HALF YEAR JUNE 30, 2021
FINANCIAL AND OPERATING RESULTS

July 26, 2021

MERALCO

HALF YEAR JUNE 30, 2021 FINANCIAL RESULTS

July 26, 2021

FINANCIAL SUMMARY

Amounts in million pesos

NET INCOME & EBITDA

Core Net Income
Php 11,399
▲ 8%

Reported Net Income
Php 9,949
▲ 45%

Core EBITDA
Php 23,287
▲ 52%

Reported EBITDA
Php 22,839
▲ 100%

REVENUES

Gross Revenues
Php 149,097
▲ 8%

Distribution Revenues
Php 31,486
▲ 7%

Generation and pass-through charges
Php 108,457
▲ 3%

Energy Fee
Php 4,897

Non-electric revenues
Php 4,257
▲ 17%

COSTS & EXPENSES, CAPEX

Purchased Power Cost
Php 106,043
▲ 2%

Operating Expenses
Php 15,713
▲ 14%

CAPEX
Php 13,087
▲ 91%

Coal and Fuel
Php 2,415

Power Plant O&M Cost
Php 319

CASH & BORROWINGS

Cash and Cash Investments
Php 110,410
▲ 27%

Borrowings
Php 91,662
▲ 125%

MGEN & SUBSIDIARIES

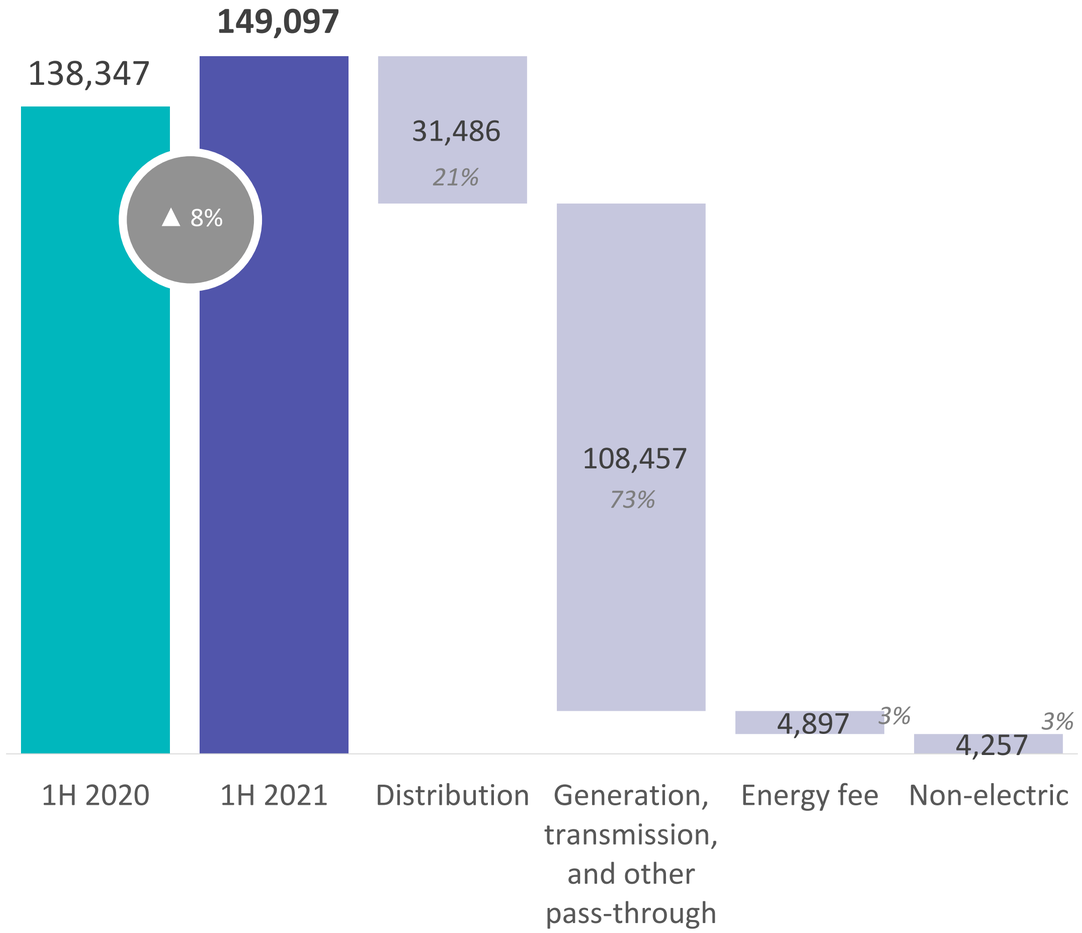
MGen
Php 327
▲ 3%

Other Subsidiaries
Php 482
▲ 31%

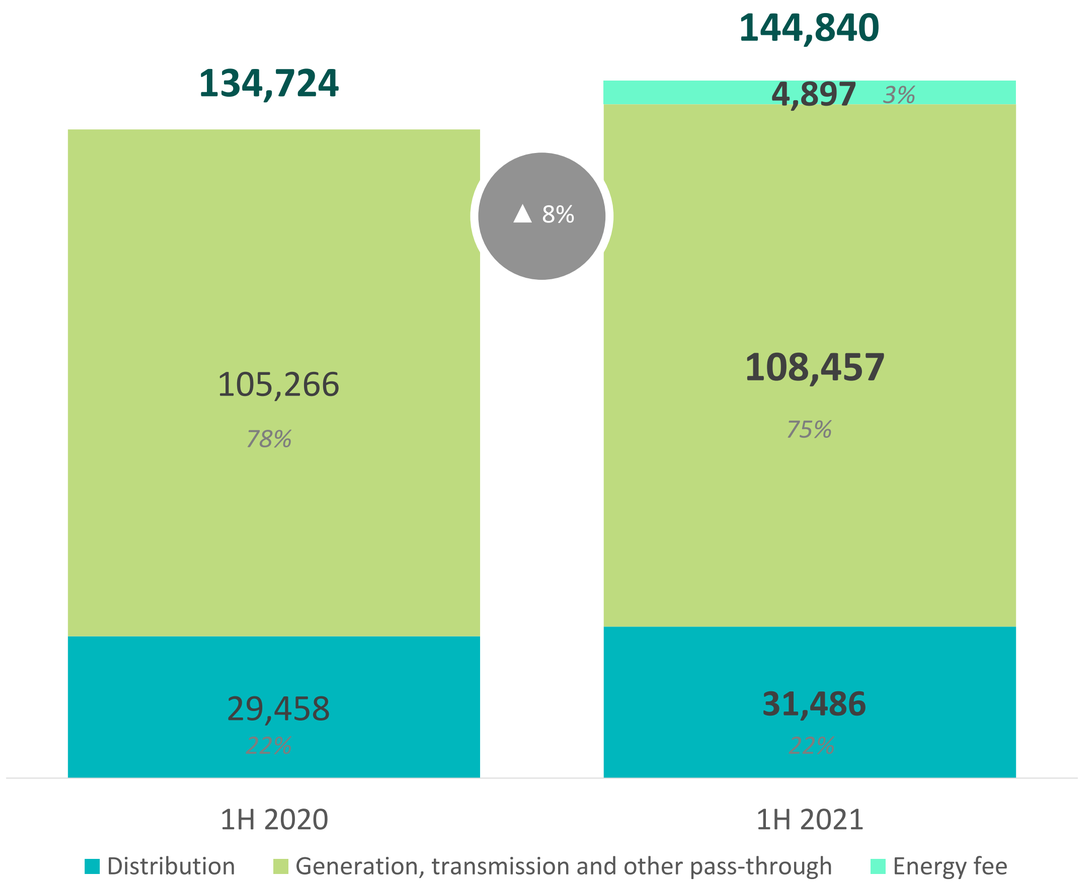
REVENUES

Amounts in million pesos

Gross Revenues

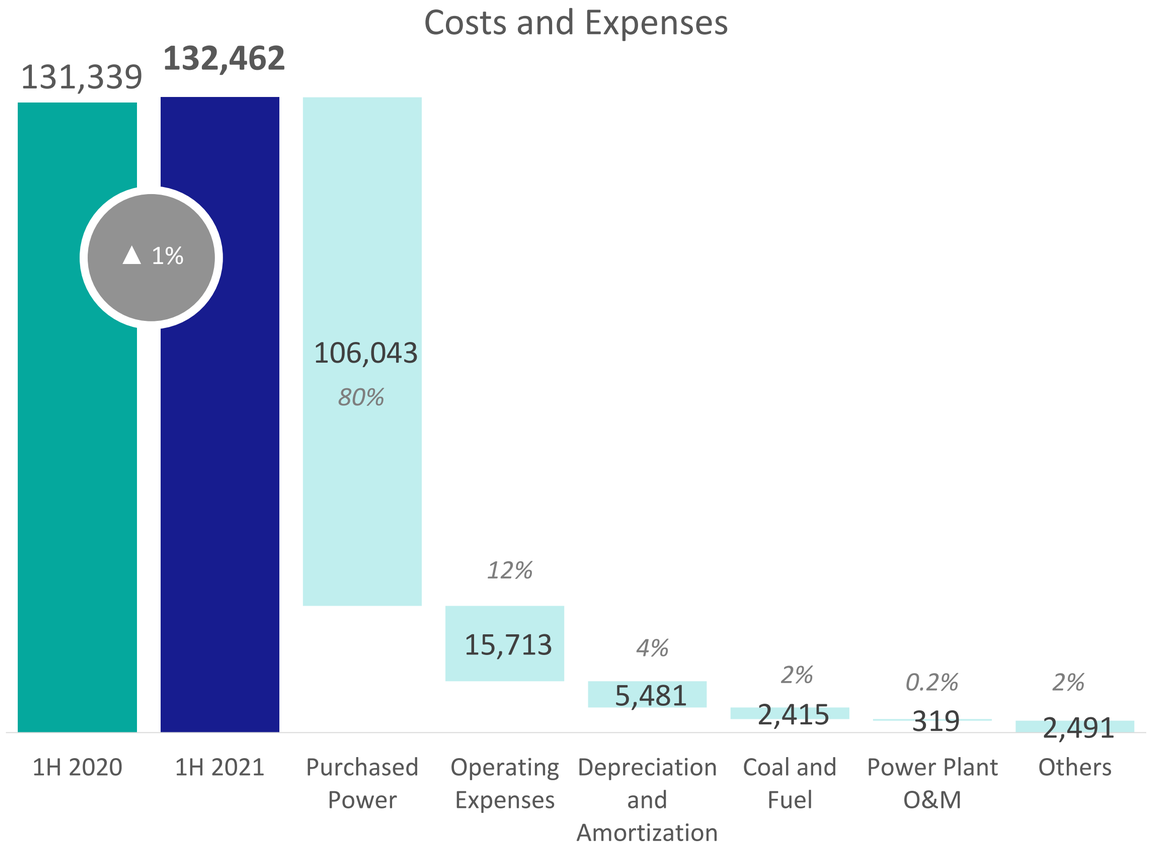


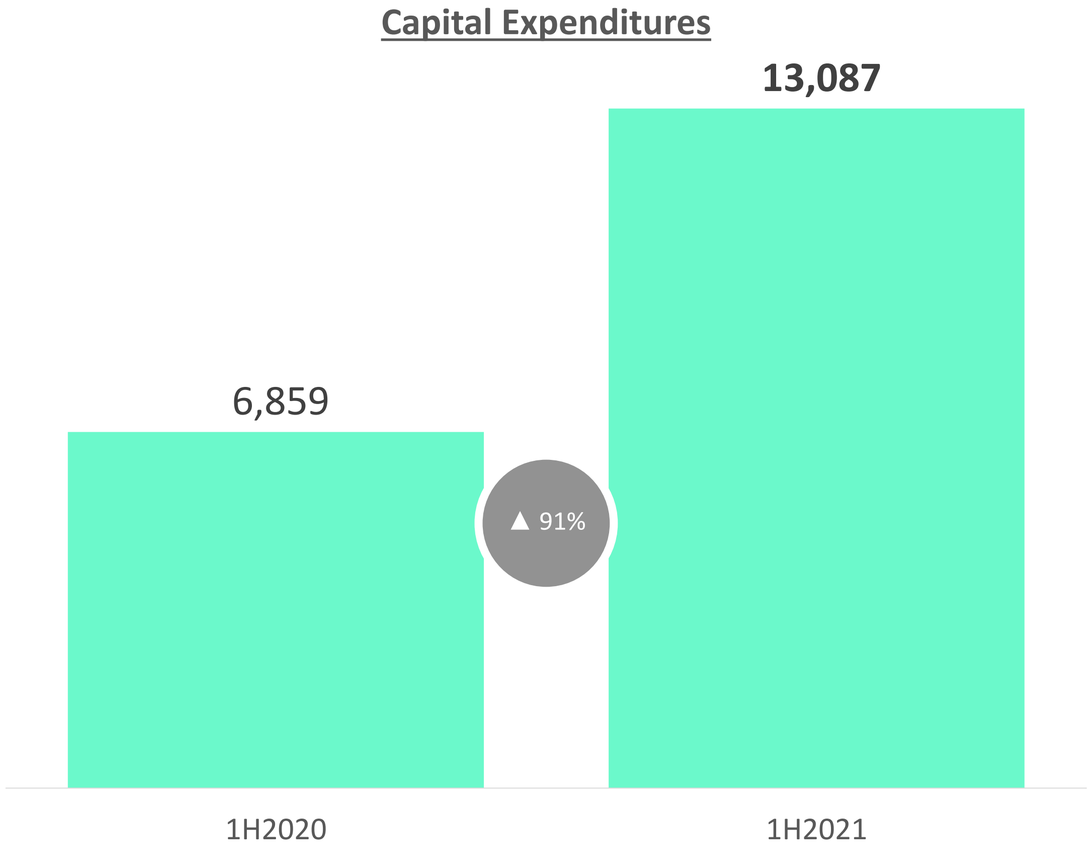
Electric Revenues



COSTS AND EXPENSES, CAPITAL EXPENDITURES

Amounts in million pesos

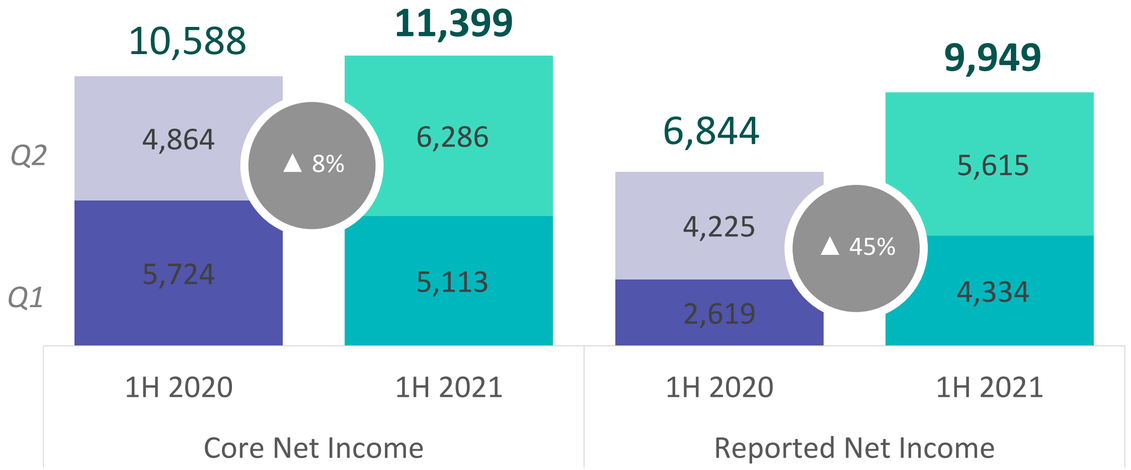




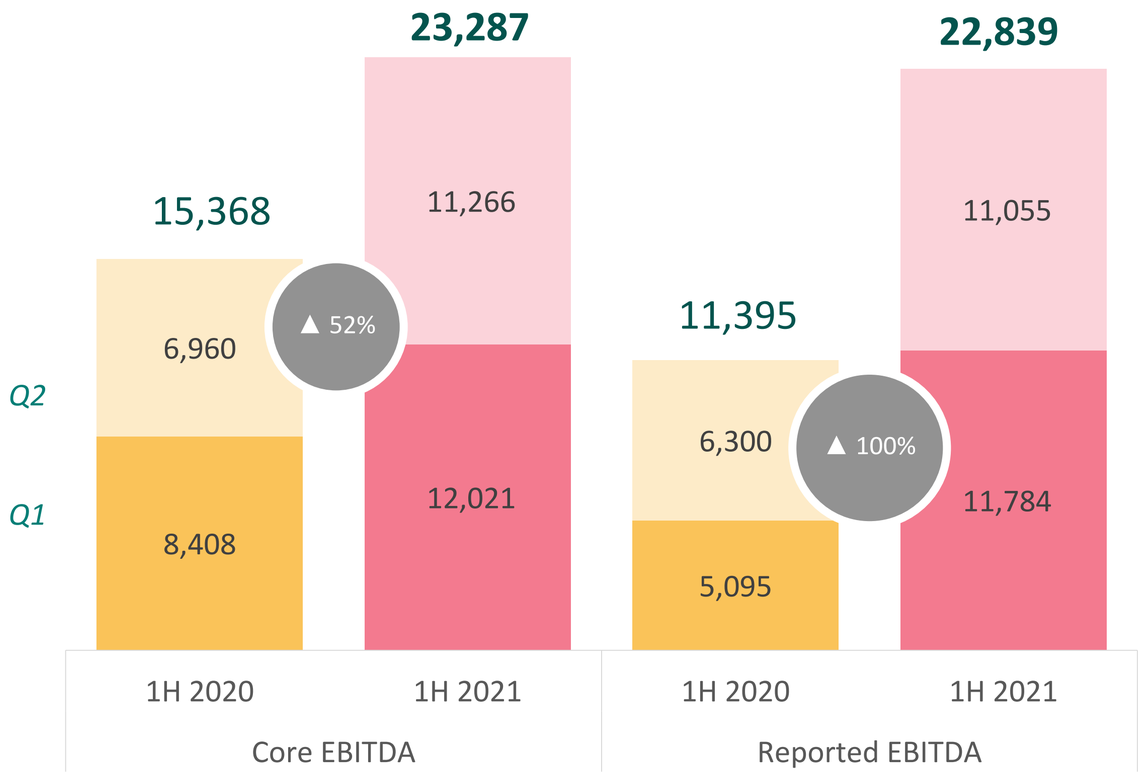
NET INCOME AND EBITDA

Amounts in million pesos

Core and Reported Net Income



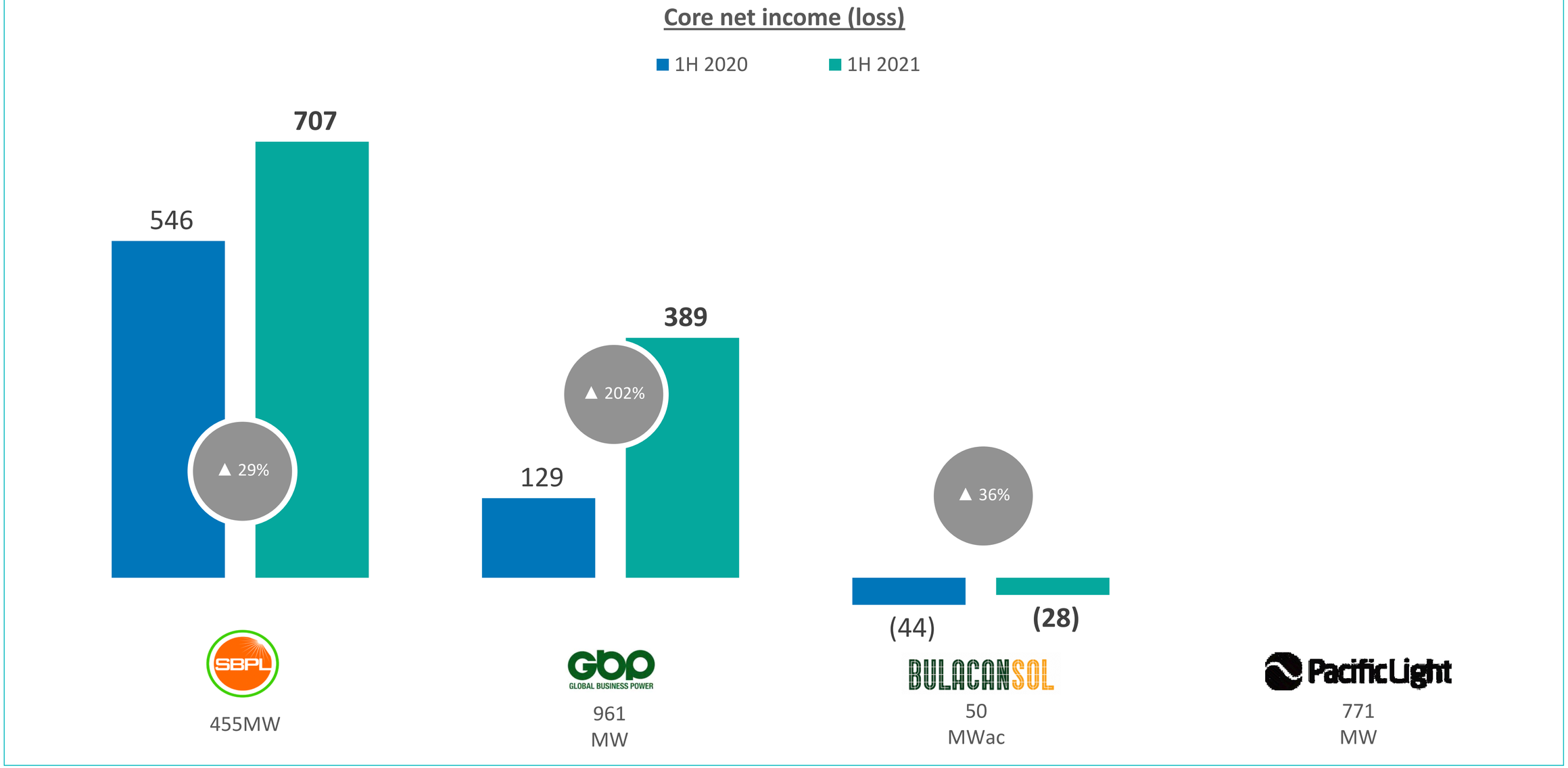
Core and Reported EBITDA



Margins	**8%**	**8%**	**5%**	**7%**	**11%**	**16%**	**8%**	**15%**

POWER GENERATION

Amounts in million pesos except power plant capacity in MW



CIS BAYAD CENTER, INC.

