



energy  
DEVELOPMENT CORPORATION

*Powering Infinite Possibilities*

# WE ARE RUNNING OUT OF TIME

Our world is burning. Fire seasons are now harsher, and recovery takes longer. The 2017 fire season set a deadly new record, with wildfires devastating more homes and lives than ever before. These are the challenges we face as a result of a changing climate. We must act now.

1H 2018 Financial and  
Operating Results

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# **REVIEW OF 1H 2018 FINANCIAL RESULTS**

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# SIGNIFICANT EVENTS THAT AFFECTED 1H 2018 FINANCIAL RESULTS

1

## REVENUES

Despite higher tariff, revenues fell short by 3% as Leyte recovers in the first quarter of this year from the two strong natural calamities in 2017



2

## OPERATING EXPENDITURES

OPEX increased (Php 1,645 Mn) partly driven by restoration activities in Leyte, and higher O&M and well work-over costs



3

## INTEREST EXPENSE

Interest expense declined by Php 162 Mn



4

## INSURANCE PROCEEDS

Proceeds from insurance claims for typhoon and earthquake increased by Php 582 Mn

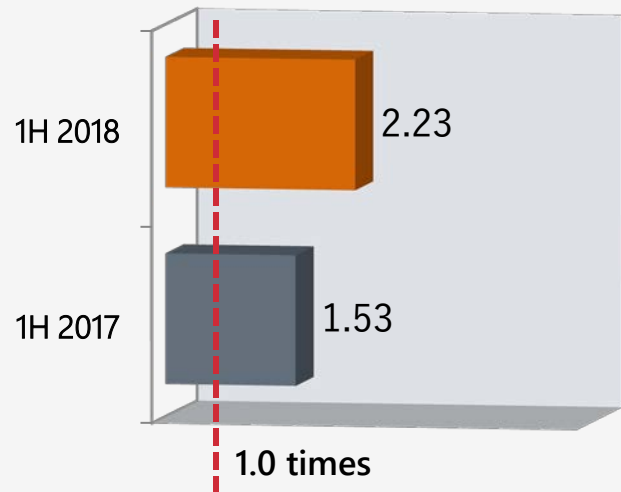


## REVENUES DROPPED 3% MAINLY DUE TO RESTORATION ACTIVITIES IN OUR LEYTE ASSETS

| (in PhP Million)                  | 1H 2018 | 1H 2017 | Y/Y Δ |             |
|-----------------------------------|---------|---------|-------|-------------|
| Revenue                           | 17,135  | 17,747  | ↓     | -612 -3%    |
| EBITDA                            | 9,223   | 11,298  | ↓     | -2,075 -18% |
| EBITDA Margin                     | 54%     | 64%     | ↓     | -10%        |
| Net Income                        | 3,530   | 4,810   | ↓     | -1,280 -27% |
| Attributable Net Income           | 3,366   | 4,615   | ↓     | -1,249 -27% |
| Recurring Net Income              | 4,274   | 5,367   | ↓     | -1,093 -20% |
| Attributable Recurring Net Income | 4,110   | 5,178   | ↓     | -1,068 -21% |

