIL RATE

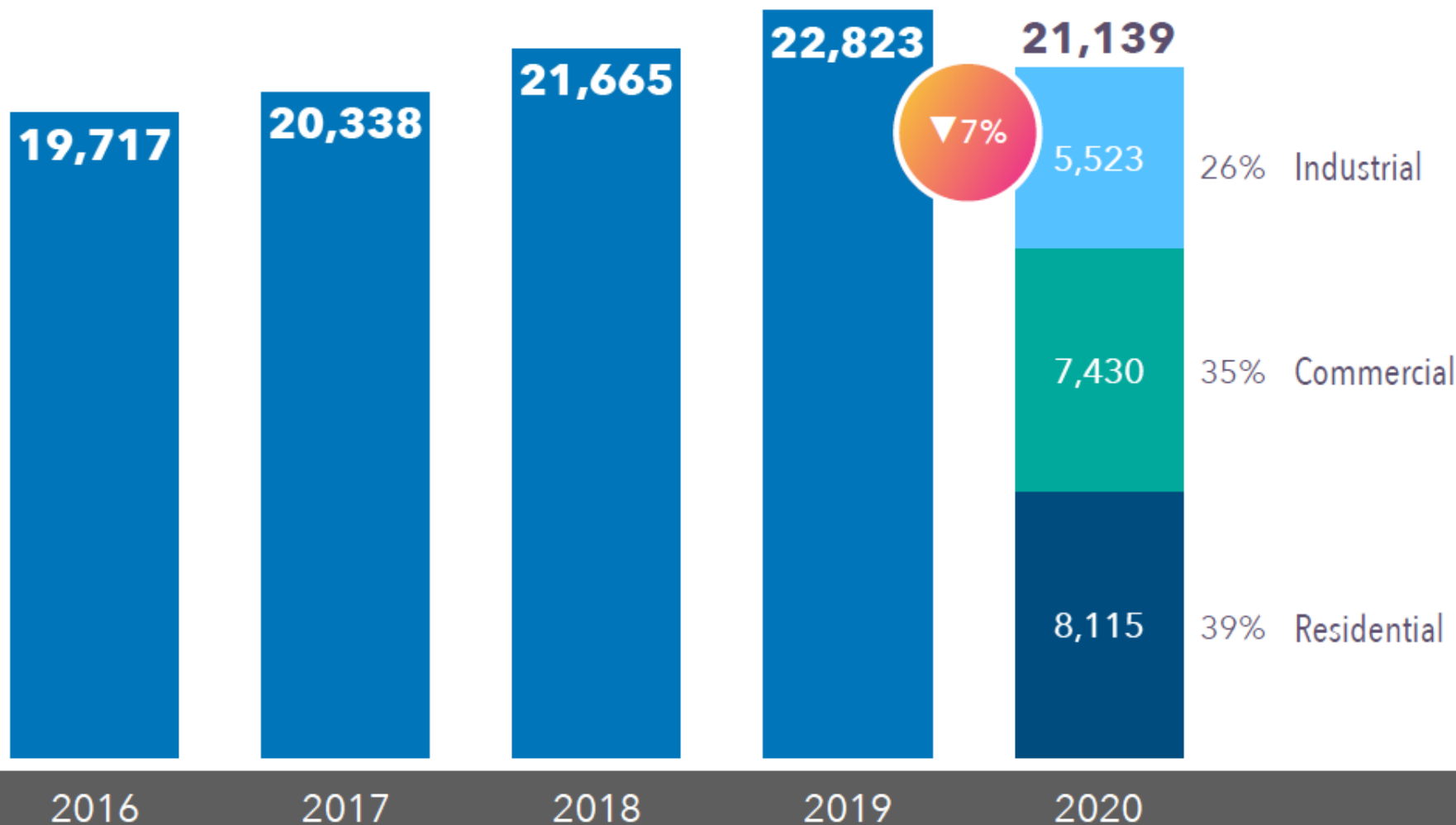
8.19 PhP/kWh

▼11%



1H 2020 CONSOLIDATED ENERGY SALES (in GWh)

Reduction in volumes driven by impact of community quarantine



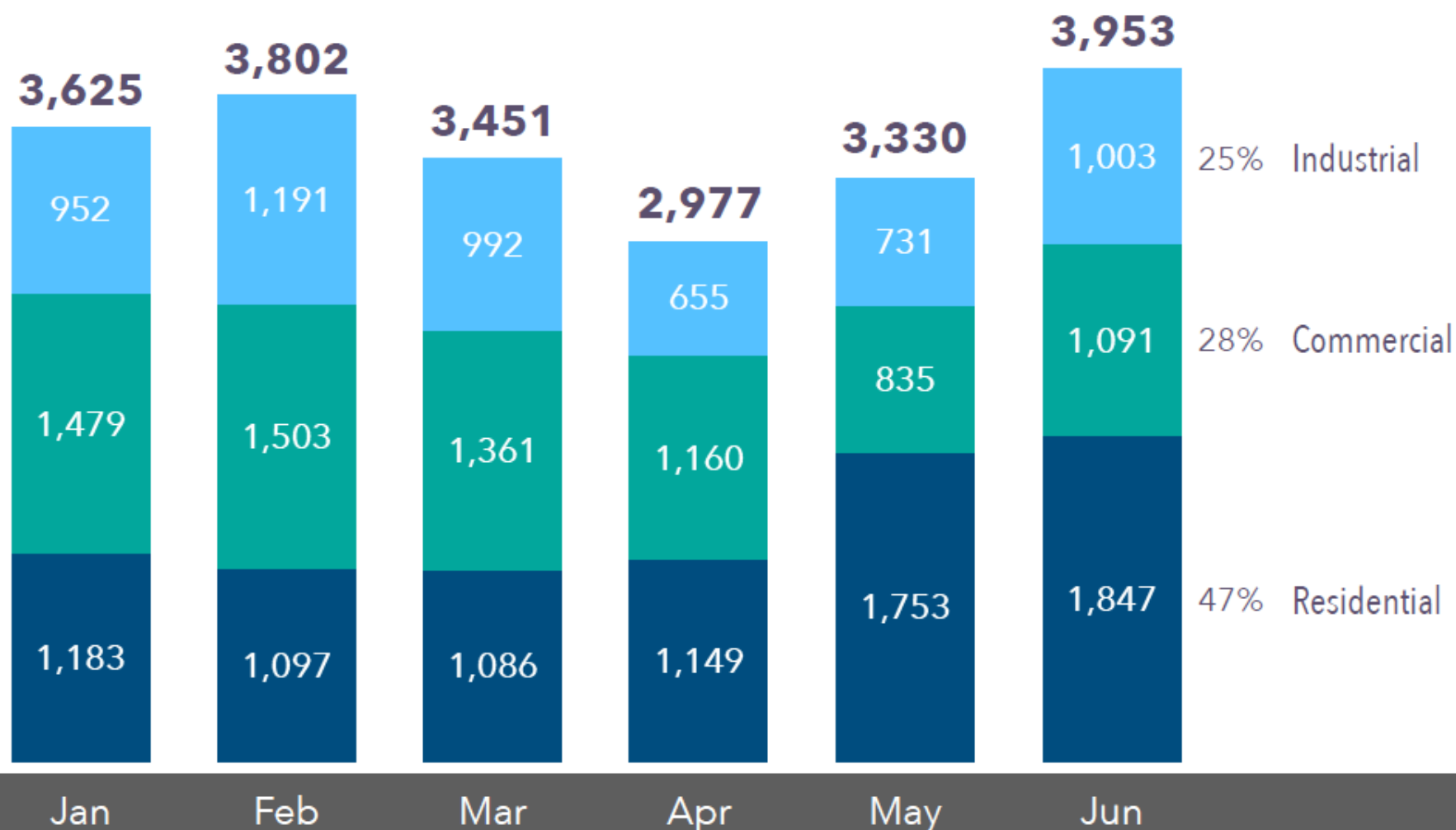
Sales volume of Parent is 99%, CEDC is 1%
Flat streetlights account for <1 %



