

COVER SHEET

P W - 1 0 2

S.E.C Registration Number

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

(Company's Full Name)

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

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

ATTY. WILLIAM S. PAMINTUAN

Contact Person

632-8014

Company Telephone Number

1 2 - 3 1

Month Day
Fiscal Year

1 7 - C

FORM TYPE

0 5 2 8

Month Day
Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

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

1. **Date of Report:** *April 29, 2019*
2. **SEC Identification Number:** *PW-102*
3. **BIR Tax Identification Code:** *000-101-528-000*
4. **Name of Issuer as specified in its Charter:** *Manila Electric Company*
5. **Country of Incorporation:** *Philippines*
6. **Industry Classification:** *(SEC use only)*
7. **Address of principal office:** *Lopez Building, Ortigas Avenue, Barangay Ugong, Pasig City*
8. **Issuer's telephone numbers:** *(02) 6328014 Area Code: 1605*
9. **Former name or former address:** *Not Applicable*
10. **Securities registered pursuant to Sections 18 and 12 of the SRC or Sections 4 and 8 of the RSA:**

*Number of Shares of
Common Stock Outstanding*

1,127,098,705
(As of March 31, 2019)

Debt Securities: Php 18.5 Billion Bonds

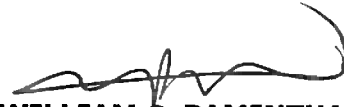
11. Item Number reported: *Item 9 (Other Events)*

The Company's Board of Directors, in its regular meeting held today, April 29, 2019, approved the Company's Financial and Operating Results for the First Quarter of 2019 with comparatives for 2018 (refer to attached Press Release).

SIGNATURE

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

MANILA ELECTRIC COMPANY
Issuer



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

Date: April 29, 2019

***Cc: Disclosure Department
Listings and Disclosure Group
Philippine Stock Exchange***

***Issuer Compliance and Disclosure Department
Philippine Dealing & Exchange Corp.***



PRESS RELEASE
FINANCIAL AND OPERATING RESULTS
FOR THE 1ST QUARTER ENDED MARCH 31, 2019
WITH COMPARATIVES FOR 2018

Highlights

- Consolidated Core Net Income for 1Q2019 at Pesos 5.6 billion, 14% higher compared with 1Q2018
- Consolidated Reported Net Income for 1Q2019 at Pesos 5.7 billion, 7% higher than 1Q2018
- Consolidated volume of energy sales for the first quarter of 2019 at 10,381 GWh, 2% higher than the 10,145 GWh in 2018
- Customer count up by 4% since March 31, 2018 to almost 6.7 million
- Consolidated electric revenues for the three months ended March 2019 at Pesos 73.6 billion
- Average consolidated distribution rate at Pesos 1.37 per kWh in the first quarter of 2019
- Consolidated cost of purchased power at Pesos 58.7 billion for 1Q2019, higher by 7% than in 1Q2018
- Consolidated operating expenses at Pesos 6.3 billion for the three months ended March 31, 2019, 3% higher than in 2018
- Consolidated EBITDA for 1Q2019 at Pesos 8.8 billion, 2% higher than the same period in 2018
- Core Earnings per Share for the first quarter of 2019 at Pesos 4.967, while Reported Earnings per Share was at Pesos 5.032

MANILA, PHILIPPINES, 29th April 2019 – Manila Electric Company (“Meralco” or the “Company”) (PSE: MER) today announced that its unaudited Consolidated Core Net Income (“CCNI”), which excludes one-time, exceptional charges, for the three (3) months ended March 31, 2019 was 14% higher at Pesos 5.6 billion compared with the same period in 2018. Consolidated Reported Net Income for the period was at Pesos 5.7 billion, a 7% increase over 2018. Core Earnings per Share was at Pesos 4.967 for the three (3) months ended March 31, 2019 while Reported Earnings per Share was at Pesos 5.032.

