

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

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FORM TYPE

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Month Day

Annual Meeting

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Secondary License Type, if Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

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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 28, 2022*
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, 2021)

Amount of Debt Outstanding: PhP7.0 Billion Bonds

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

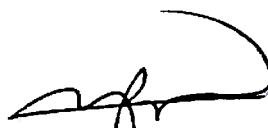
The Company's Board of Directors, in its regular meeting held today, February 28, 2022, approved the following:

1. The Company's Financial and Operating Results for the Full Year 2021 with comparatives for 2020 (refer to the attached Press release); and
2. The declaration of cash dividends of Pesos 10.226 a share to all shareholders of record as of March 30, 2022, payable on April 26, 2022. This brings total dividend declared out of 2021 CCNI to Pesos 15.283 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 28, 2022

***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, 2021
WITH COMPARATIVES FOR 2020**

- **CONSOLIDATED CORE NET INCOME ROSE 13% TO PESOS 24.6 BILLION, CONSOLIDATED REPORTED NET INCOME GREW BY 44% TO PESOS 23.5 BILLION**
- **CONSOLIDATED REVENUES INCREASED 16% TO PESOS 318.5 BILLION, DRIVEN BY HIGHER VOLUMES OF ENERGY DISTRIBUTED AND THE INCLUSION OF POWER GENERATION REVENUES BEGINNING APRIL 2021**
- **CONSOLIDATED DISTRIBUTION UTILITY ENERGY SALES VOLUMES UP 6% TO 46,073 GWH AS INDUSTRIAL SALES RETURNED TO NEAR PRE-PANDEMIC LEVEL. THE MERALCO SYSTEM-WIDE SALES VOLUMES TOTALED 57,200 GWH INCLUDING 5,459 GWH FROM PACIFICLIGHT POWER LTD. IN SINGAPORE, 4,931 GWH FROM GLOBAL BUSINESS POWER, 3,234 GWH FROM SAN BUENAVENTURA POWER LTD. CO. AND 67 GWH FROM POWERSOURCE FIRST BULACAN SOLAR, INC.**
- **12-MONTH MOVING AVERAGE SYSTEM LOSS IMPROVED TO 5.85%, OWING TO EFFECTIVE SYSTEM LOSS MANAGEMENT INITIATIVES**
- **MERALCO SPENT PESOS 27.5 BILLION IN CAPITAL EXPENDITURES TO STRENGTHEN DISTRIBUTION NETWORK, SERVE CUSTOMER DEMANDS AND MEET GROWTH REQUIREMENTS OF SUBSIDIARIES**
- **MERALCO SUSTAINED SERVICE EXCELLENCE WITH CUSTOMER-CENTRIC INITIATIVES, DIGITAL TRANSFORMATION AND CONTINUING ELECTRIFICATION OF ISLANDS WITHIN THE FRANCHISE AREA**
- **MERALCO BOARD OF DIRECTORS APPROVED THE DECLARATION OF FINAL CASH DIVIDENDS OF PESOS 10.226 PER SHARE PAYABLE TO ALL SHAREHOLDERS OF RECORD AS AT MARCH 30, 2022**
- **MERALCO LAID DOWN LONG-TERM SUSTAINABILITY STRATEGY MARKED BY A JUST, ORDERLY, AND AFFORDABLE TRANSITION TO CLEAN ENERGY THROUGH 2050**

- **THROUGH THE GREEN MOBILITY PROGRAM OF THE COMPANY, 128 ELECTRIC VEHICLES WERE DEPLOYED TO THE DIFFERENT SECTOR OFFICES AND BUSINESS CENTERS**
- **ONE MERALCO TEAM HELPED RESTORE POWER IN AREAS HIT BY TYPHOON ODETTE; SUPPORT TO COVID-19 BATTLE CONTINUED**

MANILA, Philippines, February 28, 2022 – The Manila Electric Company ("*Meralco*") reported today that its Consolidated Core Net Income ("*CCNI*") for the year 2021 grew by 13% to Pesos 24.6 billion from Pesos 21.7 billion in 2020 driven by the return of energy sales volumes to near pre-pandemic level and contributions from the power generation business.

Core earnings per share amounted to Pesos 21.833, up by 13% from 2020.

