



MERALCO

FIRST QUARTER ENDED MARCH 31, 2021

FINANCIAL AND OPERATING RESULTS

April 26, 2021



Q1 2021 FINANCIAL HIGHLIGHTS

FINANCIAL SUMMARY Q1 2021 vs. Q1 2020

Amounts in million Pesos

NET INCOME & EBITDA

Q1 2021 Q1 2020

Core Net Income

5,113 | 5,724

Reported Net Income

4,334 | 2,619

Core EBITDA

12,021 | 8,408

Reported EBITDA

11,784 | 5,095

REVENUES

Q1 2021 Q1 2020

Gross Revenues

64,712 | 69,466

Distribution Revenues

14,387 | 15,015

*Distribution rate at Php 1.3738 per KWh

Generation and other
pass-through charges

48,097 | 52,333

COSTS & EXPENSES, CAPITAL EXPENDITURES

Q1 2021 Q1 2020

Purchased Power Cost

47,482 | 51,823

Operating Expenses

7,051 | 6,587

Capital Expenditures

4,242 | 4,152

CASH & BORROWINGS

Q1 2021 Q1 2020

Cash and Cash Investments

114,544 | 118,462

Borrowings

89,172 | 40,812

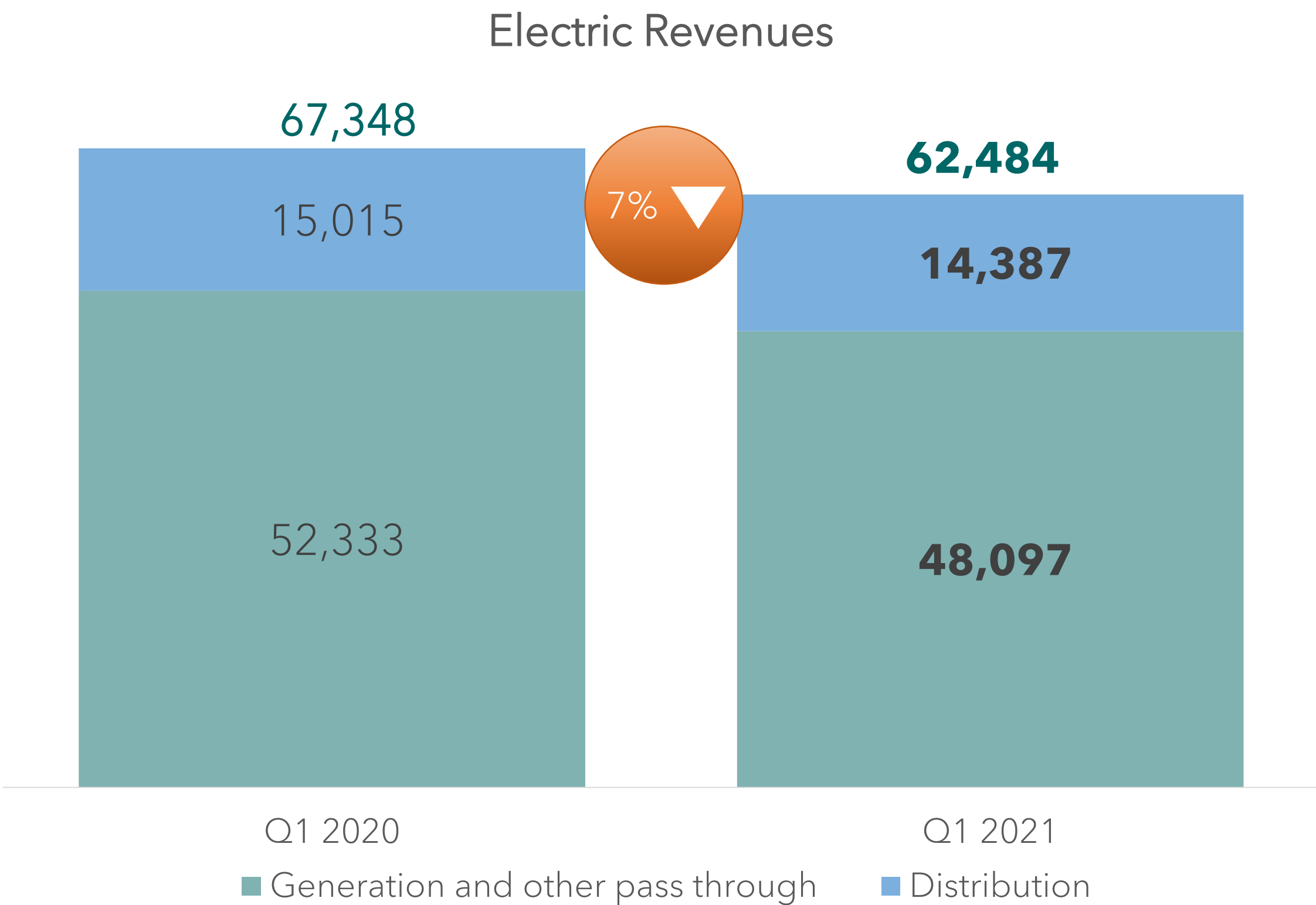
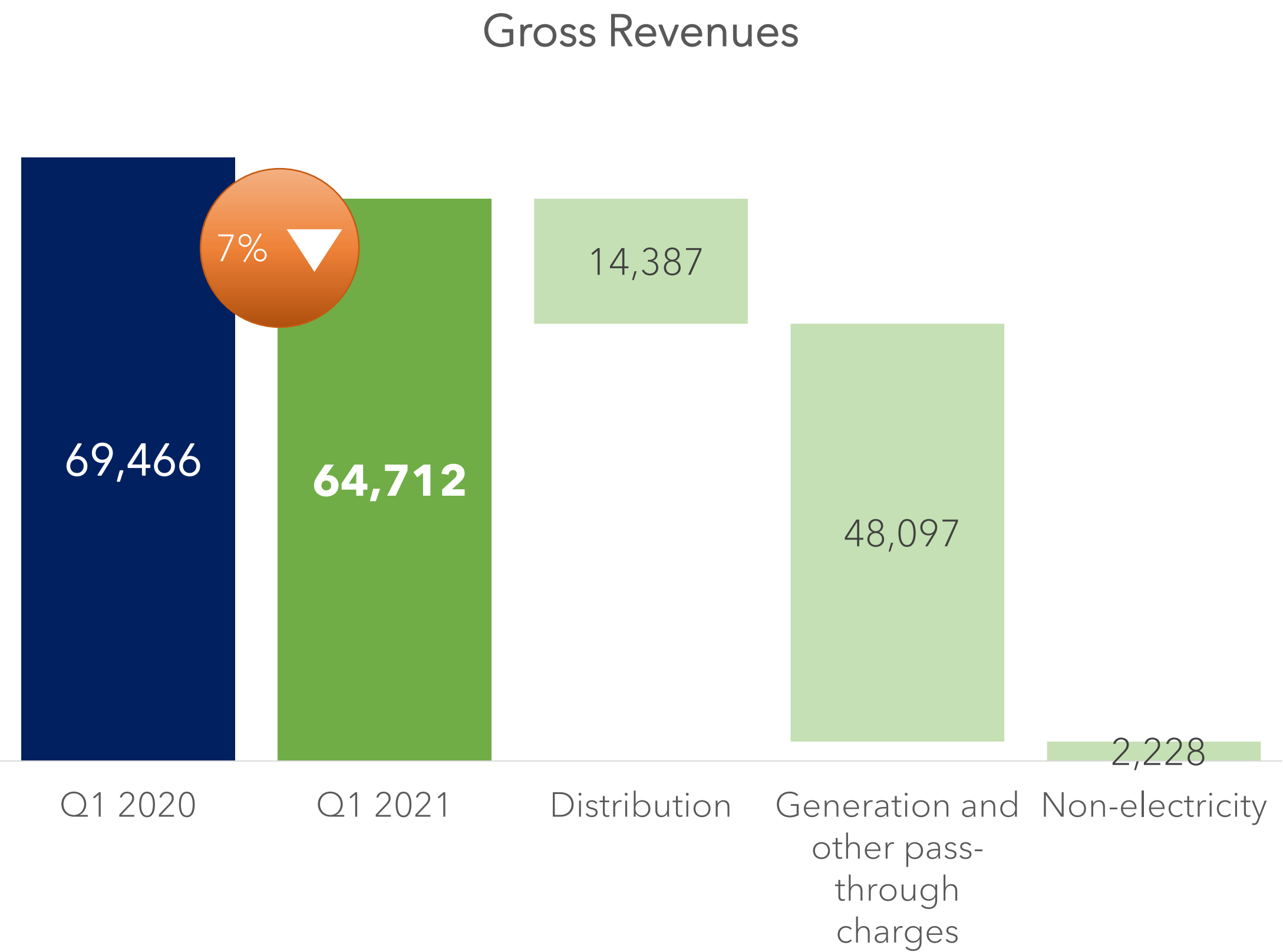
SUBSIDIARIES

