

# COVER SHEET

P	W	-	1	0	2			
---	---	---	---	---	---	--	--	--

S.E.C Registration Number

[illegible]

(Company's Full Name)

[illegible]

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

**ATTY. WILLIAM S. PAMINTUAN**

Contact Person

8632-8014

Company Telephone Number

1	2	-	3	1
---	---	---	---	---

Month      Day

Fiscal Year

	1	7	-	C	
--	---	---	---	---	--

FORM TYPE

0	5	3	0
---	---	---	---

Month      Day

Day

Annual Meeting

\_\_\_\_\_

Secondary License Type, if Applicable

--	--	--

Dept. Requiring this Doc.

\_\_\_\_\_

Amended Articles Number/Section

\_\_\_\_\_

Total No. of Stockholders

### Total Amount of Borrowings

		Total / times

Domestic

of Borrowings

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

[illegible]

Document I.D.

Cashier

# STAMPS

## 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 26, 2024*
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) 8632-8014 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 January 31, 2024)***

**Debt Securities: Php 7.0 Billion Bonds**

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

The Company's Board of Directors, in its regular meeting held today, February 26, 2024, approved the following:

1. The Company's Financial and Operating Results for the Full Year 2023 with comparatives for 2022 listed below:

	<b>MANILA ELECTRIC COMPANY Consolidated Financial Highlights (In Million Pesos, except per share data) For the Years December 31</b>		
	<b>2023</b>	<b>2022</b>	<b>% Change</b>
REVENUES			
Electricity	430,181	413,950	4
Non-electricity	13,431	12,579	7
	443,612	426,529	4
COSTS AND EXPENSES	407,279	406,348	-
EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES	11,479	12,035	(5)
OTHER INCOME (EXPENSES) – net	(1,023)	3,020	(134)
INCOME BEFORE INCOME TAX	46,789	35,236	33
PROVISION FOR INCOME TAX	8,111	6,648	22
NET INCOME	38,678	28,588	35
NET INCOME – REPORTED	38,023	28,431	34
CORE NET INCOME	37,110	27,105	37
EARNINGS PER SHARE			
On Reported Net Income			
Basic	33.735	25.225	34
Diluted	33.735	25.225	34
On Core Net Income <sup>1</sup>			
Basic	32.925	24.048	37
Diluted	32.925	24.048	37


<sup>1</sup> 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.

2. The declaration of cash dividends of PhP11.235 a share to all shareholders of record as of March 27, 2024, payable on April 24, 2024. This brings the total dividend declared out of the 2023 Core Consolidated Net Income (CCNI) to PhP19.755 a share, equivalent to 60% 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 26, 2024**

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

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

**FINANCIAL AND OPERATING RESULTS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
WITH COMPARATIVES FOR 2022**

---

- **CONSOLIDATED CORE NET INCOME (“CCNI”) INCREASED 37% TO PESOS 37.1 BILLION; CONSOLIDATED REPORTED NET INCOME ROSE 34% TO PESOS 38.0 BILLION**
- **CORE EARNINGS PER SHARE (“EPS”) AT PESOS 32.925 PER SHARE, UP 37%; REPORTED EPS AT PESOS 33.735 PER SHARE, UP 34%**
- **MERALCO BOARD APPROVED THE DECLARATION OF FINAL CASH DIVIDEND OF PESOS 11.235 PER SHARE PAYABLE TO ALL SHAREHOLDERS ON RECORD AS OF MARCH 27, 2024. TOTAL CASH DIVIDENDS DECLARED FOR 2023 AT PESOS 19.755 PER SHARE, PAYOUT AT 60% OF CORE EPS. YEAR-END 2023 DIVIDEND YIELD AT 5%**
- **POWER DISTRIBUTION BUSINESS ACCOUNTED FOR 64% OR PESOS 23.7 BILLION OF CCNI, POWER GENERATION BUSINESS CONTRIBUTED PESOS 9.7 BILLION OR 26%**
- **CONSOLIDATED REVENUES GREW 4% TO PESOS 443.6 BILLION, LARGELY DRIVEN BY THE DISTRIBUTION BUSINESS, WITH SALES VOLUME RISING 4%. IN 2022, REVENUES WERE LOWER WITH THE IMPLEMENTATION OF THE DISTRIBUTION RATE TRUE-UP (“DRTU”) REFUND**
- **MERALCO SPENT PESOS 30.0 BILLION IN CAPITAL EXPENDITURES FOR ITS DISTRIBUTION NETWORK IMPROVEMENT PROJECTS, RENEWABLE ENERGY INVESTMENTS, AND TOWERS AND TELECOMMUNICATIONS BUSINESSES**
- **NET VOLUMES OF ENERGY (i) GENERATED BY MERALCO-OWNED OR CONTROLLED PLANTS, (ii) SOLD BY RETAIL ELECTRICITY SUPPLY UNITS AND (iii) DISTRIBUTED BY MERALCO TOTALED 64,264 GWH, HIGHER BY 6%**
- **MGEN RENEWABLE ENERGY, INC. COMPLETED THE ACQUISITION OF A 50.5% INTEREST IN SP NEW ENERGY CORPORATION (“SPNEC”) FOR PESOS 15.9 BILLION PRIMARY SHARES. SPNEC IS THE DEVELOPER OF THE COUNTRY’S LARGEST SOLAR POWER PROJECT**
- **MERALCO EARMARKED SIGNIFICANT CAPITAL INVESTMENTS FOR ITS SUSTAINABILITY INITIATIVES THROUGH 2030; NUCLEAR ENERGY INITIATIVES STARTED WITH A PARTNERSHIP WITH US-BASED ULTRA SAFE NUCLEAR CORPORATION**

