

Investors and Analysts' Briefing and Teleconference

Financial and Operating Results for the Nine Months ended September 30, 2013

October 25, 2013

**Pasig Room, 14th Floor, Lopez Building
Ortigas Avenue, Pasig City**





Investors and Analysts' Briefing and Teleconference

Operating Results

for the nine months ended September 30, 2013

Oscar S. Reyes

President and Chief Executive Officer



3Q 2013 Highlights

ENERGY SALES

Sept 2013 YTD

↑ 4.8%

+1,168 GWh

CUSTOMER COUNT

Sept 2013 YTD

↑ 3.3%

+169,063

NSI

Sept 2013 YTD

↑ 4.3%

+1,130 GWh

EVENTS OF INTEREST



REGULATORY STANDARDS

Sept 2013 YTD

ALL REWARDS

ALL W/IN LIMITS

MPOWER VOLUME

Jul - Sept 2013

59.2% share

(RCOA market)

AVE. RATES

Jul-Sept 2013 *

P8.77/kWh

3Q 2013 Highlights

Energy Sales, Sept. YTD

↑4.8%*

+1,168 GWh

Customer Count, Sept. YTD

↑3.3%*

+169,063 customers

Net System Input, Sept. YTD

↑4.0%*

+1,130 GWh

MPower Volume Jul-Sept 2013

59.2% of Contestable Customers

S-Factor ; GSL Indicators

Within Rewards/
Within Regulatory Limits**

Ave. Rate, Jul- Sept. 2013***

P8.73/kWh

Business Updates, Sept. YTD

Performance as at Sept. 30, 2013

*vs. 2012 same period

**RY2014 period (July 1, 2013-June 30, 2014)

***for Meralco's Captive and Contestable (MPower) customers



Details »



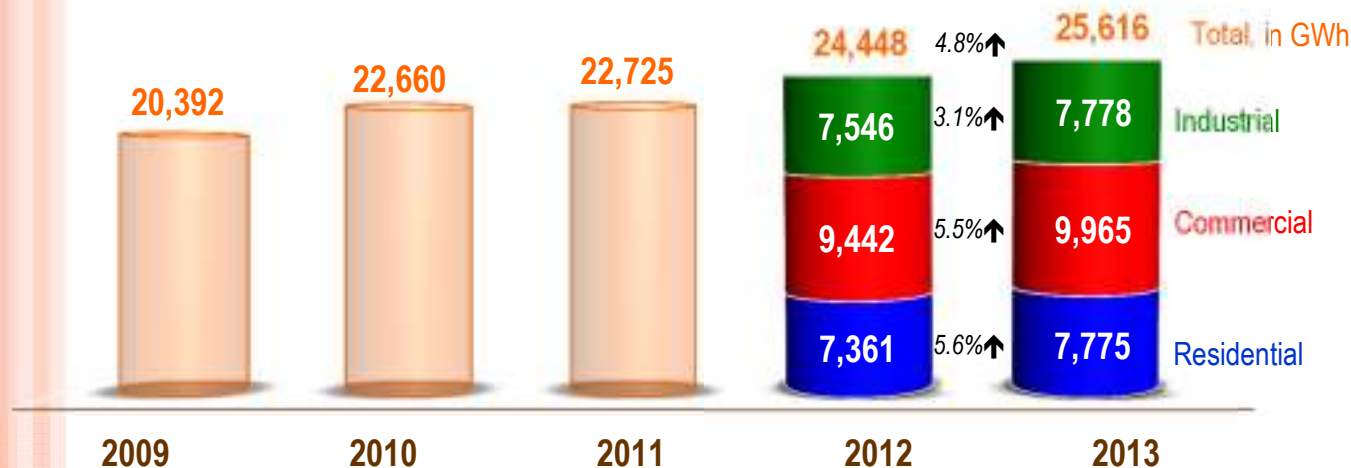


Energy Sales, September 2013 YTD

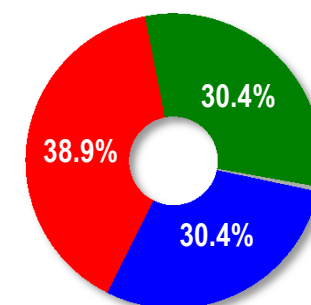
Movers

➤ Up 4.8% vs. 2012 at 25,616 GWh (+1,168 GWh)

Details:



Share of Sales*:



*Sales volume for Flat Streetlights (98 GWh) account for 0.4%

Movers as of September 2013:

- Food and Beverages ↑
- Electrical Machinery (semicon) ↑
- Miscellaneous Manufactures ↑
- Real Estate (condominiums, BPO office space) ↑
- Private Services (hotels, malls, hospitals) ↑
- Retail Trade ↑
- Increased household consumption mainly due to warmer temperature and lower inflation ↑

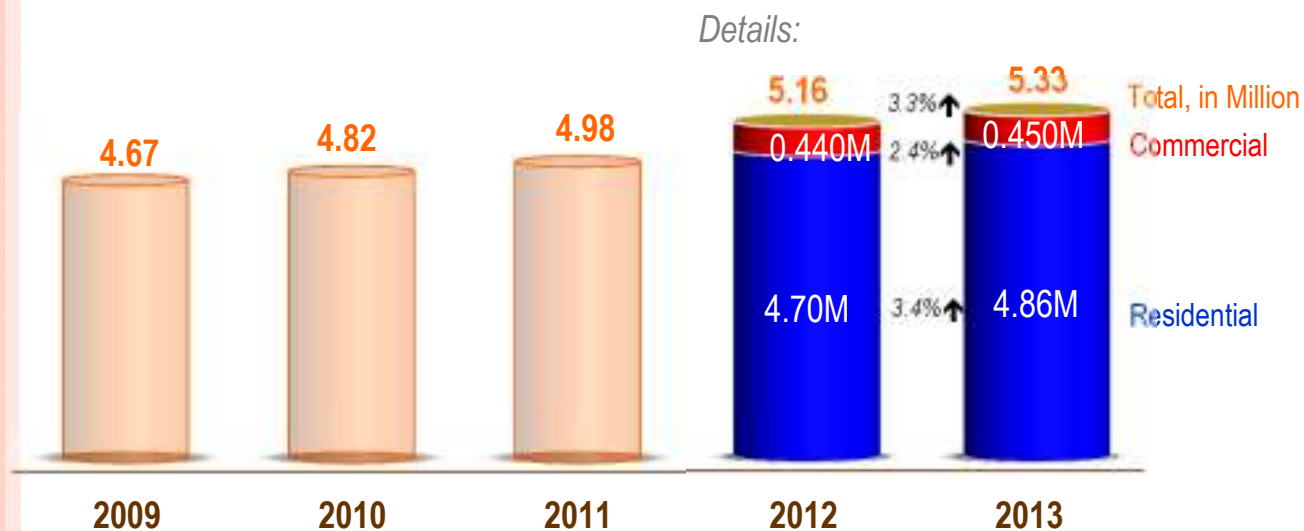
Performance as at Sept. 30, 2013

CONSOLIDATED

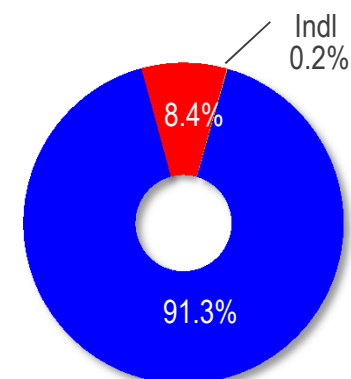


Customer Count, September 2013 YTD

- Up 3.3% vs. 2012 to 5.33 million customers
- Total of 136,401 new customers* in 2013, majority Residential

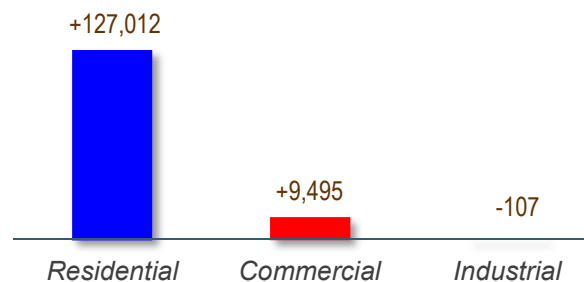


Share of Count*:



*Industrial (9,682) and Flat Streetlights (4,450) account for 0.3% of the total

New Customers:



*136,401 new customers starting Jan 2013 (net, additions less terminations)