CCNI for the three (3) months ended March 31, 2019 of Pesos 5.6 billion was largely from (i) higher distribution revenue underpinned by the 2% growth in energy sales volume; (ii) the positive contribution from Clark Electric Distribution Corporation (“*CEDC*”, a 65%-owned subsidiary of *Meralco*), following the settlement in 2018 of an unexpected claim by the Clark Development Corporation (“*CDC*”) over the distribution revenues earned by *CEDC* from 2014 – 2018; and (iii) turnaround operating results of the *Company*’s Retail Electricity Supply (“*RES*”) units. The improved yields on placements and the reversal of excess provisions related to the settlement of legacy fiscal issues in the first three (3) months of 2019 also provided some uplift in *CCNI*.

Contribution to *CCNI* of non-electric subsidiaries in the first three (3) months of 2019, was at Pesos 220.5 million, driven by the continued growth in payments fulfillment and telecoms-related service revenues of CIS Bayad Center, Inc. (“*Bayad Center*”) and Radius Telecoms, Inc. (“*Radius*”), excluding development and pre-operating expenses of MERALCO PowerGen Corporation (“*MGen*”). *MGen* continues to incur selective project development expenditures, even as it awaits regulatory action on the Power Supply Agreements (“*PSAs*”) filed on April 29, 2016, in order to limit the adverse impact of delays in building much-needed new power generating capacity and safeguarding the country’s energy security, especially given the recent Yellow and Red Alerts issued by the National Grid Corporation of the Philippines (“*NGCP*”).

Consolidated electric revenues, representing 98% of total revenues, grew 7%. A major driver for the increase in electric revenues is the higher pass-through charges, which grew by 8% to Pesos 59.4 billion resulting from the combined effects of the higher costs of gas and coal, the further weakening of the Philippine peso vis-à-vis the United States dollar and higher prices in the Wholesale Electricity Spot Market (“*WESM*”) in turn, driven by power supply shortages. Distribution revenue also registered a 1% growth due to the increased volume of energy sold even as the consolidated average distribution rate per kWh was Peso 0.02 per kWh lower. The volume of energy distributed by *CEDC* grew 10% to 132 GWh.

During the first quarter of 2019, there were three (3) counts of Yellow Alerts. This situation worsened during the month, making the Yellow and Red Alerts almost a daily occurrence in April 2019. *WESM* prices during several peak hours in the first quarter of 2019 reached the *WESM* price cap of Pesos 32.00 per kWh. The peso was at an average of Pesos 52.358 to US\$1 in the first quarter of 2019 compared with Pesos 51.477 to US\$1 in the first quarter of 2018, a 2% depreciation. Coal price averaged at US\$101.37 per MT, less than 1% higher, while gas was at US\$8.28 per GJ, 16% higher versus last year.

The average retail price for the first quarter of 2019 was at Pesos 9.13 per kWh, 8% higher than 2018. The increase in the average retail rate is attributable largely to the higher generation charge and the Feed-in-Tariff Allowance (“*FiT-All*”), which grew by 17% and 44%, and account for 60% and 3% of the customer bill for the period, respectively. Distribution, Transmission, Taxes, universal charges and other subsidies, and System loss charge were relatively stable at 15%, 9%, 9% and 4% of the customer bill for the first quarter of 2019, respectively.

Total operating expenses rose 3% year-on-year to Pesos 6.3 billion, with labor, contracted services and Information Technology (“IT”) licensing and maintenance continuing to be the major expense items. Depreciation and amortization grew by 7% on account of the implementation of emergency capital expenditures (“CAPEX”). These were necessary to comply with customer and load growth requirements, to improve service efficiency and customer experience, to ensure network resiliency and hardening, and to meet IT, security and safety requirements.

Consolidated *EBITDA* was Pesos 8.8 billion in 1Q2019, with *EBITDA* margin on consolidated revenues stable at 12%.

