

COVER SHEET

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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

8632-8014

Company Telephone Number

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Month Day

Fiscal Year

1	7	-	C
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FORM TYPE

0	5	3	0
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Month Day

Annual Meeting

Secondary License Type, if Applicable

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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:** *February 27, 2023*
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) 86328014* **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 December 31, 2022)

Amount of Debt Outstanding: PhP7.0 Billion Bonds

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

The Company's Board of Directors, in its regular meeting held today, February 27, 2023, approved the following:

1. The Company's Financial and Operating Results for the Full Year 2022 with comparatives for 2021 (refer to the attached Press release); and
2. The declaration of cash dividends of Pesos 11.028 a share to all shareholders of record as of March 29, 2023, payable on April 26, 2023. This brings total dividend declared out of 2022 CCNI to Pesos 16.834 a share or an equivalent 70% of core earnings per share.

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: February 27, 2023

***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 YEAR ENDED DECEMBER 31, 2022
WITH COMPARATIVES FOR 2021**

- **CONSOLIDATED CORE NET INCOME ROSE 10% TO PESOS 27.1 BILLION, WHILE CONSOLIDATED REPORTED NET INCOME GREW 21% TO PESOS 28.4 BILLION**
- **CORE EARNINGS PER SHARE (“EPS”) AT PESOS 24.05 PER SHARE; REPORTED EPS AT PESOS 25.23 PER SHARE**
- **CONSOLIDATED REVENUES WENT UP 34% TO PESOS 426.5 BILLION**
- **DISTRIBUTION-RELATED REFUNDS CONTINUED TO TEMPER AVERAGE RETAIL RATE, WHICH WENT UP BY 16% MAINLY DUE TO HIGHER PASS-THROUGH CHARGES**
- **CONSOLIDATED DISTRIBUTION UTILITY ENERGY SALES VOLUMES GREW 6% TO 48,916 GWH DRIVEN BY SUSTAINED GROWTH ACROSS ALL CUSTOMER SEGMENTS**
- **OF THE PESOS 48.3 BILLION DISTRIBUTION RATE TRUE-UP (“DRTU”) REFUND ORDERED BY THE ENERGY REGULATORY COMMISSION (“ERC”), A TOTAL OF PESOS 38.8 BILLION OR 81% HAS BEEN REFUNDED AS OF DECEMBER 31, 2022. THE REMAINING BALANCE IS EXPECTED TO BE FULLY REFUNDED BY MAY 2023**
- **MERALCO SPENT PESOS 42.6 BILLION IN CAPITAL EXPENDITURES FOR THE UPGRADE OF ITS DISTRIBUTION NETWORK, ACQUISITIONS OF TELECOMS TOWERS ON A SALE AND LEASEBACK ARRANGEMENT, DEVELOPMENT EXPENSES RELATING TO POWER GENERATION PROJECTS, NETWORK AND FACILITIES BUILD-OUT FOR ITS FIBER NETWORK, AND DIGITALIZATION AND OTHER CUSTOMER-CENTRIC INNOVATIONS**
- **MERALCO BOARD OF DIRECTORS APPROVED THE DECLARATION OF FINAL CASH DIVIDEND OF PESOS 11.028 PER SHARE PAYABLE TO ALL SHAREHOLDERS OF RECORD AS OF MARCH 29, 2023. FULL YEAR DIVIDENDS ARE AT PESOS 16.834 PER SHARE, REPRESENTING PAYOUT OF 70% OF CORE EPS. DIVIDEND YIELD BASED ON CLOSING PRICE ON DECEMBER 31, 2022, STANDS AT 6%**
- **POWER GENERATION BUSINESS CONTRIBUTED PESOS 5.5 BILLION TO THE CONSOLIDATED CORE NET INCOME, OWING TO THE STRONG PERFORMANCE OF ITS**

SINGAPORE-BASED GAS PLANT

- **MIESCOR INFRASTRUCTURE DEVELOPMENT CORPORATION ENTERED INTO PESOS 26.2-BILLION TRANSACTION WITH GLOBE INVOLVING THE SALE OF 2,180 TOWERS**
- **BAYAD INTRODUCED BAYAD ASENSO APP TO SUPPORT MICRO, SMALL AND MEDIUM ENTERPRISES**
- **MERALCO ACHIEVED ALL-TIME BEST RATINGS IN 2022 ESG ASSESSMENTS; CONTINUED TO ADVANCE CORE SUSTAINABILITY INITIATIVES**

MANILA, Philippines, February 27, 2023 – Manila Electric Company (“*Meralco*”) today reported that Consolidated Core Net Income (“*CCNI*”) for the year ended December 31, 2022, rose by 10% to Pesos 27.1 billion from Pesos 24.6 billion in 2021 as energy sales volumes exceeded pre-pandemic levels and the power generation business booked significant earnings from its gas-fired power plant in Singapore.

