



Financial and Operating Results

Quarter Ended March 31, 2014

**Investors and Analysts Briefing
April 28, 2014**

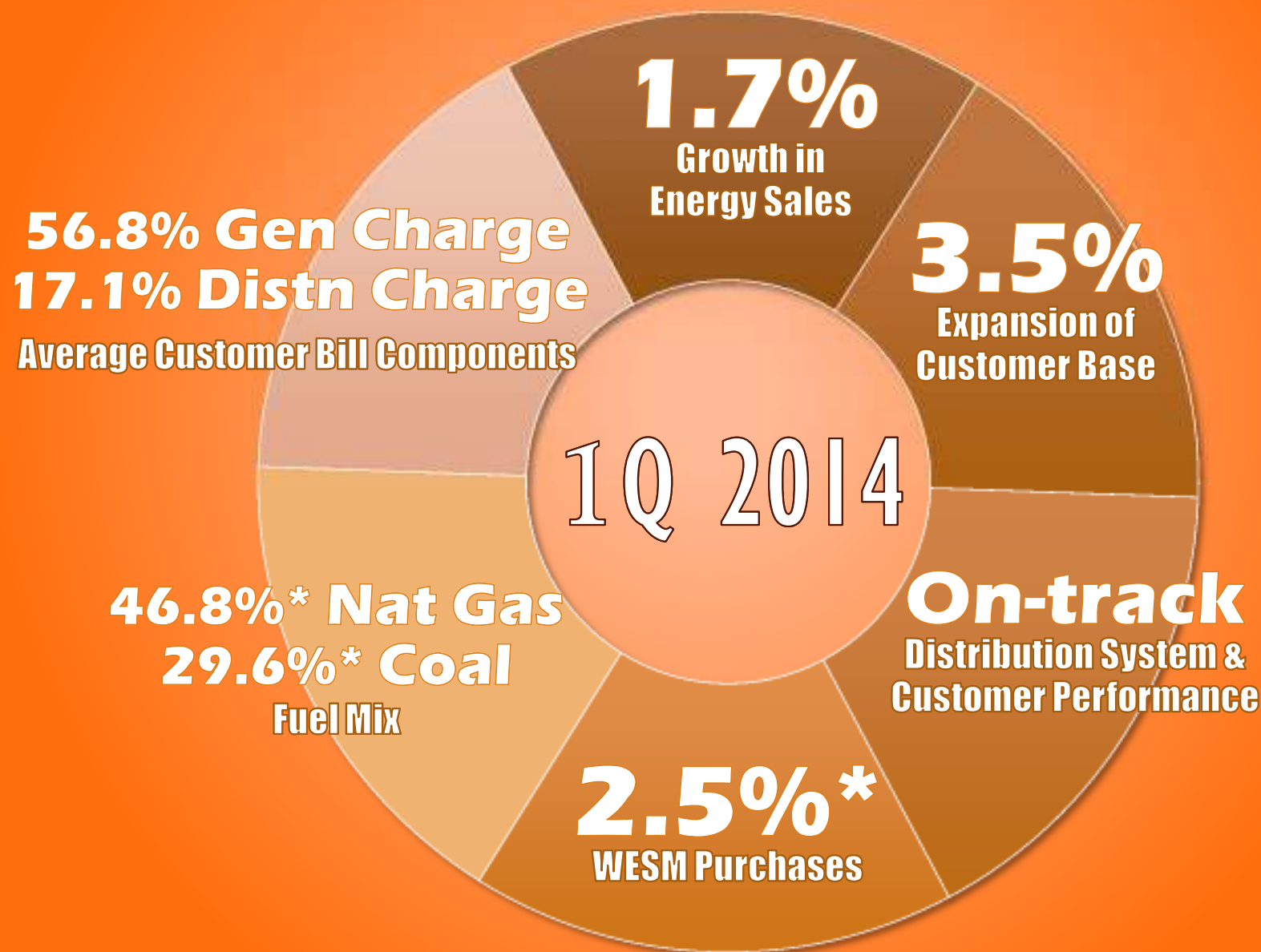


OPERATIONS REPORT

Performance as at March 31, 2014

**Investors' Briefing
April 28, 2014**

OPERATING HIGHLIGHTS

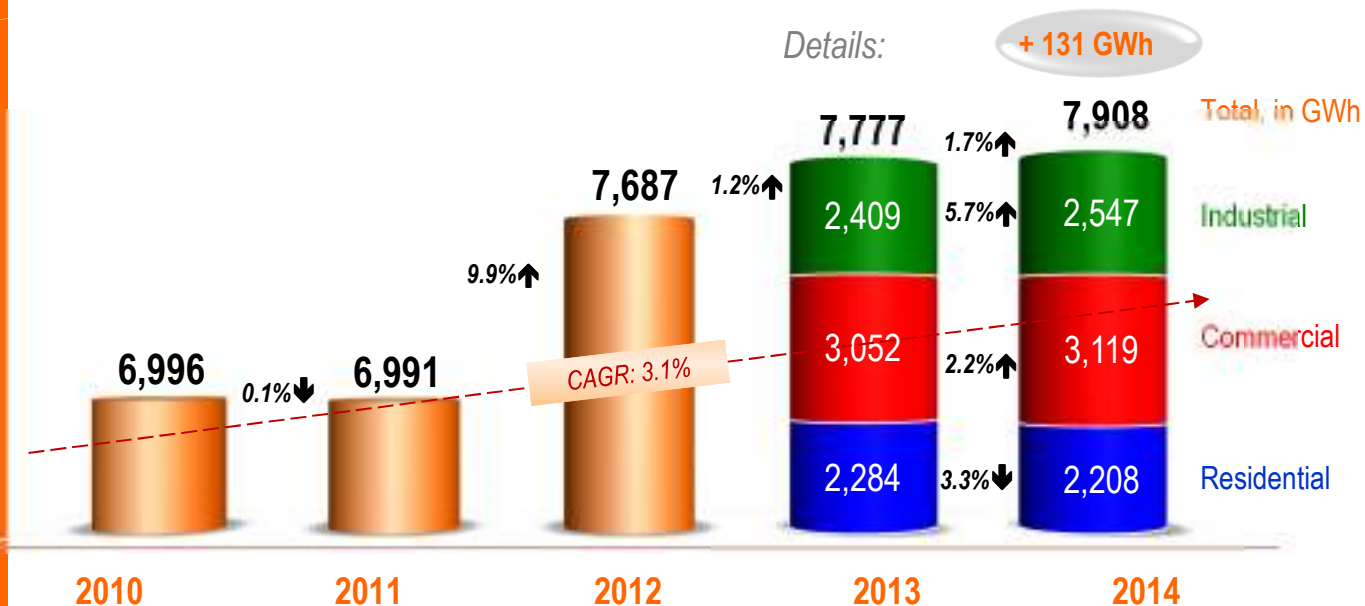


Details

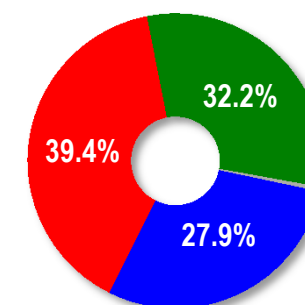
Energy Sales, 1Q 2014



➤ Up 1.7% vs. 1Q 2013 (+131 GWh)



Share of Sales:



Sales volume for Flat Streetlights (33 GWh) account for 0.4%

Major movers* of 1Q 2014:

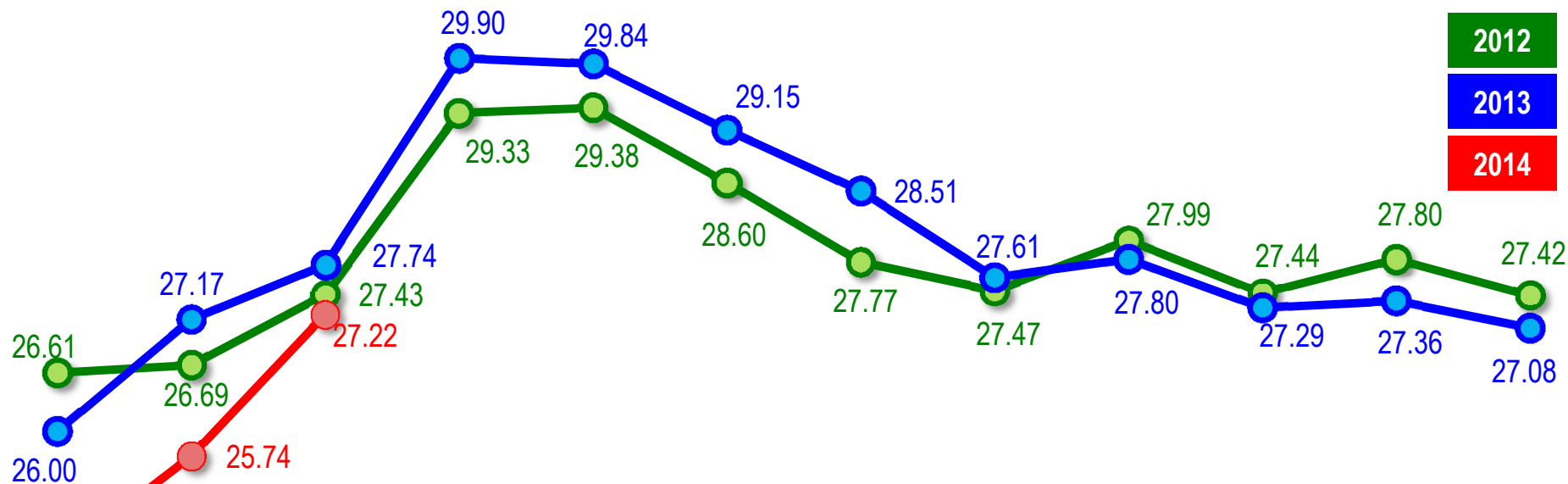
- Basic Metals*
- Non-Metallic Mineral Products
- Rubber & Plastics
- Trade
- Real Estate (condominiums, BPO office space)
- Private Services (hotels, malls, hospitals)
- Reduced household consumption due to effect of lower temp, perceived high power price and higher inflation

*Applies to GP customers under Industrial and Commercial segments.

Ave. Temperature(°C) monitoring



➤ Colder temperature at start of 2014

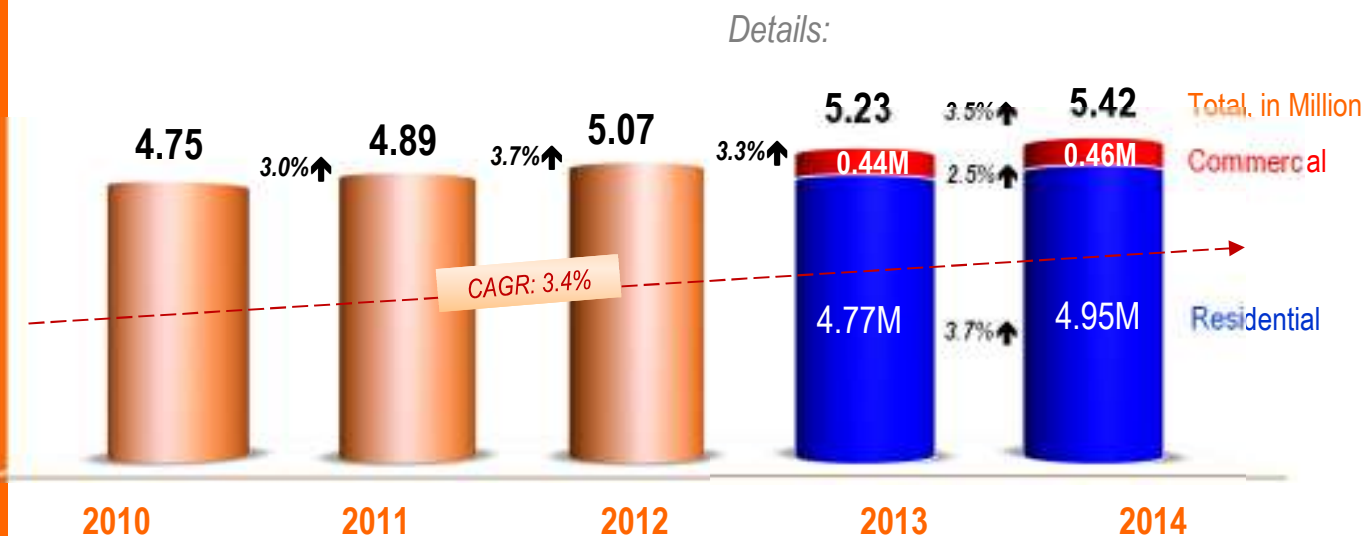


	2012	2013	2014
Ave Temp (Mar YTD)	26.91°C	26.97°C	25.88°C
Max Temp (Mar YTD)	34.07°C	33.90°C	33.53°C

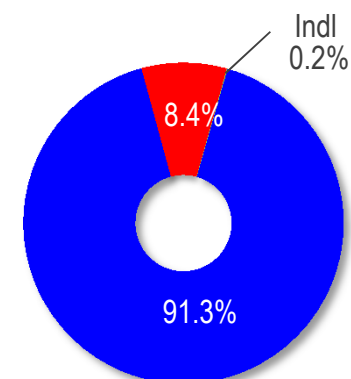
Customer Count, 1Q 2014



➤ Up 3.5% vs. 1Q 2013 to 5.42 million customers

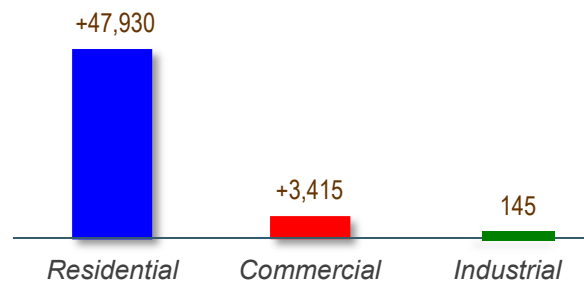


Share of Count*:



*Industrial (9,737) and Flat Streetlights (4,512) account for 0.3% of the total

New Customers:



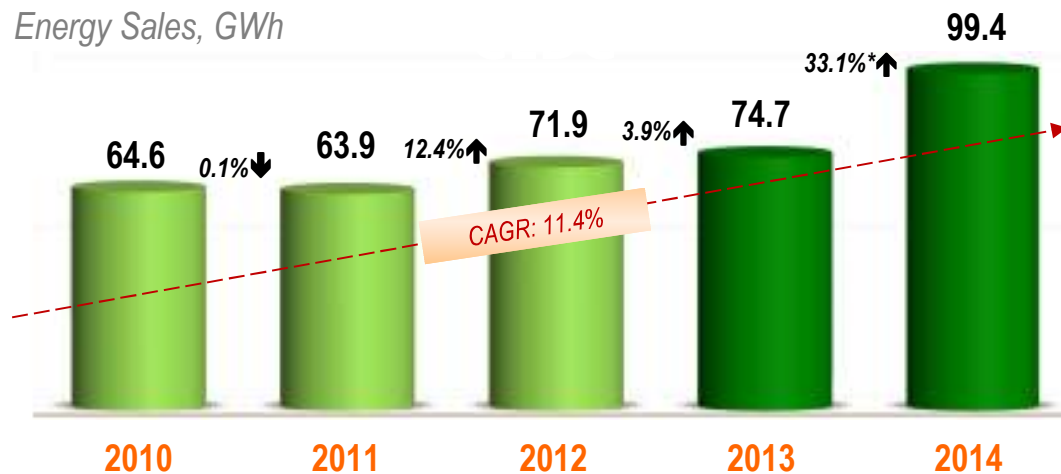
*51,579 new customers in 2014
(net, additions less terminations)

Clark Electric (CEDC), 1Q 2014



➤ Strong growth vs. 2013

Energy Sales, GWh

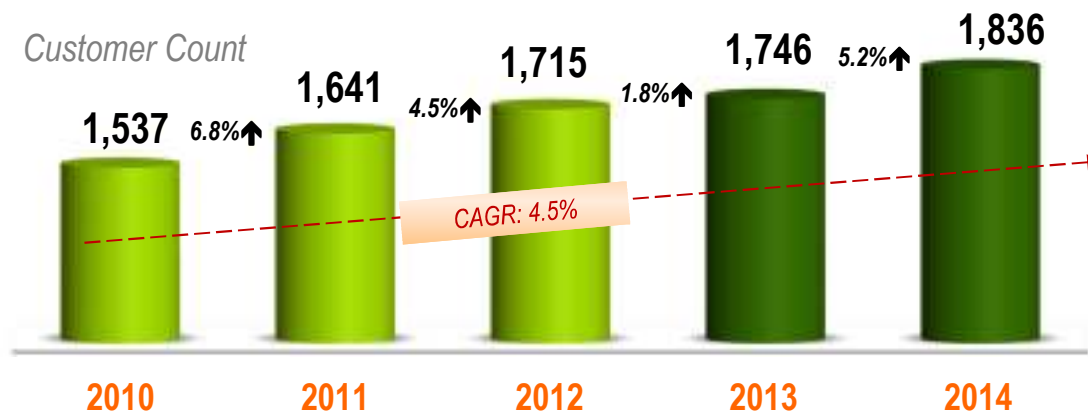


1Q 2014

	Sales, Share	Count, Share
Commercial	37.6%	57.2%
Industrial	61.3%	6.3%
Residential	0.8%	33.2%

Flat Streetlights' sales and count shares account for 0.3% and 3.2%, respectively.