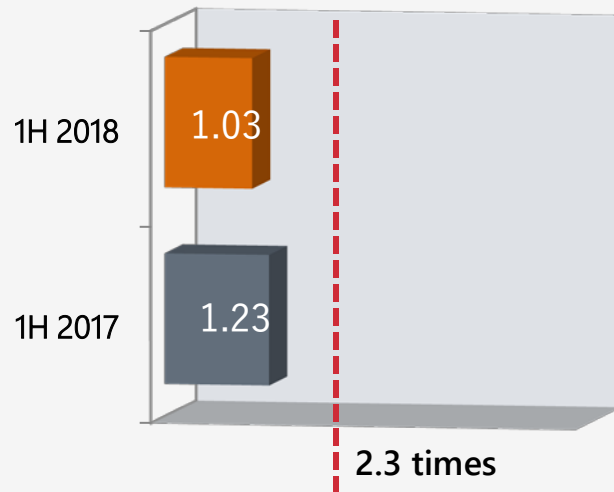
# EDC'S FINANCIAL RATIOS ARE WELL WITHIN COVENANTS

## Current Ratio



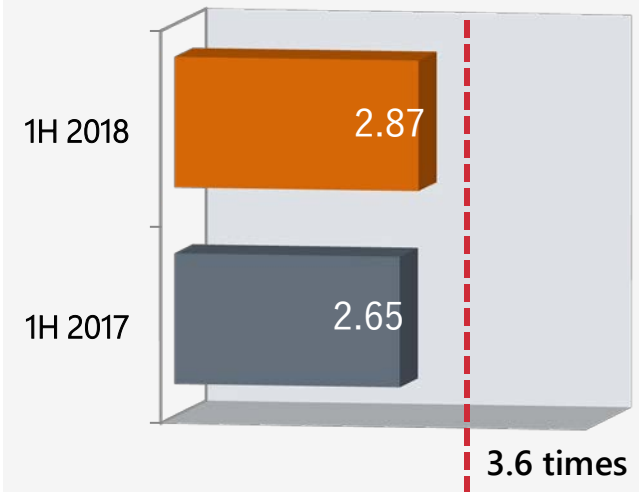
Improvement was mainly due to the absence of ₦3.3 US\$ Bond redeemed in April 2017, non-declaration ₦2.6 B cash dividend, and maturity of \$80Mn Club Loan.

## Debt-to-Equity



Improvement was due to lower debt balance by 4% resulted from the redemption of US\$89mn bond last year & higher equity by 14% due to additional income & no dividend declaration.

## Net Debt-to-EBITDA\*



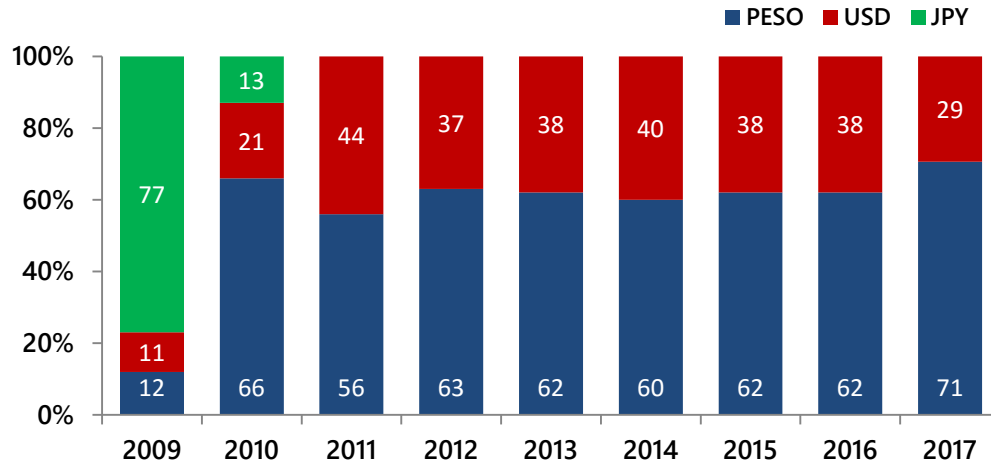
Increase was mainly due to lower tEBITDA by 20% despite 14% lower net debt mainly due to bond redemption and higher cash balance.