57 million payment transactions in 1H 2021, the highest in history

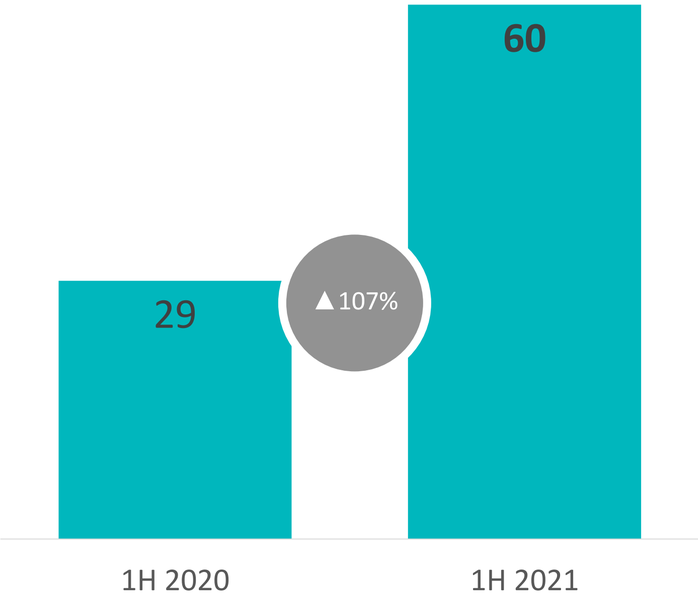
Added 58 new billers to reach 415 billers covering water utilities, telco, cable and internet, finance and insurance, electric utilities, government institutions, and others

90.5 million digital users across its Digital Partner platforms and its own Bayad channels

On-site or physical **touchpoints totaling 63,800**

Bayad CCNI Contribution

Amounts in million pesos



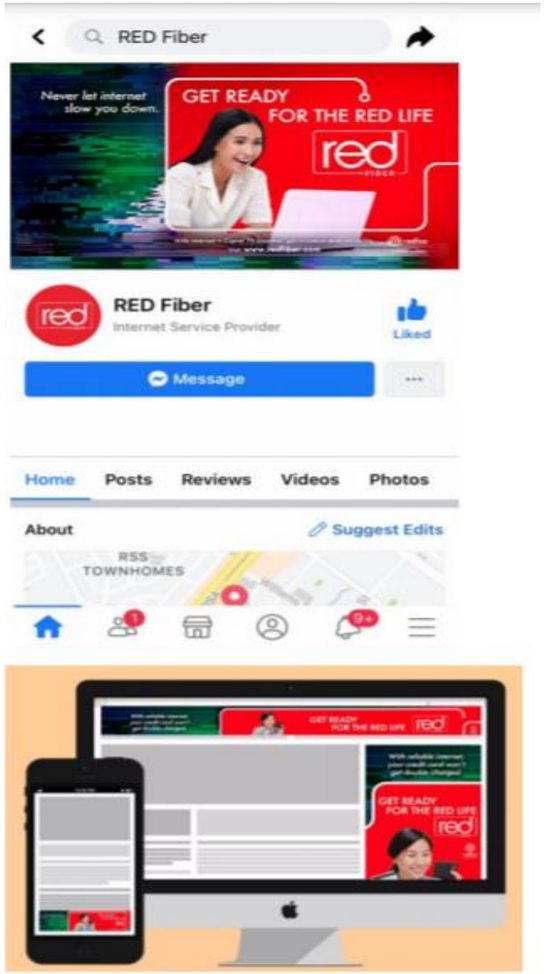
bayad

bayadONLINE

bayadPARTNERS

bayadCENTER

RADIUS TELECOMS, INC.



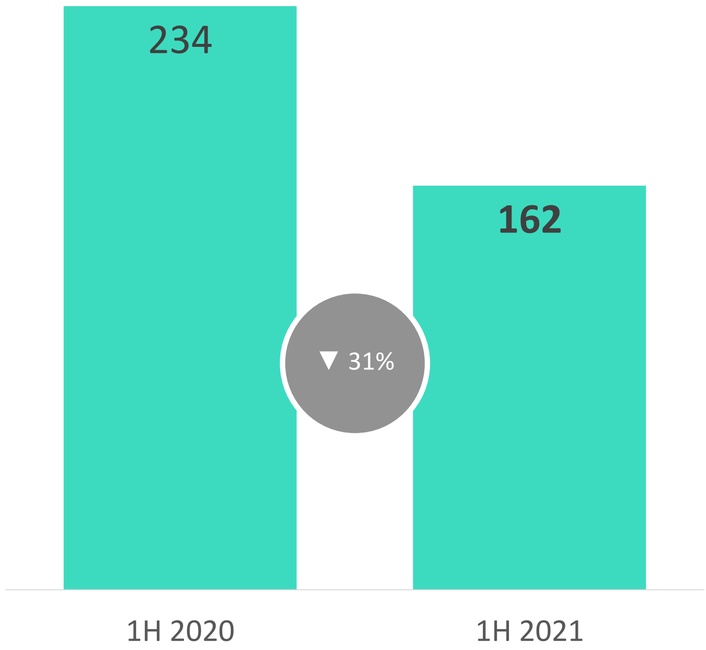
Serving a total of **3,171 corporate circuits** and a growing number of **Red Fiber** broadband internet subscribers

99.97% service level availability performance with the reduced downtime

Owns 5,965 kilometers of Fiber Optic Cable (FOC) including those in Clark and Cebu City

FOC network currently serves all of **Metro Manila**, the provinces of **Bulacan, Rizal, Cavite, Laguna, Clark, Cebu** and some parts of **Batangas Province**

Established its **RED Fiber** presence in **41 villages and 69 multi-dwelling units** with at least **29,000 potential subscribers**

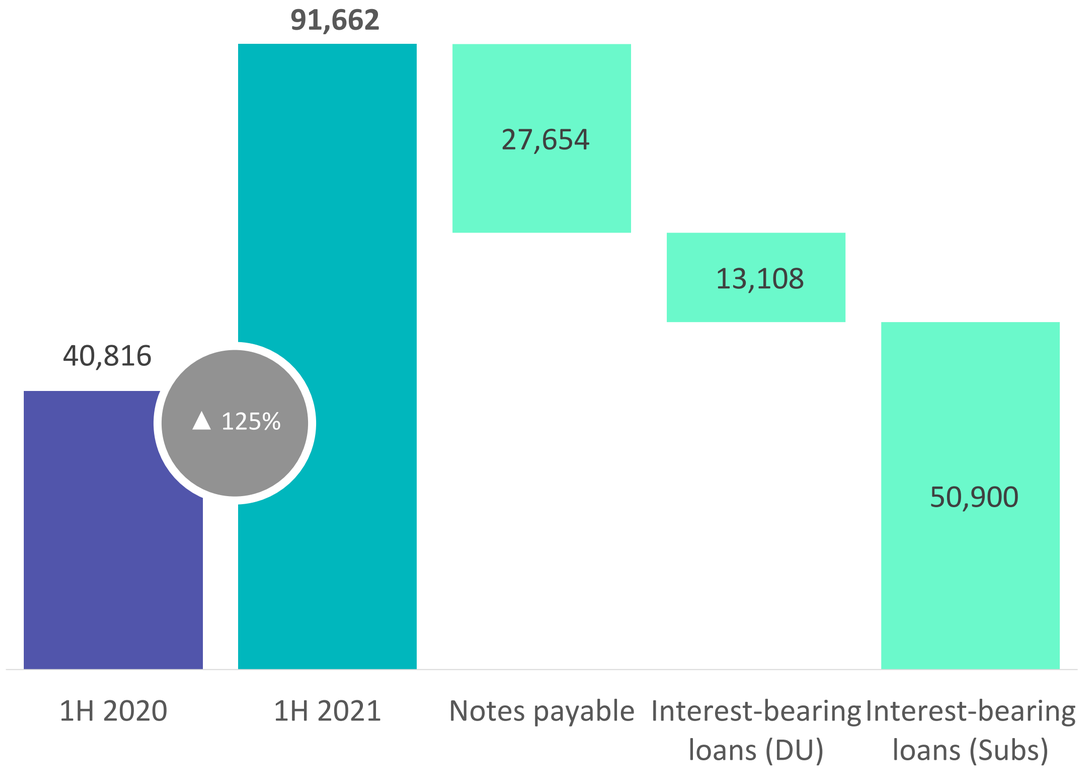


radius
Igniting Innovation

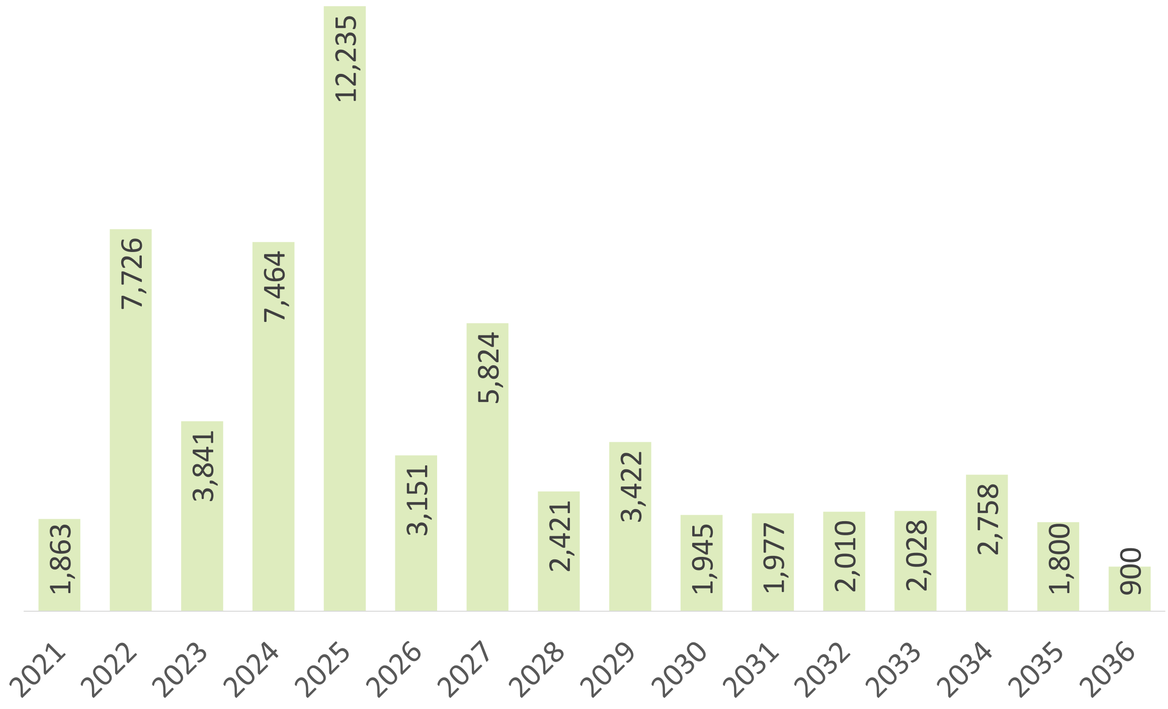
CREDIT AND DEBT PROFILE

Amounts in million pesos

Total Debt Breakdown



Long Term Debt Repayment Schedule



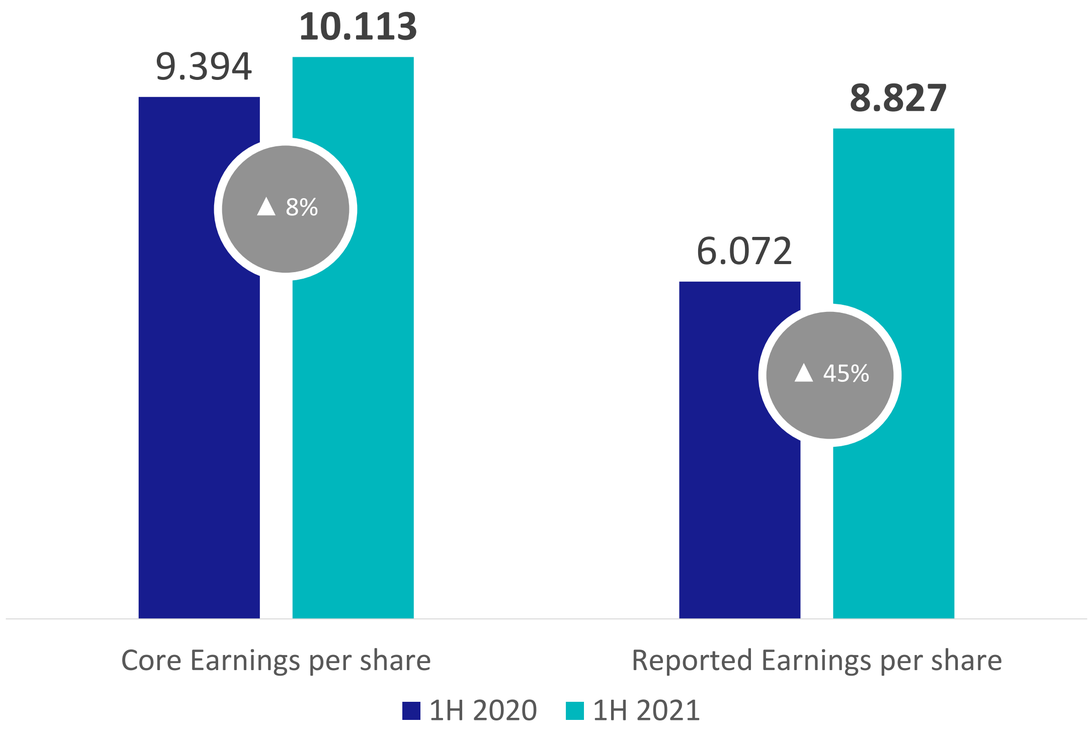
	1H 2021	1H 2020
Cash & Cash Investments	**110,410**	86,882
Gross Debt	**91,662**	40,816
Net Debt	**39,850**	13,326
Gross Debt to EBITDA	**2.01**	1.79