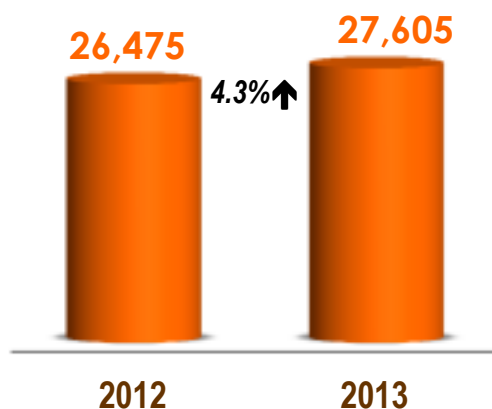


Net System Input (NSI)*

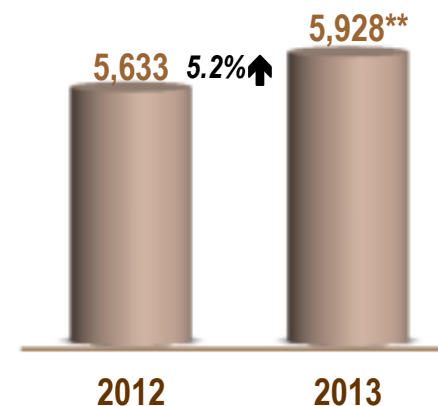
➤ Sept 2013 YTD up 4.3% vs. 2012

➤ Meralco peak demand of 5,928 MW, all-time high

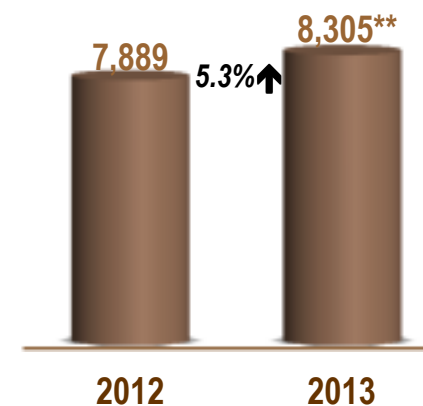
Sept 2013 YTD, GWh:



Meralco YTD Peak Demand, MW:



Luzon YTD Peak Demand, MW:



*2013 NSI includes:

- Power purchases of D.U. (for Captive Customers), its Local RES (for Contestable Customers);
- Other RESs (for Contestable Customers including SDC)
- Volumes for CEZ, Sunpower, Coccochem Agro-Industrial Park (CAIP)
- Volume for CEDC

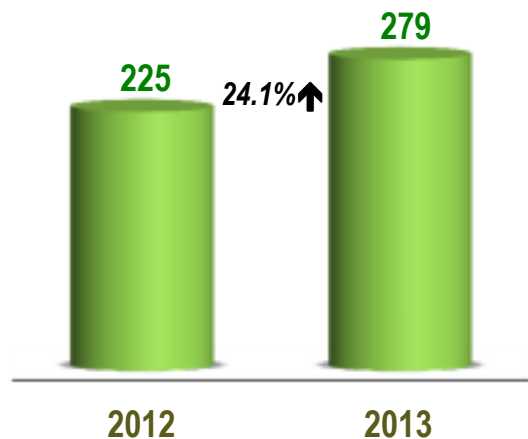
^{**}occurred May 8, 2013



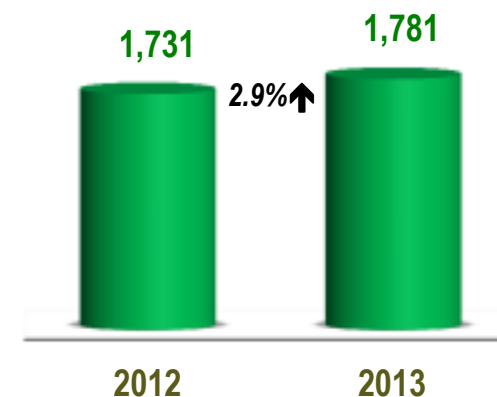
Clark Electric (CEDC), September 2013 YTD

➤ Strong growth in Energy Sales and NSI vs. 2012

Energy Sales, GWh



Customer Count



NSI, GWh



	Sales, Share	Count, Share
Commercial	41.2%	56.9%
Industrial	57.4%	6.2%
Residential	1.1%	33.6%

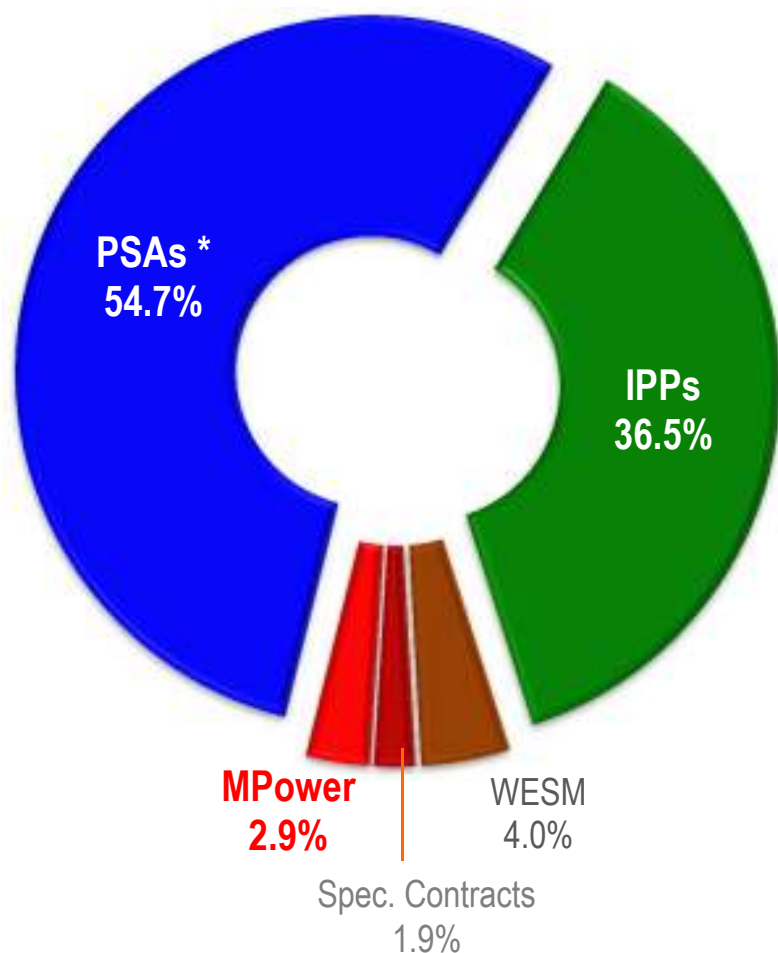
Flat Streetlights' sales and count shares account for 0.4% and 3.3%, respectively.



Power Supply Sourcing, September 2013 YTD

➤ Meralco Captive & Contestable Customers

Sept 2013 YTD Sourcing



SOURCE	Sept 2013 YTD	
	GWh	Share
PSAs-Total	14,795.8	54.7%
SEM-Calaca	2,011.0	7.4%
MPPC-Masinloc	2,055.1	7.6%
TLI-Pagbilao	1,671.8	6.2%
SMEC-Sual	2,578.3	9.5%
SPPC-Ilijan	5,561.4	20.6%
Others-Renewables*	918.2	3.4%
IPPs-Total	9,883.4	36.5%
Sta. Rita	5,423.7	20.0%
San Lorenzo	2,421.2	8.9%
QPPL	2,038.5	7.5%
WESM	1,092.4	4.0%
MPower (Meralco RES)	788.7	2.9%
Spec. Contracts	501.7	1.9%
TOTAL POWER SOURCED (includes Captive, MPower & Spe. Cont. volumes)	27,061.9	100.0%

*Includes volumes of Philpodeco, Montalban Methane Power Corp., Bacavalley Energy Inc. and Pangea