Cash and cash equivalents (excluding long-term investments and placements with maturities beyond 90 days) were at Pesos 36.1 billion as of end-March 2019, while interest-bearing loans and borrowings were at Pesos 31.4 billion. Short-term placements beyond 90 days, restricted cash, debt securities at amortized cost and financial assets at fair value through other comprehensive income totaled Pesos 63.5 billion as of the same date. Total principal debt repayments, inclusive of financial and related charges, amounted to Pesos 9.4 billion. In February 2019, holders of Pesos 8.7 billion of *Meralco*’s 7-Year fixed rate notes exercised the “Put Option”, accounting for the substantial portion of the *Company*’s debt repayment during the first quarter of 2019. Availment of short-term loans by certain subsidiaries amounted to Pesos 0.2 billion.

Pending approval of *CAPEX* by the Energy Regulatory Commission (“*ERC*”) not covered by the partial approval for the 1st and 2nd Regulatory Years (“*RYs*”) of the 4th Regulatory Period (“*RP*”), *Meralco* manifested substantially all of its *CAPEX* applications, excluding those related to Automated Metering Infrastructure (“*AMI*”), as emergency *CAPEX* given their urgent need and the limitations and extended sweating of existing facilities. Soon after the said manifestation, *Meralco* began the implementation of such *CAPEX* prioritizing those related to new load requirements, upgrade and/or replacement of critically loaded facilities, asset renewal and safety, among others.

“The lower than expected sales growth during the first quarter of 2019, particularly in the Residential and Commercial sectors, were attributable to concerns on higher interest rates, the weakening of the Philippine Peso vis-a-vis U.S. Dollar rate, and their impact on fuel and commodity prices, exacerbated by the recent Red and Yellow Alerts caused by the coincident forced outages of several plants. The continuing Yellow and Red Alerts being experienced today may eventually lead to serious power supply shortage in the next few years, unless immediate action is done to resolve the root cause of the problem, by adding more generating capacity and taking decisive action on the much-delayed construction of new power plants,” highlighted **Mr. Manuel V. Pangilinan, Chairman.**

Core Distribution Business: Mild Growth from a High 2018 Volume Base

For the first quarter of 2019, energy sales volume growth was modest at 2%. This is mainly attributable to the “high base effect” of the volume attained in 2018 and the slightly cooler average temperature throughout the quarter. As at March 31, 2019, the average temperature was 26.8°C or 0.3°C lower than in the first quarter of 2018, while average maximum temperature was 33.3°C, 0.6°C lower than in the same period in 2018.

While economic indicators were relatively stable, the overhang from the slightly lower Gross Domestic Product (“GDP”) growth in 2018 of 6.2% compared with the Government’s target range of 6.5% to 6.9%, the spill-over effect of the 4Q2018 spike in inflation and the weaker Philippine Peso vis-à-vis the US Dollar in the first quarter of 2019, all contributed to tempering the increase in electricity consumption.

The peso closed at an even weaker exchange rate to the U.S. dollar at Pesos 52.50 as of end-March 2019, compared with Pesos 52.16 as of the same date in 2018. The 7-Year BVAL benchmark was at 5.5990% at the end of the first quarter of 2019 compared with the then PDST-R2 in 2018 of 6.7375%. The Newcastle coal index was between US\$101.87/MT and US\$95.44/MT (from January to March 2019) compared with US\$100.81/MT and \$105.91/MT (from January to March 2018), while Brent crude oil was at US\$66.08/BBL by the end of March 2019 (versus US\$65.89/BBL at end-March 2018).

Meralco’s customer base grew by over 4% to 6.7 million customer accounts, with 285 thousand net new accounts since March 2018. The Residential customer base, which rose by close to 5%, remains at 92% of the total customer base. This includes 102,656 prepaid electricity customers, up from 93,522 as of March 31, 2018. Commercial (which represent 8% of the total customer count), and Industrial (which account for less than 1% of the total) customer accounts increased by 3% and 2%, respectively, the same rates of increase in the comparative period in 2018.

Consolidated electricity distributed in the *Meralco* and *CEDC* franchise areas was 2% higher during the first quarter at 10,381 GWh. Industrial (inclusive of generator wheeling) grew by 4% to 3,212 GWh, followed by Commercial at 2% to 4,124 GWh and Residential at less than 1% to 3,010 GWh.