Consolidated Reported Net Income meanwhile increased by 21% to Pesos 28.4 billion from Pesos 23.5 billion in 2021. Core earnings per share amounted to Pesos 24.05, up by 10% versus last year, while reported earnings per share increased by 21% to Pesos 25.23

Consolidated revenues were at Pesos 426.5 billion, 34% higher than Pesos 318.5 billion in 2021 mainly due to higher pass-through charges.

Meralco’s average retail rate increased by 16% to Pesos 9.52 per kWh from Pesos 8.24 per kWh due to higher pass-through charges with persisting increases in global fuel prices, higher spot market prices, and peso depreciation. Generation charge, which accounted for about 66% of the total retail rate, went up by 32%; while transmission charge, comprising 9% of the retail rate, increased by 19%. With a 10% share in the total retail rate, subsidies and taxes climbed by 11%.

On the other hand, *Meralco’s* average distribution charge of Peso 0.85 per kWh, which accounted for 9% of the retail rate, dropped by 41% following the implementation of *DRTU* refunds which averaged Peso 0.67 per kWh during the year. Of the Pesos 48.3 billion total *DRTU* refunds ordered by the *ERC*, Pesos 38.8 billion or 81% have already been refunded to customers as of end-December. The entire refund amount is expected to be settled by May 2023.

Purchased power cost (“*PPC*”) increased by 43% to Pesos 322.6 billion from Pesos 224.9 billion reflecting the unprecedented upward movements in prices of fuel supply sources. At end-December, the Newcastle (“*NEWC*”) coal index rose to an average of US\$ 360.2 per MT versus US\$ 137.3 per MT in 2021.

The average Malampaya natural gas price meanwhile increased to US\$ 10.18 per GJ last year versus US\$ 7.50 per GJ in 2021. Due to persisting Malampaya gas supply restrictions that began in March

2021, First Gas natural gas plants were compelled to continue using more expensive alternative fuel to ensure continued supply to *Meralco*.

Average Wholesale Electricity Spot Market (“WESM”) prices went up to Pesos 7.73 per kWh in 2022 from an average of Pesos 4.99 per kWh the previous year amid the tight supply condition brought about by increase in international fuel prices, the decrease in production of the Malampaya gas facility, and cessation of gas supply to the Ilijan gas-fired plant. Luzon grid was placed under Yellow Alert for ten (10) days and on Red Alert for two (2) days in 2022 compared with only four (4) days of Yellow Alert and three (3) days of Red Alert in 2021. The secondary price cap was triggered 25.6% of the time versus only 4.8% in the same comparative period. Luzon demand hit its peak of 12,113 MW in May 2022 from the previous year’s 11,640 MW.

Also weighing on the *PPC* was the weaker Peso, which depreciated by about 11% to an average of Pesos 54.48 versus the US dollar from Pesos 49.25 in 2021. The local currency recorded its all-time low closing price of Pesos 59.00 four (4) times in October 2022.

Meralco’s consolidated capital expenditures (“CAPEX”) amounted to Pesos 42.6 billion, of which Pesos 19.0 billion went to Networks CAPEX, which consisted of new connections, asset renewals, and load growth projects, among others. A total of Pesos 10.6 billion was invested for the towers business, Pesos 6.1 billion for power generation, and Pesos 2.8 billion was mainly for expansion of Radius Telecoms, Inc.’s (“*Radius*”) communication network.

Operating expenses (“OPEX”) meanwhile went up by 18% to Pesos 37.4 billion due to higher expected credit losses (Pesos 506 million in 2021 versus Pesos 2.5 billion in 2022) of the distribution utility and RES business coupled with the increase in expenses of subsidiaries to support expansion projects.

