

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 No. of Stockholders

Total Amount of Borrowings

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:** *July 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 June 30, 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, July 29, 2019, approved the following matters:

1. The Company's Financial and Operating Results for the First Half of 2019 (refer to the attached Press release); and
2. The declaration of cash dividends of Pesos 5.464 per share to all shareholders of record as at August 28, 2019, payable on September 20, 2019 representing interim regular cash dividend from the first half 2019 Consolidated Core Net Income. This is 50% of Core Earnings for the period.

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
Senior Vice President
Assistant Corporate Secretary &
Information Disclosure Officer

Date: July 29, 2019

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

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



PRESS RELEASE
MANILA ELECTRIC COMPANY
1H2019 FINANCIAL AND OPERATING RESULTS
WITH COMPARATIVES vs. 2018

HIGHLIGHTS

- Consolidated Core Net Income for the first half of 2019 at Pesos 12.3 billion, 14% higher than in the first half of 2018
- Consolidated Reported Net Income for the first half of 2019 at Pesos 12.0 billion, flat compared with 2018
- Consolidated revenues of Pesos 165.0 billion for the first six (6) months of 2019, 10% higher year-on-year
- Consolidated volume of energy sold for the first half of 2019 was 22,823 GWh, 5% higher than the 21,665 GWh for the same period in 2018
- Total number of billed customers rose to 6.7 million as at June 30, 2019, reflecting a year-on-year growth of more than 4%
- Consolidated costs and expenses at Pesos 149.6 billion for the six (6) months ended June 30, 2019, 9% higher compared with Pesos 136.9 billion in 2018
- Consolidated EBITDA amounted to Pesos 19.9 billion, up 13% year-on-year
- Core earnings per share at Pesos 10.928, Pesos 1.301 higher than in the first half of 2018
- Reported earnings per share at Pesos 10.653 compared with Pesos 10.623 in 2018
- Interim regular cash dividend of Pesos 5.464 per share payable on September 20, 2019, representing 50% payout of Core Earnings

MANILA, PHILIPPINES, 29th JULY 2019 – Manila Electric Company (“*Meralco*” or the “*Company*”) (PSE: MER) today announced its unaudited financial and operating results for the six (6) months ended June 30, 2019. Consolidated Core Net Income (“*CCNI*”), which excludes one-time, exceptional gains and charges, amounted to Pesos 12.3 billion, 14% higher than the Pesos 10.9 billion registered in the first half of 2018. Core Earnings Per Share (“*EPS*”) was Pesos 10.928, Pesos 1.301 higher than in the first half of 2018.

Consolidated Reported Net Income was flat at Pesos 12.0 billion for the period. Reported *EPS* stood at Pesos 10.653.

Consolidated revenues in the first half of 2019 was Pesos 165.0 billion, 10% higher compared with Pesos 150.5 billion for the same period in 2018. The increased generation charge brought about largely by higher prices in the Wholesale Electricity Spot Market (“WESM”), the weakening of the Philippine peso vis-à-vis the U.S. dollar from an average of Pesos 51.964:US\$1 in the first half of 2018 to Pesos 52.199:US\$1 for the same period in 2019 and the 5% increase in energy sales volume, largely accounted for this increase in revenues. The distribution rate of *Meralco* has not changed since 2015. However, higher Residential sales volume over Commercial and Industrial Sales recorded in the first half of 2019 compared with the same period last year resulted in a higher average distribution rate.

For the first six (6) months of 2019, non-electric revenues consisting largely of revenues from operations of non-electric subsidiaries was Pesos 3.7 billion, slightly higher relative to the amount for the same period last year. Non-electric revenues were primarily generated by certain subsidiaries, namely, (a) CIS Bayad Center, Inc. (“*Bayad Center*”) with its fees from payment collections for 1,377 corporate and government billers in 34,775 sites and collection partners, spot billing volumes, remittances and other fee-based transactions; (b) Radius Telecoms, Inc. (“*Radius*”) with higher recurring revenues as a result of an expanding customer base and high service reliability; (c) Meralco Energy, Inc. (“*MServ*”) with its revenues for the supply and installation of powerhouse, load side and substation equipment, and for energy efficiency services; and (d) Meralco Industrial Engineering Services Corporation (“*Miescor*”) with revenues from Engineering, Procurement and Construction (“*EPC*”) and electromechanical contracts.