1H 2020 MONTHLY ENERGY SALES (in GWh)

Shift in sales mix as residential customers increased consumption;

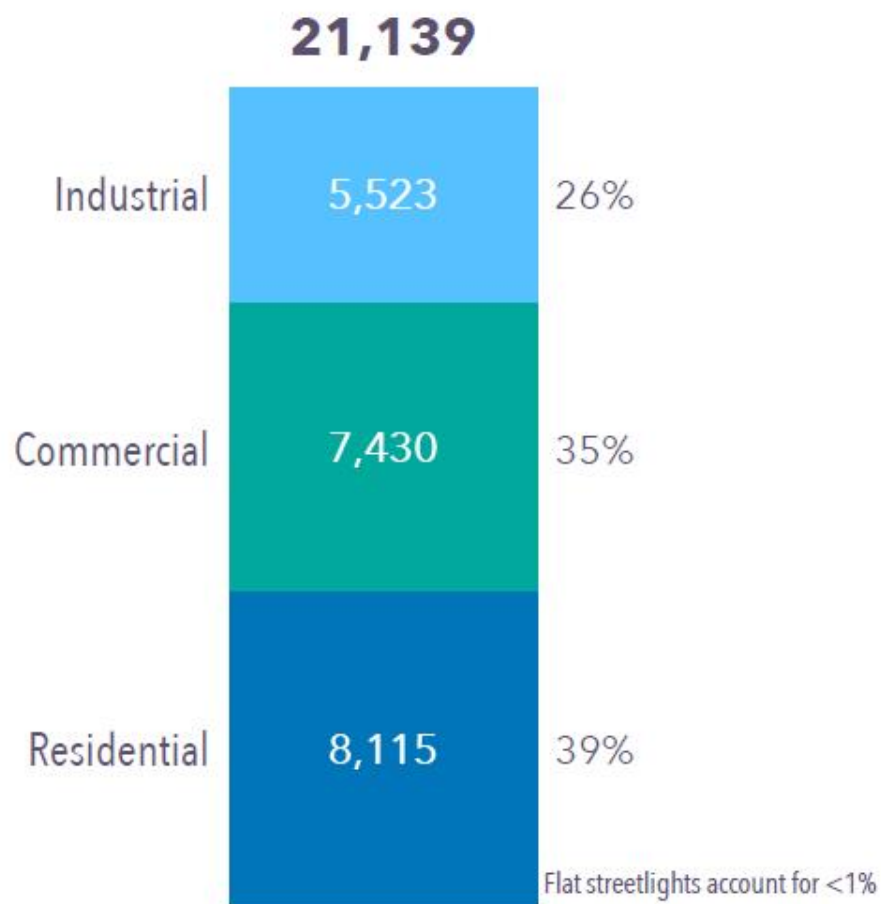
C&I Sector slowly ramped up during GCQ



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

1H 2020

ENERGY SALES DRIVERS in GWh



RESIDENTIAL

Residential consumption rose in April, peaked in May and gradually normalized in June

- Start of rainy season dampened sales on certain days



COMMERCIAL

More businesses allowed to operate and less restrictions on mobility

- BPO and Finance activities resumed onsite operations up to 50% capacity
- Personal care establishments and dine-in services in food retail were allowed to operate at 50% capacity
- Educational institution expected to decline as it shifts to online mediums
- Traditionally top performing industries showed the steepest decline; Retail Trade, Real Estate and Hotels and Restaurants



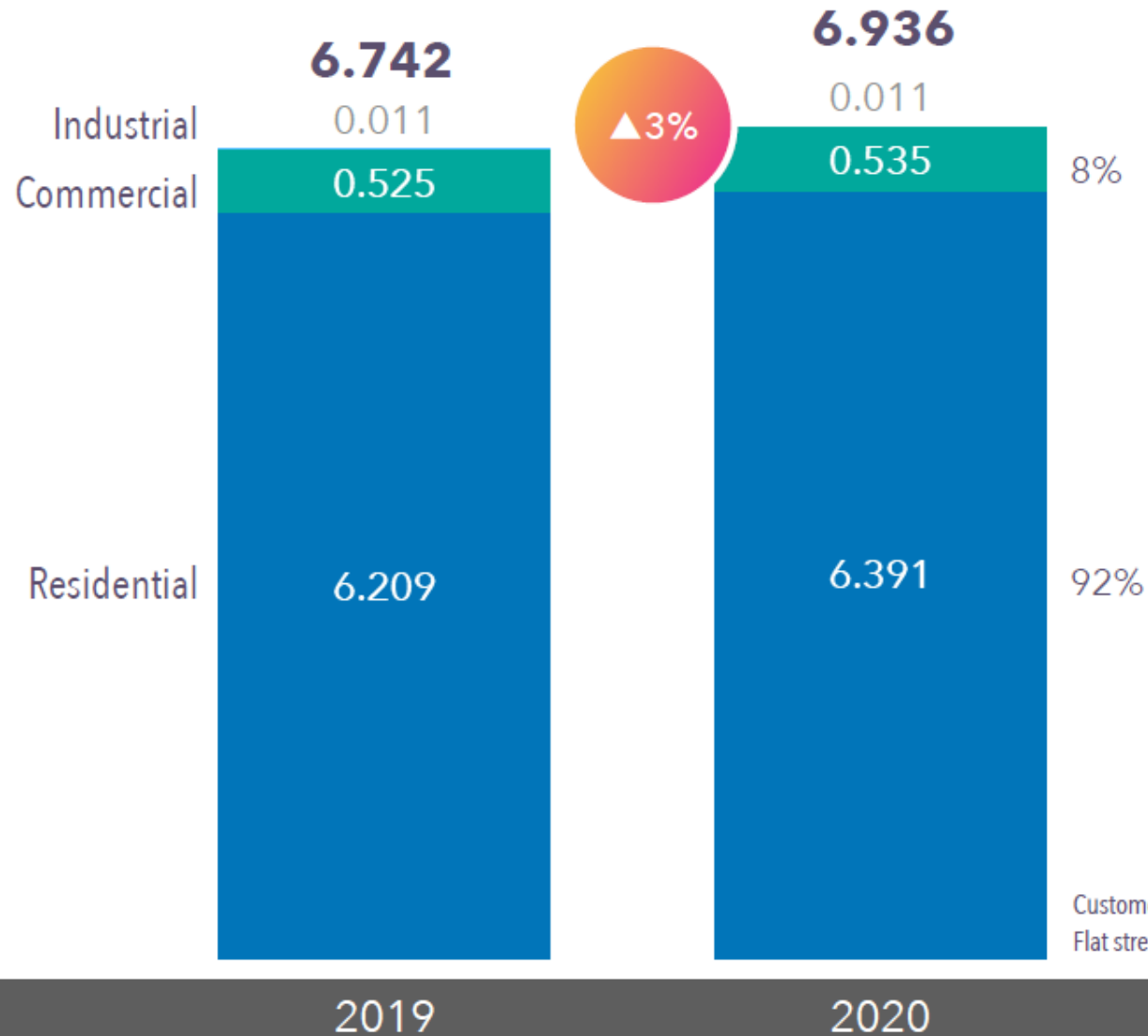
INDUSTRIAL

Manufacturing continues to ramp up

- Export-oriented companies (semicon and electrical machinery) were allowed to operate between 50% up to full operational capacity
- Consumer goods driven industries continue to thrive post-ECQ
- Manufacturing operations still hampered by lack of public transportation options available to employees
- Some customer that thrived during ECQ are those classified as essentials such as Manila Water, Maynilad, Procter & Gamble, Air Liquide and Nestle