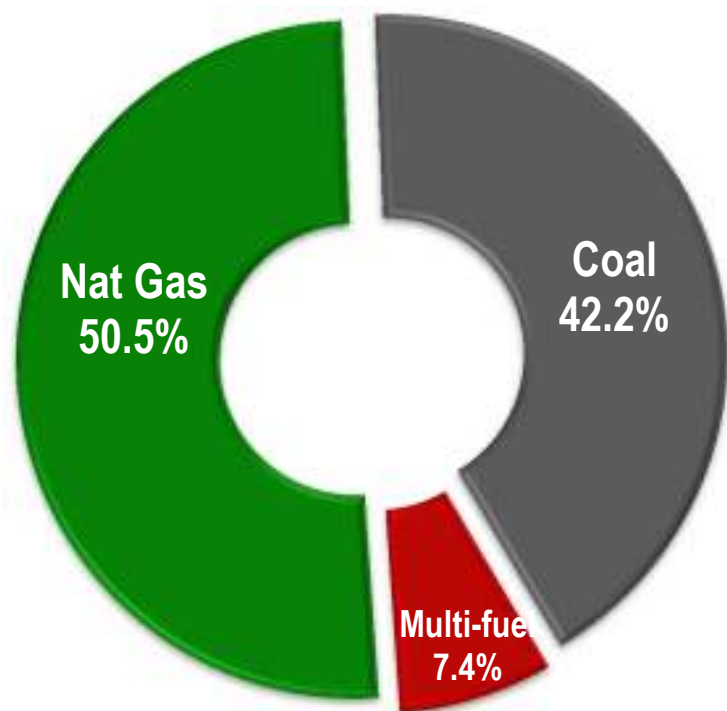
CONSOLIDATED



Power Plant Fuel Source Mix, September 2013 YTD

➤ Majority of supply used Natural Gas

Sept 2013 YTD Mix



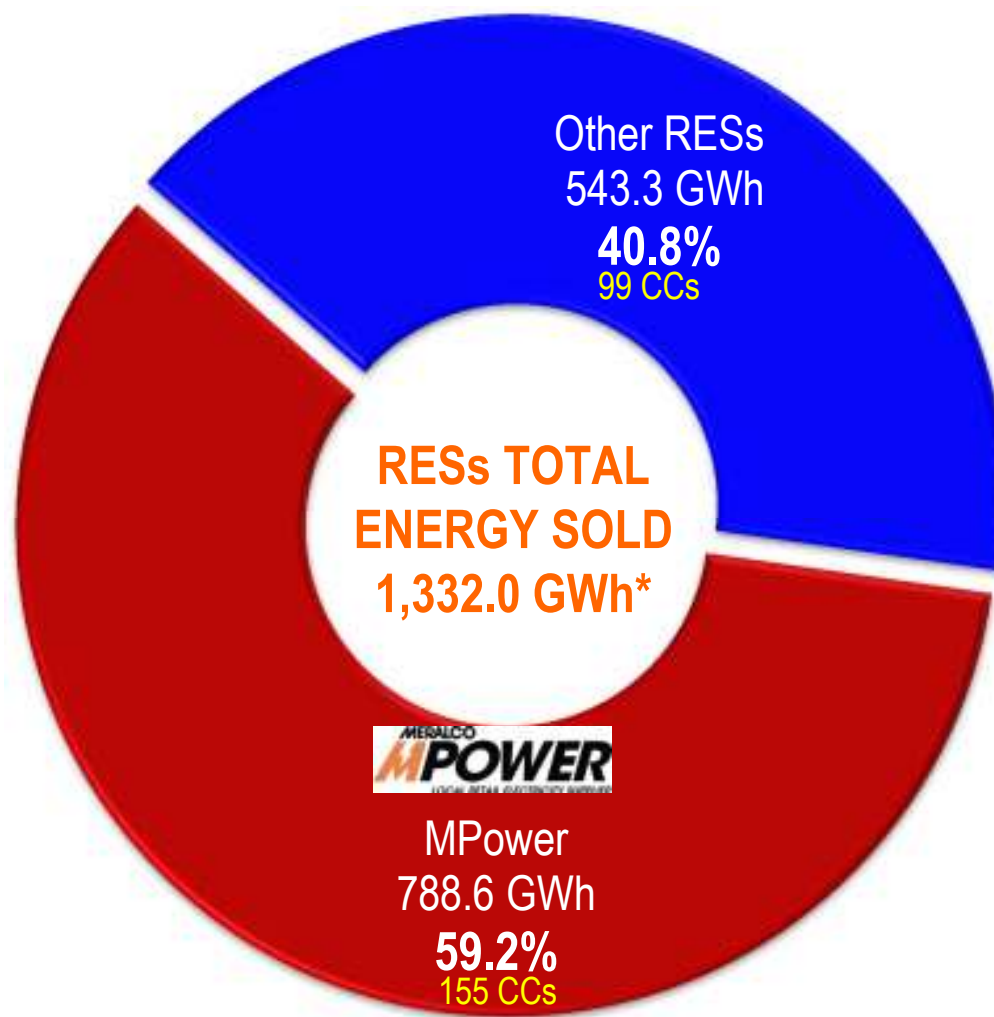
SOURCE	Sept 2013 YTD	
	GWh	Share
Natural Gas	13,658.4	50.5%
Coal	11,408.3	42.2%
Multi-fuel*	1,995.2	7.4%
TOTAL POWER SOURCED (includes Captive, MPower & Spe. Cont. volumes)	27,061.9	100.0%

*Biomass, Nat Gas, Hydro, Coal, et al.



Contestable Market Share*, Jul-Sept 2013 Billings

➤ MPower takes 59.2% of available contestable volume

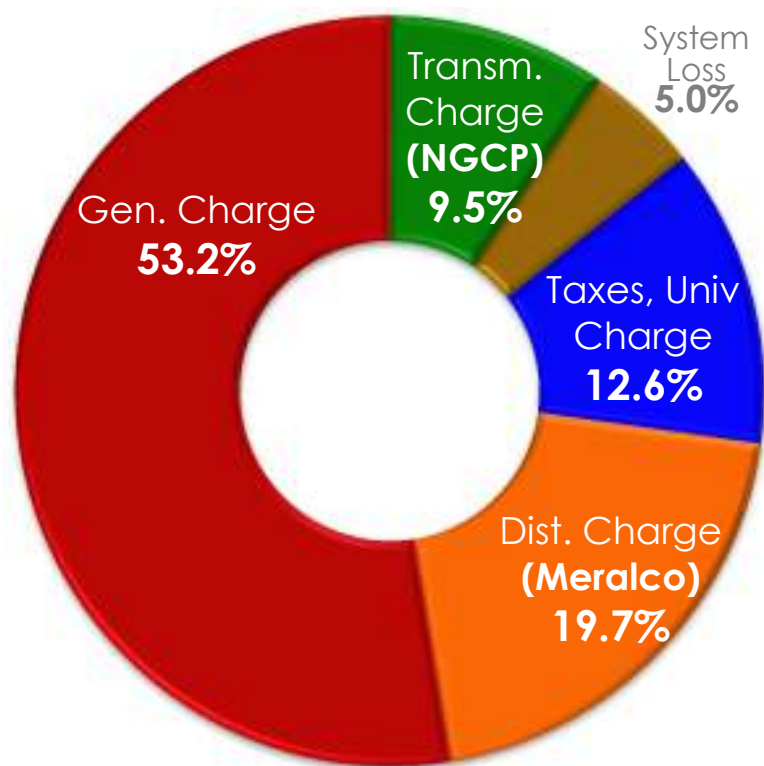




Ave. Rates Jul-Sept 2013*

➤ Generation Charge, largest component in customer's bill, 53.2%; Meralco 19.7%; NGCP 9.5%

Meralco's Captive & Contestable Customers (MPower) share



BILL COMPONENT	Jul-Sept 2013 Overall Ave, P/kWh
Generation Charge	4.66
Distribution Charge (MERALCO)	1.73**
Transmission Charge (NGCP)	0.83
System Loss Charge	0.44
Taxes, Univ Charge	1.10
TOTAL	8.77

