

October 14, 2024

PHILIPPINE STOCK EXCHANGE, INC.

Disclosure Department
PSE Tower, 28th Street, cor. 5th Avenue
Bonifacio Global City, Taguig City

ATTENTION : **ATTY. STEFANIE ANN B. GO**
Officer-in-Charge, Disclosure Department

Re : Clarification to the October 12, 2024 Daily Tribune Article

Gentlemen:

This refers to your letter requesting us to confirm the veracity of the information contained in the Daily Tribune (Online Edition) article dated October 12, 2024 entitled “*AboitizPower readies NORDECO takeover*” the relevant portion of which is quoted hereunder:

“The consumer-initiated Davao Light and Power Company takeover of the Northern Davao Electric Cooperative (NORDECO) would require the Aboitiz Power Corp. unit to overcome not just financial and regulatory challenges but political hurdles, too.

However, Anton Percides, Chief Operating Officer of AboitizPower Distribution Utilities, affirmed that the company is ready and willing to tackle the challenges ahead.

In an interview at the sidelines of Enlit Asia 2024, Percides informed reporters that initial investments to purchase NORDECO’s assets alone could cost the company about a billion.

“Asset purchase alone was somewhere between P700 million to a billion to purchase the assets and then we would still need to do a technical due diligence to see what it could take to raise the standards to our level,” Percides said.

.....

“It’s no secret that we’ve been approached by a cooperative in Davao, NORDECO. We are willing to offer the right (amount) because as a consumer it’s hard to swallow that you are here under NORDECO and across the street is Davao Light. These guys are getting power 24 hours a day at a cheaper price and why can’t we?”

Likewise, Percides recognized that acquiring NORDECO would not be straightforward.

He said it would require going through various political channels, including Congress before the President gives it the final approval.

.....

To recall, there had been a clamor for Davao Light to expand its services in the Davao region after some local government units reportedly planned to leave their current power distributor NORDECO due to alleged corruption and inefficient services.

*However, in 2022, President Ferdinand Marcos Jr. vetoed House Bill 10554 providing for the inclusion of Tagum City, Island Garden City of Samal, and the municipalities of Asuncion, Kapalong, New Corella, San Isidro and Talaingod, Davao del Norte within the franchise of Davao Light. NORDECO is servicing these areas. It has an existing franchise for the mainland until 2028 and Samal until 2033.
....”*

We wish to clarify that as provided in the first paragraph of the article, it was the customers of Northern Davao Electric Cooperative (the “Cooperative” or NORDECO) who initiated the proposal for the takeover of the ownership and management of the Cooperative; it was not the Cooperative which made the proposal.

We confirm that the statements in the article were made by Mr. Anton Mari G. Perdices, Chief Operating Officer of the AboitizPower Distribution Utilities Business Group, during the said event.

AboitizPower will make the required disclosures to the public as and when there are material concrete developments involving the Company, its Distribution Utilities Business, and its projects.

We trust that you find the foregoing clarification in order.

Very truly yours,

ABOITIZ POWER CORPORATION

By:



MA. CLARISSE S. OSTERIA

Corporate Secretary

Cc:

PHILIPPINE DEALING & EXCHANGE CORP.

Market Regulatory Services Group

29th Floor BDO Equitable Tower

8751 Paseo de Roxas, Makati City 1226

ATTENTION: **ATTY. SUZY CLAIRE R. SELLEZA**
Head, Issuer Compliance and Disclosure Department

AboitizPower readies NORDECO takeover

 tribune.net.ph/2024/10/11/abotizpower-readies-nordeco-takeover

The consumer-initiated Davao Light and Power Company takeover of the Northern Davao Electric Cooperative (NORDECO) would require the Aboitiz Power Corp. unit to overcome not just financial and regulatory challenges but political hurdles, too.

However, Anton Perdices, Chief Operating Officer of AboitizPower Distribution Utilities, affirmed that the company is ready and willing to tackle the challenges ahead.

In an interview at the sidelines of Enlit Asia 2024, Percides informed reporters that initial investments to purchase NORDECO's assets alone could cost the company about a billion.

"Asset purchase alone was somewhere between P700 million to a billion to purchase the assets and then we would still need to do a technical due diligence to see what it could take to raise the standards to our level," Percides said.

Davao clamor revealed

"It's no secret that we've been approached by a cooperative in Davao, NORDECO. We are willing to offer the right (amount) because as a consumer it's hard to swallow that you are here under NORDECO and across the street is Davao Light. These guys are getting power 24 hours a day at a cheaper price and why can't we?"

Likewise, Perdices recognized that acquiring NORDECO would not be straightforward.

He said it would require going through various political channels, including Congress before the President gives it the final approval.

"It's not as easy as switching it off one day to the next," he added.

To recall, there had been a clamor for Davao Light to expand its services in the Davao region after some local government units reportedly planned to leave their current power distributor NORDECO due to alleged corruption and inefficient services.

However, in 2022, President Ferdinand Marcos Jr. vetoed House Bill 10554 providing for the inclusion of Tagum City, Island Garden City of Samal, and the municipalities of Asuncion, Kapalong, New Corella, San Isidro and Talaingod, Davao del Norte within the franchise of Davao Light. NORDECO is servicing these areas. It has an existing franchise for the mainland until 2028 and Samal until 2033.

Meanwhile, Davao Light is the third largest privately-owned electric distribution utility in the country in terms of customer size and annual kilowatt-hour sales.

It holds a franchise for supplying power to Davao City in Davao del Sur, Panabo City, and the municipalities of Carmen, Dujali and Sto. Tomas in Davao del Norte.