JUNE 2020 YTD CONSOLIDATED CUSTOMER COUNT (in M)

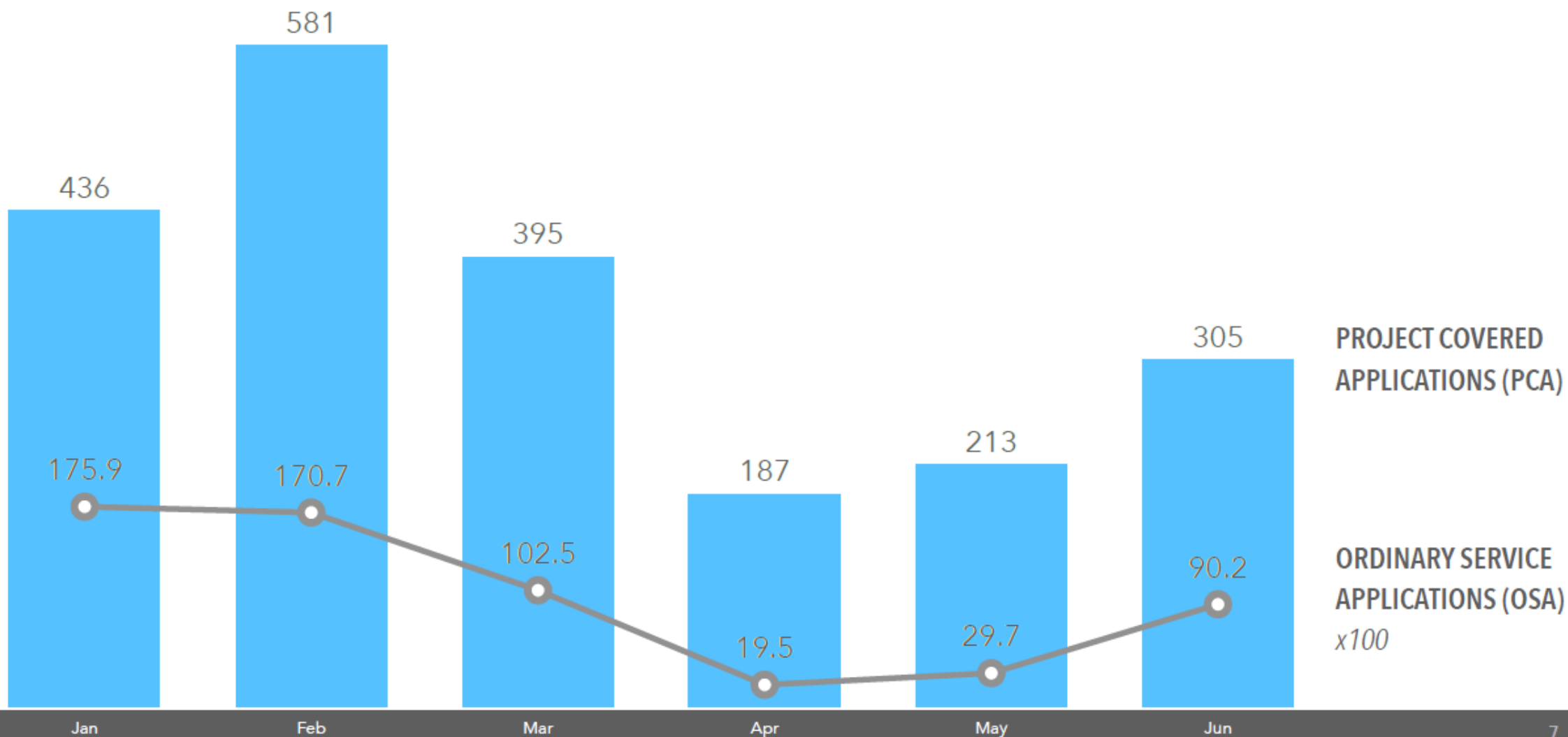
Closing in on 7M customer mark



Customer count of Parent is 99.9%, CEDC is 0.1%
Flat streetlights account <1%

1H 2020 **ENERGIZATION**

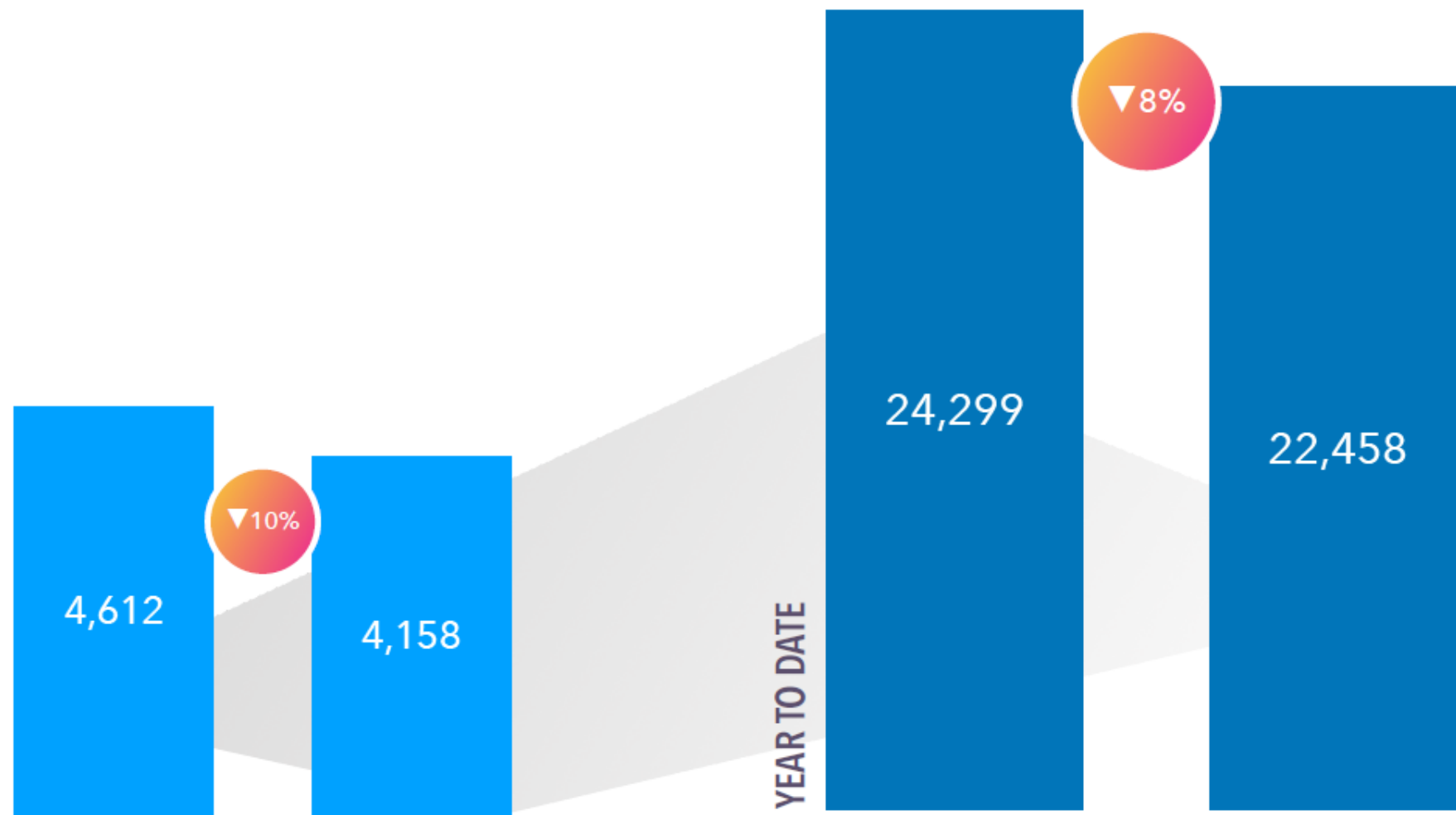
Steady recovery in energization of Projects and Ordinary Service Applications (OSA)





