

# COVER SHEET

S.E.C. Registration Number

( Company's Full Name)

( Business Address: No. Street City/ Town / Province )

810 44 74 to 77
Company Telephone Number

## DEFINITIVE INFORMATION STATEMENT

05  
Month

30  
Day

Annual Meeting

Secondary License Type, If Applicable

Amended Articles Number / Section

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

LCU

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Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENTS PURSUANT TO SECTION 20  
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box  
☐ Preliminary Information Statement  
☒ Definitive Information Statement
2. Name of Registrant as specified in its charter : SPC Power Corporation
3. Philippines  
Province, country or other jurisdiction of incorporation or organization
4. SEC Identification Number : AS094-002365
5. BIR Identification Code : 003-868-048
6. 7<sup>th</sup> Floor, Cebu Holdings Center, Cebu Business Park, Cebu City 6000  
Address of principal office Postal Code
7. Registrant's telephone number, including area code : (63 32) 232 0377 (63 2) 810-4474 to 77
8. June 25, 2020 – 10:00 A.M. using the videotelephony and online chat services of Zoom Video Communications, Inc. The Presiding Officer (Chairman), Mr. Alfredo L. Henares, will preside the meeting at the Conference Room of SPC Power Corporation, 7<sup>th</sup> Floor, Citibank Centre, Makati City, instead at the Corporation's principal office in Cebu City (as required under Section 15 of MC 6, series of 2020) because of travel restrictions and health concerns due to the COVID-19 pandemic.  
  
Date, time and place of the meeting of security holders
9. Appropriate date on which the Information Statement is first to be sent or given to security holders:  
June 3, 2020
10. In case of Proxy Solicitations:  
  
Name of Person Filing the Statement/Solicitor: N/A  
(  
Address and Telephone No. : N/A
11. Securities registered pursuant to Sections 8 and 12 of the code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Number of Shares of Common Stock

<u>Title of Each Class</u>	<u>Outstanding</u>
Common Shares (as of December 31, 2019)	1,496,551,803 shares
Total Debt (as of December 31, 2019)	₱933,302,391

12. Are any or all of registrant's security listed in a Stock Exchange?

Yes ☒ No ☐

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

**Philippine Stock Exchange, Inc. / Common Share**

**SPC POWER CORPORATION**  
**NOTICE OF ANNUAL STOCKHOLDERS MEETING**

\_\_\_\_\_  
Name

\_\_\_\_\_  
Address

**WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED  
NOT TO SEND US A PROXY.**

Sir/Madam:

Notice is hereby given that the annual stockholders' meeting of SPC Power Corporation (the Company) shall be held on June 25, 2020 (starting at 10:00 A.M.) via teleconferencing pursuant to SEC Memorandum Circular No. 6, Series of 2020, using the videotelephony and online chat services of Zoom Video Communications, Inc., and following the Internal Procedures for Annual Stockholders' Meeting by Teleconference ("Internal Procedures") approved by the Board of Directors at its May 7, 2020 regular meeting. The Presiding Officer (Chairman), Mr. Alfredo L. Henares, will preside the meeting at the Conference Room of SPC Power Corporation, 7<sup>th</sup> Floor, Citibank Centre, Makati City, instead at the Corporation's principal office in Cebu City (as required under Section 15 of MC 6, series of 2020) because of travel restrictions and health concerns due to the COVID-19 pandemic.

The Agenda for the meeting is attached hereto as Attachment "1".

Likewise attached hereto are copies of the Management Report/Audited Consolidated Financial Statements of the Parent Company and Subsidiaries as of and for the year ended December 31, 2019.

Proxies (which must be duly accompanied by supporting documents, *e.g.*, notarized Secretary's Certificate or duly signed minutes of board meeting, evidencing appointment and authority of the designated proxy) must be presented to the Corporate Secretary for inspection/validation at the following address:

7<sup>th</sup> Floor, Citibank Center  
8741 Paseo de Roxas, Makati City 1209  
Tel. Nos.: 810 44 74 to 77, 810 44 50, 810 44 65  
Fax. No.: 893 48 44  
E-Mail Address: [info@spcpower.com](mailto:info@spcpower.com)

at least five (5) business days prior to the date of the meeting. Unvalidated proxies shall not be honored.

For the purpose of the meeting, stockholders of record as of June 3, 2020 are entitled to notice of and to vote in the said meeting.

At least five (5) business days prior to the date of the meeting, the said stockholders of record shall notify the Corporate Secretary, at the above office address or through the above email address, of their intention to participate in the meeting (via teleconferencing) and shall submit the following:



- (a) a copy of their competent evidence of identity, showing their name, signature, and photograph (*e.g.*, passport, valid driver's license, voter's ID, TIN card, SSS card, etc.), and
- (b) the following information needed for the Zoom meeting: full name, email address, and mobile number.

Prior to the date of the meeting, the said stockholders will receive the link for the Zoom Meeting, the Meeting ID and Password, the aforesaid Internal Procedures, and other relevant information and further instructions.

Please note that there will be visual and audio recording of the meeting.

Also please be informed of the following "Dissenter's Right of Appraisal":

"With respect to any matter to be acted upon at the annual meeting which may give rise to the right of appraisal, in order that a dissenting stockholder may exercise his appraisal right, such dissenting stockholder, within thirty (30) days after the date of the annual meeting at which meeting such stockholder voted against the corporate action, shall make a written demand on the Corporation for the value of his shares. The procedures to be followed in exercising the appraisal right shall be in accordance with Sections 80 to 85 of the Revised Corporation Code of the Philippines."

For your information/guidance.



REMIGIO MICHAEL A. ANCHETA II  
Corporate Secretary

Copy Furnished:

**Securities and Exchange Commission**  
SEC Building, EDSA, San Juan, Metro Manila

**Philippine Stock Exchange, Inc.**  
Philippine Stock Exchange Centre  
Exchange Road, Ortigas Center  
Pasig City, Metro Manila

**Metropolitan Bank & Trust Company**  
17<sup>th</sup> Floor, GT Tower International  
6813 Ayala Avenue cor. H.V. dela Costa Street  
Makati City

**ATR-KIM ENG Capital Partners, Inc.**  
17<sup>th</sup> Floor, Tower One and Exchange Plaza  
Ayala Avenue, Makati City

**AGENDA FOR THE ANNUAL STOCKHOLDERS' MEETING  
OF  
SPC POWER CORPORATION**

- I Call to Order
- II Certification of Due Notice and Presence of a Quorum
- III Approval of Minutes of Previous Annual Stockholders' Meeting of 30 May 2019
- IV Report of the Chairman/Presentation of Audited Financial Statements as of and for the Year Ended December 31, 2019
- V Approval of Directors' Fees/Bonus for CY 2019
- VI Ratification of All Previous Actions of the Board of Directors and Officers of the Corporation Since the Last Annual/Regular Meeting
- VII Election of Directors (2020-2021) \*
- VII Appointment/Reappointment of External Auditors
- IX Other Matters
- X Adjournment

  
REMIGIO MICHAEL A. ANCHETA II  
Corporate Secretary

- 
- Organizational meeting of the newly elected Board of Directors will follow immediately after adjournment of stockholders' meeting.

## INFORMATION REQUIRED IN INFORMATION STATEMENT

**WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.**

### **General Information**

#### **Date, Time and Place of Meeting of Security Holders**

The annual stockholders' meeting will be held on June 25, 2020 at 10:00 A.M. using the videotelephony and online chat services of Zoom Video Communications, Inc. The Presiding Officer (Chairman), Mr. Alfredo L. Henares, will preside the meeting at the Conference Room of SPC Power Corporation, 7<sup>th</sup> Floor, Citibank Centre, Makati City, instead at the Corporation's principal office in Cebu City (as required under Section 15 of MC 6, series of 2020) because of travel restrictions and health concerns due to the COVID-19 pandemic.

The complete mailing address of the registrant's principal office is at the 7<sup>th</sup> Floor, Cebu Holdings Center, Archbishop Reyes Avenue, Cebu Business Park, Cebu City.

The approximate date when the information statement will be first sent to security holders will be on June 3, 2020.

#### **Dissenters' Right of Appraisal**

As provided in Section 80 of the Revised Corporation Code of the Philippines, a stockholder may exercise his appraisal right in the following instances:

1. In case an amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or
2. authorizing preferences in any respect superior to those of outstanding shares of any class or extending or shortening of the corporate existence;
3. in case of a sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property or assets as provided in this Code;
4. in case of a merger or consolidation; and
5. in case of investment of corporate funds for any purpose other than the primary purpose of the Corporation.

In the exercise of the appraisal right, Sections 81-85 of the Revised Corporation of the Philippines provides the procedure on how it may be exercised:

- 1) A dissenting stockholder files a written demand within 30 days after the date on which the vote was taken. Failure to file the demand within the 30-day period constitutes a waiver of the right. Within 10 days from demand, the dissenting stockholder shall submit the stock certificates to the corporation for notation that such shares are dissenting shares. From the time of demand for payment until either abandonment of the corporate action or purchase of the shares by the corporation, all rights accruing to the shares shall be suspended, except the stockholders' right to receive payment of the fair value of his shares.
- 2) If corporate action is implemented, the corporation pays the stockholder the fair value of his shares upon surrender of the certificate/s of stock. Fair value is determined by the value of shares on the day prior to the date of which the vote was taken, excluding appreciation/depreciation in anticipation of such corporate action.



- 3) If the fair value is not determined within 60 days from date of action, it will be determined by 3 disinterested persons (one chosen by the corporation, another chosen by the dissenting stockholder, and the last one chosen by both). The findings of the said appraisers will be final, and their award will be paid by the corporation within 30 days after such award is made. Upon such payment, the stockholder shall forthwith transfer his shares to the corporation. No payment shall be made to the dissenting stockholder unless the corporation has unrestricted retained earnings.
- 4) If the stockholder is not paid within 30 days from such award, his voting and dividend rights shall be immediately restored.

There are no corporate actions that will be taken up at the Annual Stockholders' Meeting for which a stockholder may exercise the right of appraisal under Sections 80- 85 of the Revised Corporation Code of the Philippines.

#### **Interest of Certain Persons in or Opposition to Matters to be Acted Upon**

Except for the approval of Directors'/Officers' fees and bonuses for CY 2019, the directors, officers, nominees for directors and their associates do not have a substantial interest, direct or indirect, in any matter to be acted upon, other than election to office.

The registrant has not been informed in writing by any person that he intends to oppose any action to be taken by the registrant at the meeting.

#### **Control and Compensation Information**

##### **Voting Securities and Principal Stockholders**

As of April 30, 2020, there are 1,496,551,803 outstanding common shares (at ₱1.00 per share) entitled to notice and to vote during the meeting. Each common share is entitled to one vote, except with respect to the election of directors where the stockholders are entitled to cumulative voting. There is no classification of voting securities.

Of the total issued and outstanding common and voting shares of 1,496,551,803 as of April 30, 2020, 13.12% or 196,315,627 shares are held by the public. Equity ownership of foreigners amounts to 577,057,434 shares out of the total and outstanding shares of the Corporation.

The record date to determine the stockholders entitled to notice and to vote at the meeting is on June 3, 2020.

The election of the board of directors for the current year will be taken up and all stockholders have the right to cumulate their votes in favor of their chosen nominees for director in accordance with Section 23 of the Revised Corporation Code of the Philippines. Section 23 provides that a stockholder may vote such number of shares registered in his name as of the record date for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see it. The total number of votes cast by such stockholder should not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected.

**Persons Known to the Registrant to be Directly or Indirectly the Record or Beneficial Owner of More Than 5% of Any Class of the Registrant's Voting Securities**

As of April 30, 2020, the following stockholders beneficially own more than 5% of the Parent Company's common shares:

Title of Class	Name and Address of Record Owner and Relationship with the Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number Of Shares	Percent of Class
Common	KEPCO Philippines Holdings, Inc. <sup>1</sup> 18 <sup>th</sup> Floor, Citibank Center 8741 Paseo de Roxas, Makati City (Stockholder) <sup>3</sup>	KEPCO Philippines Corp.  Mr. Kim, Jung-Ju, President & CEO	Korean	568,098,822	37.96%
Common	Intrepid Holdings, Inc. <sup>2</sup> 7 <sup>th</sup> Floor, Citibank Center 8741 Paseo de Roxas, Makati City (Stockholder) <sup>3</sup>	Intrepid Holdings, Inc.  Mr. Dennis T. Villareal, President	Filipino	321,905,611	21.52%
Common	JAD Holdings, Inc. <sup>2</sup> 7 <sup>th</sup> Floor, Citibank Center 8741 Paseo de Roxas, Makati City (Stockholder) <sup>3</sup>	JAD Holdings, Inc.  Mr. Dennis T. Villareal, President	Filipino	293,201,397	19.59%

<sup>1</sup> Mr. Kim, Jung-Ju shall exercise the voting power of KEPCO Philippines Holdings, Inc.

<sup>2</sup> Mr. Dennis T. Villareal shall exercise the voting power for JAD Holdings, Inc. and Intrepid Holdings, Inc.

<sup>3</sup> The above record owners are purely stockholders.