Consolidated interest-bearing debt totaled Pesos 103.8 billion, already including Pesos 53.6 billion debts of subsidiaries. Of the total amount, Pesos 35.1 billion are maturing within one (1) year.

On February 27, 2023, the *Meralco* Board of Directors (“BOD”) approved the declaration of final cash dividend of Pesos 11.028 a share to all shareholders of record as of March 29, 2023, payable on April 26, 2023. This brings the total dividend declared out of the 2022 *CCNI* to Pesos 16.834 a share equivalent to 70% of core *EPS*. Dividend yield calculated using the December 31, 2022, closing price of MER of Pesos 298.80 is at 6%.

Energy sales volumes rose on the back of pandemic recovery

Consolidated distribution utility energy sales volumes sustained growth, recording an improvement of 6% to 48,916 GWh in 2022 from 46,073 GWh the previous year. Volumes of *Meralco* and Clark Electric Distribution Corporation (“*Clark Electric*”) increased by 6% and 16%, respectively.

Despite a surge of Omicron cases in the early part of 2022, followed by the macroeconomic impact of the Russia-Ukraine War on commodity prices and supply for most of the year, sales demand continued its upward trajectory as businesses and public confidence recovered from the pandemic.

The minimal restrictions in commercial and social activities during and after the National and Local elections in mid-2022, the eventual lifting of mandatory use of face masks and presentation of vaccination cards in various establishments, and the resumption of face-to-face schooling and onsite work arrangements all contributed to the reinvigoration of the economy, and subsequently, higher demand for power.

Sales mix continued to shift towards the Commercial segment, whose share of the total sales increased to 36% from 33% in 2021. Residential accounted for 35%, down from 37%, while the Industrial segment's share was at 29% from 30% in 2021.

Commercial sales volumes grew by 14% to 17,403 GWh from 15,234 GWh the previous year with the increase in mobility and economic activities vis-à-vis a Delta variant-stricken 2021. Double-digit improvements were observed every month since restrictions were further eased in the first quarter, with record-high growth in April as summer activities coincided with the election campaign period, and in September as schools resumed face-to-face classes. Higher demand in retail, malls, restaurants, hotels, leisure, and real estate was also evident as the government allowed full operations and most employees returned onsite.

Residential sales volumes inched up by 1% to 17,148 GWh from 16,913 GWh as demand normalized with the resumption of travel and more face-to-face activities that led to less time spent at home by customers. The aggressive energization activities during the pandemic and renewed demand from school dormitories, apartments, and condominiums in central business districts offset the decline in organic volume.

Despite elevated inflation and a weaker Peso, customers in the Industrial segment still registered 3% growth to end 2022 with 14,221 GWh from 13,782 GWh the previous year. Increased commercial activity and demand for essentials boosted sales of food and beverage and plastic packaging. Also contributing to higher sales in 2022 was the resumption of full operations of certain industries such as steel and cement plants. The decline in global demand for consumer electronics however, put pressure on the semiconductor industry which contributes to about a quarter of the total Industrial sales volume.

Growth in consolidated customer count was also sustained as it increased 3% to 7.6 million at end-December from 7.4 million in 2021 on the back of higher energization for both project-covered applications and ordinary service applications.

Meralco's 12-month moving average ("12-MMA") system loss meanwhile improved by 0.08 percentage point to 5.77% from 5.85%, marking the 15th consecutive year that Meralco outperformed the regulatory cap, translating to Pesos 4.7 billion or Pesos 0.10 per kWh in customer savings in 2022 alone. Clark Electric's 12-MMA system loss, meanwhile, was at 1.81%.

Meralco also achieved its all-time best reliability performance in 2022 with fewer and shorter service interruptions. Total System Average Interruption Frequency Index ("SAIFI") was reduced by 8% to only 1.3 times, while the total System Average Interruption Duration Index ("SAIDI") improved by 7% to 128.419 minutes.

Support to government infrastructure projects and customer-centric innovations

Anchored on its commitment to support the government's nation-building efforts and improve customer experience, *Meralco* continuously conducts pole replacement activities and implements projects to strengthen and upgrade its distribution facilities.

The Company relocated 2,587 poles for road widening projects of the Department of Public Works and Highways ("*DPWH*") and various Local Government Units ("*LGUs*") and 1,024 poles for the Build, Better, More infrastructure program in 2022.

