

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

8632-8014

Company Telephone Number

1 2 - 3 1

Month Day

Fiscal Year

1 7 - C

FORM TYPE

0 5

Month

3 0

Day

Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

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: *April 29, 2024*
2. SEC Identification Number: *PW-102*
3. BIR Tax Identification Code: *000-101-528-000*
4. Name of Issuer as specified in its Charter: *Manila Electric Company*
5. Country of Incorporation: *Philippines*
6. Industry Classification: (SEC use only)
7. Address of principal office: *Lopez Building, Ortigas Avenue, Barangay Ugong, Pasig City*
8. Issuer's telephone numbers: *(02) 8632-8014* Area Code: *1605*
9. Former name or former address: *Not Applicable*
10. Securities registered pursuant to Sections 18 and 12 of the SRC or Sections 4 and 8 of the RSA:

***Number of Shares of
Common Stock Outstanding***

1,127,098,705
(As of March 31, 2024)

Debt Securities: Php 2.868 Billion Bonds

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

The Company's Board of Directors, in its regular meeting held today, April 29, 2024, approved the following matters:

1. Amendment of the venue of the 2024 Annual Stockholders' Meeting on May 28, 2024 from 14/F Lopez Building, Meralco Compound, Ortigas Avenue, Brgy. Ugong, Pasig City, Metro Manila to the Multi-Purpose Hall, Meralco Compound, Ortigas Avenue, Brgy. Ugong, Pasig City, for presiding officers and Board Members and virtually via <https://company.meralco.com.ph/corporate-governance/SERVE>.
2. Company's Financial and Operating Results for the First Quarter of 2024 with comparatives for 2023.

	MANILA ELECTRIC COMPANY Consolidated Financial Highlights (In Million Pesos, except per share data)		
	For the Three (3) Months Ended March 31		% Change
	2024	2023	
REVENUES			
Electricity	101,363	102,356	(1)
Non-electricity	3,185	3,286	(3)
	104,548	105,642	(1)
COSTS AND EXPENSES	93,444	98,384	(5)
EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES	1,709	3,915	(56)
OTHER EXPENSES – net	646	1,451	(55)
INCOME BEFORE INCOME TAX	12,167	9,722	25
PROVISION FOR INCOME TAX	2,409	1,517	59
NET INCOME	9,758	8,205	19
NET INCOME – REPORTED	9,597	8,071	19
CORE NET INCOME	10,083	9,047	11
EARNINGS PER SHARE			
On Reported Net Income			
Basic	8.514	7.161	19
Diluted	8.514	7.161	19
On Core Net Income ¹			
Basic	8.946	8.027	11
Diluted	8.946	8.027	11

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.

3. Please refer to the attached press release for more details.

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: April 29, 2024

*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 THREE (3) MONTHS ENDED MARCH 31, 2024
WITH COMPARATIVES FOR 2023**

- **CONSOLIDATED CORE NET INCOME (“CCNI”) ROSE 11% TO PESOS 10.1 BILLION; CONSOLIDATED REPORTED NET INCOME GREW 19% TO PESOS 9.6 BILLION**
- **CORE EARNINGS PER SHARE (“EPS”) AT PESOS 8.946 PER SHARE; REPORTED EPS AT PESOS 8.514 PER SHARE**
- **CONSOLIDATED DISTRIBUTION UTILITY ENERGY SALES VOLUMES HIGHER BY 9% AT 12,307 GWH, OWING TO STRONG PERFORMANCE OF COMMERCIAL AND RESIDENTIAL SEGMENTS, AND REBOUND OF INDUSTRIAL SECTOR. TOTAL ENERGY HANDLED BY THE MERALCO GROUP FOR THE QUARTER AMOUNTED TO 15,146 GWH**
- **CONSOLIDATED REVENUES WERE FLAT AT PESOS 104.5 BILLION DUE TO LOWER PASS-THROUGH CHARGES AND ENERGY FEES, REFLECTING LOWER FUEL PRICES, COMPARED WITH 2023**
- **MERALCO SPENT PESOS 9.4 BILLION IN CAPITAL EXPENDITURES FOR DISTRIBUTION NETWORK PROJECTS, DEVELOPMENT OF RENEWABLE ENERGY PROJECTS, AND ACQUISITION AND CONSTRUCTION OF TELECOM TOWERS**
- **MERALCO CONTINUED TO PROFIT FROM ITS INVESTMENTS IN POWER GENERATION THROUGH MERALCO POWERGEN CORPORATION (“MGEN”), WHICH CONTRIBUTED PESOS 2.7 BILLION OR 27% OF CCNI FOR THE QUARTER**
- **THROUGH MGEN RENEWABLE ENERGY, INC. (“MGREEN”), MGEN HAS SO FAR INVESTED PESOS 18.4 BILLION FOR A TOTAL VOTING INTEREST OF 53.7% IN SP NEW ENERGY CORPORATION (“SPNEC”)**
- **MGEN IS SET TO ACQUIRE A 40.2%-ATTRIBUTABLE INTEREST IN AN INTEGRATED LIQUEFIED NATURAL GAS FACILITY IN BATANGAS**

