

# COVER SHEET

P W - 1 0 2

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

632-8014

Company Telephone Number

1 2 - 3 1

Month Day

Fiscal Year

1 7 - C

FORM TYPE

0 5 2 8

Month Day

Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

# **SECURITIES AND EXCHANGE COMMISSION**

## **SEC FORM 17-C**

### **CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER**

1. **Date of Report:** *February 26, 2019*
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 1605*
8. **Issuer's telephone numbers:** *6328014* **Area Code:** *(02)*
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, 2018)*

**Debt Securities: PhP18.5 Billion Bonds**

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

The Company's Board of Directors, in its regular meeting held today, February 26 2019, approved the following matters:

1. The Company's Financial and Operating results for the year ended December 31, 2018 with comparatives for 2017 (refer to the attached Press release); and
2. The declaration of a final cash dividend of Pesos 10.594 per share to all shareholders as of record as at March 22, 2019, payable on April 15, 2019. This consists of a final regular cash dividend of Pesos 4.630 per share and a special cash dividend of Pesos 5.964 per share. This final cash dividend, in addition to the interim regular dividend of Pesos 5.311 per share declared on July 30, 2018 and paid on September 24, 2018, brings total cash dividends paid from 2018 Core Consolidated Net Income to Pesos 15.905.

**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**  
First Vice President  
Assistant Corporate Secretary &  
Information Disclosure Officer

**Date: February 26, 2019**

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



PRESS RELEASE  
FINANCIAL AND OPERATING RESULTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
WITH COMPARATIVES FOR 2017

Highlights

- Consolidated Reported Net Income for 2018 at Pesos 23.0 billion, 13% higher than Pesos 20.4 billion generated in 2017
- Consolidated Core Net Income for 2018 at Pesos 22.4 billion, 11% higher compared with Pesos 20.2 billion in 2017
- Consolidated electricity revenues at Pesos 295.4 billion for 2018, 7% higher than in 2017
- Consolidated distribution revenues at Pesos 62.0 billion for 2018, 4% higher than in 2017
- Consolidated Core EBITDA at Pesos 37.4 billion, 8% higher than Pesos 34.6 billion in 2017
- Core Earnings per Share at Pesos 19.88
- Final regular cash dividend of Pesos 10.594 per share declared, including a special dividend of Pesos 5.964 per share
- Total dividend of Pesos 15.905 per share, representing 80% payout of the 2018 Consolidated Core Net Income
- Consolidated volume of energy sold for 2018 at 44,313 GWh, 5% higher than in 2017
- Customer count up by 5% to 6.6 million
- Average consolidated distribution rate for 2018 at Pesos 1.40/kWh, Peso 0.02 lower compared with 2017

MANILA, PHILIPPINES, 26<sup>th</sup> February 2019 – Manila Electric Company (“*Meralco*” or the “*Company*”) (PSE: *MER*) today announced that its audited Consolidated Core Net Income (“*CCNI*”), before exceptional items, amounted to Pesos 22.4 billion, 11% better than in 2017. Consolidated Reported Net Income for the year ended December 31, 2018 amounted to Pesos 23.0 billion. Core Earnings per Share for 2018 reached Pesos 19.88, while Reported Earnings per Share was Pesos 20.42.

The Board of Directors of *Meralco* approved today a final cash dividend of Pesos 10.594 per share to all shareholders of record as at March 22, 2019, payable on April 15, 2019. This consists of a final regular cash dividend of Pesos 4.630 per share and a special cash dividend of Pesos 5.964 per share. This final cash dividend, in addition to the interim regular dividend of Pesos 5.311 per share declared on July 30, 2018 and paid on September 24, 2018, brings total cash dividends paid from 2018 *CCNI* to Pesos 15.905 or 80% payout.