****For all customers, Distribution Charge for Sept 2013 is P1.65/kWh**

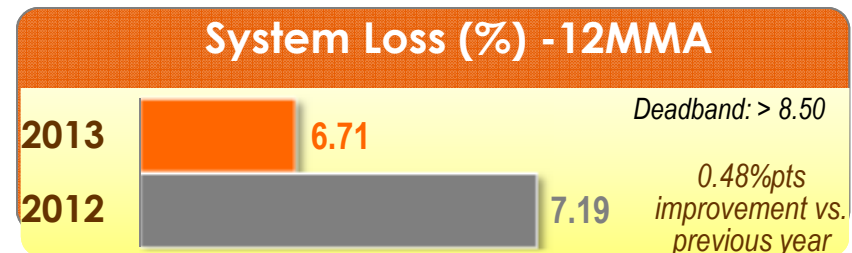
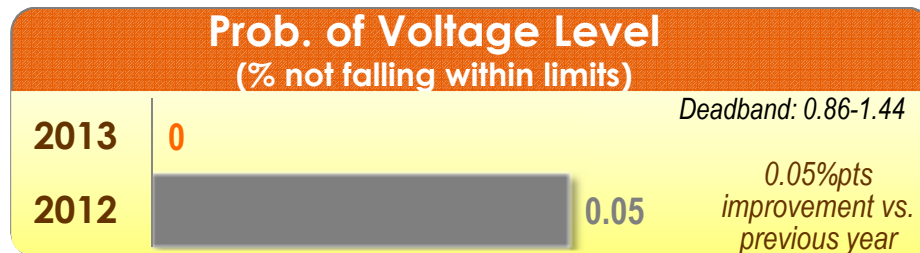
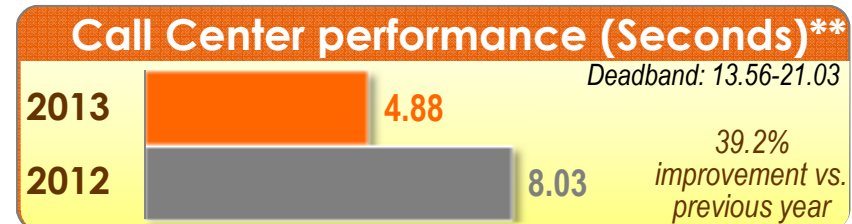
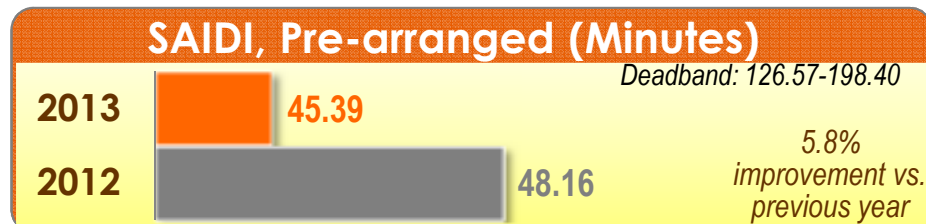
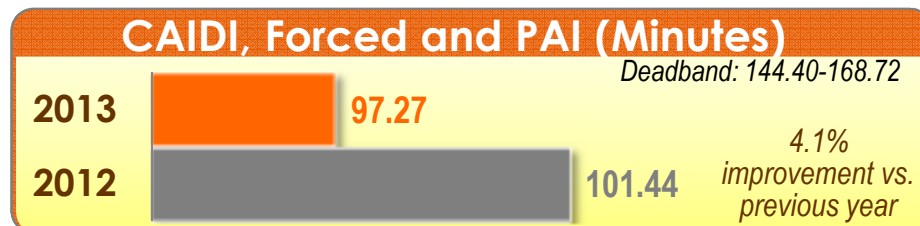
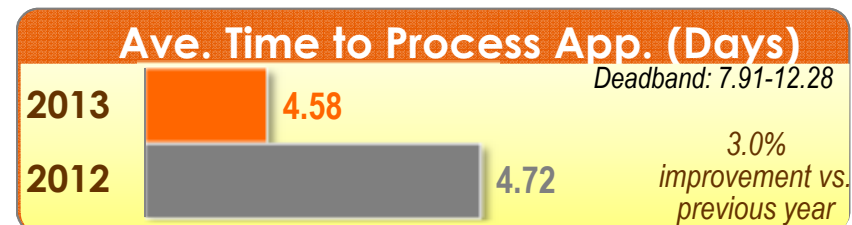
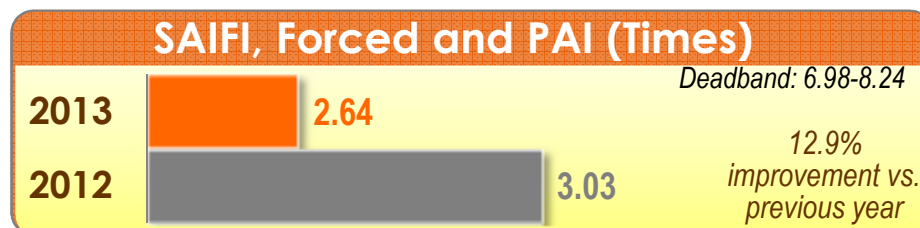
*Average Billing Rates for Meralco's Captive and Contestable (MPower) customers only.

Dist Ch



S-Factor Performance: Sept 2013 YTD

➤ All indicators well within rewards* range; vs. 2012, all indicators improved



*ERC-imposed performance band

**excluding effects of Habagat 2012



System Loss Performance

- 12-MMA ending Sept 2013 at 6.71%
- Lower by 0.48%pts vs. Sept 2012's 7.19%

**LOWEST
EVER**

— YEAR AGO 12-MMA (OCT '11-SEPT '12)

— LATEST 12-MMA (OCT '12- SEPT '13)

8.5% SL CAP, 2010-PRESENT

7.44

7.14

1.79%

7.19

6.71

(lowest to-date)

OCT

NOV

DEC

JAN

FEB

MAR

APR

MAY

JUN

JUL

AUG

SEP

- Official ERC-filed Meralco System Loss, in percent which excludes Clark Electric Distribution Corp. (CEDC)'s 12MMA system loss ending Sept 2013 of 4.09% and Sept 2012 of 3.67%

Performance as at Sept. 30, 2013

PARENT



RY 2014 GSL Performance: Jul-Sept '13

➤ All GSL performances are well within set limits

GSL1 : Customer experiencing a cumulative duration of sustained service interruptions in a Regulatory Year that exceeds the threshold

Actual RY2014

5,322 customers

No. of Violations for RY2014 (Ceiling)

373,658

GSL2 : Customer experiencing a total number of sustained interruption in a Regulatory Year that exceeds the threshold

Actual RY2014

- customers

No. of Violations for RY2014 (Ceiling)

18,989

GSL3: Restoration of supply to a customer after a fault on the secondary distribution network taking longer that the threshold time

Actual RY2014

3,428 incidents

No. of Violations for RY2014 (Ceiling)

234,439

GSL4 : Connection not provided on the day agreed with the customer

Actual RY2014

8,132 days delay

No. of Violations for RY2014 (Ceiling)

163,995

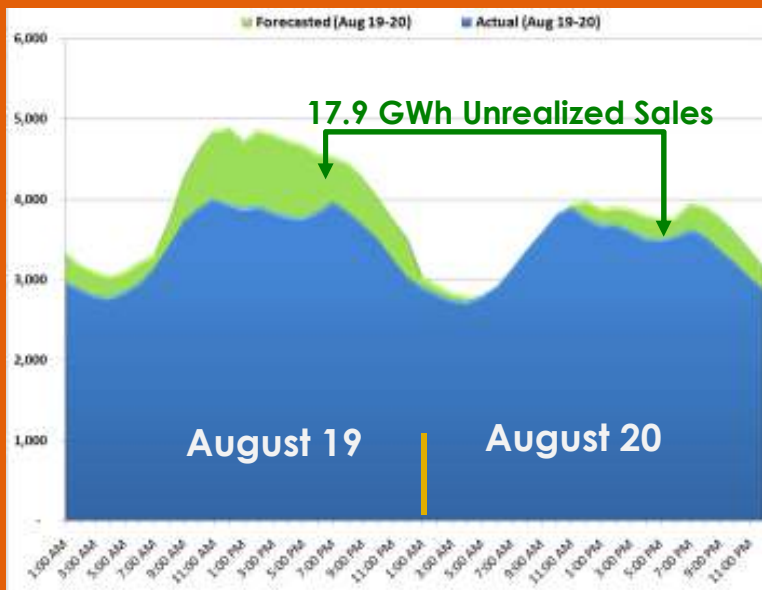
Business Updates Events of Interest





Impact of TS Maring-intensified “Habagat”

August 19-20, 2013



Circuits tripped	37
Facilities de-energized due to flood	
• Circuits	12
• Portion of circuit	110
• Distribution transformer	123
• Substation (Las Pinas)	1
Total Customers affected	288,445

Damaged Facilities	Count	Est. Equivalent Amount
Poles	24	P1,468,896
Wires	41	415,054
Distribution Transf.	21	3,791,640
Misc. Line Materials	49	195,710
Comms & Control inside EBS	3 various equipment	437,400
Substation Equip.	4 various equipment	1,440,915
Meters	5,038	5,883,981
TOTAL COST		P13,633,957



Business Updates: Completed Major ECPs

Sept 27: Commissioning of Calamba Premiere Industrial Park (CPIP) 115 kV Line, Calamba City, Laguna



- The new CPIP 115 kV line will serve Air Liquide and the proposed CPIP substation.
- It will provide higher reliability of service to Air Liquide once the latter's defective transformer is repaired and to Samsung once the proposed CPIP substation is completed in 2014.

Sept 29: Commissioning of Laguna Bel-Air Substation, Sta. Rosa City, Laguna



- The new substation has an 83 MVA capacity, which alleviates the critical loading of LIIP and Sta. Rosa substations and provides surplus capacity for load growth in Biñan and Sta. Rosa, Laguna.
- It also improves the efficiency and reliability of the distribution system in area for the benefit of customers such as Nuvali, Toyota Motor Phils., Nidec Precision Corp., as well as Laguna Bel-Air Subdivisions and Sta. Elena Village.

Sept 30: Commissioning of Carmelray 83 MVA Bank No. 2, Carmelray Industrial Park (CIP-1), Calamba City, Laguna



- This second 83 MVA power transformer bank relieves the critical loading of the existing power transformer bank at Carmelray substation.
- It also provides surplus capacity for load growth and improves the efficiency and reliability of the distribution system inside Carmelray Industrial Park to benefit customers, which include Toshiba Information Eqpt., San Miguel Corp., Bayer Phils., Coca Cola Bottlers Phils., Epson Precision Phils., and Uniden Electronics Phils., among others.



Business Updates: Events of Interest



Sept 27, 2013 Signing of Meralco-Therma Mobile, Inc. Power Supply Agreement

- Initial contracted capacity of 150 MW (up to 234 MW as determined by capacity tests)
- 3.75 years (Oct 2013-Jun 2017); extendible upon mutual agreement

Commercial and Technical Advantages

- Will lessen exposure to WESM during the Malampaya shutdown (Nov 9-Dec 8, 2013)
- Voltage improvement at Sector 1's 115 kV buses
- Relieves transformer capacity at Balintawak, Duhat, Paco delivery points
- No transmission wheeling charge
- Provides some insurance vs. unscheduled power plant and transmission system outages



Ceremonial signing of Distribution Wheeling Service Agreements (DWSA) with RES

- Aug 1, 2013 with DOE OIC/USEC Jose Raymund A. Acol); ERC Comm. Alfredo J. Non, and PEMC Pres. Melinda L. Ocampo , RESA President Raymond Carl Roseus;
- Suppliers include MPower; Adventenergy, Inc.; Aboitiz Energy Solutions, Inc.; DirectPower Services, Inc.; Masinloc Power Partners Co. Ltd.; Team Philippines Energy Corporation; and Ecozone Power Management, Inc.