Total costs and expenses for the first half of 2019 amounted to Pesos 149.6 billion, 9% higher than in 2018. The cost of purchased power stood at 85% of total costs and expenses in 2019, consistent with the first half of 2018. Operating expenses consisting largely of labor and contracted services were slightly higher at Pesos 12.6 billion. This amount also includes documentary stamp taxes related to issuance of shares in MERALCO PowerGen Corporation (“*MGen*”), real property taxes, fees and permits in the first half of 2019 totaling Pesos 706.0 million, 40% higher year-on-year.

Consolidated EBITDA for the first six (6) months of 2019 was Pesos 19.9 billion, with EBITDA margin on consolidated gross revenues, steady at 12%.

Cash and cash equivalents amounted to Pesos 27.3 billion as at the end of June 2019. This amount excludes cash investments in debt securities at amortized cost, investments in financial assets at fair value through other comprehensive income (“*FVOCI*”), and other short-term placements classified under “Other Noncurrent Assets” and “Other Current Assets” accounts, based on maturity as at June 30, 2019. Consolidated free cash flow, net of cash investments, principally Unit Investment Trust Funds (“*UITF*”), and other short-term placements, was Pesos 11.6 billion as at June 30, 2019.

Consolidated capital expenditures (“*CAPEX*”) implemented amounted to Pesos 10.7 billion in the first half of 2019, 62% higher than in 2018, of which Electric Capital Projects (“*ECPs*”) accounted for Pesos 8.0 billion or 75% of total *CAPEX*. *Meralco* continues to implement *ECPs*

filed in each of the Regulatory Years (“RYs”) of the fourth Regulatory Period (“4RP”, July 1, 2015 to June 30, 2019) which have been manifested as emergency *CAPEX*.

The total *4RP CAPEX* filed amounted to Pesos 73.0 billion, of which a total of Pesos 24.1 billion have been approved by the Energy Regulatory Commission (“*ERC*”) for implementation while Pesos 15.7 billion were manifested as emergency projects, while waiting for approval from the *ERC*.

The *CAPEX* being implemented primarily ensure adequacy and address reliability, power quality and network resiliency matters while providing enhanced customer service. A significant portion of the workload includes support for the Government’s “Public Private Partnership” (“*PPP*”) and “Build Build Build” (“*BBB*”) projects.

Apart from the *4RP CAPEX*, the consolidated amount of *CAPEX* also included site development costs related to a power plant project of *MGen* totaling Pesos 1.7 billion.

Consolidated gross debt as at June 30, 2019 amounted to Pesos 31.3 billion, of which Pesos 1.6 billion represents debt of the operating subsidiaries. Gross Debt to EBITDA stood at 0.79x, while Net Debt to EBITDA was 0.10x as at the same date. Total proceeds from short-term debt amounted to Pesos 0.2 billion for the six (6) months ended June 30, 2019, all of which were at the operating subsidiaries level. There were no long-term borrowings in the first half of 2019. Total debt repayments and financing costs paid in the first half of 2019 amounted to Pesos 9.9 billion. All of *Meralco*’s debts are denominated in Philippine pesos, with no significant maturities until 2024. Financing costs amounted to Pesos 0.8 billion, 23% lower than in the same six (6) month-period in 2018 as a result of the settlement in March 2019 of the “Put Option” exercised by certain holders of the seven (7)-Year Fixed Rate Note issued by *Meralco* in 2013.

Cash dividends declared in the first six (6) months of 2019 pertaining to final dividends out of the 2018 *CCNI* totaled Pesos 11.9 billion or Pesos 10.594 a share.

“In our meeting today, the *Board* approved cash dividends of Pesos 5.464 per share to all shareholders of record as at August 28, 2019, payable on September 20, 2019 representing interim regular cash dividend from the first half 2019 *CCNI*. This is 50% of Core Earnings for the period.