Of total sales volumes in the first quarter of 2019, 40%, 31% and 29% were from the Commercial, Industrial and Residential sectors, respectively. Streetlights volumes accounted for less than 1% of total sales volumes.

Industrial sales volume growth was strongest among the following three (3) major customer classes: Rubber and Plastics Industry (up 16%), Non-metallic Industry (up 9%), and Food and Beverage Industry (up 5%).

Growth in the Rubber and Plastics Industry was aided by the shift to grid power (from reliance on self-generation) by the country’s largest petrochemical plant as well as the

higher demand for packaging solutions in the Food and Beverage, Cement, and Automotive sectors.

For the Non-metallic Industry, growth was due to increased production of cement and glass in support of the Government's "Build Build Build" program and real estate projects.

Notable in the first quarter 2019 volumes was the slight shift in the Commercial sales volume growth drivers. While Real Estate, and Hotels and Restaurants continued to support the increase in demand, the Storage industry reflected close to a 3% growth mainly driven by Food and Beverage production requirements. There is also an increasing trend in consumer habits demanding fresh and frozen produce, plus growing online grocery and e-commerce food transactions, bolstering the growth of cold storage facilities and infrastructure. Separately, the Philippine Real Estate Industry is forecasted to maintain its growth trajectory with the continuing influx of expatriate employees for the Business Process Outsourcing ("BPO") sector and Philippine Offshore Gaming Operator ("POGO") firms. Furthermore, there is, so far, no indication of slowing demand for hotel spaces with over 9,000 projected new hotel rooms in the pipeline within the *Meralco* franchise area (according to reputable real estate and property consulting firms).

In the *CEDC* franchise area, the volume growth came from commercial customers, which increased by more than 18%. As at March 31, 2019, commercial volumes accounted for 51% (47% in 2018), industrial volumes accounted for 48% (52% in 2018), while residential volumes accounted for 1% (stable compared with 2018).

The increase in the average customer bill during 1Q2019 reflected the effects of higher *WESM* prices due to the forced outages of a number of baseload plants and the advanced scheduled maintenance of certain plants in preparation for the May 2019 elections. *Meralco's* *WESM* purchases as a percentage of the total electricity purchased by the *Company* during January 2019 was at 18%, but decreased to 12% and 10% in February and March 2019, respectively. The February 2019 average generation charge of Pesos 5.8939 per kWh exceeded the previous peak recorded in May 2014. Average *WESM* price shot up to Pesos 6.9378 per kWh in March 2019 driven by several power plant outages, increased trading amount to serve the rise in Luzon demand and coincidental Line Rental charges. There were 10 instances where the *WESM* price cleared at the primary cap of Pesos 32.00 per kWh in the first quarter of 2019.

On February 27, 2018, the *ERC* approved a decision increasing the *FIT-All* charge to consumers to Peso 0.2563 per kWh from the previous Peso 0.1830 per kWh as cross-subsidy support for renewable energy. This year, on March 12, 2019, the *ERC* lowered the *FiT-All* charge to Peso 0.2226 per kWh, which was reflected in billings to customers starting April. In addition, on January 15, 2019, a Peso 0.0163 per kWh upward adjustment was approved by the *ERC* for the universal charge on stranded debt of the National Power Corporation ("*NPC*") carried by the Power Sector Assets and Liabilities

Management Corporation (“*PSALM*”), which was also reflected in the April billings to customers.

Peak demand within the franchise area during 1Q2019 was at 6,950 MW, up 1% over the 6,867 MW in 1Q2018. On April 22, 2019, at the height of Red Alert warnings, the Peak Demand reached 7,493 MW, surpassing the 2018 Peak Demand on May 23 of 7,399 MW.

As early as April 10 this year, the National Grid Corporation of the Philippines (“*NGCP*”) already issued a Red Alert due to forced and unplanned outages of several coal-fired plants and capacity de-rating. This was preceded by Yellow Alert warnings as early as March 5.