1H 2020 CONSOLIDATED NET SYSTEM INPUT (in GWh)

Reduction driven by community quarantine and Typhoon Ambo



Parent is 99%, down by 8% vs. 2019 YTD
CEDC is 1%, down by 15% vs. 2019 YTD

1H 2020 CONSOLIDATED NET SYSTEM INPUT (in GWh)

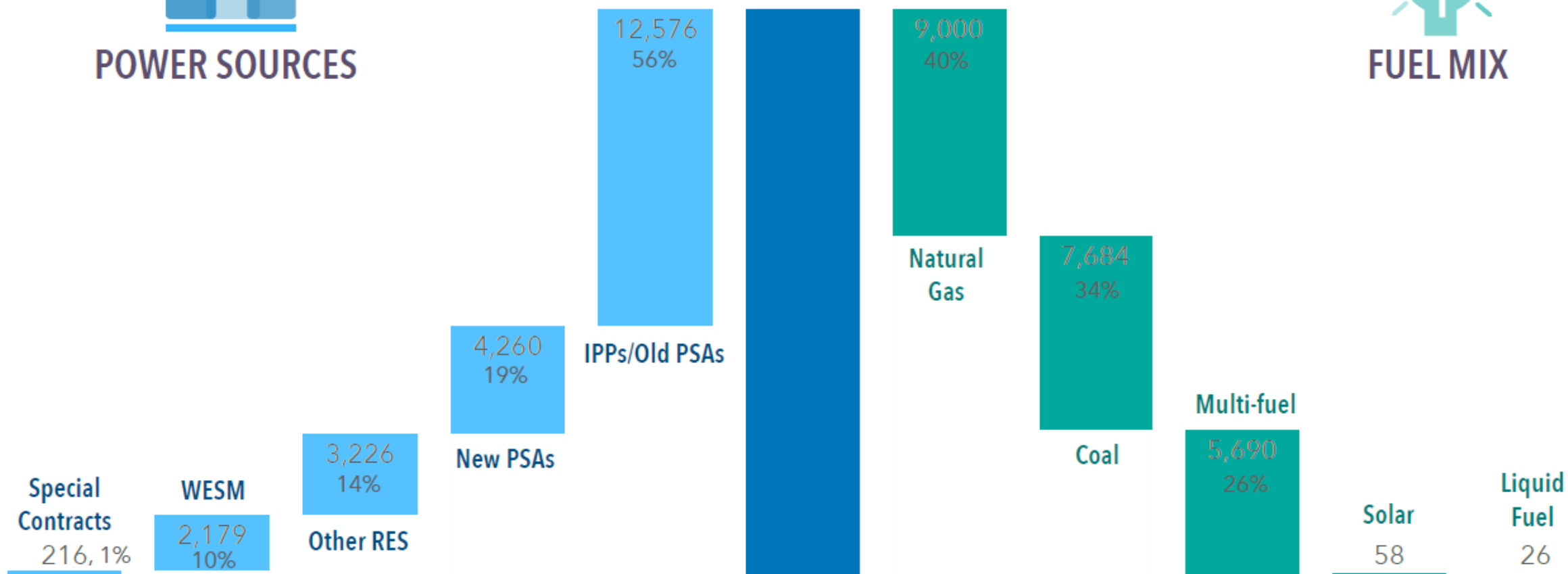


POWER SOURCES

22,458
NET SYSTEM INPUT



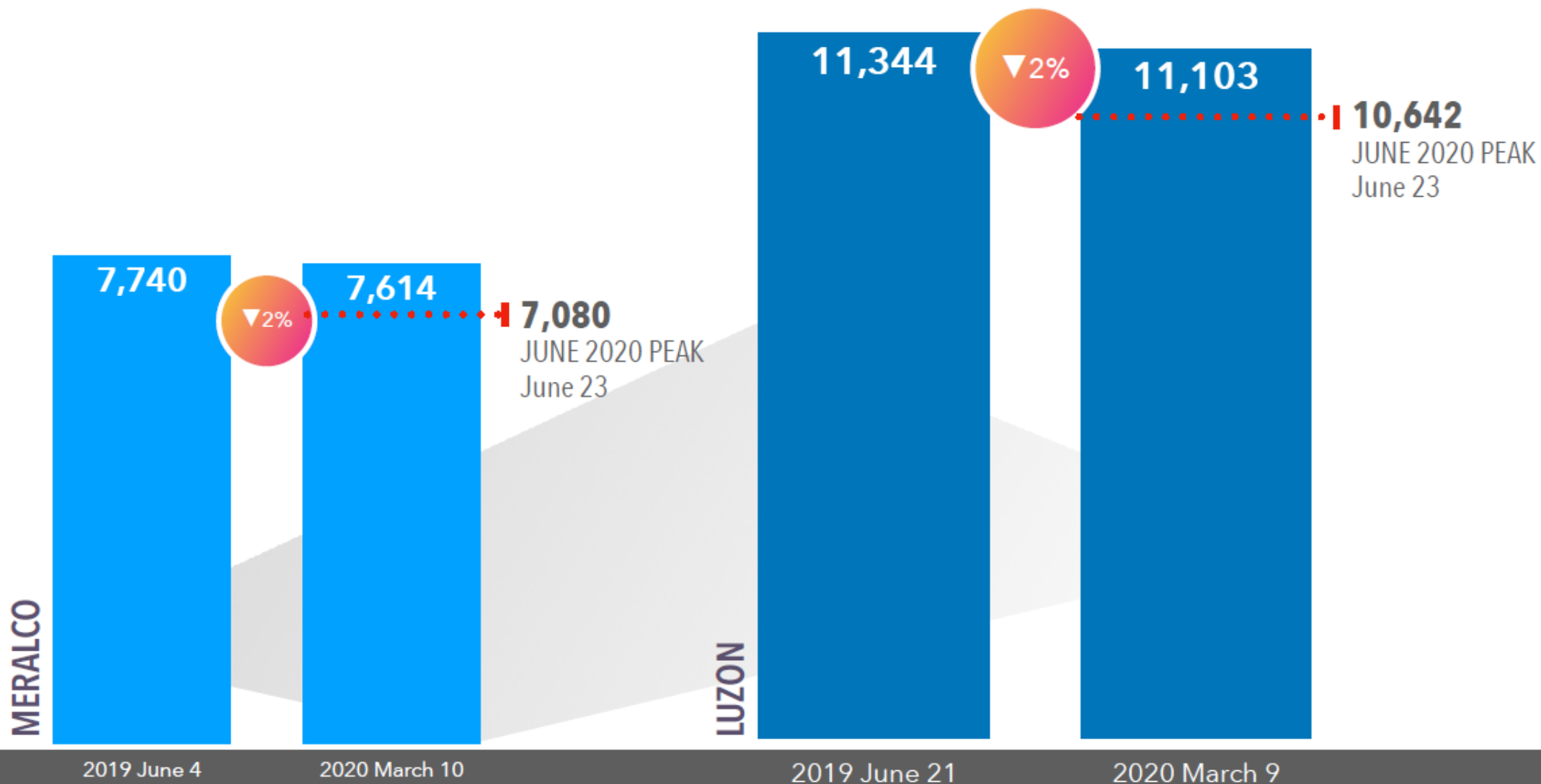
FUEL MIX





1H 2020 **PEAK DEMAND** (in MW)