The Company also commissioned four (4) Gas-Insulated Switchgear ("*GIS*") substations that operate over modern networking technologies to perform monitoring, metering, real-time protection, and control. Located in Escoda in Manila, Pamplona Uno in Las Piñas; Commonwealth in Quezon City; and North Caloocan in Caloocan City, these smart substations added a total of 332 MVA capacity to accommodate the growing demand of customers.

Signifying the Company's commitment to providing safe and reliable electricity service, *Meralco* in 2022 successfully passed the surveillance audit by SOCOTEC Certification Philippines, Inc. for its ISO 9001:2015 Quality Management System Certification which covers the planning, design, construction, operation and maintenance of distribution and sub-transmission facilities, and provision of electric metering services to customers.

To efficiently manage, control, visualize, and automate its entire distribution network and offer optimum services to its customers, *Meralco* also started the implementation of a new Enterprise Geographic Information System ("*EGIS*"), a core application that provides accurate asset information to the Company's Enterprise Asset Management ("*EAM*") and Advanced Distribution Management System ("*ADMS*").

The Meralco Data Platform ("*MDP*"), which uses data analytics and intelligence in making business decisions in a timely manner, has helped improve the turnaround time for the provision of electricity services and enabled the power distributor to proactively identify distribution transformers in need of rehabilitation, effectively sparing customers from unplanned power outages.

Alongside the efforts to strengthen its distribution network that benefit its customers and the public, *Meralco* continued to introduce new digital innovations to boost operational efficiencies and improve customer experience and satisfaction.

With the shift towards self-service and digital channels, *Meralco* recorded over 60% take-up of its digital channels which was achieved through enhancements of Meralco Online, Chatbot, Interactive Voice Response, and other digital campaigns that promote the use of chatbot and customer care email.

The distribution utility in 2022 also introduced the Certified by Meralco ("*CBM*") Platform. In this web-based channel, customers can conveniently apply for electric service through Meralco-

accredited contractors and have more visibility on the end-to-end process flow of their applications resulting in faster and more efficient service application processing and timely energization.

To shorten and better manage customers' waiting time, *Meralco* rolled out the Business Center Queuing Management System ("*BC QMS*") in all 56 Business Centers across its franchise area. Through the *BC QMS*, customers are provided with their position in the queue and estimated waiting time for their transactions, which they can monitor through an online portal, and receive an *SMS* reminder when it is already their turn. To date, the *BC QMS* serves an average of 40,000 customers per day across the *Meralco* franchise.

Among the other customer-centric initiatives *Meralco* launched last year was the deployment of upgraded handheld terminals for meter reading to further improve the accuracy, timeliness, and completeness of readings, initially for General Power ("*GP*") customers; the addition of e-wallets like GCash and Maya with lower convenience fees as payment options in *Meralco Online*; geotagging of customer location for efficient execution of field orders and resolution of outage reports; and enhancement of *Meralco's* Rating and Charging System to support smart meter-based postpaid services and improve existing prepaid service.

"2022 was a year of recovery as we saw energy sales exceeding pre-pandemic levels—reflective of the return of strong power demand across all customer segments after more than two (2) years of pandemic lockdowns. We continued to boost operational efficiency and ended the year with less and shorter service interruptions as well as improvements in system loss, which were achieved through our investments to strengthen our distribution network and through innovations that improve the service we deliver to our 7.6 million customers," *Meralco President and CEO Ray C. Espinosa* said.

"We, however, faced headwinds such as the significant rise in fuel prices and the depreciation of the Peso which weighed on our overall rates. We remain cautious about the lingering effects of these challenges, alongside the anticipated tight supply condition in the coming dry months. I assure our customers that we will relentlessly work with the Government and other industry players to help ensure availability of sufficient and reliable electricity supply while continuing to manage power rates," *Mr. Espinosa* added.

Efforts to ensure sufficient and cost-competitive supply

Competitive Selection Process ("CSP")

Consistent with its approved Power Supply Procurement Plan ("*PSPP*"), *Meralco* has been conducting various *CSPs* to ensure continued delivery of sufficient and cost-competitive supply and to comply to the government's Renewable Portfolio Standards ("*RPS*") policy.