The operating and financial results for the calendar year ended December 31, 2018 once again reached another record high despite slightly lower GDP growth, higher inflation and interest rates, high coal price and a weaker peso compared with 2017, as well as cooler temperatures during the first four (4) months of the year. Consolidated energy sales volumes for 2018 grew by 5% to 44,313 GWh, including the volume distributed by Clark Electric Distribution Corporation (“*CEDC*”) of 527 GWh. The combined contributions across all customer sectors and the effect of a relatively resilient domestic consumption driven by the new phenomenon of the rapidly expanding Philippine Offshore Gaming Operators (“*POGO*”), the steady contribution of the Business Process Outsourcing (“*BPO*”) industry and growth in remittance from over 10 million overseas Filipino workers and migrants underpinned the increase in sales volumes. For 2018, the Peso continued to weaken ending the year at Pesos 52.58 to US\$1.

*Meralco*’s customer base continued to expand at a healthy rate of 5%. The year ended with a total of 6.6 million billed customer accounts for a net additional of more than 288,000 customers from 6.3 million at the end of 2017. Customer satisfaction index was at 8.25 (compared with 8.39 in 2017), as electricity rates were higher, albeit contained within a certain range for most of the year, impacted by rising inflation, higher benchmark interest and foreign exchange rates, and the Tax Reform for Acceleration and Inclusion (“*TRAIN*”) Act.

Gross revenues grew to Pesos 304.5 billion, 8% more than Pesos 282.6 billion in 2017, as a result of higher volumes and pass-through generation charges resulting from higher average fuel prices, a weaker peso and higher spot prices at the Wholesale Electricity Spot Market (“*WESM*”). Electricity revenues, comprising 97% of gross revenues, totaled Pesos 295.4 billion compared with Pesos 275.2 billion in 2017. Generation and other pass-through components as a percentage of total electricity revenues was at 79% in 2018, one percentage point higher than in 2017. *Meralco*’s distribution charge was Peso 0.02 lower in 2018 at Pesos 1.40 per kWh, while aggregate distribution revenues grew by 4% in 2018 to Pesos 62.0 billion versus 2017, reflecting the impact of higher volumes distributed.

Consolidated Core *EBITDA* amounted to Pesos 37.4 billion, up 8% over Pesos 34.6 billion in 2017, with Core *EBITDA* margin stable at 12% on consolidated revenues.

*CCNI* rose by 11% to Pesos 22.4 billion in 2018 over Pesos 20.2 billion in 2017, driven by the 5% increase in volume of energy distributed, higher financing income from funds deployed due to improved yields, recognition of service fees from *Meralco*’s Technical Services Agreement (“*TSA*”) with Ibadan Electricity Distribution Company (“*IBEDC*”) in Nigeria and the adjustment of provisions with the continuing resolution of legacy local

government fiscal matters and the adoption of Philippine Financial Reporting Standards (“*PFRS*”) No. 9, on Financial Instruments. *CEDC*, a 65%-owned subsidiary of *Meralco*, further contributed close to Pesos 150 million to *CCNI*, from electricity distributed to its over 2,200 customers within the Clark Economic Zone. *CEDC* has a franchise granted by the Clark Development Corporation (“*CDC*”) to distribute power within its franchise area.

Consolidated capital expenditures (“*CAPEX*”) in 2018 amounted to Pesos 13.7 billion, 13% higher compared with 2017, with the partial approval by the *ERC* of Pesos 24.2 billion out of a total of almost Pesos 73.0 billion filed by *Meralco* for the entire 4<sup>th</sup> Regulatory Period (“*RP*”) covering July 1, 2015 to June 30, 2019. *Meralco* has also manifested emergency *CAPEX* of almost Pesos 10.0 billion for projects that need immediate implementation while awaiting *ERC* approval. *CAPEX* requirements filed by *CEDC* totaled Pesos 1.7 billion for Regulatory Years (“*RY*”) 2016 to 2018 of the 3<sup>rd</sup> *RP*. *CEDC* has manifested with the *ERC* a sum of Pesos 198.5 million as emergency *CAPEX*, of which Pesos 164.7 million has been completed.

Cash flows from operations for 2018 reached Pesos 40.1 billion. Free cash flows amounted to Pesos 5.4 billion. Cash and cash equivalents as at December 31, 2018 amounted to Pesos 36.5 billion, excluding hold-to-collect (“*HTC*”) and fair value through other comprehensive income (“*FVOCI*”) financial assets, and other cash placements, which are classified under other non-current assets and other current assets according to their maturities.