Meralco and Luzon peaks lower vs. 2019 driven by COVID-19





JUNE 2020 SYSTEM LOSS PERFORMANCE (in %, 12-MMA)

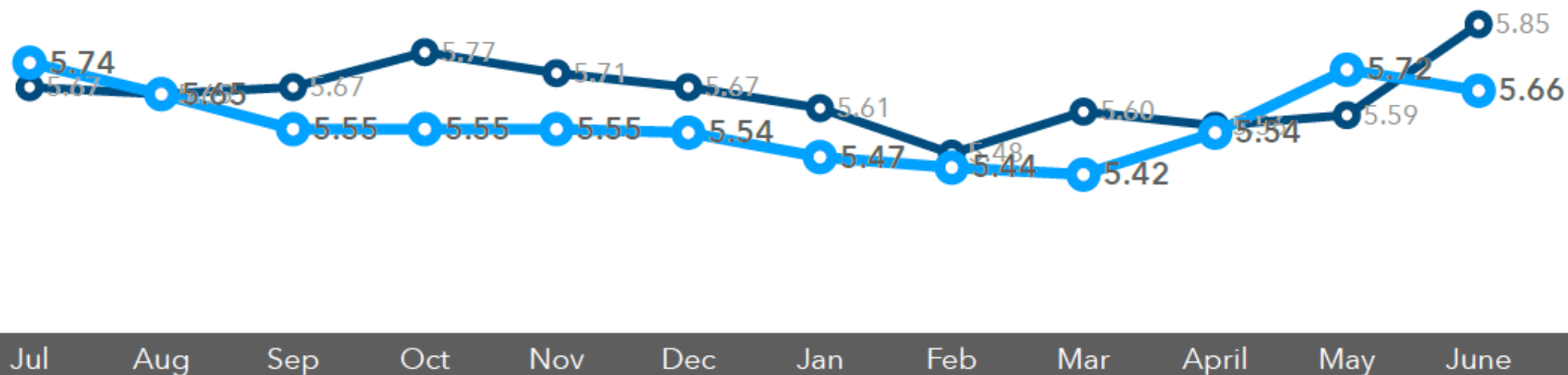
Improved by 0.19% points vs. 2019 and 1.34% points below cap

SYSTEM LOSS CAP 7.25%

7%

2019-2020

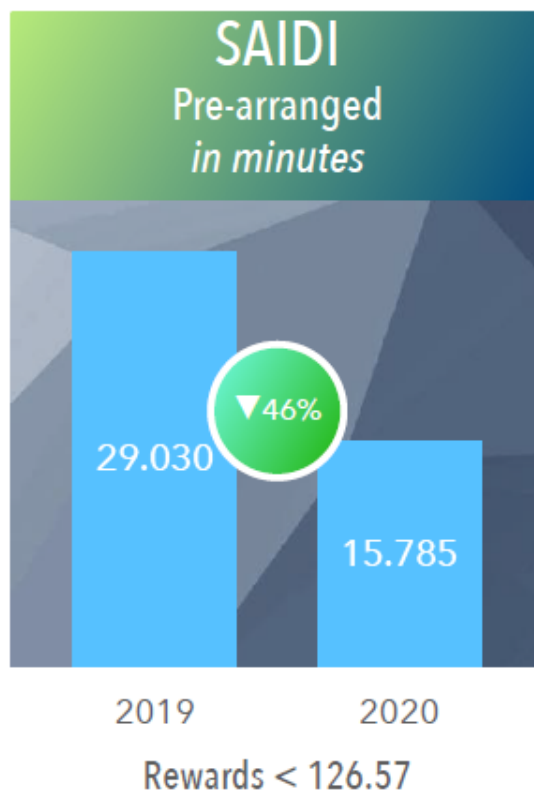
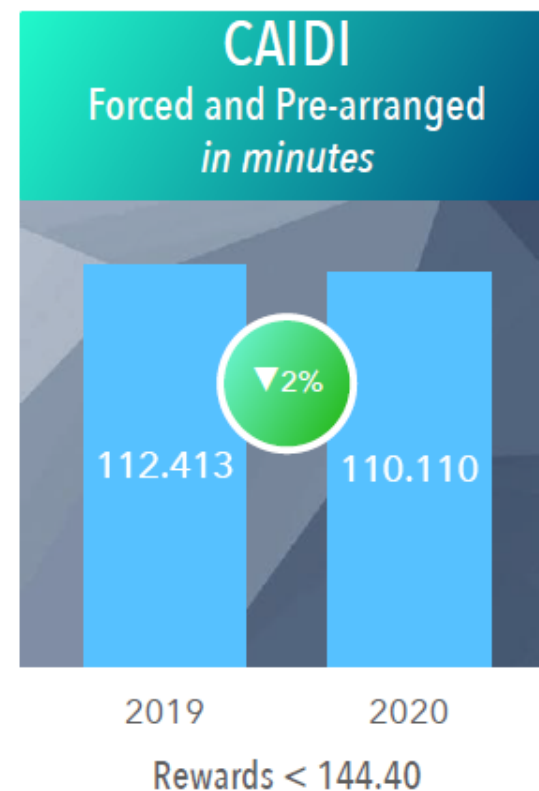
2018-2019





1H 2020 S-FACTOR PERFORMANCE (NETWORK)

Continued to achieve rewards levels across all performance indicators

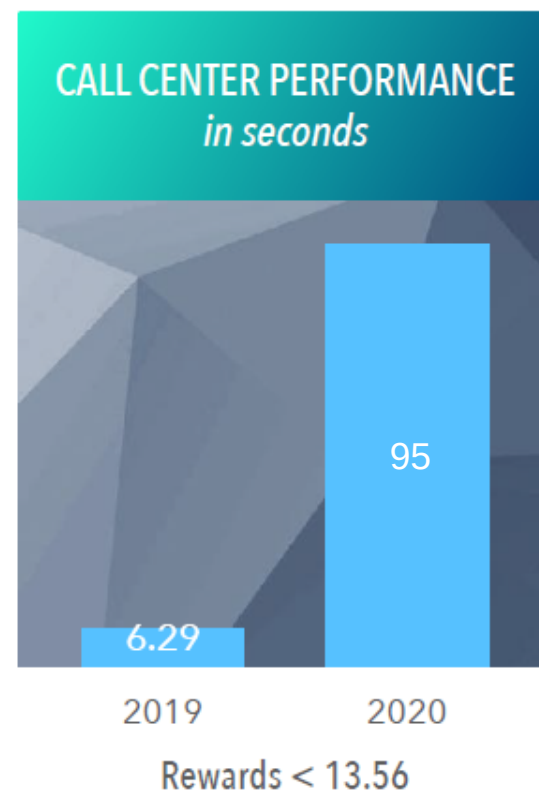


- % Probability of Voltage Violation - not conducted due to community quarantine restrictions
- Rewards levels based on 3RP