Customer Count



*Due to expansion of several locators and entry of Phoenix Semiconductor Philippines Corp., PSPC (Samsung) in April 2013

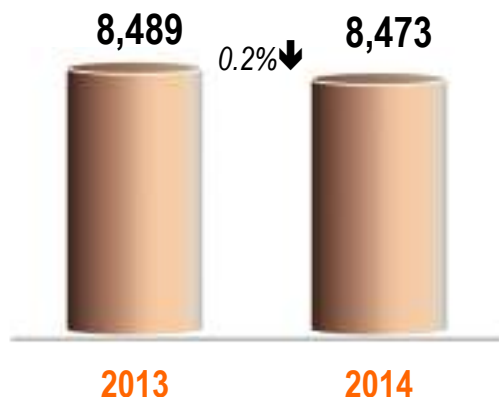
Net System Input (NSI) & Demand, 1Q 2014



➤ NSI slightly declined vs. 1Q 2013 (-16 GWh)

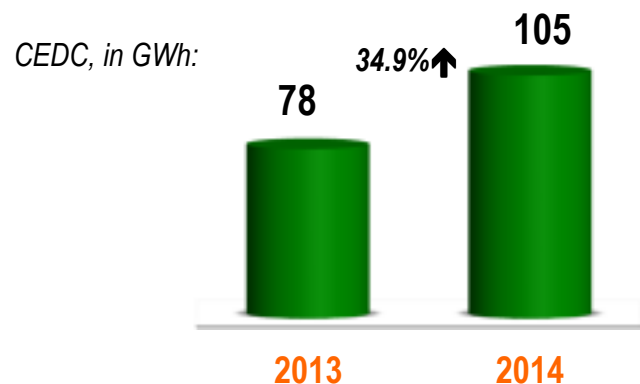
➤ Meralco Peak Demand of 5,405 MW

CONSOLIDATED NSI, in GWh:

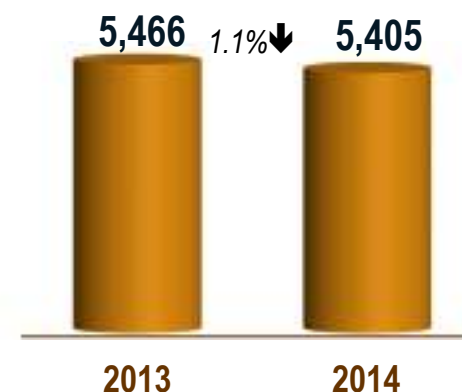


*2014 NSI data for Parent includes:

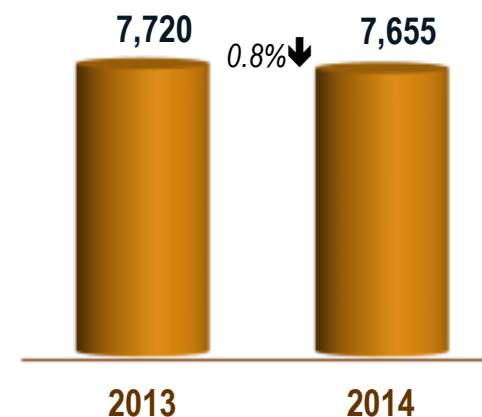
- Power purchases of D.U. (for Captive Customers), its Local RES (for Contestable Customers);
- Other RESs (for Contestable Customers including SDC)
- Volumes for CEZ, Sunpower, Cocomchem Agro-Industrial Park (CAIP)



Meralco YTD Peak Demand, MW:



Luzon YTD Peak Demand, MW:

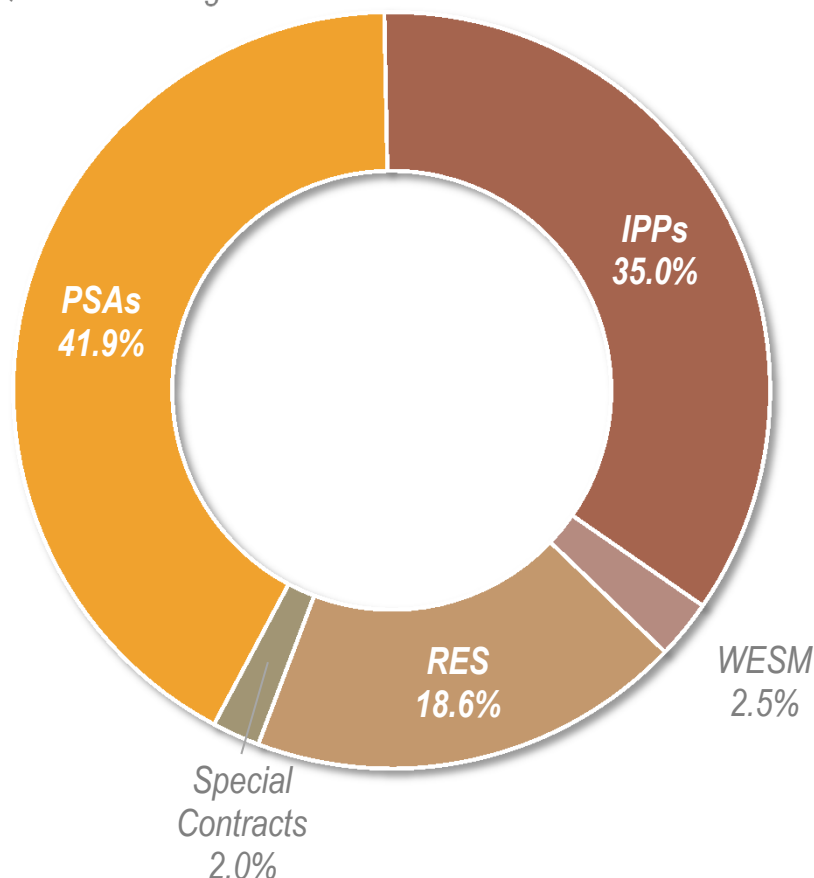


*occurred March 14, 2014

Power Supply Sourcing*, 1Q 2014



1Q 2014 Sourcing



SOURCE	Volume, GWh
PSAs-Total	3,550.9
SEM-Calaca	238.3
MPPC-Masinloc	475.8
TLI-Pagbilao	482.0
SMEC-Sual	701.6
SPPC-Ilijan	1,613.5
TMO-Navotas	31.8
Others-Renewables**	8.0
IPPs-Total	2,961.9
Sta. Rita	1,484.7
San Lorenzo	870.9
QPPL	606.3
WESM***	212.7
RES (Retail Electricity Supply) ☒	1,574.7
Special Contracts	172.9
NET SYSTEM INPUT	8,472.9

*Based on total Captive and Contestable Customers in Meralco Franchise Area

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

***3.2% out of total captive volume

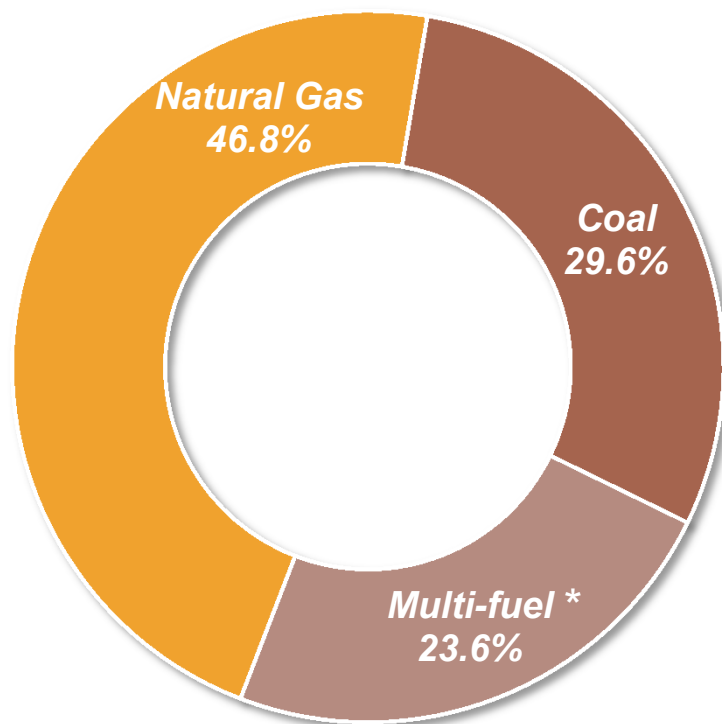
CONSOLIDATED

Power Plant Fuel Source Mix, 1Q 2014



➤ Indigenous Natural Gas and Coal were the main fuels for power generation

1Q 2014 Mix



SOURCE	Volume, GWh
Natural Gas	3,969.0
Coal	2,504.0
Multi-fuel*	2,000.0
NET SYSTEM INPUT	8,472.9