### **Security Ownership of Management**

The following Directors/Management personnel own shares in the Company as of April 30, 2020:

<b>Title of Class</b>	<b>Name of Beneficial Owner</b>	<b>Citizenship</b>	<b>Number of Shares and Nature of Ownership</b>	<b>Percent of Ownership</b>
Common	Dennis T. Villareal	Filipino	6,425,501(d)	0.43 %
Common	Alfredo L. Henares	Filipino	1 (d)	n.m.
Common	Alberto P. Fenix, Jr.	Filipino	855,933 (d)	0.06
Common	Ramon Y. Sy.	Filipino	2 (d)	n.m.
Common	Roberto F. de Ocampo	Filipino	1 (d)	n.m.
Common	Enrique L. Benedicto	Filipino	1 (d)	n.m.
Common	Kim, Jung-In	Korean	1 (d)	n.m.
Common	Yoon, Jong-Ryoon	Korean	1 (d)	n.m.
Common	Kim, Taemin	Korean	1 (d)	n.m.
Common	Sergio R. Ortiz-Luis, Jr.	Filipino	1 (d)	n.m.
Common	Kim, Yong-Uk	Korean	1 (d)	n.m.
Common	Jaime M. Balisacan	Filipino	51,000 (d)	n.m.
Common	Maria Luz L. Caminero	Filipino	137, 098 (d)	0.01
Common	Cesar O. Villegas	Filipino	685, 492 (d)	0.05
Common	James Roy N. Villareal	Filipino	274,196 (d)	0.02.
Common	REMIGIO MICHAEL A. ANCHETA II	Filipino	0	0
Directors and Management personnel as a Group			8,429,230	0.56%

**d**-direct

**n.m.**- not material

### **Voting Trust Holder/s**

The Company is not aware of any existing voting trust as of the date of this report.

### **Change in Control**

There are no arrangements that may result in a change in control of the Parent Company during the period covered by this report.



## **Directors and Executive Officers**

Hereunder is the list of directors and executive officers of the Parent Company for 2019-2020 and their respective positions.

<u>Name</u>	<u>Nationality</u>	<u>Position with the Company</u>
Alfredo L. Henares <sup>1, 2</sup>	Filipino	Chairman
Dennis T. Villareal <sup>1</sup>	Filipino	Director, President & CEO
Alberto P. Fenix, Jr. <sup>1</sup>	Filipino	Executive Director
Roberto F. de Ocampo <sup>3</sup>	Filipino	Director (Independent)
Enrique L. Benedicto <sup>4</sup>	Filipino	Director (Independent)
Ramon Y. Sy <sup>5</sup>	Filipino	Director (Independent)
Sergio R. Ortiz-Luis, Jr. <sup>6</sup>	Filipino	Director (Independent)
Kim, Jung-In <sup>7</sup>	Korean	Director
Kim, Taemin <sup>7</sup>	Korean	Director
Yoon, Jong-Ryoon <sup>7</sup>	Korean	Director
Kim, Yong-Uk <sup>7</sup>	Korean	Director
Maria Luz L. Caminero <sup>8</sup>	Filipino	SVP, Legal/Regulatory Affairs and Compliance Officer
Cesar O. Villegas <sup>9</sup>	Filipino	SVP—Operations and Business Development
Jaime M. Balisacan <sup>10</sup>	Filipino	SVP – Finance and Administration/ Treasurer
James Roy N. Villareal <sup>11</sup>	Filipino	Vice President
Remigio Michael A. Ancheta II <sup>12</sup>	Filipino	Corporate Secretary
Mishelle Ann R. Rubio-Aguinaldo <sup>13</sup>	Filipino	Asst. Corporate Secretary

<sup>1</sup> Directors and officers since incorporation on August 17, 1994.

<sup>2</sup> Mr. Alfredo L. Henares elected as Chairman on May 30, 2014 up to the present.

<sup>3</sup> Director from November 25, 2002 up to the present.

<sup>4</sup> Director from September 16, 2008 up to the present.

<sup>5</sup> Director from Nov. 12, 1998 to Nov. 25, 2002 and from Feb. 15, 2006 up to the present.

<sup>6</sup> Director from May 30, 2017 up to the present.

<sup>7</sup> Director from April 4, 2019 up to the present.

<sup>8</sup> SVP for Legal/Regulatory Affairs from Nov. 18, 2013 up to present; concurrent Corporate Secretary from Dec. 3, 2014 to Nov. 20, 2017; also designated as Compliance Officer since Nov. 21, 2017.

<sup>9</sup> VP-Operations and Business Development effective Dec. 3, 2014; appointed as SVP effective April 3, 2018.

<sup>10</sup> VP- Finance from Aug. 16, 1997 to April 2, 2018; appointed as SVP for Finance and Administration effective April 3, 2018; concurrent Treasurer from November 25, 2019 up to the present.

<sup>11</sup> Appointed as Assistant Vice President effective November 28, 2018; appointed as Vice President from May 30, 2019 up to the present.

<sup>12</sup> Corporate Secretary since November 20, 2017.

<sup>13</sup> Assistant Corporate Secretary since April 3, 2018.

Unless otherwise provided by law, the powers, business and allocation of resources of the Parent Company are exercised, conducted and controlled by an eleven-member Board of Directors.

The Nomination Committee, created by the Board under its Manual of Corporate Governance, nominated the majority of the incumbent directors. The Nomination Committee further endorsed to the Board the Final List of Candidates for Independent Directors in the persons of Mr. Roberto F. de Ocampo, Mr. Enrique L. Benedicto, Mr. Ramon Y. Sy, and Mr. Sergio R. Ortiz-Luis, Jr. Mr.

Dennis T. Villareal nominated the Independent Directors. Mr. Dennis T. Villareal is not related to Messrs. De Ocampo, Benedicto, Sy and Ortiz-Luis by consanguinity nor affinity. Neither is there a professional relationship between Mr. Dennis T. Villareal and Messrs. De Ocampo, Benedicto, Sy and Ortiz-Luis.

In compliance with the provisions of SRC Rule 38, the Board of Directors amended its By-laws on December 8, 2004 and March 11, 2005 to include a provision on the procedure and selection of Independent Directors.

Each Director has a term of office of one year and is eligible for re-election every year. Each Director beneficially owns at least one share of the capital stock of the Parent Company. The members receive such compensation as determined by the Board of Directors.

By resolution passed by the Board, the Directors may designate one or more committees which, to the extent provided by said resolution, shall have and may exercise any of the powers of the Board which may lawfully be delegated in the management of the business and affairs of the Parent Company.

The officers of the Company are elected or appointed by the Board of Directors. The Chairman of the Board and the President/Chief Executive Officer are elected from the members of the Board.

#### **Profile of the Incumbent Board of Directors and Executive Officers**

**Alfredo L. Henares**, Filipino, 66 years old, has been a Director of the Parent Company since 1994. On May 30, 2014, he was elected as Chairman and continues to serve as Chairman up to the present. He was previously the Parent Company's Treasurer. He is also currently the Chairman of the Board Executive Committee and a member of the Audit Committee. He is likewise the Treasurer and Director of the following corporations: Salcon Philippines, Inc.; Salcon International, Inc.; SPC Property and Development Corp.; SPEC Properties Inc.; Western Panay Hydropower Corp.; SPC Electric Co., Inc.; and SPC Light Co., Inc. He was a Director of Bohol Light Company, Inc. and Bohol Water Utilities, Inc. for about seven years prior to his appointment as Chairman of both companies effective May 2007. In the year 2015, he relinquished his Chairman position to Mr. Lim Chan Lok and went back to being a Director in Bohol Water Utilities, Inc. He is also the Chairman of SPC Island Power Corporation, SPC Malaya Power Corporation and KV Holdings, Inc. He is likewise the President of Progressive Broadcasting Corp.; a Director of Isarog Pulp and Paper Co., Inc.; and the Executive Vice President and Chief Financial Officer of KEPCO SPC Power Corporation. He graduated from Harvard Graduate School with an MBA degree and from the Ateneo de Manila University with a Bachelor's Degree in Business Management.

**Dennis T. Villareal**, Filipino, 78 years old, is the Founding President, Chief Executive Officer and a Director of the Parent Company. Currently, he is also a member of the Board Executive Committee and Corporate Governance Committee. He is likewise the President and a Director of the following corporations: Salcon Philippines, Inc.; Salcon International, Inc.; SPC Island Power Corp.; SPC Property and Development Corp.; SPEC Properties, Inc.; Mactan Electric Company, Inc.; Bohol Light Co., Inc.; Bohol Water Utilities, Inc.; Western Panay Hydropower Corp.; SPC Electric Co., Inc.; Rayfield Holdings, Inc.; SPC Light Co., Inc.; SPC Malaya Power Corporation; KV Holdings, Inc.; Filipinas Palmoil Processing Inc.; Filipinas Palmoil Plantations, Inc.; Filipinas Palmoil Properties, Inc.; Isarog Pulp and Paper Co., Inc.; Dentrade, Inc.; JAD Holdings, Inc.; and Intrepid Holdings, Inc. He is also the Vice Chairman and a Director of KEPCO SPC Power Corporation. In addition, he is the Vice-President and a Director of Dowell Packaging Corp.; Rowell Industrial Corp.; and Rowell Plastic Corp. He graduated from the University of Missouri with a Bachelor of Science Degree in Business Administration.

**Alberto P. Fenix, Jr.**, Filipino, 75 years old, has been a Director of the Company since 1994. He has also been an Executive Director of the Parent Company since September 28, 2001 and a



member of the Board Executive Committee since March 7, 2006. He is likewise a Director of SPC Electric Company, Inc. starting 2001; SPC Light Company, Inc. effective 2002; Bohol Light Company, Inc. effective May 2007; SPC Island Power Corporation effective November 2007; Western Panay Hydropower Corp. since 1997; SPC Malaya Power Corporation since September 2011 and KV Holdings, Inc. since December 13, 2010. In March 2009, he was appointed as Managing Director of SPC Island Power Corporation until his resignation on August 31, 2010 but remained as a Director up to the present. In addition, he is currently the Chairman and President of Fenix Management and Capital, Inc., Independent Director of DM Wenceslao and Associates, Inc., and of VC Securities Corporation. He serves as Trustee of the Angeles University Foundation, and of the AUF Medical Center. His prior positions include directorships in National Steel Corp.; Refractories Corporation of the Philippines, Inc., Pryce Corp., Pryce Gases, Inc., Philippine National Oil Corp., Victorias Milling Company, Inc., Newtech Pulp, Inc., and Ivoclar Vivadent, Inc. with the last two corporations where he was Founding President and CEO until his retirement. Dr. Fenix is a business leader, having been President in 1998 and 1999, and currently the Honorary President of the Philippine Chamber of Commerce and Industry (PCCI) and President of the PCCI Human Resources Development Foundation, Inc. He graduated with a Bachelor's Degree in Mathematics (cum laude) from the Ateneo de Manila University and Master's and Doctorate degrees in Industrial Management from the Sloan School of Management of the Massachusetts Institute of Technology.

**Roberto F. de Ocampo**, Filipino, 73 years old, has been an Independent Director of the Parent Company and Chairman of the Board Audit Committee since November 25, 2002. He was the Secretary of Finance (1994-1998) during the presidency of Fidel V. Ramos. As Secretary of Finance, he was concurrently a member of the Board of Governors of the World Bank Monetary Fund. He also served as Chairman and CEO of the Development Bank of the Philippines (1989 – 1994) and Chairman of the APEC Finance Ministers (1997). He was named “Asian Finance Minister of the Year” by the Euromoney and Asianmoney magazines in 1996 and 1997, respectively. He was conferred the Legion of Honor, the highest honor conferred on Filipino civilians, by the Republic of the Philippines in 1998 for his outstanding contributions to the country. He is/was Chairman of PAMI Global Bond Fund, Inc.; Philam Bond Fund, Inc.; Philam Dollar Bond Fund, Inc.; Philam Fund, Inc.; Philam Managed Income Fund, Inc.; Philam Strategic Growth Fund, Inc.(2014); Governance Commission for Government Owned or Controlled Corporations Multi-Sectoral Governance Council (2014); and Center for Philippine Futuristics Studies and Management, Inc. (2014); He is/was also Chairman and/or Board Member of several companies/organizations in the Philippines and abroad including, among others, Bankers' Association of the Philippines (2016); South Forbes City College (2016); Philippine Business for the Environment (2015); Philippine Veterans Bank (2013); Intervest Project, Inc. (2013); Libera International Advisory Board – London (2013); Global Reporting Initiative –Amsterdam (2013); DFNN International, Inc. (1999); Bankard, Inc.(2006); EEI Corporation (2005); Corporate Governance Institute of the Philippines (2004); Philippine Cancer Society (1998); Makati Business Club (2006); Foundation for Economic Freedom (2012); Philippine Quality & Productivity Movement, Inc. (2012); Investment & Capital Corporation of the Philippines (2011); Centennial Group (Washington), D.C. (1999); Renewable Energy Asia Fund – Berkeley Energy, UK (2008); and Pacific Gaming Investments Pte. Limited (2010). Dr. de Ocampo received his MBA from the University of Michigan, a post-graduate diploma from the London School of Economics and has been conferred three Doctorates (Honoris Causa).

**Enrique L. Benedicto**, Filipino, 78 years old, was appointed as Independent Director of the Parent Company on September 16, 2008 and continue to serve as such up to the present. Currently, he is also a member of the Corporate Governance Committee. He is Chairman of the following companies: Enrison Holdings, Inc.; Enrison land, Inc.; Mabuhay Filcement, Inc.; Benedict Ventures, Inc.; and Berben Wood Industries, Inc. He is likewise the Vice Chairman of Bernardo Benedicto Foundation, Inc. Previously, he was either the Chairman or President of the following: Consular Corps of the Philippines, Cebu Chapter; Philippine Foundation, Inc.; Cebu Jaycee Foundation; and Cebu Jaycee Senate. He was also a Vice Chairman of the Cebu Investment

Promotion Center and Trustee of the Cebu Chamber of Commerce & Industry, Inc. He was Honorary Consul of the Royal Consulate of Belgium from 1986 to 2017 and recipient of the following prestigious awards: Entrepreneur of the Year award (Grand Chamber Award) given by the Cebu Chamber of Commerce on June 28, 2013; "Officer in the Order of Leopold II" award conferred by His Majesty Baudowin King of the Belgians; Most Outstanding Cebuano Citizen presented during the 54<sup>th</sup> Cebu City's Charter day celebration; Great Cebuano Award conferred by the Province of Cebu, Mandaue Chamber of Commerce and Industry, Inc., Kapisanan Ng Mga Broadcaster ng Pilipinas (KBP), and Sugbuanong Kumintaristang Nagpakabana (SUKNA); Most Outstanding Alumnus conferred by the University of San Jose-Recoletos; Recognition Award for Outstanding Achievements by the Cebu City Government; and Recognition Award as a Member of the Board of Trustees for Ten Consecutive Years of the Cebu Investment Promotions Center. Mr. Benedicto has a Bachelor of Science in Commerce degree from the University of San Jose Recoletos.