MANILA, Philippines, February 26, 2024 – Manila Electric Company (“Meralco”) today reported that Consolidated Core Net Income for the year ended December 31, 2023 rose by 37% to Pesos 37.1 billion

from Pesos 27.1 billion in 2022, driven by significant contributions from its power generation and retail electricity businesses, and continued increase in energy sold by its distribution utility (“DU”) business.

Consolidated Reported Net Income likewise improved by 34% to Pesos 38.0 billion from Pesos 28.4 billion.

*Meralco* ended the year with Core Earnings Per Share (“EPS”) of Pesos 32.925, higher by 37% over the previous year, and Reported EPS of Pesos 33.735, up 34%. Consolidated revenues were at Pesos 443.6 billion from Pesos 426.5 billion due to the combined effect of the increase in energy sales of the DU and the downward impact of the DRTU refund in 2022.

*Meralco’s* average retail rate rose by 11% to Pesos 10.55 per kWh from Pesos 9.52 per kWh year-on-year largely due to the 11% increase in generation charge, which accounted for about 66% of the total retail rate during the year. On the other hand, *Meralco’s* average distribution charge accounted for 14% of the retail rate. *Meralco’s* approved tariff is at Pesos 1.3522 per kWh.

Purchased power cost (“PPC”) increased by 2% to Pesos 328.2 billion from Pesos 322.6 billion, reflecting the (i) higher cost of replacement power for the capacity previously provided under the terminated Power Supply Agreements (“PSAs”) with South Premiere Power Corporation (“SPPC”) for 670 MW and with Sual Power, Inc. for 330 MW; (ii) increase in the fuel component and energy fee of the non-renewable power generation plants; and (iii) peso depreciation.

Partially mitigating the increase in PPC were the lower Malampaya gas price, which was at an average price of US\$ 9.60 per GJ in 2023 from US\$ 10.18 per GJ a year ago, and lower average Wholesale Electricity Spot Market (“WESM”) prices with improved supply conditions and lesser instances when the secondary price cap was imposed. There were only one (1) Yellow/Red Alert and two (2) Yellow Alerts in 2023 compared with two (2) Yellow/Red Alerts and 10 Yellow Alerts in 2022. The secondary price cap was triggered only 7.2% of the time in 2023 versus 25.6% in 2022.

By end-2023, *Meralco* had invested Pesos 30.0 billion for capital expenditures (“CAPEX”), of which 67% or Pesos 20.2 billion were utilized for Network CAPEX that covered new connections, asset renewals, and load growth projects, as well as pole relocation works to support various Government infrastructure projects. Significant amounts were also spent on (i) additional 334 telecom towers transferred to Miescor Infrastructure Development Corporation (“MIDC”) under a sale and leaseback arrangement and additional 36 build-to-suit telecom towers; (ii) the completion of Phase 1 and on-going construction of Phase 2 of the Baras solar plant by PH Renewables, Inc., a joint venture between *Meralco* PowerGen Corporation (“MGen”) and Mit-Renewables Philippine Corporation; and (iii) continued facilities build-out of Radius Telecoms, Inc. (“Radius”).

