YEAR ENDED DECEMBER 31, 2020

FINANCIAL AND OPERATING RESULTS

March 1, 2021

YE 2020
FINANCIAL HIGHLIGHTS

FINANCIAL SUMMARY 2020 vs. 2019

Amounts in million Pesos

NET INCOME & EBITDA

	2019	2020
Core Net Income	23,832	**21,711**
Reported Net Income	23,285	**16,316**
Core EBITDA	38,026	**35,287**
Reported EBITDA	40,977	**29,847**

REVENUES

	2019	2020
Gross Revenues	318,315	**275,304**
Distribution Revenue	65,891	**60,551**
Generation and other pass-through charges	244,207	**207,395**

*Distribution rate at Php 1.3897 per KWh

COSTS & EXPENSES, CAPITAL EXPENDITURES

	2019	2020
Purchased Power Cost	241,032	**204,420**
Operating Expenses	27,195	**25,812**
Capital Expenditures	20,233	**20,833**

CASH & BORROWINGS

	2019	2020
Cash and Cash Investments	106,123	**96,718**
Borrowings	41,253	**40,144**

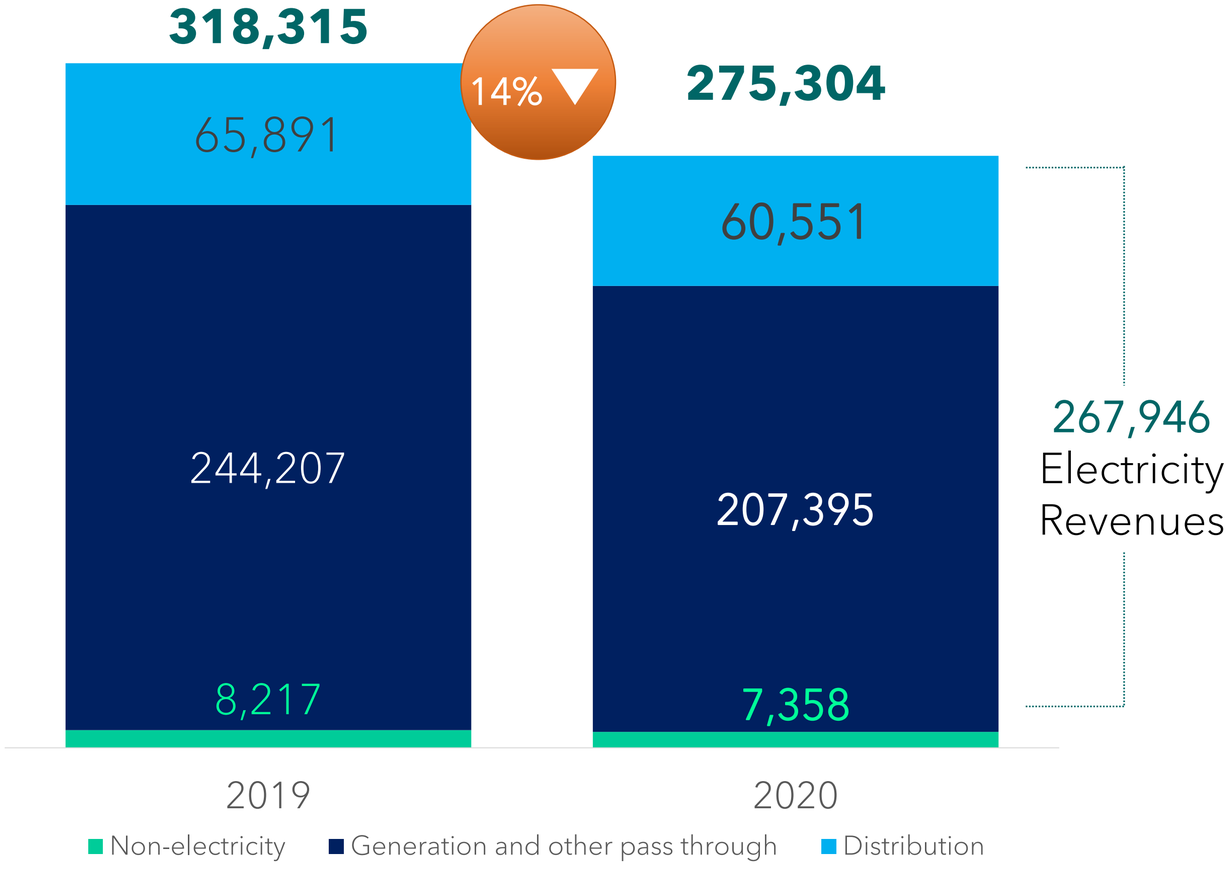
SUBSIDIARIES

CCNI Contribution	562	**1,329**

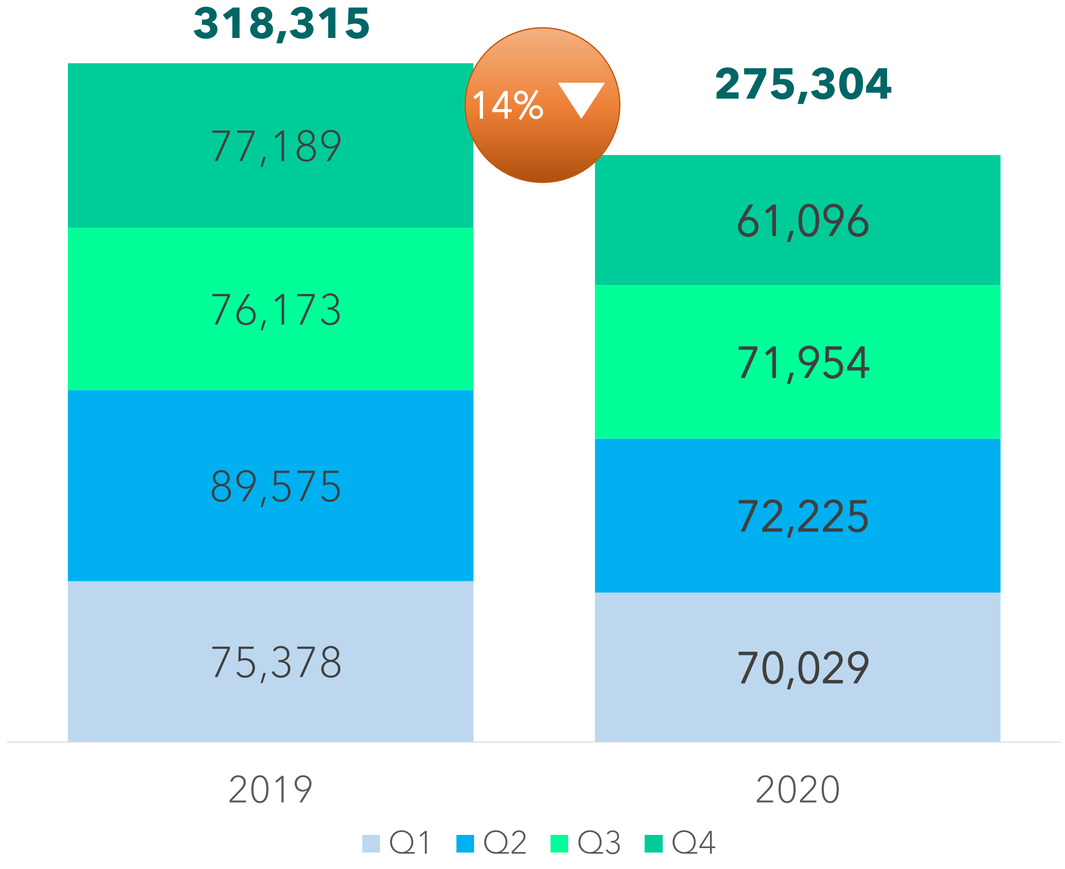
REVENUES 2020

Amounts in million Pesos, except percentages