**Ramon Y. Sy**, Filipino, 88 years old, was a Director of the Parent Company from November 12, 1998 to November 25, 2002 and reelected from February 15, 2006 up to the present. He was also appointed as Independent Director on May 30, 2017 and continue to serve as such up to the present. Currently, he is also a member of the Board Audit Committee and Corporate Governance Committee. He is presently the Vice Chairman and Director of Asia United Bank. He is the Chairman of Ramsy Corporation; Travelman, Inc.; Xcell Property Ventures, Inc.; and Apex Mining Co., Inc. He is a Trustee of St. Luke's Medical Center and St. Luke's Medical School. He is a director of Philippine Equity; Maxicare Health Care Corporation; Asian Alliance Holding and Development Corp.; and Asian Alliance Investment Corporation. He is likewise the President and a Director of Monte Oro Resources and Energy, Inc. He used to be the President of the Bankers Association of the Philippines; President and Chief Executive Officer of International Exchange Bank; Chairman and Chief Executive Officer of United Coconut Planters Bank and various companies associated with the coconut industry including CIIF Management Company, Inc.; Chairman of Asean Fund Limited; President of Megalink, Inc; Director of ANSCOR Insurance Brokerage Corporation and San Miguel Corporation; Country Manager of Bank of America; and President of BA-Finance Corporation. He earned his MBA degree at the University of the Philippines and his Bachelor of Science in Commerce degree at the Far Eastern University.

**Sergio R. Ortiz-Luis, Jr.**, Filipino, 76 years old, was appointed as Independent Director of the Parent Company on May 30, 2017 and continue to serve as such up to the present. Currently, he is also the Chairman of the Board Corporate Governance Committee and a member of the Board Audit Committee. He is Chairman of Country Garden Agri-Tourism Development, Inc.; Manila Waterfront City; and Philippine International Airways. He is Honorary Chairman/Treasurer of the Philippine Chamber of Commerce and Industry; President and CEO of Philippine Exporters Confederations, Inc.; Honorary Chairman and Past President of Employers Confederation of the Philippines; Chairman of the National Center for Mediation; Vice Chairman/Independent Director of VC Securities Corporation; Director and Past President of Philippine Foundation, Inc.; Founding Director of International Chamber of Commerce of the Philippines; Vice Chairman of Alliance Global, Inc.; Honorary Chairman of Integrated Concepts & Solutions, Inc.; Trustee and Treasurer of Human Resources Development Foundation. He is likewise a Director of Drug Abuse Resistance Education (DARE) Phil.; Waterfront Philippines, Inc.; The Wellex Group; Manila Exposition Complex, Inc.; Lasaltech Academy; Philippine Estate Corporation; B.A. Securities; Rural Bank of Baguio; Acesite Hotel Philippines, Inc.; Forum Pacific, Inc.; Jolliville Holdings Corporation; Philippine H2O Ventures Corp.; and LikeCash Asia & the Pacific Corporation. He is the President of Asia Pacific Chinese Media, Inc. His government affiliation includes being Vice Chairman of Export Development Council; Commissioner of Patrol 117; BPLS Champion of National Competitiveness Council; Member of the Industry Development Council and Private Sector Representative to the Philippine Bamboo Council. His civic organization affiliation includes being the Chairman of Rotary Club of Green Meadows Foundation; the Past President of Rotary Club Green Meadows Quezon City RI District 3780; a Senator of the Philippine Jaycee Senate; a Captain of the Philippine Coastguard Auxiliary; the Director/Treasurer of PILAK Foundation and the Vice

Chairman of JARDELI Club Foundation. He is also the Honorary Consul General of the Consulate of Romania in the Philippines; Treasurer of the consular Corps of the Philippines and Honorary Adviser of the International Association of Educators for Work Peace. He was a recipient of various awards like the Business Leadership Award by the Business News Magazine, ICCP Global Excellence Award, ORAS Award, Presidential Merit Award Medal, Ulirang Ama, Most Outstanding Pasigueño, Most Outstanding Citizen of Nueva Ecija in the field of Business and International Peace Award for Economic Development to name a few. He graduated from De La Salle University with a degree of Bachelor of Arts and Bachelor of Science in Business Administration. He also took his masteral degrees in Business Administration; PhD in Humanities. and PhD in Business Technology at De La Salle University, Central Luzon University and Eulogio “Amang” Rodriguez Institute of Science and Technology, respectively

**Kim, Jung-In**, Korean, 58 years old, was elected to the Parent Company’s Board and appointed as member of the Board’s Executive Committee on April 4, 2019 to replace Mr. Go, Jae-Han who was recalled to KEPCO’s main office in South Korea for a new assignment. He joined KEPCO in January 1989 and became the General Manager of Kimpo District Office. He was also a Director/Manager of KEPCO’s Treasury Department and became Vice President of the same department in 2012. He also served as Director/Manager of Overseas Project Development Department; Vice President for Overseas Energy New Business Development Department; Vice President of Euro-America, Africa Business Department; Vice President/Head of Global Business Planning Department; and later became President of KEPCO Ilijan Corporation in the Philippines. He graduated at Kyungpook University, Korea in February 1984 with a Bachelor’s Degree in Public Administration.

**Kim, Taemin**, Korean, 47 years old, was elected to the Parent Company’s Board on April 4, 2019. He joined KEPCO in 1996 and later became Senior Manager of KEPCO’s Sacheon Branch Office. He was also appointed in KEPCO as Contract Manager of Amman Asia Electric Power Co. in Jordan; Senior Manager of Global Business Development Department; and General Manager of Global Business Management Department, Project/Risk Management Team. He graduated from Daegu University, Korean in 1997 with a Bachelor’s Degree in Chemistry Education. He earned his MBA from Alto University, Finland in 2007.

**Yoon, Jong-Ryoon**, Korean, 53 years old, was elected to the Parent Company’s Board on April 4, 2019.

He is also currently the President of KEPCO SPC Power Corporation. He was previously a Senior Manager of Kepco Philippines, Planning Department and a General Manager of Procurement Department, Kepco HQ. He graduated in 1992 with a Bachelor’s Degree in Economics at Korea University. In 2017, he completed his Public Leadership Course at Seoul University

**Kim, Yong-Uk**, Korean, 48 years old, was elected to the Parent Company’s Board on April 4, 2019. He is also currently a member of the Board Executive Committee, Audit Committee and Corporate Governance Committee. He was previously a Senior Manager of KEPCO Philippines, Senior Manager of KEPCO’s UAER Nuclear Project Department, General Manager of KEPCO’s Kyeongsan Regional Office, and General Manager of KEPCO’s Overseas Business Department. He graduated in 1997 with a Bachelor’s Degree in Management at Kyungpook National University. He earned his UMBA at Helsinki School of Business in 2007.

**Maria Luz L. Caminero**, Filipino, 57 years old, was appointed Senior Vice President for Legal/Regulatory Affairs of the Parent Company on November 18, 2013 and continues to serve as such up to the present. Atty. Caminero was also appointed as Corporate Secretary from December 3, 2014 to November 20, 2017. She was also designated as Compliance Officer on November 20, 2017 up to the present. She has practiced law for twenty-five (25) years. Her present practice focuses on energy law, particularly in the power industry in the Philippines. From 2003-October 2013, she was the Vice-President and General Counsel of the Power Sector Assets and Liabilities Management Corporation (PSALM). During her ten-year stint in PSALM, she was designated as



Acting President from April-June 2010 and thereafter appointed as OIC from June-September 15 of the same year. Prior to her work at PSALM, she was the Chief Corporate Attorney for National Power Corporation (NPC) in the Tax Counseling Corporate Affairs and Government Relations Department and Litigation Department, Office of the General Counsel. She also served as legal adviser to the Office of the NPC President during the terms of two NPC presidents. In the transition period in anticipation of the implementation of the EPIRA, she was capbadged and assigned to TRANSCO to work on transmission business transactions. Atty Caminero worked for NPC from 1995 -2003, although eventually detailed to work for PSALM in 2001-2003. Atty. Caminero also worked with the Judiciary for a period of six years. She was the Head Lawyer (Court Attorney V) of the Office of Associate Justice Florida Ruth P. Romero, Supreme Court from 1991-1995. Earlier, she worked in the Office of Associate Justice Fidel P. Purisima, Court of Appeals, as Court Attorney V from 1989 -1991. As an underbar, she worked with the Office of Senator Santanina T. Rasul in the latter part of 1988 -1989.

**Cesar O. Villegas**, Filipino, 58 years old, was appointed as Senior Vice President for Operations and Business Development on April 3, 2018. He joined the SPC Group on February 2, 2010 as Senior Manager for Business Development/Technical Assistant to the President and later as Vice President for Business Development and Commercial Operation effective December 3, 2014. Before joining the SPC Group, he was a Technical Manager of Ultrawaters, Inc. (a water treatment company); Electrical Engineer at Rudell & Associates; Project Manager at Pangea Green Energy Phils. Inc.; Operations Manager and Operations Shift Manager at Enron Power Philippines; Planning & Scheduling Chief, Instrumentations Engineer and Control Switchboard Engineer with National Power Corporation; and Plant Electrical Engineer at Coco-Chemicals Philippines. He obtained his Bachelor of Science in Electrical Engineering degree from the Mapua Institute of Technology. He is a Registered Electrical Engineer.

**Jaime M. Balisacan**, Filipino, 65 years old, has been the Senior Vice President for Finance and Administration since April 3, 2018 and concurrent Treasurer from November 25, 2019 up to the present. He joined the SPC Group on August 16, 1997 as Vice President for Finance of the Parent Company. He also renders financial services to certain subsidiaries in the SPC Group. Before joining the SPC Group, he was the Controller of Toledo Power Company from July 1994 to August 1997. He also worked as Financial Services Director/Specialist with Atlas Consolidated Mining and Development Corporation (ACMDC) from March 1989 to June 1994. He likewise served ACMDC in other capacities as Inventory Control Superintendent – Materials Management Division, Group Head/Inventory Accountant, Accounting Supervisor and Audit Clerk – Comptrollers Division. Mr. Balisacan is a Certified Public Accountant. He graduated from the Divine Word College of Laoag, Laoag City with a degree in Bachelor of Science in Commerce, Major in Accounting.

**James Roy N. Villareal**, Filipino, 30 years old, was appointed as Assistant Vice President on November 28, 2018 and as Vice President from May 30, 2019 up to the present. He was connected with Seawood Resources, Inc. as Senior Analyst. He was an intern at Ernst & Young, LLP, Assurance Services Department in Beijing, China, One Bank Talent Development \Program of Credit Suisse AG in Hongkong, and Bank of Singapore Finance Department in Singapore. He was also a Management Trainee with Asian Agri Group in Sumatra, Indonesia and a Cadet Assistant Manager with Samling Plantation Group, Sdn Bhd in Sarawak, Malaysia. He graduated from the University of Illinois at Urbana-Champaign with a degree of Bachelor of Science in Finance

**Remigio Michael A. Ancheta II**, Filipino, 47 years old, was appointed/elected as Corporate Secretary of the Parent Company on November 20, 2017. He also serves as the Corporate Secretary of SPC Island Power Corporation, Cebu Naga Power Corporation, Bohol Light Company, Inc., Bohol Water Utilities, Inc., SPC Malaya Power Corporation, SPC Light Company, Inc., SPC Electric Company, Inc., Salcon International, Inc., Salcon Philippines, Inc., and other corporations. He is the Managing Partner of Ancheta & Associates Attorneys-at-Law, and he practices various areas of law, including energy, water, public utilities, property, commercial law, intellectual

property law, civil, criminal, and administrative laws, and appellate practice. He actively litigates before regular courts and quasi-judicial bodies in many parts of the country. He is a Professorial Lecturer on Civil Law subjects at the College of Law of the Lyceum of the Philippines University (LPU) in Makati City. He was also a Professorial Lecturer at the De La Salle University – Far Eastern University Institute of Law in Makati City. He served as a legal consultant to the Department of Environment and Natural Resources. He was appointed as Special Counsel by the Ethics Committee of the Whole of the Senate of the Republic of the Philippines. He was an associate lawyer of Carpio Villaraza & Cruz (CVC) Law Offices and, thereafter, an associate lawyer of the Litigation Department of the Angara Abello Concepcion Regala & Cruz (ACCRA) Law Offices, where his performance was rated Excellent. He was a Founding and Managing Partner of Ubano Ancheta Sianghio & Lozada Law Offices. He obtained his Juris Doctor, with Second Honors and ranked seventh, from the School of Law of the Ateneo de Manila University. He has a degree in AB Economics and has M.A. Education units from the Ateneo de Manila University.

**Mishelle Ann R. Rubio-Aguinaldo**, Filipino, 31 years old, was appointed/elected as Assistant Corporate Secretary on April 3, 2018. She is presently a Senior Associate of Ancheta & Associates Attorneys-at-Law. She worked as Executive Assistant to the Chief Executive Officer of CAPP and Archipelago Group of Companies and Toyota Alabang, Inc. She was also a Special Investigator II at the Food and Drug Administration. She graduated at the Top Ten of her class at San Beda Alabang School of Law and a degree in BA Political Science at the University of the Philippines.

The disclosed business experience of the above Directors and Officers is for at least the last five years, unless otherwise indicated in their profiles.

#### **Identity of Significant Employees**

No significant employee or personnel who is not an executive officer of the Parent Company is expected to make a significant contribution to its business.

#### **Family Relationships**

Mr. Dennis Villareal is the father of Mr. James Roy N. Villareal. Other than this, no officers or directors are related within the fourth degree of consanguinity.