Reported net income improved 44% to Pesos 23.5 billion from Pesos 16.3 billion year-on-year due to absence of exceptional charges arising from the impairment recognized in 2020 on its investment in PacificLight Power Pte. Ltd. ("*PLP*").

Consolidated revenues rose by 16% to Pesos 318.5 billion from Pesos 275.3 billion, mainly driven by electricity revenues, which grew by 15% to Pesos 309.2 billion from Pesos 267.9 billion.

Meralco's average retail rate increased slightly by 4% to Pesos 8.24 per kWh from Pesos 7.96 per kWh due to higher pass-through charges. Generation and transmission charges, which accounted for 67% of the total retail price, went up by 7%. Feed-in-Tariff Allowance ("*FIT-All*") increased by 77% due to the implementation of a higher *FIT-All* rate of Peso 0.0983 per kWh starting January 2021 from Peso 0.0495 per kWh. Meanwhile, subsidies, taxes and other charges, which accounted for 14% of the retail price, were stable over the 12-month period.

Purchased power costs ("*PPC*") increased 10% to Pesos 224.9 billion from Pesos 204.4 billion due to overall higher cost of power with the unprecedented spike in global fuel prices. Prices from the Wholesale Electricity Spot Market ("*WESM*") also increased due to tight supply conditions as demand continues to improve, while average capacity of 3,373 MW in Luzon went on outage versus 2,629 MW in 2020. Also contributing to the higher *PPC* were the Malampaya gas supply restrictions that began in March 2021, and the maintenance shutdown in October 2021. Average Malampaya natural gas price was at \$7.50/GJ in 2021 versus \$6.65/GJ the previous year.

As of end-December, *Meralco* spent Pesos 27.5 billion for capital expenditures ("*CAPEX*"), of which almost 60% or Pesos 16.4 billion went to Networks *CAPEX*. The Networks *CAPEX* consisted of new connections, asset renewals, load growth projects, support for the government's Build, Build, Build ("*BBB*") program and the *Meralco* Electrification Program ("*MEP*").

Operating expenses ("*OPEX*") amounted to Pesos 31.7 billion, higher by 23% than in 2020 due to the increase in maintenance activities for distribution facilities amid easing quarantine restrictions, higher expenses of MERALCO PowerGen Corporation ("*MGen*") with the consolidation of Global

Business Power Corporation ("*GBP*") beginning April 2021 and increase in expenses of other subsidiaries in support of their digital transformation projects and business expansion initiatives.

Consolidated interest-bearing debt stood at Pesos 90.7 billion, of which Pesos 37.9 billion are maturing within one (1) year. The total amount includes debt of subsidiaries totaling Pesos 49.9 billion.

On February 28, 2022, the *Meralco* Board of Directors ("*BOD*") approved the declaration of cash dividends of Pesos 10.226 a share to all shareholders of record as of March 30, 2022, payable on April 26, 2022. This brings total dividend declared out of 2021 *CCNI* to Pesos 15.283 a share or an equivalent 70% of core earnings per share. Dividend yield calculated using December 31, 2021 closing price of *MER* is at 5%.

Energy sales volumes return to near pre-pandemic level; customer count hits 7.4 million

Consolidated distribution utility energy sales volumes in 2021 rose 6% to 46,073 GWh from 43,572 GWh in 2020 driven by sustained residential consumption, ramp-up in commercial volumes amid more relaxed quarantine restrictions, and strong industrial rebound within the franchise areas. Energy sales volumes from *Meralco* and Clark Electric Distribution Corporation ("*Clark Electric*") increased by 6% and 10%, respectively.

In terms of the sales mix, residential sales accounted for 37%, while commercial and industrial sales accounted for 33% and 30%, respectively.

Continued work-from-home and remote learning set-ups amid granular lockdowns pushed residential sales volume to grow 3% to 16,913 GWh from 16,488 GWh year-on-year, despite the slowdown in the second half of 2021 due to the coolest temperatures recorded in the last five (5) years, as well as increased mobility of vaccinated individuals outside their homes.

Commercial sales volumes went up by 3% to 15,234 GWh in 2021 from 14,766 GWh, owing to the ramp-up of vaccination activities and ease in restrictions, as well as higher foot traffic and relaxed rules for minors that drove demand in the retail, restaurants, public transport, and hospitality sectors.