CCNI Contribution

304 | 438

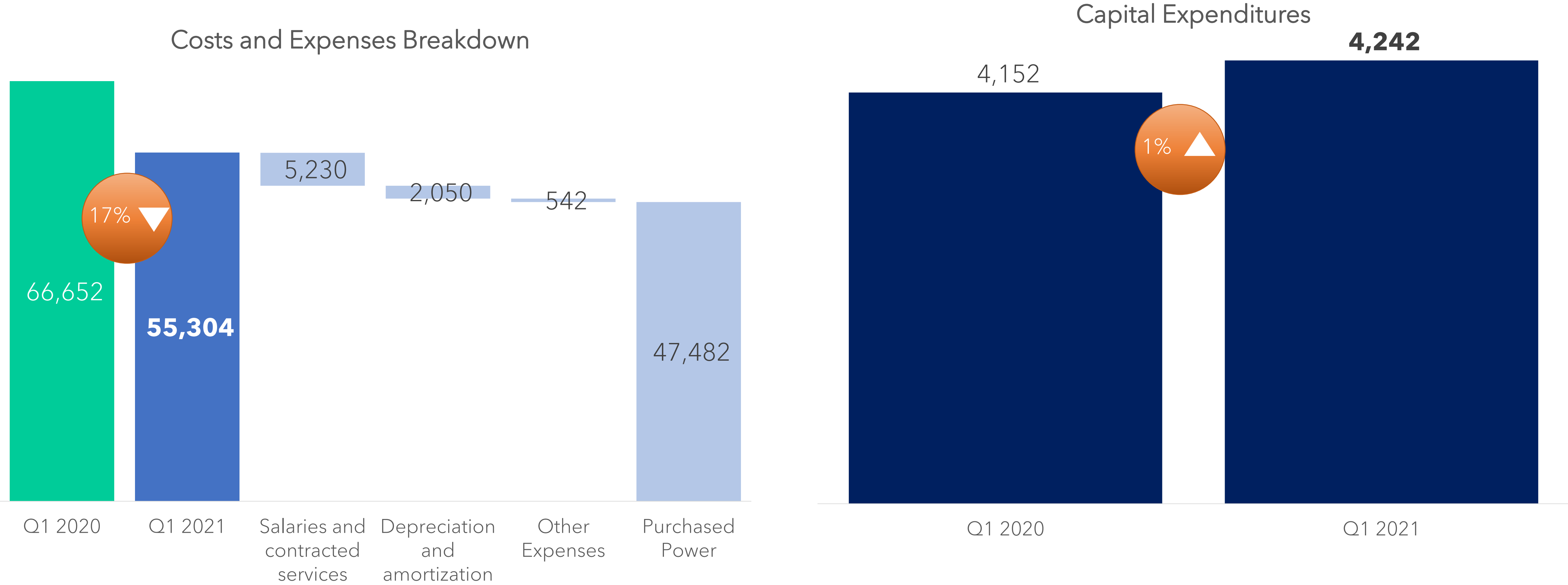
REVENUES Q1 2021

Amounts in million Pesos, except percentages



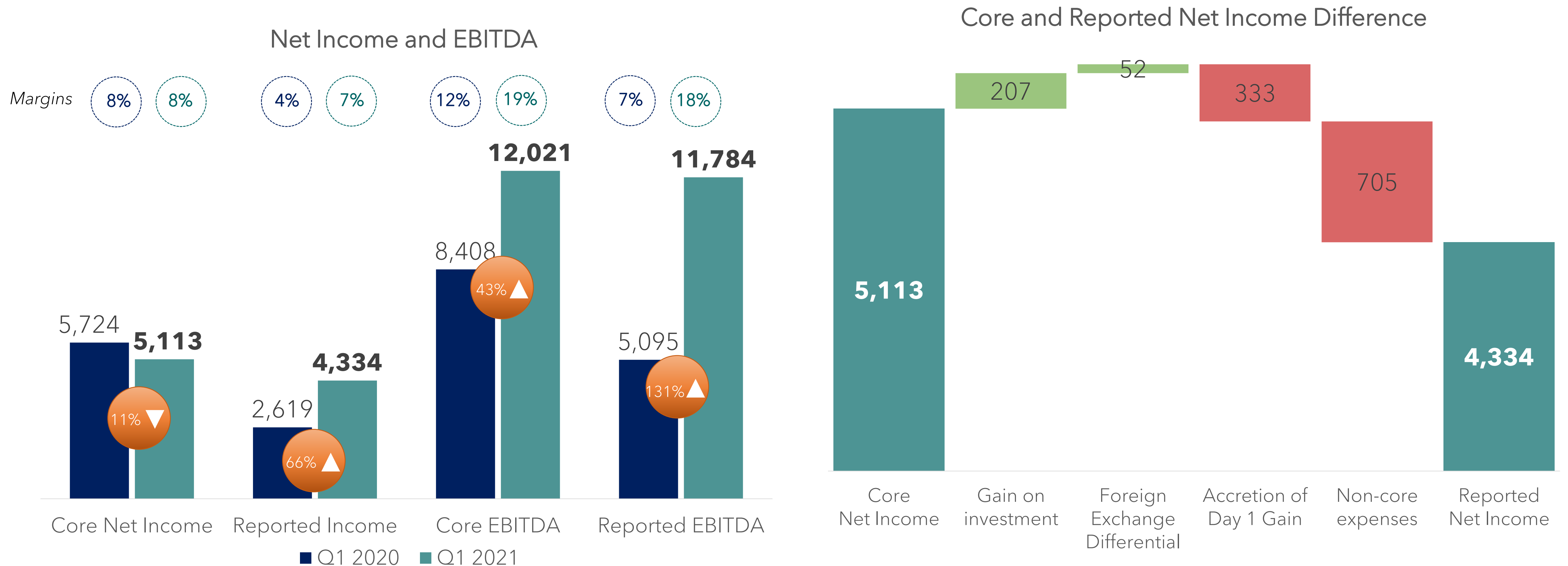
COSTS & EXPENSES, CAPEX Q1 2021

Amounts in million Pesos, except percentages



NET INCOME AND EBITDA Q1 2021

Amounts in million Pesos, except percentages



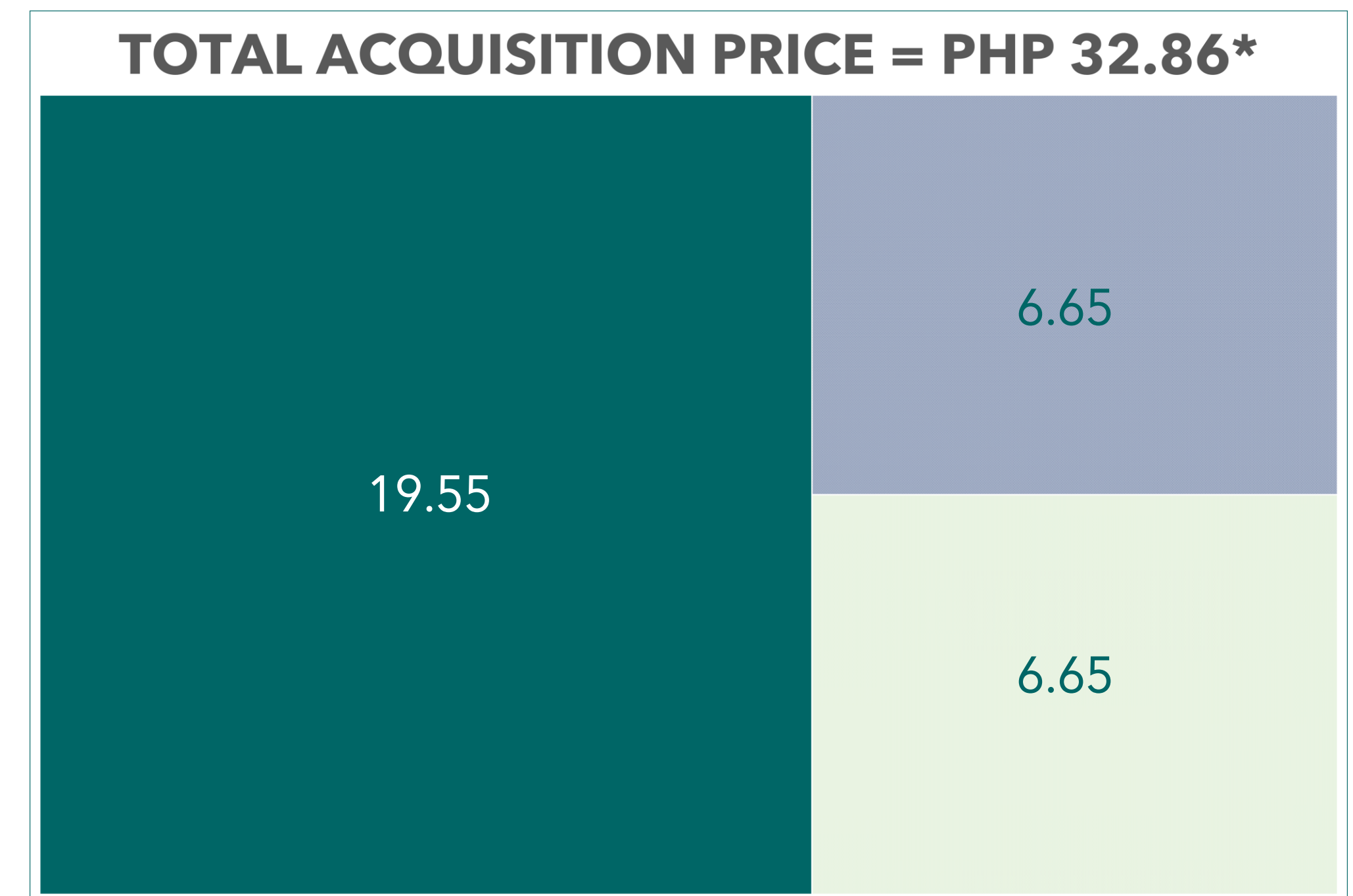
GBPC ACQUISITION

Amounts in billion Pesos

On March 31, 2021, the Share Purchase Agreements for the acquisition of 86% of GBPC was closed. The assets and liabilities of GBPC were consolidated in the books of MGen, including the following:

Property Plant and Equipment	41.9
Intangible Assets	13.6
Long-term debt	27.0

A non-core income of **Php 207 million** was recognized, as a result of the fair value adjustment of the existing 14% equity investment in GBPC

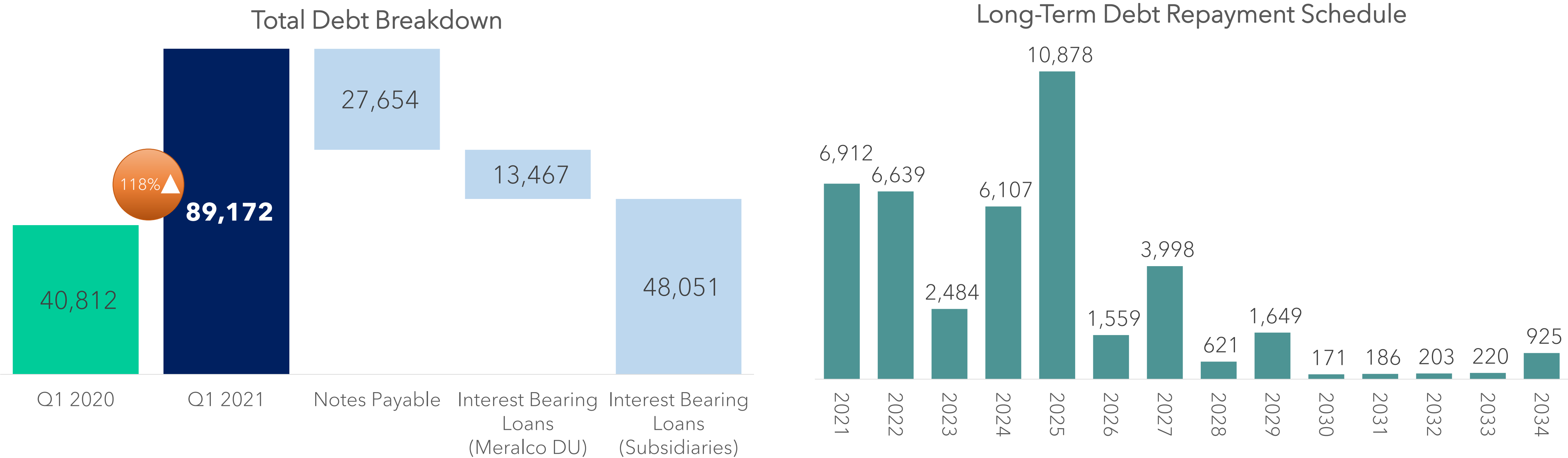


**net of dividends and interest costs*

- 1st installment on closing date (March 31, 2021)
- 2nd installment payable on September 30, 2021
- Final installment payable on September 30, 2022

DEBT AND CREDIT PROFILE Q1 2021

Amounts in million Pesos, except percentages

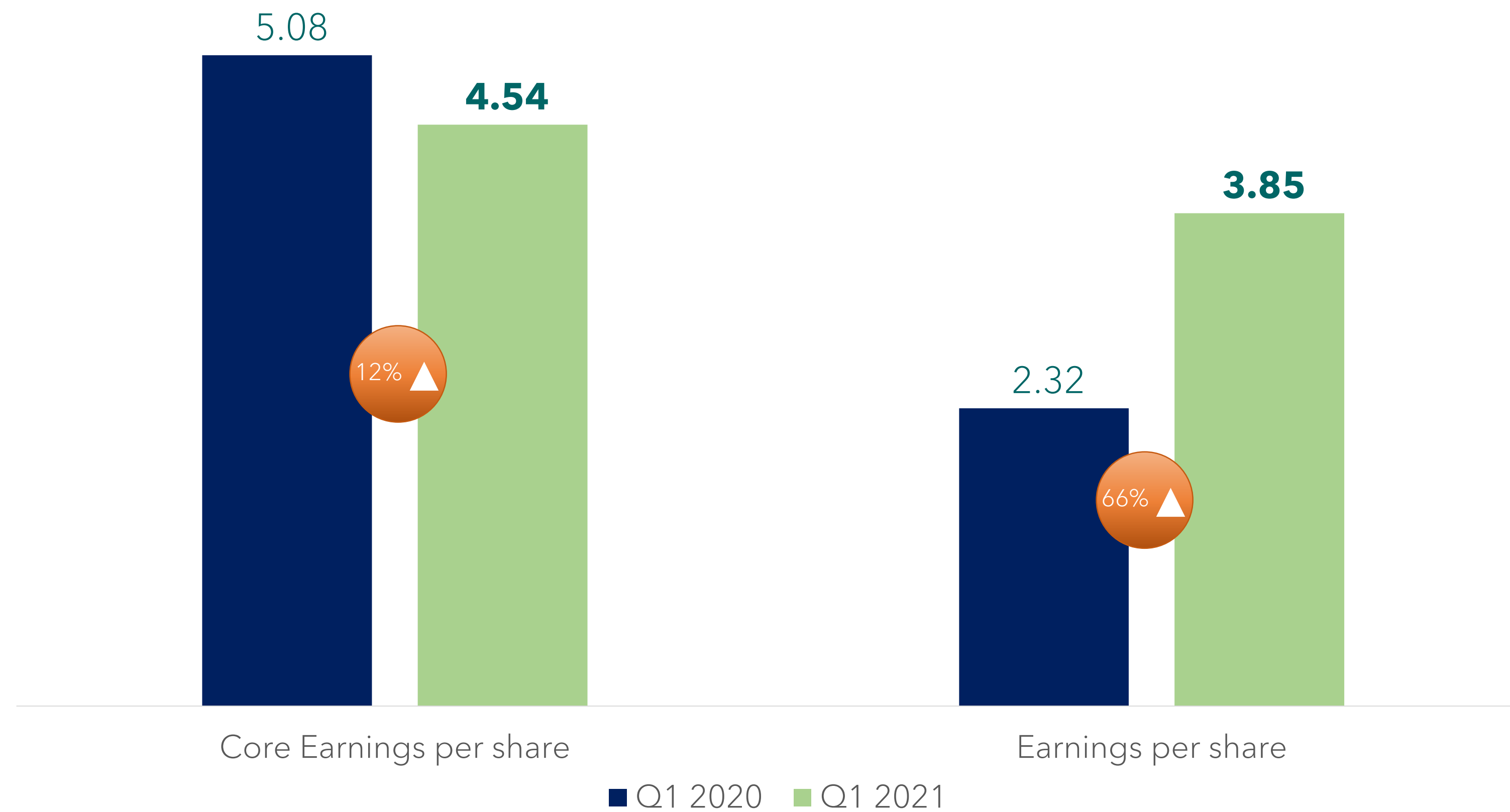


	Q1 2021		Q1 2020			Q1 2021		Q1 2020	
Cash & Cash Investments	114,525		118,462		Net Debt to EBITDA	0.56		(0.81)	
Gross Debt	89,172		40,812		Gearing Ratio	0.35		(0.22)	
Net Debt	26,161		(16,687)		Interest Expense	463		412	
Gross Debt to EBITDA	1.89		2.00		Interest Income	481		786	

EARNINGS PER SHARE

Amounts in Pesos per share, except percentages

Core and Reported Earnings per share





Q1 2021 OPERATIONAL RESULTS

PERFORMANCE HIGHLIGHTS

FIRST QUARTER 2021 VS. 2020

BUSINESS DRIVERS

CONSOLIDATED ENERGY SALES
10,473 GWh
▼ 4% VS. 2020

**CONSOLIDATED
CUSTOMER COUNT**
7.205 M
▲ 4%

NET SYSTEM INPUT
10,981 GWh
▼ 4%

MERALCO PEAK DEMAND
7,115 MW*
▼ 7%, YTD
*March 18, 2021

SERVICE PERFORMANCE

SYSTEM LOSS
6.14%
▲ 0.72 %PT, 12-MMA

**SYSTEM AVE. INTERRUPTION
FREQUENCY INDEX**
0.237 times
▲ 3%

**SYSTEM AVE. INTERRUPTION
DURATION INDEX**
23.714 minutes
▼ 2%

AVE. TIME TO CONNECT
1.81 days
▲ 19%

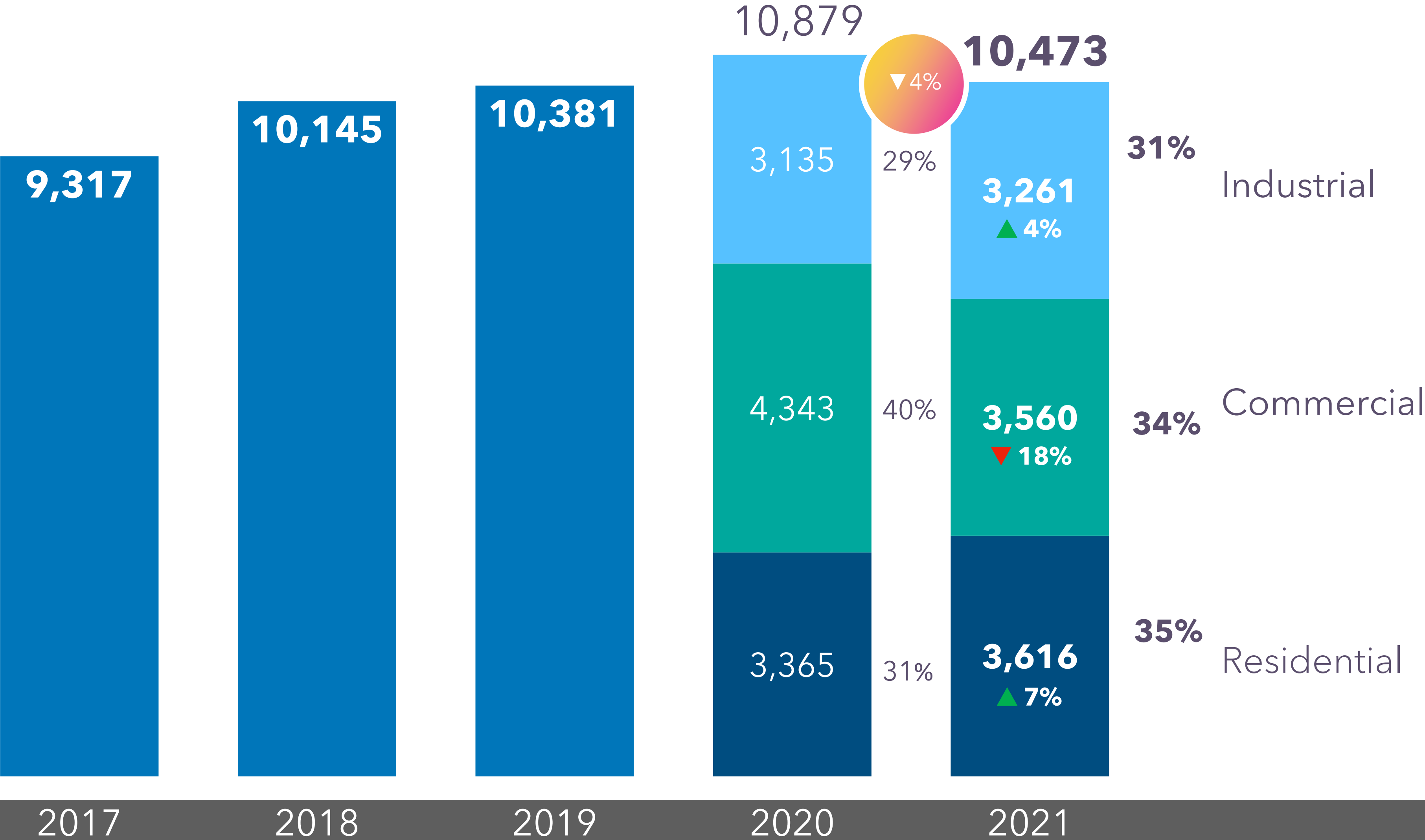
ELECTRICITY RATE

AVE. RETAIL RATE
7.82 PhP/kWh
▼ 3%

Q1 2021 CONSOLIDATED ENERGY SALES (in GWh)



Strong growth from Residential and Industrial, but Commercial still lagging due to impact of pandemic