#### **Involvement in Certain Legal Proceedings**

For the past five years and up to date of this Information Statement, none of the directors and officers were involved in any insolvency or bankruptcy proceeding. Neither have they been convicted by final judgment in any criminal proceeding, nor been subject to any order, judgment or decree of competent jurisdiction, permanently enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, nor found in action by any court or administrative body to have violated a securities or commodities law.

#### **Nomination of Incumbent Directors for Re-election**

The following directors will be nominated for election at the annual stockholders' meeting on June 25, 2020:

Dennis T. Villareal; Alfredo L. Henares; Alberto P. Fenix, Jr.; Ramon Y. Sy; Roberto F. de Ocampo; Enrique L. Benedicto; Sergio R. Ortiz-Luis, Jr.; Kim, Jung-In; Kim, Yong-Uk; Yoon, Jong-Ryoon; and Kim, Jeong-Heon.

No director has resigned or declined to stand for re-election to the board of directors since the date of the last annual meeting of security holders because of a disagreement with the registrant on any

matter relating to the registrant's operations, policies or practices. Furthermore, no director has furnished the registrant with a letter describing a disagreement with the registrant.

The Nomination Committee, pursuant to the Company's Revised Manual on Corporate Governance and the Code of Corporate Governance for Publicly-Listed Companies, is now part of its Corporate Governance Committee with the following membership:

Chairman	:	Sergio R. Ortiz-Luis, Jr.
Members	:	1. Ramon Y. Sy
		2. Enrique L. Benedicto
		3. Dennis T. Villareal
		4. Kim, Yong-Uk

### **Independent Directors**

Management intends to nominate Messrs. Roberto F. de Ocampo; Enrique L. Benedicto; Ramon Y. Sy; and Sergio R. Ortiz-Luis, Jr. as independent directors for the current year, pursuant to and in accordance with the guidelines on the nomination and election of independent directors contained in SRC Rule 38. Management is aware of SEC Circular No. 4, Series of 2017 prescribing term limits for Independent Directors. The terms of Messrs. Roberto F. de Ocampo; Enrique L. Benedicto; Ramon Y. Sy; and Sergio R. Ortiz-Luis, Jr. as Independent Directors of the Parent Company are within said limits. The procedures for the nomination and election of Independent Directors in accordance with the provisions of SRC Rule 38, as amended is cited in the Corporation's Revised Manual on Corporate Governance filed with the Commission on July 24, 2015. Moreover, the Corporation's Amended By-Laws, particularly Section 2, Article III thereof provided that "xxxxx The Corporation shall adopt the procedures on the nomination and election of independent directors pursuant to SRC Rule 38."

### **Certain Relationships and Related Party Transactions**

In the normal course of business, the Parent Company and its subsidiaries have significant transactions with related parties which are made on an arm's length basis as of the time of the transactions. The details of these transactions are contained in Note 5 of the Audited Financial Statements of the Registrant as of and for the year ended December 31, 2019 (attached).

### **Compensation of Directors and Executive Officers**

#### **1. Terms and Conditions of Employment Contract, Compensation Plan:**

Except for the President and the Executive Director, the Parent Company's other Senior Officers are also regular employees and are similarly remunerated with a compensation package equivalent to thirteen (13) months salary per annum. They also receive whatever year-end gratuity pay the Board extends to the managerial, supervisory, and technical employees of the Parent Company. These terms and conditions are included in the employment contract between the Parent Company and its Senior Officers.

The members of the Board of Directors are elected for a term of one year. They receive annual remuneration in director's fees, in addition to compensation of ₱25,000.00 per director on a per board or committee meeting participation. Moreover, members of the Board of Directors who perform executive functions are paid additional remuneration.

The aggregate compensation paid or incurred during the last three years and estimated to be paid in the ensuing year to the Parent Company's President and CEO, Executive Director, and four (4) most highly compensated Senior Officers are as follows:

Name & Principal Position	Year	Salary (Pesos)	Bonus (Pesos)	Total
President/CEO, Executive Director, and four (4) most highly compensated Senior Officers	Projected 2020	31,889,237	3,178,790	35,068,027
	Actual 2019	28,647,257	2,841,705	31,488,962
	Actual 2018	29,341,364	2,620,000	31,961,364
	Actual 2017	27,815,087	2,423,900	30,238,987
All Directors and Senior Officers as a group unnamed	Projected 2020	38,317,015	3,178,790	41,495,805
	Actual 2019	35,275,035	2,841,705	38,116,740
	Actual 2018	35,113,586	2,620,000	37,733,586
	Actual 2017	33,306,263	2,423,900	35,730,164

The highest ranked Senior Officers included in the foregoing compensation table are the following:

Mr. Dennis T. Villareal - President and CEO/Director.

Dr. Alberto P. Fenix, Jr. - Executive Director/Director.

Atty. Maria Luz L. Caminero - SVP, Legal/Regulatory Affairs and Compliance Officer.

Mr. Cesar O. Villegas – SVP, Operations and Business Development.

Mr. Jaime M. Balisacan – SVP, Finance and Administration/Treasurer effective Nov. 25, 2019.

Mr. James Roy N. Villareal – Vice President .

In 2019, the incumbent directors of the Parent Company received remuneration in annual director's fees and compensation on a per meeting participation as follows:

Director	Amount (Php) – Net of Tax
Dennis T. Villareal	665,000
Alfredo L. Henares	865,000
Alberto P. Fenix, Jr.	640,000
Roberto F. de Ocampo	640,000
Enrique L. Benedicto	665,000
Ramon Y. Sy	615,000
Sergio R. Ortiz-Luiz, Jr.	690,000
Kim, Jung-In	455,000
Kim, Taemin	387,500
Yoon, Jong-Ryoon	480,000
Kim, Yong-Uk	580,000
<b>Total</b>	<b>6,682,500</b>

For the year 2019, the above summary of compensation covers the compensation of officers as reported under the section for Directors and Executive Officers of this Information Statement.

2. Other than what is provided under applicable labor laws, there are no compensatory plans or arrangements with executive officers entitling them to receive any sum of money as a result of their resignation, retirement or any other termination of employment, or from a change in control of the Parent Company, or a change in the executive officers' responsibilities following a change in control of the Parent Company. There are no warrants or options outstanding in favor of directors and officers of the Parent Company.

#### **Independent Public Accountant**

The stockholders appointed SyCip Gorres Velayo & Co. (SGV) as the Independent Public Accountant for the year 2019. Mr. Alvin M. Pinpin was appointed by SGV as the engagement partner to lead the audit of the Parent Company's financial statements effective for the year 2018.

Mr. Pinpin replaced Ms. Jhoanna Feliza C. Go of the same auditing firm. Ms. Go was the engagement partner who led the audit of the Parent Company's financial statements from 2016 to 2017. The replacement of Ms. Go is brought about by SGV's initiative to continue ensuring the audit effectiveness in servicing the group where the Parent Company belongs. The Parent Company is an associate of KEPCO Philippines Holdings, Inc. and subsidiary, where Mr. Pinpin currently serves as the engagement partner.

The appointment of a new SGV engagement partner in 2018 was also an early compliance with SRC Rule No. 68, Paragraph 3(b)(iv) requiring the change of external auditor or engagement partner for corporations covered under the Code of Corporate Governance who had engaged external auditors for a consecutive period of five years or more.

The reappointment of SGV as Independent Public Accountant for the year 2020, along with Mr. Alvin M. Pinpin as the engagement partner, will be submitted to the stockholders for their confirmation and approval.

Authorized representatives of SGV, who shall be present at the meeting, will have the opportunity to make a statement if they choose to do so, and will be available to respond to appropriate questions.

The composition of the Audit Committee is as follows:

Mr. Roberto F. de Ocampo – Chairman  
Mr. Alfredo L. Henares – Member  
Mr. Sergio R. Ortiz-Luis, Jr. – Member  
Mr. Ramon Y. Sy - Member  
Mr. Kim, Yong-Uk – Member

## **Other Matters**

### **Action with Respect to Reports**

During the May 30, 2019 Annual Stockholders' meeting, the performance of the Parent Company and Subsidiaries in 2018 was reported to the stockholders. As contained in the 2019 Minutes of Stockholders' meeting and after a quorum was determined, the following matters were presented to and approved by the stockholders:

- a. Minutes of the 2018 Annual Stockholders' Meeting;
- b. CY 2018 Management Report and Audited Financial Statements;
- c. Directors' fees/bonuses for CY2018;
- d. Appointment/reappointment of external auditors;
- e. Ratification of all previous actions of the Board of Directors and Officers done in the ordinary course of business since the last annual stockholders' meeting; and
- f. Election of Directors for 2018 - 2019.

For the June 25, 2020 annual stockholders' meeting, the Chairman of the Board and the Senior Vice President for Finance and Administration will report to the stockholders the operating and financial performance of the Parent Company and its Subsidiaries for the year ended December 31, 2019. Management will submit to the stockholders for their approval the following: (i) minutes of the 2019 Annual Stockholders' Meeting; (ii) CY2019 audited financial statements; (iii) directors' fees/bonuses for CY2019; and (iv) the appointment/reappointment of external auditors. It will also submit for ratification by the stockholders all previous actions of the Board of Directors and Officers of the Parent Company which were made in the ordinary course of business. The election of Board of Directors for 2020 - 2021 will also take place.



The significant actions undertaken in 2019 by the Board of Directors and Officers of the Parent Company are shown in the attached Exhibit “A” (Ratification of Material Actions of the Board of Directors and Officers Since the 2019 Annual Stockholders’ Meeting Until the Date of this Report) of this Information Statement.

Approval and ratification of the minutes, reports, and acts of the Board of Directors and Officers constitute approval of the matters therein.

No action on any matter, other than those stated in the Agenda for the Meeting, is proposed to be taken, except matters of incidence that may properly come at the meeting.

### **Matters Not Required to be Submitted**

Proofs of transmittal to stockholders of the required Notice for the Meeting and of the presence of a quorum at the meeting form part of the Agenda for the Meeting but will not be submitted for approval by the stockholders.

### **Voting Procedures**

Unless otherwise required by law, on all matters to be taken up, majority vote of the outstanding capital stock present and represented at the meeting where a quorum is existing shall be sufficient.

For the selection of directors, the eleven (11) nominees receiving the most number of votes will be elected to the Board of Directors. Cumulative voting will apply.

After the nomination for directors is closed, the Corporate Secretary will ask if any stockholder prefers the election to be done by secret ballot, the procedure for which will be provided by the Corporate Secretary. If none so prefers, the stockholders will vote openly. The Corporate Secretary, in the presence of the external auditor, will then tally and report on the votes, including the votes of stockholders *in absentia*. Thereafter, the Chairman will declare the elected directors.

Voting on motions may be done by secret ballot, if any stockholder so requests, or by *viva voce* or by raising of hands. In case of a division of the house, the votes will be tallied and reported by the Corporate Secretary in the presence of the external auditor.

Stockholders who will participate via remote communication or in *absentia* may submit their votes on agenda items requiring stockholders’ action and on the nomination and election of directors, as well as their concerns, through email [info@spcpower.com](mailto:info@spcpower.com) on or before **9:00 A.M. of June 25, 2020**, or an hour before the conduct of the ASM.

### **Participation Through Remote Communication**

Stockholders who will participate via remote communication will receive the Zoom meeting invitation and other instructions in their email account, or on their mobile phone or Viber account. They will be admitted by the meeting host/administrator of the meeting (i.e., the Corporate Secretary), and their presence will be recorded. They can participate in the meeting, and raise questions and concerns via live video, audio, and/or chat services on Zoom platform.

## SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on May 19, 2020.

**SPC POWER CORPORATION**  
**Issuer**



**REMIGIO MICHAEL A. ANCHETA II**  
**Corporate Secretary**

## **BUSINESS AND GENERAL INFORMATION**

### **Business Development**

SPC Power Corporation (the Parent Company), formerly Salcon Power Corporation, was incorporated in the Republic of the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on March 11, 1994.

The Parent Company was formerly a venture company owned by members of the Salcon Consortium which entered into a Rehabilitation, Operation, Maintenance and Management Agreement (ROMM Agreement) with the National Power Corporation (NPC) on March 25, 1994 for the purpose of undertaking the rehabilitation, operation, maintenance and management of the 203.8 megawatt (MW) Naga Power Plant Complex (NPPC) in Colon, Naga, Cebu under the rehabilitate-operate-maintain-and-manage scheme as defined in the ROMM Agreement.

Under the ROMM Agreement, the Parent Company, at its own cost, rehabilitated, operated, maintained and managed the NPPC over the Cooperation Period of 15 years commencing on the Turnover Date as defined in the ROMM Agreement. The Parent Company received from NPC, its sole customer, Operation and Maintenance (O&M) fees and energy fees derived from conversion into electricity of fuel supplied by NPC at no cost to the Parent Company throughout the Cooperation Period. The fees were subject to an agreed minimum energy off-take (EMOT), which was the minimum guaranteed energy purchase by NPC on a take-or-pay basis. The Parent Company was also entitled to a fuel efficiency bonus if the actual net heat rate of each of the power plants was less than the corresponding guaranteed net heat rate and be liable for a penalty if the actual net heat rate was greater than the guaranteed rate. At the end of the Cooperation Period, the Parent Company transferred to the NPC full possession of the NPPC, clean and unencumbered title to any and all the improvements, works and structures rehabilitated, constructed, improved and introduced by the Parent Company in the NPPC.

In resolutions dated September 28, 2001, the Board of Directors and Stockholders amended the primary purposes for which the Parent Company is formed. Together with its subsidiaries and associates, it is engaged in various business activities within the Philippines that include, among others, the development, construction, rehabilitation, maintenance, management, and operation of power generating plants, electricity distribution and related facilities in accordance with existing laws.

On April 2, 2002, the Parent Company's common shares were listed in the Philippine Stock Exchange (PSE).