Revenue by Component



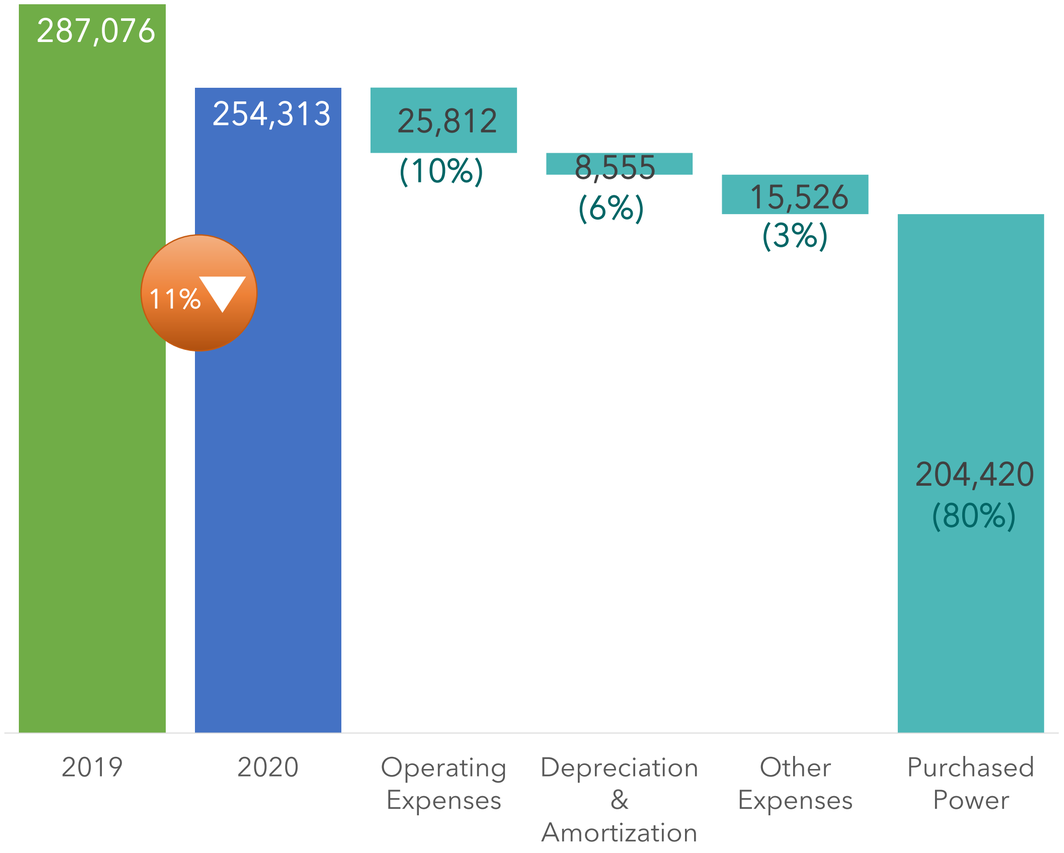
Revenue by Quarter



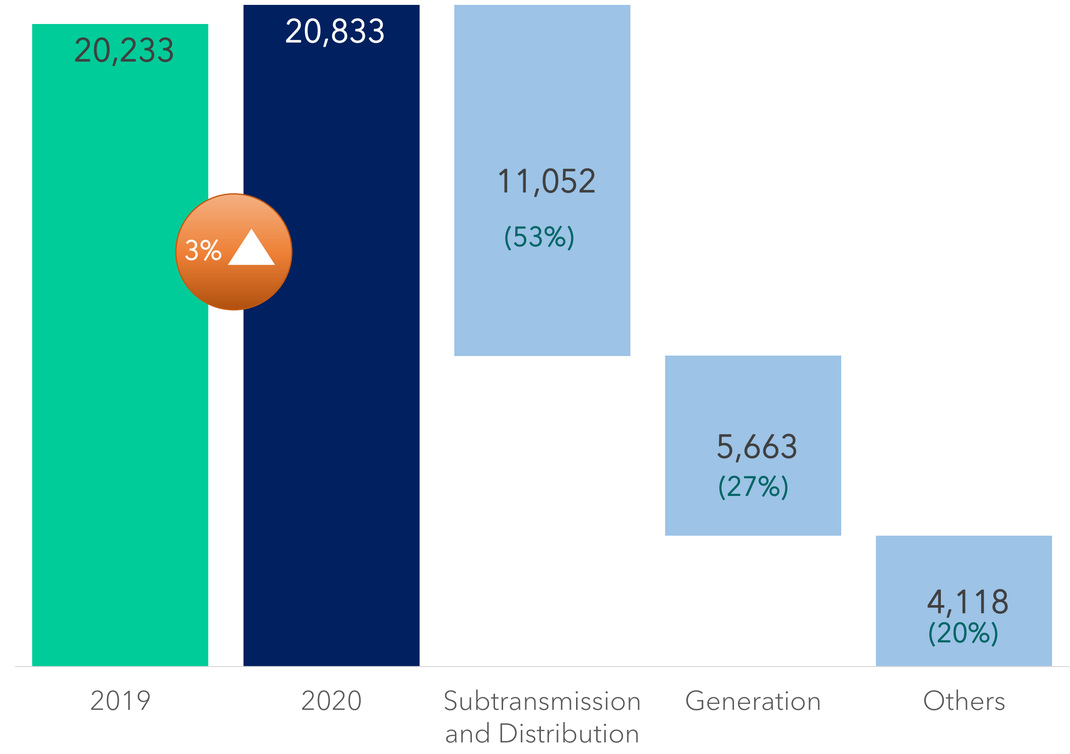
COSTS AND EXPENSES 2020

Amounts in million Pesos, except percentages

Costs and Expenses Breakdown



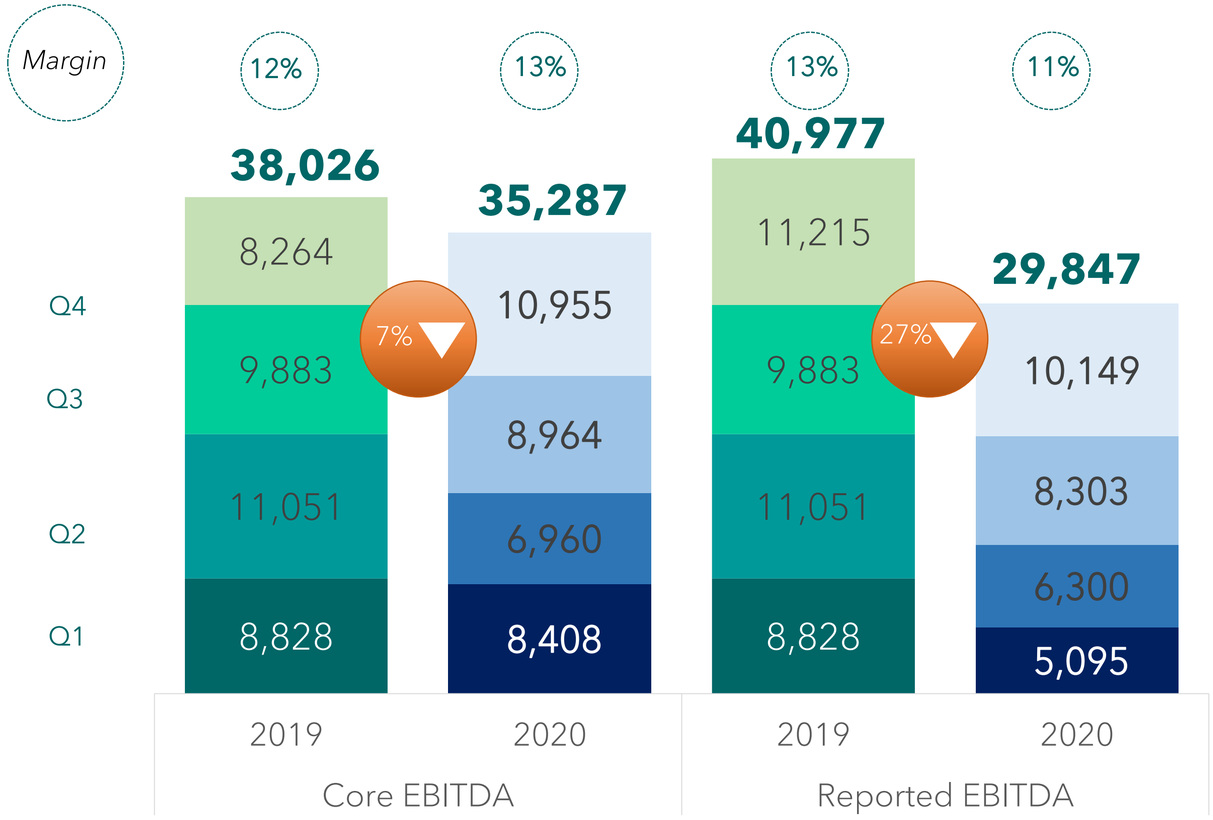
Capital Expenditures Breakdown



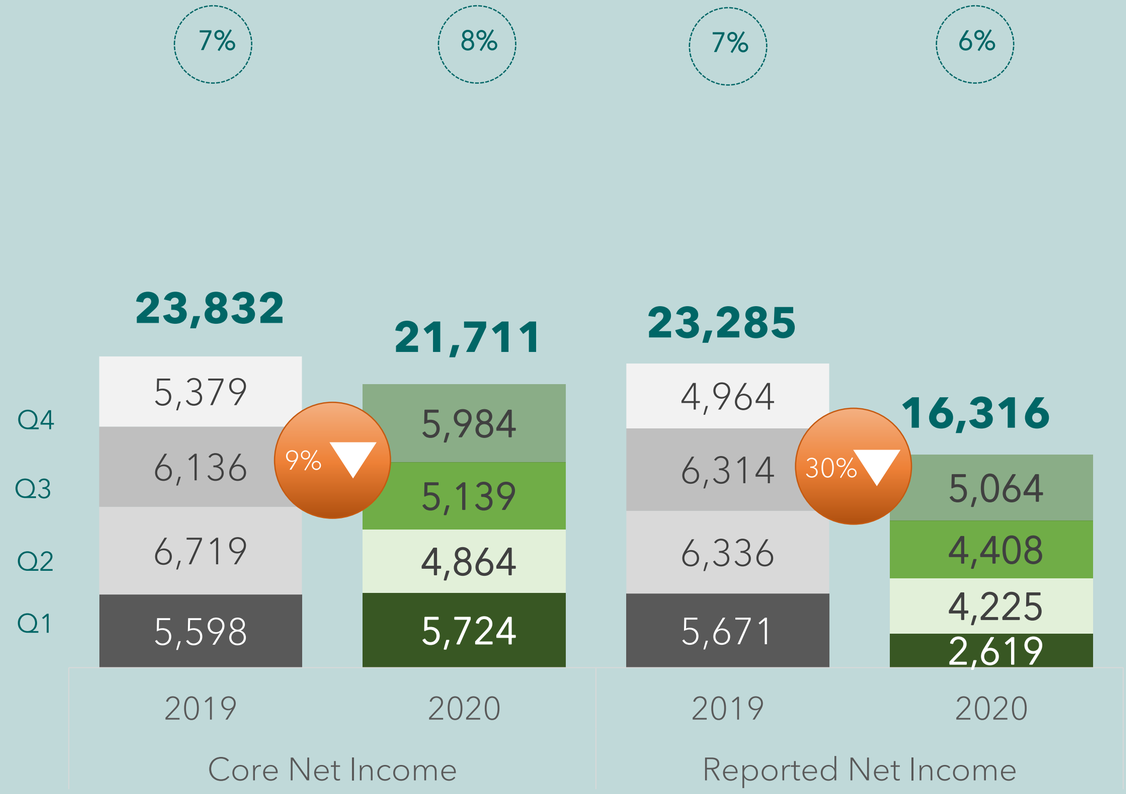
EBITDA AND NET INCOME 2020

Amounts in million Pesos, except percentages

Core and Reported EBITDA by quarter

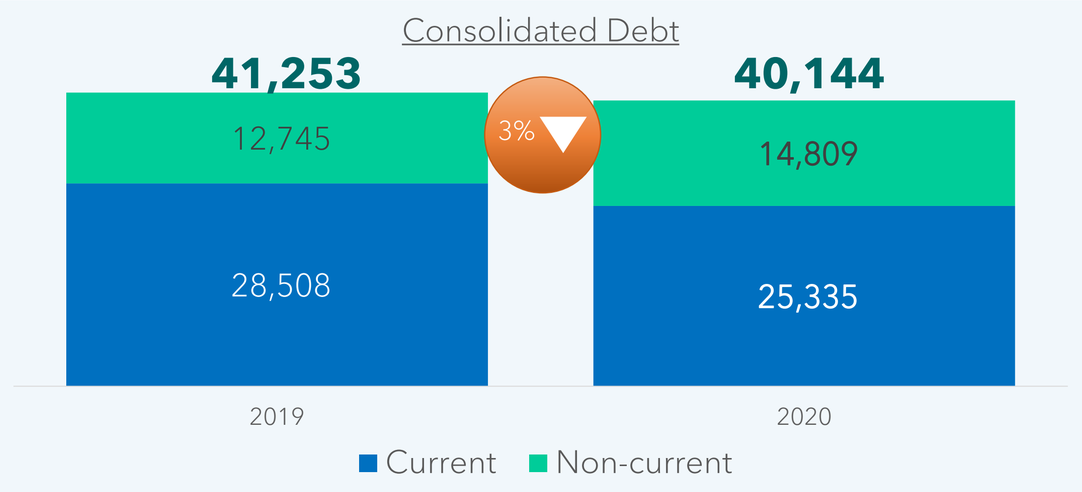


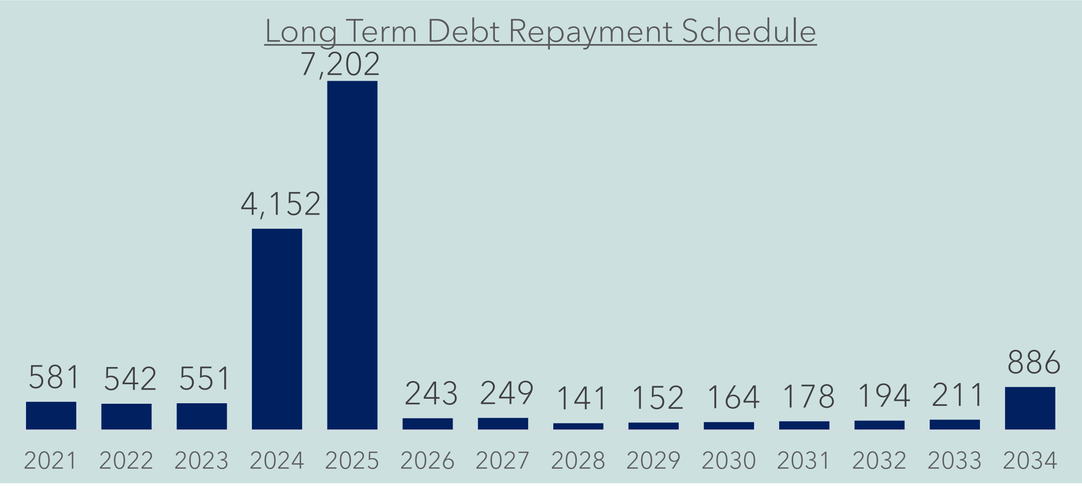
Core and Reported Net Income by quarter



CREDIT AND DEBT PROFILE 2020

Amounts in million Pesos, except percentages



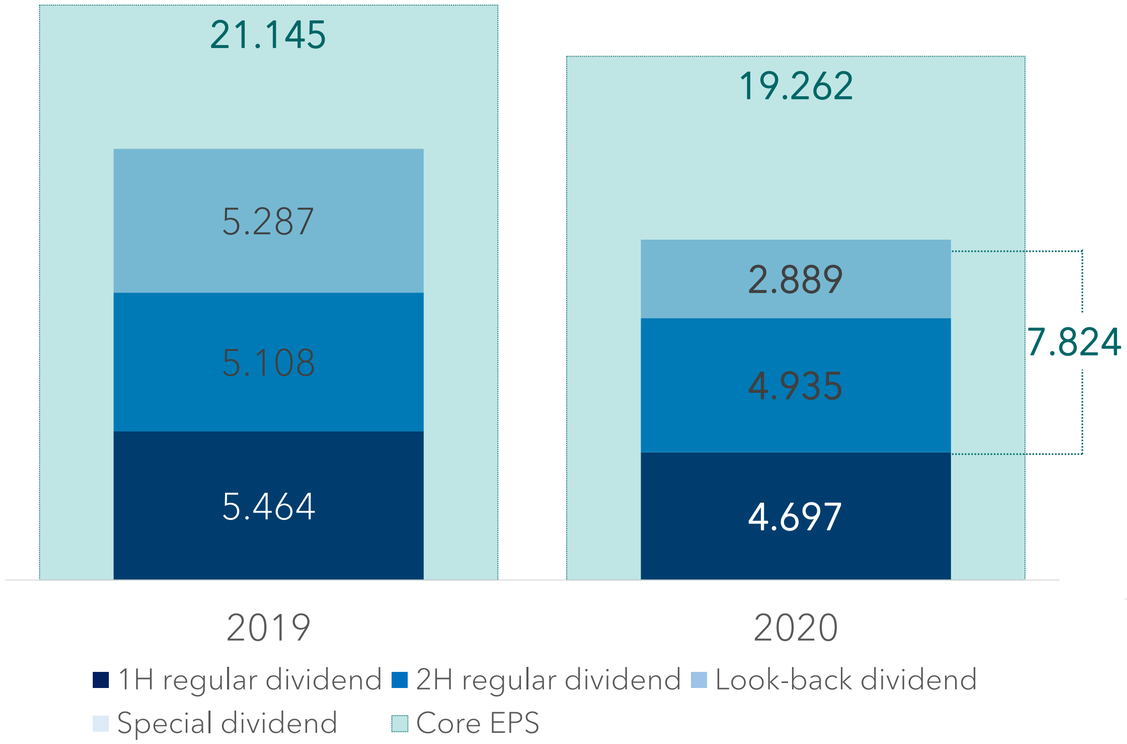


	2019	2020
Cash & Cash Investments	106,123	**96,718**
Gross Debt	41,253	**40,144**
Net Debt	2,991	**(10,768)**
Gross Debt to EBITDA	1.01	**1.34**
Net Debt to EBITDA	0.07	**(0.36)**
Gearing Ratio	0.04	**(0.14)**
Interest Expense	1,607	**1,594**
Interest Income	3,269	**2,323**