Total interest-bearing debt is slightly lower at Pesos 40.0 billion (including debt of subsidiaries totaling Pesos 1.7 billion) at the end of 2018, of which Pesos 15.3 billion are due to mature within 2019.

Gross Debt to EBITDA stood at 1.08x. *Meralco* maintains a strong balance sheet and liquidity position with Net Debt to EBITDA at 0.10x. Total principal debt repayments, customer refunds and financing charges paid amounted to Pesos 4.7 billion in 2018. For the year ended December 31, 2018, total financing expenses amounted to Pesos 2.0 billion.

## **OPERATIONS REVIEW**

Among *Meralco*’s non-electric subsidiaries, CIS Bayad Center, Inc. (“*Bayad Center*”) and Radius Telecoms, Inc. (“*Radius*”) provided meaningful additions to the *CCNI* of the *Company*.

*Bayad Center* remained aggressive with its biller acquisition, increasing its biller base from 269 to 290. Other than utilities, *Bayad Center* counts Government agencies, credit companies and lending institutions among its biller partners. As at December 31, 2018, it had a total of 33,280 customer payment touchpoints consisting of over 600 co-owned and branded stores, 678 Automated Payment Machines, over 2,000 retail machines deployed in neighborhood establishments, and over 29,000 corporate partners. *Bayad Center*’s services have adopted a digital platform as it powers the bills payment facility of leading online and mobile applications, even launching its own mobile app in 2018. Consolidated revenues of

*Bayad Center* in 2018 amounted to Pesos 1.7 billion, an 8% increase over 2017. Contribution to *CCNI* of *Meralco* was at Pesos 278.2 million.

*Radius*'s fiber-based data connectivity, internet and managed telecommunications services continue to be the preferred redundancy or back-up services of other carriers, and is a service provider to enterprise and channel clients. *Radius* has also heightened its customer acquisition initiatives for enterprise-, channel-, and carrier- clients and has grown its customer base significantly in 2018. Revenues reached Pesos 1.3 billion, 20% higher than in 2017, mainly due to an expanded customer base with the completed bandwidth upgrade and installation of additional fiber circuits.

"The sustained growth of the domestic economy, and the resilience of the global economy amidst political uncertainties, have allowed *Meralco* to still achieve healthy energy sales growth in 2018, despite an increase in the pursuit of greater energy efficiency across all customer classes, distributed and self-generation, particularly rooftop solar, which could negatively impact sales volumes. We hope that the Government's "Build Build Build" program and private sector investments will pick up steadily to support domestic consumption and help hurdle the uncertainties affecting our growth," said **Manuel V. Pangilinan**, Chairman of *Meralco*.

### **SURPASSING SALES AND OPERATIONAL TARGETS IN A CONDUCTIVE BUSINESS ENVIRONMENT**

The Philippine economy expanded by 6.2% in 2018 while the energy distributed within the *Meralco* franchise area grew by 5%. Except for the first three (3) months of 2018, monthly energy sales exceeded 3,500 GWh with total volume reaching 44,313 GWh as at December 31, 2018. The growth is largely attributable to the rapid urbanization of the North and South areas of the *Meralco* franchise area, increasing activities of *POGOs* and the sustained demand for *BPO* services, among others. This positive phenomenon was offset by major weather disturbances, namely, Typhoons Karding (international codename: "Yagi") and Ompong (international codename: Mangkhut), and the enhanced Habagat (southwest monsoon rains) in the third quarter of 2018, resulting in unserved energy of close to 70 GWh. Faster energization of Commercial and Industrial accounts enabled by operational excellence and by *CAPEX* for customer and load growth, along with the resilience of the local and global economies, have reflected positively as the Commercial and Industrial sectors grew at a faster pace in 2018. The *TRAIN* Law, which was enacted towards the end of 2017 and imposed an additional value-added tax and excise taxes on the energy industry, is expected to contribute to Government revenues for its many "Build Build, Build" projects aimed at spurring economic expansion across all industries.

*Meralco* continued to set new records as it outperformed previous year's levels as it continued to focus on serving the needs of customers across all classes. Consolidated energy sales volume grew by 2,211 GWh or over 5% to 44,313 GWh. *CEDC*'s sales volume declined by 8%, with the assumption of the electric distribution services of a major Freeport Zone locator by *CDC*. Normalizing for the effect of excluding this customer account, *CEDC*'s volume growth would have been 10%.