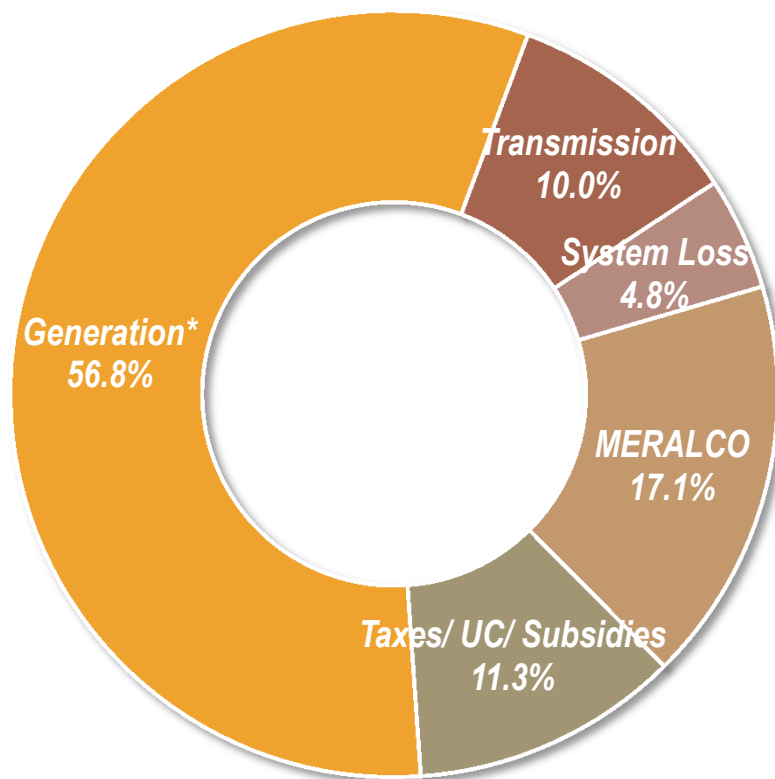
*Coal, Hydro, Geothermal, Biomass, et. al.

Average Retail Rates, 1Q 2014



➤ Generation Charge, largest component in customer's bill, 56.8%; Meralco 17.1%; NGCP 10.0%

Share of All customers



BILL COMPONENT	Overall Average P/kWh
Generation Charge*	5.43
Distribution Charge** (MERALCO)	1.63
Transmission Charge** (NGCP)	0.96
System Loss Charge**	0.46
Taxes, Univ Charge**	1.08
TOTAL	9.56

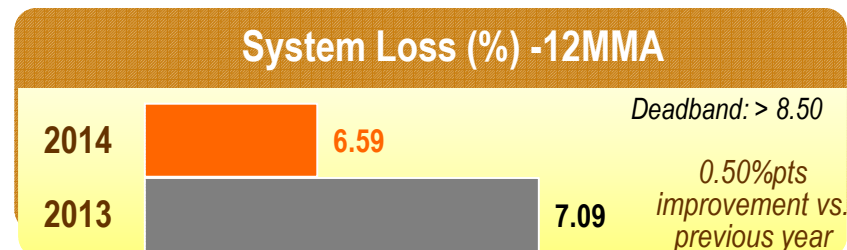
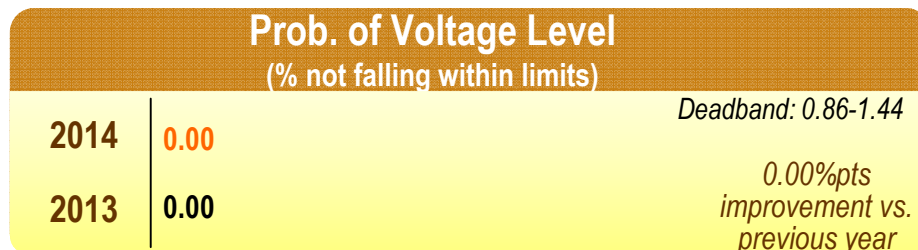
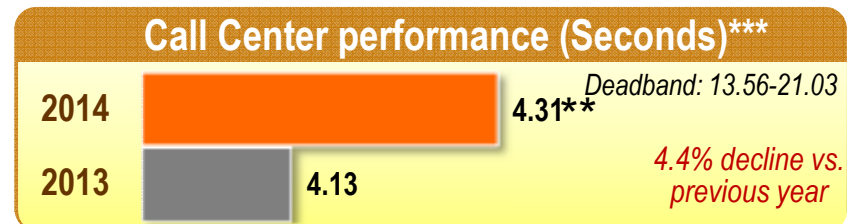
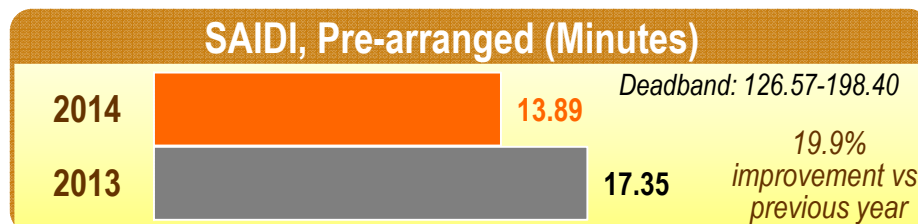
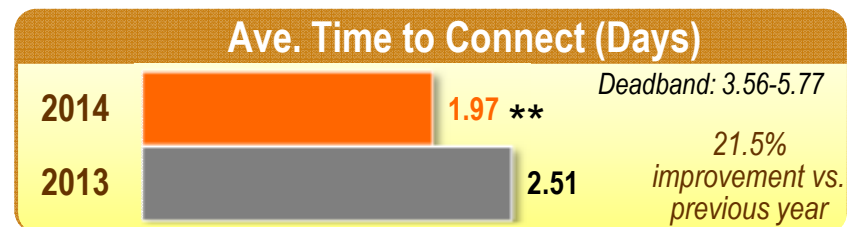
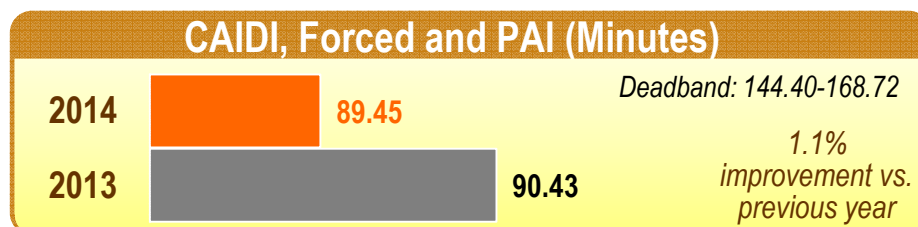
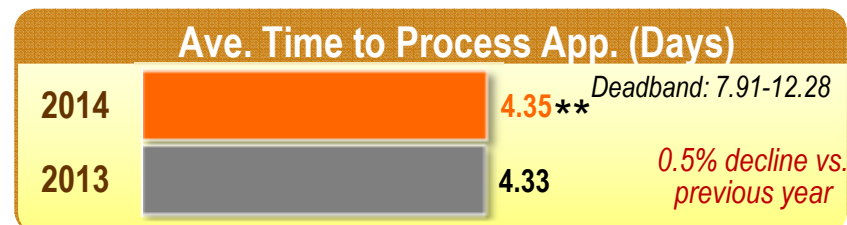
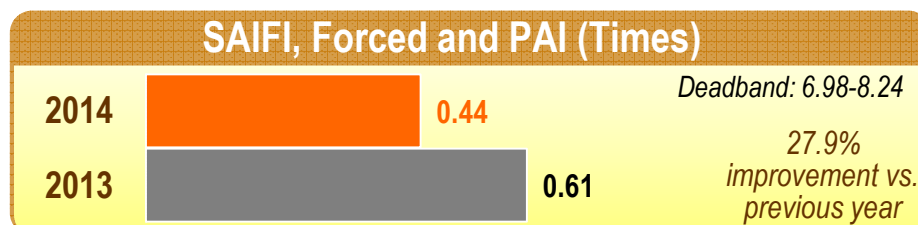
*Generation Retail Rate (applies to captive customers only)