Industrial sales volumes returned to near pre-pandemic level, registering the highest increase of 13% to 13,782 GWh from 12,176 GWh, backed by the strong performance of the semiconductor industry with the high demand for microchips, electronic parts, and devices, as well as higher operational output in the construction-related (cement and steel), food and beverage, and plastics industries.

Consolidated customer count increased 4% to 7.4 million at end-December from 7.1 million in the same period in 2020, as energization of new customers for both ordinary service and project-covered applications hit an all-time high, exceeding 2019 and 2020 levels.

Meralco's 12-month moving average ("12-MMA") system loss ("SL") at end-2021 was at 5.85%, a 0.23 percentage point improvement compared to 6.08% in 2020 due to system loss management initiatives, including reduction in unbilled services, and higher growth in lower loss-to-serve Commercial and Industrial customers following reopening of businesses. Clark Electric's 12-MMA SL was at 2.08% as at December 2021.

Strengthening distribution network and supporting infrastructure development

Meralco continued to expand and upgrade its facilities to build a more robust and resilient distribution network. Major projects completed during the year include uprating of distribution lines, expansion and installation of transformers, and upgrading and development of substations aimed at improving capacity and ensuring system reliability across the franchise area.

In December 2021, Meralco also started the implementation of its Mobile Distribution Transformer ("DT") project, with the first utilization involving the replacement of a distribution transformer in Bulacan. Upon full implementation, the Mobile DT is expected to shorten planned and unplanned power interruptions, leading to improved customer experience.

Following its win in the bidding conducted by the Power Sector Assets and Liabilities Management Corporation ("PSALM") in September 2021, Meralco is set to undertake the development of the Isla de Provisor in Manila with plans of turning it into a sustainable property within a 10-year horizon.

Meralco's pole relocation activities also remained a key enabler in the government's BBB and in Public- Private Partnership ("PPP") programs. As of end-December, the Company already relocated 1,483 poles covered by priority BBB and PPP projects across its franchise area.

In addition, Meralco relocated a record 2,014 poles in 2021 to support road widening projects of the Department of Public Works and Highways ("DPWH") and various local government units.

Keeping the lights on within and beyond its franchise area

Recognizing the importance of keeping the lights on even outside its franchise area, Meralco immediately provided assistance to provinces severely affected by Super Typhoon Odette (international name: Rai) starting December 2021.

A 154-man contingent composed of linemen and engineers, among others, along with 34 vehicles ("One Meralco Team") were deployed to help distribution utilities and electric cooperatives expedite power restoration activities in Cebu, Bohol and Surigao del Norte.

Meanwhile, Meralco continued to play an important role in the energization of vital COVID-19 facilities including hospitals, testing laboratories, quarantine and vaccination centers and vaccine storage facilities.

The Company energized an additional 60 facilities in 2021, bringing the total to 160 as the government ramped up booster inoculation activities and vaccination of the younger population.

"In 2021, we saw how humanity and compassion played important roles in our journey towards recovery – be it from continuing challenges brought about by the pandemic or from the impact of severe weather disturbances like Typhoon Odette. The women and men of *Meralco* responded with multitude acts of heroism to help our fellow Filipinos," said *Meralco President and CEO Ray C. Espinosa*.

"As we continue to strengthen our distribution network to support the requirements of our customers, we also commit to provide assistance where needed and to continue powering communities – even beyond our franchise area," **Mr. Espinosa** added.

Service excellence through customer-centric initiatives and digital transformation

Meralco remained sensitive to the challenges faced by its customers and extended the suspension of disconnection activities in areas under Enhanced Community Quarantine ("ECQ"), Modified Enhanced Community Quarantine ("MECQ") and granular lockdowns.

The Company continued to accommodate customers who still experienced difficulties in paying their bills in full. Also, through *Meralco's* digital transformation push, customers have been utilizing online channels to conveniently settle their bills.

As *Meralco* ramped up the capacity of customer care representatives handling concerns, more customer-centric initiatives were introduced to allow customers to discuss their concerns safely and remotely. Additional customer touchpoints utilized throughout the year include Facebook Live Chat, which serves 8,000 transactions per hour; Virtual Customer Assistant, which allows customers to speak with *Meralco* representatives through video conferencing; and Online Customer Appointment, which enables customers to schedule appointments before visiting *Meralco* Business Centers.