Industrial sales volumes in 2018 were 30% of total sales, growing by close to 7% driven by the semiconductor, rubber and plastics, and food and beverage industries, which were up by 7%, 11% and 6%, respectively. The electronics industry continues to be the country's top exporter, accounting for over 50% of Philippine export volumes. The very competitive electricity supply cost and the high reliability of the *Meralco* network have induced rubber and plastics manufacturers to shift away from self-generation to increasing grid reliance, with growth in the sector tied with growth in the food and beverages industry as demand for packaging solutions for restaurants is also on the rise. For the food and beverages industry, growth came from the demand for processed and manufactured food products as consumer behavior continues to shift from buying from traditional wet markets to supermarkets.

Commercial volumes, which stood at 39% of total energy sales, grew by over 5%, adding 866 GWh in 2018. Real estate, hotels and restaurants, and retail trade volumes were the main drivers, growing at 15%, 7% and 5%, respectively. Demand for office space remains robust with most of the major business districts fully developed during the year. Take-up of office spaces continues to be from *BPOs* and *POGOs*, with the latter accounting for 72% of the total. *MERALCO's* South Sector is expected to be the next growth area. With airlines offering affordable travel fares, the year also saw growth in the hotel industry brought about by the steady inflow of tourists from the United States, China and South Korea. Growth is also notable from domestic tourism as "staycations" have become popular with locals for extended weekends or holidays. New township developments and technology for online services contributed to the growth of retail trade, with the ramp-up of existing mixed-use malls catering particularly to millennials who want to live, work and be entertained in the same location.

Residential volumes grew by 4%, or an additional 495 GWh, while the residential customer count increased by almost 274,000. Similar to the Commercial sales growth volumes, the Central and South sectors accounted for most of the volume increases. The share of Residential remained at 31% of total sales. The slowdown in Residential sales in the first quarter of 2018 was reversed, commencing in the second quarter and was sustained thereafter.

Throughout the year, the *Company* increased its engagement with customers and focused primarily on their changing needs and aspirations. The year 2018 saw an acceleration for *Meralco's* digital journey which included, among others, (i) *Meralco Online*; (ii) *Meralco Mobile app*; (iii) subscriptions to paperless billing; and (iv) online payments, which facilitated customer applications, accelerated energization and provided convenience for bill information and settlements. Online payment posted the highest customer usage with total settlements of Pesos 177.0 million for over 75,000 customer accounts.

*Meralco's* generation charge of an average Pesos 5.12 per kWh in 2018, was up 16% over the Pesos 4.41 in 2017 but still lower than the level in 2012. The higher generation charge was driven by the rise in fuel costs of both gas- and coal-fired generating companies as global price indices moved upwards, the weaker peso, higher *WESM* prices amid lower plant availability, considering that over 20% of the power plants in Luzon are more than 30 years old. *Meralco's* tightly negotiated Power Supply Agreements ("*PSAs*") with several



coal-fired and natural gas-fired power generators have been in place since 2012-2013, following the expiry of the Transition Supply Contracts (“TSCs”) with the National Power Corporation (“NPC”), which had been *Meralco*’s power supplier since the 1970s up to the years 2000–2003, when Purchase Power Agreements (“PPAs”) with the Malampaya gas-fired plants and the Quezon Power (Philippines), Limited Co. (“QPPL”) coal-fired plants commenced to supplement the NPC supply. The PSAs helped contain generation charges and power prices. A number of these are up for review or renewal by the end of 2019.

Average retail price in 2018 for *Meralco*’s captive customers was at Pesos 8.95 per kWh, Pesos 0.92 per kWh higher than the Pesos 8.03 per kWh in 2017, largely due to the higher average generation charges driven by higher fuel (coal, natural gas and liquid fuel) prices, the depreciation of the peso and the increase in spot market prices. Coal price was at an average of US\$ 106.82 per MT (US\$ 87.98 per MT in 2017) while natural gas, which is indexed against crude oil, was at US\$ 7.71 per GJ (US\$ 6.87 per GJ in 2017). Compounding the impact of these higher foreign currency denominated fuel prices was the weakening of the Peso in 2018.