\*Trailing 12 months

# WE CONTINUE TO PROACTIVELY MANAGE OUR FX AND OTHER FINANCIAL RISKS

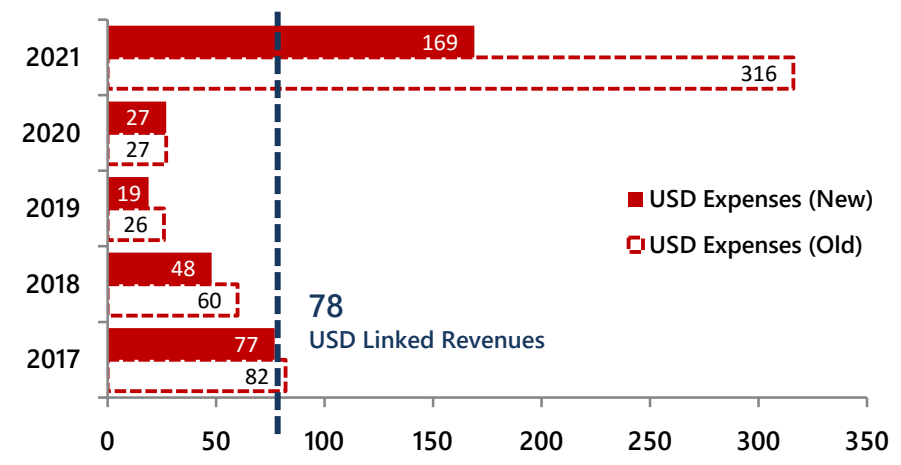
## LOANS % BY CURRENCY

Eliminated JPY exposure starting 2011



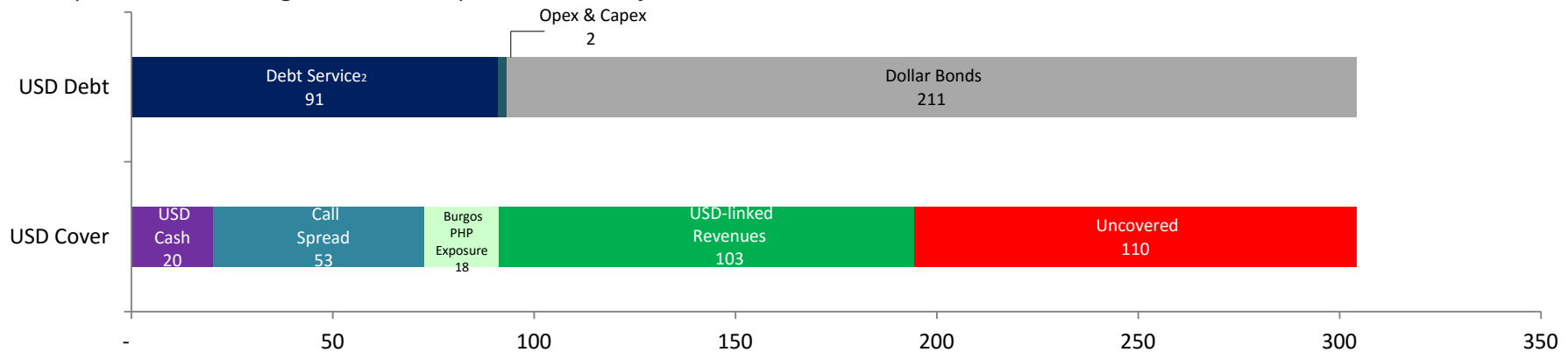
## PARENT CASH FLOW EXPOSURE\*

Cash flow exposure is evident in year 2021



## USD EXPOSURE\*\*

Significant portion of USD obligation remain exposed to currency fluctuations



\* 2021 Parent exposure reduced by ~USD 89MN of dollar bond buyback and current USD cash assumed to be used for dollar bond maturity which reduced the bar to USD 177MN

\*\* Projected Year end pro forma as of June 30, 2018 considering new call spreads entered

<sup>1</sup> Liability Management

<sup>2</sup> Total USD Debt Service payments for the year



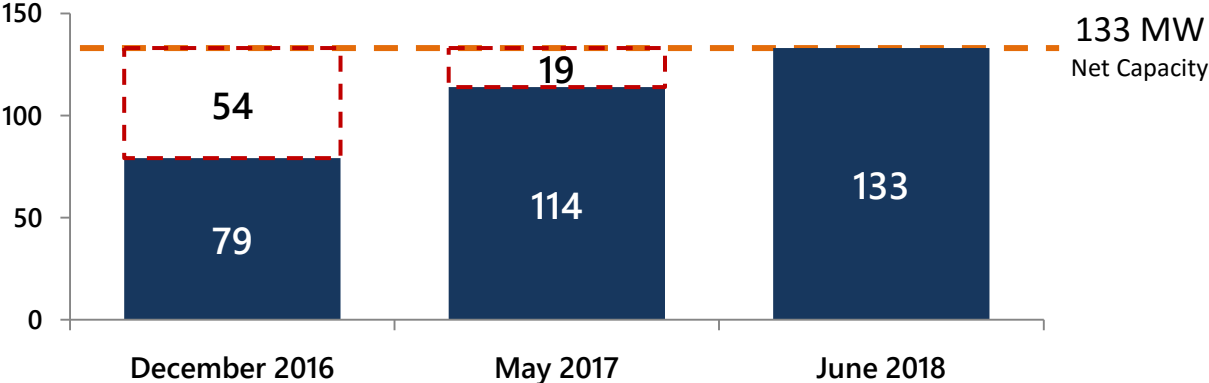
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# COMPANY UPDATES

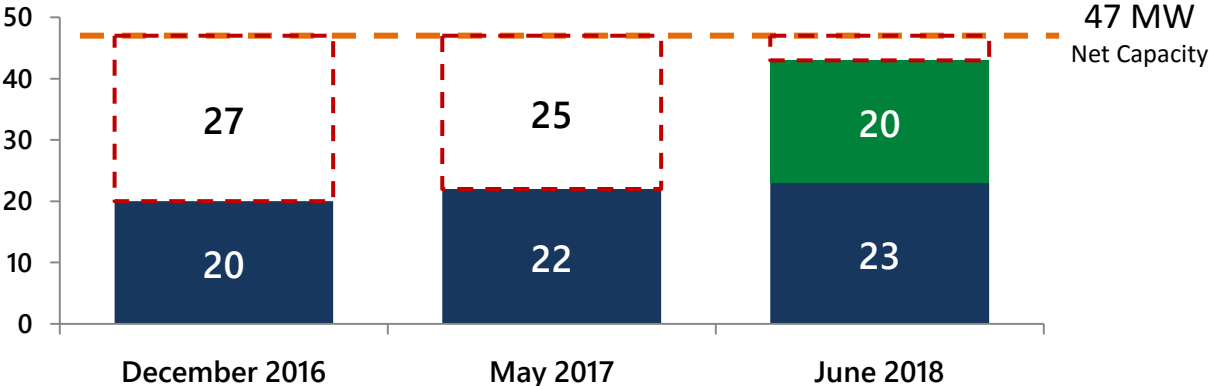
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# BGI AND NASULO ARE ALMOST FULLY CONTRACTED FROM 55% IN PREVIOUS YEAR