On June 30, 2004, the Parent Company, the NPC and the Power Sector Assets and Liabilities Management Corporation (PSALM) further amended the Implementing Agreement (IA) which implemented the covenants set forth in the Term Sheet and amended the ROMM Agreement and its First Amendment, by executing the Amended Implementing Agreement (AIA) which became effective on August 26, 2004. Salient matters of the AIA included, among others, a 20% reduction in the EMOT for the CTPP 1, CTPP 2 and CDPP 1 during the remaining Cooperation Period subject to certain conditions. As a consequence of the EMOT reduction, the Cooperation Period for the CTPP 1, CTPP 2 and CDPP 1 is extended for nearly three (3) years from May 29, 2009 to March 25, 2012.

After the Cooperation Period for the 55 MW LBGTs, on January 29, 2010, the Parent Company acquired the LBGTs for strategic purposes as the LBGTs are located in the Power Complex that is occupied by the Parent Company for the operation of the CTPP and CDPP under the ROMM Agreement until March 25, 2012, and under series of Operation and Maintenance Service Contracts (OMSCs) until September 25, 2014.

After the expiration of the ROMM Agreement on March 25, 2012, OMSCs were awarded by PSALM to the Parent Company for the continuous operation and maintenance of CTPP 1, CTPP 2 and CDPP 1 for successive six-month periods up to September 25, 2014. Under the OMSC, the Parent Company received service and operating fees from PSALM.

In 2014, the Parent Company participated in the bidding for the acquisition of NPPC (see Note 29 of the consolidated financial statements of the Parent Company and Subsidiaries).

On April 15, 2016, SPC Island Power Corporation (SIPC), a wholly owned subsidiary of the Parent Company, submitted the highest offer to PSALM in the negotiated sale of the 32 MW Power Barge (PB) 104. On June 16, 2016, the Parent Company executed an Amendment, Accession and Assumption Agreement with PSALM and SIPC. Under the agreement, SIPC assigned all its rights and obligations as Buyer of PB 104 to the Parent Company after PSALM gave its consent pursuant to the provisions of the Asset Purchase Agreement between SIPC and PSALM. On June 30, 2016, PSALM turned over the PB 104 to the Parent Company for rehabilitation. PB 104 started commercial operations on August 1, 2018 (for Unit Nos. 1, 2 and 3) and on June 11, 2019 (for Unit No. 4).

On September 9, 2016, the Parent Company's Board of Directors further amended the Parent Company's Articles of Incorporation in order to engage in the business of selling, brokering, marketing, or aggregating electricity to the end-users. The amendments were subsequently approved and confirmed by written consent of the stockholders representing at least 2/3 of the outstanding capital stock of the Parent Company. On January 4, 2017, the SEC approved such amendment. As of December 31, 2019, the Parent Company still has to file an application with the ERC to act as Retail Electricity Supplier (RES) and Wholesale Aggregator.

#### **Subsidiaries/Associates**

The Parent Company has the following subsidiaries:

(i) SPC Island Power Corporation (SIPC). SIPC, a wholly owned subsidiary, was incorporated and registered with the SEC on June 26, 2001. It operates the 146.5 MW Panay Diesel Power Plant (located in Dingle, Iloilo) and the 22 MW Bohol Diesel Power Plant (located in Tagbilaran City, Bohol) which were acquired in March 25, 2009 through the assignment of the Parent Company's rights and obligations to SIPC. It has also been operating the Olango Diesel Power Plant (located in the Island of Olango, Lapu-Lapu City) which supplies all the generated electricity to Mactan Electric Company, Inc. (MECO), an associate. SIPC will continue to operate the ODPP in 2020 or until the new operator that won in the bidding conducted by MECO in 2018 is qualified by the Energy Regulatory Commission (ERC).

(ii) Cebu Naga Power Corporation (CNPC). CNPC, a wholly owned subsidiary, was incorporated on August 12, 2015 to undertake the development, ownership, construction, operation and management of a new 2 x 150 MW CFBC coal-fired power plant to replace the old CTPP 1 and CTPP 2 in the NPPC, Colon, City of Naga, Cebu. The construction of the new power plant had been aborted due to the adverse Supreme Court decision that led to the return of the NPPC to PSALM on July 13, 2018 (see Note 29 of the Notes to Consolidated Financial Statements). CNPC remains not to have commercial operations.

(iii) SPC Malaya Power Corporation (SMPC). SMPC, a majority owned subsidiary, was incorporated in the Republic of the Philippines and registered with the SEC on September 22, 2011. SMPC won the bidding processes for the Operation and Maintenance Service Contract (OMSC) of the 650 MW Malaya Thermal Power Plant (MTPP) located in Pilillia, Rizal and accordingly operated the MTPP from October 25, 2011 to October 25, 2014. However, SMPC either did not win or did not participate in the subsequent biddings of the OMSC after October 25, 2014 for certain reasons. As of December 31, 2019, SMPC remains not to have commercial operations.



(iv) Bohol Light Company, Inc. (BLCI). BLCI, a majority owned subsidiary, was organized on July 21, 2000 to engage in the business of supply and distribution of electricity, subject to applicable laws, rules and regulations. On July 10, 2003, the National Electrification Commission (NEC) granted BLCI's franchise to operate electric, light and power services for a period of 25 years retroactive from October 20, 2000 to October 19, 2025 in the area presently comprised by Tagbilaran City, Bohol.

(v) SPC Light Company, Inc. (SLCI) and SPC Electric Company, Inc. (SECI). SLCI (majority owned) and SECI were incorporated on January 15, 2003 and October 17, 2002, respectively, primarily to design, construct, install, commission, rehabilitate, maintain, manage, operate and invest in power generation/distribution plants and related facilities. The Parent Company has the power to govern the financial and operating policies of SECI by virtue of an agreement.

The Parent Company also has the following major associates:

(i) KEPCO SPC Power Corporation (KSPC). KSPC, 40% owned by the Parent Company, was incorporated on June 22, 2005 primarily to build, operate, maintain, own and manage the 2 x 100 Megawatt Circulating Fluidized Bed Combustion (CFBC) Boiler Coal-Fired Power Plant in the City of Naga, Cebu.

(ii) Mactan Electric Company, Inc. (MECO). In July 1997, the Parent Company acquired 40% of MECO which was granted by the NEC, under Presidential Decree No. 269, a franchise for 25 years from October 10, 1991 to engage in, conduct and carry on the business of generating, buying and selling electric light for sale within the limits of the City of Lapu-lapu and the Municipality of Cordova in the Province of Cebu until October 9, 2016. On July 17, 2016, MECO was granted a renewal of its franchise for another 25 years.

### **Future Prospects**

The focus of the Group remains steadfast in seeking growth in new markets and customer segments.

With the development of a new 2 x 150 MW coal-fired power plant at the Naga Power Plant Complex already halted due to an adverse Supreme Court decision, and with the recent unsuccessful bid to acquire a 100% ownership interest in another power generation company, the Group has set its sights on other power project opportunities. Other new power plant projects are presently being considered in the Visayas and Luzon.

While in pursuit of new opportunities, the Group expects continued growth in terms of operating results through sustained improvements in the reliability and availability of existing power facilities.

### **Competition**

The implementation of new regulations and new power plants have greatly increased the level of competition in energy sales. Such competition may have an effect on the extent to which and the terms on which the Group are able to secure or put up more projects in the future. However, the Group believe that their capabilities and proven track record in electric power generation and distribution will allow them to be competitive in project evaluation, bidding and negotiation.

### **Research & Development**

The Group does not appropriate expenses for research and development activities based on fixed amounts or percentages. Instead, expenses for research and development activities are allocated on a per project basis that vary depending on the nature of the project. These expenses are funded from internally generated cash flows.

## **Transactions with and/or Dependence on Related Parties**

In the normal course of business, the Parent Company and its subsidiaries have significant transactions with related parties which are made on an arm's length basis as of the time of the transactions. The details of these transactions are contained in Note 5 of the consolidated financial statements as of and for the year ended December 31, 2019.

## **Patents, Licenses, Franchises and Government Approvals**

Under the EPIRA, no person or entity may engage in the generation of electricity unless such person or entity has secured a Certificate of Compliance (COC) from the ERC to operate a generation facility and has complied with the standards, requirements and other terms and conditions set forth in the COC.

The generation units in the Group possess COCs for their generation businesses, details of which are as follows:

Date Issued	COC No.	Issued Under the Name of	Name	Type	Location	Capacity	Fuel	Terms of COC
Feb. 10, 2016	16-02-M-00068V	KSPC	Unit 1	Coal-fired	City of Naga, Cebu	110.50 MW	Coal	Until Feb. 20, 2021
		KSPC	Unit 2	Coal-fired		110.50 MW	Coal	Until Feb. 20, 2021
Nov. 29, 2016	16-11-M-00286hhV	SIPC (PDPP)		Diesel Power Plant	Dingle, Iloilo	92.22 MW	Diesel/Bunker C	Until Apr. 24, 2021
June 13, 2016	16-06-M-00286nl	SIPC (BDPP)		Diesel Power Plant	Dampas, Tagbilaran City	22.00 MW	Diesel/Bunker C	Until July 17, 2021
June 5, 2017	17-01-O-15640V	SIPC (ODPP)		Diesel	Olango, Lapulapu City	1.56 MW	Diesel	Until Jan. 23, 2022
June 20, 2018	18-06-M-00163V	SPC (PB 104)	Unit 2	Diesel Power Plant	Ubay, Bohol	8.00 MW	Diesel/Bunker C	Until Feb. 19, 2023
		SPC (PB 104)	Unit 3	Diesel Power Plant	Ubay, Bohol	8.00 MW	Diesel/Bunker C	Until Feb. 19, 2023
Dec. 19, 2018	18-12-M-00167V	SPC (PB 104)	Unit 1	Diesel Power Plant	Ubay, Bohol	8.00 MW	Diesel/Bunker C	Until Dec. 18, 2023

PB 104 Unit 4 was granted provisional authority to operate by ERC from June 11, 2019 to December 10, 2019 and from December 11, 2019 to June 10, 2020 while waiting for approval of application for permit to operate from the EMB-7. The permit to operate granted by EMB-7 will be needed for the issuance of COC from ERC.

Also under the EPIRA, the business of electricity distribution requires a national franchise that can be granted only by Congress, except distribution utilities operating within economic zones. In addition, a Certificate of Public Convenience and Necessity (CPCN) from the ERC is also required to operate as a public utility. Distribution utilities are required to submit to the ERC a statement of their compliance with the technical specifications prescribed in the Philippine Distribution Code. The following are the expiration periods of the Group's Distribution Utilities' franchises:

Distribution Utility	Expiration Date
MECO	July 16, 2041
BLCI	October 19, 2025

The EPIRA likewise requires all suppliers of electricity to end-users in the contestable market, other than distribution utilities within their franchise areas, to obtain license from the ERC in accordance with the ERC's rules and regulations. With the implementation of Retail Competition and Open Access (RCOA), KEPCO SPC Power Corporation (KSPC, an associate), was granted by the ERC a license to operate as Retail Electricity Supplier (RES) valid from October 18, 2016 to October 17, 2021.

### **Manpower**

The Parent Company had 85 employees consisting of 66 regular employees and 19 project and/or contractual employees as of December 31, 2019. The regular employees consist of 16 managerial employees and 50 rank-and-file employees.

The Parent Company and its subsidiaries employed a total of 387 employees including 106 project and/or contractual employees as of December 31, 2019.

Regular employee benefits of the Parent Company include a retirement plan and all government-mandated benefits, supplemented by group life and health insurance, medical care, rice subsidy, longevity pay, funeral and burial assistance, cash conversion of unused vacation and sick leave credits, and at the discretion of the Board, year-end bonus, various incentive and productivity awards, merit adjustments, and loyalty bonus.

There is no collective bargaining agreement covering the Parent Company employees as of December 31, 2019.

The Parent Company does not anticipate any substantial increase in manpower within the next twelve months unless new development projects and acquisitions would require an increase in the number of employees.

## Properties

The consolidated net book value of property, plant and equipment of the Parent Company and its subsidiaries amounted to P793.8 million and P781.2 million as of December 31, 2019 and 2018, respectively. The breakdown is as follows:

<b>Property, Plant and Equipment</b>	<b>2019</b>	<b>2018</b>
Distribution lines, poles and fixtures	P 86,149,847	P 83,708,038
Power transformers, switches and devices	42,013,134	41,879,795
Plant machinery and equipment	508,780,227	502,342,100
Motor vehicles	10,143,355	8,416,442
Structures	20,147,235	23,935,755
Furniture and office equipment	4,237,433	2,649,994
Land held by a subsidiary	66,095,774	62,260,491
Construction in progress/Right-of-use Assets	56,185,511	56,009,106
<b>Total</b>	<b>P793,752,516</b>	<b>P781,201,721</b>

Locations of the principal properties, plant and equipment mentioned above are as follows:

<b>Company/Subsidiary</b>	<b>Description</b>	<b>Location/Address</b>	<b>Condition</b>
SIPC	Panay Diesel Power Plant/Structures	Tinocuan, Dingle, Iloilo	In use for operations
SIPC	Bohol Diesel Power Plant/Structures	Dampas, Tagbilaran City, Bohol	In use for operations
SIPC	Olango Diesel Power Plant/Structures	Olango Island, Lapu-lapu City	In use for operations
BLCI	Utility plant and equipment	Tagbilaran City, Bohol	In use for operations
Parent Company	Power Barge 104	Tapal Wharf, Ubay, Bohol	In use for operations
SIPC	Land	Dampas, Tagbilaran City, Bohol	In use for operations
SIPC	Land	Tinocuan, Dingle, Iloilo	Held for future plant expansion.
BLCI	Land	Tagbilaran City, Bohol	In use for operations
Parent Company	Office furnitures and equipment	Cebu Holdings Center, Cebu Business Park, Cebu City; and Citibank Center, Paseo de Roxas, Makati City	In use for operations

On June 16, 2016, the Parent Company executed an Amendment, Accession and Assumption Agreement between and among PSALM and SIPC. Under the said agreement, SIPC assigned all its rights and obligations as BUYER of PB 104 to the Parent Company after PSALM gave its consent pursuant to the provisions of the Asset Purchase Agreement between SIPC and PSALM. On June 30, 2016, PSALM turned over the PB 104 to the Parent Company.