Transmission charge was down by 1% at Peso 0.77 per kWh. Distribution charge was lower by 1% at Pesos 1.40 per kWh. Taxes, subsidies and universal charge were up 13% at Pesos 1.08 per kWh and the Feed in-Tariff Allowance (“FIT-Alt”), was at Pesos 0.23 per kWh, 42% higher over 2017. These charges accounted for 9%, 16%, 12% and 2% of the average retail price, respectively.

Consolidated net system input (“NSI”) was at 46,733 GWh, 5% higher than in 2017, with *Meralco* peak demand at 7,399 MW (registered on May 23, 2018), 6% higher than the 6,973 MW on June 14, 2017. *CEDC*’s peak demand was at 95 MW in 2018 (even without the volume of a major locator whose account was taken over by *CDC*) compared with 96 MW in 2017. The Luzon grid peak demand in 2018 was at 10,876 MW, higher than the 10,054 MW in 2017.

System Loss (“SL”) continues to be another barometer of *Meralco*’s efficiency. The 12-month moving average (“12-MMA”) was at 5.67% at the end of December 2018, 1.83 percentage points below the revised cap promulgated under Resolution 20, Series of 2017 of the *ERC*, resulting in cumulative savings to *Meralco* consumers of Pesos 6.1 billion in 2018, or Pesos 39.6 billion since 2008. *CEDC* has similarly outperformed the regulatory cap as it posted a 2.77% 12-MMA in 2018, for cumulative savings to its locators of Pesos 164.7 million in 2018 or Pesos 854.4 million since 2008.

In order to deliver on *Meralco*’s commitment of excellent power distribution to customers in its franchise area 24x7, at affordable rates reflecting the least average cost to all consumers, including achieving networks efficiency for customers, *Meralco* continued to execute on the partial approval of CAPEX by the *ERC* for the 1<sup>st</sup> and 2<sup>nd</sup> RYs of the 4<sup>th</sup> RP, and manifested emergency CAPEX to address the mounting requirements of its customers and networks, information technology, customer service and major operating facilities. In 2018, *Meralco* increased power transformer capacity by 385 MVA and added 136.7 kilometers of circuit length. A total of two (2) sub-transmission line projects (Biñan-Rohm-LIIP 115kV and

New Cruz na Daan-Baliuag 69 kV lines); five (5) substation projects (Balibago, Sta. Maria, Carmelray Industrial Park II, Santolan and Lancaster); and six (6) major projects, among others, were completed during the year. As at December 31, 2018, total executed *CAPEX* was at Pesos 13.7 billion.

Separately, 1,296 and 957 poles have been relocated for the projects of the Department of Public Works and Highways (“*DPWH*”) and the Government’s “Build Build Build” program, respectively. Also, 45 out of 46 of the Department of Energy’s (“*DOE*”) Sitio Electrification Program projects were completed, with one sitio declared not viable due to right-of-way (“*ROW*”) concerns.

*Meralco*’s *CAPEX* also included facilities and lines to support embedded Renewable Energy (“*RE*”) plants, the total capacity of which is currently at 180.3 MW, 6% higher than 2017.

Total prepaid accounts were at 101,844 as at December 31, 2018 with 12,127 activated during the year.

“There is no doubt that reliable power provisioning and distribution supported the sustained volume growth throughout the year. *Meralco* remains focused on the market and its customers’ changing needs and on facilitating the provision of accessibility to its customers. Distribution system and transmission *CAPEX* to meet load and customer growth, highly reliable, safe and weather-hardened service, digitally enabled superior customer experience. Power generation investments to meet ever increasing new capacity requirements are also key to ensuring a globally competitive power industry, supportive of the continued growth and competitiveness of the economy. With millennials constituting a large chunk of the franchise population and demographics at the mid-20s range, *Meralco* is changing with the times. It has crafted a digital strategy encompassing communications to customer requirements. Now, *Meralco* may be reached at the click or swipe of a finger.