	1H 2021	1H 2020
Net Debt to EBITDA	**0.87**	0.58
Gearing Ratio	**0.50**	0.17
Interest Expense	**1,554**	821
Interest Income	**1,137**	1,388

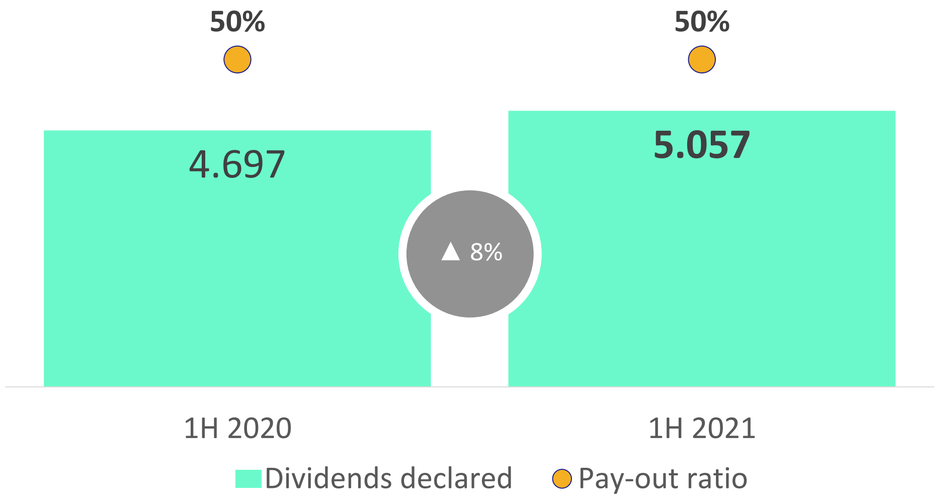
EARNINGS PER SHARE AND DIVIDENDS

Amounts in pesos per share

Core and Reported Earnings per Share



Dividends per Share and Pay-out Ratio



MERALCO

HALF YEAR JUNE 30, 2021 OPERATING RESULTS

July 26, 2021

First Half (1H) 2021 **Operational Highlights**

BUSINESS DRIVERS

Energy Sales

22,663 GWh

▲ 7% vs. 2020

Customer Count

7.274 M

▲ 4% vs. 2020

Net System Input

23,868 GWh

▲ 6% vs. 2020

Meralco Peak Demand

7,808 MW

▲ 3%
May 27, 2021

SERVICE PERFORMANCE

System Loss

5.83%

▲ 0.17%PT, 12-MMA

SAIFI

0.655 times

▼ 0.4% vs. 2020

SAIDI

64.906 minutes

▼ 11% vs. 2020

Time to Connect

1.72 days

▲ 2% vs. 2020

ELECTRICITY RATE per kWh

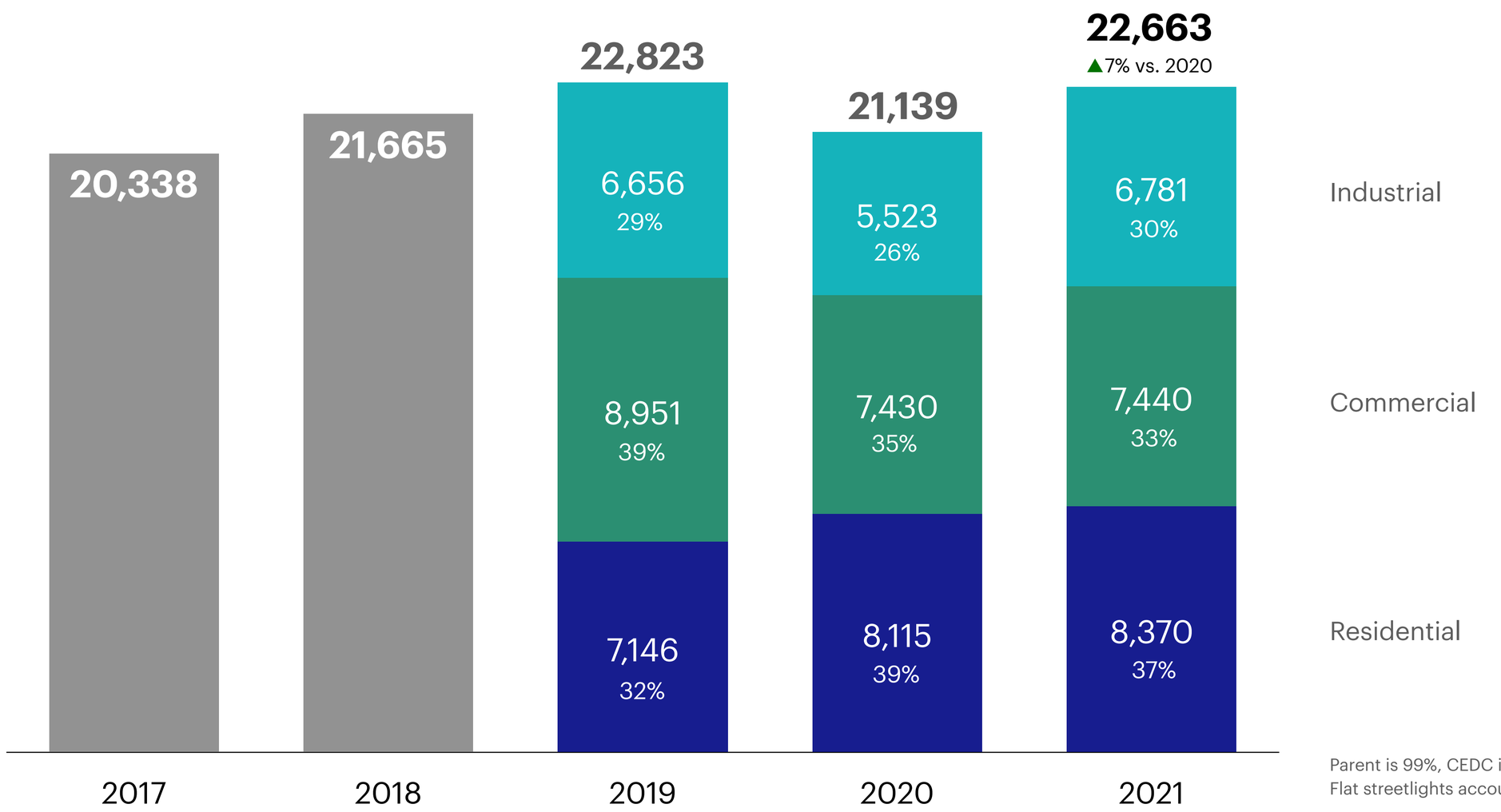
Average Retail Rate

PhP 7.92

▼ 3%, vs. 2020

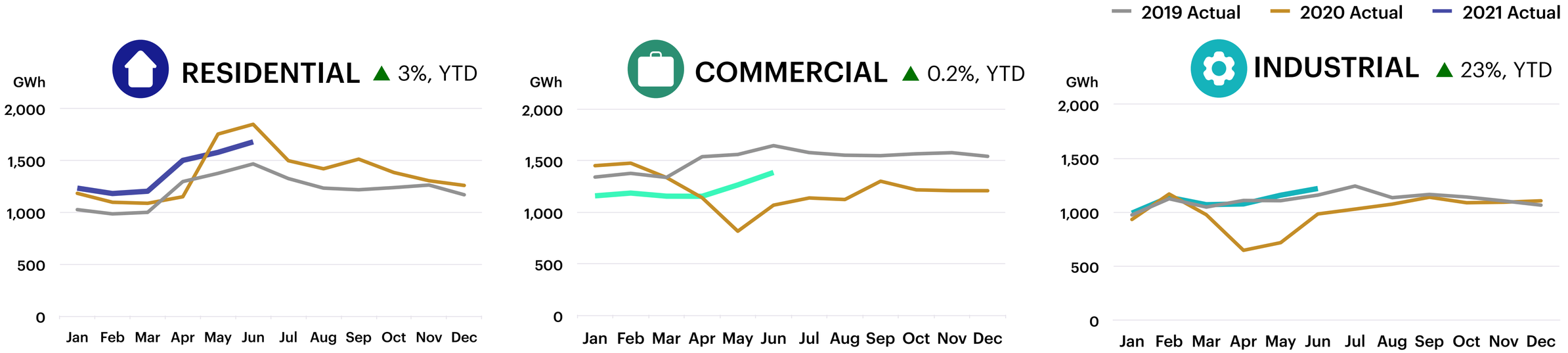
1H 2021 **Consolidated Energy Sales** in GWh

Improvement by 7% versus last year with Industrial back to pre-pandemic level



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

1H 2021 **DU Energy Sales Profile and Drivers**



- Residential with 3% growth as sales stabilized and followed 2019 seasonal trend
- Increase in Residential, despite easing of mobility and cooler weather vs. 1H 2020, showed households still prefer to stay/work at home
- Socialized and mass-housing (as well as service applications energized beginning 2H 2020) also contributed to sales increase

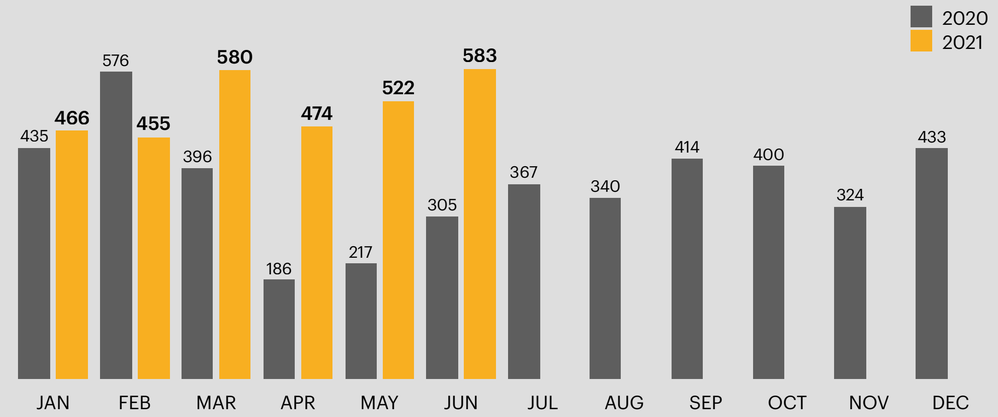
- Commercial started slow but ramped up towards end of 1H, exceeding 2020 sales by 0.2%
- Mobility played key role in recovery, particularly in Retail, Quick Serve Restaurants, and Public Transport sectors as restrictions were more relaxed vs. 2020
- Ramp-up in vaccination and GCQ during Q2 drove demand and activities in Retail, Restaurants, and Business sectors
- Hotels benefitted from ease in restrictions during Q2 for staycation, dine-in, and casino

- Industrial posted 23% growth, with sales returning to 2019 levels
- Semicon continued to thrive as companies race to close gap on global chip shortage driven by consumer electronics used in distance learning and WFH arrangements
- Steady growth in Construction-related industries, such as Cement and Steel, boosted by BBB and private construction projects
- Manufacturing plants, especially for essential goods such as F&B and plastic products, operated at significantly higher capacity compared with 2020