Operating expenses (“OPEX”) were flat at Pesos 37.5 billion with the lower amount of provision for bad debts, which offset the higher costs of (i) contracted services for repairs and maintenance of DU facilities; (ii) information systems and information technology-related expenses, including cloud storage upgrade; (iii) customer-related expenses for disconnection, reconnection and relocation, and collection services of the DU; and (4) salaries/contracted services and project-related materials costs of non-power subsidiaries.

Consolidated interest-bearing debt stood at Pesos 99.4 billion, including those of subsidiaries which totaled Pesos 53.9 billion. Maturities within one (1) year amounted to Pesos 33.6 billion. In December

2023, holders of Pesos 4.1 billion out of a total Pesos 7.0 billion 12-year Note put their bonds on *Meralco*, with the balance to be settled upon maturity in December 2025.

Today, the *Meralco* Board of Directors (“BOD”) approved the declaration of a final cash dividend amounting to Pesos 11.235 a share to all shareholders of record as at March 27, 2024, payable on April 24, 2024. This brings the total dividend declared out of the 2023 CCNI to Pesos 19.755 a share, equivalent to 60% of Core EPS. Using the December 31, 2023 closing price of MER of Pesos 399.00, dividend yield stood at 5%. Total cash dividend paid and to be paid out of 2023 CCNI would total Pesos 22.3 billion.

### **Sustained sales growth for commercial and residential customer segments**

Consolidated DU energy sales volumes sustained growth as it improved by 4%, ending 2023 with 51,044 GWh from 48,916 GWh the previous year. *Meralco’s* volume was 4% higher; that of Clark Electric Distribution Corporation (“*Clark Electric*”) grew by 6%.

Commercial segment maintained the largest share in the sales mix, increasing to 37% from 36% previously. Residential share remained at 35% while Industrial segment’s share slightly dipped from 29% to 28%.

Sales volumes of the Commercial segment was at 19,005 GWh by the end of the year, 9% higher than the 17,403 GWh in 2022, and surpassing pre-pandemic 2019 performance. This was driven by strong business recovery, higher demand of hotels and leisure sectors with increasing tourist arrivals and higher real estate demand, and upbeat public confidence that led to more in-person activities.

Residential segment registered a 4% growth to 17,781 GWh from 17,148 GWh in 2022. Despite slipping in the first quarter of 2023, subsequent quarters showed recovery in sales volumes, influenced by higher usage in cooling appliances due to the transition to warmer weather conditions brought by El Niño. Incremental consumption from condominiums and dormitories due to face-to-face classes, more onsite work arrangements, and increased time spent at home during long holiday weekends contributed further to household demand.

Industrial segment saw its sales volume slip by 1% to 14,113 GWh from 14,221 GWh, as the semiconductor industry posted negative year-end sales, despite gradual recovery in the second half as key accounts diversified into electric vehicle (“EV”) chips. Construction sectors, particularly cement and steel, meanwhile, were affected by import and supply challenges, self-generation from waste heat recovery, and production shutdowns. On the other hand, food and beverage, and generation wheeling from embedded generators posted positive annual growth for the Industrial segment.

Growth in consolidated customer count was sustained as it ended the year at 7.8 million from 7.6 million in 2022, up 3%.

*Meralco* realized its investments in improving and expanding its digital touchpoints with 65% of customer care interactions coursed through *Meralco* Online, chatbot, live chat, e-mail, and social media from 60% in 2022.

In line with its continuing pursuit to improve its operations, *Meralco* recorded a 12-month moving average (“12-MMA”) system loss of 5.88%, the 16<sup>th</sup> consecutive year that it performed well below the indicative regulatory cap that brought about Pesos 4.9 billion savings for its customers in 2023. *Clark Electric’s* 12-MMA system loss, meanwhile, was at 1.92%.

## Regulatory developments

### *Competitive Selection Process*

In accordance with its Power Supply Procurement Plan (“*PSPP*”) approved by the Department of Energy (“*DOE*”), *Meralco* conducted a series of Competitive Selection Process (“*CSP*”) to cover its interim and future capacity requirements pursuant to its mandate to deliver sufficient, stable, and reliable electricity service at the least cost possible. *Meralco*, through its Bids and Awards Committee for *PSAs* (“*BAC-PSA*”) secured the best bids for its baseload requirements beginning this year.