“We are happy to announce the successful synchronization to the grid of the 455 MW (net) San Buenaventura supercritical coal-fired power plant during the second quarter and are even more encouraged with its achievement of supercritical pressure and full load output in May, as we look forward to its full commercial operations later in the year. This will be a welcome addition to the supply base and security for *Meralco*’s franchise area customers, and to the Luzon Grid.

“We will continue to look into value and cash-flow accretive opportunities in the energy supply chain within and outside the Philippines to the extent that these are consistent with laws and regulations,” stated **MR. MANUEL V. PANGILINAN, Chairman**.

Providing Reliable Electricity in the Midst of Tight Supply

By the end of the first half of 2019, there were 36 and 14 days of Yellow and Red Alerts, respectively, issued by the National Grid Corporation of the Philippines (“*NGCP*”). *Meralco* managed the situation through an efficient System Control Center, which coordinated closely with the *NGCP*. The tightness in supply was also relieved by the commissioning power from San Buenaventura Power Limited’s (“*SBPL*”) 455-MW supercritical coal fired plant and new Interim Power Supply Agreements (“*IPSAs*”) entered into with Therma Mobile Inc. (“*TMO*”) and Millennium Energy Inc. (“*MEI*”). To further minimize the impact to residential and commercial consumers, *Meralco* called on the Interruptible Load Program (“*ILP*”) participants to switch to their generating sets with the power from the grid distributed to other customers. The Red Alerts resulted in unserved energy of close to nine (9) GWh due to Manual Load Dropping (“*MLD*”) over eight (8) calendar days and four (4) GWh from *ILP* implementation.

Even while the *ERC* filed its Motion for Reconsideration on the Supreme Court Decision with respect to the validity of the restatement of the effectivity of the Competitive Selection Process (“*CSP*”), *Meralco* has restarted the *CSP* process which was interrupted in March 2016 with *ERC* Resolution No. 1 Series of 2016. The *CSP* shall be compliant with applicable Department of Energy (“*DOE*”) rules and is expected to be completed within four (4) to six (6) months culminating in the requisite approval by the *ERC* of the underlying Power Supply Agreement (“*PSA*”). *Meralco* intends to source the most competitive power supply to address the current supply tightness through the *CSP*.

Consolidated electricity sales volumes grew by 5% year-on-year to 22,823 GWh, following (i) a 0.4°C increase in average temperature in the first half of the year compared with the same period in 2018, with June 2019 average temperature registering an almost 2°C increase compared with the same month in 2018; (ii) very minimal weather disturbance; (iii) no prolonged power interruption (other than *MLDs*) with an efficient energy sourcing and highly dependable *Meralco* network; and (iv) significantly lower inflation – the lowest recorded since September 2017, which boosted consumer confidence. Looking at the consolidated monthly energy volume consumption, *Meralco* reached a new milestone hitting the 4,000 GWh-level in April 2019. On a standalone (parent company) basis, *Meralco* breached the 4,000 GWh mark in May 2019. *Meralco*’s system peak demand for the first half of 2019 was at 7,740 MW recorded on June 4, 2019, up 5% over the 7,399 MW on May 23, 2018.

Energy sales grew across all customer segments. Overall, the Residential segment dominated both average consumption in GWh and end-use installation count.

Consolidated Residential sales volumes grew fastest at over 6% to 7,146 GWh, representing 31% of total GWh distributed, with organic sales volume accounting for more than half of the volume growth and the balance accounted for by new connections and by ramp-up from connections in 2018 through the first half of 2019. Residential sales continued its growth recovery coming from a flat first quarter of 0.4% to 11% in the second quarter of 2019. The North Sector of *Meralco*’s franchise area led the growth for ramp-up with the developments in Novaliches, Commonwealth-Balintawak and Baliwag. The South Sector, mainly the cities of Parañaque, Taguig, and Pasay, was a close second with the increased builds and occupancy of both horizontal and vertical

projects as well as projects catering to the Philippine Offshore Gaming Operators (“*POGOs*”). Malate and Tutuban in Manila also hosted projects supported by the influx of Chinese *POGO* workers. Organic sales volume grew on account of higher temperature with real feel temperature at 33.7°C in 2019 (33.4°C in 2018) and lower inflation at 2.7% in June 2019 (5.2% in June 2018). As at June 30, Residential Customer count was at 6.2 million (over 92% of the total 6.7 million count), growing at 4% year-on-year.