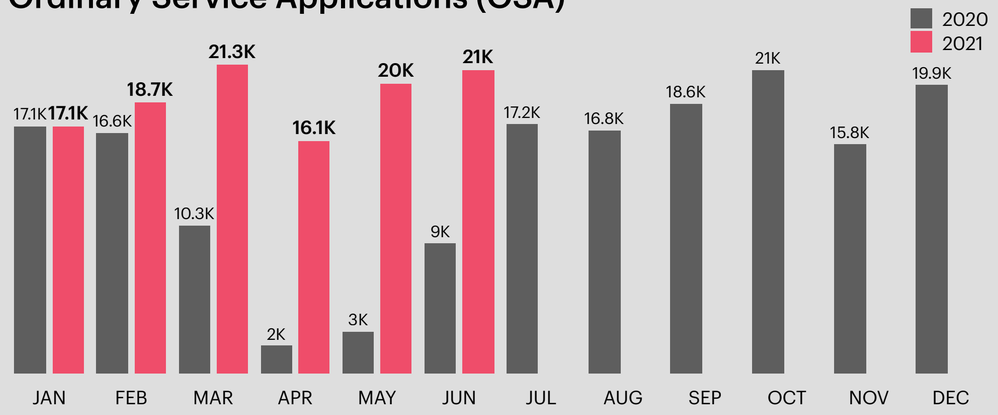
1H 2021 **Consolidated Customer Count** in M

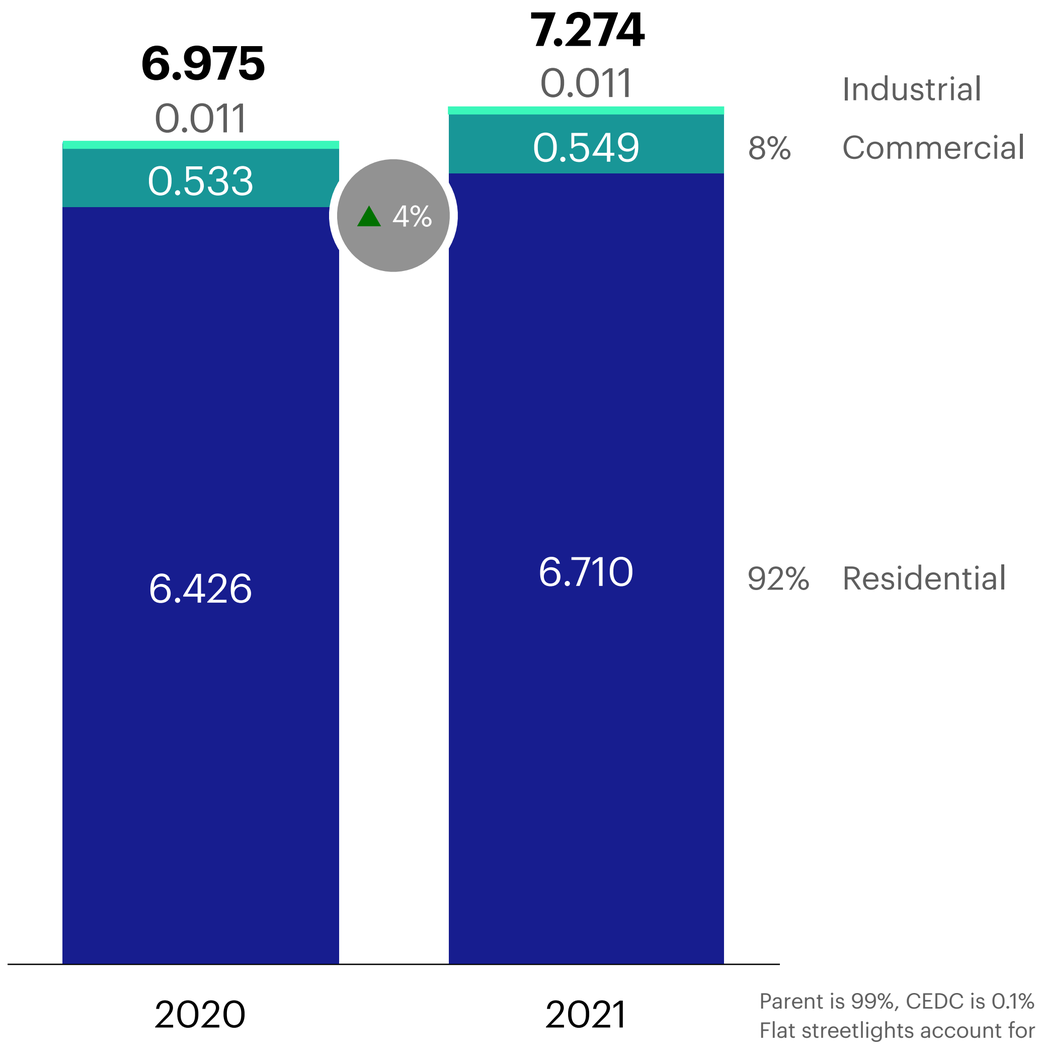
Increase in customer base driven by higher PCA and OSA energization

Project-covered Applications (PCA)



Ordinary Service Applications (OSA)

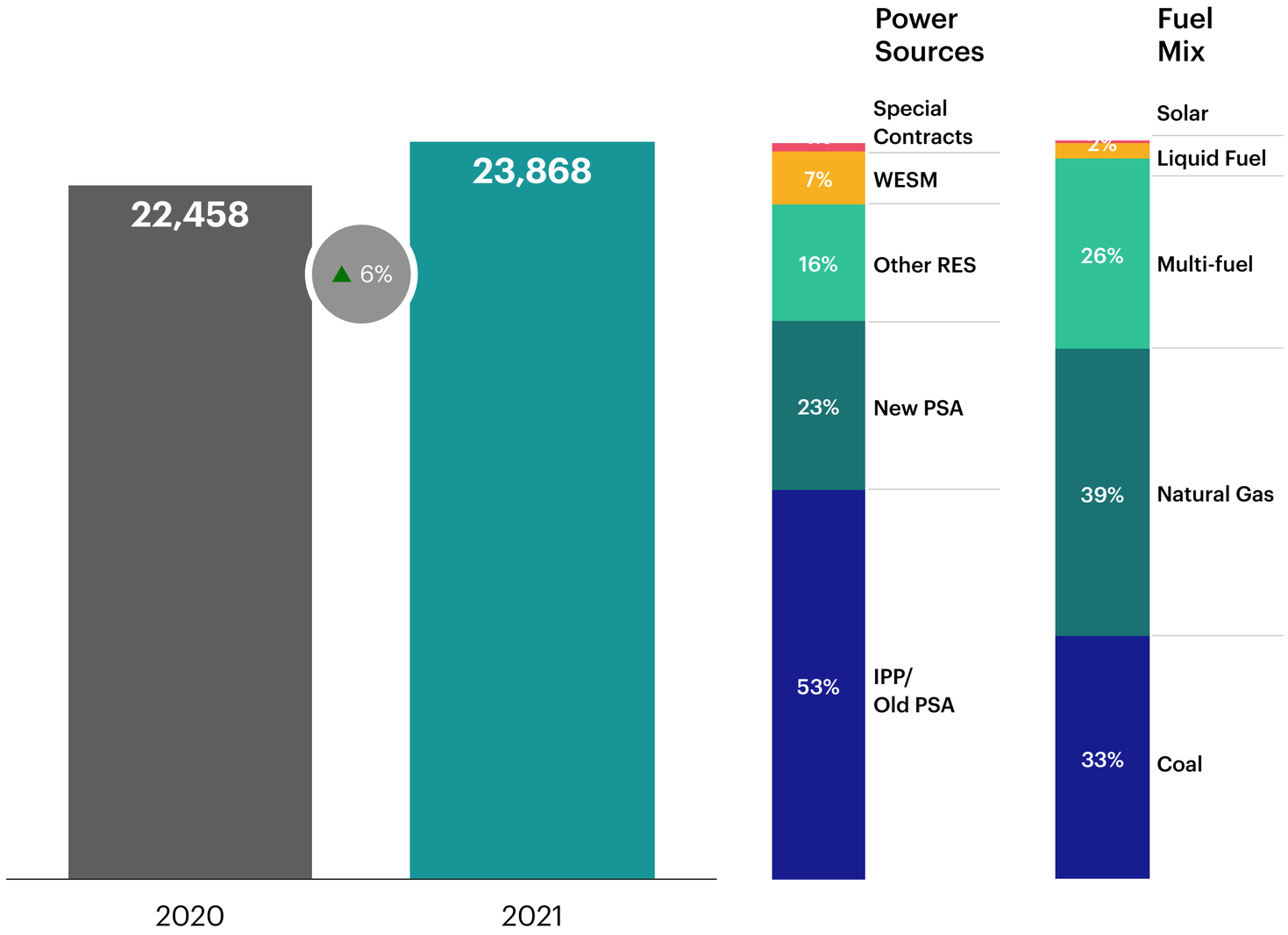




Parent is 99%, CEDC is 0.1%
Flat streetlights account for <1%

1H 2021 **Consolidated NSI** in GWh

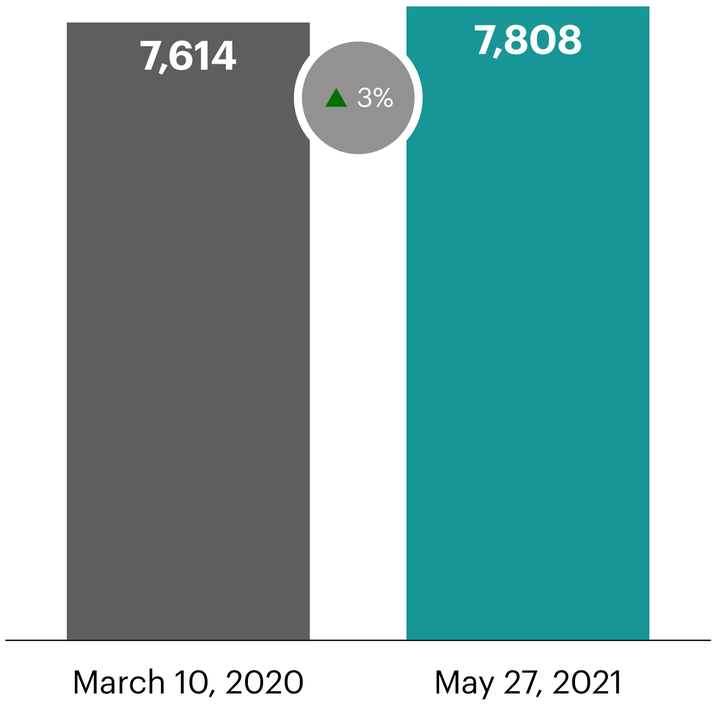
Higher vs. 2020 due to recovery of Industrial and Commercial segments



1H 2021 **Peak Demand** in MW

Meralco and Luzon peaks higher vs. 2020 due to easing community quarantine restrictions

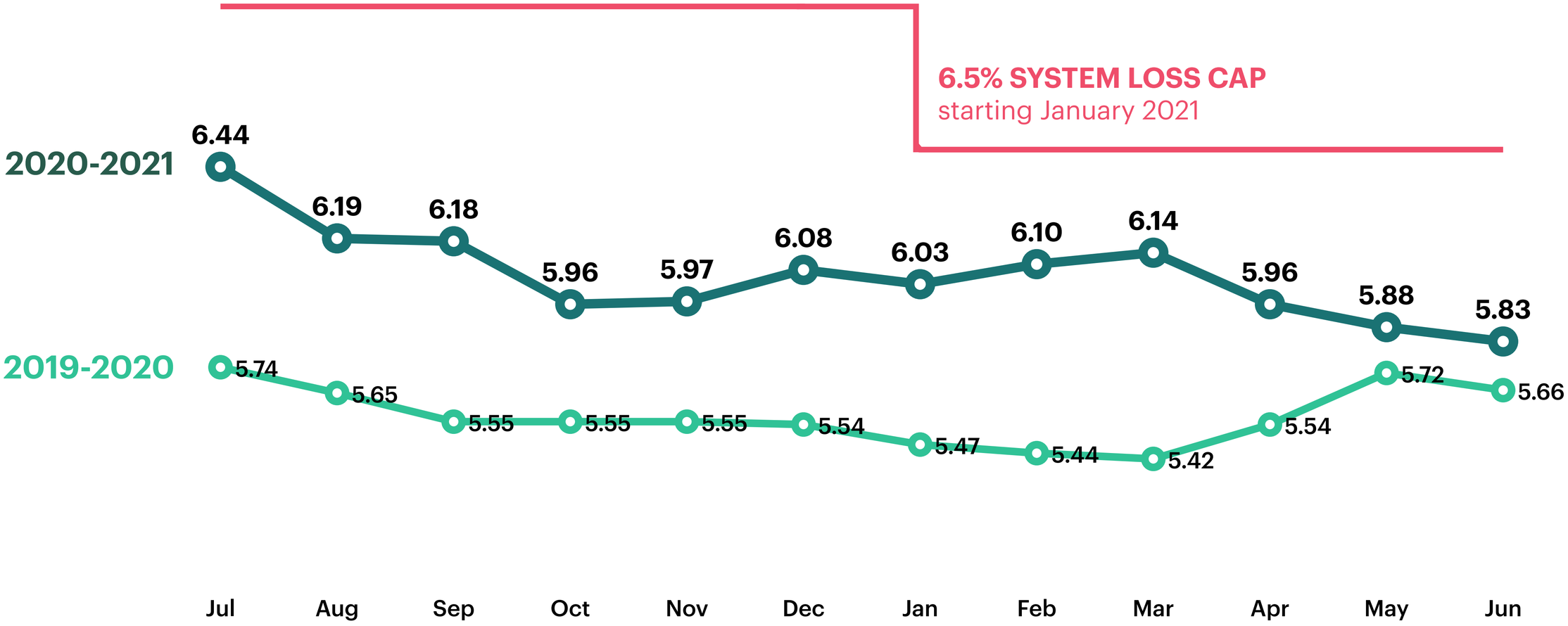
Meralco



Luzon

1H 2021 **System Loss** in %, 12-MMA

Higher by 0.17% points vs. 2020 due to shift in sales mix towards higher loss-to-serve Residential segment