Through the Department Circular No. DC2021-09-0030 ("*Revised CSP Rules*") promulgated in 2021, the Department of Energy ("*DOE*") allowed Unsolicited Proposals ("*USPs*") involving new technology or concept that has not yet been commercially operating or applied in the Philippines to undergo

CSP. Meralco received *USPs* from Terra Solar Philippines, Inc. for 850 MW mid-merit, Solar Philippines Batangas Baseload Corporation (“*SPBBC*”) for 200 MW baseload, and Ahunan Power, Inc. (“*API*”) for 500 MW mid-merit capacity requirements.

These *USPs* are consistent with *Meralco*’s approved *PSPP* and form part of its compliance to the *DOE*’s plan to increase the minimum level of electricity that distribution utilities should source from renewable energy (“*RE*”) to 2.52% starting 2023 from the current 1% under the *RPS* policy.

While all *USPs* were subjected to two (2) rounds each of biddings conducted by the Third-Party Bids and Awards Committee (“*TPBAC*”), there were no challengers that submitted competing offers. Pursuant to the *Revised CSP Rules*, the *TPBAC* recommended that *Meralco* proceed with negotiations for Power Supply Agreements (“*PSAs*”) with Terra Solar, *API*, and *SPBBC*. The *PSA* with Terra Solar was signed on October 24, 2022, and was submitted for review and approval of the *ERC*. Meanwhile, negotiations are still ongoing for *API*’s and *SPBBC*’s offers.

Meralco in December 2022 also started the *CSPs* for 180 MW baseload supply and 300 MW peaking supply, which were meant to cover the expected increase in demand as the economy recovers from the pandemic. The 180 MW baseload supply was also intended to address the reduced capacity of natural gas-fired power plants under its existing supply deals affected by the continued Malampaya gas supply restriction. The *CSPs* for both supply requirements are still ongoing.

Meralco and San Miguel Joint Motions for Price Adjustment

In its Orders dated September 29, 2022, the *ERC*, voting 3 – 2, denied the joint motions of *Meralco* with South Premiere Power Corporation (“*SPPC*”) and San Miguel Energy Corporation (“*SMEC*”) for price adjustments to serve as temporary relief covering a combined Pesos 5.2 billion losses incurred by *SPPC* and *SMEC* from January to May 2022 due to the unprecedented spike in fuel prices.

SMEC continuously supplies to *Meralco* at the rate provided under the *PSA* executed in 2019, albeit under protest. Meanwhile, *SPPC* was granted a 60-day Temporary Restraining Order (“*TRO*”) and a subsequent Writ of Preliminary Injunction (“*WPI*”) by the Court of Appeals (“*CA*”), allowing it to cease supplying to *Meralco* beginning December 7, 2022. To partly cover the supply subject to the injunction, *Meralco* entered into an Emergency Power Supply Agreement (“*EPSA*”) with GNPowder Dinginin Ltd. (“*GNPD*”) for the supply of 300 MW baseload capacity up to February 25, 2023.

On January 13, 2023, the *CA* denied *SMEC*’s prayer for *TRO* and injunction but granted its motion to consolidate the *SMEC* and *SPPC* cases.

Business units and subsidiaries’ performance

Retail Electricity Supply (“RES”)

- MPower, the local *RES* unit of *Meralco*, Clark Electric’s Cogent, and three (3) other affiliate retail electricity suppliers, sold 8,380 GWh of energy to the contestable market in 2022.

- Combined volumes went up by 12% amid increased business activities and customer growth in the highly competitive *RES* market. However, the contribution to *Meralco CCNI* was adversely affected by higher *PPC* due to higher fuel prices and Peso depreciation.
- Higher *WESM* prices, which spiked to as high as Pesos 43.13 per kWh during peak demand hours on December 9, 2022, also affected the margins of the different *RES* units.