MANILA, Philippines, April 29, 2024 – Manila Electric Company (“Meralco”) today reported that Consolidated Core Net Income (“CCNI”) in the first three months of 2024 increased by 11% to Pesos

10.1 billion from Pesos 9.0 billion in the same quarter last year on the back of higher sales volumes of the distribution business, and continuing contributions from power generation, retail electricity supply (“*RES*”) and non-power-related businesses.

Of the total *CCNI*, the distribution business accounted for 58% or Pesos 5.8 billion, power generation brought in Pesos 2.7 billion or 27%, *RES* and the non-power businesses took the remaining Pesos 1.5 billion or 15%.

Consolidated Reported Net Income increased by 19% to Pesos 9.6 billion from Pesos 8.1 billion. The gap between *CCNI* and Consolidated Reported Net Income represents accounting amortization of “Day 1” gain adjustment, net of foreign exchange and other non-recurring gains.

Core *EPS* amounted to Pesos 8.946, up by 11% versus last year, while the reported *EPS* increased by 19% to Pesos 8.514.

Consolidated revenues amounted to Pesos 104.5 billion, slightly lower from Pesos 105.6 billion in 2023 mainly due to lower pass-through charges and energy fees. This came as a result of the decline in prices at the Wholesale Electricity Spot Market (“*WESM*”), of Malampaya gas, and of international coal prices; as well as lower plant availability of Global Business Power Corporation’s (“*GBP*”) Cebu Energy Development Corporation (“*CEDC*”) power plant.

Meralco’s average retail rate increased by less than 4% to Pesos 10.78 per kWh from Pesos 10.41 per kWh, mainly due to the completion of the distribution rate true-up (“*DRTU*”) refund in May 2023. *Meralco*’s average distribution charge was at Pesos 1.47 per kWh, 58% higher compared with the distribution charge net of the *DRTU* refund in 2023. Without the effect of the *DRTU* refund, the distribution charge was less than 1% higher.

Generation charge, which accounted for about 63% of the total retail rate, went down by 4%; transmission charge, comprising 8% of the retail rate, decreased by 3%. With a combined 11% share in the total, subsidies and taxes climbed by 14% due to higher effective taxes and universal charges.

Purchased power costs (“*PPC*”) decreased by 3% to Pesos 76.5 billion from Pesos 78.6 billion, consistent with the decline in pass-through revenues, reflecting lower input costs of fuel.

Average *WESM* prices in the *Meralco* franchise area went down to Pesos 4.65 per kWh from an average of Pesos 6.57 per kWh following improved supply situation in the grid during the quarter, even as peak demand during the first quarter was higher by 112 MW compared with a year ago due to decidedly warmer temperatures.

The average Malampaya natural gas price decreased to US\$ 9.94 per GJ as of end-March 2024 versus US\$ 10.08 per GJ a year ago as a result of lower oil indices. The Energy Regulatory Commission (“*ERC*”) issued a directive that prevented the implementation of higher Malampaya pricing under the new Gas Sale and Purchase Agreement (“*GSPA*”) of First Gas’ Sta. Rita plant with Prime Resources Development B.V., et.al., pending the relevant regulatory approvals. The new pricing

would have increased the average Malampaya gas price by US\$ 0.63 per GJ or an effective Peso 0.09 per kWh on the average generation retail price to consumers.

Meanwhile, Newcastle (“*NEWC*”) coal index fell to an average of US\$ 125.76 per MT versus US\$ 247.81 per MT in the same comparative periods.