Meralco Electric Vehicle Charging Station Launch

- July 30, 2013; Attended by DOE Sec. Petilla, , DTI Sec. Domingo, Pasig Mayor Eusebio,, Mandaluyong Mayor Abalos, EV Suppliers, media.
- Introduced Meralco eV Power Station, energized by a 5.5KW Hybrid Solar and Wind system.



Business Updates: Initiatives



Smart Grid

- High-level engagement with ERC on next steps



e-Vehicles

- Discussions with DOE on the deployment plan of 3,000 eTrikes by 2014



Franchise Asia Philippines.

Understanding the Meralco Bill

Meralco Advisory



- Monthly news advisory: movements in electricity rates
- Included Safety Tips during calamities



Meralco Value-for-Money Campaign

- "Handog namin sa mga Ina"



Business Updates: Events of Interest



MGen Acquires 20% of GBP

- Signed the Share Sale and Purchase Agreement (SSPA) on Oct. 7, 2013 at GT Tower, Makati City.
- Acquisition of 20% shareholdings which will make MGen a strategic partner
- Sharing of expertise to help ensure a stable supply of reliable and cost-competitive power.
- Present in the Signing were Meralco Chairman MVP & Metrobank Group Chairman George S.K. Ty

Meralco Top Management Sends-off Nigeria Team



- First time Meralco will have a new distribution business in overseas location.
- Opens a new chapter in Meralco's 110-year history
- Sept. 13, 2013 send-off event for members of Nigeria management team

Updates on Subsidiaries

Bayad Center Establishes 2 Regional Hubs



- Bayad Center, brand leader in over-the-counter payment collection, established 2 hubs – **Urdaneta City (Pangasinan) & Cebu City.**
 - Urdaneta Branch serves as regional HQ for operations in North & Central Luzon while Cebu will be HQ for Visayas & Mindanao.

Miescor Logistics Inc. Partners with Concepcion-Carrier



- MLI formalized its partnership w/ the air-conditioning company as a non-exclusive dealer.
 - Joint endeavor will provide MLI free training for heating, ventilation, air-conditioning systems



Business Updates: Events of Interest

Meralco Bags 2013 Human Capital Award

- Meralco recognized as **Grand Winner** in the **Asian Human Capital Awards (AHCA)** Sept. 12, 2013
- Conferred by **Singapore Ministry of Manpower** and **Human Capital Leadership Institute**.
- Recognizes Meralco's innovative and impactful people management programs and practices.
- Meralco, the only Philippine-based company in final Asia Pacific short list of 9 companies, out of 58 companies which vied for the Award.





Investors and Analysts' Briefing and Teleconference

Financial Highlights

for the Nine Months ended September 30, 2013

Betty C. Siy-Yap

Senior Vice President and Chief Finance Officer





9M 2013 Financial Highlights



- Consolidated Core Net Income grew by 5%
- Distribution revenue up 13% reflecting increase in energy sales volume across all customer classes and impact of energy sales mix
- Pass-through charges to customers lower by 7% reflecting prices of competitively structured Power Sales Agreements and effect of RCOA
- Total costs and expenses down 5% vs. 9M2012
- Sizeable amount of capital expenditures to ensure availability and reliability of the network throughout
- Positive results of *MPower* to its customers as well as to *Meralco*
- Strong contribution from subsidiaries



9M 2013 Financial Highlights

(Amounts in Million Pesos, Except Per Share Data and Margin)	Nine months ended September 30		% Increase/ (Decrease)
	2013	2012	
Gross Revenues	208,097	214,749	(3.1)
Electric	205,321	213,093	(3.6)
Non-electric	2,776	1,656	67.6
Costs and Expenses	188,672	199,410	(5.4)
Purchased power	162,263	175,369	(7.5)
Operating and maintenance expenses	13,109	12,600	4.0
Depreciation and amortization	4,545	4,177	8.8
Others	8,755	7,264	20.5
Other Income – net	(151)	(3,474)	(95.7)
EBITDA	24,403	22,440	8.7
Core EBITDA	24,566	21,740	13.0
Income from Continuing Operations	13,691	13,579	0.8
Income from Discontinued Operations – net of income tax	-	197	(100.0)
Reported Net Income	13,644	13,646	(0.01)
Core Net Income	13,558	12,892	5.2
EBITDA Margin*	12%	10%	20.0
Core EBITDA Margin*	12%	10%	20.0
Reported Earnings per share	P12.11	P12.11	-
Core Earnings per share	P12.03	P11.44	5.2

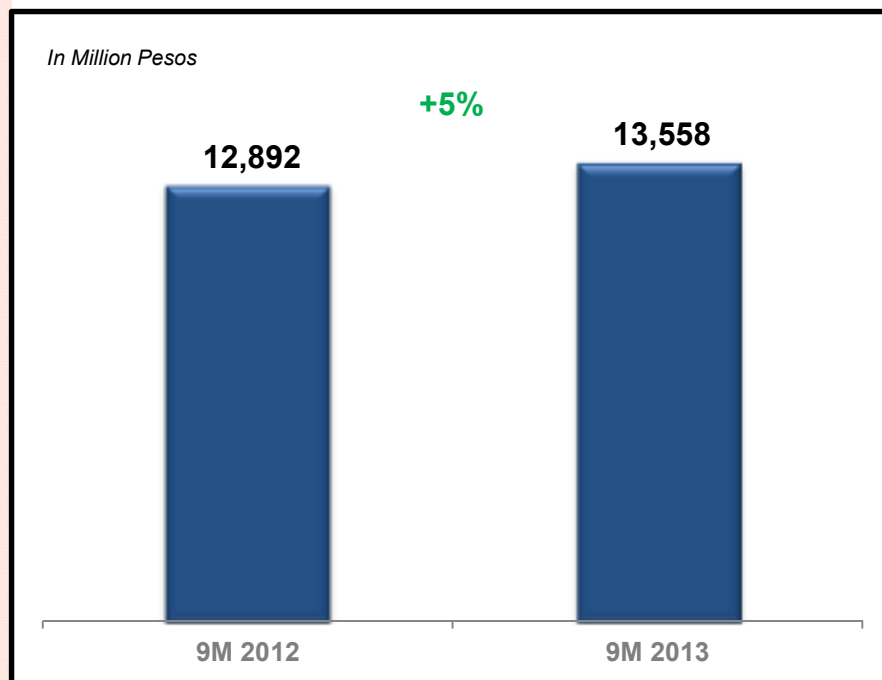
*Margin on Gross Revenues, inclusive of pass-through charges



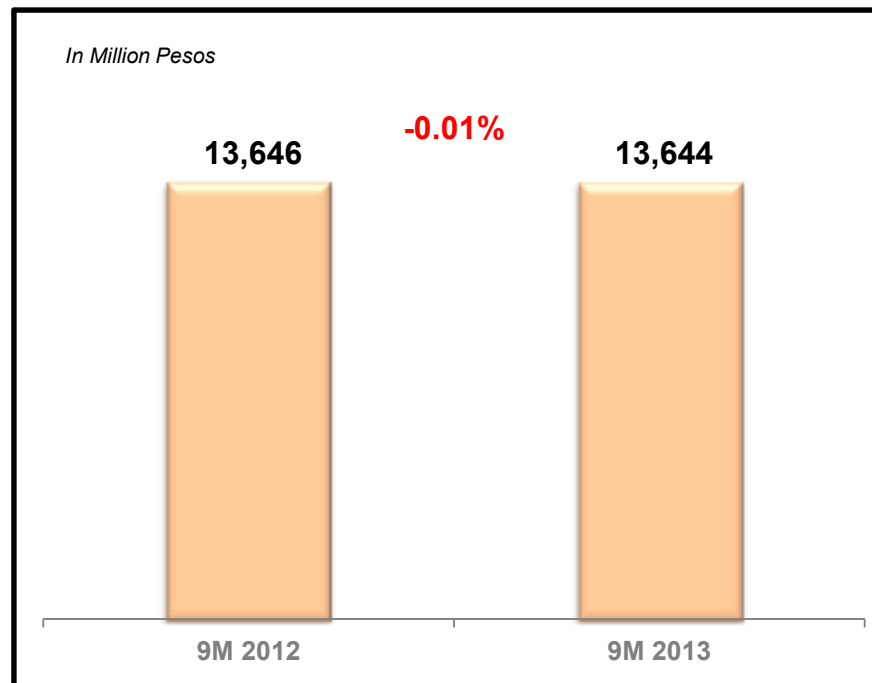


9M 2013 Financial Highlights

Consolidated Core Net Income



Consolidated Reported Net Income



Net Income level remains strong driven by

Core Distribution

- Reflects the effect of 5% increase in volume of energy sales and effect of energy sales mix
- Adjusted rates implemented in July 2013 reflecting rewards for performance efficiency
- Total cost and expenses lower by 5%; Operating and maintenance expenses grew by a mere 4%