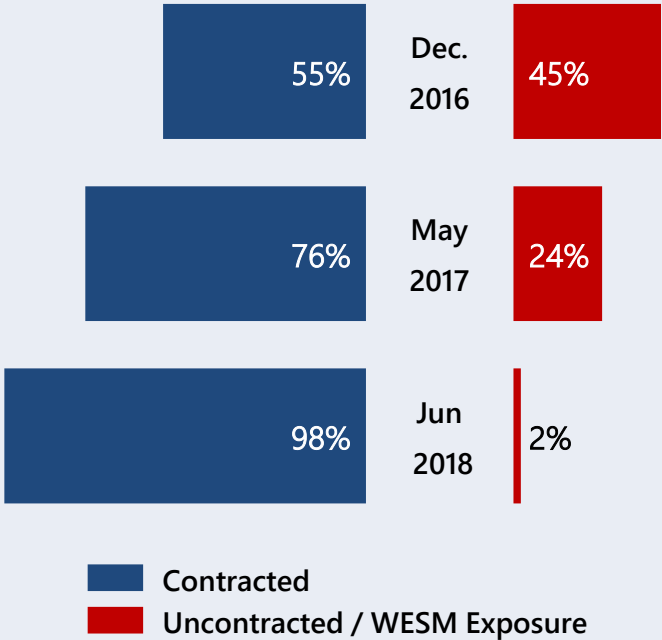
## BACMAN



## NASULO




## CONTRACTED VS. WESM (Bacman & Nasulo)



■ CONTRACTED CAPACITY   
 ■ ASPA   
    UNCONTRACTED CAPACITY

## VOLUME IN THE 1H 2018 PICKED UP FROM PREVIOUS QUARTER BUT STILL SLIGHTLY BEHIND BY 8% FROM LAST YEAR'S ENERGY SALES

in MWH

 **-8%**

| Electricity Sales<br>(in MWH) | 1H 2018          | 1H 2017          | Inc./ (Dec.)     | %          |
|-------------------------------|------------------|------------------|------------------|------------|
| Leyte                         | 1,335,321        | 1,687,540        | (352,219)        | -21%       |
| Mindanao 1                    | 196,549          | 189,820          | 6,730            | 4%         |
| Mindanao 2                    | 202,141          | 192,093          | 10,049           | 5%         |
| Nasulo                        | 207,358          | 140,432          | 66,926           | 48%        |
| Tongonan I                    | 268,934          | 311,117          | (42,183)         | -14%       |
| Palinpinon I & II             | 597,129          | 609,391          | (12,262)         | -2%        |
| Bacman                        | 564,432          | 599,405          | (34,973)         | -6%        |
| Pantabangan-Masiway           | 272,636          | 268,995          | 3,642            | 1%         |
| Burgos Wind                   | 194,435          | 168,964          | 25,470           | 15%        |
| Solar (Burgos, Bago)          | 7,885            | 6,014            | 1,871            | 31%        |
| ULGEI - 40 MW Strips          | 122,764          | 125,685          | (2,921)          | -2%        |
| <b>TOTAL</b>                  | <b>3,969,585</b> | <b>4,299,456</b> | <b>(329,871)</b> | <b>-8%</b> |

# EDC HAS ANNOUNCED ITS INTENTION TO CONDUCT A VOLUNTARY DELISTING TENDER OFFER AT A PREMIUM PRICE TO ITS STOCKHOLDERS



An opportunity for **shareholders** to realize their investment at ₱7.25 per share, a **premium** to the current share price



## Tender Offer Report

shall be mailed to shareholders on or before the commencement of the tender offer on 25 September 2018



The Offer begins at **9:00am**  
**on 25 September 2018** and ends at **12:00pm**  
**on 22 October 2018**<sup>1</sup>

1. The conduct of the Tender Offer is subject to the filing of the Tender Offer Report (SEC 19-1) by EDC with the SEC. The terms and conditions of the Tender Offer are subject to the approval of the SEC. EDC can extend the Tender Offer Period (with prior approval from SEC), which may result in a delay in the delisting of EDC

**END OF PRESENTATION**

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