The depreciation of the Peso against the US dollar to Pesos 56.24 at the end of March this year from Pesos 54.36 as of end-March in 2023 reduced the positive impact of the decline in *PPC* by Peso 0.08 per kWh to *Meralco*’s captive customers.

In the first quarter of the year, *Meralco* spent Pesos 9.4 billion for capital expenditures (“*CAPEX*”), of which Pesos 4.99 billion were utilized for distribution networks projects that included new connections, asset renewals, and load growth projects, amongst others. The remaining balance was allocated for the development of *MGreen*’s solar projects, and Miescor Infrastructure Development Corporation’s (“*MIDC*”) purchase of additional 154 telecommunication towers from Globe and construction of build-to-suit (“*BTS*”) towers.

Operating expenses (“*OPEX*”) increased by 3% to Pesos 9.8 billion due to (i) intensified maintenance of line distribution facilities in preparation for the summer peak period, as well as the rainy season; (ii) higher customer-related costs due to increase in customer count, resumption of annual update of bill deposit letter deliveries beginning December 2023, and management of customer payment delinquencies; and (iii) inclusion of expenses of *SPNEC* this year, following *MGen*’s acquisition of a controlling stake in December 2003.

Consolidated interest-bearing debt stood at Pesos 100.8 billion, including Pesos 55.5 billion debts of subsidiaries. *Meralco*’s debt maturities are well spread through 2037. Net debt as of the end of the first quarter 2024 was at Pesos 1.2 billion and net debt to EBITDA stood at 0.02x.

Higher demand from all customer segments boosts Q1 sales volumes

Consolidated distribution utility energy sales volumes in the first quarter rose to 12,307 GWh from 11,287 GWh, as volumes of *Meralco* and Clark Electric Distribution Corporation (“*Clark Electric*”) increased by 9% and 7%, respectively.

The robust quarterly sales volume growth was bolstered by a confluence of sales catalysts that include higher temperatures which rose by an average 0.50°C (from 26.71°C to 27.21°C) amid the El Niño phenomenon, one more day in February due to the leap year, and increased momentum of its recovering Industrial segment. An approximate 2.5 GWh of consumption per day is noted for every degree rise in temperature.

Commercial segment had the biggest share at 38% in the energy sales mix, while Residential and Industrial accounted for 34% and 28%, respectively.

Commercial sales volumes recorded double-digit growth of 11% to 4,678 GWh in the first quarter, from 4,213 GWh in the previous year – surpassing pre-pandemic 2020 performance. Growth was

headlined by the real estate sector driven by demand for office spaces in central business districts, followed by the retail trade sector as mall operators expanded and repurposed spaces that attracted more customer visits. Hotels, educational institutions, and restaurants had significant consumption upswing due to sustained increase in in-person events, with higher usage of cooling equipment to ameliorate increasingly warmer ambient temperatures.

Residential sales surged by 12% reaching 4,144 GWh by the end of March from 3,701 GWh a year ago, pushed by the prolonged usage of cooling appliances at home as the dry spells associated with El Niño persisted.

Industrial sales rebounded to 3,448 GWh in the three-month period, 3% higher than 3,336 GWh in the same three months in 2023. The Semiconductor sector played a significant role in driving the segment into growth territory, as key accounts continued to scale up on operations to expand electric vehicles (“EV”) chip production. The Food and Beverage sector similarly experienced higher production as it geared up for the peak summer months, while the Plastics sector was propelled by demand for food packaging and construction plastics. Cement plants recovered from production stoppages in January and took advantage of the warm weather for frontload operations and increased production of raw materials. Boost in output from wind and solar farms further increased sales from generation wheeling.

By the end of March 2024, *Meralco* had consolidated customer count of 7.9 million, 3% more than 7.7 million a year ago, owing to sustained efforts to energize new customers.

Meralco’s 12-month moving average (“12-MMA”) system loss of 5.9% remained below the indicative regulatory cap at 6.5%. *Clark Electric’s* 12-MMA system loss stood at 2.15%.

Ensuring delivery of stable, reliable, and cost-competitive power to consumers

As part of its mandate to deliver sufficient, reliable, and stable electricity service at the least possible cost to customers, *Meralco* has been proactively implementing strategic sourcing activities and distribution network upgrades.