Retail Electricity Supply

- Contribution from MPower since the start of commercial operations of Retail Competition and Open Access

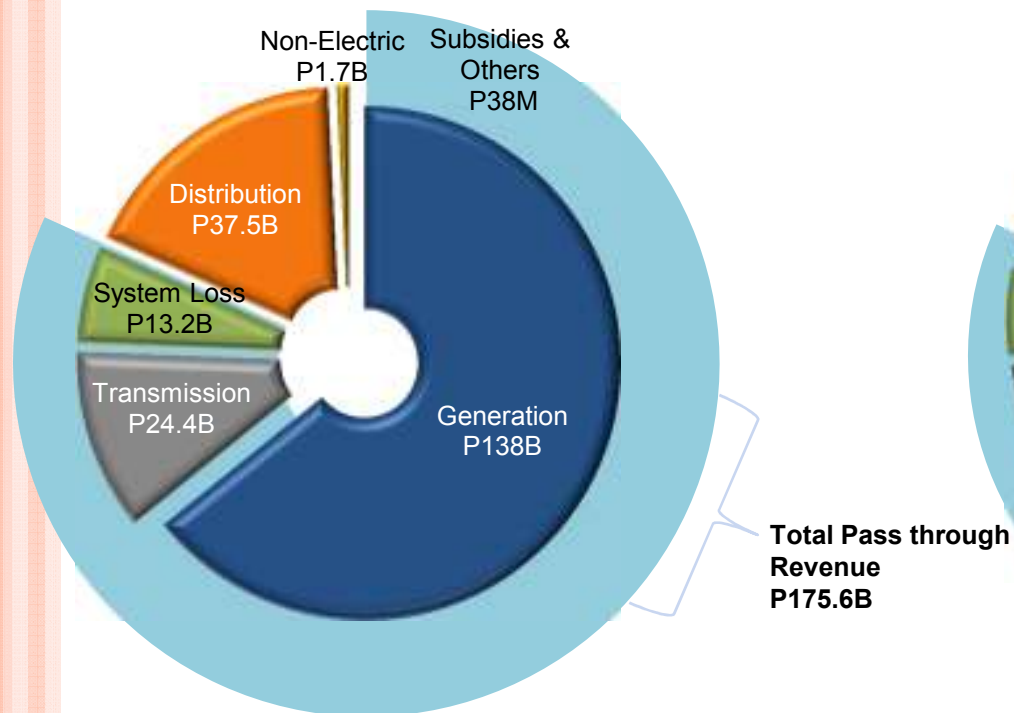
Non-electric Income

- Strong contribution from all subsidiaries
- Success fee from the participation in a bid for the privatization of foreign distribution company

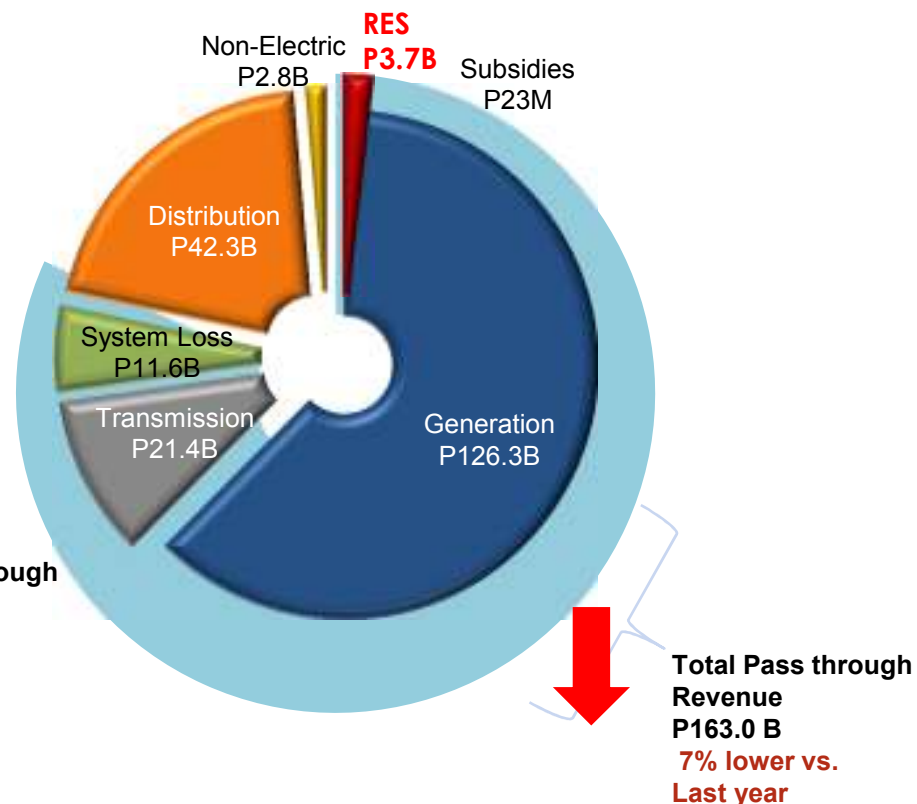


9M 2013 Financial Highlights

9M 2012 Consolidated Revenues
P214.8B



9M 2013 Consolidated Revenues
P208.1B

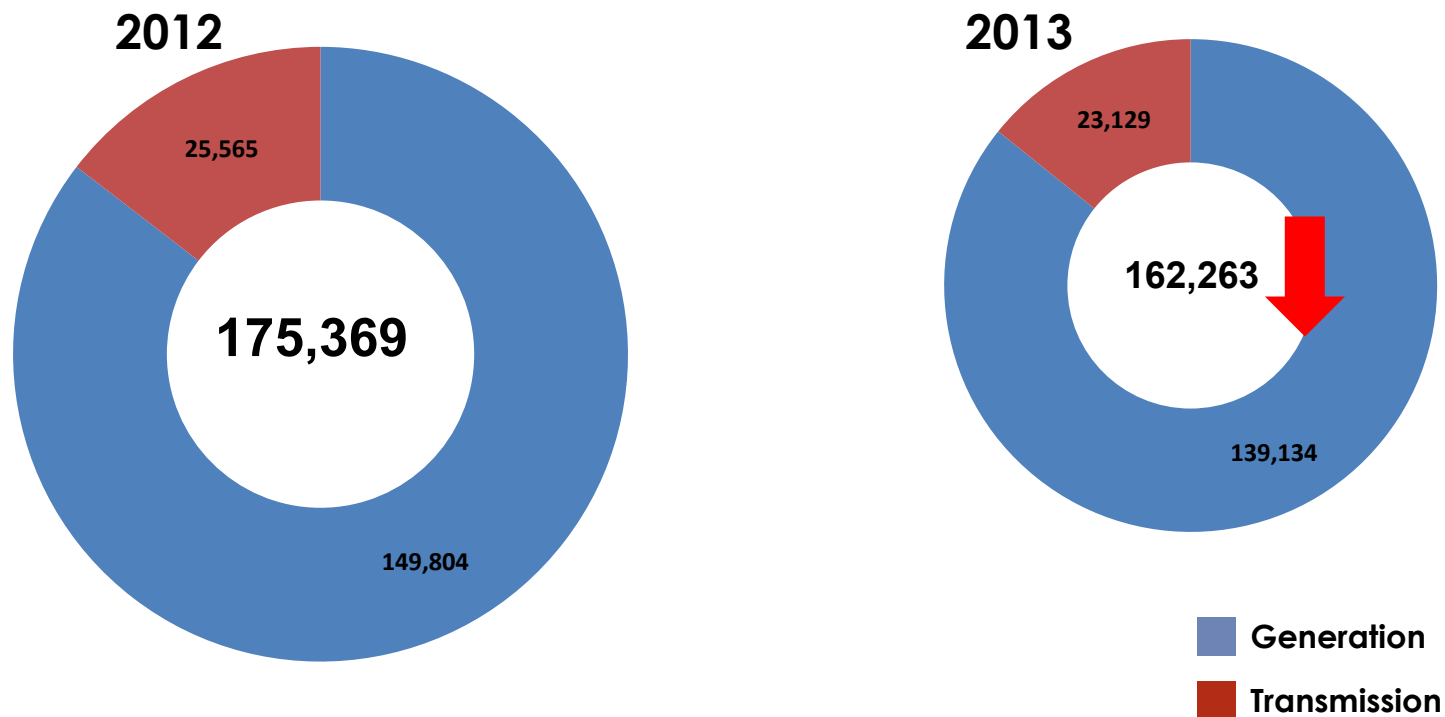


- Consolidated revenues down by 3% primarily driven by the reduction in generation costs and other pass through items resulting from competitively negotiated terms for 5 new Power Sales Agreements
- Distribution revenue grew largely due to the 5% increase in volume of energy sold and impact of energy sales mix
- Contribution from MPower of approximately 3 months