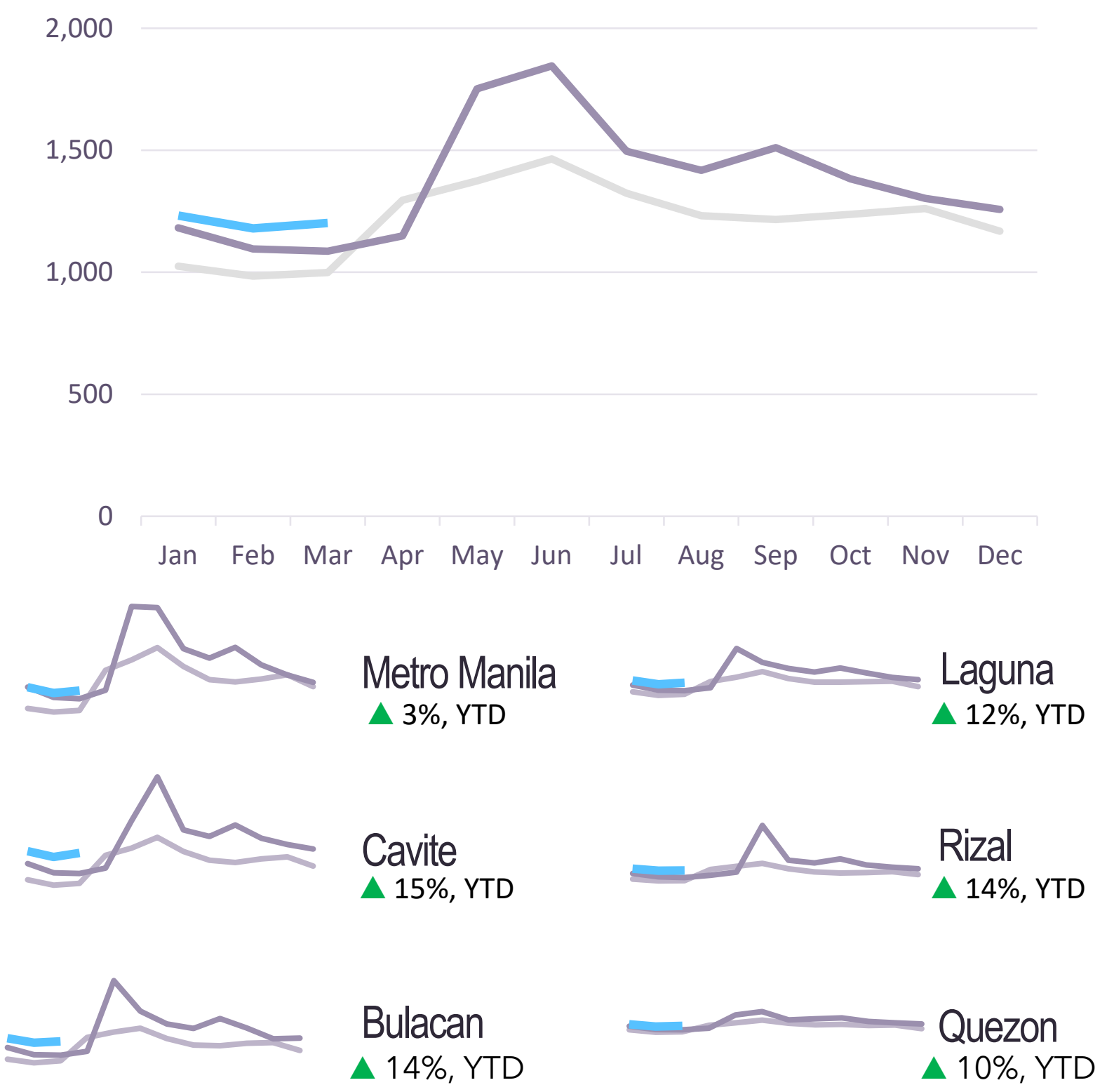
Sales volume of Parent is 99%, CEDC is 1%
Flat streetlights account for <1 %



Q1 2021 DU ENERGY SALES PROFILE AND DRIVERS



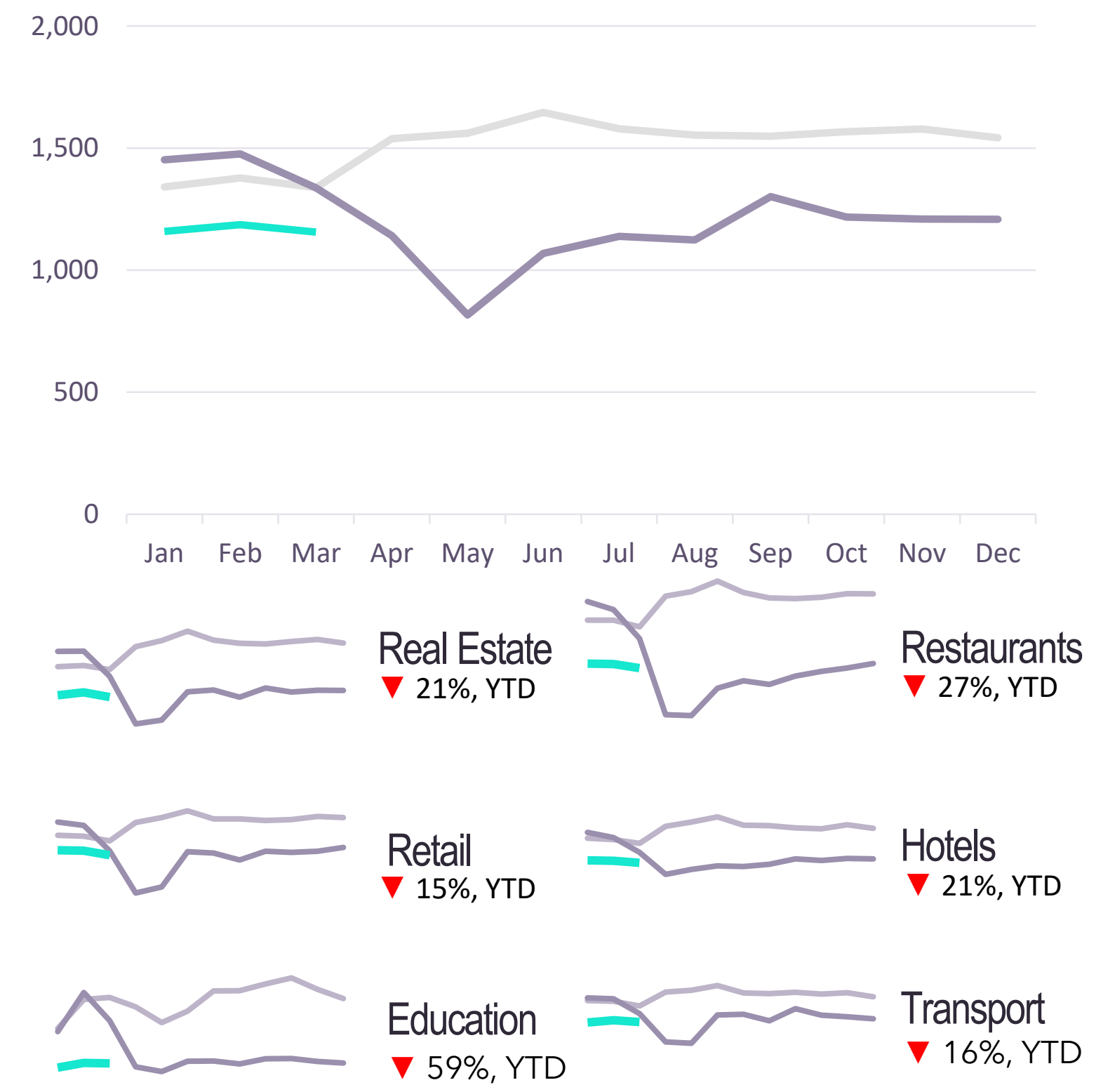
RESIDENTIAL ▲ 8%, YTD



- Strong growth of 8% coming from full quarter of work-from-home, as well as NCR+ restrictions and ECQ reimposition in mid-March
- Continuous energization and ramp-up of consumption from mass housing projects in Bulacan, Laguna, Cavite, and Rizal energized in Q4 2020



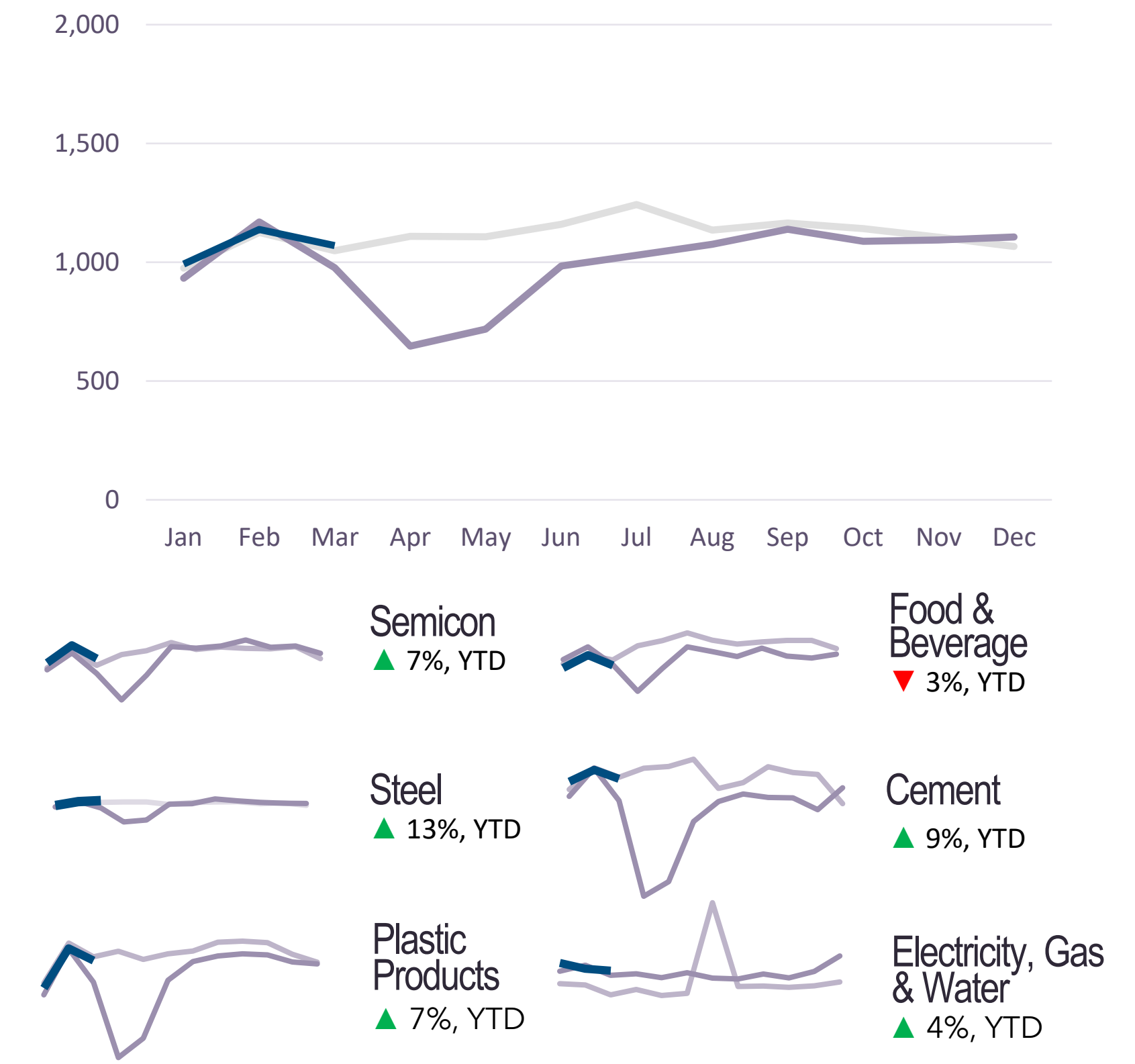
COMMERCIAL ▼ 18%, YTD



- Down by 18%, but slight improvement from 20% decline in FY2020
- Mobility played key role as public transport and protocols were more relaxed compared with 2020 ECQ
- Customers that reduced load and terminated services in 2020 due to pandemic affected sales (~215GWh loss per month)
- Hotels and Education still lagging with minimal signs of recovery



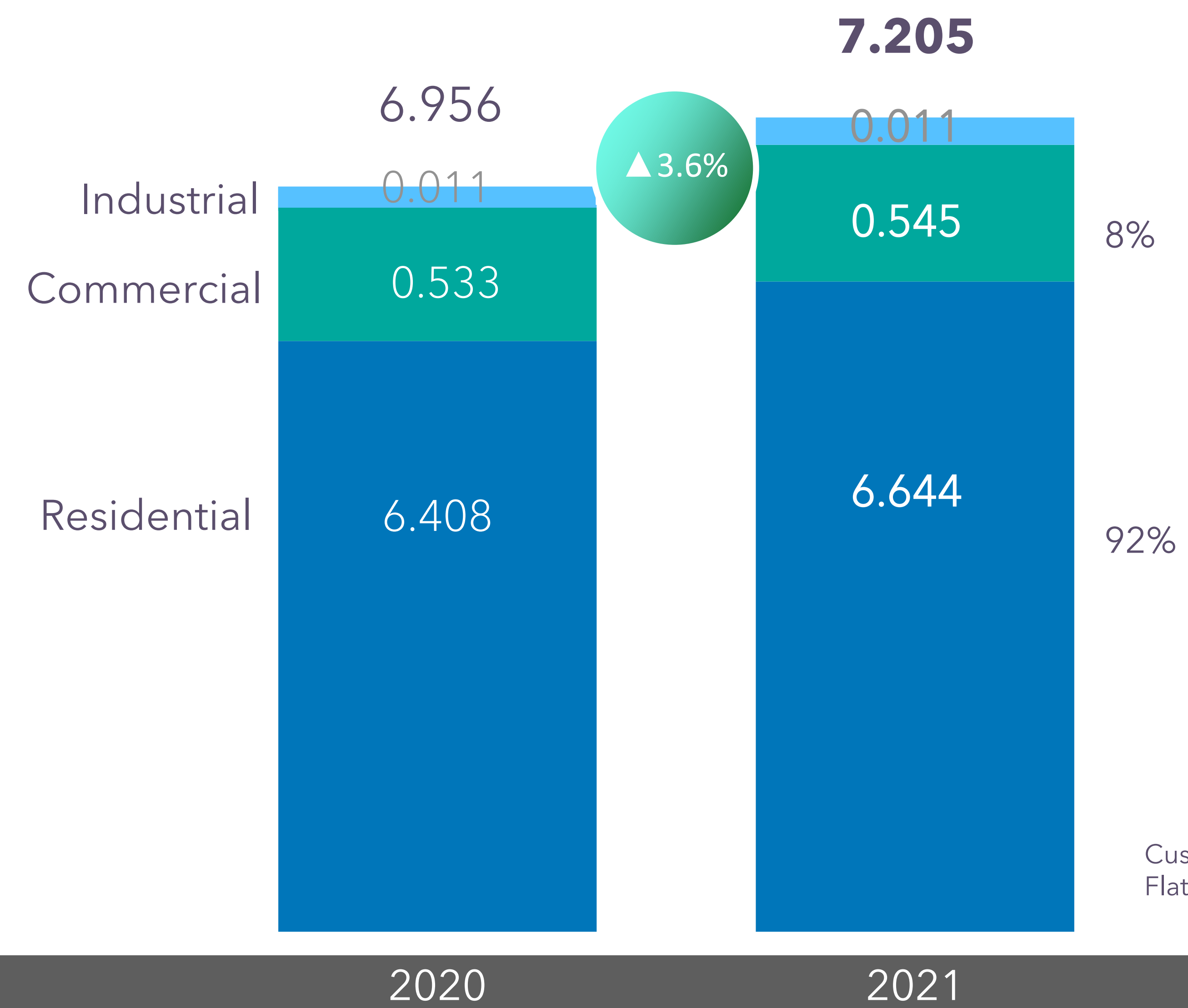
INDUSTRIAL ▲ 4%, YTD



- Bounced back with 4% growth (vs. FY2020 drop of 11%)
- Steel and cement producers in full operations
- Semicon continued to deliver, driven by production demand for gadgets used in distance learning and telecommuting
- Manufacturing plants, especially for essential goods such as food and beverage, operated at higher capacity compared with previous year

Q1 2021 CONSOLIDATED CUSTOMER COUNT (in M)