To help customers better understand their power bills, the Company implemented a new and improved electricity bill format, which features an upsized page for improved readability, a more prominent design on payment and account details, an expanded 24-month consumption chart, a daily and monthly average consumption tracker, as well as detailed payment history. The new bill also provides customers with information on the environmental impact of their electricity usage.

Another key milestone in its continuing pursuit of customer service excellence was the unveiling of *Meralco's* most advanced Operations Platform and Telecommunications Integrated Command Center ("OPTIC"), which now manages all its information, communication, and technology ("ICT") systems.

The first of its kind among electricity distribution utilities in the country, *OPTIC* is a state-of-the-art facility that aims to reduce unplanned downtime of critical *ICT* systems, increase employee productivity, and enhance service delivery to *Meralco* customers.

“Our customers will always be at the center of what we do. The improvements and innovations that we implement are meant to ensure that we provide the best service – one that remains reliable and consistent even in the face of unprecedented challenges,” said Mr. Espinosa

Transparency in the conduct of business

Competitive Selection Process (“CSP”)

In February 2021, *Meralco* Third-Party Bids and Awards Committee (“*TPBAC*”), concluded the *CSP* for the supply of 1,800 MW baseload power starting 2024. This was followed by another *CSP* conducted in November 2021 for the 70 MW baseload supply covering the period January 26, 2017 to January 25, 2037. Subsequently, *Meralco* bid out and awarded a 170 MW peaking supply for the period February 26, 2022 to July 25, 2022 based on the Department of Energy (“*DOE*”) approved Terms of Reference (“*TOR*”). The Power Supply Agreements (“*PSAs*”) for the *CSPs* conducted are still awaiting *ERC* approval.

In December 2021, *Meralco* likewise sought approval of its *TOR* for *CSP* of 180 MW (net) baseload requirement from February 26, 2022 until July 25, 2022. The *CSP* is intended to mitigate indefinite exposure of *Meralco*’s customers to additional generation costs associated with running the plants on liquid fuel and/or allow for [partial] replacement of the capacity anticipated to be affected due to the Malampaya gas restrictions. On February 22, 2022, the *DOE* approved with comment the proposed *TOR*, and enjoined *Meralco* to proceed with the publication of the Invitation to Bid.

Distribution True-up Refund

In February 2021, *ERC* provisionally approved *Meralco*’s proposal to implement a refund of distribution-related charges amounting to Pesos 13.9 billion over a period of 24 months or until the amount is fully refunded.

As of end-December 2021, 41% of the total amount has been refunded and implementation is expected to run until December 2022.

Improved performance of business units and subsidiaries

Clark Electric

- *Clark Electric*’s energy sales volume grew by 10% to 558 GWh in 2021 from 505 GWh the previous year. Industrial sales volumes within the franchise area grew 22% amid the gradual resumption of business operations of locators.
- Distribution revenues were up by 5% to Pesos 527.3 million. *Clark Electric* contributed Pesos 156.7 million to *Meralco*’s *CCNI* in 2021.

Retail Electricity Supply ("RES")

- MPower, the local *RES* unit of *Meralco*, *Clark Electric's* Cogent, and three (3) other affiliate retail electricity suppliers sold 7,516 GWh of energy to the contestable market in 2021.
- Combined volumes went up by 12% amid the easing of restrictions and increased business activities. Contribution to *Meralco CCNI* in 2021 was still significant despite higher NewCastle ("*NEWC*") coal index and *WESM* prices.
- From January to December 2021, *NEWC* index rose to an average of US\$137.29 per MT versus US\$60.45 per MT in 2020, while average *WESM* prices rose to Pesos 4.99 per kWh from an average of Pesos 2.38 per kWh. *WESM* prices spiked as high as Pesos 37.09 per kWh during peak demand hours in October 2021, affecting the margins of the different *RES* units.