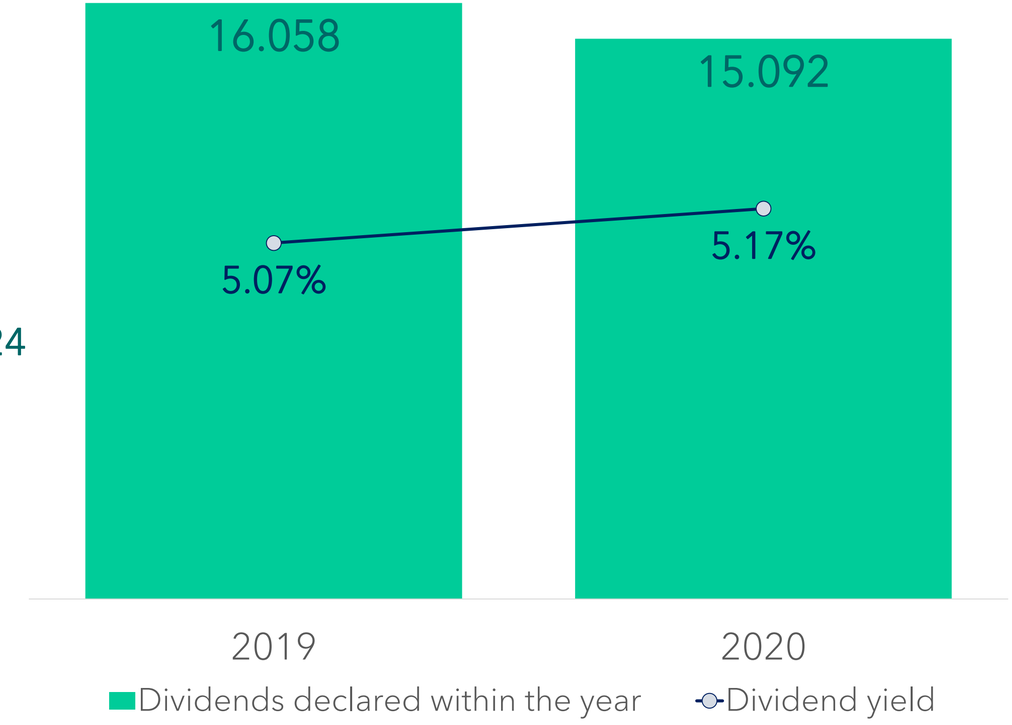
CORE EARNINGS AND DIVIDENDS 2020

Amounts in Pesos per share, except percentages

Cash Dividends and Core Earnings



Dividends Declared and Dividend Yield



YE 2020
OPERATIONAL RESULTS

PERFORMANCE HIGHLIGHTS 2020 vs. 2019

BUSINESS DRIVERS

CONSOLIDATED ENERGY SALES
43,572 GWh
▼7%

CONSOLIDATED CUSTOMER COUNT
7.132 M
▲4%

NET SYSTEM INPUT
45,919 GWh
▼7%

MERALCO PEAK DEMAND
7,614 MW*
▼2%
*March 10, 2020

SERVICE PERFORMANCE

SYSTEM LOSS
6.08%
▲0.54 %PT, 12-MMA

SYSTEM AVE. INTERRUPTION FREQUENCY INDEX
1.501 times
▼15%

SYSTEM AVE. INTERRUPTION DURATION INDEX
163.003 minutes
▼13%

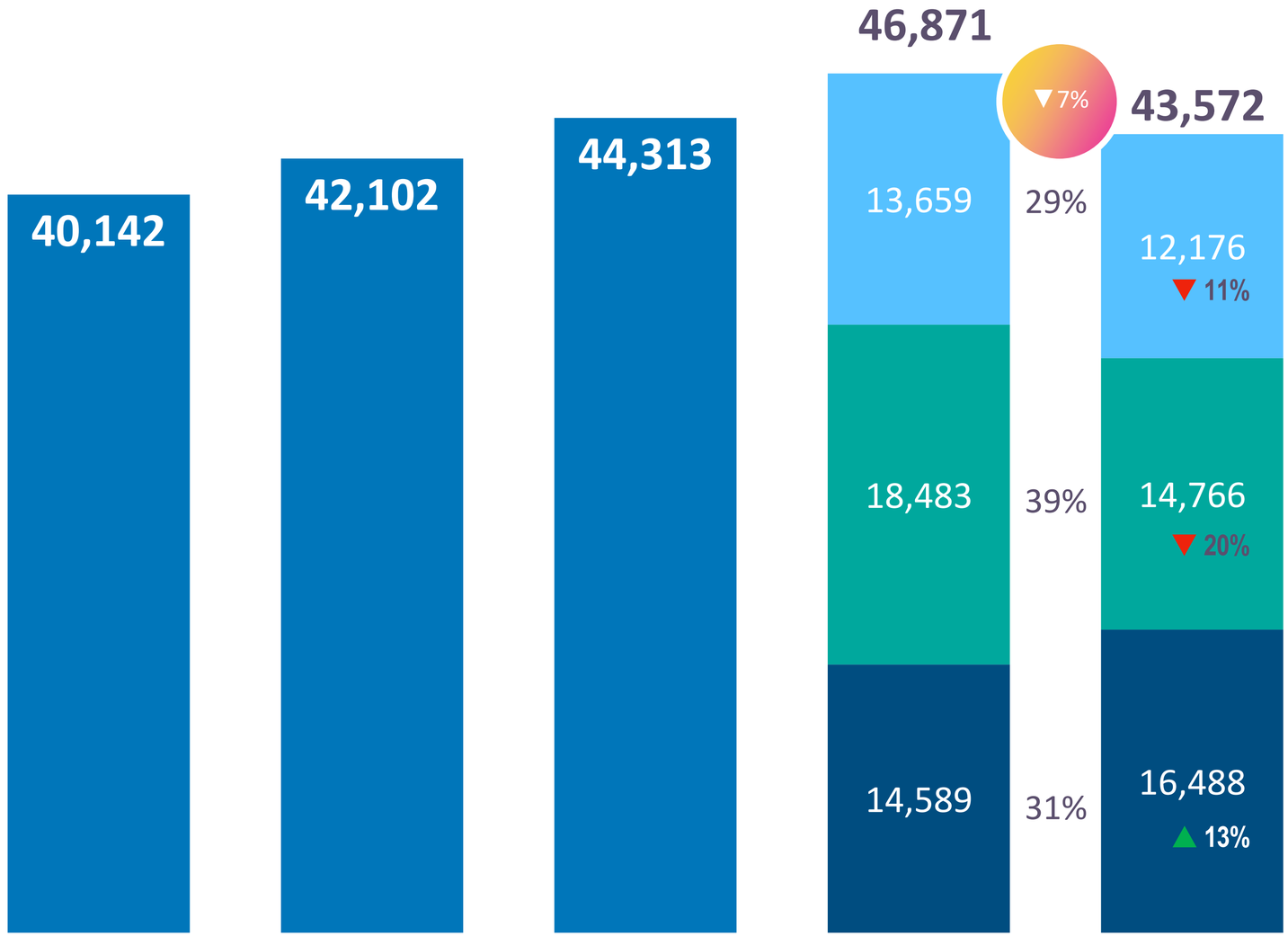
AVE. TIME TO CONNECT
1.83 days
▲10%

ELECTRICITY RATE

AVE. RETAIL RATE
7.96 PhP/kWh
▼10%

2020 **CONSOLIDATED ENERGY SALES** (in GWh)

Sales volume decline driven largely by impact of community quarantine to Commercial and Industrial Segments



2019 vs 2020
Sales Mix

▼ 1%pts.

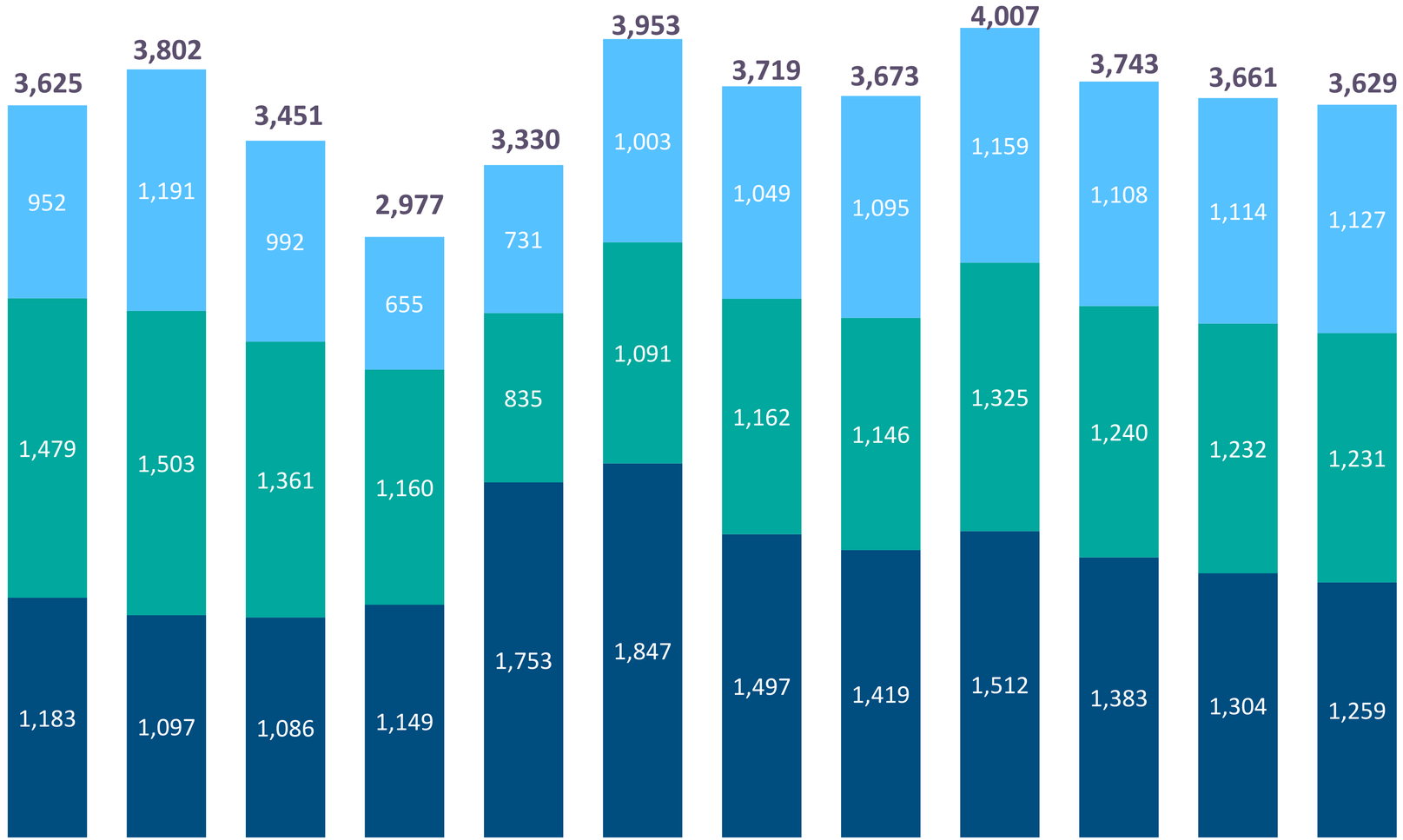
▼ 5%pts.