1H 2020 S-FACTOR PERFORMANCE (CUSTOMER)

Continued to achieve rewards levels across all performance indicators*



● Rewards levels based on 3RP

* Considering exclusion of community quarantine impact in Call Center Performance



RY2020 **GUARANTEED SERVICE LEVELS (GSL)**

Continued to deliver well within performance ceilings

GSL 1

Customers experiencing cumulative duration of sustained interruptions

897 customers

vs. 6,667 in RY 2019

Up to 373,658 violations for RY2020

GSL 2

Customers experiencing a number of sustained interruptions

ZERO customer

vs. Zero in RY 2019

Up to 18,989 violations for RY2020

GSL 3

Restoration of supply to a customer after a fault on secondary line

3,014 incidents

vs. 5,743 in RY 2019

Up to 234,439 violations for RY2020

GSL 4

Connection not provided on the day agreed with the customer

78,703 days-delay

vs. 88,841 in RY 2019

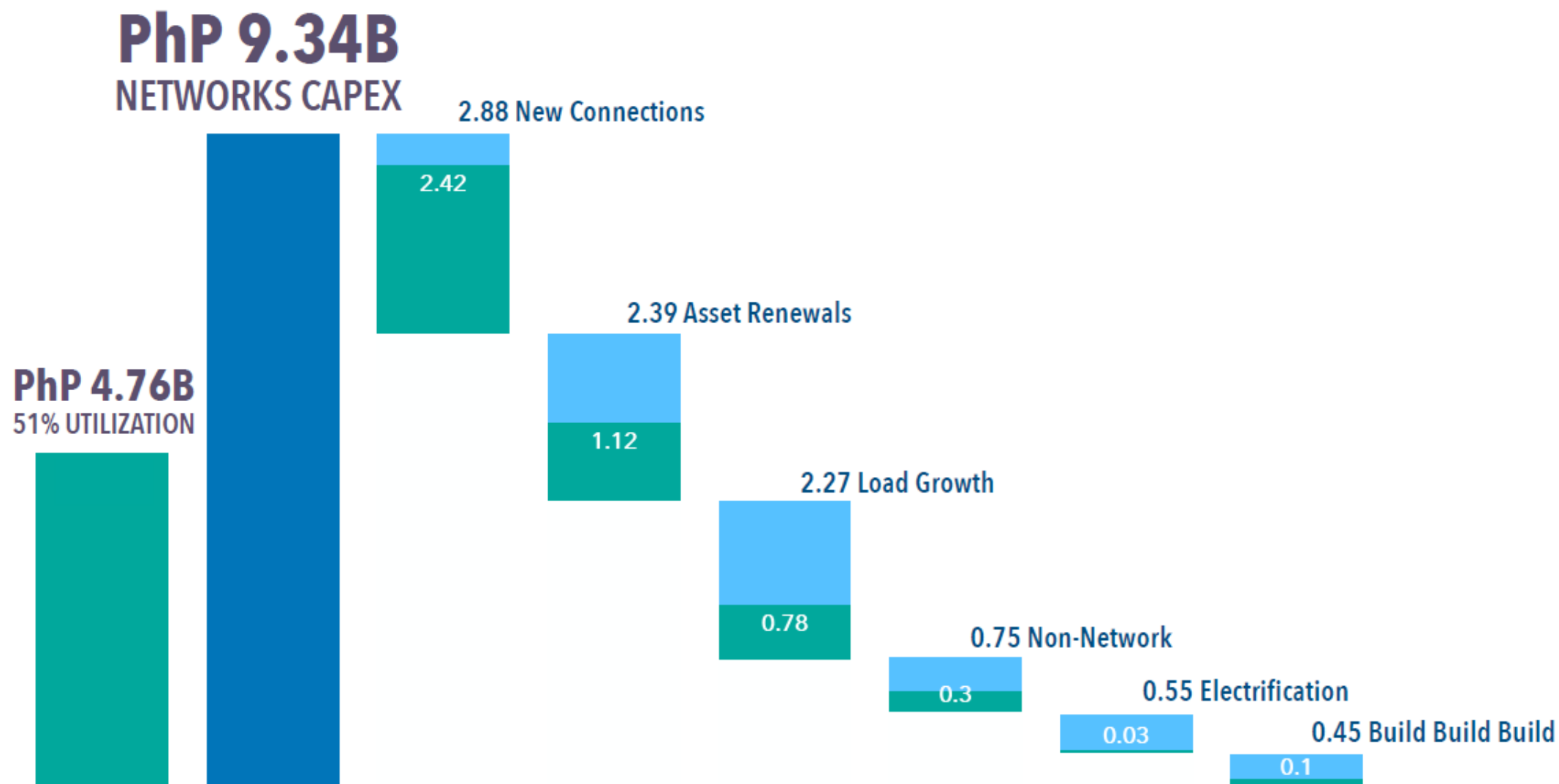
Up to 163,995 violations for RY2020

- Maximum number of violations based on 3RP



1H 2020 NETWORKS CAPEX (in PhP, B)

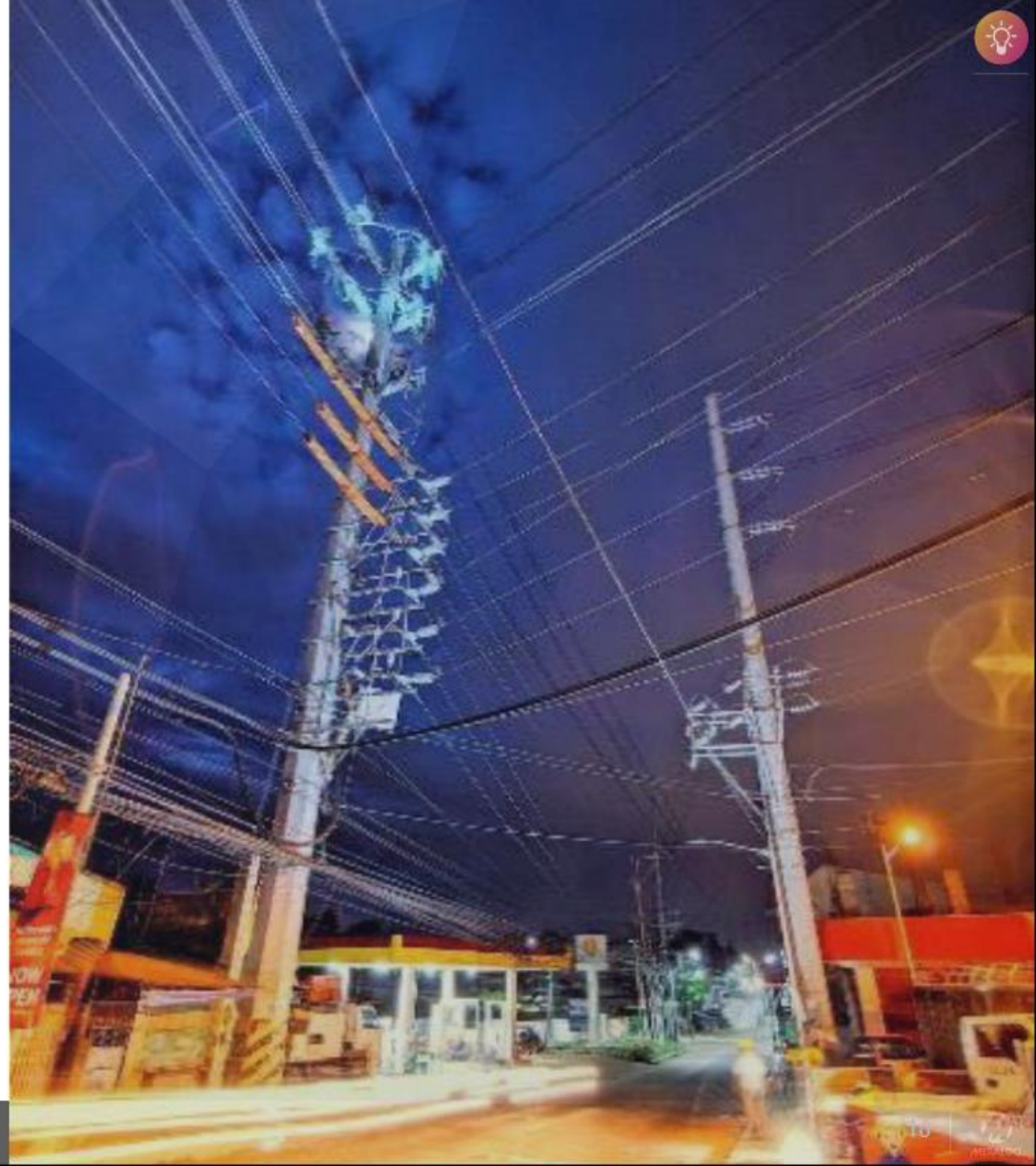
51% of full year CapEx utilized as projects resume with lifting of ECQ