Through an Accession Agreement on August 28, 2000, BLCI acquired the assets and equipment, rights, and interest of the Consortium composed of SII, the Parent Company and other members of the Joint Venture Agreement (JVA) with the Provincial Government of Bohol (PGB). The JVA allowed the Consortium to purchase, own, rehabilitate, operate, maintain and manage the Bohol Provincial Electric System (PES) and for PGB to sell and transfer the franchise to operate the PES in the City of Tagbilaran, Province of Bohol, to the Consortium.

In 2006, BLCI entered into a lease agreement with Bohol Water Utilities, Inc., a sister company, for the lease of land for a period of 20 years starting January 1, 2006 until December 31, 2025, renewable upon such terms and conditions as may be mutually agreed upon by both parties. The land is used and occupied primarily for the operation, management and maintenance of BLCI's utility plant and equipment.

On March 25, 2009, SIPC obtained control and possession of the 146.5- MW Panay Diesel Power Plant (located in Tinocuan, Dingle, Iloilo) and the 22-MW Bohol Diesel Power Plant (located in Dampas, Tagbilaran City, Bohol) by virtue of an assignment of the covering Asset Purchase Agreement (APA) and Land Lease Agreement (LLA) from the Parent Company. The LLA is in furtherance of and as ancillary contract to the APA for the 25-year lease of parcels of land used and occupied primarily for the operation, management, expansion and maintenance of the Purchased Assets. The LLA also covers an option to purchase the optioned assets within the leased premises that may be offered by the Lessor. In 2017, SIPC exercised its option to purchase the optioned assets covering all the lots underlying the Bohol Diesel Plant with a total area of 27,527 square meters.

The Parent Company leases a residential condominium unit at Winland Towers, Cebu City from Dentrade, Inc., a corporation majority owned by Mr. Dennis T. Villareal who is currently the President and CEO of the Parent Company. The condominium unit is used to house the Parent Company's directors and senior executive officers during their official visits to Cebu.

The Parent Company also leases an office condominium unit at the 7th Floor of Citibank Center, Makati City. This unit houses the Parent Company's Makati Office. The unit is leased from the Parent Company's affiliate, SPC Properties and Development Corporation (SPDC).

The Parent Company further leases office condominium units at the 7th Floor of Cebu Holdings Center, Cebu Business Park and 7th Floor of Citibank Center, Makati City from the Parent Company's affiliate – SPEC Properties, Inc. for use as its Cebu Head Office and additional executive offices in Makati.

### **Legal Proceedings**

The Group is currently involved in various legal proceedings in the ordinary conduct of their businesses. The estimate of probable costs for the resolution of possible claims is developed in consultation with outside counsels handling the Group's defense in these matters and is based upon an analysis of potential results of litigation. As of December 31, 2019, the Group believes that the results of these actions will not have a material adverse impact on the Group's financial position and results of operations.

## **OPERATIONAL AND FINANCIAL INFORMATION**

### **Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters**

#### **Market Information**

The principal market for the Parent Company's common equity is the Philippine Stock Exchange (PSE). The high and low sales prices for each period are indicated in the table below:

Period	Highest Close		Lowest Close	
	Price	Date	Price	Date
2020:				
1st Quarter	9.36	January 30	6.71	March 19
2019:				
1 <sup>st</sup> Quarter	6.95	March 26	5.59	January 2
2 <sup>nd</sup> Quarter	7.65	April 10	6.31	May 16
3 <sup>rd</sup> Quarter	7.48	September 24	6.49	July 10
4 <sup>th</sup> Quarter	8.90	November 28	7.25	October 16
2018:				
1 <sup>st</sup> Quarter	5.50	January 15	5.19	March 1
2 <sup>nd</sup> Quarter	5.78	May 29	4.81	June 25
3 <sup>rd</sup> Quarter	5.80	September 4	5.19	August 9
4 <sup>th</sup> Quarter	5.69	October 1	5.15	December 7

In the month of April 2020, the highest price information was in April 1, 2020 at ₱8.05 per share, while the lowest price information was in April 8, 2020 at ₱7.77 per share.

As of April 30, 2020, the total number of stockholders was 779 (695 under transfer agents and including 84 depository participants counted as one stockholder each).

## Top 20 Stockholders

The following composed the top 20 stockholders as of April 30, 2020:

Rank	Name	Nationality	No. of Shares	%
1.	KEPCO Philippines Holdings, Inc.	Korean	568,098,822	37.96%
2.	Intrepid Holdings, Inc.	Filipino	321,905,611	21.51%
3.	JAD Holdings, Inc.	Filipino	293,201,397	19.59%
4.	KV Holdings, Inc.	Filipino	74,749,847	4.99%
5.	Boxboard Containers Corporation	Filipino	41,000,000	2.74%
6.	Cancorp, Inc.	Filipino	41,000,000	2.74%
7.	Rowell Plastic Corporation	Filipino	38,864,638	2.60%
8.	LDI Power Holdings, Inc.	Filipino	24,931,036	1.67%
9.	ALH Management, Inc.	Filipino	23,850,269	1.59%
10.	Mali Ni	Filipino	10,000,000	0.67%
11.	PCD Nominee (Fil/Non-Fil) Corp.	Fil/Non-Fil	6,539,000	0.44%
12.	Dennis T. Villareal	Filipino	6,425,501	0.43%
13.	Cecilia Chua Tiu	Filipino	1,000,000	0.07%
14.	Alberto P. Fenix, Jr.	Filipino	855,933	0.06%
15.	Cesar O. Villegas	Filipino	685,492	0.05%
16.	Corazon L. Gamez	Filipino	685,492	0.05%
17.	Lorenzo D. Inocando	Filipino	274,196	0.02%
	Stanley Krug	American	274,196	0.02%
	Dennis Lawrence N. Villareal	Filipino	274,196	0.02%
	James Roy N. Villareal	Filipino	274,196	0.02%
	Victor Anthony N. Villareal	Filipino	274,196	0.02%
18.	Landmark Holdings Corporation	Filipino	230,000	0.02%
19.	Myra P. Villanueva	Filipino	200,000	0.01%
20.	Juan G. Yu &/ John Peter C. Yu	Filipino	148,000	0.01%
	Yolanda A. Martinez	Filipino	142,305	0.01%
	TOTAL		1,455,884,323	97.28%

## Dividends

The cash dividends declared by the Parent Company to common stockholders in the last three years are shown in the table below:

Year	Cash Dividends Per Share	Total Amount Declared	Record Date
2019	0.7000	1,047,586,262	Dec. 10, 2019
2019	0.4000	598,620,721	Apr. 12, 2019
2018	0.4000	598,620,721	Dec. 12, 2018
2018	0.4000	598,620,721	June 11, 2018
2017	0.4000	598,620,721	Dec. 6, 2017
2017	0.4000	598,620,721	June 14, 2017

On May 7, 2020, the Parent Company's Board of Directors approved the declaration of cash dividends equivalent to ₱0.40 per share, or for a total of ₱598.6 million, to all stockholders of records as of May 22, 2020 payable on May 29, 2020.

The payment of dividends in the future will depend upon the Parent Company's earnings, cash flow and financial condition, among others. The Parent Company may declare dividends only out of its unrestricted retained earnings, except in the case of stock dividends which may be declared out of

paid-in surplus. Any dividend declaration will likewise be subject to the provisions of any existing shareholders' agreement/s and to any prior consents required under the Parent Company's loan documentation with its bank creditors.

The Parent Company may pay dividends in cash, by the distribution of property, by the issuance of shares of stock, or a combination of any of the foregoing. Dividends paid in cash or property are subject only to the approval of the Board of Directors. Dividends paid in the form of additional shares are subject to approval by both the Board of Directors and stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the Parent Company at a stockholders' meeting called for such purpose.

Section 42 of the Revised Corporation Code, however, requires that corporations with surplus profits in excess of 100% of their paid-up capital should declare and distribute the amount of such profits in the form of dividends, except when the retention is justified by definite corporate expansion projects or programs approved by the Board of Directors, or when the consent of creditors is required under any loan agreement, or when it can be clearly shown that such retention is necessary under special circumstances.

### **Corporate Governance**

The Company's Manual of Corporate Governance was approved by the Board in 2002 following such requirement by the SEC for listed companies. It underwent a series of revisions, the first of which was on February 28, 2011, thereafter, on July 24, 2015. The latest amendment was on May 29, 2017. This Revised Manual on Corporate Governance was in compliance with SEC Memorandum Circular No. 19, series of 2016, which directed all Publicly-listed Companies (PLCs) to submit a new Manual on Corporate Governance, pursuant to the new Code of Corporate Governance for PLCs.

The highlights of the Revised Manual on Corporate Governance of the Corporation included among others:

1. The designation of a Compliance Officer (CO), who holds a position of Senior Vice President or its equivalent with adequate stature and authority in the Company. The CO is primarily liable to the Corporation and its shareholders and not to the Chairman or President of the Company.
2. The election of at least three (3) Independent Directors (IDs) in the Board or such a number as to constitute at least one-third of the members of the Board. Their term is limited to a maximum cumulative of nine years. At present, the Company has four (4) IDs who sit in the Board.
3. Creation of Board Committees which are the Board Audit Committee, Corporate Governance Committee and the Executive Committee.
4. The election of a Corporate Secretary who is a separate individual from the Compliance Officer. He is neither a member of the Board of Directors of the Company. The Corporate Secretary is primarily responsible to the Corporation and its Shareholders, and not to the Chairman or President of the Company.
5. Respect and recognition of stockholders rights such as voting rights, pre-emptive rights, power of inspection, right to information, right to dividends, appraisal right.

Compliance with the Manual on Corporate Governance by the Board of Directors and top level management is mandatory. To ensure its observance, the Directors and top level management undergo written self- evaluation based on the Board's general responsibility and the specific duties and responsibilities of each director.

The Company has also taken measures to comply with the adopted leading practices on good corporate governance thru compliance with regulatory requirements which include but is not limited to continued training of its Directors and top level management; sustainability reporting and establishing a policy and implementing rules on related-party transaction.

Overall compliance with the Manual of Corporate Governance by the Company is very satisfactory, with no deviations observed.

The Company shall continually pursue its avowed policy to abide by principles of good governance. In so doing, the Company's good governance framework shall be reviewed annually by analyzing the Company's level of Corporate Governance and forge a way to improve its plan to achieve a status of a leading practitioner in Corporate Governance.

### **Recent Sale of Unregistered Securities**

The Parent Company has not had any sales of unregistered securities during the past three years.

### **Description of the Company's Shares**

The Parent Company's securities consist entirely of common stock with par value of ₱1.00 per share. Of the total issued and outstanding common and voting shares of 1,496,551,803 as of December 31, 2019, 13.12% or 196,315,627 shares are held by the public. Equity ownership of foreigners amounts to 575,852,389 shares out of the total and outstanding shares of the Company.

### **Management's Discussion and Analysis of Financial Conditions and Other Information**

Hereunder is management's discussion and analysis of the significant factors affecting the financial performance, financial position and cash flows of the Parent Company and Subsidiaries (collectively referred to as the "Group"). The discussion and analysis should be read in conjunction with the accompanying audited consolidated financial statements and the notes thereto as well as the schedules and disclosures set forth elsewhere in this report (SEC Form 17-A).

### **Financial Conditions and Results of Operations**

#### **Results of Operations**

Year Ended Dec. 31, 2019 vs. Year Ended Dec. 31, 2018

Despite challenges, the Group registered a total comprehensive income of P1,810.2 million in 2019, 4.8% lower compared to P1,900.9 million in 2018. This reflected (i) the non-recurrence of a large non-core income from disposal of inventories and tax refund that the Group had in 2018 and (ii) lower earnings from power generation business segment in 2019.

Taking out the non-recurring income in 2018, the total comprehensive income in 2019 would have been slightly higher by 0.9% as the decline in power generation performance was made up by higher earnings from the investee companies, power distribution, and short-term investments.

Equity share in the earnings of investee companies continued to account for a lion's share of the Group's total comprehensive income in 2019, accounting for P1,327.5 million or 73.3% of the total, followed by power generation and power distribution business units at 22.8% and 3.9%, respectively.

With lower results, earnings per share slid to P1.19 in 2019 as compared to P1.24 in the previous year. The performance likewise translated to a lower but still respectable return on average equity of 17.81% in 2019 as compared to 19.61% in the preceding year.

Excluding interest and non-recurring income, the net income contribution of the power generation business fell 27.9% to P313.0 million from P434.3 million in 2018. Operations were challenged by lower service fees due to competitive environment and higher operating expenses. This was, however, mitigated by improvements in overall availability and capacity utilization of the plants.

The combined equity share in the earnings of investee companies increased by 4.9% to P1,327.5 million in 2019, from P1,265.4 million in 2018. The impact of lower volume of electricity sold to the spot market and lower average price of sales to contracted customers were offset by higher interest earned from short-term investments and gain from reassessment of asset retirement obligation.

The distribution business unit similarly increased its contribution to the total comprehensive income to P68.8 million in 2019, from P46.9 million in 2018. This was attributed mainly to 4.6% increase in the volume of electricity sold and partial return of previous years' under-recovery of cost of purchased power.

Consolidated revenues rose by 17.3% to P2,799.0 million in 2019 from P2,385.9 million in 2018. Significantly contributing to the increase were (i) the full impact of PB 104's commercial operation since August 2018 and (ii) the 10.2% increase in power distribution revenues.