Power Generation

- Wholly-owned subsidiary, Meralco PowerGen Corporation ("*MGen*") contributed Pesos 5.5 billion to *Meralco's CCNI* in 2022, significantly higher than the Pesos 1.2 billion the previous year, largely driven by the earnings of Singapore-based PacificLight Power Pte. Ltd. ("*PacificLight*"). *MGen* currently has a total power generation capacity of 2,251 MW (net) in the Philippines and in Singapore
- *PacificLight's CCNI* reached S\$305 million (Pesos 12.1 billion) as of end-December, a significant increase from the S\$ 59.2 million (Pesos 2.2 billion) net income in 2021. This was primarily attributable to higher margins on spot prices which averaged S\$ 168.9 per MWh, as well as the 2% growth in demand. *PacificLight's* 800 MW liquefied natural gas facility in Jurong Island, Singapore delivered a total of 5,619 GWh of energy in 2022. *MGen* currently has combined direct and indirect interest of 58% in *PacificLight*.
- San Buenaventura Power Ltd. Co. ("*SBPL*") 455 MW (net) supercritical coal-fired plant in Mauban, Quezon, which underwent 29.55 scheduled and 15.28 unscheduled days of maintenance shutdown in 2022, delivered 2,765 GWh of energy with an average plant availability of 87.9%. *SBPL's CCNI* was Pesos 3.5 billion.
- The 50 MWac (net) power plant of PowerSource First Bulacan Solar, Inc. ("*BulacanSol*") in San Miguel, Bulacan had an average plant availability of 97.8% and delivered 112 GWh to *Meralco* under a 20-year *ERC*-approved *PSA*. *CCNI* was at Pesos 227.6 million.
- Global Business Power Corporation ("*GBP*") delivered 4,927 GWh of energy from its portfolio of coal and oil plants with a net capacity of 970 MW, of which 810 MW are contracted under *PSAs* with captive and contestable customers and Ancillary Services Procurement Agreements ("*ASPAs*").
- *MGen Renewable Energy, Inc. ("MGreen")* is currently constructing a 75 MWac solar plant in Baras, Rizal through PH Renewables, Inc., a joint venture with Mitsui's local unit Mit-Renewables Philippine Corporation; and a 68 MWac solar plant in Ilocos Norte of *MGreen* in partnership with Vena Energy. These two (2) projects are set to commence operations within the first quarter of 2023.

Meralco Industrial Engineering Services Corporation (“MIESCOR”)

- *MIESCOR*, the engineering and construction arm of *Meralco*, and its two (2) wholly-owned subsidiaries contributed Pesos 427.6 million to *Meralco’s* end-December *CCNI* as revenues grew 48% Pesos to 7.5 billion driven by its Engineering, Procurement, and Construction (“*EPC*”) and Telecoms contracts.
- Meanwhile, *MIESCOR* Infrastructure Development Corporation (“*MIDC*”), a joint venture between *MIESCOR* and Stonepeak Infrastructure Partners that operates as a licensed independent tower company, booked Pesos 221.7 million revenues in 2022.
- In August 2022, *MIDC* signed a sale and leaseback agreement with Globe Telecom, Inc. (“*Globe*”) for the acquisition of 2,180 towers and passive telecom infrastructure for a total consideration of Pesos 26.2 billion. As of end-December, *MIDC* and *Globe* completed the handover-takeover of 860 towers with a cumulative value of Pesos 10.3 billion, representing 39% of the portfolio deal. Completion of the tower transfers and final closing are targeted in the third quarter of 2023.

CIS Bayad Center, Inc. (“Bayad”)

- *Bayad*, *Meralco’s* payment service arm, contributed Pesos 67.2 million to *Meralco’s* *CCNI* in 2022 as consolidated revenues grew by 4% to Pesos 2.0 billion.
- Gross transactions value of bills payments across various platforms reached Pesos 311.0 billion in 2022. *Bayad* also added 196 new billers during the year, bringing its total number of acquired and activated billers to 585 and 411, respectively.
- The Bayad App recorded over 436,700 downloads and booked Pesos 221.8 million in bills payment transactions in 2022. Since its commercial launch in December 2020, Bayad Online now has 264,731 registered users.
- In a bid to further cater to the evolving needs of its clients, *Bayad*, in June 2022, launched the Bayad Asenso App, a business feature imbedded in the Bayad App that allows Micro Small and Medium Enterprises (“*MSMEs*”) to offer *Bayad* services in their respective operations. In addition, *Bayad* also introduced in November 2022 Bayad Checkout – a commercial solution that enables business and merchants to collect payments for their customers’ invoices through their own websites or mobile applications.

Meralco achieves more sustainability milestones and all-time best ESG ratings in 2022

As a testament to *Meralco’s* heightening pursuit to embed sustainability in its strategy and operations, the Company achieved all-time best scores on global environmental, social, and governance (“*ESG*”) assessments.