▲ 7%pts.

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

2020 **MONTHLY ENERGY SALES** (in GWh)

Residential accounted for largest share due to work-from-home arrangements and online learning; Industrial recovered and grew in latter part of 2020

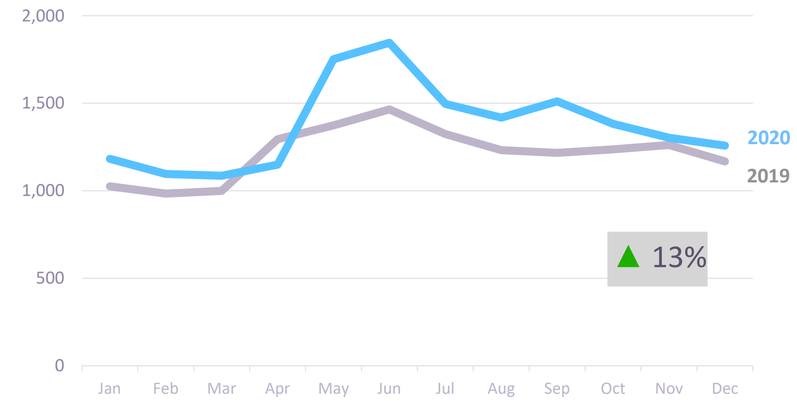


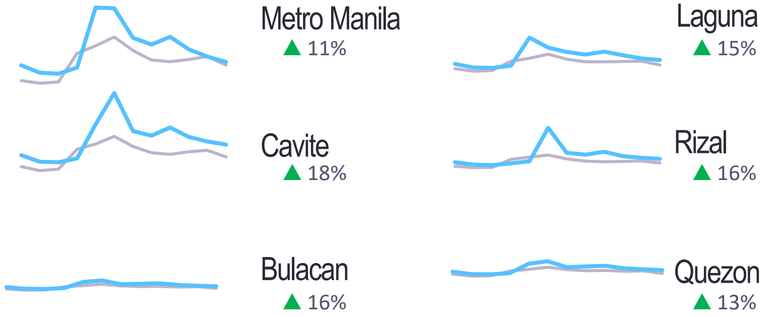
	2019	2020 Average Mix	
Industrial	29%	28%	▼ 1%pt.
Commercial	39%	34%	▼ 5%pts.
Residential	31%	38%	▲ 7%pts.

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

2020 DU ENERGY SALES PROFILE AND DRIVERS

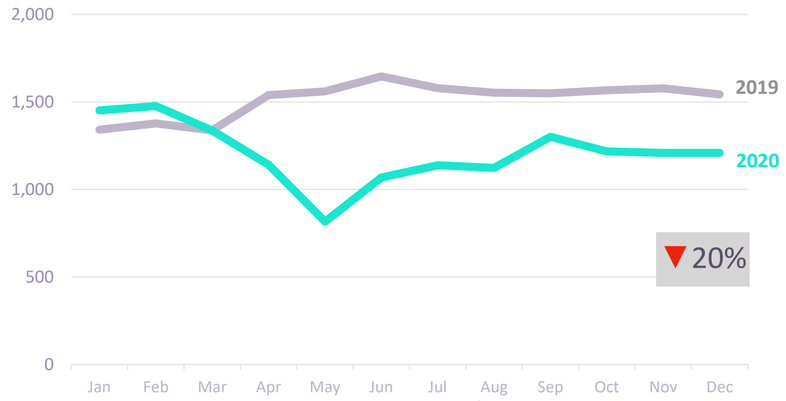
RESIDENTIAL





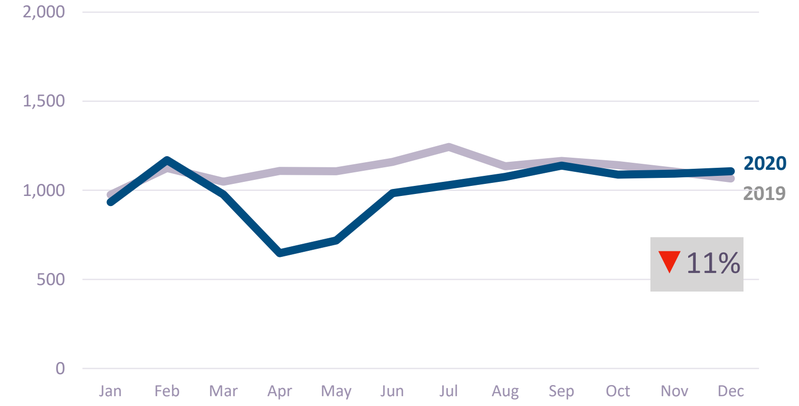
- Posted double-digit growth of 13% in 2020
- Primary drivers were prolonged lockdowns and WFH arrangements coupled with warm temperature during summer months
- 2H saw online classes in full swing further contributing to household sales
- Growth tempered slightly in 4Q, due to outages and flooding from typhoons in October and November (e.g. Rolly and Ulysses) , and cooler temperature brought by La Nina

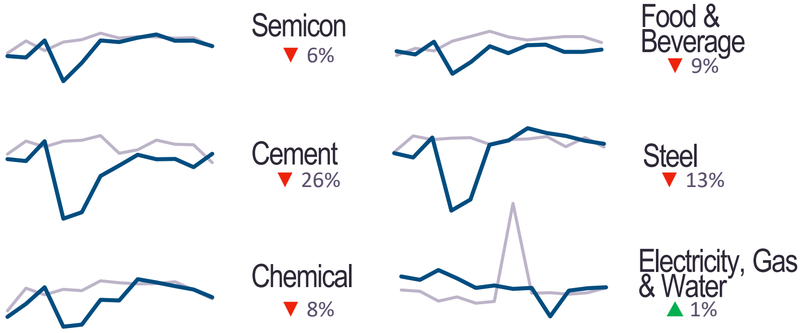
COMMERCIAL



- Hardest hit among sectors, as sales contracted by 20% (from 6% growth in 2019)
- Retail Trade, primarily malls, saw massive decline of 30% consumption, as foot traffic was minimal and small and medium businesses were closed
- Service industries such as Leisure and Hospitality were also affected as IATF and DTI mandated limited operations for most of the year
- Education and Transport also badly affected by closure of schools and limited mobility during and even after lockdowns

INDUSTRIAL

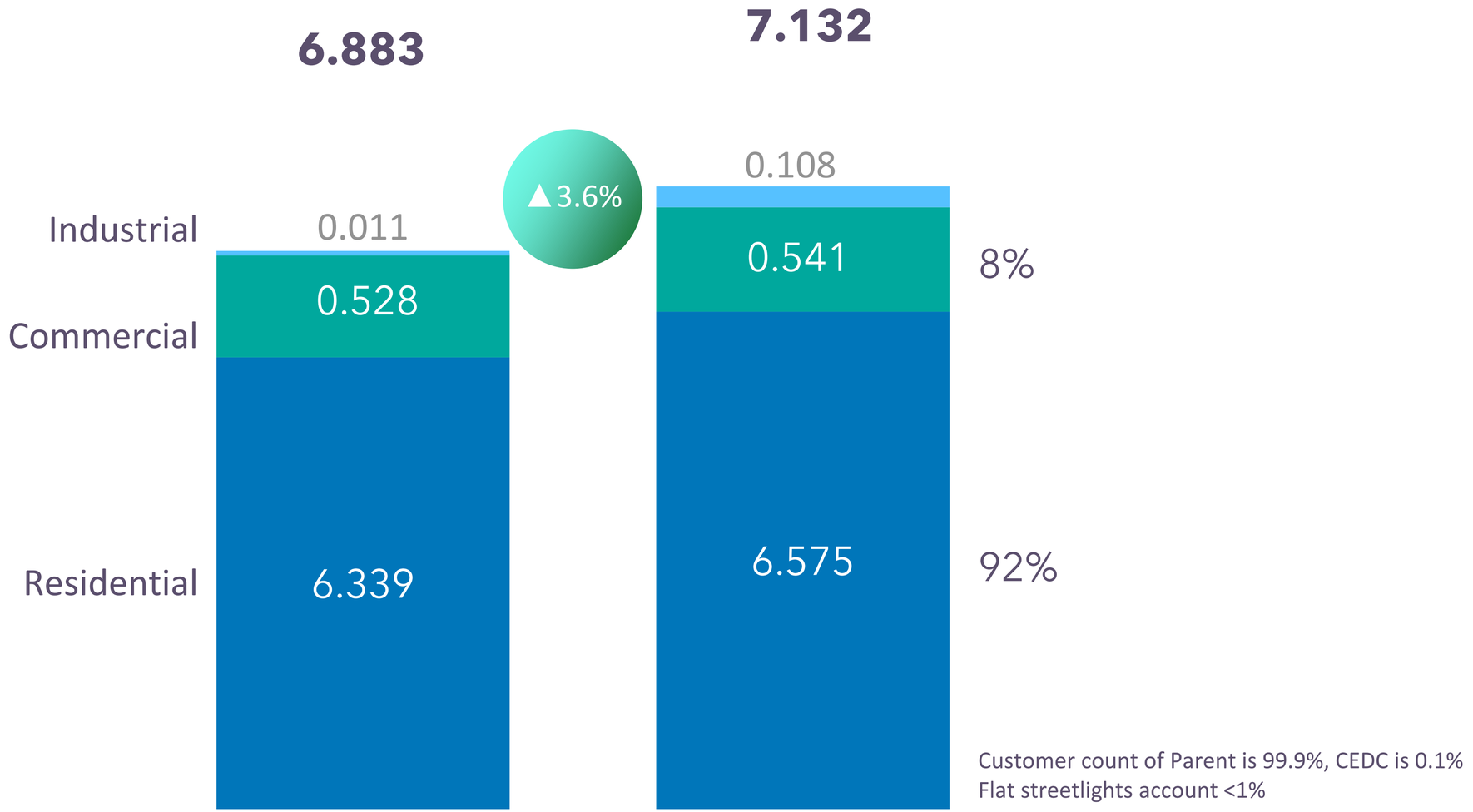




- Decreased by 11% in 2020 (from 4% growth in 2019)
- Industrial customers showed gradual growth as IATF eased up on allowed operational capacity of essential goods (F&B and utilities) and manufacturing during 3Q
- By latter part of 2020, Industrial began to post positive growth as need for consumer electronics drove Semicon production, and Cement and Steel ramp up was encouraged by government catch-up on infrastructure projects

2020 **CONSOLIDATED CUSTOMER COUNT** (in M)

Increasing customer count driven by service applications and energization returning to pre-ECQ levels