9M 2013 Financial Highlights

Purchased Power Cost



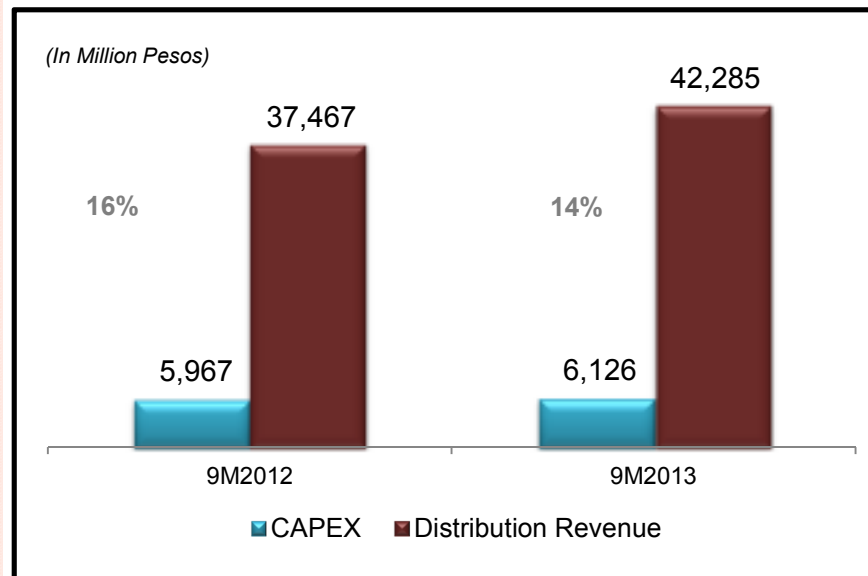
Purchased power cost lower by 7% due to significantly lower average price of purchased power under five (5) new Power Sales Agreements (“PSAs”) implemented shortly before the start of 2013

- Decrease of P17.6B is due to lower cost per kWh, partially offset by the increase of P4.5B due to higher volume purchased
- The 3% increase in purchased power volume is lower than the 5% increase in sales, reflecting efficiencies brought about by lower system loss



9M 2013 Financial Highlights

CAPEX and Distribution Revenues



Robust network withstood environmental challenges in 3Q2013 and continuing CAPEX investments consistent with regulatory commitments

- 9M2013 CAPEX at P6.1B, up 3% vs. 9M2012
- Completed electric capital projects include:
 - Construction of Paco-Tutuban, FCIE (First Cavite Industrial Estate) -Rodario, FCIE-TMC (Trece Martirez City) II, Saog – Sta. Maria and CPIP (Calamba Premiere International Park) 115 kV lines
 - Upgrading of the Saog-Duhat 115kV Line
 - Replacement of Malolos Bank No. 1
 - Commissioning of Laguna Bel-Air Substation
 - Expansion of the Carmelray Substation Bank No. 2
- Additional CAPEX of P1.2B approved by the Energy Regulatory Commission to address the requirements of the growing entertainment industry

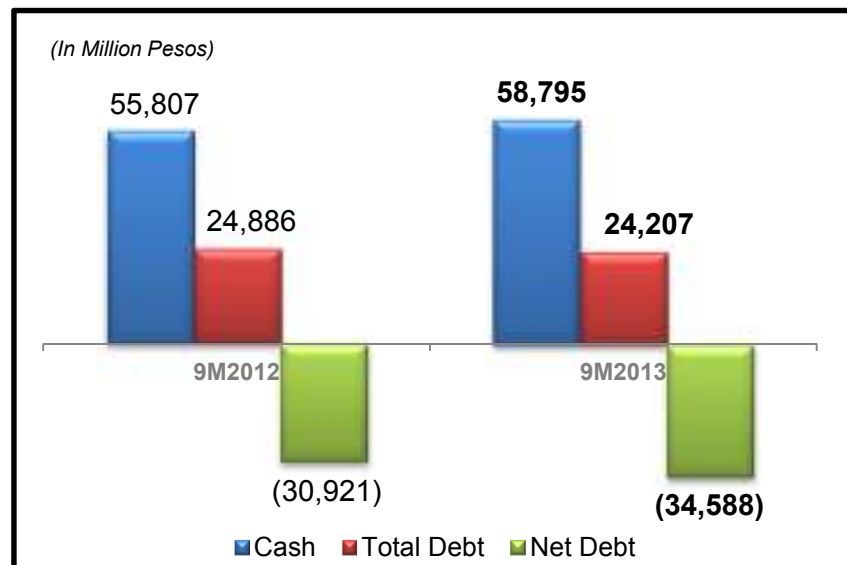


Credit Profile

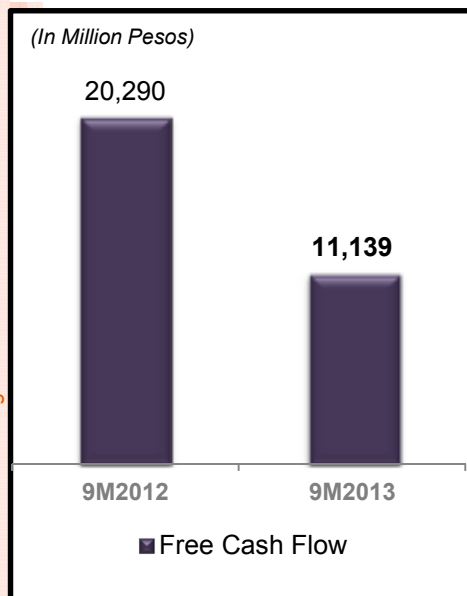
Solid Credit Position at 9M2013

- Negative net debt position
- Free cash flow as at September 30, 2013 at P11.1 B, net of the investment in PacificLight Power Pte. Ltd. in 1Q2013
- Total cash dividends of P11.5B paid during the nine months of 2013, inclusive of interim cash dividends of P4.6B out of the 1H2013 Consolidated Core Net Income
- EBITDA of P24.4B; EBIT of P19.9B
- Debt to EBITDA at 0.74x; Net debt to EBITDA at negative 1.06
- Interest expense for the nine months ended September 30, 2013 of P1.1B, 11% lower than same period last year