“Beyond this, we see a lot of related opportunities where *Meralco* can best serve all customer classes in the services sector while supporting growth in labor-intensive manufacturing industries. As we look forward to these developments, we continue to build our *CAPEX* to meet the requirements, and work with our regulators to invest for broader and better service, to ensure a strong and resilient electric power industry,” said **Oscar S. Reyes**, President and Chief Executive Officer.

## **RETAIL COMPETITION AND OPEN ACCESS** **(“*RCOA*”): CONTINUING CHALLENGES**

The business environment around *RCOA* remains highly challenging and intensely price competitive.

As at December 31, 2018, there were a total of 55 Retail Electricity Supply (“*RES*”) players providing electricity to voluntary contestable customers with demand of at least 750 kW in Luzon and Visayas. Furthermore, there were a total of 1,876 qualified contestable customers in Luzon and Visayas, of which 1,203 had retail supply contracts.

## **POWER GENERATION; MERALCO'S RE-ENTRY WITH SAN BUENAVENTURA IN 2019**

### *San Buenaventura Power Limited ("SBPL")*

The implementation of the Engineering, Construction and Procurement ("EPC") contract of *SBPL*, the country's first supercritical 455 MW (net), coal-fired power plant in Mauban, Quezon is on schedule to meet the September 2019 commercial operations date. To date, overall *EPC* is at 98.15% completion and is slightly ahead of target. This is most significant to *Meralco*, as it marks *Meralco's* return to power generation after an absence of over 40 years since it relinquished and sold its power generation assets to *NPC* during Martial Law in the 1970s. As a large distribution utility with a franchise commitment of excellent service at affordable least cost price, it is highly strategic that the *Company* has adequate power generating capacity within the limits allowed by law, in the interest of not being fully price- and supply- reliant on third party generating companies. This would enable *Meralco* to provide the appropriate competitive balance and tension to best serve its customers.

*SBPL* is a joint venture of *MGen* with New Growth B.V., a subsidiary of Electricity Generating Company Limited of Thailand ("*EGCO*").

### *Atimonan One Energy, Inc. ("AIE")*

The approval of the *PSA* which had been filed almost three (3) years ago, had completed all the requisite regulatory processes and public hearings, and had been submitted for regulatory decision nearly two (2) years ago is being awaited, along with the resolution of a case filed with the Supreme Court. *AIE* has also been granted a Certificate of Energy Project of National Significance ("*CEPNS*") by the *DOE* and is also a recognized Pioneer Project by the Board of Investments. The Lower House has passed a resolution in November 2018, signed by the Committees on Energy and Good Governance, calling for the *ERC* to resolve the *PSAs* filed by *Meralco* and its counter-party generation companies in April 2016, which included the *AIE PSA*. The transmission *ROW* land acquisition is substantially completed, while the Comprehensive Land Use Program and Zoning Ordinance has been finalized and accepted by the Atimonan Local Government and other key stakeholders. In the meantime, *AIE* continues to engage with the lender banks on its financial close, while the *EPC* contractor began early site preparation works last November 2018.

*AIE*, which is located in Atimonan, Quezon will be the country's first ultra-supercritical coal-fired power plant with gross capacity of 2x600 MW.

## **BROADENING SERVICES, CHOICES AND VALUE TO CUSTOMERS**

The *Company* continues with its renewable energy initiative, particularly for Industrial, Commercial and large Residential customers, through its subsidiary, *MSpectrum, Inc.* Total installation is at over 10 MW and the market is rich with opportunities. The *Company* is

also investing in larger utility scale renewable energy plants through MERALCO PowerGen Corporation.

*Meralco* has also ventured into the electric vehicle (“*eVehicle*”) and charging infrastructure space through another subsidiary, *eSakay*, Inc. (“*eSakay*”). *eSakay*’s operations include providing managed *eVehicle* services (e.g., shuttles, motorbikes, etc.) to private sector customers with large complexes and campuses. Recently, it launched a breakthrough electric jeepney operation plying a developmental route from the Buendia MRT Station in Makati to Mandaluyong City Hall. It is looking to work closely with the Department of Transportation (“*DOTr*”), different Local Government Units, and transport sector stakeholders (i.e., operators, drivers, etc.) to identify and develop more routes in support of the *DOTr*’s Public Utility Vehicle Modernization Program’s (“*PUVMP*”) objective of fast-tracking the adoption of modern public utility vehicles (“*PUVs*”) for a cleaner environment, while helping modernize and professionalize the Philippine transport sectors.