Increased 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%

OTHER CUSTOMER UPDATES: SUMMER CAMPAIGN

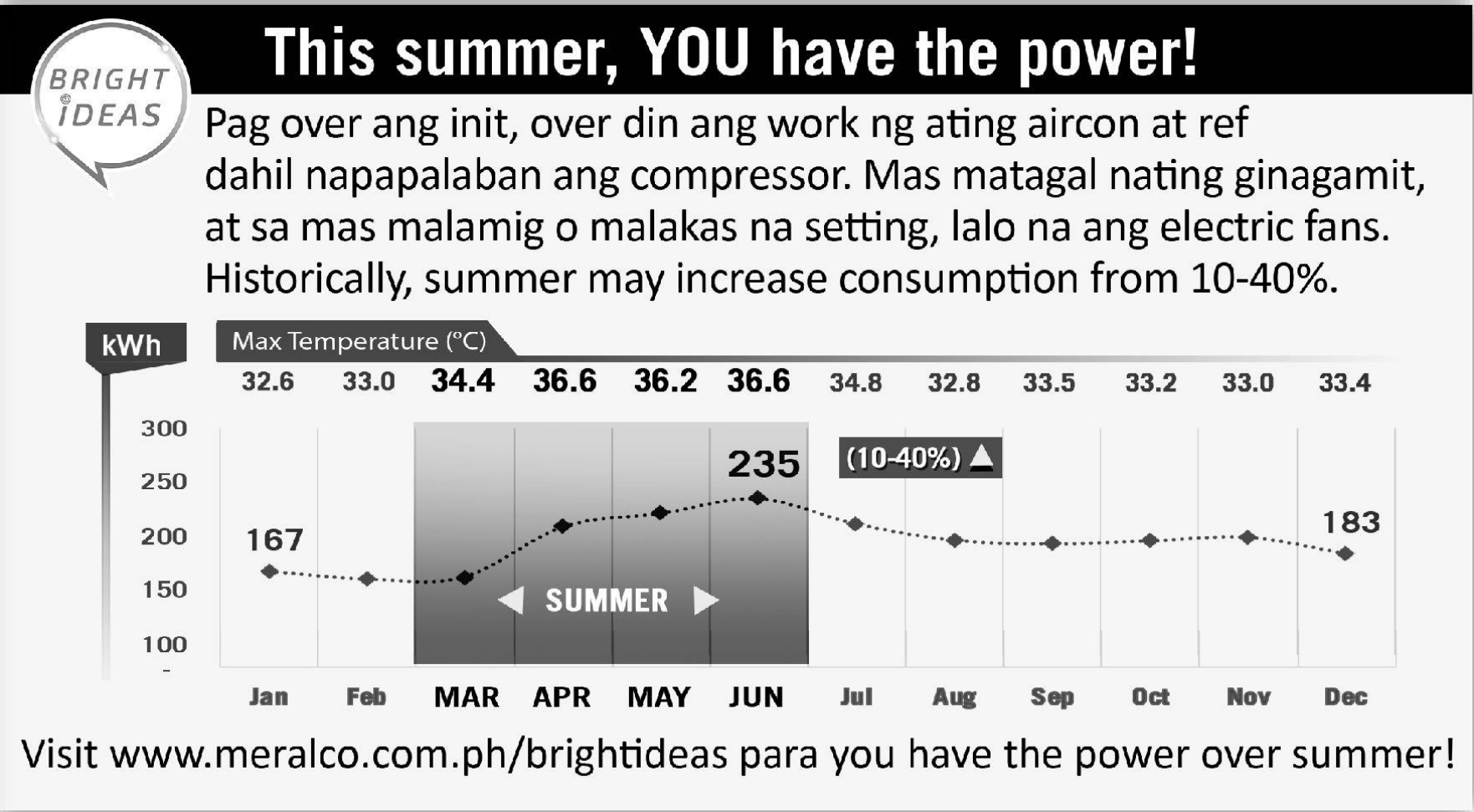
PRIMING

February 27 - March 27 (5 weeks)
via PR, FB, IG, HOA Viber Groups,
Meralco Advisory, Bill Ads,
BC Pullup Banners

1



Facebook Art Cards

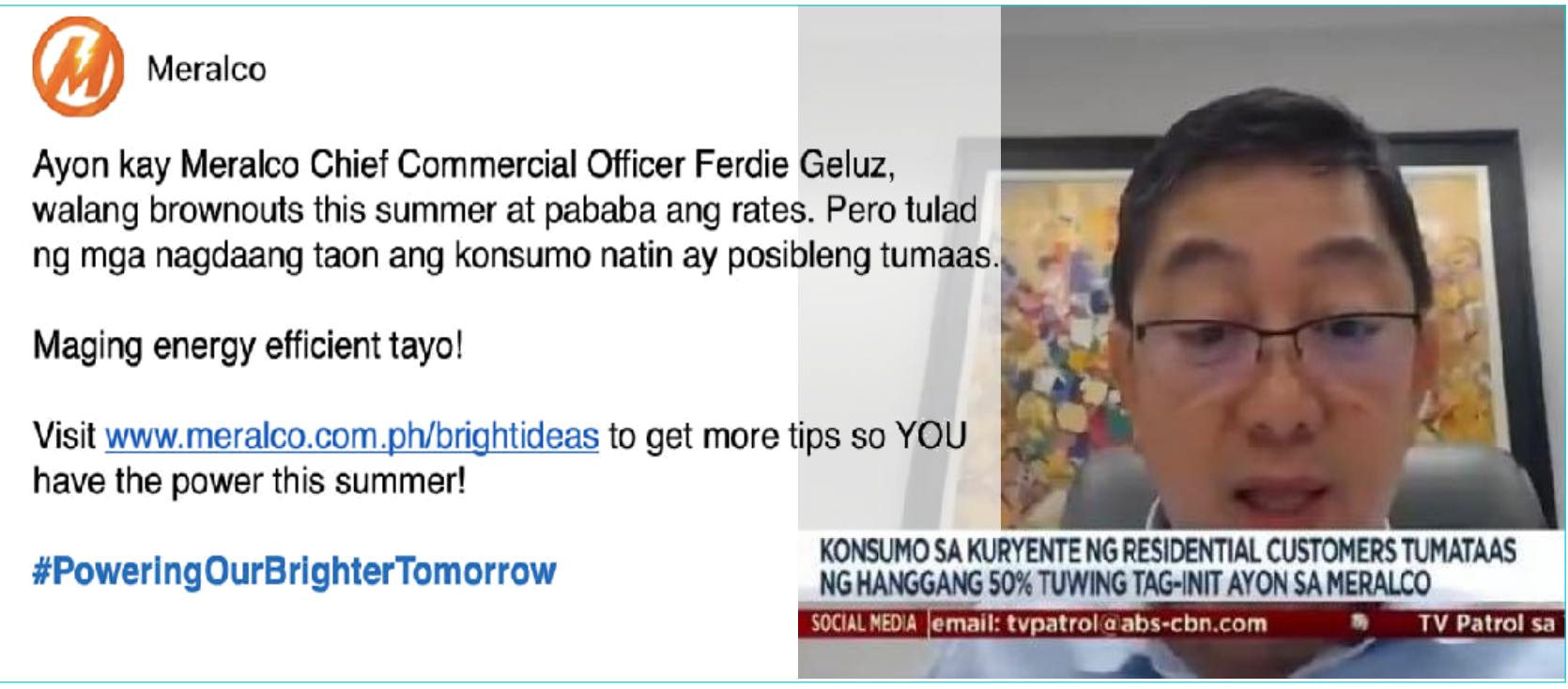


March Default Residential Bill Ad

AWARENESS

March 28 - June 5 (9 weeks)
via FB, IG, YouTube, Website Articles,
HOA Viber Groups, Meralco Advisory,
EDM (for MO customers)

2



ENGAGEMENT

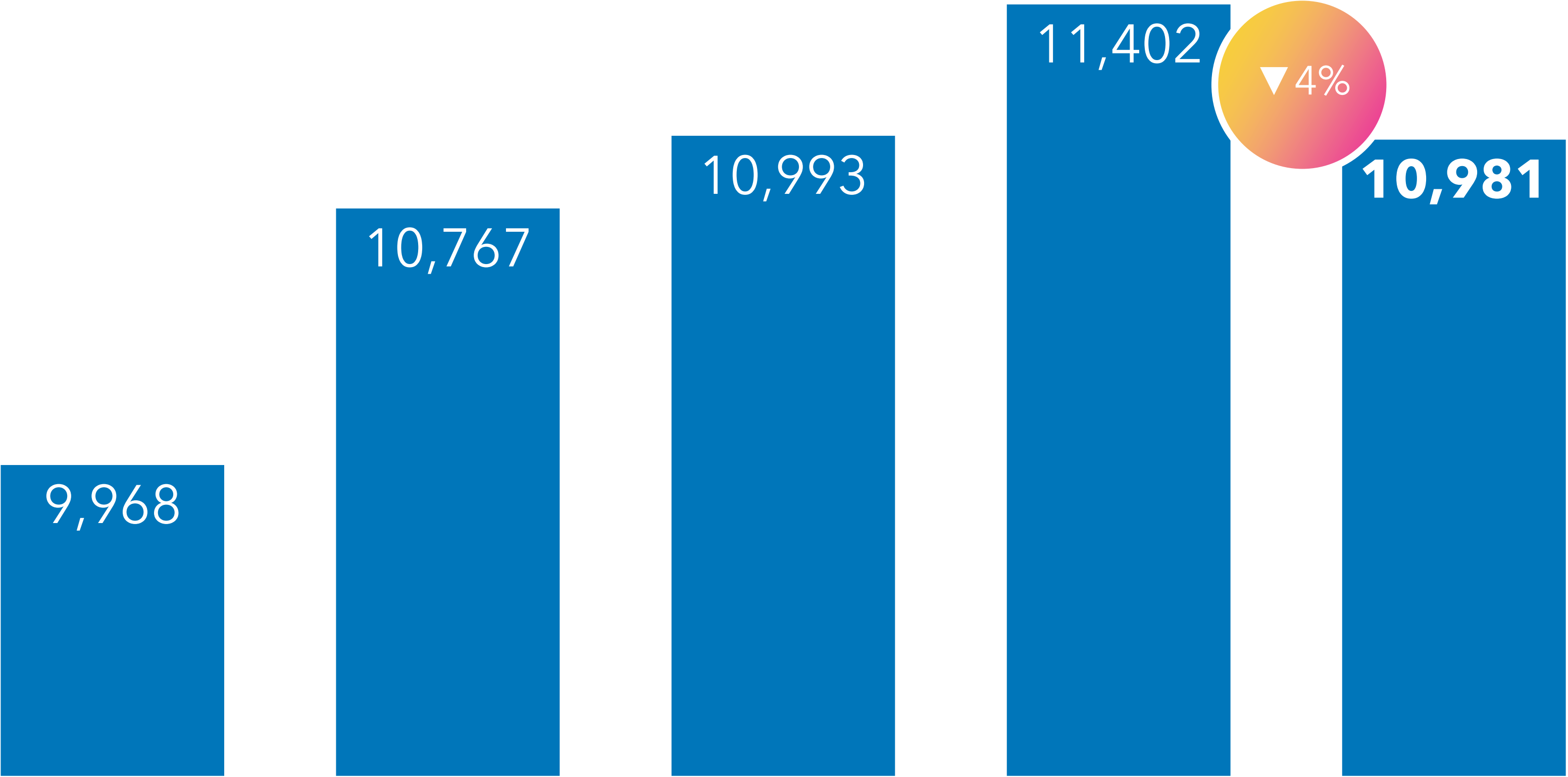
May 2 to July 3 (9 weeks)
via FB, IG, YouTube, Tiktok,
Online Communities

3



Q1 2021 **CONSOLIDATED NET SYSTEM INPUT** (in GWh)

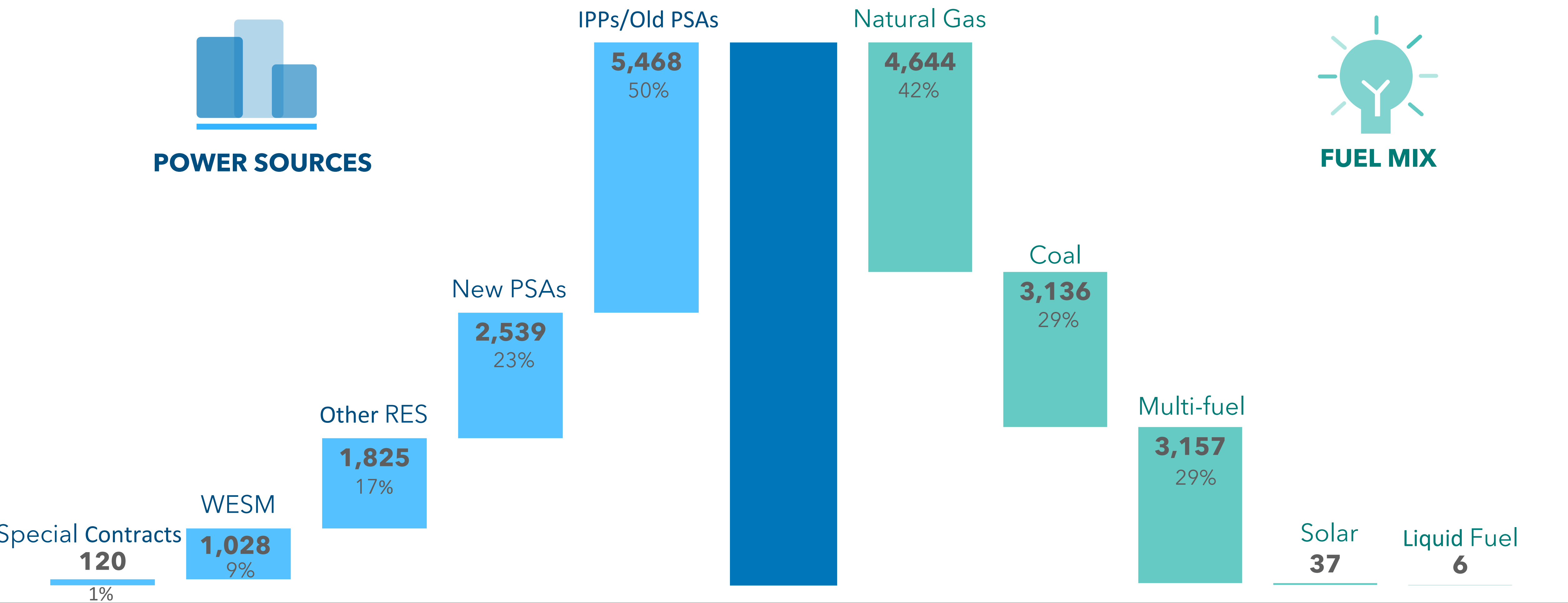
Lower vs. 2020 due to impact of community quarantine



Parent is 99%, down by 4% vs. 2020 YTD
CEDC is 1%, down by 8% vs. 2020 YTD

Q1 2021 CONSOLIDATED NSI BREAKDOWN (in GWh)