Power Generation

- Wholly-owned subsidiary, *MGen* contributed Pesos 1.2 billion to *Meralco's CCNI* in 2021, significantly higher than the Pesos 435.0 million the previous year mainly driven by the contributions of San Buenaventura Power Ltd. Co. ("*SBPL*") and *PLP*. PowerSource First Bulacan Solar, Inc. ("*BulacanSol*") also added to the *CCNI* as it began operations in May 2021. As of end-December, *MGen* has a total power generation capacity of 2,251 MW (net).
- In March 2021, *MGen* fully acquired *GBP*, which has ownership in coal and oil plants with a net capacity of 970 MW, of which 800 MW are contracted under *PSAs* with captive and contestable customers and Ancillary Services Procurement Agreements ("*ASPAs*"). *GBP* delivered 4,931 GWh in 2021 with full year *CCNI* of Pesos 512.0 million.
- In July 2021, *MGen* acquired an additional 30% interest in *PLP*, bringing its combined direct and indirect interests to 58%. The 800-MW liquefied natural gas facility in Jurong Island, Singapore delivered a total of 5,459 GWh of energy in 2021, an 11% increase from the previous year. *PLP's* 2021 *CCNI* amounted to S\$59.2 million (Pesos 2.2 billion).
- *SBPL's* 455-MW (net) supercritical coal-fired plant in Mauban, Quezon delivered 3,234 GWh of energy in 2021 with an average plant availability of 89.48%, even with the 37 days combined outage in March and December 2021. *SBPL's* full year *CCNI* was Pesos 2.6 billion.
- The 50-MWac plant of *BulacanSol* in San Miguel, Bulacan remains to be the country's largest single operating solar plant. Since its Commercial Operations Date ("*COD*"), the plant had an average plant availability of 89% and delivered 67 GWh of solar energy to *Meralco* under a 20-year *ERC*-approved *PSA*.
- Through *MGen Renewable Energy, Inc. ("MGreen")*, *MGen* continues to pursue renewable energy projects in line with its target to build a 1,500-MW clean energy portfolio. It is

currently developing the 78-MWac Baras solar plant in Rizal, which is targeted to start commercial operations in the third quarter of 2022.

Non-electric subsidiaries

CIS Bayad Center, Inc. ("Bayad")

- *Bayad, Meralco's payment service arm, contributed Pesos 94.0 million to Meralco's CCNI in 2021 as consolidated revenues grew by 9% to Pesos 1.9 billion.*
- *Digital payments across digital platforms reached Pesos 47.8 billion in 2021. Bayad also added 81 new billers, bringing its total number of serviced billers to 438 as of end-December.*
- *Launched in January 2021, the Bayad App recorded over 120,000 downloads and booked Pesos 39.2 billion in bills payment transactions during the period. Meanwhile, Bayad Online recorded 42,206 registered users since its commercial launch in December 2020.*

Radius Telecoms, Inc. ("Radius")

- *Radius, Meralco's wholly-owned data and internet services unit, booked Pesos 1.5 billion consolidated revenues in 2021 versus P1.4 billion the previous year. It contributed Pesos 246.0 million to Meralco's CCNI during the period.*
- *Radius owns 7,635 kilometers of fiber optic cable, including 1,023 kilometers of Gigabit Passive Optical Network ("GPON"), serving wholesale, enterprise, and residential requirements.*
- *With the establishment of its capability to manage end-to-end broadband operations, Radius' RED Fiber ended 2021 with 17,442 subscribers in Metro Manila, Bulacan, Cavite Laguna, Cebu and Clark in Pampanga.*
- *Throughout the year, Radius maintained 99.96% service level availability performance. It also maintained reduced downtime as a result of its proactive scheduling of regular preventive maintenance activities, and the re-engineering of its local and international IP backbone to improve the streaming experience of its customers.*

Meralco Industrial Engineering Services Corporation ("MIESCOR")

- *MIESCOR, the engineering and construction arm of Meralco, and its subsidiaries contributed Pesos 236.0 million to Meralco's CCNI in 2021. This was an increase from the Pesos 174.0 million booked in 2020, driven by the growth in profit margins of its business segments, higher revenues from its Engineering, Procurement and Construction ("EPC") contracts, and record high income contribution from its subsidiaries, MIESCOR Builders, Inc. and MIESCOR Logistics, Inc.*

- *MIESCOR* holds a license from the Department of Information and Communications Technology (“*DICT*”) to operate as an independent tower company for a period of five (5) years.

Meralco’s commitment to a sustainable future: Just, orderly, and affordable transition to clean energy through 2050

Through its sustainability agenda, Powering the Good Life, *Meralco* heightened its commitment to achieving business objectives while embedding sustainability in its strategy and operations. The Company thus developed and launched key initiatives across each of its sustainability pillars — Power, Planet, People, and Prosperity — in support of the United Nations’ Sustainable Development Goals (“*SDGs*”).