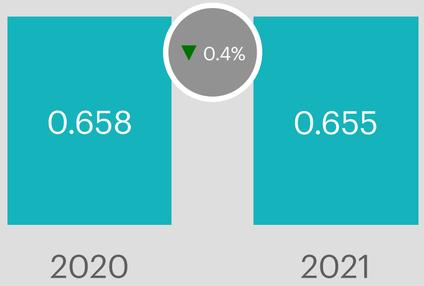
1H 2021 **S-Factor Performance and Guaranteed Service Levels (GSL)**

Continued to deliver well within performance ceilings for most indicators

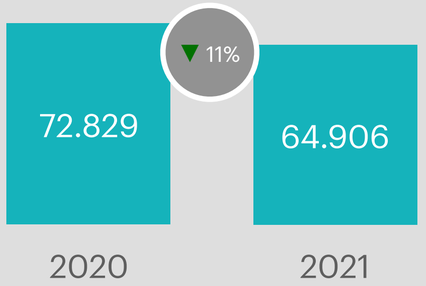
Network

- **% Probability of Voltage Violation** at 0.12 (within rewards level of <0.86)
- **Pre-arranged SAIDI** at 30.435 minutes (within rewards level of <126.57)

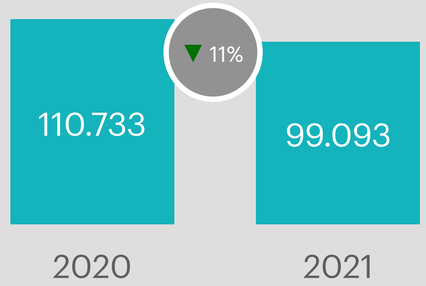
SAIFI times
Rewards < 6.98



SAIDI
in minutes

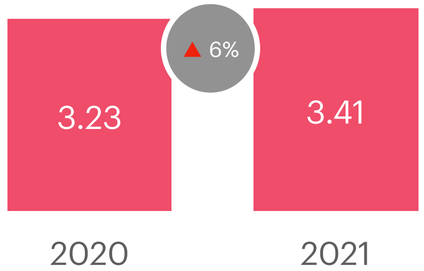


CAIDI in minutes
Rewards < 144.40

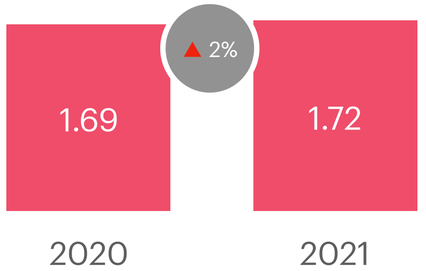


Customer

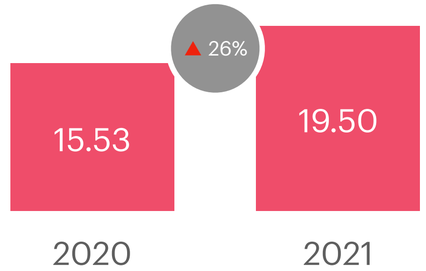
Average Time to Process Applications
in days | Rewards < 7.90



Average Time to Connect
in days | Rewards < 3.55



Call Center Performance
in seconds | Rewards < 13.55



RY2021

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

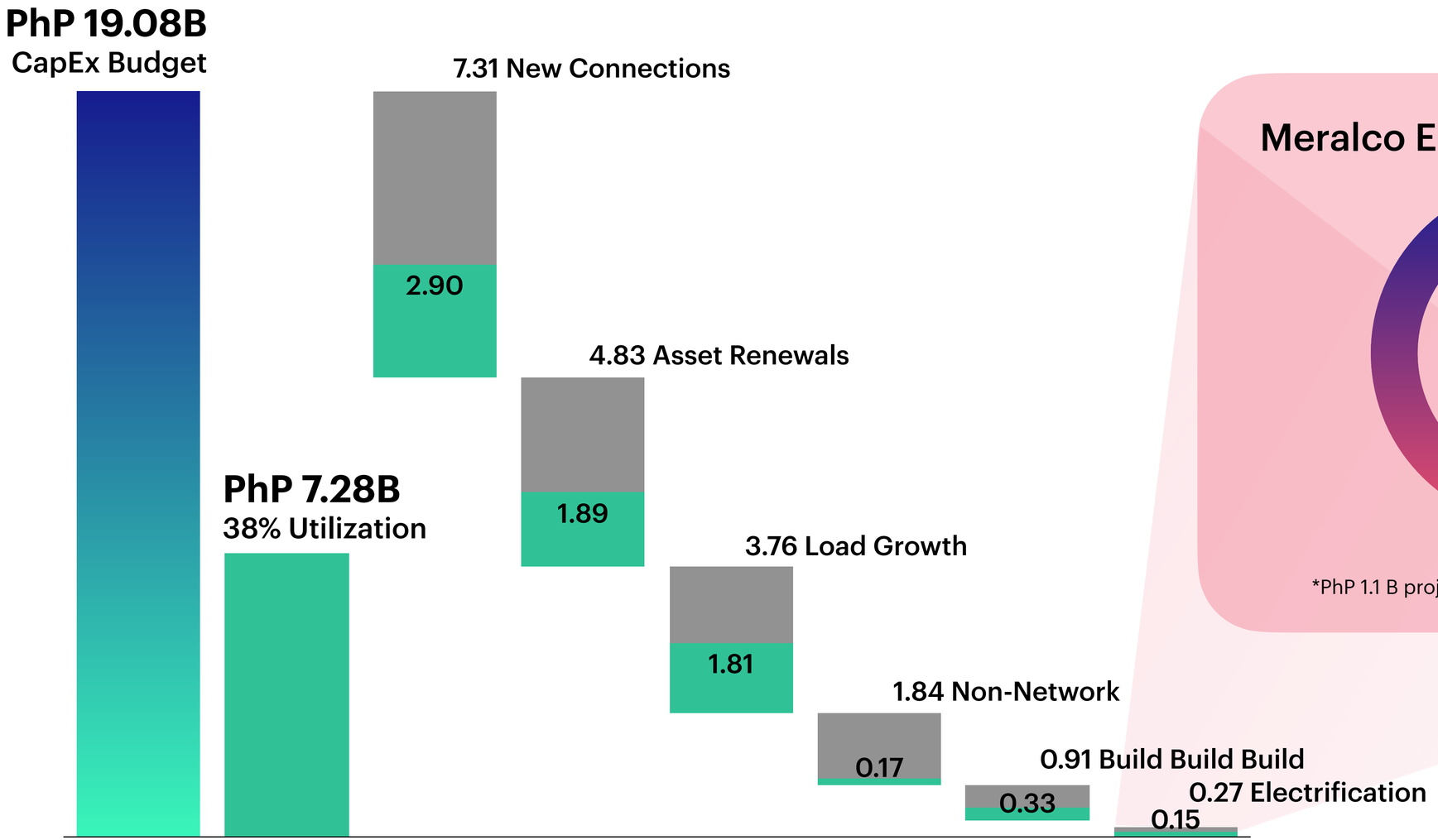
GSL 2
129 customers
experiencing a number of sustained interruptions
up to 18,989 violations

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

GSL 4
99,185 days-delay
connection not provided agreed with the customer
up to 163,995 violations

1H 2021 **Networks CapEx** in PhP, B

38% of full year CapEx utilized with Meralco Electrification Program achieving 100% energization



Meralco Electrification Program

536 SITES*

100%

ENERGIZED

*PhP 1.1 B project cost; 16,480 estimated household count

Networks Project Update

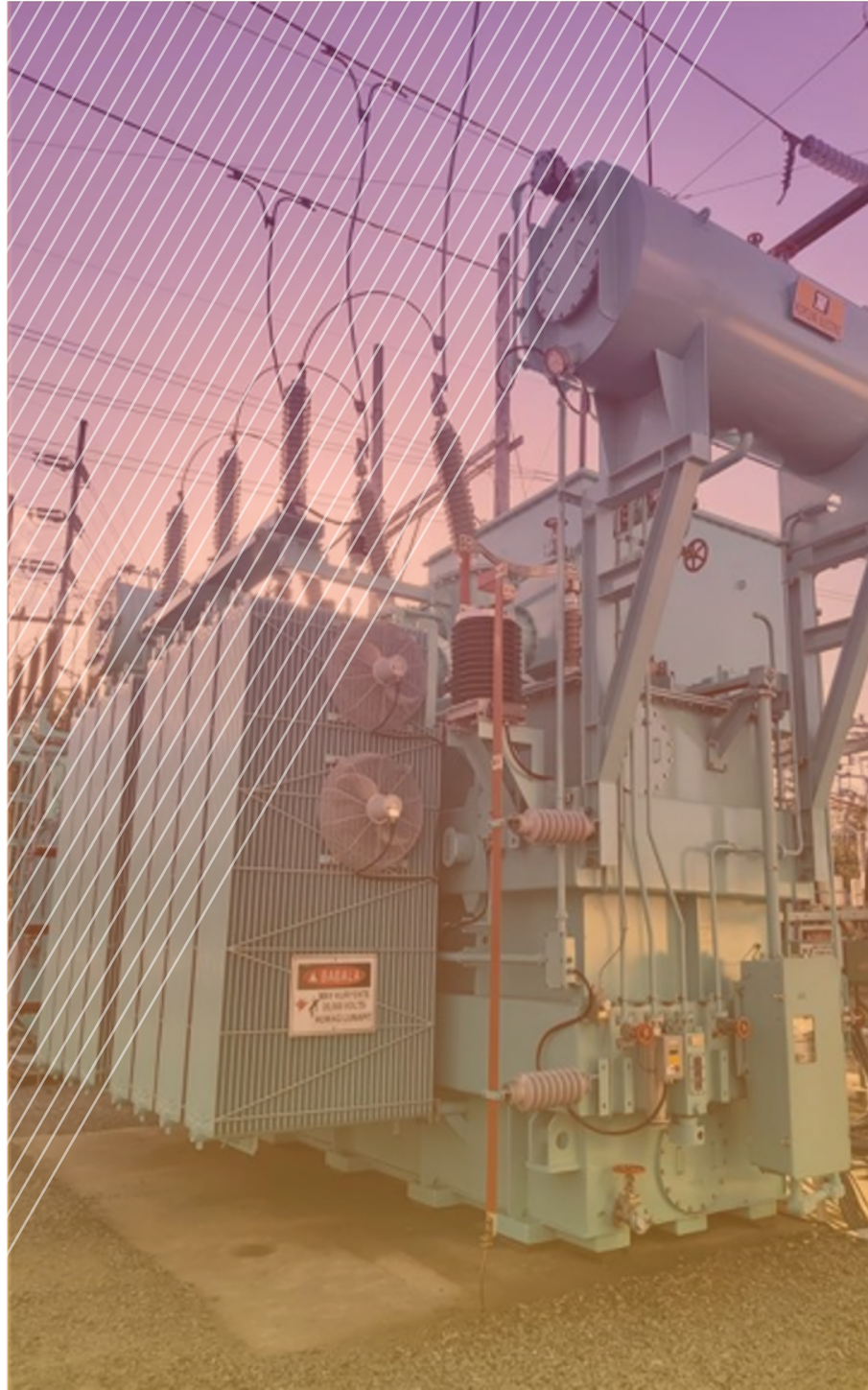
Interconnection of BulacanSol (PFBSI) 55 MW Solar Power Plant