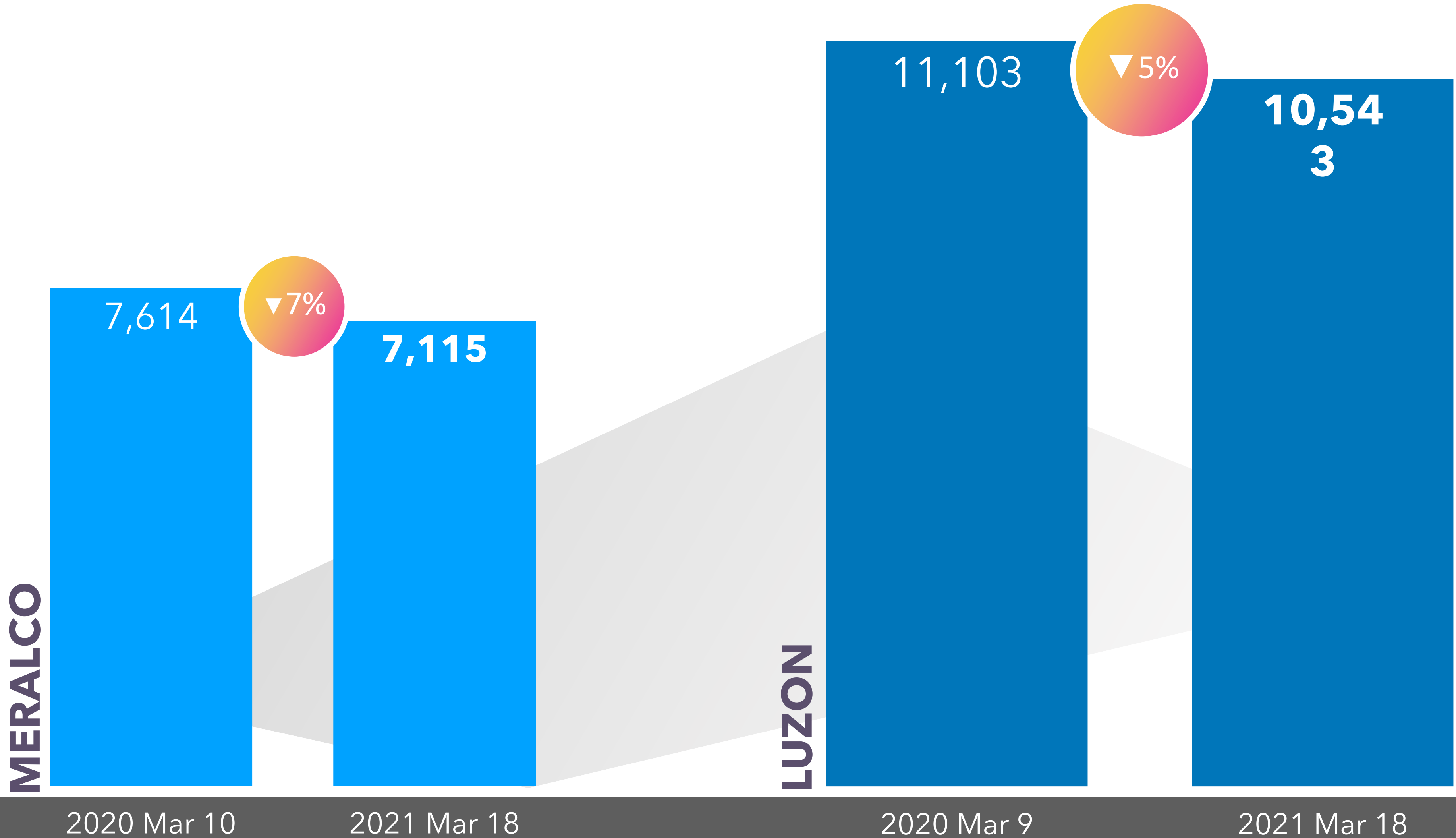
10,981 GWh
NET SYSTEM INPUT





Q1 2021 **PEAK DEMAND** (in MW)

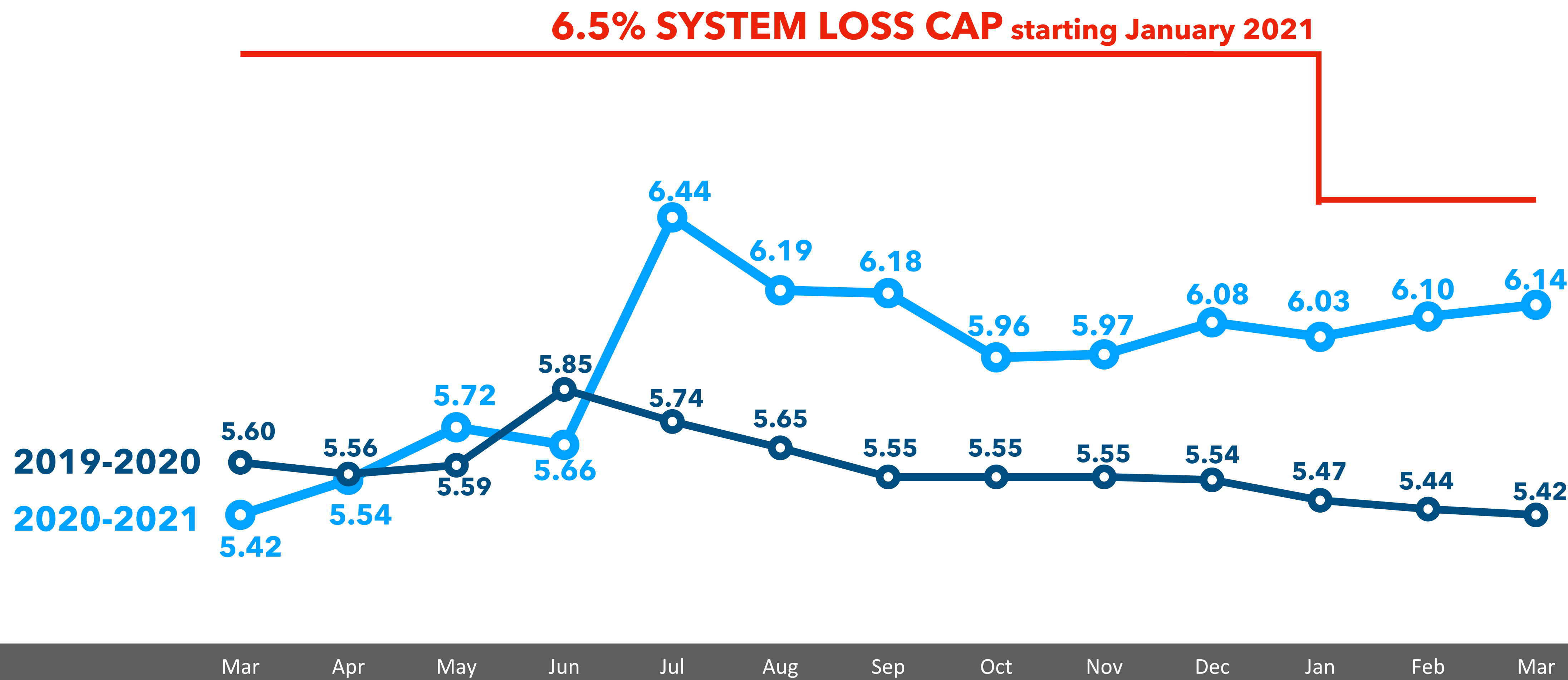
Meralco and Luzon peaks lower vs. 2020 driven by COVID-19 and cooler weather



MARCH 2021 **SYSTEM LOSS PERFORMANCE** (in %, 12-MMA)



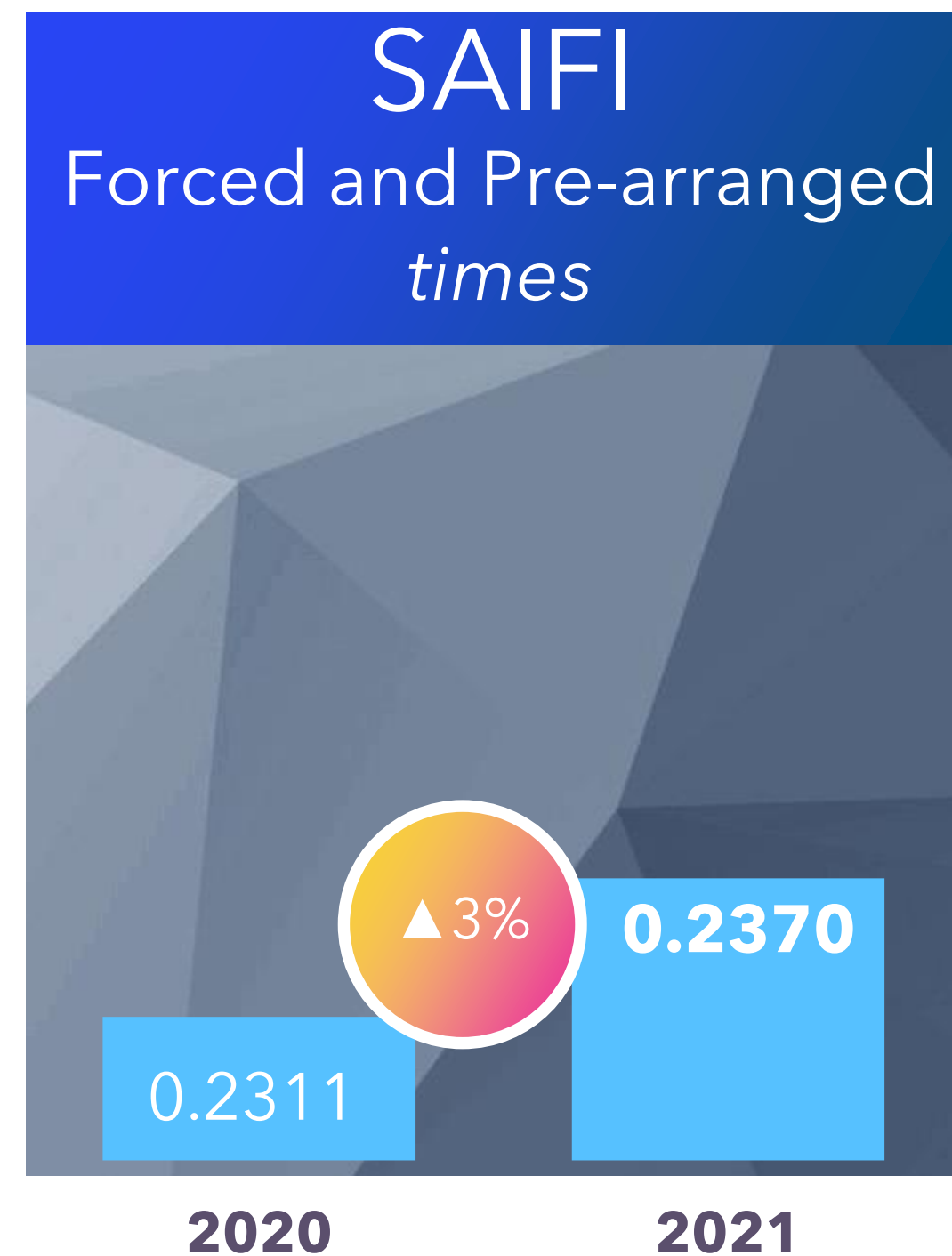
Higher by 0.72% points vs. 2020 due to shift in sales mix towards higher loss-to-serve Residential segment



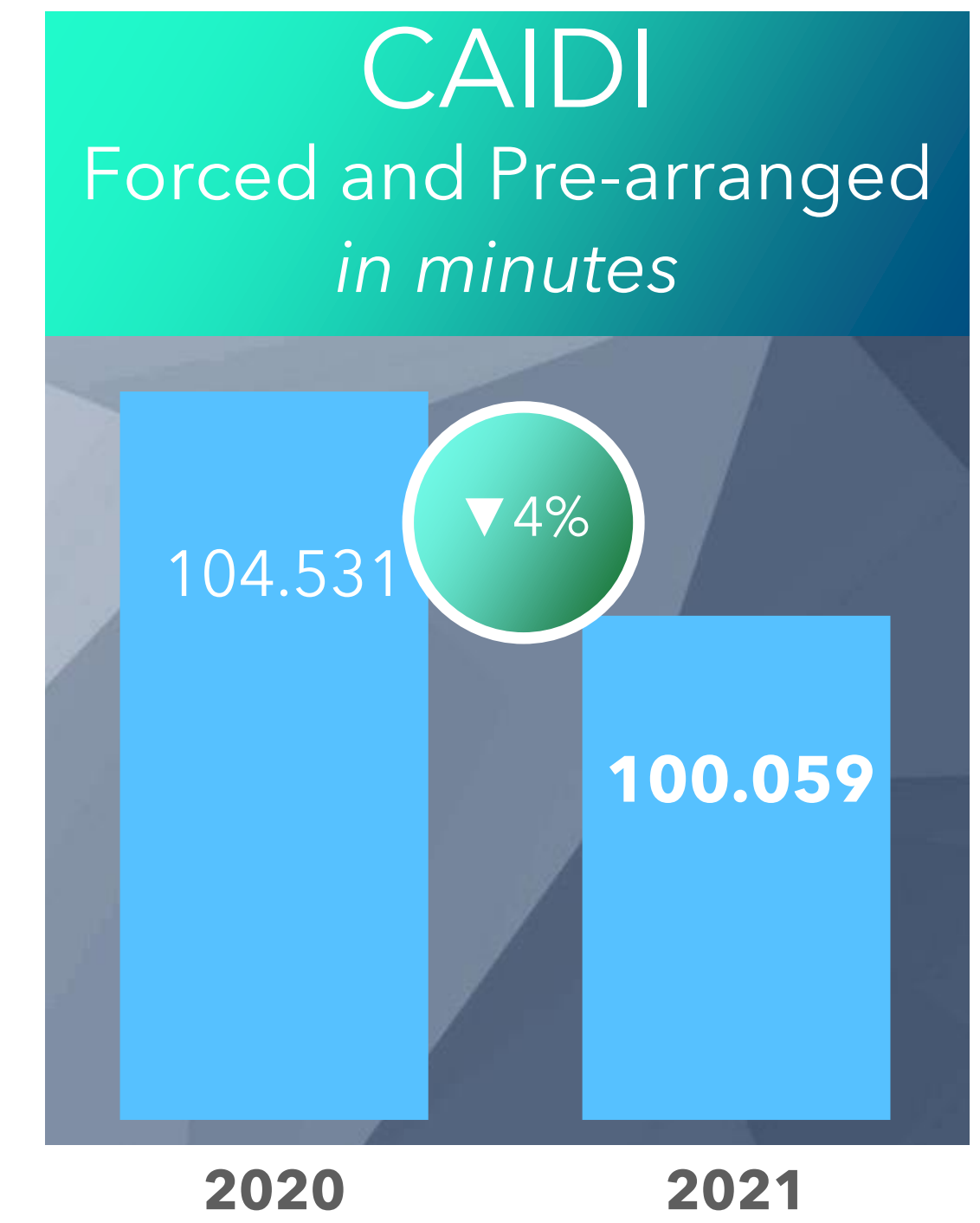
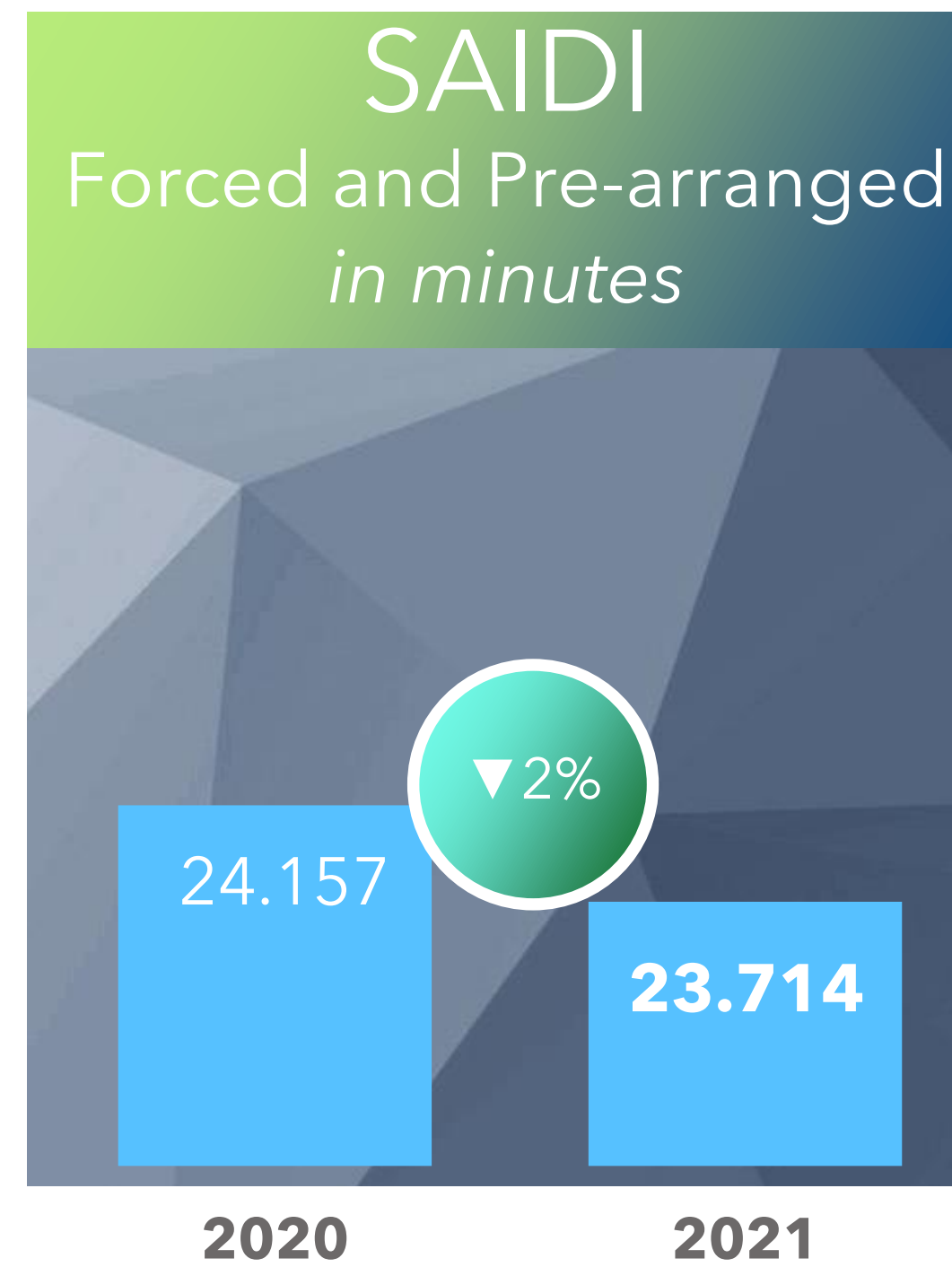
MARCH 2021 S-FACTOR PERFORMANCE (NETWORK)