In line with its Power pillar and its thrust to provide ‘energy for all, always’, *Meralco*, in 2021, achieved 100% electrification of households identified by the *DOE* through the *MEP*. On the island electrification front, the Company deployed innovative microgrid solutions, combining solar panels and batteries to energize rural and off-grid communities in the provinces of Quezon and Batangas.

Under the Planet pillar, the Company crafted and introduced emissions-reduction initiatives. Through its Green Mobility Program that aims to electrify *Meralco*’s vehicle fleet, the Company began the deployment of 128 electric vehicles (“*EVs*”) composed of cars, vans, pick-up trucks, and motorcycles to cater to the transportation needs of its Sector Offices and Business Centers. With this initial roll-out, *Meralco* aims to achieve 100% electrification of its Metro Manila Business Center vehicle fleet. To support the charging requirements of these *EVs*, the Company is installing five (5) fast-charging stations and depot-based AC chargers in strategically located *Meralco* facilities. These have been filed with the *ERC* for approval.

Other strategic initiatives that *Meralco* implemented to drive its sustainability agenda include the shift to plant-based natural ester oil (“*NEO*”) for its power distribution transformers. Currently, 100% of *Meralco*’s pad-mounted *DTs* already use *NEO*. The Company intends to use *NEO* for all its future transformers, including pole-mounted *DTs*, making these assets 99% biodegradable and recyclable.

Meralco also continued to drive key carbon sink initiatives. Through the One For Trees Program, it has planted and nurtured over 1 million trees in Bulacan, Cebu, and Panay – with a target to reach 5 million trees in more Philippine forests and watersheds by 2025.

In addition, *Meralco* actively engaged and partnered with like-minded institutions to elevate its sustainability agenda. In May 2021, *Meralco* formally joined other private sector leaders and environment advocates in the Green EDSA Movement (“*GEM*”), which seeks to transform EDSA into a green and people-friendly thoroughfare. *Meralco* is currently converting Company-managed streetlights along EDSA to LEDs to promote energy conservation and efficiency.

Finally, in 2021, the Company crafted its Long-Term Sustainability Strategy as it aims to drive deep decarbonization through 2050. Core to this strategy is *Meralco's* low-carbon transition plan underpinned by its commitment to source 1,500 MW of its power requirements in the next five (5) years from clean energy sources, and to build 1,500 MW of renewable energy generation capacity by 2027 through *MGen* and *GBP*.

Going forward, the Company will accelerate its decarbonization efforts with the potential adoption of next-generation clean technologies including Battery Energy Storage System ("*BESS*"), offshore wind, and nuclear, specifically small modular nuclear reactors ("*SMRs*"). *Meralco* will also assess more advanced technologies (such as carbon capture, utilization, and storage, and green hydrogen) as they mature economically. These are all in line with *Meralco's* drive to be coal-free by 2050.

Conclusion

"Our excellent operational and financial performance in 2021 reflects *Meralco's* continuing efforts to invest in customer-centric innovations and in our digital transformation journey to deliver quality and reliable service to our more than 7 million customers, in the midst of a continuing pandemic," *Meralco* Chairman **Manuel V. Pangilinan** said.

"We also reaffirm our commitment to deeply embed sustainability in our strategy and operations, while embarking on a just, orderly, and affordable transition to clean and earth-friendly energy. Our Long-Term Sustainability Strategy maps out this important decarbonization plan beginning today through 2050," he added.

"Moving forward, we will continue investing in innovations and searching for opportunities that will help us better serve our customers, bring greater value to our shareholders, and contribute to the country's post-pandemic recovery," Chairman **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		% Change
	2021	2020	
REVENUES			
Electricity	309,238	267,946	15
Non-electricity	9,309	7,358	27
	318,547	275,304	16
COSTS AND EXPENSES	289,203	254,313	14
OTHER INCOME – net	3,656	1,424	157
INCOME BEFORE INCOME TAX	33,000	22,415	47
PROVISION FOR INCOME TAX	8,917	6,266	42
NET INCOME	24,083	16,149	49
NET INCOME – REPORTED	23,498	16,316	44
CORE NET INCOME	24,608	21,711	13
EARNINGS PER SHARE			
On Reported Net Income			
Basic	20.849	14.476	44
Diluted	20.849	14.476	44
On Core Net Income ¹			
Basic	21.833	19.262	13
Diluted	21.833	19.262	13

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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