**Other Charges are based on total captive and contestable customers in Meralco Franchise Area

S-Factor Performance: March 2014 YTD



➤ All indicators well within rewards* range; vs. 2013, 6 out of 8 indicators improved



*ERC-imposed performance band

**As of Feb 28, 2014 performance

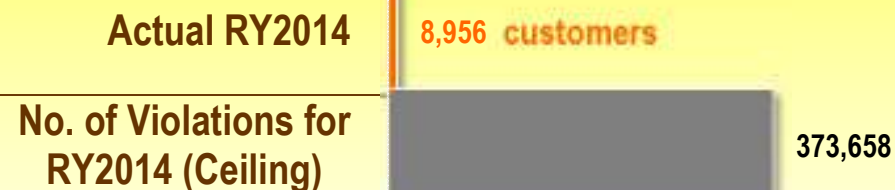
***All-in call, no calls under identified events were excluded

RY 2014 GSL Performance: Jul 2013 – Mar 2014



➤ 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



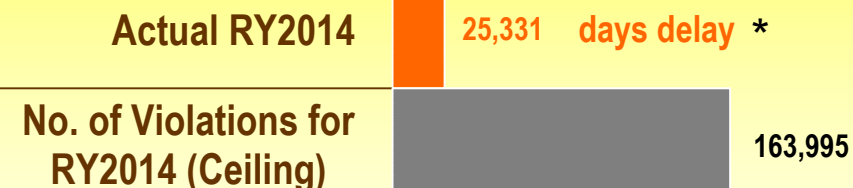
GSL2 : Customer experiencing a total number of sustained interruption in a Regulatory Year that exceeds the threshold



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



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



Other Business Highlights

Business Updates



Interim Power Supply Agreements

- Further augment power supply and meet higher customer requirements during summer months
- Subject to contractually-stipulated approval of ERC

MERALCO & 1590 Energy Corp.



**MERALCO &
Global Business Power for TPC & PPC**



MERALCO & PanAsia Energy Inc.



SIGNING DATE	POWER PLANT / LOCATION	GENERATING COMPANY	CONTRACTED CAPACITY	FUEL	TERM
Apr. 3, 2014	BAUANG, La Union	1590 Energy Corp.	Up to 140 MW	Bunker Oil	Apr 1 – Jun 30, 2014 (3 months)
Apr. 2, 2014	CARMEN, Toledo City	GBP-Toledo Power Co. (TPC)	28 MW – firm + 9 MW- non firm	Bunker/ Diesel	Apr 1 – Jun 30, 2014 (3 months)
Apr. 2, 2014	INGORE, La Paz, Ilo-ilo	GBP-Panay Power Corp. (PPC)	27 MW	Bunker/ Diesel	Apr 1 – Jun 30, 2014 (3 months)
Apr. 8, 2014	LIMAY, Bataan	PanAsia Energy Inc.	Up to 270 MW	Blended Fuel Oil*	Apr 1 – Jun 30, 2014 (3 months)

*blend of Heavy Fuel Oil (HFO) and Intermediate Fuel Oil (IFO)

Combined capacity 474 MW

Business Updates



**Termination of the new 115 kV line
at TMO Switching Station**

Cutting-in of Therma Mobile, Inc. (TMO)

- April 4, 2014
- An interim setup to “cut-in” TMO to MERALCO’s subtransmission system
- Reinforced TMO’s connection to MERALCO with the conversion of its link to Malabon and Grace Park Substations from “tap” connection to “cut-in” connection
- Will allow the full dispatch of TMO which will provide much needed capacity this summer season



**Two (2) of TMO's four (4) Diesel Fuel Power
Barges at Navotas Fishport Complex**

Completed Electric Capital Project: New Araneta-Cubao-Kamuning 115 kV Line

- February 28, 2014
- New Araneta-Cubao-Kamuning 115 kV line connecting former Cubao-Kamuning 115 kV line to NGCP-Araneta Substation
- Constructed using 2-795 MCM ACSR conductors (1800 Amperes) per phase on 19 steel poles.

Benefits:

- *Provides additional capacity and N-1 contingency in case of a line outage in Sector 2 of Meralco's subtransmission system*
- *Serves as an alternate source for Kamuning Substation*
- *Benefits the areas of Pasig City, Mandaluyong City, San Juan City, Rizal Province, and portions of Manila, QC and Makati City*





- Informed the public on the recalculated generation charge for January 2014
- Build credibility of Kuryente Load



- Wala nang monthly bills kaya wala nang gulatan
- Abot-kaya ang P100, P200, P300, P500 at P1000 load
- No expiry, No service deposit, No installation fee
- KLoad top-up centers (Meralco Business Centers, Bayad Center, Sari-sari stores, Generika)

- To date: 2,700 applications & 280 accounts activated (256 customers & 24 Meralco employees) in Taytay and Angono

NEXT:

- Manila (Sampaloc, Sta. Cruz, Sta. Mesa, Tondo)
- Cainta

Electric Vehicle (EV)



- **DOE-ADB e-Trike Project**
 - ADB to announce 1st tranche bid winners of 3k units by Q1
 - 20k total within 2014 (out of 100k units over 5 years)



- **Proposal to Ateneo for EV Shuttle Leasing**
 - Operations and management contract for 7 e-Shuttles
 - Outdoor media company to manage selling of ad spaces
- **CBG Customers EV Fleet Replacement**
 - Talks with fast food restaurants with gas-powered motorcycles to convert to electric
 - Exploring use of motorcycles and e-Trikes for commercial and business use

- **3rd Philippine EV Summit at Meralco**
 - February 27-28
 - Organized by the Electric Vehicle Association of the Phils. (EVAP)



- Keynote speaker Sen. Paolo Benigno Aquino IV announced 2 EV bills in the Senate to provide fiscal and non-fiscal incentives to EV industry players and users.
- Key EV government partners DOE, DTI, LTO and DOST presented their respective programs and policies to benefit the EV industry.
 - Update from DOE and ADB on the announcement of winners of 3,000 eTrikes by March 2014, and an additional 17,000 units for bidding before end of 2014.
 - More than 500 attendees from the Philippines, Japan, Taiwan, Singapore, Australia, China and Austria, as well as 27 exhibitors of different EV models and types.

Business Updates



Partnership



- Signed Partnership for Petrochem to connect to the grid: A big win for Meralco & JG Summit
- For more than a decade, the JG Summit Petrochemical Corporation has relied on generators to power its manufacturing plants in Batangas petrochem complex.
 - Estimated to provide monthly savings of up to P12million
 - JGSPC is also investing to construct a 69kV substation

Meralco bags 7 Anvil Awards for PR and Communications



- One Meralco Foundation's (OMF) "Engaging Stakeholders to Energize Public Schools" bagged **Award of Excellence for Public Relations Program directed at Specific Stakeholders-External Communities.**
- 6 other entries won Awards of Merit:
 - The Meralco Advisory: A new approach to informing and empowering consumers
 - Meralco and One Meralco Unified Annual Report
 - Let there be light: The Davao Oriental Power Restoration Project
 - Spreading the Light through Community Electrification
 - Illuminating the Digital Pathway: The Meralco Maliwanag ang Pasko Experience
 - Power Club Magazine