Rewards levels* across all performance indicators



Rewards < 6.98



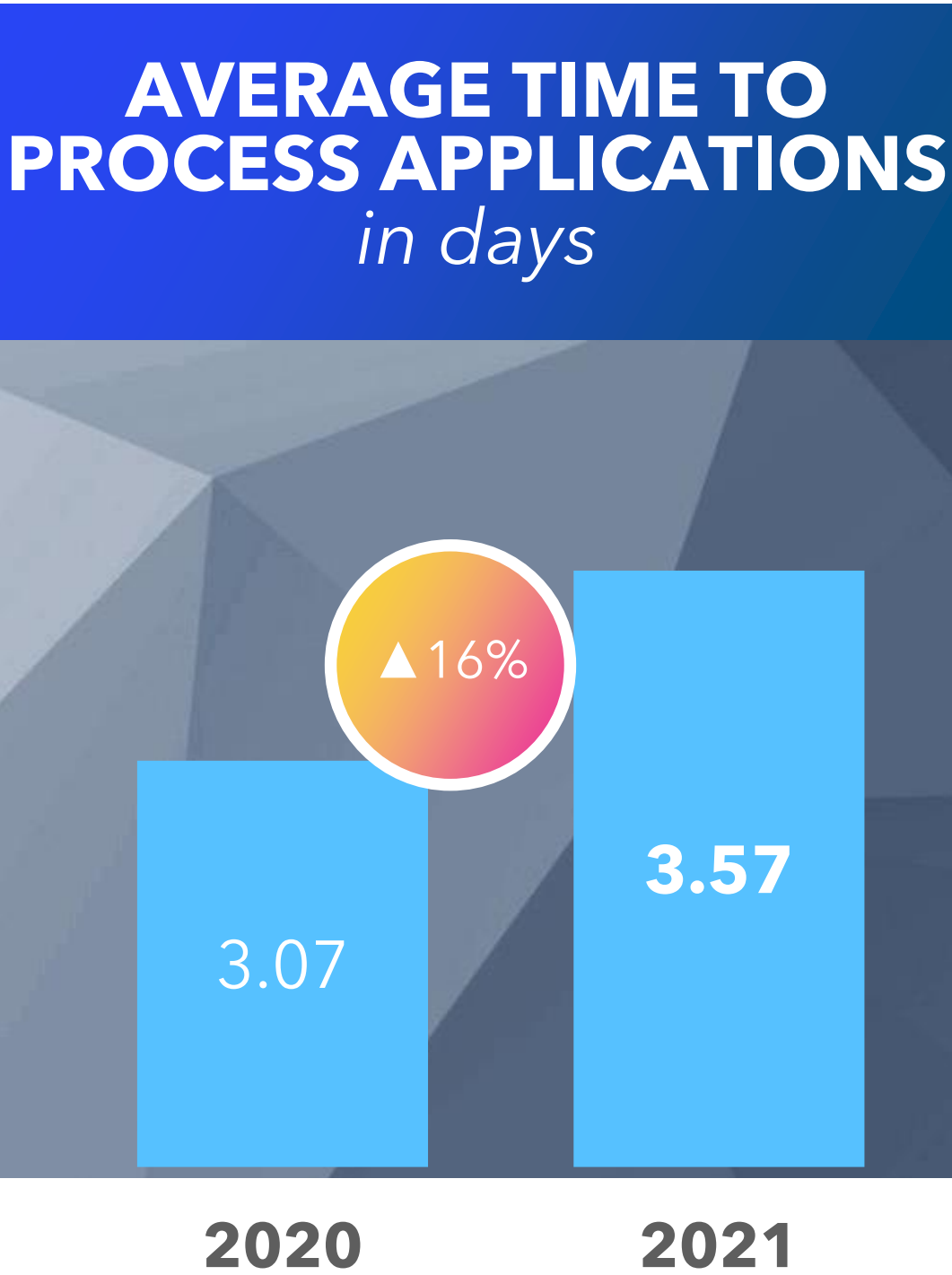
Rewards < 144.40

* based on 3RP

- % Probability of Voltage Violation at 0.18 (within rewards level of <0.86)
- Pre-arranged SAIDI at 14.532 minutes (within rewards level of <126.57)

MARCH 2021 S-FACTOR PERFORMANCE (CUSTOMER)

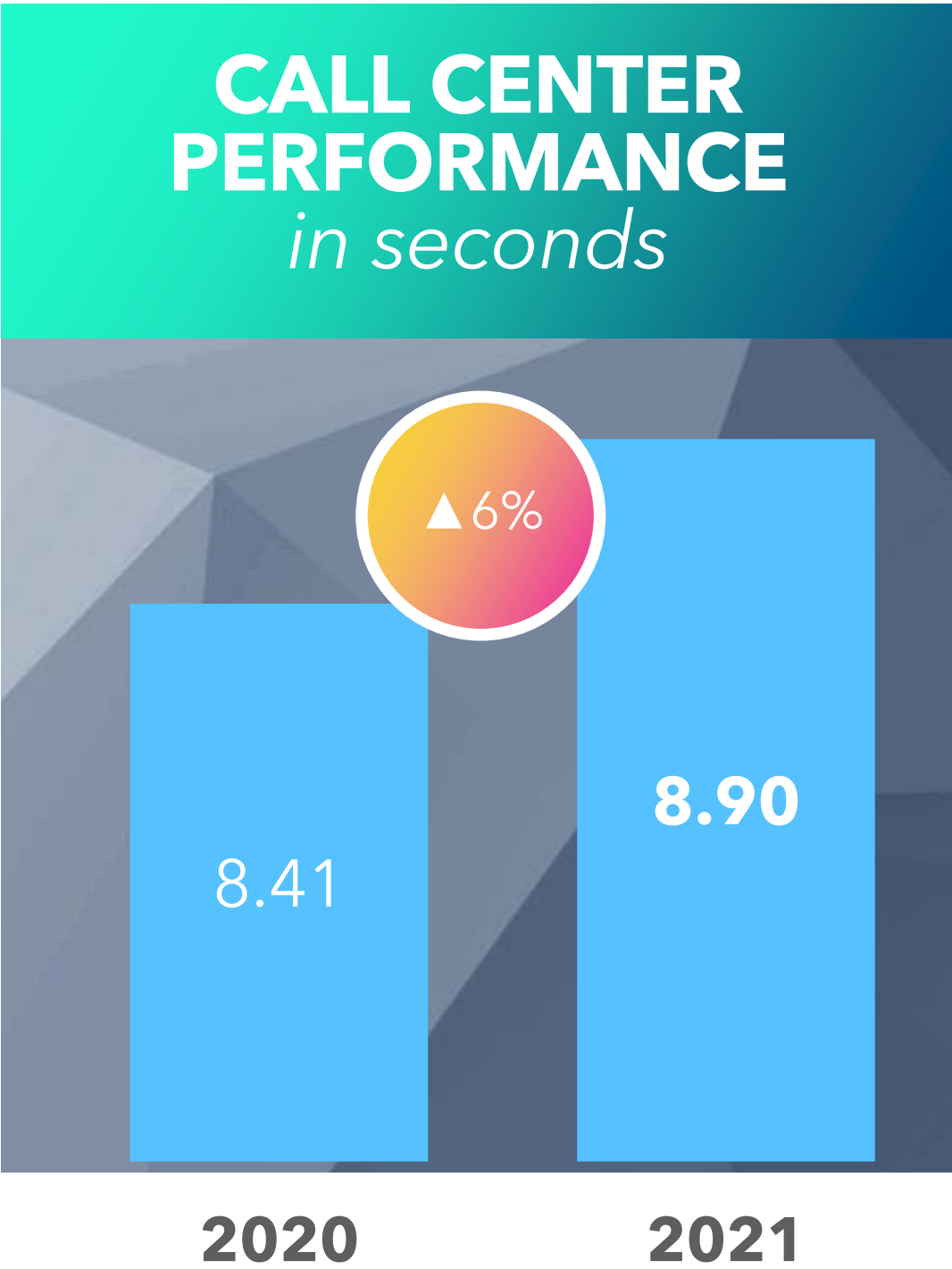
Rewards levels* across all performance indicators



Rewards < 7.90



Rewards < 3.55



Rewards < 13.55

* based on 3RP

MARCH RY2021 **GUARANTEED SERVICE LEVELS (GSL)**



Continued to deliver well within performance ceilings*



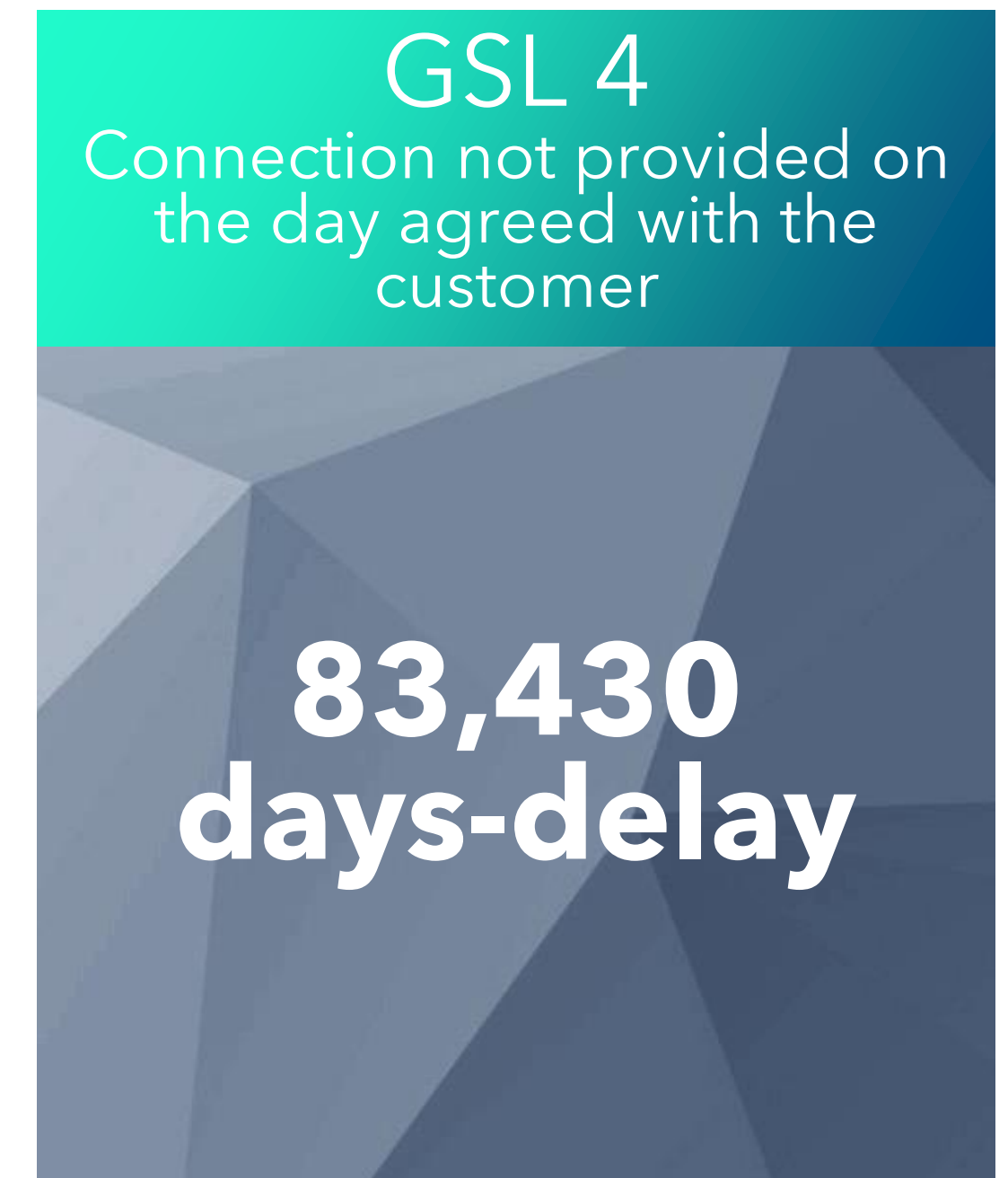
Up to 373,658 violations



Up to 18,989 violations



Up to 234,439 violations



Up to 163,995 violations

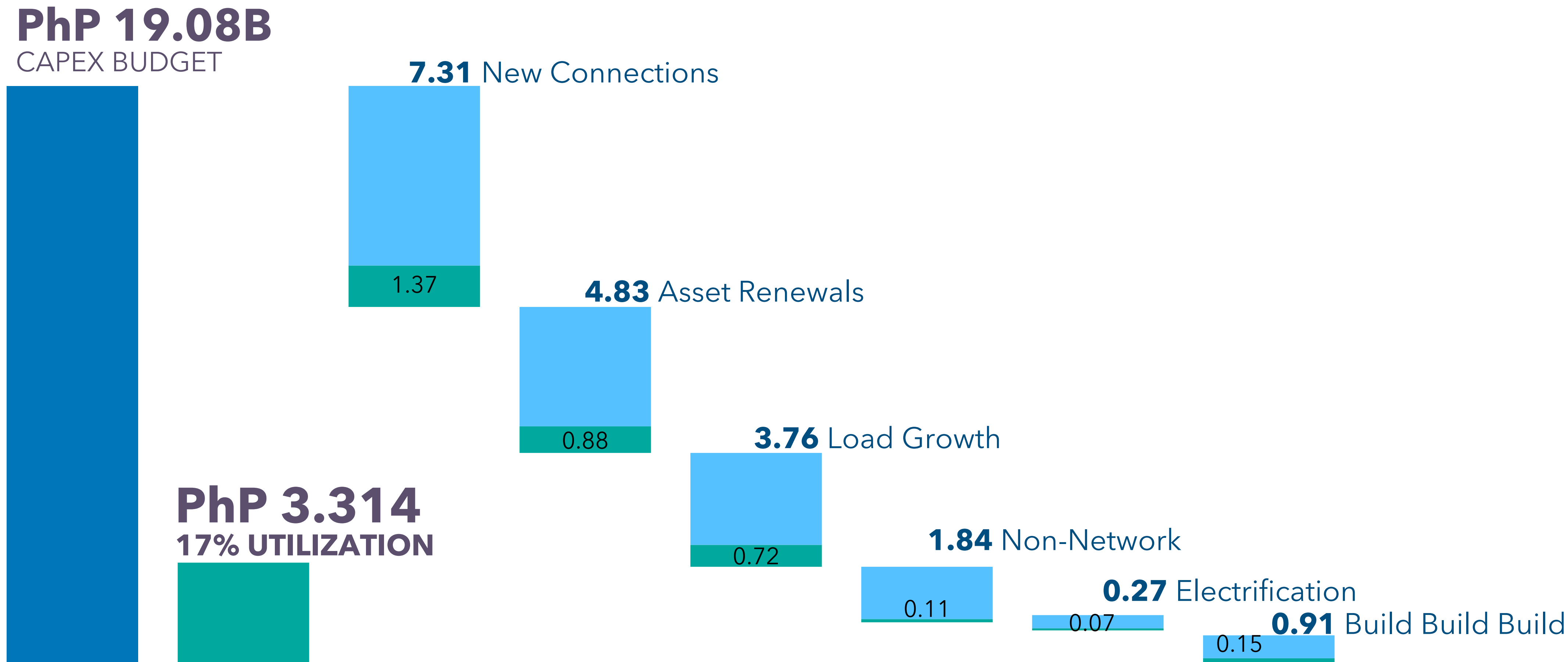
* allowed violation based on 3RP GSL allowance