With the manifestation of very urgent *CAPEX* to avert possible emergency conditions in the *Meralco* Network facilities, the following major Electric Capital Projects (“*ECPs*”) are underway to provide additional capacities and switching flexibility while improving voltage regulation: Development of Southwoods 115 kV-34.5 kV Substation (83.21% complete), Construction of San Jose Delivery Point's Additional 115 kV Line (Novaliches Leg – 89.2% complete) and Development of Calamba 230 kV-115 kV DP Substation (32.4% complete). In addition, 167 overloaded distribution transformers were replaced during the period to address load growth. Also, the following major *ECPs* are expected to be completed by the third quarter of 2019: Expansion of Filinvest 115 kV-34.5 kV GIS Substation (2nd Bank), Installation of Zapote (Las Piñas) 5th 300 MVA Power Transformer, Expansion of TMC II 115kV-34.5kV Substation and Development of Bridgetowne 115kV-34.5kV GIS Substation. Equally important are the Government’s “Build Build Build” project requirements, which include relocation of *Meralco* facilities and which adversely affect the *Company*’s System Average Interruption Duration Index (“*SAIDI*”) and Customer Average Interruption Duration Index (“*CAIDI*”). As at March 31, 2019, a total of close to 2,300 poles have been relocated.

As a commitment to full electrification within the franchise area, *Meralco* through its wholly-owned subsidiary, MSpectrum, Inc. (“*Spectrum*”) recently energized Isla Verde using a renewable energy microgrid solution. Together with the support and donation by the United States Agency for International Development (“*USAID*”), a 31.4 kWp solar photovoltaic (“*PV*”) inverter system and a 192 kWh battery storage with control systems were installed and integrated, initially powering more than 40 households with initial daily energy consumption of 50-110 kWh. This is a phased installation within Isla Verde with a total targeted installation of 100-200 kWp solar *PV* system, 200-400 kWh battery storage and 50-150 kVA diesel generator through 2023.

Meralco’s 12-month moving average (“*12-MMA*”) system loss was at the all-time 116-year record-low of 5.6% (inclusive of one percentage point sub-transmission loss) as of March 31, 2019. This is 1.65 percentage points below the regulatory system loss cap of 7.25%, and 0.31 percentage point lower than the *12-MMA* for the same period in 2018. *CEDC*’s system loss was at 2.70%, 4.55 percentage points below the regulatory cap and 0.33 percentage point higher than the same period last year.

“Notwithstanding challenges, *Meralco* continued to outperform its sales and operating metrics versus the comparative period and even the full year record of 2018. The collective commitment to service excellence was compelling enough for the organization to set new records,” stated **Oscar S. Reyes, President and Chief Executive Officer**.

“The *Company* remains focused on digitizing its business and its engagement with consumers. With the goal of making the process of application to after-sales service available at the touch of a finger, *Meralco* launched “Meralco Online” last September 12, 2018, which now has a total of almost 225 thousand subscribers. Digital is the only way forward,” Mr. Reyes added.

“While network facilities remain to be hard assets taking up large parcels of land or vertical spaces of a building, *Meralco*’s network and customer facing infrastructure platforms and systems are much smarter today and will become more so with continuous innovation and incorporation of digital options.

“In this rapidly changing environment, it is imperative that we always be ahead of the curve and be unrelenting in our delivery of the best customer experience through our *CAPEX* execution. We are resolute in helping the Philippines to stand out in the region,” concluded Mr. Reyes.