The Commercial customer class is expected to maintain its 5% growth and remain resilient, supported by Chinese investments and expansion of flexible workspace operations and continuing remittance from Overseas Filipino Workers (“*OFW*”). The largest demand continues to be from the Business Process Outsourcing (“*BPO*”) industry (at 51% of total space take-up) followed by *POGOs*. The *BPOs* and *POGOs* continue to drive growth of the retail trade business in mixed-used malls as well as the hotel industry with the expected close to 7% growth in tourist arrivals in 2019. Commercial customer count grew 3% to 520 thousand as at June 30, 2019.

The Industrial customer class grew 4% led by non-metallic, food and beverage and rubber and plastics industries. Cement consumption continues to increase with the ongoing implementation of 46 out of 75 *BBB* projects and production aligned with the growing demand of real estate developments. Food and beverage volume is influenced by strong household consumption with the decelerating inflation and increasing incomes from young workers employed in the *BPO* industry. Consistent with the growth in the food and beverage industry, rubber and plastics grew 7%, although this industry increasingly recognizes the transition to environment-friendly materials. Industrial customer count grew by 2% to over 10,600.

As at June 30, 2019, total prepaid electricity (“*PRES*”) customer accounts stood at 102,209, with a net year-on-year addition of only 6,478 as *Meralco* awaits *ERC* issuance of the Type Approval Certificate (“*TAC*”) applied for by *Meralco*’s meter suppliers. Also, total churn year-on-year was only at 2% of total connections as some customers reverted to postpaid metering, mainly due to lifestyle demands, among others.

Energy sales volumes for Clark Electric Distribution Corporation (“*CEDC*”) for the first six (6) months of 2019 grew by 11% to 284 GWh. Commercial sales volume was at 148 GWh constituting 52% of the total sales, while Industrial sales volume was at 46% or 131 GWh. Residential and streetlight volumes accounted for the balance of over 4 GWh. The total volume excludes that of a major customer whose distribution service was transferred to Clark Development Corporation (“*CDC*”) since the beginning of 2018. *CEDC* Commercial sales volume is driven by the hotel, entertainment and *BPO* businesses with several new builds energized in 2018. Industrial sales volume is largely from the tire and footwear manufacturing businesses and industrial gas processing. Average retail rate of *CEDC* was at Pesos 8.56 per kWh in 2019 compared with Pesos 7.82 per kWh in 2018, of which generation accounted for 72% and 67%, respectively.

The average *Meralco* retail rate for the first half of 2019 was at Pesos 9.25 per kWh, 5% higher than last year, with generation charge being the largest component at 60%. Transmission, distribution, system loss, and taxes and universal charges (including the increased Feed-in-Tariff

Allowance or “*FIT-All*”) represented 9%, 15%, 4% and 12% of the average retail price, respectively.

Average generation charge to consumers was Pesos 5.50 per kWh, Peso 0.57 per kWh or 12% higher than the average rate in the same period last year due to the higher *WESM* prices, in turn driven by the increased cost of imported coal, outages of certain power plants and higher Peso to U.S. dollar rate affecting fuel prices. *WESM* prices peaked at Pesos 7.90 per kWh in 2019 compared with Pesos 5.10 per kWh in 2018. Coal price ranged from US\$83 to US\$102 per MT in 2019 compared with US\$94 to US\$106 per MT in 2018 while gas price was at US\$8.40 per GJ. The peso moved from Pesos 52.58 to US\$1 as at December 31, 2018 to Pesos 52.93 (peak) in January, but settled at Pesos 51.24 as at June 30, 2019. The stronger peso throughout the month of June 2019 mitigated the impact of increased consumption and higher fuel cost. Transmission charge was at Peso 0.80 per kWh in 2019, 5% lower than the Peso 0.84 per kWh in 2018. Average system loss (“*SL*”) rate was at Peso 0.37 per kWh, Peso 0.01 per kWh or 3% higher than the average rate in the same period last year.