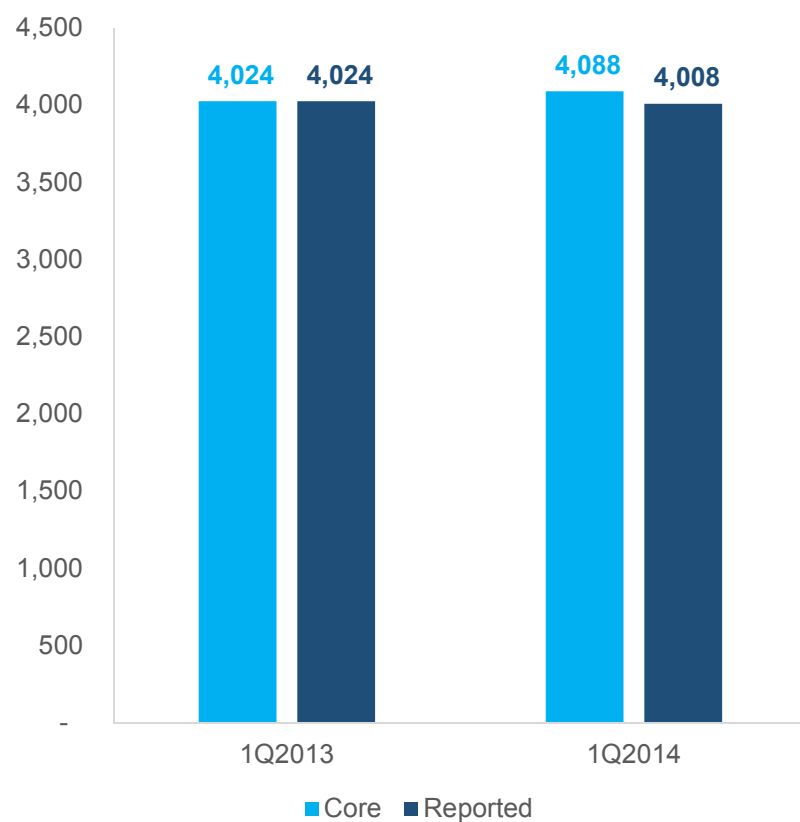


1Q 2014 Financial Results

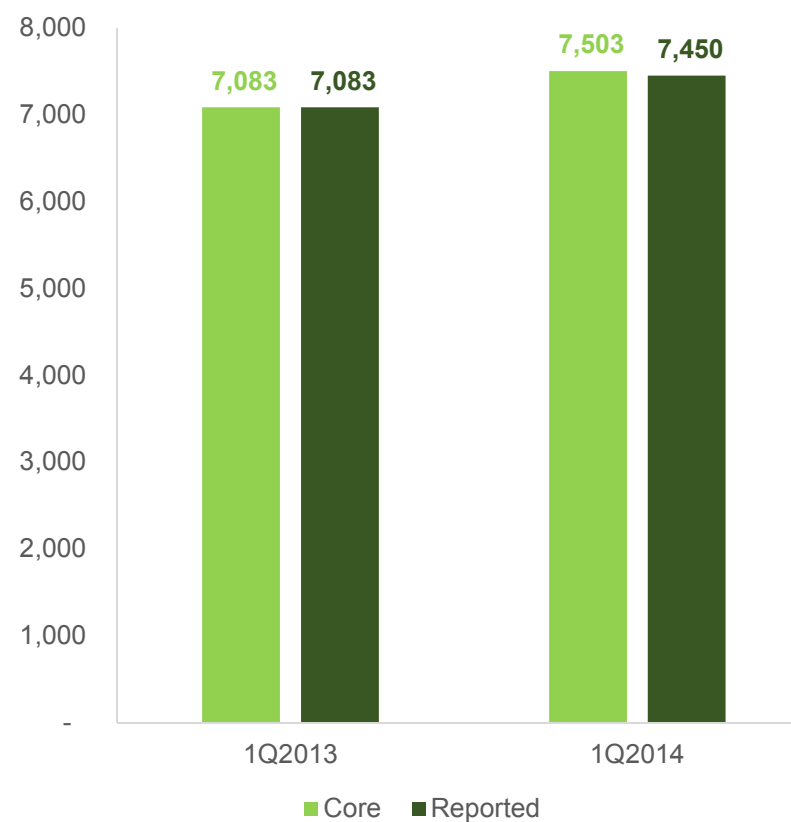
Consolidated Net Income and EBITDA



**Core and Reported Net Income
(in P mn)**



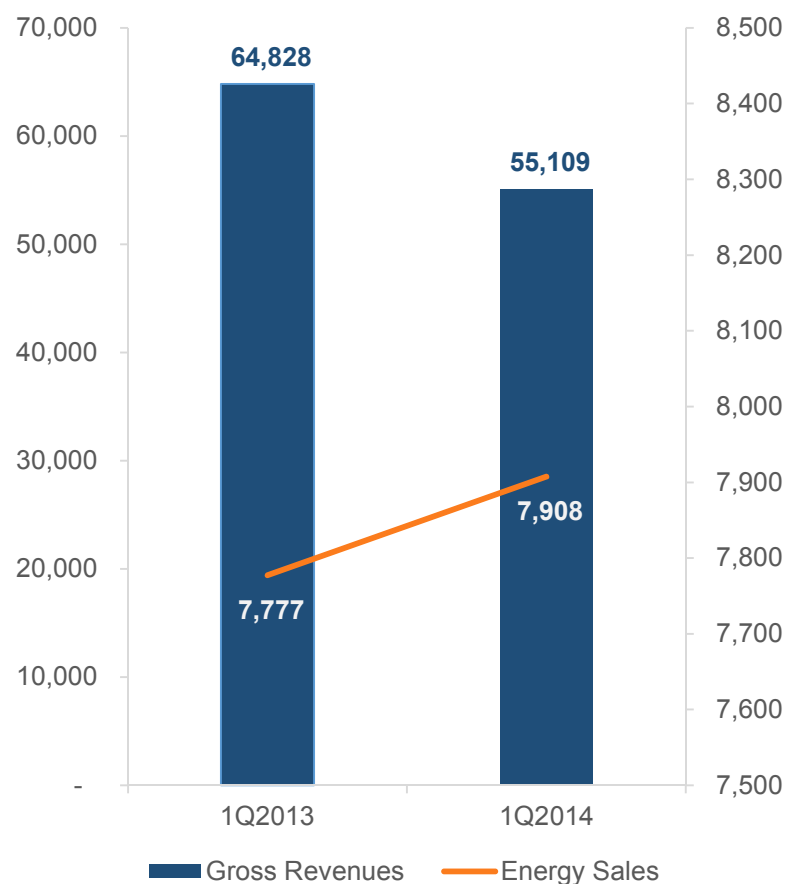
**Core and Reported EBITDA
(in P mn)**



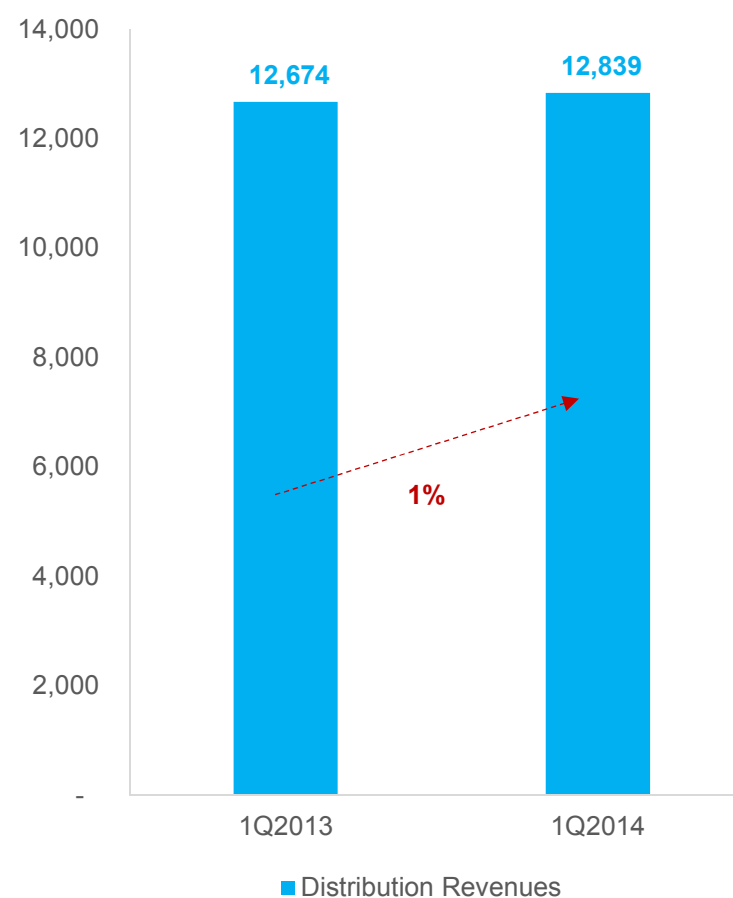
Consolidated Revenues and Energy Sales