Meralco Subsidiaries: Providing Customer Value Opportunities

Bayad Center achieved another milestone, handling a total of 27.8 million payment transactions in the first quarter of 2019, 13% higher year-on-year. It counts among its largest biller partners various government agencies, which include credit institutions, Local Government Units (“*LGUs*”), the Department of Foreign Affairs (“*DFA*”) and Maritime Industry Authority (“*MARINA*”), among others. To date, it serves a total of 306 billers served through over 33 thousand touchpoints, excluding its digital platform. Its digital bills pay performance has grown more than four (4) times from over 140 thousand to more than 600 thousand transactions, which are served exclusively through its mobile and online channels. *Bayad Center* continues to eye government services to expand its market. *Bayad Center* is also collaborating with Densan System Co., Ltd. (“*DSK*”), its 5%-equity owner, to standardize Quick Response (“*QR*”) code structures, among others. The initiatives of *Bayad Center* through traditional channels, which are the over-the-counter payments, now extend to a digital platform, which is intended to provide seamless offline to online (“*O2O*”) experience serving both the banked and unbanked Filipinos within and outside the Philippines. The major players in the digital payments space have partnered with *Bayad Center* as the latter serves as an effective influencer for the paying public to shift to new payment channels, whether it is wallet-based or through electronic platforms or cryptocurrencies.

Radius provides world-class data and internet connectivity solutions over its dense fiber optic network, with access to nodes strategically located within business districts, industrial and *IT* parks, data centers and main thoroughfares. It delivers services on an end-to-end fiber optic platform in the Mega Manila area, enabling local and international

service providers and companies to transmit digital information and business applications over highly reliable, secure, and cost-effective communication superhighways. *Radius* sees its core business of data and internet services from its existing coverage area and from expansion plans to Clark and to major Commercial Business Districts in Ortigas, Bonifacio Global City (“*BGC*”) and Makati as revenue streams for the *Company*.

Meralco is venturing into the growing renewable energy market through *Spectrum*. To-date, total renewable installations by *Spectrum* stands at 10,000 kW. On another front, eSakay, Inc (“*eSakay*”) was organized to provide electric vehicle (“*eVehicle*” or “*EV*”) and charging infrastructure solutions to service public utility and private sector vehicle requirements. *eSakay* currently operates a fleet of electric jeepneys plying a developmental route from the Buendia MRT Station in Makati to Mandaluyong City Hall and is set to operate and maintain certain in-campus *EV* transport facilities in the coming months.

With the receipt from the Bases Conversion Development Corporation (“*BCDA*”) of a Notice of Award (“*NOA*”) to the Meralco-Marubeni Consortium (“*Consortium*”) as the winning private sector participant for the joint venture development of the electricity power distribution system in New Clark City (“*NCC*”), the *BCDA* is now working with a local electric cooperative for cooperation arrangements at full speed in addressing the requirements of Phase 1 development of *NCC*, even as the *BCDA* franchise is being deliberated in the Senate. Construction of the requisite substation and distribution lines is expected to be completed by the first half of 2019. The Phase 1 development includes construction of the National Government Administrative Center and a world-class sports complex to be used for the 2019 Southeast Asian Games.

The Joint Venture Agreement between *BCDA* and the *Consortium* covering 94.5 km² of land area within the Clark Special Economic Zone (“*CSEZ*”) was scheduled last April 3, 2019.

Retail Electricity Supply (“*RES*”): Growth amidst Intense Market and Price Competition

Almost six (6) years since Retail Competition and Open Access (“*RCOA*”), total *RES* sales volume for the first three (3) months of 2019 is at 3,288 GWh, 12% higher than the same period in 2018. *RES* sales volumes have continued to grow through the years with sustained migration of captive customers to the contestable market, as evidenced by the 17% *CAGR* of sales volume for the past five (5) years (2014 to 2018).

There are 24 active *RES/Local RES* participants in the *Meralco* franchise area, which have seen intensified competition and challenging economics. *MPower* and *Vantage* are among the *RES* players competing in this market.

As of March 31, 2019, there were 1,393 Phase 1 and Phase 2 contestable customers within *Meralco*’s franchise area, of which 968 or 69% have already migrated to the

contestable market. Separately, there are 425 potential contestable customers who opted to remain as captive customers and benefit from *Meralco*'s blended rate.

Power Generation: Urgently Needed to Avert Tightening
Power Supply and Ensure Energy Security

San Buenaventura Power Ltd. Co. ("SBPL")

As of March 31, 2019, the over-all Engineering, Procurement and Construction ("*EPC*") work is estimated at 99.29%, on track for project completion in September 2019.