NETWORKS PROJECT UPDATES

SAN JOSE – CAMARIN 115 KV LINE

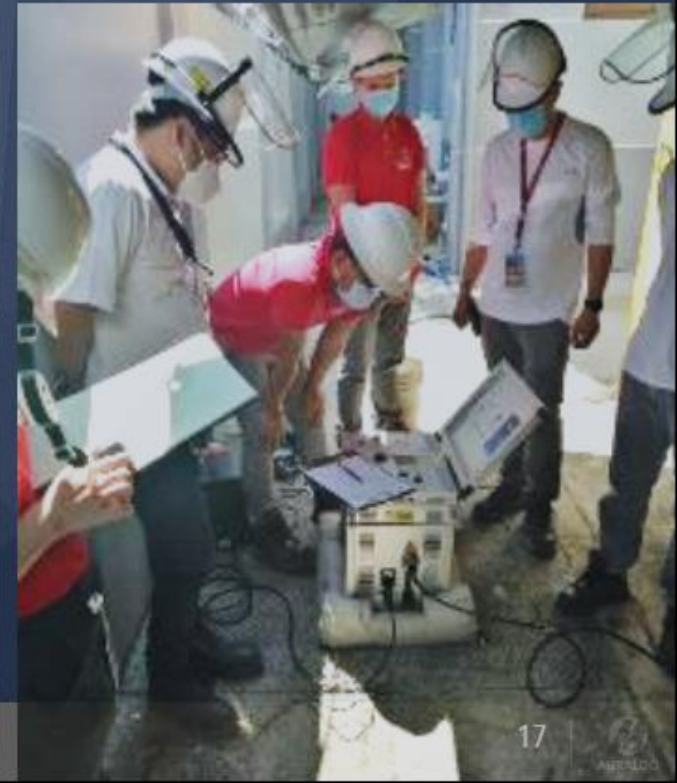
- Successfully energized on June 28 upon close coordination with NGCP
- Benefits:
 - Unload Paco, Duhat, and Balintawak Delivery Point Substations
 - Provide N-1 contingency to Sector 1
- Major challenges in construction included negotiations for LGU permits and ROWs from 10 different customers



NETWORKS PROJECT UPDATES

EXPANSION OF NAIA-3 SUBSTATION (2ND BANK)

- May 28 - commissioned with additional capacity of 83 MVA and new feeder 420VX
- Benefits:
 - Address forecasted critical loading (75%) of NAIA-3 Bank No. 1
 - Improved service to locators in Newport City, NAIA Terminal 3 and areas of MIA, Nichols, and Andrews Avenue



NETWORKS PROJECT UPDATES

MAINTENANCE AND CUSTOMER ALLOCATION PROJECTS

Maintenance Projects

	May YTD	Jun YTD	2020 Target
Pole replacement	1,148	1,315	11,862
Conductor shielding	1,111	1,279	5,157
Meter replacement	49,345	64,633	161,925
Substation equipment replacement	425	476	1,115
Pole relocated (DPWH-related)	105	157	1,350

Customer Allocation Projects

	May YTD	Jun YTD
Installed meters	80,298	93,136
Energized projects	2,056	2,363
Replaced overloaded DTs	1,303	1,491





NETWORKS PROJECT UPDATES

MERALCO ELECTRIFICATION PROGRAM

PROJECTS (PRIORITY 2 AND 3)*

Area	Number of Sites	Estimated Count of Households	Estimated Project Cost	Status Update
Bulacan	137	7,336	255,497,460	47 energized; 87 ongoing construction; 3 ongoing PROW acquisition
Cavite	126	5,608	208,820,811	42 energized; 20 ongoing construction; 48 ongoing PROW acquisition; 16 ongoing design
Laguna	101	5,579	165,680,752	30 energized; 16 ongoing construction; 43 ongoing PROW acquisition; 12 ongoing design
Quezon	92	3,559	179,113,024	16 energized; 33 ongoing construction; 16 ongoing PROW acquisition; 27 ongoing design
Rizal	109	8,658	232,136,576	33 energized; 10 ongoing construction; 2 ongoing PROW acquisition; 64 ongoing design
Total	565	30,740	1,041,248,623	168 Energized; 166 ongoing construction; 112 ongoing PROW acquisition; 119 ongoing design

* Priority 2 and 3 are for completion not later than December 2020 and June 2021, respectively



Parada, Sta. Maria, Bulacan



GK Housing, Pililla, Rizal



Malabanban Norte, Candelaria, Quezon



Sitio Impit, Calauan, Laguna

NETWORKS PROJECT UPDATES

BUILD, BUILD, BUILD PROJECTS

- 362 out of 1,824 affected poles were relocated as of June 30, 2020
- Priority government projects:
 - BGC-Ortigas link
 - C3-R10 road
 - CALAeX
 - C5 South link phase 1
 - Lawton Avenue widening
- Other projects:
 - PNR North 2
 - Mega Manila Subway
 - NLEX-SLEX Connector Road
 - Unified Common Station

- Skyway Stage 3
- MRT 7
- PNR North 1
- LRT 1 extension



1H 2020 AVERAGE RETAIL RATE

PhP 1.06 reduction vs. June 2019 YTD

9.25

PhP/kWh
1H 2019

8.19

PhP/kWh

▼ 13%

4.56
56%

Generation

0.79

10%

Transmission

0.30

4%

System Loss

1.58
19%

Distribution

Subsidies, Taxes,
and UC

0.90
11%

FIT-All
0.06

- 17% decrease in Generation charge with the implementation of new PSAs, lower WESM prices and invocation of FM claims during the community quarantine periods.
- 2% decrease in Transmission charge due to lower power delivery service charges, coupled with lower average billing demands
- 21% decrease in System Loss charge as a result of lower generation and transmission charges
- Distribution rate remains the same with an 11% increase in average distribution charge due to greater share of residential sales brought about by ECQ and COVID-19
- 74% decrease in FIT-All rate with the implementation of lower FIT-All starting Feb 2020, and suspension of FIT-all collection for the months of April and May 2020