Consolidated cost of services also rose by 16.5% to P2,108.5 million in 2019, from P1,809.5 million in 2018, due mainly to costs arising from higher volume of transactions.

However, as revenues grew faster than costs, gross margin rose by 19.8% to P690.5 million in 2019 from last year's comparative figure of P576.4 million.

Consolidated administrative and general expenses went up by 15.8% to P277.4 million in 2019, from P239.5 million in 2018 year, due mainly to higher expenses for business development, taxes and licenses, personnel, freight and handling, and other expenses associated with the full commercial operation of PB 104.

Interest income substantially added up to P102.5 million from P49.0 million due to income from funds set aside for business expansion and temporarily placed under short-term investments.

Other income (others) substantially decreased to P21.4 million in 2019, from P263.7 million in 2018 which still included non-recurring income as mentioned earlier. Net loss from sale of noncurrent assets held for sale also eroded other income in 2019.

#### Year Ended Dec. 31, 2018 vs. Year Ended Dec. 31, 2017

The Group's total comprehensive income in 2018 reached an all-time high of P1,900.9 million, 13.3% higher than the previous year. This robust performance was achieved on the back of excellent set of results from the investee companies and an overall improvement in the earnings contributed from the generation business units.

The investee companies outperformed expectations by delivering strong equity earnings of P1,265.4 million in 2018, 11.3% higher than the level a year ago. Despite stiff competitions, the improvements in plant reliability and availability as well as the continued implementation of cost efficiency measures helped in attaining significant financial contributions of the investees.

The comprehensive income contributed from the power generation segment amounted to P587.0 million in 2018, reflecting a 22.0 % increase from the previous year. Further improvements in rising overall capacity utilization of the generating plants likewise boosted the generation net income.



On the other hand, the comprehensive income contributed from the distribution business segment decreased by 18.9% to ₱46.9 million in 2018, from ₱57.9 million the year before. The decrease was due mainly to temporary under-recoveries of purchased power which will be applied with ERC for recovery based on approved formula for various automatic cost adjustments and true-up mechanism. Furthermore, the distribution business segment has not implemented any tariff increase since 2015 because of the suspension of filing of PBR applications by the ERC.

Equity share in the earnings of investees accounted for 66.6% of the Group's total comprehensive income in 2018. Power generation pitched in 30.9% while power distribution and others brought in 2.5%.

The total net income of the Group translates to ₱1.24 in earnings per share in 2018 compared to ₱1.10 in 2017.

The performance likewise translated to a consistent double-digit return on average equity of 19.61% and 18.35% in 2018 and 2017, respectively.

Group-wide revenues increased only slightly by 1.5% to ₱2,385.9 million in 2018 from ₱2,350.1 million in 2017. Overall increase in volume of sales was mitigated by lower average prices and temporary under-recoveries of cost of purchased power.

Consolidated cost of services also increased by 4.3% to ₱1,809.5 million in 2018 from ₱1,735.6 million in 2017 due mainly to higher volume and cost of power purchased by the distribution business segment.

Consolidated general and administrative expenses substantially went up by 26.8% to ₱239.5 million in 2018 from ₱188.8 million in 2017 due mainly to the following: (i) provision for credit and impairment losses, inventory losses and impairment of machineries and equipment; (ii) higher expenses for business development; (iii) higher expenses for corporate social responsibility more particularly on the operation and maintenance of a public library in the City of Naga and donations to landslide victims in the same city; (iv) transportation and travel to and from new project sites; (v) increase in the insurance coverage of generation and distribution assets; and (vi) office repairs and maintenance. Most other expenses were lower in 2018.

Other income (service income), generated separately from power generation and distribution activities, increased to ₱120.0 million in 2018 from ₱100.0 million in the previous year due to more projects done.

Other income (others) increased to ₱263.7 million in 2018 from ₱151.8 million in 2017 due mainly to: (i) incidental income derived from operating and preserving the NPPC before turnover to PSALM on July 13, 2018; and (ii) proceeds from disposal of excess/obsolete inventories, used oil and scraps.

#### Year Ended Dec. 31, 2017 vs. Year Ended Dec. 31, 2016

The Group's total comprehensive income amounted to ₱1,677.4 million in 2017, 6.2% lower than the ₱1,788.1 million generated in 2016. The decline was attributed mainly to slower earnings from power generation and distribution business units alongside expiration of income tax holiday previously enjoyed by a major associate.

The total comprehensive income from power generation and distribution business segments was dragged down by 11.9% to ₱539.0 million in 2017, from ₱612.1 million in the previous year, due mainly to power system disturbance attributed to the strong earthquake that hit the Visayas region in July 2017. Operation of the Wholesale Electricity Spot Market (WESM) was suspended from July

6 – 31, 2017 and when WESM operation was resumed on August 1, 2017, the system was consistently placed on yellow and red alerts up to early September 2017.

Equity share in the earnings of associates also slid by 3.3% to ₱1,137.4 million in 2017 from ₱1,175.5 million in 2016 due mainly to the expiration in February 2017 of the income tax holiday previously enjoyed by a major associate. However, the full impact of the expiration of the income tax holiday was substantially mitigated by various cost efficiency measures implemented during the year.

Equity share in the earnings of associates accounted for 67.8% of the Group's total comprehensive income in 2017. Power generation pitched in 28.7% while power distribution and others brought in 3.5%.

The total comprehensive income of the Group translates to ₱1.10 in earnings per share in 2017 compared to ₱1.16 in 2016.

The performance likewise translated to a consistent double-digit return on average equity (a measure of profitability representing net income as a percentage of average equity) of 18.35% and 21.09% in 2017 and 2016, respectively.

Group-wide revenues decreased by 19.5% to ₱2,350.1 million in 2017 from ₱2,920.7 million in 2016. This was due mainly to: (i) the change in the accounting of incidental revenues generated from the Naga Power Plant Complex (NPPC) after November 28, 2016 and (ii) the calamity that affected power generation and distribution in the third quarter of 2017. After November 28, 2016, incidental revenues generated from the operation and preservation of NPPC are recorded as other income after deducting directly related costs and expenses).

Consolidated cost of services also decreased by 12.2% to ₱1,735.6 million in 2017 from ₱1,976.9 million in 2016 for the same reasons as in the group-wide revenues.

Consolidated general and administrative expenses went down by 17.2% to ₱188.8 million in 2017 from ₱228.0 million in 2016 due mainly to lower expenses for business development; taxes and licenses; provision for doubtful accounts; and directors' fees.

Other income (service income), generated separately from power generation and distribution, increased to ₱100.0 million in 2017 from ₱54.5 million in the same period last year due to more projects done.

Interest expense decreased by 22.4% to ₱25.4 million from ₱32.7 million due mainly to the full prepayment of long term debt of the Parent Company on October 28, 2017.

Other income (others) increased to ₱151.8 million in 2017 from ₱29.8 million only in 2016 due mainly to incidental income derived from operating and preserving the NPPC after November 28, 2016 and proceeds from disposal of excess/obsolete inventories, used oil and scraps.

## **Financial Condition**

### Dec. 31, 2019 vs. Dec. 31, 2018

The Group's balance sheet remains strong. Total assets stood at ₱11,095.7 million at end-2019, up by 1.4% or ₱151.1 million from the end-2018 level at ₱10,944.6 million. The increase was attributed mainly to additional cash inflows and higher value of inventories.



Total liabilities remained about the same at ₱933.3 as at end-2019. Increases in customers' deposits and asset retirement obligation were offset by reduction of other noncurrent liabilities.

Stockholders' equity likewise grew by 1.4% to ₱10,162.4 million, from ₱10,024.7 million as at end-2018. The growth came from the total comprehensive income in 2019 amounting to ₱1,810.2 million less cash dividends declared amounting to ₱1,672.0 million. Book value per share increased to ₱6.79 as at end-2019 compared to ₱6.70 as at end-December 2018.

Further details of significant items that contributed to the changes in assets, liabilities and stockholders' equity are discussed below.

Materials and supplies inventory increased by 8.1% to ₱378.4 million as at end-2019 from ₱350.1 million at the beginning of the year. The increase was traced mainly to the build up of inventories for fuel and maintenance spare parts for power generation and distribution business.

Investment in associates decreased slightly by 1.5% or ₱87.6 million to ₱5,949.3 million as at end-2019 from ₱6,036.9 million as at end-2018. The decrease reflected the net effect of the following: (i) decrease in investments due to cash dividends received from the investee companies amounting to ₱1,412.0 million and (ii) increase in investment due to fresh equity share in the earnings of investee companies amounting to ₱1,327.5 million in 2019.

Other noncurrent assets decreased by 12.0% to ₱215.2 million from ₱244.6 million due mainly to amortization of cost recovery adjustment approved by ERC to be recovered by PSALM through the distribution business segment of the Group over a period of seven years from January 2018. The original amount of ₱257.6 million was booked as noncurrent assets pending collections by initially charging the customers as part of the generation charge over a period of seven years. See Note 29 of the consolidated financial statements.

Customers' deposits grew by 12.9% to ₱149.1 million as at end-2019 from ₱132.1 million as at end-2018 due mainly to additional bill and material deposits received from customers.

Asset retirement obligation (ARO) increased by 33.5% to ₱81.4 million as at end-2019 from ₱61.0 million as at end-2018. The increase represents additional ARO to reflect changes in the assumptions used based on best estimates as of December 31, 2019.

Other noncurrent liabilities decreased by 20.1% to ₱146.0 million from ₱182.8 million due mainly to amortization of cost recovery adjustment approved by ERC to be recovered by PSALM through the distribution business segment of the Group over a period of seven years from January 2018. The original amount of ₱257.6 million was booked as noncurrent liabilities pending remittance to PSALM the amount collected from customers over a period of seven years. See Note 29 of the consolidated financial statements.

Appropriated retained earnings increased by 20.0% or ₱300.0 million (net) to ₱1,800.0 million as at end-2019 from ₱1,500.0 million as at end-2018 on account of new appropriations approved by the Parent Company's Board of Directors during the year (see Note 18 of the notes to consolidated financial statements).

Unappropriated retained earnings decreased by 2.4% to ₱6,677.2 million as at end-2019 from ₱6,841.4 million as at end-2018. The net decrease of ₱160.2 million was accounted mainly as follows: (i) decrease due to cash dividends declared by the Parent Company amounting to ₱1,646.2 million; (ii) increase propelled by total comprehensive income in 2019 attributable to equity holders of the Parent Company amounting to ₱1,782.3 million; and (iii) net decrease amounting to ₱300.0 million due to appropriation for new projects per Note 18 of consolidated financial statements.

Dec. 31, 2018 vs. Dec. 31, 2017

The Group ended 2018 with consolidated assets reaching P10,944.6 million, 0.7% higher compared to the balance of P10,872.1 million as at end-2017. The increase in total assets was attributed mainly to additional net cash inflows generated from operating and investing activities.

The growth in total assets was accompanied by 39.0% reduction in total liabilities to P919.9 million as at end-2018 from P1,507.9 million as at end-2017. The decrease was due mainly to payment of trade and other payables substantially outstanding as of December 31, 2017 as well as the settlement of payables to PSALM pursuant to a Memorandum of Agreement dated July 9, 2018 for the return of the Naga Power Plant Complex (NPPC). See no. 31 of the notes to consolidated financial statements.

Total stockholders' equity grew by 7.1% to P10,024.7 million as at end-2018 from P9,364.2 million as at end-2017. The net growth came mainly from the total comprehensive income for the year ended December 31, 2018 amounting to P1,900.9 million less cash dividends declared amounting to P1,238.6 million. Book value per share likewise grew to P6.70 as at end-2018 compared to P6.26 as at end-2017.

The details of significant items that contributed to the changes in assets, liabilities and stockholders' equity are discussed below.

Details of changes in the balance of cash and cash equivalents are discussed in the section for Cash Flows below.

Materials and supplies inventory decreased by 42.2% to P350.1 million as at end-2018, from P605.2 million at the beginning of the year, due mainly to settlement of fuel accountability pursuant to a Memorandum of Agreement with PSALM dated July 9, 2018 for the return of the NPPC (see note 31 of the consolidated financial statements).

Prepayments and other current assets decreased by 43.8% to P94.3 million as at end-2018, from P167.7 million as at end-2017, due mainly to reversal of deferred input tax previously recognized on unbilled fuel that was later on returned to PSALM pursuant to a Memorandum of Agreement dated July 9, 2018 (see note 31 of the consolidated financial statements).

Investment in associates decreased slightly by 2.34% to P6,036.9 million as at end-2018 from P6,181.8 million as at end-2017. The decrease reflected mainly the net effect of the following : (i) decrease in investments due to cash dividends received from the investee companies amounting to P1,409.8 million and (ii) increase in investment due to fresh equity share in the net earnings of investee companies amounting to P1,265.4 million.

Property, plant and equipment grew only slightly by 0.4% to P781.2 million in 2018 from P778.3 million in 2017. The net growth was attributed to the following: (i) increase due to new additions to property, plant and equipment amounting to P128.5 million; and (ii) reduction due to depreciation, provision for impairment, disposal, and transfer to noncurrent assets held for sale amounting to P125.7 million.

Other noncurrent assets substantially declined by 79.6% to P244.6 million in 2018, from P1,200.4 million at the beginning of the year. This was due mainly to the return of the NPPC Bid Price of P1,143.2 million pursuant to a Memorandum of Agreement with PSALM dated July 9, 2018 (see note 31 of the financial statements). The balance of this account as of December 31, 2018 includes P182.8 million representing the noncurrent portion of ERC-approved Deferred Accounting Adjustments (DAA) which were incurred by PSALM/NPC in supplying energy during the relevant period, thus it should be recovered/refunded by PSALM/NPC to its customers through the

distribution business segment of the Group by initially charging the customers as part of the generation charge over a period of seven years from January 1, 2018.

Trade and other payables decreased by 31.3% to P490.0 million as at end-2018, from P712.7 million as at end-2017, due mainly to fuel purchases in November and December 2017 which were paid only in January 2018.