** additional 129 violations due to multiple outage events at Cagbalete Island microgrid

● RY2021 covering period July 1, 2020 to March 31, 2021

Q1 2021 NETWORKS CAPEX (in PhP, B)

17% of full year CapEx utilized with spend across all project types, particularly asset renewals





NETWORKS PROJECT UPDATES

EXPANSION OF SAN PABLO 2 115 KV-34.5 KV SUBSTATION (BANK 2)

- Commissioned on January 10, 2021
- Resolves critical loading of existing 83 MVA transformer bank
- Provides much-needed flexibility and reliability in:
 - San Pablo and Alaminos in Laguna
 - Dolores, Tiaong, Candelaria, and San Antonio in Quezon Province





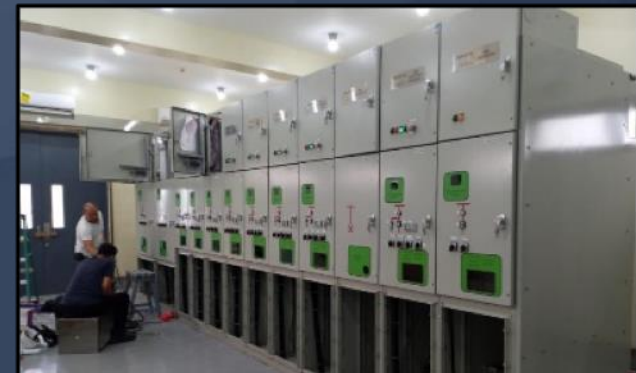
NETWORKS PROJECT UPDATES

EXPANSION OF PULILAN 69KV-13.8KV SUBSTATION (2ND BANK)

- Commissioned on February 24, 2021
- Addresses critical loading of existing Pulilan 33 MVA Bank No. 1 through additional capacity of new 50 MVA Bank No. 2
- Provides switching flexibility during maintenance and contingencies, improves voltage regulation, and reduces system loss in Pulilan, Bustos, Baliuag, and Plaridel, Bulacan



Breaker & Disconnect Switches



Indoor Modular Switchgear



Protection & Control Panels



New Feeder Pedestals



New Switchgear House



NETWORKS PROJECT UPDATES

EXPANSION OF LISP 115KV-34.5KV GIS SUBSTATION (2ND BANK)

- Commissioned on February 26, 2021
- Addresses forecasted critical loading of existing LISP Bank No. 1
- Provides additional capacity to accommodate new load requirements of Light Industry and Science Park (LISP) locators and the increasing demand in Cabuyao City, Laguna

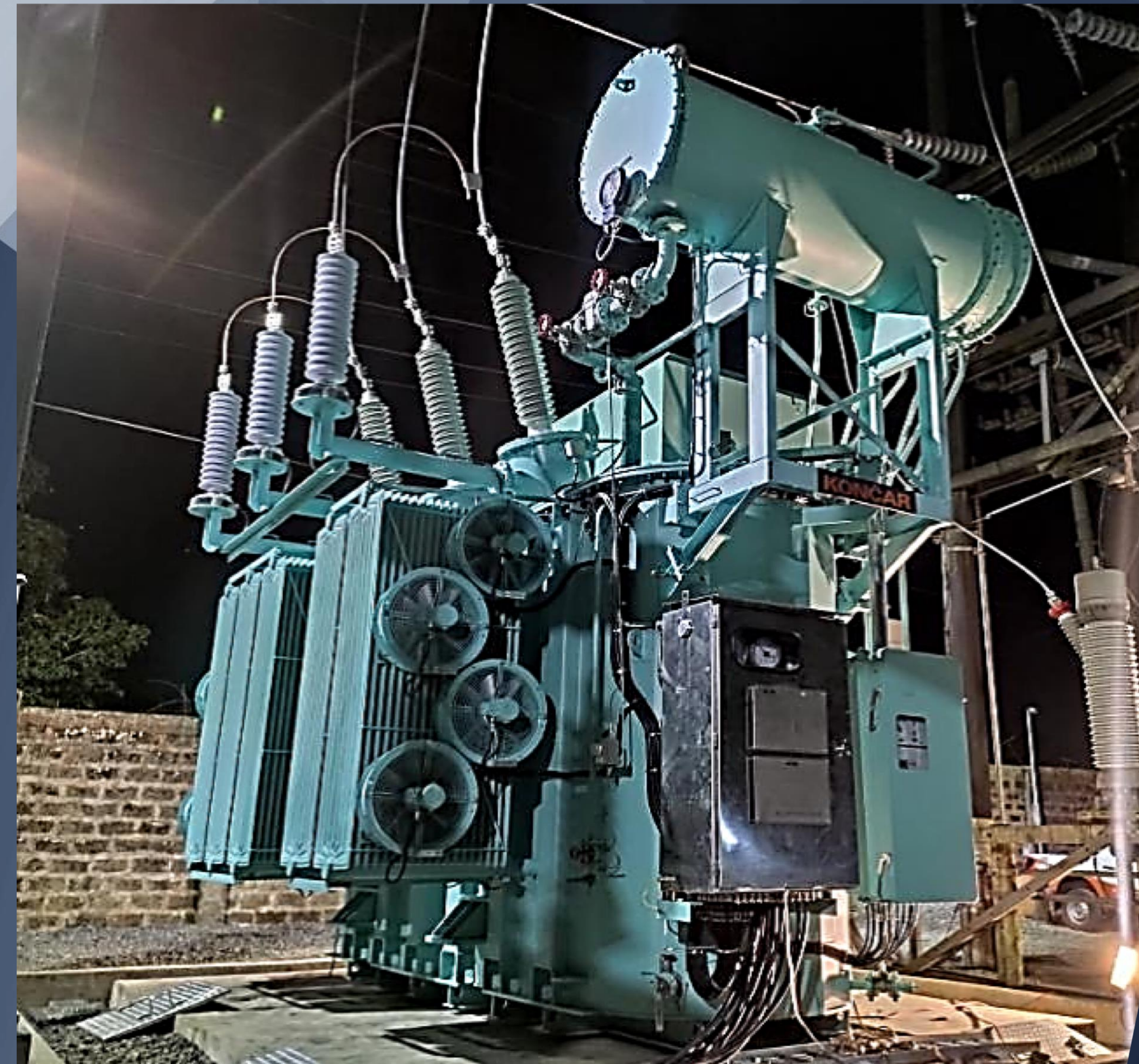




NETWORKS PROJECT UPDATES

REPLACEMENT OF TAGAYTAY 115KV-13.8KV POWER TRANSFORMER BANK

- Commissioned on February 27, 2021
- Replacement of 22-year-old transformer bank which failed in November 2018. It was temporarily replaced by 41-year-old transformer bank pulled out from Los Baños Substation.
- Normalizes the interim setup and improves system reliability and flexibility in Tagaytay and portions of Indang, Silang, Amadeo, and Trece Martires, Cavite





NETWORKS PROJECT UPDATES

UPRATING OF CRUZ NA DAAN (CND)

69KV-13.8 KV SUBSTATION TO 50 MVA

- Commissioned on March 28, 2021
- Replaced existing critically loaded two 10 MVA transformers
- Provides operational switching flexibility and helps reduce technical losses
- Improves voltage regulation in San Rafael, San Ildefonso, and Baliuag, Bulacan





NETWORKS PROJECT UPDATES

ENERGIZATION OF VACCINATION FACILITIES

Meralco remains committed to #KeepTheLightsOn in support of COVID-19 Vaccine Roll-out Program

- **February 28, 2021:** Inspection of distribution facilities serving MetroPac Movers, Inc. (MMI) in Marikina City which serves as storage facility for 600,000 doses of Sinovac and 480,000 doses of AstraZeneca vaccines
- **March 30, 2021:** Energization of Pharmaserv Express, Inc. in New Marikina Subdivision, Sta. Elena, Marikina City which serves as vaccine storage

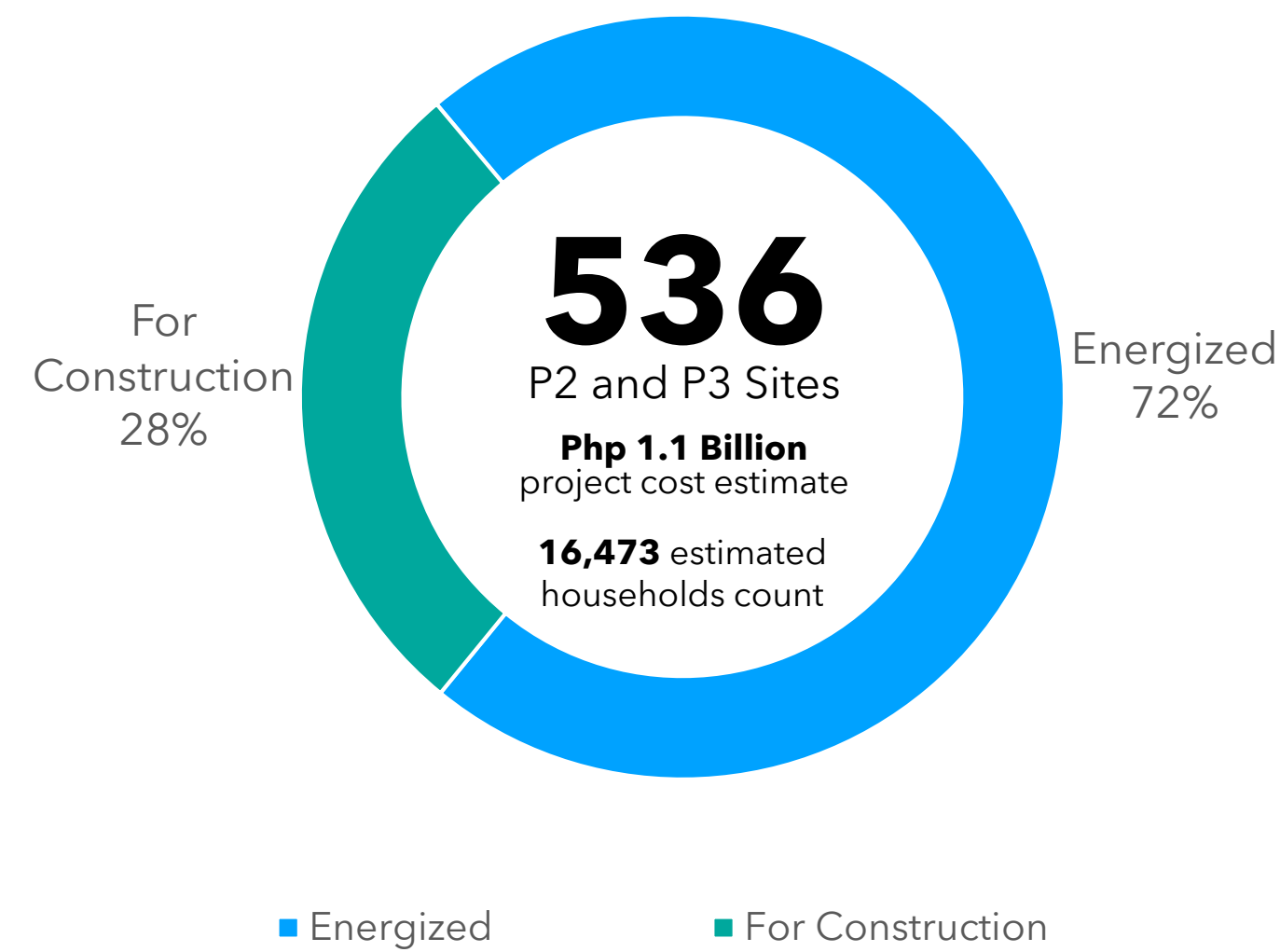


NETWORKS PROJECT UPDATES

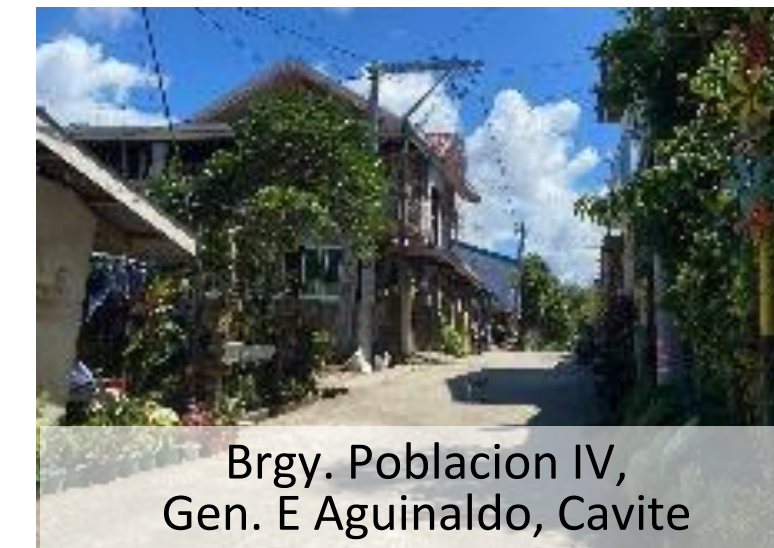
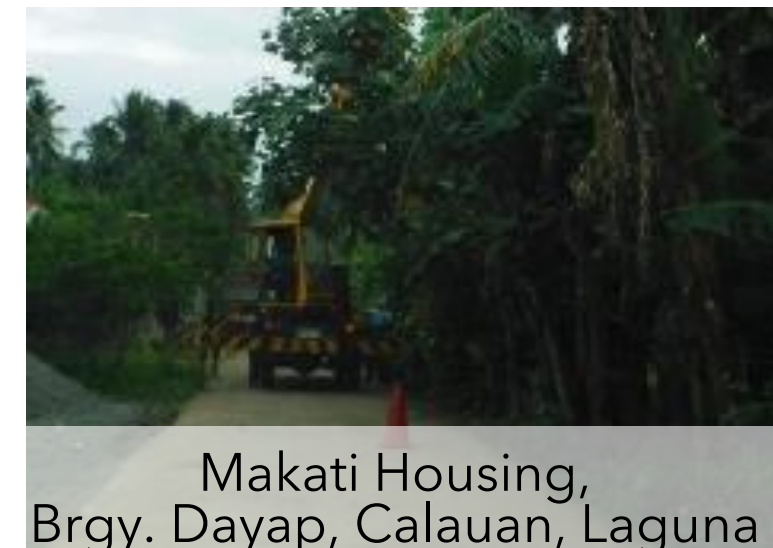
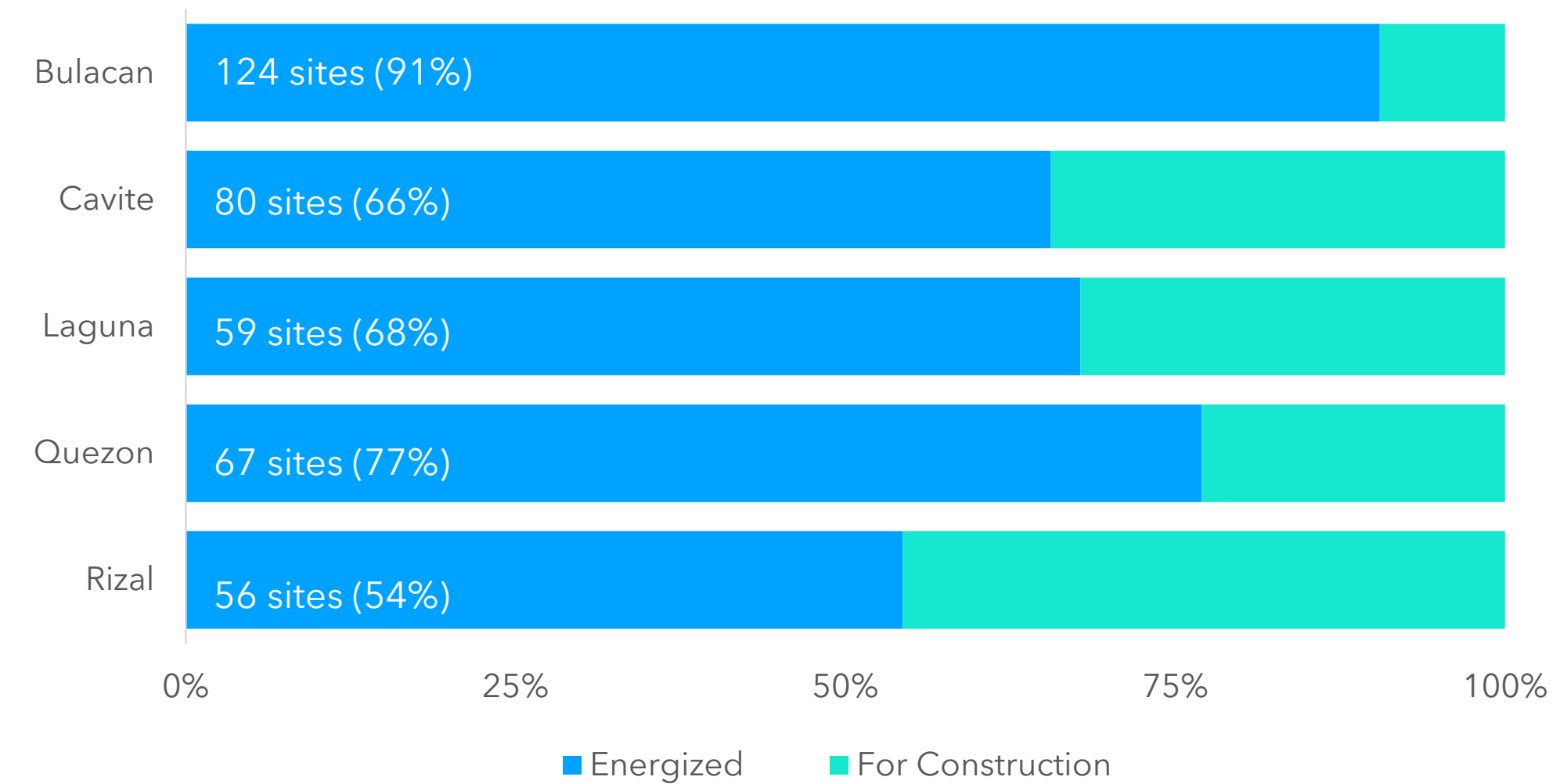
MERALCO ELECTRIFICATION PROGRAM PROJECTS (PRIORITY 2 AND 3)*