The lowest levelized cost of electricity (“*LCOE*”) offers for the 1,800-MW *CSP* put out for bid in December 2023 came from: *GNPower Dinginin Ltd. Co.* at Pesos 6.8580 per kWh for 300-MW supply; *Mariveles Power Generation Corporation* at Pesos 6.9971 per kWh for another 300 MW; and *Excellent Energy Resources, Inc.* at Pesos 7.1094 per kWh for the remaining 1,200-MW capacity. For the 1,200-MW requirement covered by another *CSP* launched in February 2024, *SPPC* submitted the lowest bid of Pesos 7.0718 per kWh *LCOE* for the entire capacity.

Notices of Award were issued to the winning bidders on January 30, 2024, and the resulting 15-year *PSAs* are set to be filed with the Energy Regulatory Commission (“*ERC*”) for review and approval prior to implementation.

*Meralco* is also conducting *CSPs* for *PSAs* covering 400 MW of baseload requirement and 260 MW of peaking requirement beginning March 2024 in preparation for an expected increase in demand during the dry months. The *PSAs* arising from the *CSPs* shall take effect once approved by the *ERC* until February 2025 and July 2024, respectively.

“As we approach the dry season, we continue to be proactive in securing sufficient and competitive-priced power through our *CSPs*, while remaining vigilant on the possible impact of the lingering El Niño phenomenon. We are working closely with the government and industry partners to push for demand-side management efforts and energy efficient practices that we believe would help in ensuring that there will be stable and reliable supply in the coming months,” *Executive Vice President Ronnie L. Aperocho* said.

### **Power Generation**

The combined energy volume generated and sold by the power plants in the Philippines and Singapore amounted to 14,293 GWh in 2023, flat versus 2022.

Wholly-owned power generation subsidiary, *MGen*, contributed Pesos 9.7 billion to *Meralco’s CCNI* in 2023, 80% higher than the Pesos 5.4 billion posted in the same period in 2022, driven by continuing positive performance of *PacificLight Power Pte. Ltd.* (“*PacificLight*”), the recovery of *Global Business Power Corporation* (“*GBP*”), and the contribution of *MGen Renewable Energy, Inc.’s* (“*MGreen*”) solar power projects. As of end-2023, *MGen* had combined power generation capacity of 2,240 MW (net) in the Philippines and in Singapore.

Singapore-based *PacificLight* recorded a core net income of S\$ 400.0 million (Pesos 16.2 billion) from the S\$ 305.4 million (Pesos 12.1 billion) in 2022 on account of higher blended non-fuel margins in Singapore, which averaged at S\$104.69 per MWh against S\$76.32 per MWh. *PacificLight’s* 771 MW (net) liquefied



natural gas facility in Jurong Island, Singapore delivered a total of 5,719 GWh of energy in 2023. *MGen* holds a combined direct and indirect interest of 58% in *PacificLight*.

San Buenaventura Power Ltd. Co. ("*SBPL*"), which is 51% owned by *MGen*, booked a core net income of Pesos 2.5 billion from Pesos 3.5 billion and delivered 2,360 GWh of energy, with plant availability settling at 89% during the year. The full capacity of the 455 MW (net) supercritical coal-fired plant in Mauban, Quezon is fully contracted by *Meralco* under an *ERC*-approved *PSA* through 2039.

*GBP* posted a *CCNI* of Pesos 505.0 million, a turnaround from last year's core net loss of Pesos 2.7 billion, owing to improved plant availability and contracting. *GBP* delivered 5,867 GWh of energy from its portfolio of coal and oil plants with a net capacity of 824 MW, of which 635 MW are contracted under *PSAs* with captive and contestable customers and Ancillary Services Procurement Agreements ("*ASPAs*").

*MGreen*, *MGen's* renewable energy arm, reported a Pesos 67.0 million *CCNI* from its three (3) operating solar plants with a total of 347 GWh energy delivered from the 55-MWac (net) solar plant of PowerSource First Bulacan Solar, Inc. ("*BulacanSol*"), 68-MWac solar plant of Nuevo Solar Energy Corporation ("*NSEC*"), and 67.5-MWac Phase 1 solar plant of PH Renewables Inc. ("*PHRI*").

*MGreen*, on December 27, 2023, completed the acquisition of primary common and redeemable voting preferred shares of *SPNEC* for Pesos 15.9 billion, giving *MGreen* 50.5% controlling interest in the listed renewable energy firm. Through *SPNEC*, *MGreen* is set to develop 3,500 MW (gross) solar facilities with an accompanying 4,000 MWh battery energy storage system.