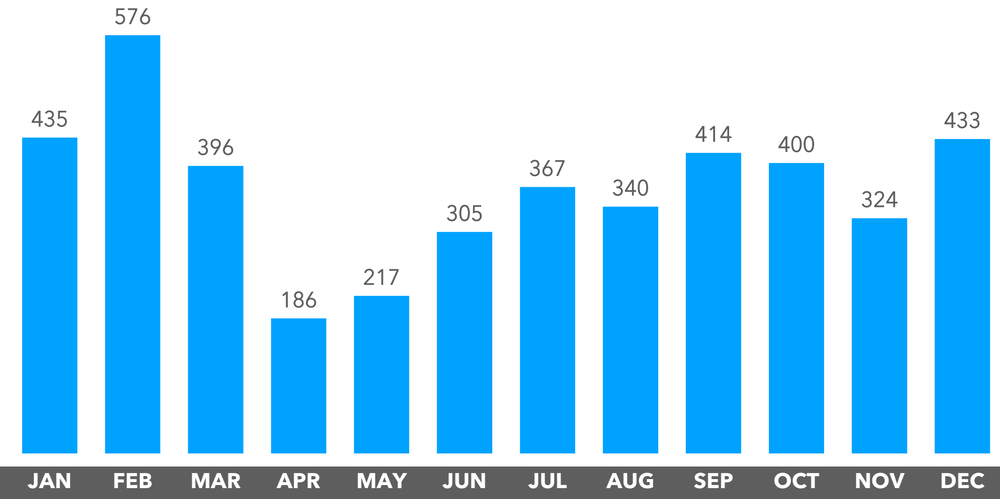
Customer count of Parent is 99.9%, CEDC is 0.1%
Flat streetlights account <1%

2020 **ENERGIZATION**

Steady recovery in energization of PCA and OSA

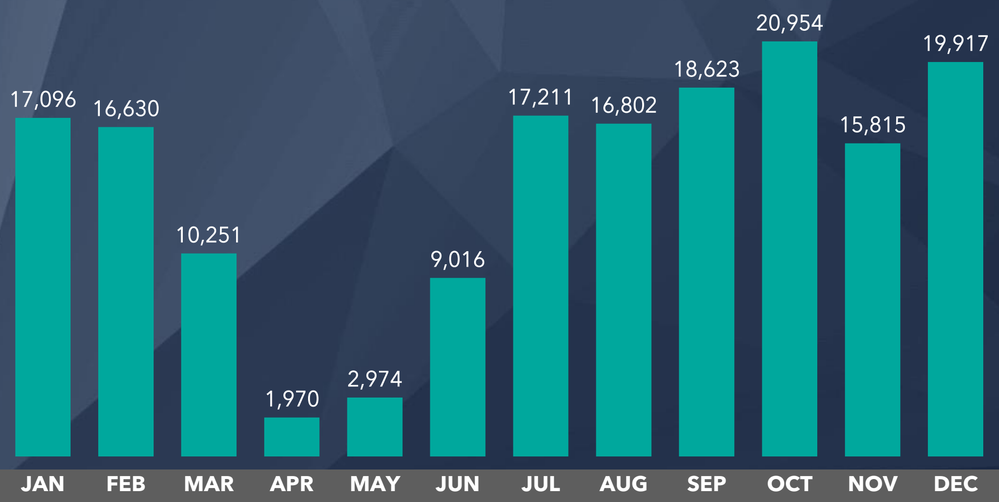
PROJECT-COVERED APPLICATIONS (PCA)

- 2020 PCA (4,393) down 22% vs. 2019 (5,635) highly affected by postponement of construction by large developers during lockdown
- Most newly energized projects were related to essential services and goods, with some primarily used for COVID-19 facilities
- PCAs returned to near pre-ECQ levels starting September as government eased up on distancing and mobility restrictions related to construction



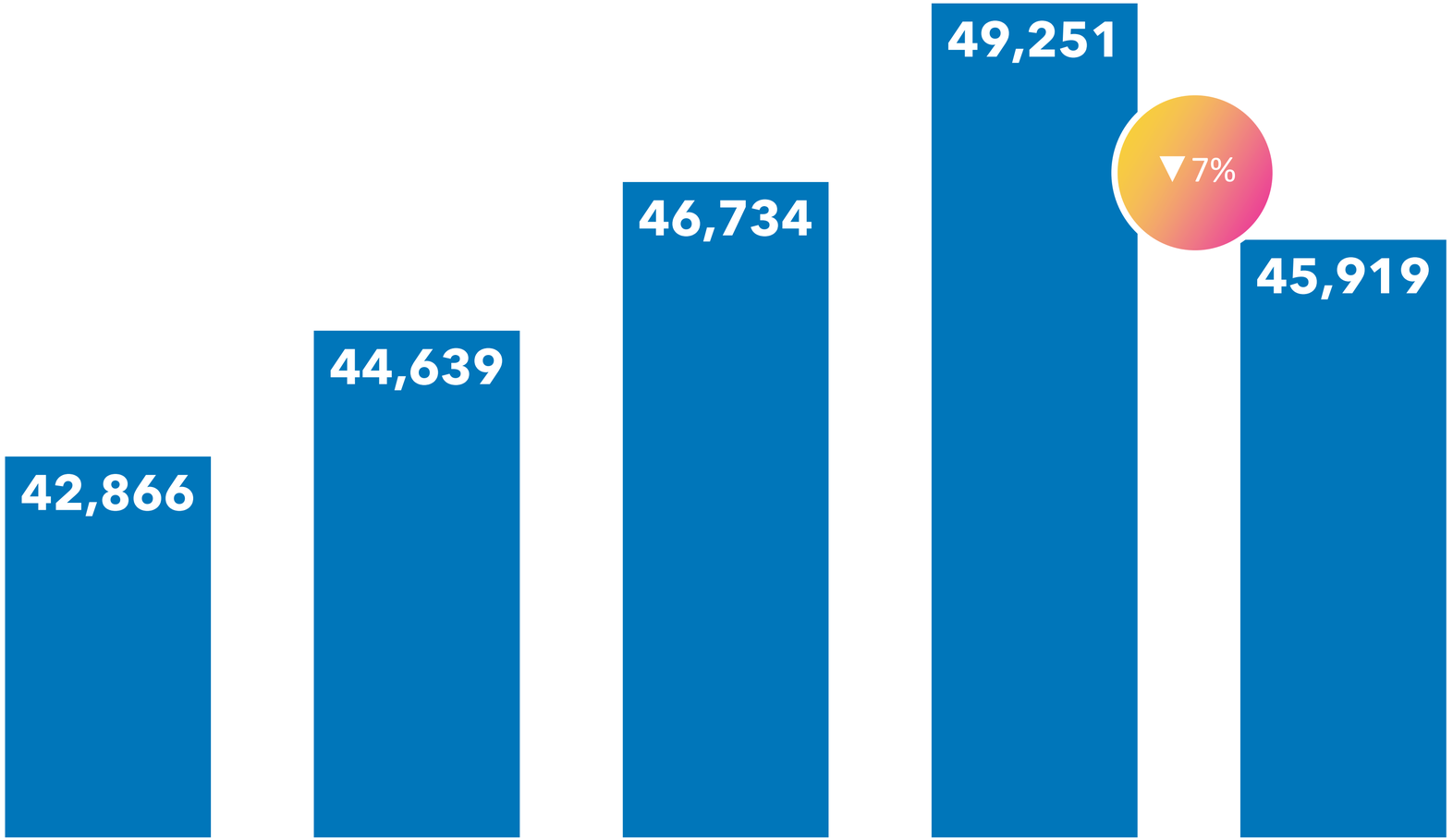
ORDINARY SERVICE APPLICATIONS (OSA)

- 2020 OSA (167,259) down 13% vs. 2019 (192,867) due to lockdown restrictions that hampered customer applications
- Catch up of energization for deferred applications started during 2H, as residential customers were allowed to travel and resume applications
- Aggressive push to energize all pending bulk applications such as MEP, RAISE, NHA and other Mass housing projects also contributed to growth in 4Q



2020 **CONSOLIDATED NET SYSTEM INPUT** (in GWh)

Lower vs. 2019 due to impact of community quarantine and lower temperatures



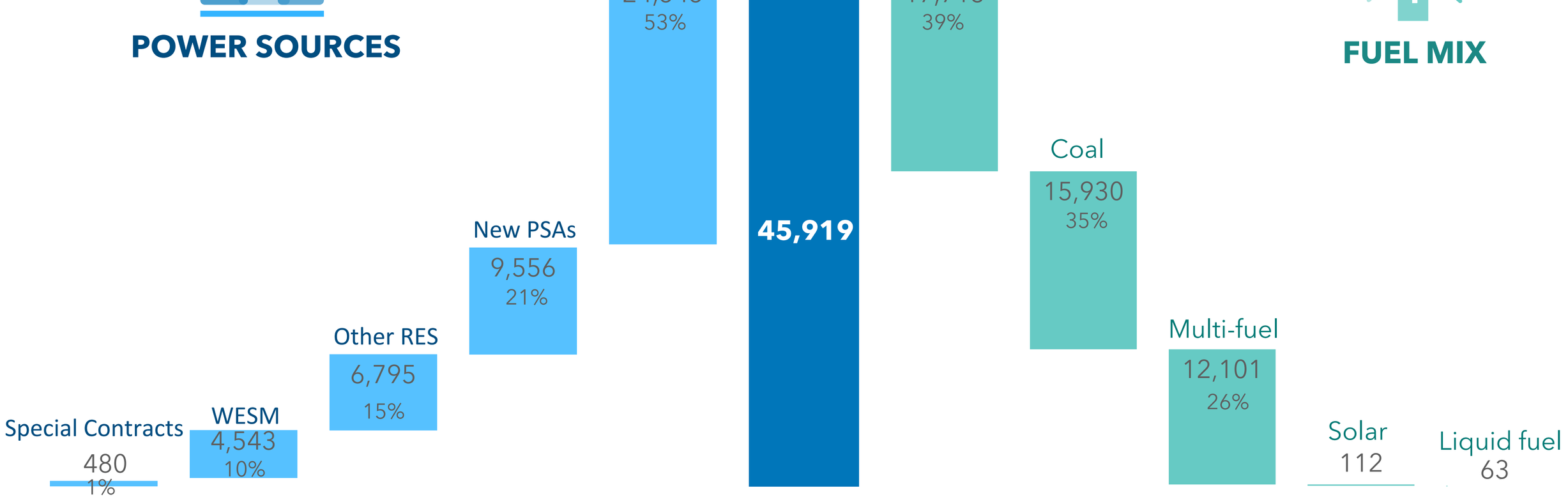
Parent is 99%, down by 7% vs. 2019
CEDC is 1%, down by 16% vs. 2019

2020 **CONSOLIDATED NSI BREAKDOWN** (in GWh)