The *Company* remains open to expanding service and value to new customers in new areas in the electric power distribution industry. Very recently, its joint venture with its partners received a Notice of Award from the Bases Conversion and Development Authority for the New Clark City. Together with these partners, *Meralco* aims to power a whole new city with the most efficient network facilities to showcase what the Filipino can do.

*Meralco* is also part of the Consortium that won and was awarded a 25-year concession for the operations covering the area served by the Electricity Company of Ghana (“*ECG*”) supported by the Millennium Challenge Corporation and advised by the International Finance Corporation (“*IFC*”) in respect of the bid process. The Consortium has formed a corporation under Ghanaian Law, the Power Distribution Services, Inc. (“*PDS*”) with three (3) Ghanaian companies, *AEnergia*, S.A. (“*AEnergia*”), a Portuguese-owned company based in Angola, and *Meralco* as shareholders. The *ECG* serves nearly 85% of the total energy requirements of the country.

## **CONCLUSION**

“The year 2018 proved to be another record year for *Meralco* in terms of sales volumes, operating and service excellence, value creation for consumers across all classes, financial results and a fair return to *Meralco* shareholders.

“Accordingly, the Board is delivering on its commitment to provide returns to its shareholders, with the approval of a total final dividend of Pesos 10.594 a share, including a special dividend of Pesos 5.964 a share, to shareholders of record as at March 22, 2019, payable on April 15, 2019.

“We look forward to a long-term partnership with all stakeholders as we navigate the digital world amidst a challenging business environment. While disruption is expected as we move forward, we eagerly embraced the challenges ahead as we transition *Meralco* into the digital future,” concluded **Mr. Pangilinan**.

	<b>MANILA ELECTRIC COMPANY</b> <b>Consolidated Financial Highlights</b> (in Million Pesos, except per share data)		
	<b>For the Year Ended December 31</b>		<b>%</b>
	<b>2018</b>	<b>2017</b>	<b>Change</b>
<b>REVENUES</b>			
Electricity	295,389	275,172	7
Non-electricity	9,065	7,384	23
	304,454	282,556	8
<b>COSTS AND EXPENSES</b>	276,012	256,178	8
<b>OTHER INCOME – net</b>	2,103	1,484	42
<b>INCOME BEFORE INCOME TAX</b>	30,545	27,862	10
<b>PROVISION FOR INCOME TAX</b>	7,443	7,363	1
<b>NET INCOME</b>	23,102	20,499	13
<b>NET INCOME – AS REPORTED</b>	23,017	20,384	13
<b>CORE NET INCOME</b>	22,408	20,213	11
<b>EARNINGS PER SHARE</b>			
On Reported Net Income			
Basic	20.42	18.09	13
Diluted	20.42	18.09	13
On Core Net Income <sup>1</sup>			
Basic	19.88	17.93	11
Diluted	19.88	17.93	11

<sup>1</sup> Reported net income, adjusted to exclude the effect of foreign exchange gains or losses, impairment charges, mark-to-market adjustments, gain on disposal of investment 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:

Alfredo S. Panlilio  
Senior Vice President –  
Head of Customer Retail Services & Corporate  
Communications

Tel. No.: (632) 1622 8531  
Fax No.: (632) 632 8360

Betty C. Siy-Yap  
Senior Vice President &  
Chief Finance Officer

Tel. No.: (632) 1622 1571  
Fax No.: (632) 631 5574

## About MERALCO

*Meralco* is the largest electric power distribution company and the largest private sector utility in the Philippines. Through a Consolidated Certificate of Public Convenience and Necessity, *Meralco* provides electric service within its franchise coverage. Its subsidiaries are engaged in engineering and consulting, construction, bills payments and other electricity-related services. A subsidiary is in the process of developing the Company's power generation portfolio.

*Meralco* is listed on the Philippine Stock Exchange (PSE: MER). *Meralco* has the largest market capitalization among the Philippine listed utility and power sector companies.

Further information is available at [www.meralco.com.ph](http://www.meralco.com.ph).