MEP Priority 2 & 3 Over-all Completion



Status per Province

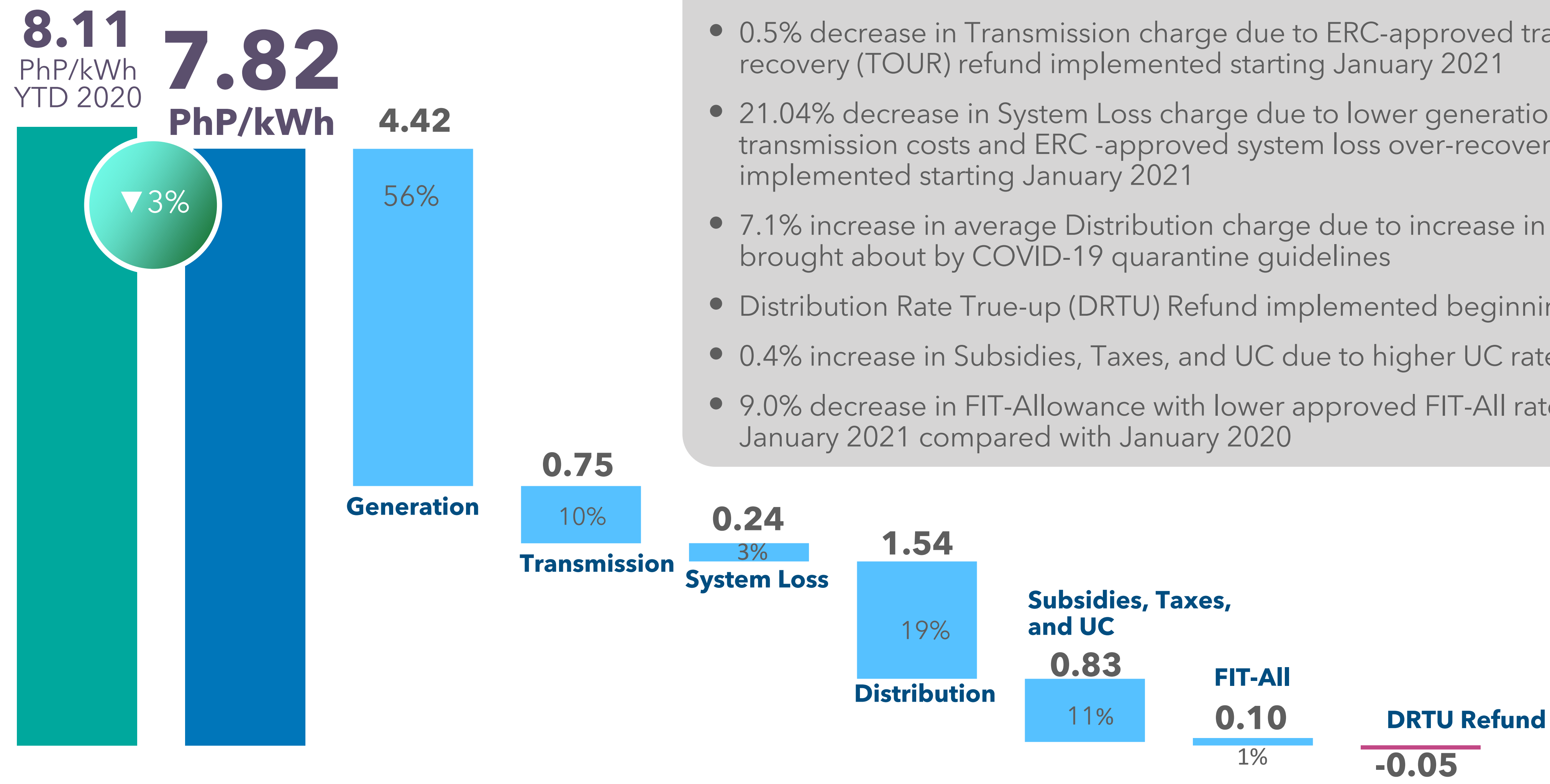


*For completion not later than June 2021



Q1 2021 AVERAGE RETAIL RATE

PhP 0.29 reduction vs. 2020



- 5.6% decrease in Generation charge due to implementation of new PSAs starting February 2020 billing, lower WESM and fuel prices, and peso appreciation
- 0.5% decrease in Transmission charge due to ERC-approved transmission over-recovery (TOUR) refund implemented starting January 2021
- 21.04% decrease in System Loss charge due to lower generation and transmission costs and ERC -approved system loss over-recovery (SLOUR) refund implemented starting January 2021
- 7.1% increase in average Distribution charge due to increase in Residential sales brought about by COVID-19 quarantine guidelines
- Distribution Rate True-up (DRTU) Refund implemented beginning March 2021
- 0.4% increase in Subsidies, Taxes, and UC due to higher UC rates
- 9.0% decrease in FIT-Allowance with lower approved FIT-All rate implemented in January 2021 compared with January 2020

OTHER REGULATORY UPDATES

MERALCO-MPPCL PSA

- Per NGCP, “Thin operating margin is forecasted in the Luzon grid from April to August 2021 due to multiple power plants on extended outage, thereby providing limited power supply.”
- This is aligned with MERALCO’s forecast that shows upcoming scheduled outages of both power plants and the SPEX-Malampaya pipeline, which may be aggravated by forced outages of power plants and gas supply restrictions (as observed recently).
- This, together with increased demand and needed reliability during the ongoing summer months and given upcoming elections, prompted MERALCO to re-negotiate and amend its 2019 agreement with MPPCL to extend the Term of its PSA (“Amendment Agreement”).
- The Amendment Agreement is under more favorable terms and lower tariff, as follows:
 - *Term Extension:* One (1) year from May 26, 2021, or from earlier date upon securing certificate of exemption from CSP from DOE and approval by ERC
 - *Contract Capacity:* 220 MW for 1st 6 months, increased to 260 MW for remaining 6 months (or earlier at option of MER)
 - *No outage allowance*
 - *Price:* At 24% Load Factor (with respect to Contract Capacity, which is the monthly MEOT), **PhP 6.9161/kWh**.
This is significantly lower than under the December 2019 Agreement and 2011 PSA, at PhP 11.0022/kWh and PhP11.6321/kWh, respectively, and is **expected to be lower than the 2011 PSA by a total of PhP 4.9257/kWh equivalent to PhP 2.485 B**.
- On April 14, 2021, MERALCO wrote a letter to DOE requesting confirmation of exemption from CSP, and filed before ERC a Joint Manifestation (with MPPCL) seeking immediate implementation thereof.

MERALCO'S SUSTAINABILITY COMMITTEE ESTABLISHED AT THE BOARD LEVEL

OBJECTIVES

- Oversee Meralco's sustainability strategy, policies, and programs
- Monitor Company's economic, environmental, and social performance vis-à-vis United Nations Sustainable Development Goals

COMPOSITION

- Chairman
- 4 Directors (with 1 independent)



FUNCTIONS

STRATEGY DEVELOPMENT

- Review sustainability agenda and framework
- Monitor performance against sustainability targets and global goals
- Endorse to the Board sustainability initiatives with significant investments

PROGRAM EXECUTION

- Oversee development and execution of sustainability programs across 4 pillars:
 - Power
 - Planet
 - People
 - Prosperity

REPORTING

- Oversee and review relevant ESG reporting requirements and disclosures

#PoweringTheGoodLife

MERALCO'S SUSTAINABILITY INITIATIVES RECOGNIZED AT 18TH PHILIPPINE QUILL AWARDS



Sustaining the Future:
2019 Meralco Sustainability
Report
Excellence Awardee

POWER



Meralco's Revitalized Renewable Energy Push for Solar Microgrids
Merit Awardee

PLANET



One For Trees: Engaging Employees in Sustainable Reforestation
Merit Awardee

PEOPLE



CovidComms 2020:
A Day to Give/Share a Leave
Excellence Awardee

PROSPERITY



CovidComms 2020:
Green Transport for Frontliners
Excellence Awardee

#PoweringTheGoodLife



Q1 2021
POWER GENERATION
OPERATIONAL HIGHLIGHTS

San Buenaventura Power Limited Co. (SBPL)

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

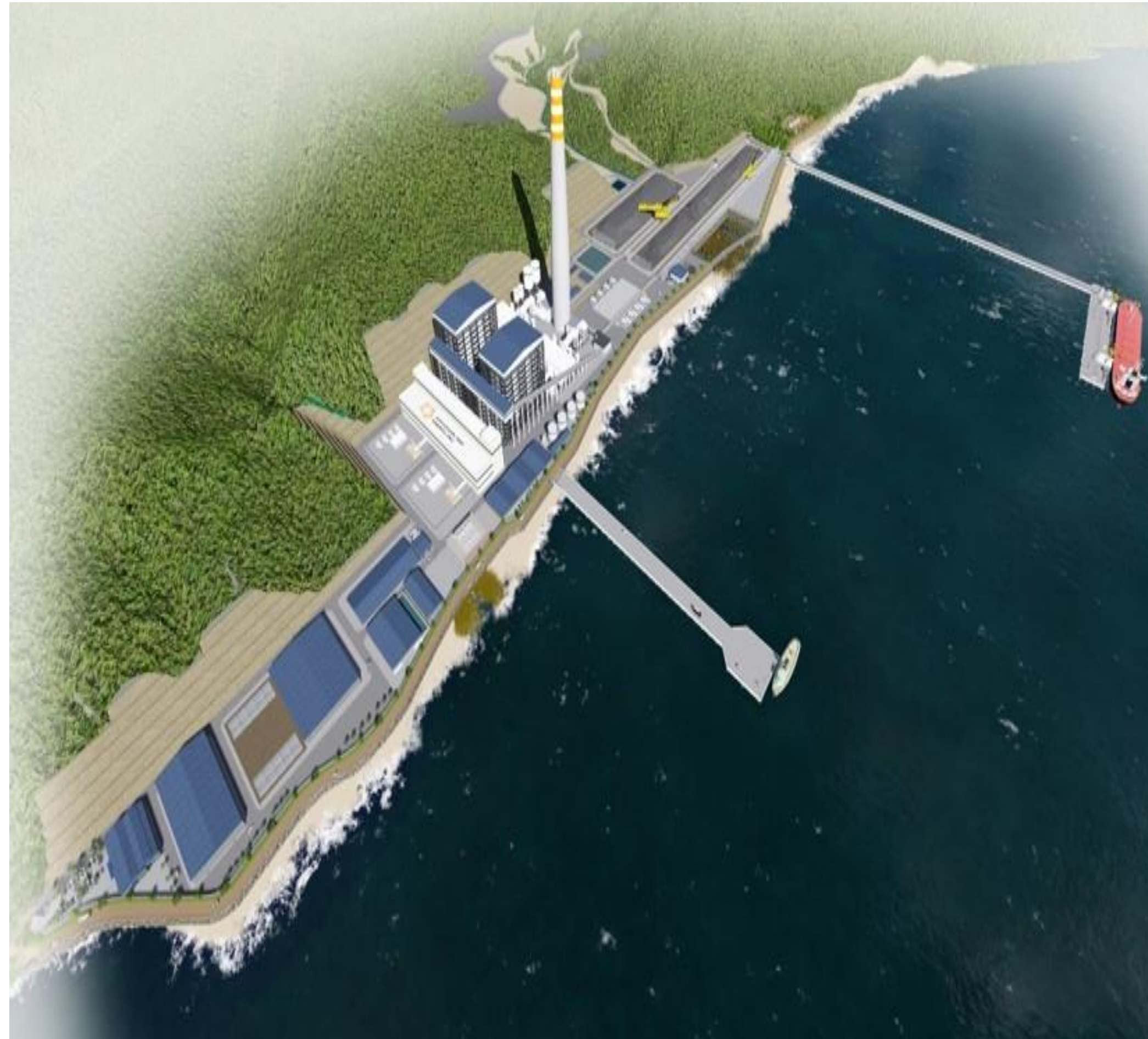
- First operational supercritical coal power plant in the Philippines, commercial operations started on **September 26, 2019**.
- Joint venture of MGen with New Growth, B.V., a wholly owned subsidiary of Electricity Generating Public Company Limited (EGCO) of Thailand
- Net generation at **743.4 GWH** from January to March 2021
- SBPL contributed about **PHP217 Million** (unaudited) to the Meralco CCNI in Q1 2021



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)



- Other offtake options for the plant's capacity are currently being explored, including participation in the next round of Meralco's Competitive Selection Process.
- **Site preparation activities** are continuing. More stringent health and safety protocols were put in place to protect construction workers from COVID-19.

Global Business Power Corp. (GBPC)

- 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 now owns 100% of GBPC.
- GBPC is the largest independent power producer in the Visayas with an existing portfolio totaling **1,091 MW** (coal and diesel plants).
 - This includes GBPC's 50% interest in Alsons Thermal Energy Corporation, which in turns owns 75% of the relatively new 210-MW (net) coal plant in Maasim, Sarangani.
- GBPC posted **PHP386M Net Income** in Q1 2021.

MGEN Renewable Energy, Inc. (MGreen)

- MGreen targets around **1,500 MW of renewable energy projects** over the next 5 to 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.



PowerSource First Bulacan Solar, Inc. (PFBSI)

50MWac/80.9MWdc Solar Power Plant in San Miguel, Bulacan

Total Project Cost: PhP4.25 Billion

- 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 April 19 stood at **94.47%**
 - ✓ PV farm: 99.43%
 - ✓ Substation: 99.99%
 - ✓ Transmission Line: 100%
 - ✓ Testing & Commissioning: 90%
- Target **commercial operations** in **May 2021**

Solar PV Farm



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.

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