45,919 GWh
NET SYSTEM INPUT

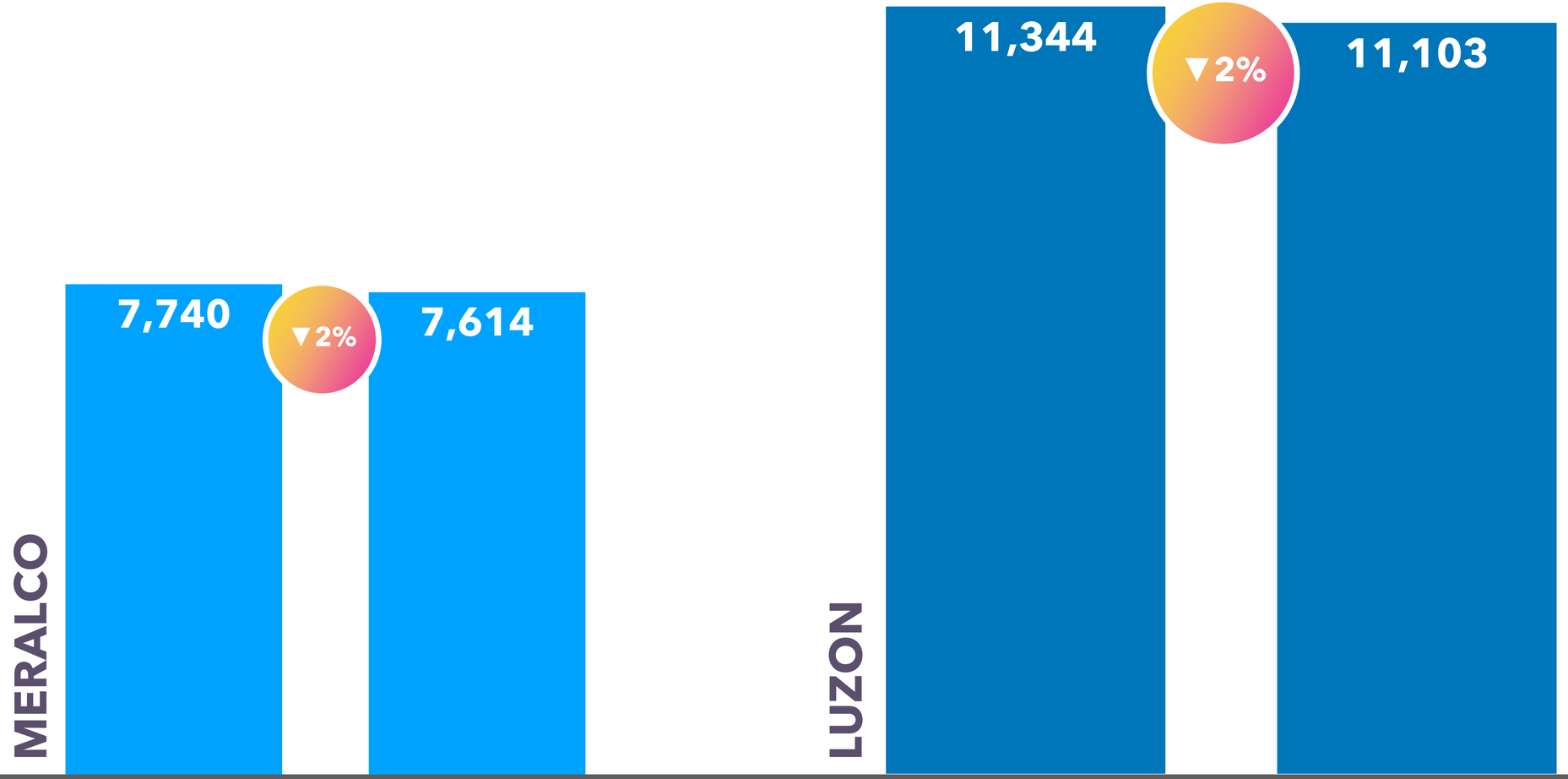
POWER SOURCES

FUEL MIX



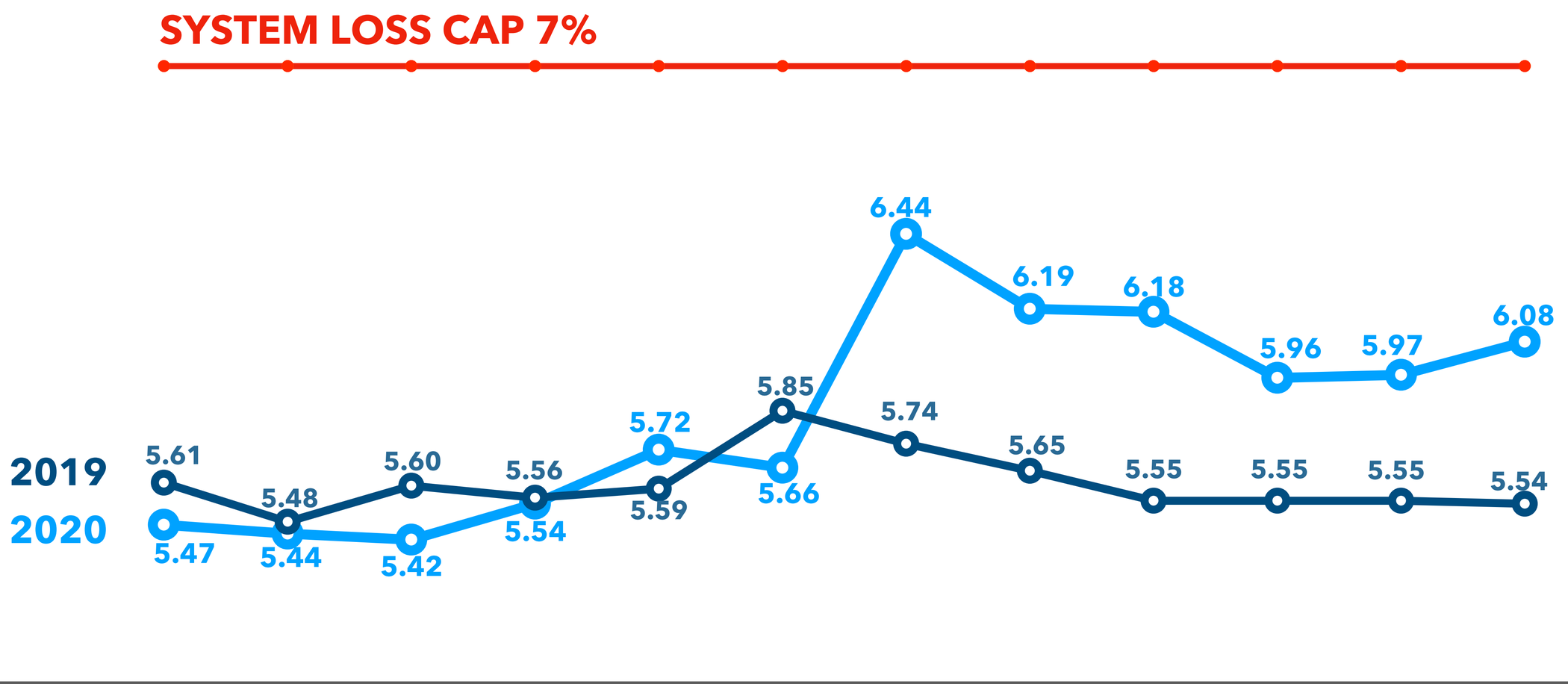
2020 **PEAK DEMAND** (in MW)

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



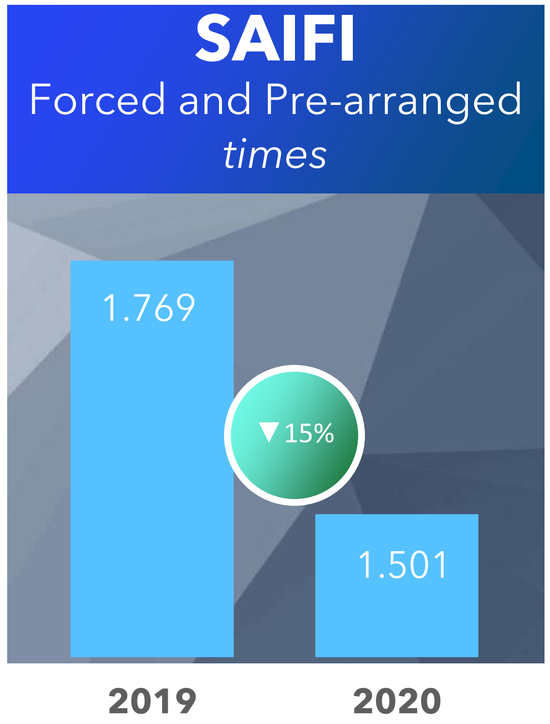
2020 **SYSTEM LOSS PERFORMANCE** (in %, 12-MMA)

Higher by 0.54% points vs. 2019 due to effect of unbilled sales (58.5 GWh) as of December and due to shift in sales mix towards higher loss-to-serve Residential segment

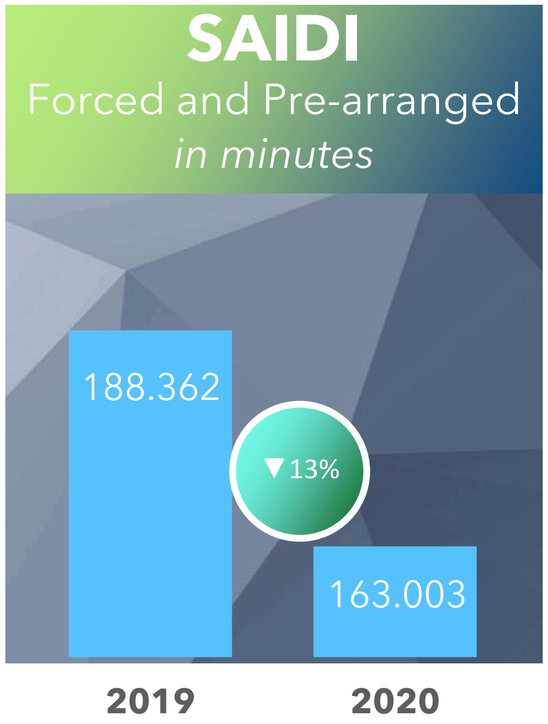


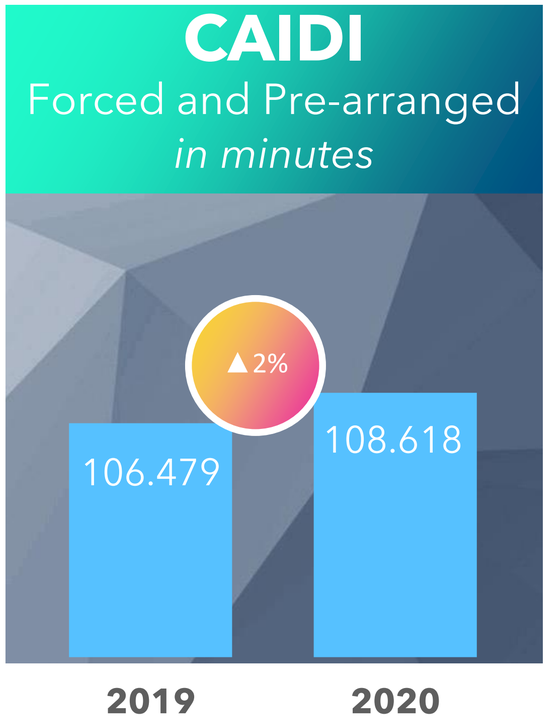
2020 **S-FACTOR PERFORMANCE (NETWORK)**

Continued to achieve rewards levels* across all performance indicators



Rewards < 6.98





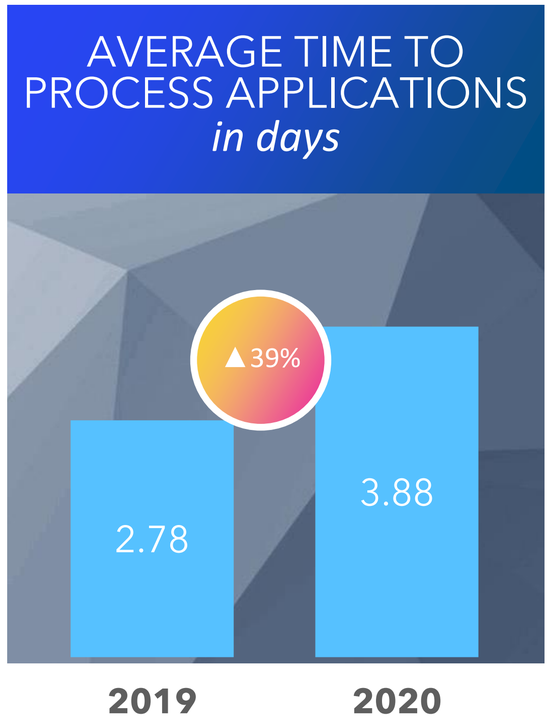
Rewards < 144.40

***** based on 3RP

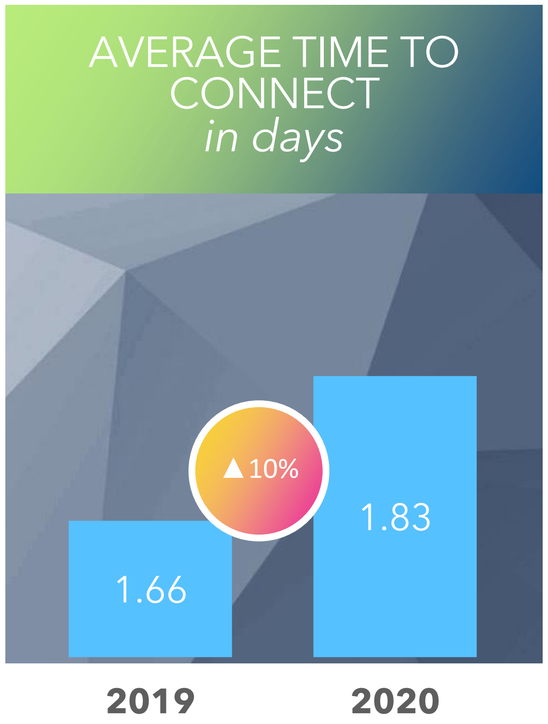
- % Probability of Voltage Violation at 0.02 (within rewards level of <0.86)
- Pre-arranged SAIDI at 53.309 minutes (16% improvement and within rewards level of <126.57)