SBPL is a 455 MW (net) supercritical coal-fired plant in Mauban, Quezon. It is a 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. ("AIE")

AIE will be the country's first 2x600 MW ultra-supercritical coal-fired power plant. It is a "committed project", granted a Certificate of Energy Project of National Significance by the Department of Energy ("*DOE*") and a preferred Pioneer Project registered with the Board of Investments ("*BOI*").

Favorable action on the *PSA* application with the *ERC* remains pending. The *AIE PSA* was filed for approval with the *ERC* on April 29, 2016.

In the meantime, *AIE* continues to engage with its eight (8) lender banks on the amended terms of the Financing Agreement. Early site preparation works have already been started by the *EPC* contractor with ongoing slope cutting and river culverting works through 3Q2019.

Renewable Energy Opportunities

Recognizing the role of renewable energy in the overall dispatch, its inevitability due to its improving economics and the prevailing solar tariff at well below *FiT* rates and also below coal and gas generation charges, *MGen* is currently working on several opportunities in wind, solar and hydro power development. In addition, the large renewable energy requirement of distribution utilities ("*DUs*") and electric cooperatives ("*ECs*") under the Renewable Portfolio Standards ("*RPS*") is more than compelling reason for *MGen* to allocate resources into this area. In *MGen*'s development and investment list of targeted projects is a total of 224 MWdc land-based solar facilities.

"Power generation will be our game changer. We are looking forward to September this year when *Meralco* finally re-enters baseload power generation and can better assure customers in its strategic franchise area adequate, reliable and affordable power supply, after our 455 MW (net) super-critical San Buenaventura coal fired plant in Mauban, Quezon comes on stream.

“We are firing commissioning energy within April 2019. We expect positive contribution from San Buenaventura by 2020,” said Mr. **Rogelio L. Singson, President, MGen.**

Conclusion

“The financial results for 1Q2019 are quite encouraging albeit the first quarter volume, while better than the comparative period, is showing signs of slowdown. This could be a point of concern, moving forward.

“*Meralco* remains committed to investing the requisite *CAPEX* to continue improving its distribution infrastructure of services, for conventional and renewable generation, as well as for value-adding businesses complementary to our core electric power business. Until we are able to get a clear view of the tariff landscape for the 5th Regulatory Period, we are unable to provide an appropriate earnings guidance for the year,” concluded **Mr. Pangilinan.**

	MANILA ELECTRIC COMPANY Consolidated Financial Highlights (in Million Pesos, except per share data)		
	For the Three Months Ended March 31		Percent Change
	2019	2018	
REVENUES			
Electricity	73,632	69,009	7
Non-electricity	1,746	1,798	(3)
	75,378	70,807	6
COSTS AND EXPENSES			
Purchased power	58,743	54,848	7
Operating expenses	6,331	6,168	3
Depreciation and others	3,446	3,057	13
	68,520	64,073	7
OTHER INCOME – net	679	612	11
INCOME BEFORE INCOME TAX	7,537	7,346	3
PROVISION FOR INCOME TAX	1,833	2,039	(10)
NET INCOME – AS REPORTED	5,671	5,312	7
CORE NET INCOME ¹	5,598	4,917	14
EARNINGS PER SHARE			
On Reported Net Income			
Basic	5.032	4.713	7
Diluted	5.032	4.713	7
On Core Net Income ¹			
Basic	4.967	4.363	14
Diluted	4.967	4.363	14

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

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

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About MERALCO

MERALCO is the largest electric power distribution company and the largest private sector utility in the Philippines. Through a Consolidated Certificate of Public Convenience and Necessity, *MERALCO* provides electric service within its franchise coverage. Its subsidiaries are engaged in engineering and consulting, construction, bills payments and other electricity-related services. A subsidiary is in the process of developing the Company's power generation portfolio.

MERALCO is listed on the Philippine Stock Exchange (PSE: MER). *MERALCO* has the largest market capitalization among the Philippine listed utility and power sector companies.

Further information is available at www.meralco.com.ph.