In its reply to *Meralco*’s letter dated June 14, 2019, the *ERC* ordered *Meralco* and other private distribution utilities to refund an amount pertaining to the regulatory reset costs for the *3RP* plus any remaining amount from the *2RP* plus interest, as a reduction in the July 2019 customer bill. The total amount of regulatory reset fee was Pesos 0.26 billion or an equivalent Peso 0.0731 per kWh. *Meralco* complied with the directive to refund but sent a letter seeking reconsideration and clarification from the *ERC* with respect to the remaining regulatory reset cost for the *2RP* as this amount was already accounted for in the determination of the regulatory reset cost of the *3RP*.

Consolidated Net System Input (“*NSI*”) was 24,299 GWh for the first six (6) months of 2019. Contracted natural gas plants accounted for 44% of *NSI*. *Meralco*’s contracted coal-fired plants provided 29% of the *NSI*, while 27% of *NSI* represented volume sourced from a mix of hydro, geothermal, renewable, oil and other non-*Meralco* contracted coal-fired plants. Average purchased power cost was at Pesos 6.08 per kWh, 3% higher than in 2018 as a result of the extended scheduled maintenance of certain coal-fired plants, higher global prices of fuel and the weakening of the Philippine peso.

SL performance of *Meralco* for the 12-month period ended June 30, 2019 was at 5.85%, 1.40 percentage points lower than the applicable regulatory *SL* cap (inclusive of 1% assumed typical sub-transmission and substation technical losses). *SL* performance of *CEDC* was at 2.33%.

Total consolidated *CAPEX* for the first semester of 2019, consisting of, among others, completed system requirements, including those for new load and customer requirements, for system reliability and safety, amounted to Pesos 10.7 billion. The completed major *CAPEX* include the (i) development of Southwoods 115 kV-34.5 kV substation; (ii) construction of the new San Jose-Novaliches 115 kV Line; (iii) commissioning of Lucky Nine Property Inc.’s 115 kV SCF; (iv) replacement of power transformer No. 2 at Marikina substation; and (v) commissioning of the 115 kV switchyard of Calamba 230 kV-115 kV delivery point. Other *CAPEX* include projects in support of the *BBB* program of the National Government (which include Skyway Stage 3 and C5-Southlink, among others) involving the relocation of various *Meralco* affected facilities, and site development cost of Atimonan One Energy, Inc. (“*AIE*”).

“Even while the year started slow with energy sales volume growing only by 2% in the first quarter, the grid was soon saddled with a series of Red and Yellow Alerts starting March as a result of maintenance and forced outages. The supply capacity was further challenged with the increased consumption as temperature rose to 30.1°C, the highest average temperature for the month of June, in the last five (5) years. Given this, we are focused on sourcing at the best possible least cost and on ensuring adequate stacking to minimize, if not avoid, power interruptions.

“Our mandate is – Performance,” said **ATTY. RAY C. ESPINOSA, President and Chief Executive Officer.**

Retail Electricity Supply (“RES”): Tight Supply, Competition and Margin

While the contestable market continues to grow with increasing contestability and consumption, margins continue to get even tighter with higher generation and sourcing costs, and less flexible pricing. As at June 30, 2019, there are a total of 1,011 billed contestable customers (1,021 switched) within the *Meralco* franchise area with energy sales growing at 13% year-on-year. The top three (3) industries are semiconductor, real estate, and food and beverage. Challenges continue to come from generator *RES* players (“Gentailers”) using various fuel sources. *Meralco* and *CEDC* through *MPower* and *Cogent Energy*, their respective local Retail Electricity Suppliers (“*local RESs*”) together with affiliate *RESs*, Vantage Energy Solutions and Management, Inc. (“*Vantage Energy*”) and MeridianX, Inc. (“*MeridianX*”), market within and outside the *Meralco* franchise area.

The Red Alerts for the first half of 2019 certainly did not spare *MPower* and *Vantage* contestable customers. On a cumulative basis, it affected 69 accounts with a total of 1.26 GWh of energy sales volume, inclusive of 0.81 GWh of compensable *ILP* deloaded energy. However, the warmer temperature with the prolonged summer season and delayed rainfall also impacted positively on the overall demand and consumption. Coincident demand reached 1,004 MW as of June 2019 compared with the 762 MW peak for the same six (6)-month period in 2018.