2020 **S-FACTOR PERFORMANCE (CUSTOMER)**

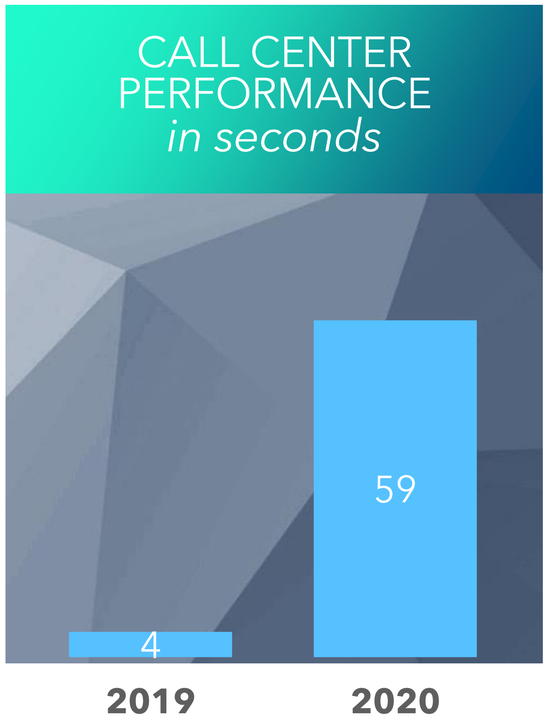
Continued to achieve rewards levels* on Average Time to Process Applications and Average Time to Connect



Rewards < 7.90



Rewards < 3.55



Rewards < 13.55

* based on 3RP
- Excluding community quarantine impact, Call Center Performance at 20.37 seconds

RY2021 **GUARANTEED SERVICE LEVELS (GSL)**

Continued to deliver well within performance ceilings*

GSL 1
Customers experiencing cumulative duration of sustained interruptions

3 customers

Up to 373,658 violations for RY2021

GSL 2
Customers experiencing a number of sustained interruptions

ZERO customers

Up to 18,989 violations for RY2021

GSL 3
Restoration of supply to a customer after a fault on secondary line

24 incidents

Up to 234,439 violations for RY2021

GSL 4
Connection not provided on the day agreed with the customer

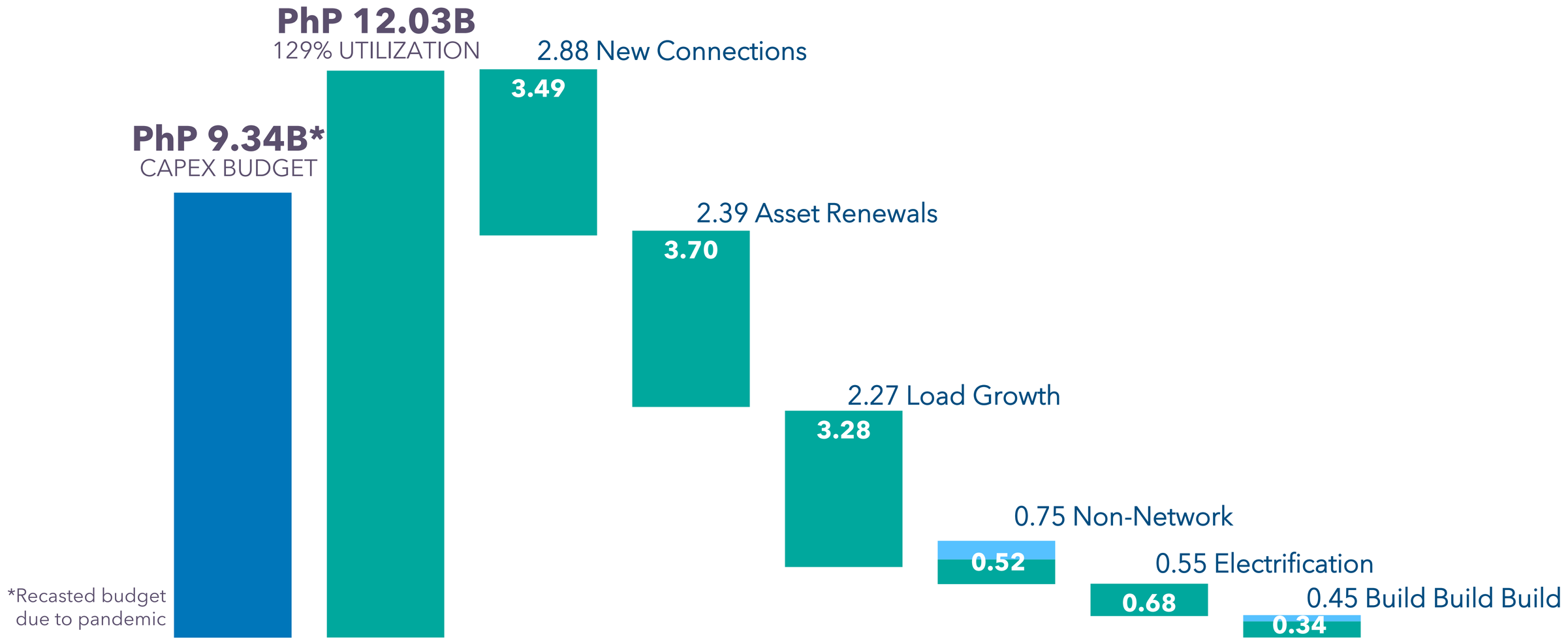
62,683 days-delay

Up to 163,995 violations for RY2021

* based on 3RP
- RY2021 covering period July 1, 2020 to December 31, 2020

2020 **NETWORKS CAPEX** (in PhP, B)

129% of full year CapEx utilized with resumption of projects post-ECQ



NETWORKS PROJECT UPDATES

UPRATING OF PORTION OF AMADEO-GATEWAY-FCIE 115 KV LINE

- 4.7 km portion was uprated from 1-795 MCM to 2-795 MCM ACSR and energized on December 14, 2020
- Provides N-1 contingency during outage of Amadeo-Tagaytay West 115 kV line
- Strengthens 115 kV sub-transmission system in Cavite sector and supports additional 300 MVA PXF in Amadeo delivery point substation which will be energized in 2021

NETWORKS PROJECT UPDATES

EXPANSION OF TAYABAS 230 KV-115 KV DELIVERY POINT SUBSTATION (2ND BANK)

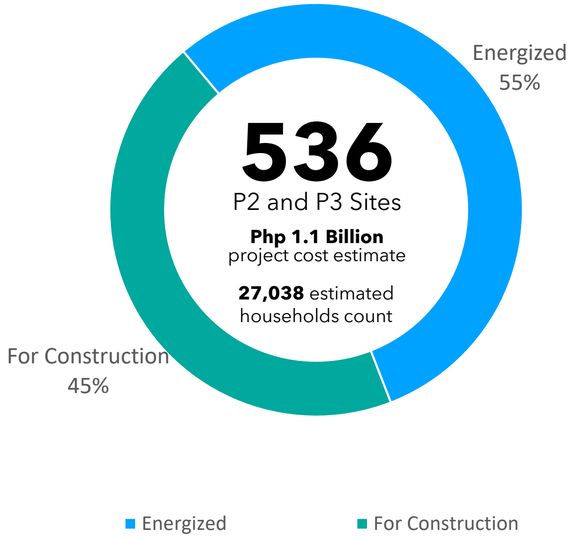
- Increased capacity with new 300 MVA transformer bank, commissioned on December 29, 2020
- Provides more stable and reliable system in South Sector
- Addresses critical loading of existing 100 MVA transformer bank at NGCP Tayabas substation serving areas of Tayabas, Sariaya, and Lucena, Quezon

NETWORKS PROJECT UPDATES
ENERGIZATION OF SKYWAY STAGE 3

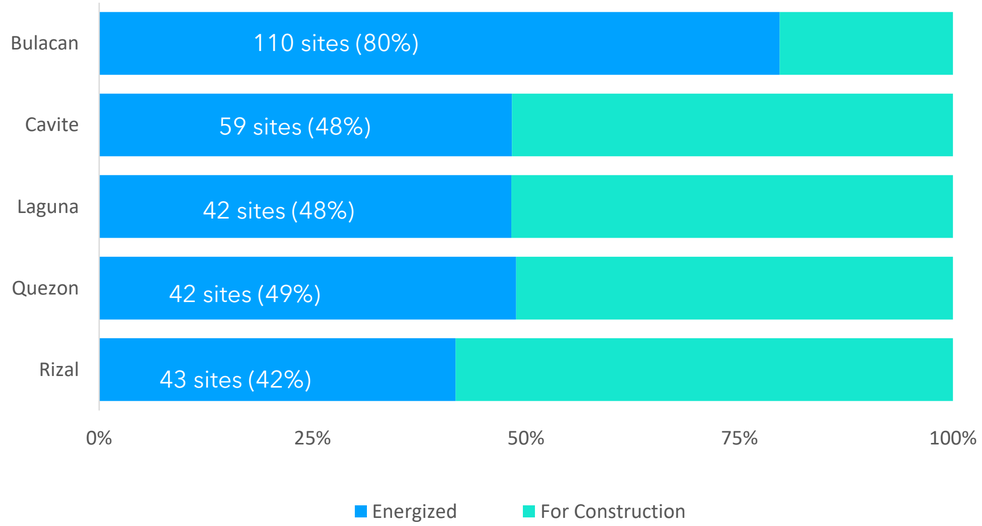
- Completed 8 project-covered application (PCA) work orders, and energized Skyway's new streetlights and toll plazas on December 26, 2020 (a day ahead of its initial opening), despite request made only on December 22.
  - December 23: Meralco and Citra Central Expressway Corp. conducted surveys of Section 3 and 4 (G. Araneta, Sgt. Rivera and A. Bonifacio avenues)
  - December 24-26: PCA execution
  - December 26: Completed service entrances