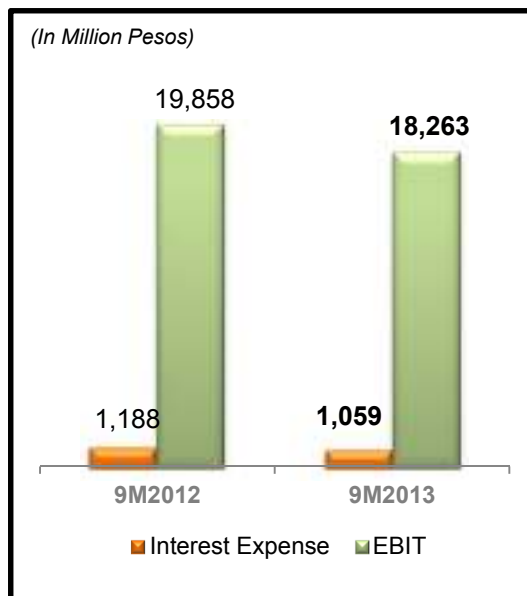
Cash, Total Debt and Net Debt



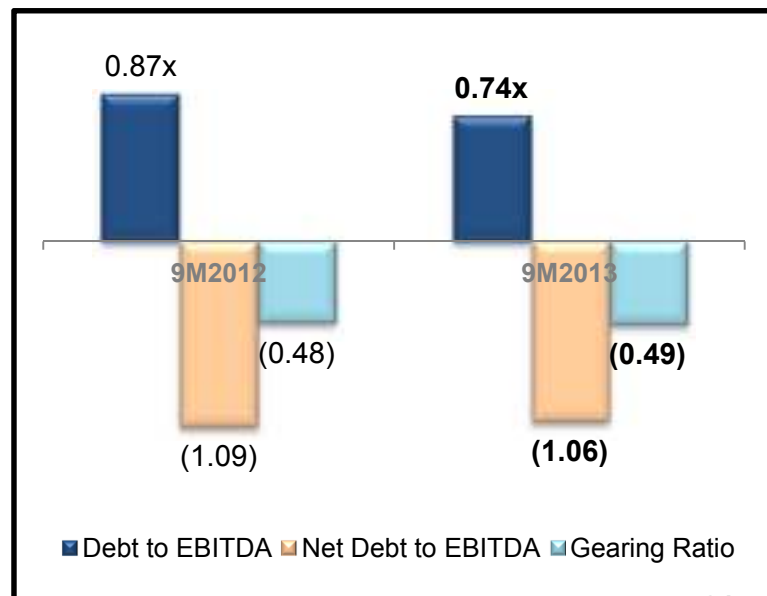
Free Cash Flow



EBIT and Interest Expense



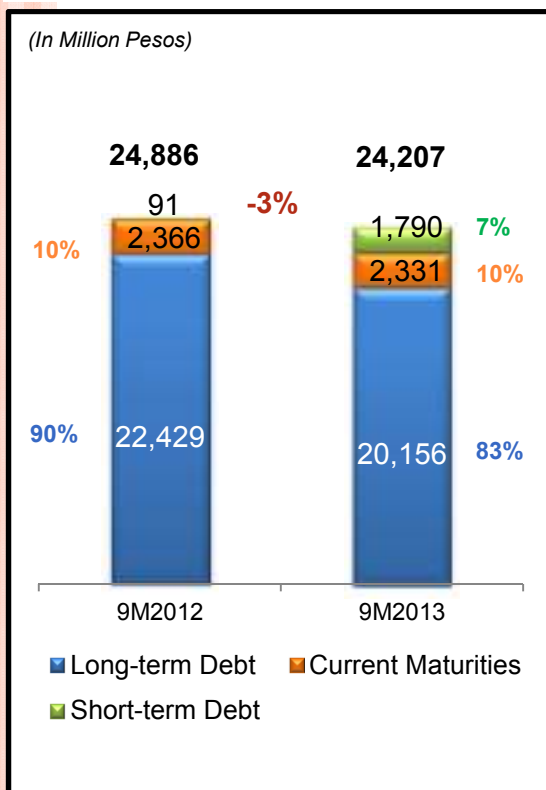
Debt to EBITDA, Net Debt to EBITDA, Gearing Ratio



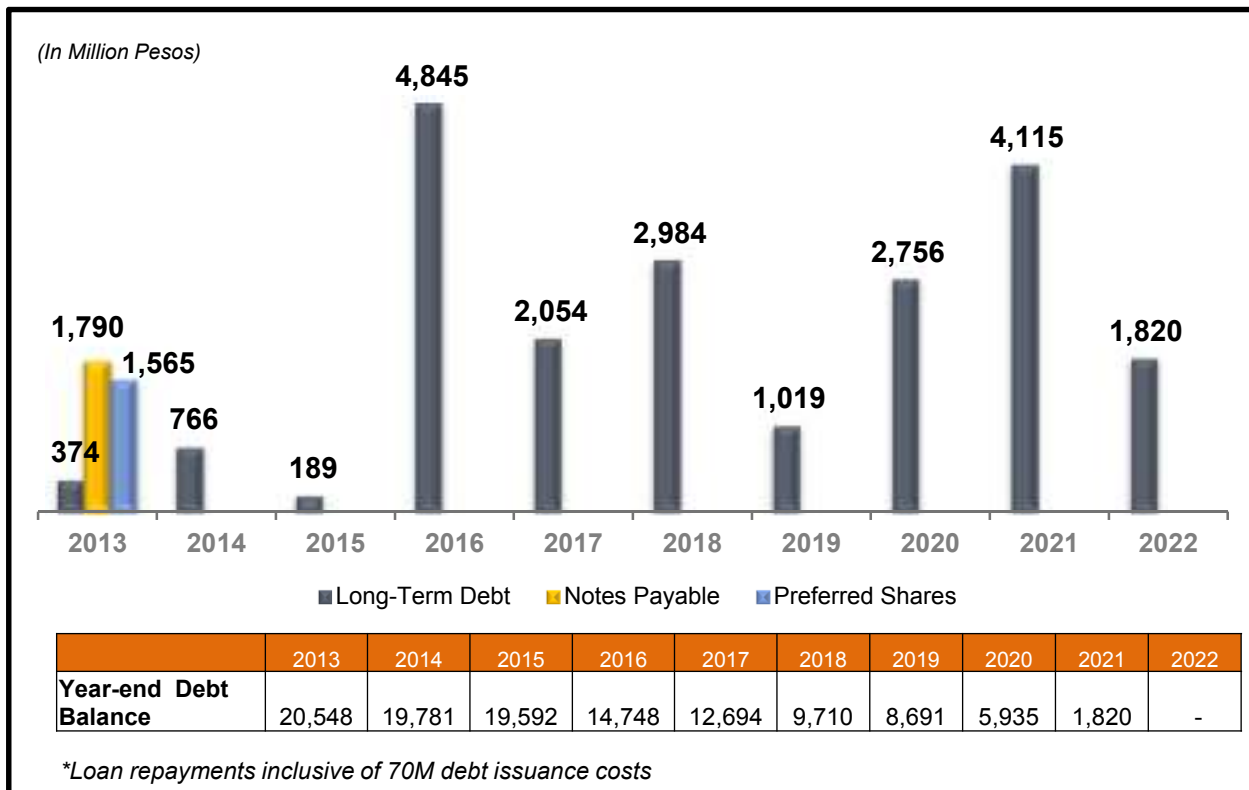


Debt Profile

Total Debt



Debt Repayment Schedule



Room for leverage

- 9M2013 consolidated debt at P24.2B, 3% lower than 9M2012
 - Average interest rate on: (i) long-term debt at 5.4%; (ii) short-term debt at 3.9%
 - All peso-denominated
- Debt maturities spread through 2022



Investments in Power Generation



Strategic investments in power generation through MGen expected to provide returns starting 2014

- In March 2013, FPM Power Limited, in which MGen has a 40% equity interest acquired a 70% equity in PacificLight Power Pte. Ltd., which is in the final stages of development of a 2x400MW LNG-fired power plant in Jurong Island, Singapore. Total investment of MGen US\$214.8M (~ P8.8B)
- In October 2013, MGen signed a Shareholders Agreement to complete the acquisition of a 20% stake in Global Business Power Corporation (GBP). GBP has a total of 627 MW, gross capacity (558.8 MW, net) in operations and 82 MW (gross) under construction in Visayas. Total investment of ~P7.1B



Summary

- ❑ **Strong results through the first three quarters of 2013**
 - **Sustained growth in energy sales across all customer classes**
 - **Competitively sourced power for captive and contestable customers**
 - **Cost containment and prudent spending support overall operating performance**
 - **A new business platform through MPower in the first three months of operations**
 - **Growing contribution from subsidiaries**
- ❑ **Robust opportunities for investments**
 - **Highly reliable infrastructure and customer service organization resilient to challenging climate conditions with continuing capital expenditure commitments**
 - **Continuing pursuit for new builds of power plants to help meet the country's power supply requirements**
 - **Investments in income-accretive power generation business through investments in operating entities**
 - **Extension of distribution service footprint in under-served locations within and outside the Philippines**
 - **Continuing journey of transformation through innovation**
- ❑ **Solid financial and leverage positions**



Investors and Analysts' Briefing and Teleconference

Meralco PowerGen Project Updates

As at September 30, 2013

Aaron A. Domingo

Executive Vice President and General Manager, Meralco PowerGen Corporation





Quezon Power 2

- Joint Development Agreement (JDA) was signed on Aug 29, 2013 between New Growth BV and Meralco PowerGen for the development of a 460 MW (net) supercritical coal-fired power plant in Mauban, Quezon.
- Full development activities are currently underway.
- Invitations to Bid to a shortlist of EPC candidates has been issued. Firm EPC bids due by the last quarter of this year.
- Invitations to Bid to a shortlist of potential Financial Advisors has been issued. Financial Advisor to be appointed within the last quarter of this year.
- Target financial close for Q2 to Q3 of 2014
- Target commissioning by 2017.



Global Business Power Corporation Aquisition

- On 22 October 22 2013, Meralco PowerGen acquired 20% stake in Global Business Power Corporation (“GBPC”). Other shareholders in GBPC are GT Capital Holdings, First Metro Investment Corporation and ORIX Corporation.
- GBPC is the largest Independent Power Producer in the Visayas Region with 627 MW of gross capacity (556 MW net) in operation and another 82 MW under construction.
- 410 MW (gross) coal-fired power plants
- 217 MW (gross) diesel power plants
- 82 MW (gross) coal-fired power plant under construction in Cebu (expected commercial operation in late-2014)
- Another 150-MW coal-fired power plant under development in Panay expected to be in commercial operation in 2016.



PacificLight Power

- On March 28, 2013, FPM Power Holdings Limited, a 40-60 joint venture company between Meralco PowerGen and First Pacific Co. Limited, officially acquired a 70% stake of GMR Energy Singapore, which owns an 800-MW LNG-fired power plant in Jurong Island, Singapore. Petronas is the remaining 30% shareholder of GMRE.
- In April 2013, following the acquisition of GMR Energy (Singapore), the Company obtained Board approval to change its name from GMR Energy (Singapore) to PacificLight Power ("PLP"), while its retail arm, GMR Supply (Singapore), was changed to PacificLight Energy ("PLE").
- Commissioning of the units have started. The first unit was first synchronised to the grid on 30 June 2013 and the second unit, 30 Aug 2013. Commercial operation is expected to start in Jan 2014.



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