In January 2024, *MGreen* signed an engineering, procurement and construction ("*EPC*") contract with SUMEC Complete Equipment and Engineering Co. Ltd. for its 18.75-MWac solar plant in Bongabon, Nueva Ecija, and the 49 MWac solar plant in Cordon, Isabela which are both set to commence operations in the first quarter of 2025.

### **Retail Electricity Supply ("*RES*")**

*MPower*, the local *RES* unit of *Meralco*, *Clark Electric's* Cogent, *MGen's* Global Energy Supply Corporation ("*GESC*"), and two (2) other affiliate retail electricity suppliers namely Vantage Energy and MeridianX, sold 7,075 GWh of energy to the contestable market as of end-December 2023, lower by 16% compared with 2022.

### **Sustainability and social development initiatives**

To accelerate the implementation of its sustainability agenda, *Meralco* has allocated significant capital investments through 2030 to pursue distribution network improvements, accelerate its renewable energy buildout, advance solar energy and *EV* solutions, and implement social amelioration and development programs under its Long-Term Sustainability Strategy ("*LTSS*").

Part of the Company's *LTSS* is its adoption of next generation clean technologies, including nuclear energy. In November 2023, *Meralco* and US-based Ultra Safe Nuclear Corporation ("*USNC*") signed a cooperative agreement to conduct a four-month pre-feasibility study on the potential deployment of micro modular reactor energy systems in the Philippines in support of the country's push to develop nuclear energy.

Through One Meralco Foundation (“OMF”), *Meralco* stayed true to its mission of spreading the light to the farthest areas in the country as it energized its 75,000<sup>th</sup> low-income household and its 300<sup>th</sup> off-grid public school in Balabac Island, Palawan in 2023. It also reached mountain schools in the province of Sultan Kudarat for the first time, powering three (3) schools that cater to Indigenous Peoples. Also bringing positive impact in the lives of more marginalized Filipinos are OMF’s water access, livelihood and rural health centers electrification which have been benefitting indigent families, coffee farmers, and more off-grid communities.

By the end of 2023, OMF has expanded its One for Trees environmental program—nurturing 2.3 million trees in 35 reforestation sites in the country, with 2,359 tree farmers and their families directly benefiting by improving the economic welfare and social well-being of the people who maintain these trees.

## **Conclusion**

“I daresay that *Meralco*’s 2023 performance has exceeded expectations. This year, we expect to move forward with our long-term goal of achieving sustainable energy security through our investments in utility scale power generation projects, including exploring the possible adoption of nuclear energy in the country,” *Meralco Chairman and Chief Executive Officer* **Manuel V. Pangilinan** said.

“Our mission in *Meralco* goes beyond delivering innovative products and quality services to Filipino consumers. Our strategic expansion and social development initiatives have always been anchored on our firm commitment to create additional and transformative value to our stakeholders, power the country’s economic progress, and contribute further to the advancement of the Government’s socio-economic agenda,” **Mr. Pangilinan** concluded.

	<b>MANILA ELECTRIC COMPANY</b> <b>Consolidated Financial Highlights</b> <b>(In Million Pesos, except per share data)</b>		
	For the Years December 31		% Change
	2023	2022	
REVENUES			
Electricity	430,181	413,950	4
Non-electricity	13,431	12,579	7
	443,612	426,529	4
COSTS AND EXPENSES	407,279	406,348	-
EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES	11,479	12,035	(5)
OTHER INCOME (EXPENSES) – net	(1,023)	3,020	(134)
INCOME BEFORE INCOME TAX	46,789	35,236	33
PROVISION FOR INCOME TAX	8,111	6,648	22
NET INCOME	38,678	28,588	35
NET INCOME – REPORTED	38,023	28,431	34
CORE NET INCOME	37,110	27,105	37
EARNINGS PER SHARE			
On Reported Net Income			
Basic	33.735	25.225	34
Diluted	33.735	25.225	34
On Core Net Income <sup>1</sup>			
Basic	32.925	24.048	37
Diluted	32.925	24.048	37

<sup>1</sup> 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.

For further information, please contact:

Betty C. Siy-Yap  
Senior Vice President –  
Chief Finance Officer  
Tel. No. (632) 1622 1571

Joe R. Zaldarriaga  
Vice President –  
Head, Corporate Communications  
Tel. No. (632) 8 632 8603