**Total Consolidated Revenues and Energy Sales
(in P mn and GWh)**



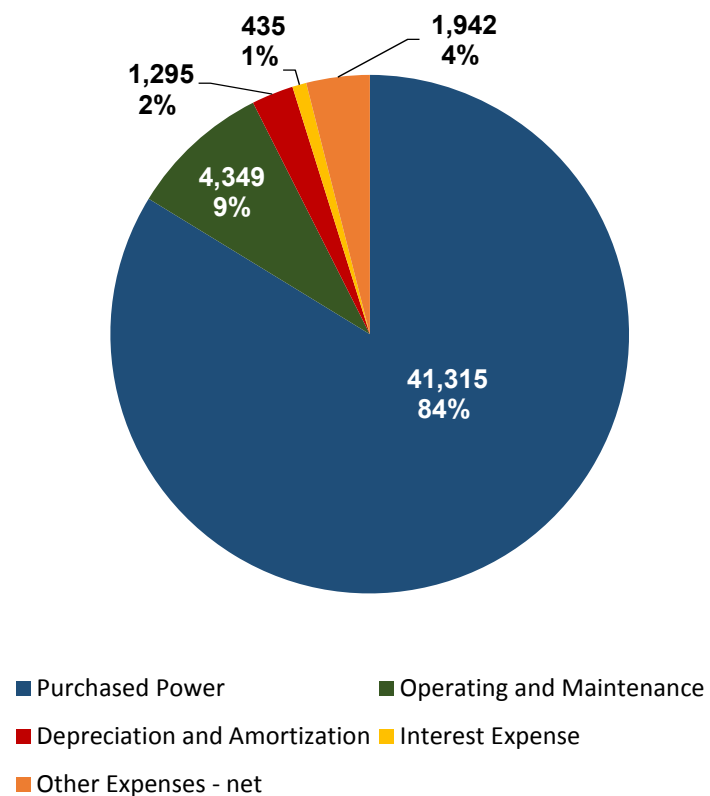
**Consolidated Distribution Revenues
(in P mn)**



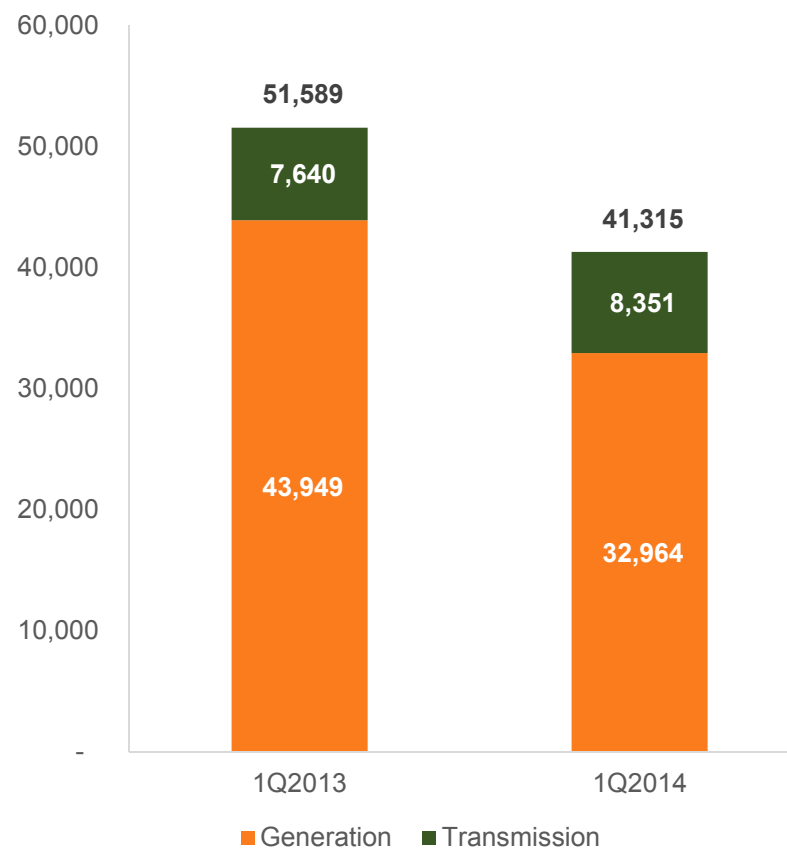
Costs and Expenses



**Costs and Expenses
(in P mn)**



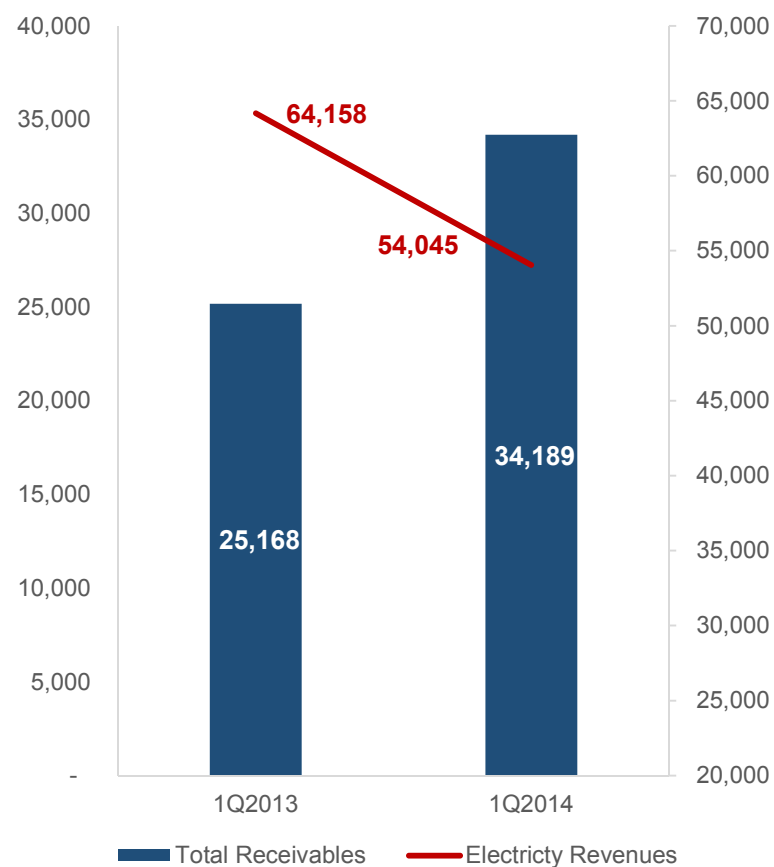
**Breakdown of Purchased Power
(in P mn)**