Consistent with its approved Power Supply Procurement Plan (“PSPP”), *Meralco* completed in the first quarter of the year Competitive Selection Process (“CSP”) for 15-year Power Supply Agreements (“PSAs”) covering 3,000 MW baseload requirements, and a 400-MW baseload interim power supply agreement (“IPSA”) effective until February 2025.

Notices of Award have been issued to the winning bidders, and the resulting contracts have been submitted for review and approval of the ERC prior to implementation.

Beyond its sourcing initiatives, *Meralco* also continued investing in the expansion and upgrading of its distribution network facilities to improve service reliability and operational flexibility.

Amongst the projects completed in the first quarter of 2024 are the replacement of a 100 MVA Power Transformer in Taguig City; the installation of an 83 MVA Power Transformer at Abubot

Substation in Dasmariñas City in Cavite; the uprating of the Pamplona-San Pedro 115 kV Line that runs from Las Piñas City to San Pedro City in Laguna; and reliability improvement of the Malinta 115 kV Substation in Valenzuela City.

“The growth in our first quarter sales volume reflects the growing demand for power from across all customer segments with the improving economic prospects. In the month of April this year, we already reached record peak demand in the *Meralco* franchise area, which exceeded 9,000 MW. With Red and Yellow Alerts hoisted over the Luzon grid several times this April, we anticipate a challenging power supply situation throughout this dry season, coincidental with the El Niño phenomenon,” *Meralco Executive Vice President and Chief Operating Officer* **Ronnie L. Apercho** said.

“Nonetheless, we remain vigilant as we work with energy industry players in implementing demand-side management programs to help lessen the strain on the power grid and continuously deliver stable and reliable service to consumers. We also continue to proactively encourage more participants to join the Interruptible Load Program (“ILP”), which embodies *bayanihan* among private sector players, as this proves to be valuable during this critical season,” **Mr. Apercho** added.

Business segments contribute transformative value to stakeholders

Meralco continued to deliver competitively priced power to contestable customers through its local RES unit *MPower*, *Clark Electric’s Cogent*, *MGen’s* Global Energy Supply Corporation and two (2) other affiliate retail electricity suppliers namely *Vantage Energy* and *MeridianX*. As at end-March, total energy delivered by the RES business stood at 1,568 GWh.

Earnings in the first quarter of the power generation business through *MGen* was tempered by the scheduled maintenance outages of San Buenaventura Power Ltd. Co. (“*SBPL*”), Singapore-based *PacificLight Power Ltd.* (“*PacificLight*”), and *CEDC*. Consequently, total energy delivered by *MGen* settled at 3,229 GWh, 11% lower from a year ago.

After *SBPL* completed its first major scheduled maintenance in January this year since it started commercial operations in 2019, a 99% average plant availability was achieved in February and March.

While *PacificLight’s* earnings contribution was lower in the quarter compared with the same period last year as the Singapore market stabilized, it still realized better-than-expected margins after completion of its scheduled plant maintenance that boosted dispatched volumes. Moving ahead, *PacificLight* is set to supply 100 MW of fast start ancillary service in Singapore starting April 2025 after winning the bid for a 100 MW ancillary service conducted by the Energy Management Authority of Singapore.

MGen’s total capacity in the Philippines and Singapore is 2,368 MW (net) as of March 31, 2024, with the addition of a total of 195.5 MWac of renewable energy since April 2023.

Through *MGreen*, *MGen* has progressed its vision to become a leader in the renewable energy space through its investment in what would be one of the world's largest single-site solar farm in the Philippines.

Following its acquisition of a majority stake in *SPNEC* in 2023, *MGreen* further raised its stake in the listed renewable energy company to 53.7% from 50.5% with the acquisition of additional 2.17 billion *SPNEC* shares last January. *MGreen* has so far invested Pesos 18.4 billion in *SPNEC*.

A cornerstone project under *SPNEC* is Terra Solar Philippines, Inc. ("*TSPI*"), which involves a 3.5-GWp solar power plant with a 4,500-MWhr battery energy storage system. The issuance of the Notice-to-Proceed for the construction of the initial 2.5-GWp of the project is targeted before the end of 2024.