In the 2022 S&P Global Corporate Sustainability Assessment (“CSA”), *Meralco* achieved a record high score of 47, an 11-point increase over 2021, owing to the across-the-board increases in *ESG* parameters; and its all-time best *ESG* rating of *BBB* from MSCI, Inc., a letter grade higher than its *BB* rating from 2019 to 2021.

The Company likewise secured higher scores from *CDP*, formerly known as the Carbon Disclosure Project, which assesses over 18,700 companies across the globe on environmental disclosure performance. In particular, *Meralco*’s Climate Change Assessment score was upgraded to C in 2022 from D the previous year and its Water Security Assessment rating also advanced to C from F.

Meralco was included in two (2) of seven (7) benchmarks of the World Benchmarking Alliance’s SDG2000, a list of the world’s most influential companies in the achievement of the United Nations’ Sustainable Development Goals (“*UN SDGs*”); and became a member of the Bloomberg Gender Equality Index, which is the only *ESG* assessment in the world focused on gender equality in the workplace. Recording an overall score of 66.1, *Meralco* was cited for its improved performance across multiple categories, including anti-sexual harassment policies, gender pay parity, and inclusive culture.

Through its overarching gender diversity and inclusion program called #Mbrace, *Meralco* implemented a host of initiatives aimed at increasing the rate of women representation in the Company, which was at 22% as of the end of 2022. Among such initiatives is the Meralco Linecrew Training Program, through which 15 female line crew members are trained, alongside male applicants, to eventually become part of the Company’s workforce. It also launched scholarship programs for aspiring female electrical technicians and electrical engineers.

Taking its commitment to embed sustainability in its operations a notch higher, *Meralco* established the Meralco Supplier Sustainability Scorecard (MS³), a tool incorporated in the vendor accreditation process that provides the Company a view of its business partners’ *ESG* performance. MS³ serves as a platform for *Meralco* to have meaningful engagement with its suppliers by understanding the challenges they face in becoming more sustainable and by aiding them in building their own sustainability strategies and programs.

Meralco remains committed to advancing its “Powering the Good Life” sustainability agenda as the Company continues to drive programs and initiatives that include, among others, sourcing 1,500 MW of its power requirements from clean energy and building 1,500 MW of *RE* capacity through 2027; electrifying 25% of its vehicle fleet by 2030; planting and nurturing five (5) million trees by 2025 to help protect and preserve Philippine forests and watersheds; and achieving 40% women representation in its workforce by 2030.

Conclusion

*“Meralco’s exceptional operational and financial performance last year reflects our consistent efforts to deliver stable and reliable electric service to help power the Philippine economy. Our service area in aggregate accounts for about half of the country’s gross domestic product, which grew 7.6% last year, its fastest in four (4) decades. This highlights the crucial role we play in powering the continued recovery efforts of our country, especially with persisting challenges that include soaring inflation and anticipated global slowdown this year,” Chairman **Manuel V. Pangilinan** said.*

*“Meralco always faces challenges head on, driven by our commitment to continue delivering valuable service not only to our customers and shareholders, but also to Government partners and the public. In the year ahead, our continued pursuit of delivering service improvements and achieving sustainability milestones, which include the scheduled commercial operations of new renewable energy projects. I am confident that 2023 will be another productive year for *Meralco*, raising shareholder value much further in 2023, and remaining a reliable nation-building partner of the country,” **Mr. Pangilinan** concluded.*

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	MANILA ELECTRIC COMPANY Consolidated Financial Highlights (In Million Pesos, except per share data)		
	For the Year Ended December 31, 2022		% Change
	2022	2021	
REVENUES			
Electricity	413,950	309,238	34
Non-electricity	12,579	9,309	35
	426,529	318,547	34
COSTS AND EXPENSES	406,348	289,208	41
OTHER INCOME – net	15,055	3,656	312
INCOME BEFORE INCOME TAX	35,236	32,995	7
PROVISION FOR INCOME TAX	6,648	8,912	(25)
NET INCOME	28,588	24,043	19
NET INCOME – REPORTED	28,431	23,498	21
CORE NET INCOME	27,105	24,608	10
EARNINGS PER SHARE			
On Reported Net Income			
Basic	25.23	20.85	21
Diluted	25.23	20.85	21
On Core Net Income ¹			
Basic	24.05	21.83	10
Diluted	24.05	21.83	10

¹ Reported net income, adjusted to exclude the effect of foreign exchange gains or losses, impairment charges, 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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