NETWORKS PROJECT UPDATES
MERALCO ELECTRIFICATION PROGRAM PROJECTS (PRIORITY 2 AND 3)*

MEP Priority 2 & 3 Over-all Completion



Status per Province as of December 31, 2020



Sitio Tambubong
Plaridel, Bulacan

Tatala
Binangonan, Rizal

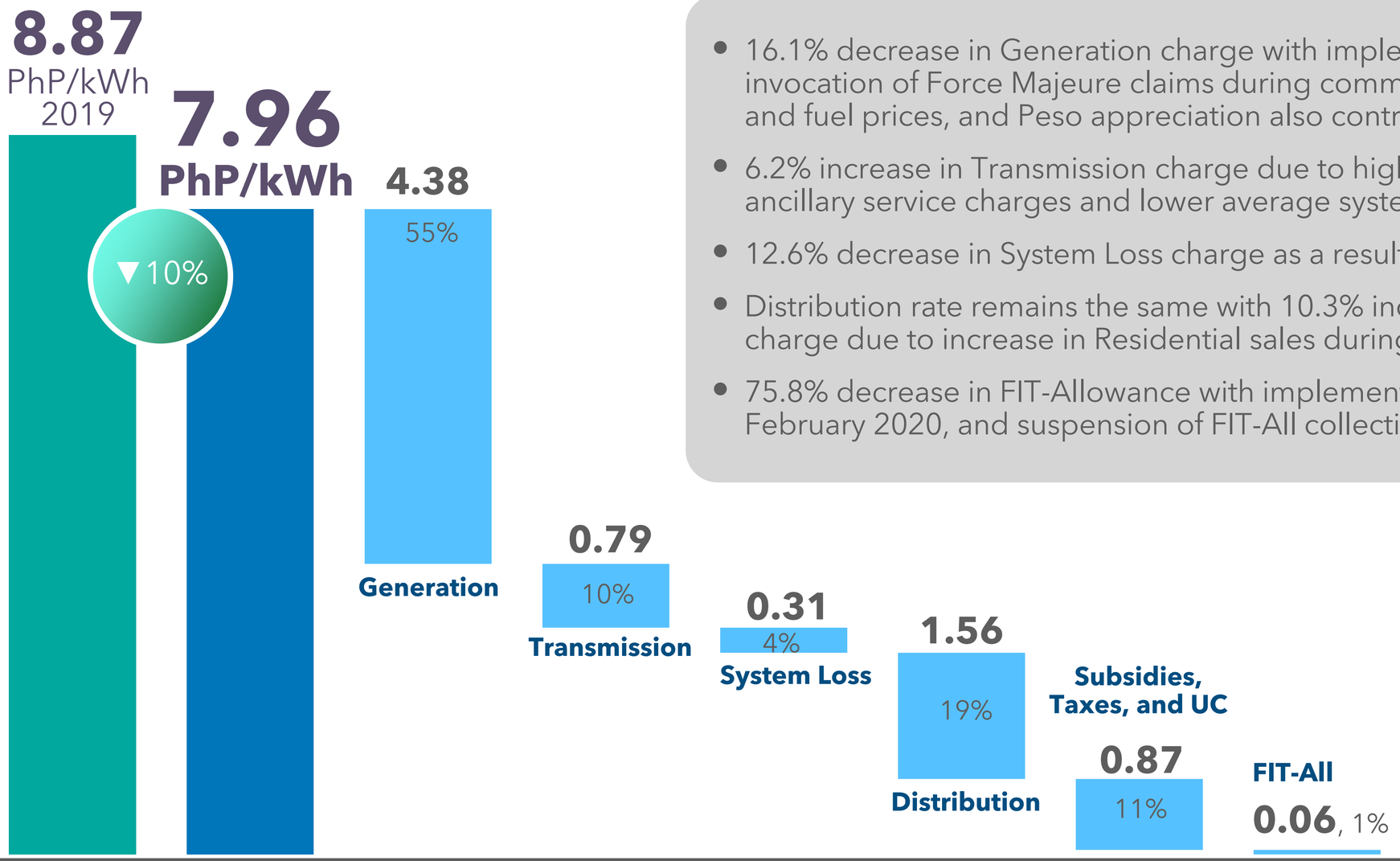
Brgy. Anos,
Tayabas, Quezon

Sitio Impit
Calauan, Laguna

*For completion not later than December 2020 (Priority 2) and June 2021 (Priority 3)

2020 **AVERAGE RETAIL RATE**

PhP 0.91 reduction vs. 2019



- 16.1% decrease in Generation charge with implementation of new PSAs and invocation of Force Majeure claims during community quarantine. Lower WESM and fuel prices, and Peso appreciation also contributed to decrease.
- 6.2% increase in Transmission charge due to higher power delivery service and ancillary service charges and lower average system load factor
- 12.6% decrease in System Loss charge as a result of lower generation costs
- Distribution rate remains the same with 10.3% increase in average Distribution charge due to increase in Residential sales during ECQ
- 75.8% decrease in FIT-Allowance with implementation of lower FIT-All starting February 2020, and suspension of FIT-All collection for April and May 2020

1 ERC UPDATE: **DISTRIBUTION RATE TRUE-UP**

(ERC CASE NO. 2020-043 RC)

- **December 23, 2020** : MERALCO filed Application to refund PhP 13.8B for True-Up covering period from July 2015 to November 2020
- **February 16, 2021** : Initial Hearing (Determination of Compliance with Jurisdictional Requirements and Expository Presentation)
- **February 19, 2021** : ERC Order (dated January 27, 2021) granting prayer for Provisional Authority (PA) as applied by MERALCO with following directives:
  - Refund **PhP 13,885,845,931**, or an average refund rate of **PhP 0.1528/kWh**, in **approximately 24 months** until fully refunded as follows:

Customer Classes	Refund Rate (PhP/kWh)
RESIDENTIAL AND GENERAL SERVICE A	(0.2761)
GENERAL SERVICE B	(0.1811)
GENERAL POWER	(0.0789)
GHMSCI	(0.1165)
FLAT STREETLIGHTS	(0.2870)
GENERATOR WHEELING	(0.0366)

  - Refund rate shall be reflected as **separate line item** in customer bills
  - Refund is **without prejudice** to outcome of final determination of this case and/or subsequent reset process that will be initiated by the Commission
- **March 2, 2021** : Pre-Trial Conference and Presentation of Evidence

2 DOE UPDATE: **COMPETITIVE SELECTION PROCESS (CSP)**

- **February 19, 2021** : Opening of Envelope 3 (Bid Prices)
  - DOE observers were in attendance, led by Usec. Emmanuel Juaneza and Dir. Mario Marasigan
  - Levelized Cost of Electricity (LCOE) Reserve Price, inclusive of Line Rental, VAT and AS Cost Recovery, is P5.2559 per kWh.
  - Excellent Energy Resources Inc. (EERI), and Masinloc Power Partners Co. Ltd. (MPPCL) were considered "Possible Best Bids". Meanwhile, St. Raphael Power Generation Corp.'s (SRPGC) LCOE of P5.4426 per kWh failed to meet Reserve Price.

Bidder	LCOE (P/kWh) w/ VAT, Line Rental & AS Cost Recovery	LCOE (P/kWh) Excl. VAT, Line Rental & AS Cost Recovery	Offered Capacity (MW)	Commercial Operations Date (COD)	Remarks
EERI	4.1462	3.3675	1,200	Dec 2024	Possible Best Bid
MPPCL	4.2605	3.4696	600	May 2025	Possible Best Bid
MPGC	4.3321	3.5335	600		Next Possible Best Bid
A1E	4.6338	3.8323	600		Next Possible Best Bid
GNPD	5.2500	4.3482	600		Next Possible Best Bid

- **February 26, 2021** : TPBAC determined that all Best Bids for the 1,800 MW CSP passed Post-Qualification stage. Winning Power Suppliers, EERI and MPPCL, were then issued their respective Notices of Award.
- **March 1, 2021** : Tentative filing of PSAs with ERC

2019 MERALCO SUSTAINABILITY REPORT INTERNATIONALLY RECOGNIZED WITH GOLD RANK BY ASIA SUSTAINABILITY REPORTING RATING (ASRRAT) FORUM 2020

First maiden SR to be recognized by ASRRAT

#PoweringTheGoodLife

Asia Sustainability Reporting Rating (ASRRAT)

- Ratings system initiated by National Center for Sustainability Reporting (NCSR)
- Focused on assessing sustainability reports published across Asia and covering multiple sectors

Rating Categories

1st Platinum	3rd Silver
2nd Gold	4th Bronze

Meralco Score: 86-92 out of 100 **(Gold)**

Criteria:

- Alignment with and support of UN Sustainable Development Goals
- Transparency of Greenhouse Gas (GHG) disclosures
- Compliance with Global Reporting Initiative (GRI) standards

MERALCO MGEN POWER GENERATION

YE 2020
POWER GENERATION
OPERATIONAL HIGHLIGHTS

San Buenaventura Power Limited Co. (SBPL)

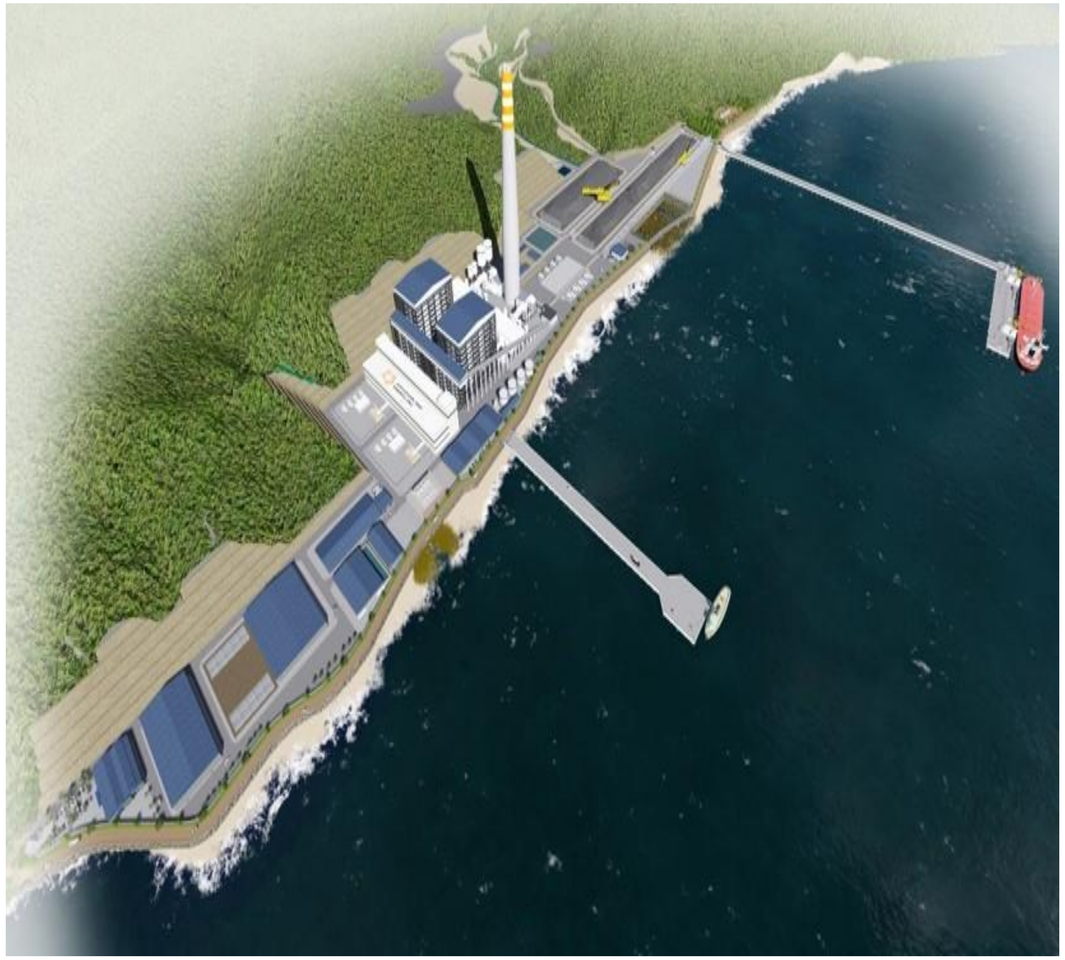
500MW (gross) Supercritical Coal-Fired Power Plant in Mauban, Quezon

- First operational supercritical coal power plant in the Philippines, commercial operations started on **September 26, 2019.**
- Joint venture of MGen with New Growth, B.V., a wholly owned subsidiary of Electricity Generating Public Company Limited (EGCO) of Thailand
- Net generation at **3,070 GWH from January to December 2020;** high capacity factor for a project in its first year of operation.
- SBPL contributed almost **PHP1.0 billion** to the Meralco CCNI on its first year of operations.

Atimonan One Energy, Inc. (A1E)

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

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



- A1E is one of the shortlisted bidders in Meralco's **Competitive Selection Process** for its 2024/2025 requirements. However, it is not one of the preferred bidders, which are currently undergoing a post-qualification process
  - Other offtake options currently being explored

- **Site preparation activities** fully resumed in late **August 2020.** More stringent health and safety protocols were put in place to protect construction workers from 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 to 2,000 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/80.9MWdc Solar Power Plant in San Miguel, Bulacan

Total Project Cost: PhP4.25 Billion

Site as of February 2021

- MGen's **first solar investment** covering a total land area of **72 hectares**
- In January, MGreen **increased its shareholding in PFBSI to 60%** following the buyout of Sunseap's shares.
- **Ongoing construction**; overall progress as of February 15 stood at **93.24%**
  - ✓ PV farm: 98.18%
  - ✓ Substation: 97.66%
  - ✓ Transmission Line: 100%
- Target **commercial operations** within **Q1 2021**

Substation and Main Control Building

CAUTIONARY STATEMENT

This presentation is prepared for the parties presently invited for the purpose of discussion. This presentation has consequential limitations and is not a comprehensive discussion about **MANILA ELECTRIC COMPANY AND ITS SUBSIDIARIES (Meralco)**. These 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 any other purpose.

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