To further grow its renewable energy portfolio, *MGreen* in the first quarter of this year started construction of two new solar plants: Greentech Solar Energy, Inc.'s 18.75 MWac solar plant in Bongabon, Nueva Ecija and Greenergy for Global, Inc.'s 49 MWac solar farm in Cordon, Isabela. Both are scheduled to start commercial operations in the first quarter of 2025.

Beyond renewables, *MGen* supports the government's drive for a cleaner and more sustainable future through *LNG* investments. *MGen* is set to acquire an attributable 40.2% interest in the country's first and most expansive integrated *LNG* facility in Batangas under the landmark agreement signed in March 2024.

The investment is being made in two (2) gas-fired power plants—the 1,278 MW Ilijan power plant and a new 1,320 MW combined cycle power facility which is expected to start operations by the end of 2024, as well as an *LNG* import and regasification terminal. The transaction is subject to the customary review and approval of the Philippine Competition Commission ("*PCC*").

Sustainable energy and support to communities

For *Meralco*, growth opportunities must go hand in glove with sustainable projects and programs if shareholder value were to be attained. Part of its commitment is the adoption of next generation clean technologies, including nuclear energy.

In partnership with US-based Ultra Safe Nuclear Corporation ("*USNC*"), *Meralco* completed the pre-feasibility study within the *Meralco* franchise area for the possible deployment of Micro Modular Reactor ("*MMR*") and Fully Ceramic Micro-encapsulated ("*FCM*") nuclear fuel technologies. *Meralco* and *UNSC* plan to proceed with the full feasibility study that will cover site-specific assessment and detailed analysis of local and regulatory landscapes that are crucial to the deployment of nuclear technologies.

Meralco is also pursuing social amelioration programs to support Filipinos within and beyond its franchise area. Through the One for Trees environmental program spearheaded by the One Meralco Foundation ("*OMF*"), *Meralco* continued to bring the benefits of reforestation to more communities. In February, *OMF* led the planting of 125,000 mangroves in Del Carmen, Siargao to

help protect and expand the Del Carmen Mangrove Forest Reserve. Continuing its mission of spreading the light to underserved communities within the *Meralco* franchise area and beyond, the Foundation energized 142 low-income households across Metro Manila, Cavite, Laguna, Batangas, and Quezon in the first quarter. Through its agriculture and livelihood electrification program, *OMF* also recently brought positive change to the lives of 150 indigenous coffee farmers in Bukidnon.

As a testament to its sustainability leadership, *Meralco* cemented the company's commitment to sustainability through its Long-Term Sustainability Strategy ("*LTSS*") that outlines key targets, initiatives, and investments for a just, orderly, and affordable transition to clean energy in line with the goal to be coal-free before 2050. Part of this *LTSS* is the adoption of next generation clean technologies including nuclear energy.

Meralco has similarly sustained its strong environmental, social, and governance ("*ESG*") performance as it maintained its all-time best ratings in global indices. The utility secured a 3.2 *ESG* score for the third consecutive year from Financial Times Stock Exchange Russell *ESG* Ratings—performing better than Philippine and energy sector averages. Driven by strong performance in renewable energy opportunities and water management, *Meralco* also received a rating of BBB for the second consecutive year from MSCI, Inc., which evaluates over 8,500 companies worldwide based on general and industry-specific sustainability criteria.

Conclusion

"*Meralco* has set the pace in the first quarter of the year with the strong performance of our businesses, which we will strive to sustain throughout the year. Our growth prospects go beyond creating value for our shareholders. The opportunities we are pursuing are always anchored on the commitment to support economic development and contribute to uplifting the lives and welfare of more Filipinos," *Meralco* Chairman and Chief Executive Officer **Manuel V. Pangilinan** said.

"As we continue to deliver stable and reliable service to our customers, we reiterate our pursuit to bring in projects of scale that will boost available generation capacity which we direly need to ensure not just the immediate, but the long-term energy security of the country. This year, along with our partner and in close coordination with the Government, we hope to proceed with the full feasibility study on the possible adoption of nuclear energy. Similarly, we will endeavor to implement more sustainable initiatives to cater to more underserved communities in the country. Given the foregoing, *Meralco's* *CCNI* for the full year is expected to reach over Pesos 40.0 billion," **Mr. Pangilinan** added.

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For further information, please contact:

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

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