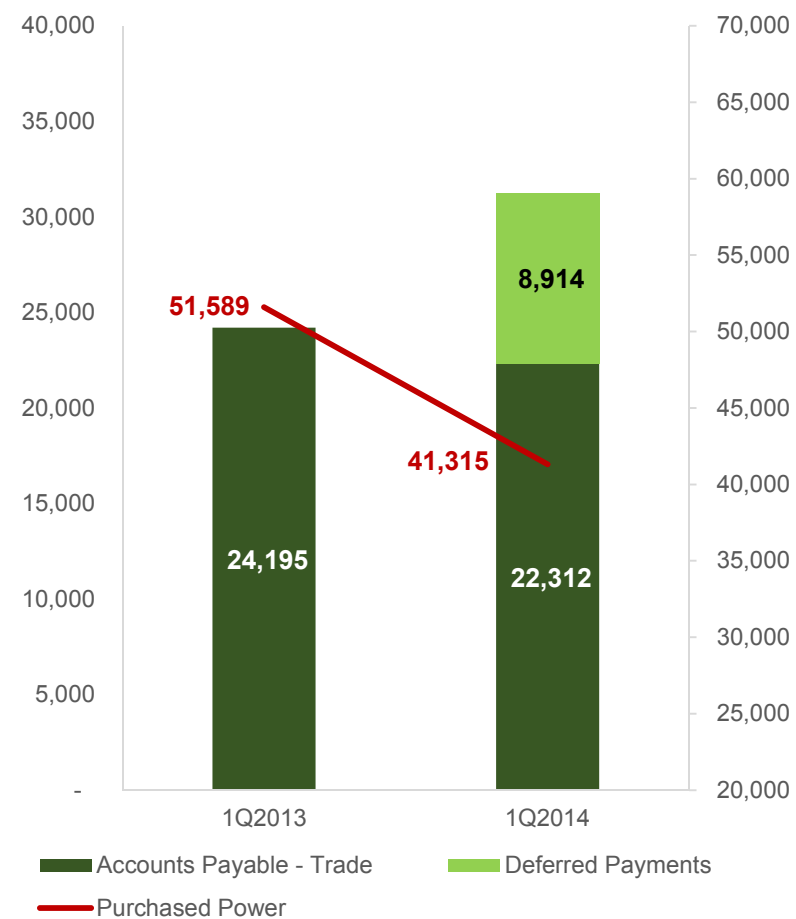
Receivables and Payables



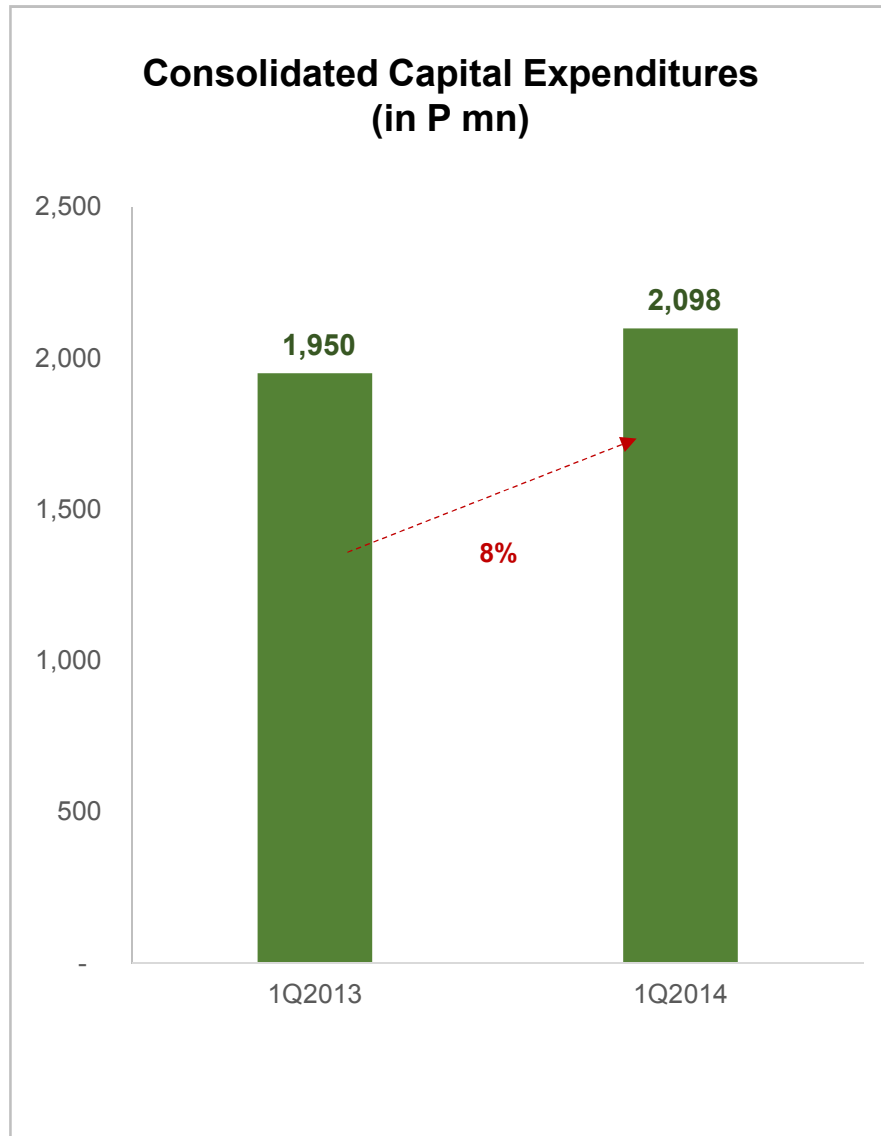
Revenues vs. Receivables (in P mn)



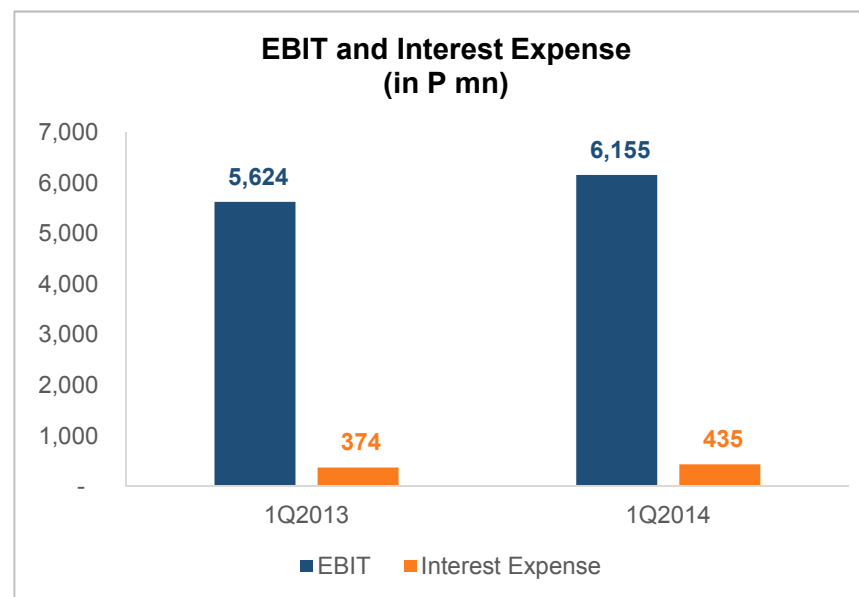
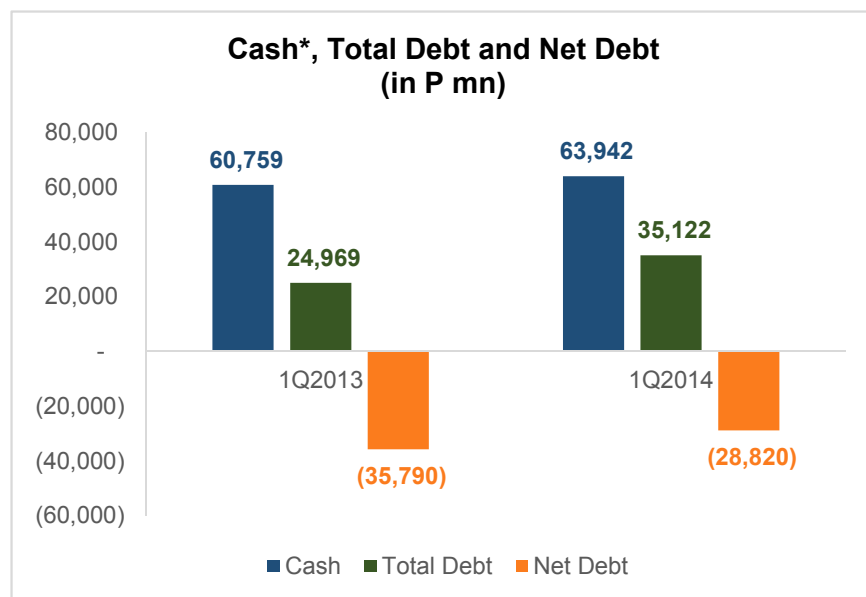
Purchased Power vs. Payables (in P mn)



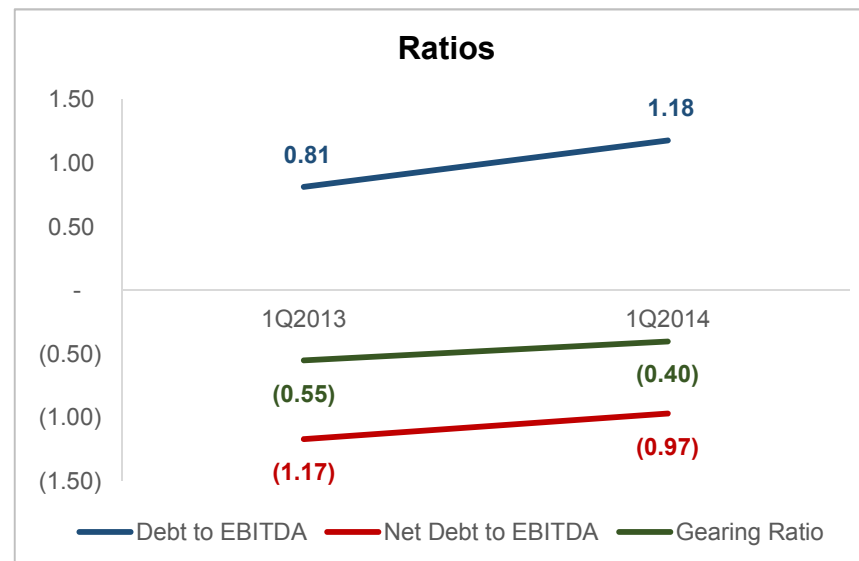
Capital Expenditures



Credit Profile



*** The cash balance includes the proceeds from the P18.5 bn bond issuance in December 2013 and the P7.2 bn fixed rate loan in 1Q 2014, net of loan prepayments.**



Cautionary Statements

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Thank You