The *RES* energy sales volumes of all *RES* players within *Meralco*’s franchise area for the first six (6) months of 2019 was 6,958 GWh from 1,011 contestable customers. There are still 392 qualified Phase 1 and Phase 2 customers in *Meralco*’s franchise area who have not switched to contestability.

Power Generation: Helping Ease the Tightness in Supply

“The continuing Yellow and Red Alerts in the Luzon Grid even before the start of the summer season signals the urgent need for new capacities. At MERALCO PowerGen Corporation (“*MGen*”), the synchronization of our 455 MW San Buenaventura supercritical coal-fired plant to the grid was ahead of our schedule with full commissioning on target for September 2019.

“As we wait for declaration of commercial operations date (“*COD*”) of our supercritical coal-fired plant, we have directed our focus on being a major player in the highly competitive renewable energy space. There is currently a total of close to 350 MW of renewable energy projects in the pipeline.

“Amidst the challenges, we are more than committed to support the country’s overall energy requirement as well as the energy policies in place,” says **MR. ROGELIO L. SINGSON, President, *MGen*.**

San Buenaventura Power Limited (“SBPL”)

The *EPC* implementation of *SBPL* is currently on its 43rd month and on target for project completion in September 2019. Significant milestones were achieved with the initial coal firing and synchronization with the grid in April 2019. A month after, the plant hit supercritical pressure (the first ever in the Philippines) and full 500 MW-gross load.

SBPL has an *ERC*-approved *PSA* for the entire 455 MW (net) capacity with *Meralco*.

SBPL is a 455 MW (net) supercritical coal-fired plant in Mauban, Quezon, which is a joint venture between *MGen* and New Growth B.V., (a subsidiary of Electricity Generating Public Company Limited (“*EGCO*”) of Thailand).

Atimonan One Energy Corporation (“AIE”)

AIE shall participate in a *CSP* process for its planned capacity. In the meantime, it is undergoing processes to further optimize its capital and operating costs. Advance site preparation and early engineering work continue in order to meet the targeted operations date, should *AIE* remain competitive.

AIE is in discussions with the Mandate Lead Arranger Banks (“*MLABs*”) to update the terms of the loan facility as some provisions may warrant updating with the outcome of the Supreme Court decision and the passage of time.

AIE is classified as a Committed Project and a Project of National Significance by the *DOE* and has the requisite Department of Environment and Natural Resources (“*DENR*”) approvals and permits. It is also registered by the Board of Investments (“*BOI*”) as a Pioneer Project.

Conclusion

“With the election results settled, all sectors and stakeholders are focused on delivering on their campaign infrastructure commitments. A lot of activities are going on in the construction industry for the real estate, retail trade and services businesses and we are geared to provide the needed temporary connections during construction and permanent power upon construction completion. We have manifested emergency capital expenditures to meet the demand of our customers.

“We look forward to a robust second half, even as we remain on the lookout for any global and regional headwinds that may affect the country’s growth trajectory” said **Mr. Pangilinan**.

	MANILA ELECTRIC COMPANY Consolidated Financial Highlights (Unaudited) (in Million Pesos, except per share data)		
	For the six months ended June 30		Percent Change
	2019	2018	
REVENUES			
Electricity	161,267	146,903	10
Non-electricity	3,686	3,641	1
	164,953	150,544	10
COSTS AND EXPENSES	149,613	136,861	9
OTHER INCOME – net	479	1,848	(74)
INCOME BEFORE INCOME TAX	15,819	15,531	2
PROVISION FOR INCOME TAX	3,743	3,534	6
REPORTED NET INCOME	12,007	11,973	-
CORE NET INCOME	12,317	10,851	14
EARNINGS PER SHARE			
On Reported Net Income			
Basic	10.653	10.623	-
Diluted	10.653	10.623	-
On Core Net Income ¹			
Basic	10.928	9.627	14
Diluted	10.928	9.627	14

¹ Reported net income exclude the effects 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.