- Commissioned on April 24, 2021
- 55 MWac, Large VRE Embedded Generator
- Located in Barangays Labne, San Jose, and Tibagan, San Miguel, Bulacan
- 4.3 km 69 kV line from San Miguel Substation to SMSPP; Terminating at San Miguel PCB 66YN4

Networks Project Update

Replacement of Dolores Power Transformer Bank No. 1

- Commissioned on May 16, 2021
- CAPEX filing of PhP 77.33M in RY2021
- Implemented to replace deteriorating 41-year-old transformer bank at Dolores Substation with new 100-MVA transformer bank with On-Load Tap Changer (OLTC)
- Improves flexibility, system reliability, and voltage regulation in Antipolo City, and municipalities of Binangonan, Taytay, and Cardona, Rizal



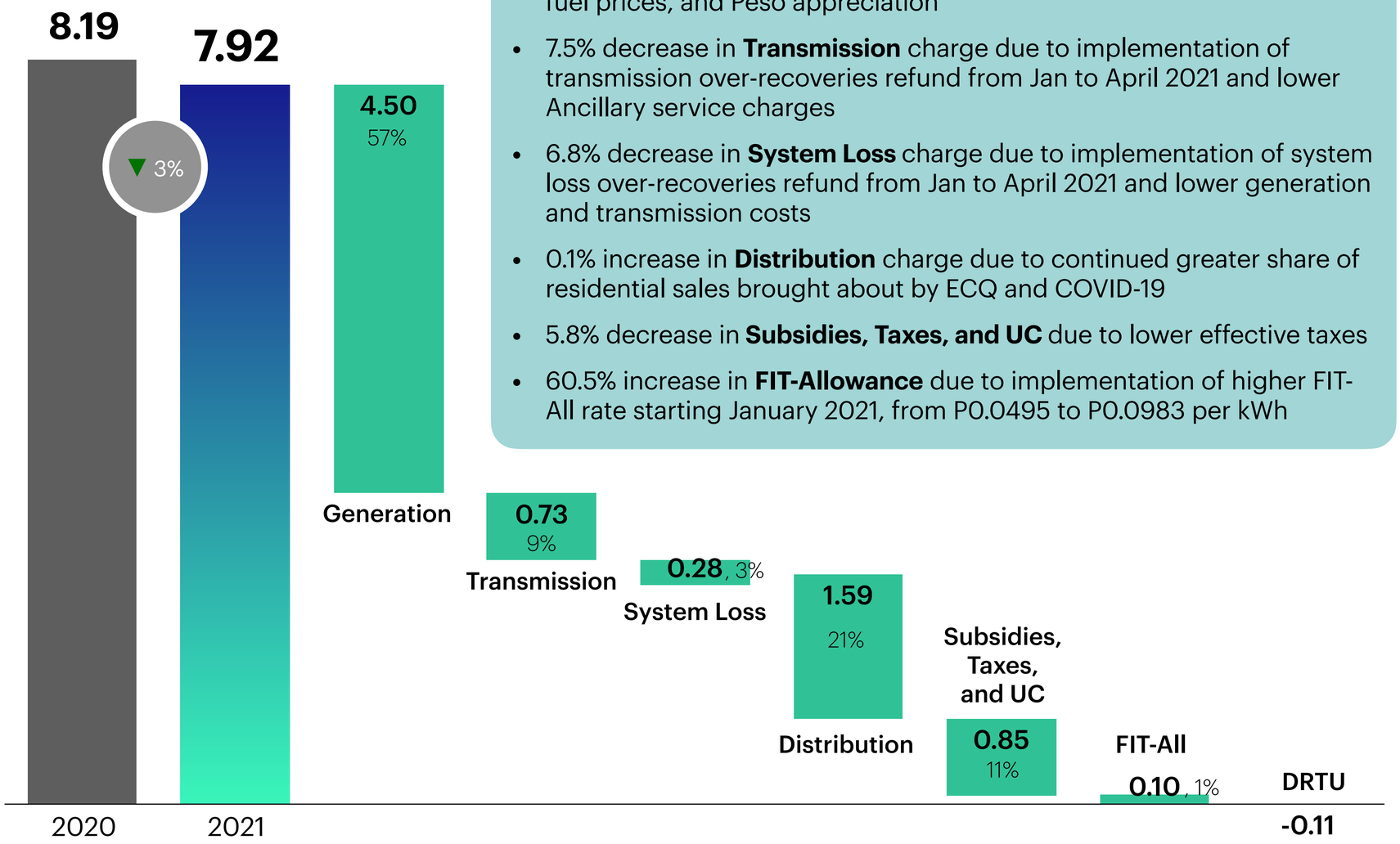
Networks Project Update

Expansion of Banawe 115-34.5 kV GIS Substation, Bank 2

- Commissioned on June 29, 2021
- CAPEX filing of PhP 192.94M in RY2021
- Implemented to solve projected critical loading of Banawe Bank 1 and Balintawak Bank 5
- Provides additional capacity to accommodate load applications in Quezon City including Breakthrough and Milestones Productions International (BMPI) Inc., and Globe Telecom's Roosevelt Data Center, among others

1H 2021 **Average Retail Rate** in PhP per kWh

3% lower due to lower generation, transmission and system loss charges



- 1.3% decrease in **Generation** charge due to lower WESM charges, lower fuel prices, and Peso appreciation
- 7.5% decrease in **Transmission** charge due to implementation of transmission over-recoveries refund from Jan to April 2021 and lower Ancillary service charges
- 6.8% decrease in **System Loss** charge due to implementation of system loss over-recoveries refund from Jan to April 2021 and lower generation and transmission costs
- 0.1% increase in **Distribution** charge due to continued greater share of residential sales brought about by ECQ and COVID-19
- 5.8% decrease in **Subsidies, Taxes, and UC** due to lower effective taxes
- 60.5% increase in **FIT-Allowance** due to implementation of higher FIT-All rate starting January 2021, from P0.0495 to P0.0983 per kWh

Average Rate per Customer Segment

9.10 Residential

7.84 Commercial

6.53 Industrial

9.39 Streetlights

0.04 Generator Wheeling

Regulatory Updates

Philippine Competition Commission (PCC) Preliminary Inquiry on 1,800 MW greenfield baseload CSP, COD 2024-2025

Complaint filed by BUKLURAN NG MANGGAGAWANG FILIPINO, et. al. ("BUKLURAN")

- **March 25, 2021:** MERALCO and TPBAC received PCC's preliminary inquiry and meeting request
- PCC inquired about (i) TOR's approval; (ii) CSP's tariff structure; and (iii) reasons for DQ of RE-technology bidders in CSP; also requested for all bid documents and communications with DOE for TOR's approval

PCC sent BUKLURAN Notice to Terminate its preliminary inquiry on June 23, 2021

- PCC found no discriminatory behavior by MERALCO/TPBAC for following reasons:
    1. DOE reviewed and approved TOR, finding it reasonable and competitive;
    2. RE plants are not technically qualified to supply baseload capacity;
    3. 150 MW minimum offered capacity is necessary to mitigate risk of failed bidding and operational reliability;
    4. 2-part tariff structure is consistent with full fuel cost recovery under EPIRA and was in consideration of greenfield capacity requirement and physical type of contract contemplated

MERALCO received Motion for Reconsideration (MR) filed by BUKLURAN on July 15, 2021

- MERALCO and TPBAC to prepare comments on MR and closely monitor updates

Regulatory Updates

Power for People (P4P) Coalition's Petition for Certiorari with Application for issuance of TRO and/or Preliminary Injunction against 1,800 MW CSP

Petition for Certiorari dated February 17, 2021

P4P's Allegations and Grounds

- DOE and MERALCO's TPBAC acted with grave abuse of discretion by its inaction and denial, respectively, of P4P's protest letter against 1,800 MW; CSP alleging unfavorable TOR terms against consumers; and that TOR would not result in least cost electricity. P4P's key arguments on TOR include:
    1. minimum offered contract capacity of 150 MW unduly favors fossil fuel bidders;
    2. requires a 2-part tariff pricing structure instead of straight energy price;
    3. allows pass through of fuel costs for contract years 11 to 20;
    4. allows for take-or-pay provisions and does not provide for force majeure and dispute settlement procedure;
    5. grants outage allowances; and
    6. contract term is 20 years

Supreme Court's Resolution (dated March 18, 2021) dismissing Petition

- Supreme Court's First Division dismissed Petition for violating doctrine of hierarchy of courts
    1. Issues raised are factual in nature, which requires SC to inquire into wisdom of TOR;
    2. Premature – P4P itself admitted that DOE has yet to act on its protest letter; and
    3. CSP does not conclude upon awarding of PSA; ERC has to determine reasonableness of rates that resulted in CSP. Given ERC has not done this yet, it is premature for SC to take cognizance.

2019 Meralco Sustainability Report (SR) recognized with GOLD Stevie

- Gold Award for Innovation in Annual Reports
- 3rd international award by maiden 2019 SR
- Only Filipino SR to win in 2021 Asia-Pacific Stevies

Silver Stevie
Fitting The Bill: Meralco Makes Paying Bills Easier With The Customer Account Number (CAN)

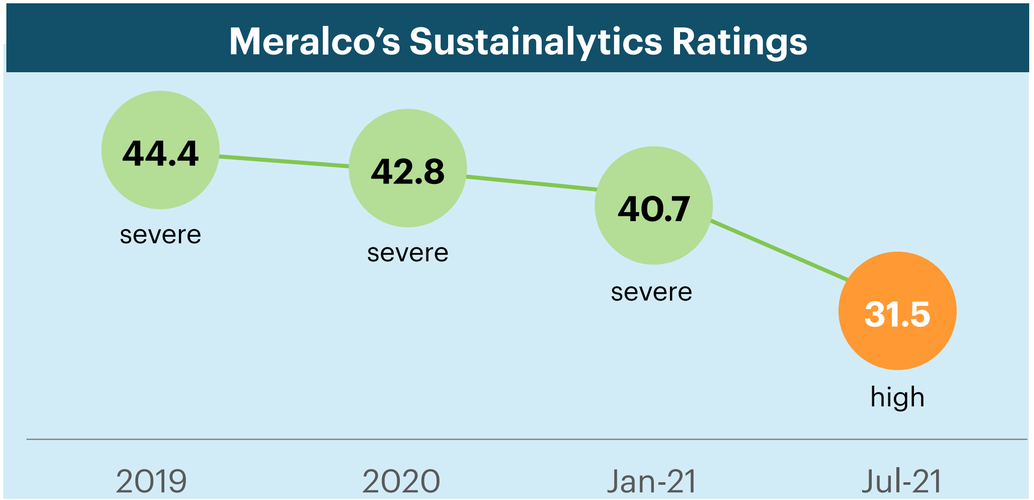
Silver Stevie
Safeguard the Economy at All Costs: Meralco Waives Energy Demand Charge

Bronze Stevie
Safety first: Empowering Enterprises to fight an invisible enemy (MServ's Air Quality Monitoring Service)

Significant improvements in Meralco's 2021 ESG ratings 1/2

Sustainalytics ESG Risk Ratings

- **12,000+ companies** assessed on material Environmental, Social, and Governance risks and on how these impact long-term performance
- **Significant rating improvement** from severe to low-end of high risk
- Meralco now part of:
  - **Top 23%** of global electric utilities sector
  - **Top 34%** of global utilities sector