Meralco PowerGen Corporation Overview of Operations



San Buenaventura Power Limited Co. (SBPL)

500MW (gross) Supercritical Coal-Fired Power Plant in Mauban, Quezon

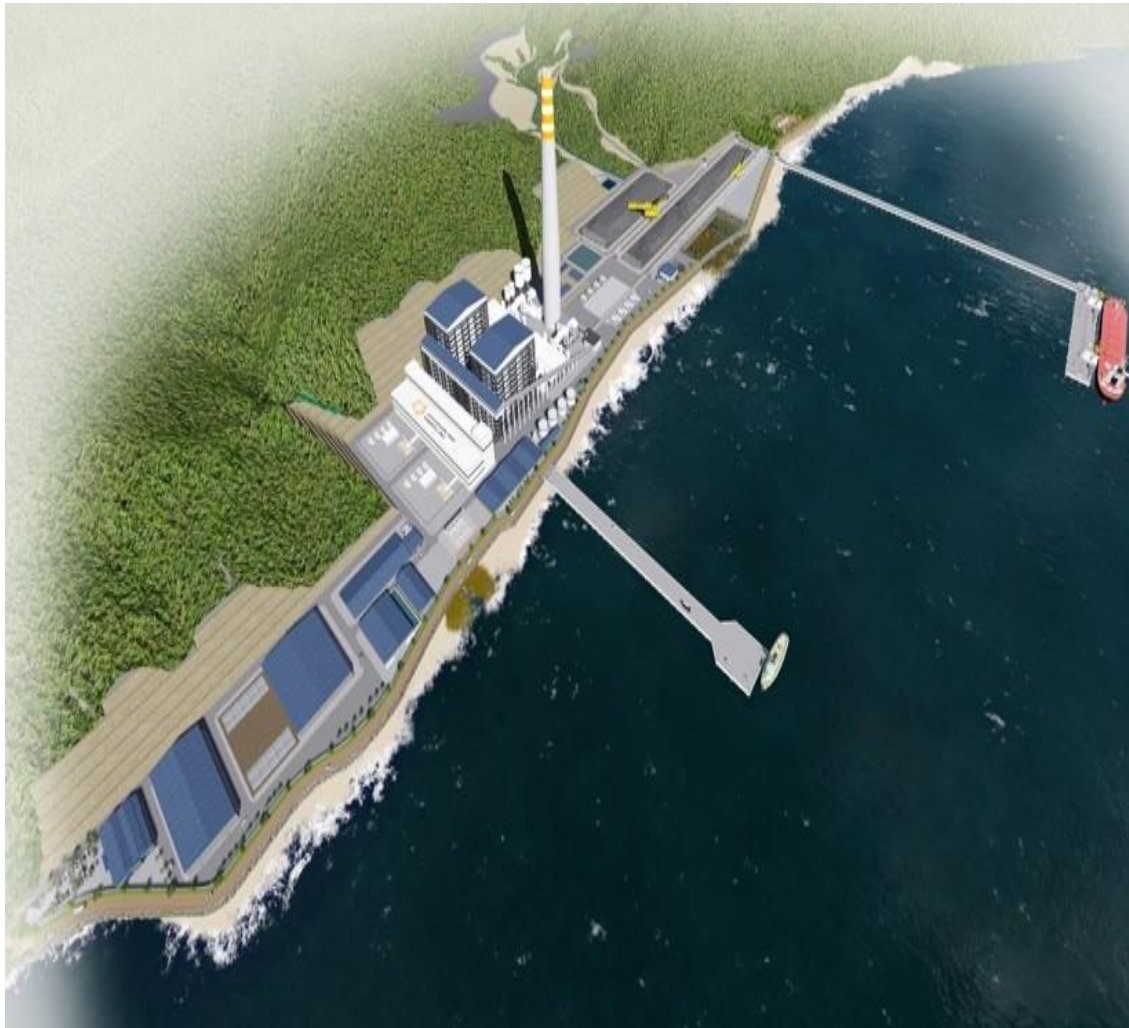
- First operational supercritical coal power plant in the Philippines
- Commercial operations started on **September 26, 2019**
- Net generation at **2,290,289 MWH from September 2019 to June 30, 2020**; generally **good availability** for a project within its first year of operation.
- Joint venture of MGen with New Growth, B.V., a wholly owned subsidiary of Electricity Generating Public Company Limited (EGCO) of Thailand



Atimonan One Energy, Inc. (A1E)

2x600 MW (net) Ultra Supercritical (the first in the Philippines) Coal-Fired Power Plant in Atimonan, Quezon

Total Project Cost: <PhP160 Billion (<USD 3.0 Billion)



- Awaiting final terms of reference and will participate in Meralco's **Competitive Selection Process**.
- **Site preparation activities** gradually resumed early **June 2020**. More stringent health and safety protocols were put in place to protect construction workers from COVID-19. **Full resumption of works** expected by **August 2020**.
- Continued coordination with local government to provide support in fighting COVID-19.

MGEN Renewable Energy, Inc. (MGreen)

- MGreen was established to serve as MGen's subsidiary for its renewable energy investments.
- MGreen targets around **1,000 MW of renewable energy projects** over the next 5-7 years.
- The focus is on the development of a portfolio of **utility scale solar, wind and hydro power projects** to supply Luzon grid and electricity consumers with competitive tariff.
- All activities for development projects have resumed following easing of quarantines imposed by respective local governments.



PowerSource First Bulacan Solar, Inc. (PFBSI)

50MWac Solar Power Plant in San Miguel, Bulacan

Total Project Cost: PhP4.25 Billion

- 40%-owned by MGEN Renewable Energy, Inc. (MGreen)
- MGreen's **first solar investment**; covers a total land area of **72 hectares**
- Signed an **engineering, procurement and construction contract** with SUMEC Complete Equipment & Engineering Co. Ltd. on October 18, 2019.
- Construction **commencement notice** issued on December 3, 2019; with target **commercial operations** by end 2020.
- **Site works**, which were suspended on March 18 due to ECQ, **resumed in April** after securing a special clearance from the LGU. Despite the expected delay, PFBSI still targets to commission the plant **within 2020**.
- **Overall progress** as of July 13, 2020 stands at **52.73%** .

PowerSource First Bulacan Solar, Inc.

Site Construction Photos As of July 17, 2020

Site Footage



Drainage Works (Excavations)



West Drain



NS-2 (Mid) Drain



East Drain

Inverter Stations

IS-1



IS-2



IS-3



IS-4



IS-5



IS-6



IS-4



IS-5



IS-6



Photovoltaic (PV) Works

Block-3



Installation of PV Mock-up

Block-4



Installation of screw piles and mounting structures



Cable Trench Excavation



2511.80mm x 756.20mm



699.80mm x 756.20mm

Substation Area



Main Control Building Foundation Works



Main Transformer and Capacitor Bank Foundation Excavations

Transmission Line



Pad and Chimney Foundation for Self-Supporting Steel Poles 1 and 2

Cautionary Statements

This presentation is prepared for the participants of the MERALCO **Investors and Analysts Briefing & Teleconference** held on **July 27, 2020**. 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.



An aerial night photograph of a city. In the foreground, a large, modern building with a grid-like facade is illuminated. Behind it, a tall radio tower with red and white segments rises into the sky. The city lights and traffic light trails are visible in the background.

FINANCIAL AND OPERATING RESULTS

Investors and Analysts Briefing
Half Year Ended June 30, 2020

July 27, 2020