Severe	High	Medium	Low	Negligible
40+	30–40	20–30	10–20	0–10

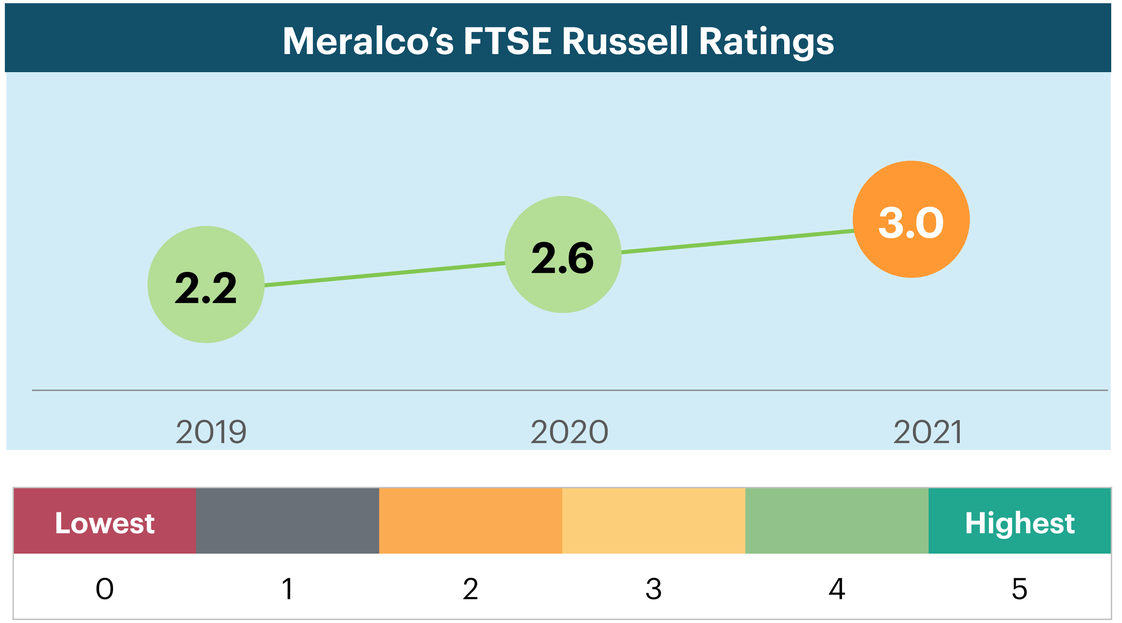
2021 Philippines	
MPIC	12.8
Ayala	13.0
PLDT	26.0
MERALCO	**31.5**
Metrobank	32.0
Aboitiz Power	32.6
URC	37.7

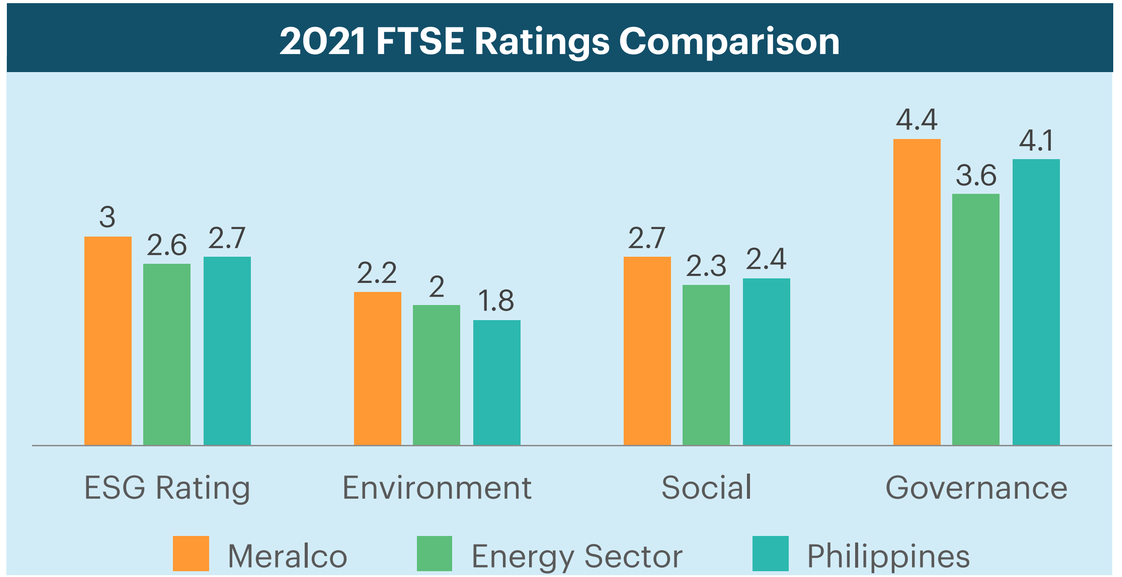
2021 Electric Utilities Sector	
Acciona	20.5
Enel	23.5
MERALCO	**31.5**
Aboitiz Power	32.6
Korea Electric	33.8
Tenaga Nasional	36.2
China Power	44.9
Tokyo Electric	67.5

Significant improvements in Meralco's 2021 ESG ratings 2/2

Financial Times Stock Exchange (FTSE) Russell ESG Ratings

- **Helps investors of over 7,200 companies** understand exposure to and management of ESG issues across multiple dimensions including:
  - Climate change
  - Labor standards
  - Customer responsibility
- Meralco outperformed average on overall basis and across all ESG criteria:
  - **Higher than global energy sector average (3.0 vs. 2.6)**
  - **Higher than Philippine average (3.0 vs 2.7)**





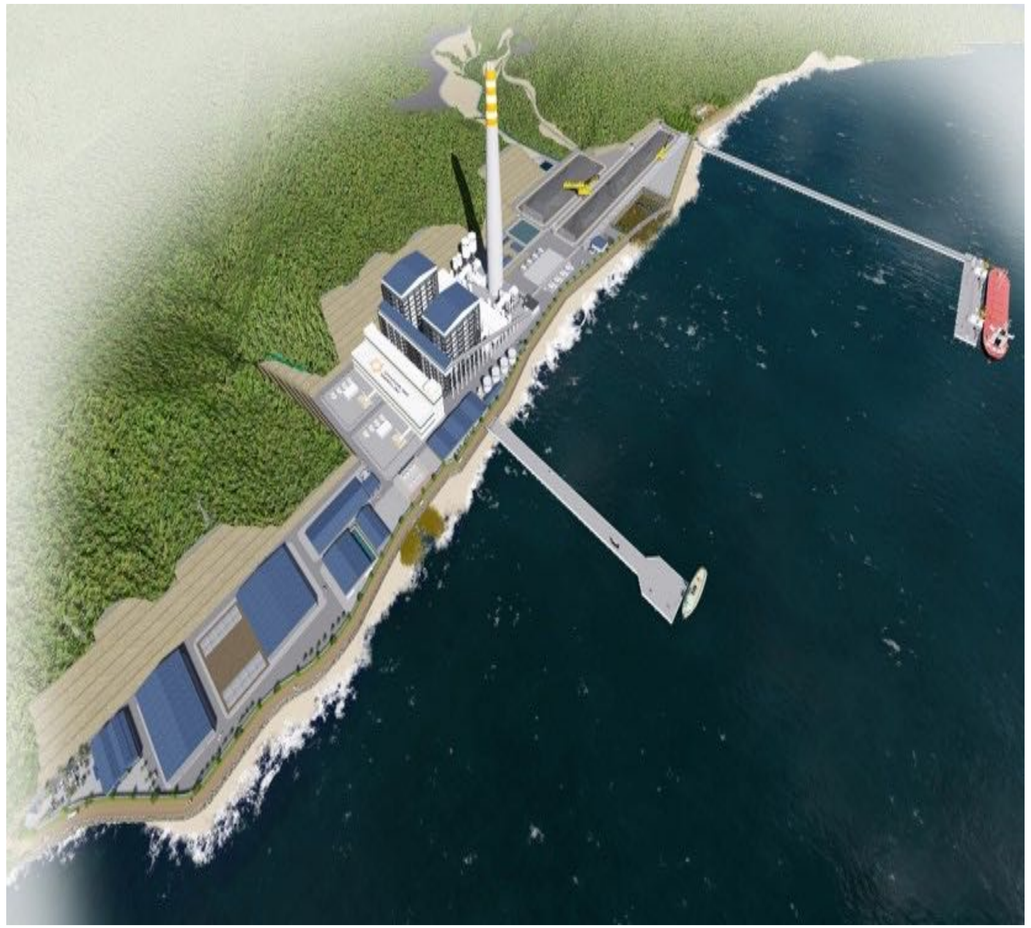
HALF YEAR JUNE 30, 2021
POWER GENERATION OPERATING RESULTS

July 26, 2021

San Buenaventura Power Limited Co. (SBPL)
500MW (gross) Supercritical Coal-Fired Power Plant in Mauban, Quezon

- Joint venture of MGen with New Growth B.V., a wholly owned subsidiary of Thailand's Electricity Generating Public Co. Ltd. (EGCO)
- First operational supercritical coal plant in the Philippines, whose commercial operations started in September 26, 2019.
- Net generation at **1,733.8 GWH** from January to June 2021.
- Contributed about **PHP709 Million** (unaudited) to MERALCO CCNI in H1 2021.

Atimonan One Energy, Inc. (A1E)
2x600 MW (net) Supercritical Coal-Fired Power Plant in Atimonan, Quezon



- Other offtake options for the plant's capacity are currently being explored, including participation in the next round of MERALCO's Competitive Selection Process and/or a tie-up with MPower.

- **Site preparation activities** are continuing with target completion by **Q1 2022**.

- Continued implementation of stringent health and safety protocols to protect construction workers from COVID-19.

Powersource First Bulacan Solar, Inc.
50MWac/80.9MWdc Solar Power Plant in San Miguel, Bulacan

- In January, MGreen **increased its shareholding in PFBSI to 60%** following the buyout of Sunseap's shares.
- MGen's first solar power plant commenced commercial operations on **May 12, 2021**
- Net generation at **14.94 GWH** since the start of commercial operations until **June 30, 2021.**

Global Business Power Corporation (GBP)

- On December 23, 2020, MGen acquired the holdings of Beacon Power Holdings, Inc. (56%) and JG Summit Holdings, Inc. (30%) in GBPC through separate Share Purchase Agreements.

- Transactions closed on March 31, 2021; MGen presently owns 100% of GBP.

- GBP, a leading independent power producer in the Visayas and with operations in the fast-growing Mindanao market, has an existing portfolio totaling 1,091 MW (coal and diesel plants).

  - This includes GBP's 50% interest in Alsons Thermal Energy Corporation that has 75% equity interest in Sarangani Energy Corporation, which owns 210-MW (net) coal plant in Maasim, Sarangani.

- GBP posted **PHP904 Million Net Income** in H1 2021.

PH Renewables, Inc.
115MWdc Solar Power Plant in Baras, Rizal

- GBP subsidiary PH Renewables, Inc. conducted a groundbreaking ceremony for its solar power plant on **June 30, 2021**.

- The solar project, with a capacity of 115MWdc, is GBP's **first foray into the renewable energy and Luzon market.**

- The project targets to commence **commercial operations in 2022.**

CAUTIONARY STATEMENTS

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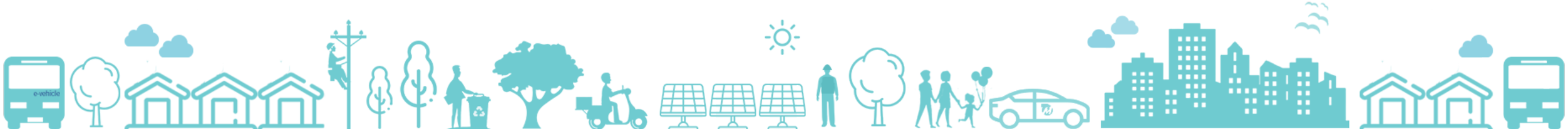

HALF YEAR JUNE 30, 2021
FINANCIAL AND OPERATING RESULTS

July 26, 2021