Due to NPC/PSALM was reduced to zero as at end-2018, from P511.7million at the beginning of the year due to the fuel settlement with PSALM pursuant to a Memorandum of Agreement dated July 9, 2018 (see note 31 of the consolidated financial statements).

Customers' deposits increased by 12.9% to P132.1 million as at end-2018, from P117.0 million at the beginning of the year due to additional bill and material deposits received from customers of the distribution business.

Asset retirement obligation (ARO) decreased by 37.3% to P61.0 million as at end-2018 from P97.2 million as at end-2017 due to the following : (i) remeasurement of the liability based on current estimates as of December 31, 2018 and (ii) reclassification of a portion of the ARO liability to liability associated with noncurrent assets held for sale as of December 31, 2018.

Other noncurrent liabilities amounting to P182.8 million as of December 31, 2018 (nil in 2017) refers to the noncurrent portion of ERC-approved Deferred Accounting Adjustments (DAA) which were incurred by PSALM/NPC in supplying energy during the relevant period, thus it should be recovered/refunded by PSALM/NPC to its customers through the distribution business segment of the Group by regularly remitting to PSALM the amount it collected from the customers over a period of seven years from January 1, 2018.

Appropriated retained earnings increased by P150.0 million (net) to P1,500.0 million as at end-2018 from P1,350.0 million as at end-2017 on account of new appropriations approved by the Parent Company's Board of Directors during the year (see note 19 of the notes to consolidated financial statements).

Unappropriated retained earnings increased by 7.9% to P6,841.4 million as at end 2018 from P6,338.5 million as at end-2017. The net increase of P502.9 million was accounted as follows: (i) decrease due to effect of adoption of PFRS 9 amounting to P4.2 million; (ii) increase due to total comprehensive income in 2018 attributable to equity holders of the Parent Company amounting to P1,854.3 million; (iii) increase due reversal of appropriations amounting to P1,350.0 million per note 19 of consolidated financial statements; (iv) decrease due to appropriation for new projects amounting to P1,500.0 million per note 19 of consolidated financial statements ; and (v) decrease due to cash dividends declared amounting to P1,197.2 million.

#### Dec. 31, 2017 vs. Dec. 31, 2016

As of year-end 2017, the Group's total assets increased to P10,872.1 million from P10,425.2 million at the beginning of the year. The 4.3% growth in total assets was accompanied by a slight reduction in total liabilities to P1,507.9 million as at end-2017 from P1,509.2 million as at end-2016. Current ratio decreased slightly but remained very favorable at 2.10 as at end-2017 from 2.88 as at end-2016. Total debt as a percentage of equity favorably decreased to 16.10% as of December 31, 2017 from 16.93% as of December 31, 2016. Total stockholders' equity grew by 5.0% to P9,364.2 million as of December 31, 2017 from P8,916.0 million as of December 31, 2016. Book value per share rose further to P6.26 as of December 31, 2017 from P5.96 as of December 31, 2016.

The details of significant items that contributed to the changes in assets, liabilities and stockholders' equity are discussed below.

Cash and cash equivalents decreased by 17.4% to ₱1,445.3 million from the end-December 2016 level of ₱1,749.5 million. Please see the section below for Cash Flows showing the major sources and applications of cash and cash equivalents.

Trade and other receivables increased by 36.8% to ₱457.9 million as at end-December 2017 from ₱334.7 million as at end-December 2016 due mainly to higher sales billed to customers in December 2017 as compared to the sales in December 2016.

Materials and supplies inventory increased by 123.2% to ₱605.2 million as at end-December 2017 from ₱271.2 million as at end-December 2016 due mainly to higher volume and cost of fuel inventory and purchase of additional spare parts needed to complete the rehabilitation of PB 104 in 2018.

Prepayments and other current assets increased by 122.9% to ₱167.7 million as at end-December 2017 from ₱75.2 million as at end-December 2016. The increase was attributed mainly to unused input taxes paid on the acquisition of PB 104, fuel and other purchases of goods and services to be offset against future output tax.

Investment in associates registered a net increase of 1.8% to ₱6,181.8 million as at end-December 2017 from ₱6,073.0 million as at end-December 2016. The account was: (i) increased by additional equity share in the earnings of associates amounting to ₱1,137.2 million and (ii) reduced by cash dividends declared by associates amounting to ₱1,028.3 million.

Property, plant and equipment also registered a net growth of 15.3% to ₱778.3 million in 2017 from ₱675.0 million in 2016. The net growth was attributed to the following: (i) increase due to additional rehabilitation costs of PB 104 incurred in 2017 amounting to ₱136.1 million; (ii) increase due to additions to other property, plant and equipment amounting to ₱54.8 million; and (iii) reduction due to depreciation and disposal amounting to ₱87.6 million.

Other noncurrent assets amounting to ₱1,200.4 million (including Goodwill) as at end-December 31, 2017 remained about the same as in the previous year. The balance of this account is inclusive of the ₱1,143.2 million that was paid by the Parent Company to PSALM for the acquisition of the 153.1 MW Naga Power Plant. Please see Note 31 of the audited consolidated financial statements.

Trade and other payables were more than doubled to ₱712.7 million as at end-December 2017 from ₱338.8 million as at end-December 2016. This was due mainly to the inadvertent delay in the payment of fuel purchased in November 2017 (paid in January 2018 together with December 2017 purchases).

Due to NPC/PSALM increased by 68.6% to ₱511.7 million as at end-December 2017 from ₱303.4 million as at end-December 2016 due to additional cost of fuel used in the operation of NPPC.

The balance of long-term debt, current and noncurrent portions, was fully prepaid on October 28, 2017 due to robust cash flows that are not immediately needed to support capital expenditures for growth.

Customers' deposits increased by 16.1% to ₱117.0 million from ₱100.8 million due mainly to: (i) additional bill deposits collected from BLCI customers as guarantee for any uncollected bills upon termination of service contract, and (ii) additional material deposits for cost of transformers and poles paid in advance by large load consumers for power connection.

Asset retirement obligation decreased by 13.5% to ₱97.2 million from ₱112.3 million due to reversal of a portion of the obligation following the exercise by SIPC of its option to purchase all the lots underlying the Bohol Diesel Power Plant in 2017.

Appropriated retained earnings increased by ₱100.0 million (net) to ₱1,350.0 million as at end-December 2017 from ₱1,250.0 million as at end-December 2016 on account of the approval of the Parent Company's Board of Directors of the following : (i) appropriation of ₱500.0 million out of the unappropriated retained earnings of the Parent Company for the construction of hydro-electric power plant projects, and (ii) reversal of retained earnings appropriated on November 24, 2015 amounting to ₱400.0 million due to the full prepayment of the related long-term debt on October 28, 2017 and the reinstatement of the same amount as unappropriated retained earnings.

Unappropriated retained earnings increased by 6.20% to ₱5,967.5 million as at end-December 2017 from ₱5,621.4 million as at end-December 2016. The net increase of ₱346.0 million was accounted as follows: (i) increase due to total comprehensive income in 2017 attributable to equity holders of the Parent Company amounting to ₱1,643.3 million; (ii) decrease due to appropriation of ₱500.0 million for the construction of hydro-electric power plant projects ; (iii) increase due to reversal of retained earnings appropriated on November 24, 2015 amounting to ₱400.0 million after full prepayment of the related long-term debt on October 28, 2017 ; and (iv) decrease due to cash dividends amounting to ₱1,197.2 million declared by the Parent Company's Board of Directors on March 30, 2017 and November 20, 2017.

## **Cash Flows**

### 2019 vs. 2018

Cash and cash equivalents increased by 9.9% to ₱3,277.4 million as at end-2019 from the end-2018 level of ₱2,937.0 million. Net cash inflows generated from operating and investing activities exceeded net cash flows used for financing activities in 2019.

Major sources of cash and cash equivalents in 2019 were from operating activities and cash dividends received from investee companies amounting to ₱664.7 million and ₱1,412.0 million, respectively.

The major applications of funds in 2019 were: (i) payment of cash dividends amounting to ₱1,672.8 million, and (ii) new additions to property, plant and equipment amounting to ₱103.6 million.

### 2018 vs. 2017

The year 2018 was again characterized by robust cash flows.

Cash and cash equivalents surged by 103.2% to ₱2,937.0 million as at end-2018 from ₱1,445.3 million as at end-2017. Total net cash inflows generated from operating and investing activities significantly exceeded net cash flows used for financing activities.

Major sources of cash and cash equivalents in 2018 were: (i) net cash provided by operating activities, ₱301.1 million; (ii) cash dividends received from investee companies, ₱1,409.8 million; and (iii) Bid Price returned by PSALM (see note 31 of the consolidated financial statements), ₱1,143.2 million.

The major applications of funds in 2018 were: (i) payment of cash dividends amounting to ₱1,237.7 million, and (ii) new additions to property, plant and equipment amounting to ₱128.5 million.

### 2017 vs. 2016

The Group again supported its liquidity mainly from cash generated from operating activities and dividends received from its investments. It was able to prepay all its long-term debt and pay generous cash dividends to stockholders.



Major sources of cash in 2017 (comparative figures in 2016 are enclosed in parentheses) include: (i) Net cash flows generated from operating activities, P677.9 million (P981.8 million); and (ii) cash dividends received, P1,028.3 million (P213.4 million).

Major applications of cash (comparative figures in 2016 are also enclosed in parentheses) include: (i) cash dividends paid, P1,251.2 million (P891.0 million); (ii) payment of long-term debt, P577.8 million (P103.9 million); and (iii) additions to property, plant and equipment, P190.9 million (P318.3 million).

### Key Performance Indicators

The following financial indicators are used, among others, to evaluate the performance of the Parent Company and its Subsidiaries:

Key Performance Indicators	2019	2018	2017	2016
<u>For the years ended December 31:</u>				
Earnings per share	P1.19	P1.24	P1.10	P1.16
Share in net earnings of associates	P1,327,469,713	P1,265,412,079	P1,137,429,320	P1,175,524,975
Return on equity	17.81%	19.61%	18.35%	21.09%
Return on assets	15.84%	17.43%	15.75%	17.93%
<u>Cash Flows:</u>				
Net cash flows from operating activities	P664,653,383	P301,093,533	P677,925,988	P981,803,073
Net cash flows from (used in) investing activities	P1,302,561,277	P2,426,046,583	P843,738,523	(P181,555,533)
Net cash flows used in financing activities	(P1,675,877,640)	(P1,237,727,455)	(P1,829,013,293)	(P,994,940,718)
<u>As of December 31:</u>				
Balance of cash and cash equivalent at end of period	P3,227,403,650	P2,937,042,859	P1,445,250,136	P1,749,497,644
Current ratio	7.82	7.33	2.10	2.88
Debt ratio	0.08	0.08	0.14	0.14
Debt-to-equity ratio	0.09	0.09	0.16	0.17
Solvency ratio	2.06	2.16	1.17	1.24

### Earnings Per Share (EPS)

EPS is a measure of profitability representing net income attributable to equity holders divided by the weighted average number of shares outstanding as of the end of the year.

### Share in Net Earnings of Associates

This indicates profitability of the investments and investees' contribution to the Group's net income. It is determined by multiplying the associate's comprehensive income or loss by the investor's percentage of ownership, less goodwill impairment cost, if any. Goodwill is the difference between the acquisition cost of an investment and the investor's share in the value of the net identifiable assets of the investee at the date of the acquisition.

#### Return on Equity

Return on Equity = Total comprehensive income divided by average total stockholders' equity. This ratio indicates the level of profit earned by the Group in comparison with the total amount of stockholders' equity found in the statements of financial position. The higher the return on equity, the higher the Group's ability to produce internally generated cash flows. Moreover, the higher the Group's return on equity compared to other companies in the same industry, the better.

#### Return on Assets

Return on Assets (ROA) = Total comprehensive income divided by average total assets. This ratio measures the ability of the Group's management to realize an adequate return on the total resources employed for the business. A high percentage rate indicates how the Group is well run and has a healthy return on assets employed.

#### Cash Flows

The Group uses the Statements of Cash Flows to determine the sources and application of funds for the period and to analyze and evaluate how the sources and uses of funds are being managed.

#### Current Ratio

Current Ratio = Total current assets divided by total current liabilities. This ratio is a rough indication of the Group's ability to service its current obligations. The higher the current ratio, the greater the Group's ability to pay its current obligations.

#### Debt Ratio

Debt ratio = total liabilities divided by total assets. The ratio indicates the degree of protection provided for the Group's creditors. A high ratio generally indicates greater risk being assumed by creditors. On the other hand, a low ratio indicates greater long-term financial safety.

#### Debt-to-Equity Ratio

Debt-to-Equity Ratio = total liabilities divided by total equity. The ratio indicates how leveraged the Group is. It compares the resources provided by creditors against the resources provided by the stockholders in running the business of the Group.

#### Solvency Ratio

Solvency Ratio = the sum of total comprehensive income, depreciation and amortizations divided by the sum of long-term and short-term liabilities. This ratio provides another measurement of how likely the Group will be able to continue meeting its debt obligation. The higher the ratio, the greater the Company's ability to continue meeting its debt obligations.

### **Known Trends**

Please see other operational and financial information below.

### **Any Significant Elements of Income or Loss from Continuing Operations**

Please see other operational and financial information below.

### **Any Event That Will Trigger Direct or Contingent Financial Obligation That is Material to the Company Including Any Default or Acceleration of an Obligation**

There are no known events that will trigger direct or contingent financial obligation that is material to the company including any default or acceleration of an obligation.

### **Material Off-Balance Sheet Items**

There are no material off-balance sheet transactions, arrangements, obligations, and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

### **Material Commitments for Capital Expenditures**

As of December 31, 2019 there are no material commitment for capital expenditures other than in the ordinary course of business to improve power generation and distribution facilities. Funding comes from internally generated cash from operations.

### **Seasonal Aspects**

The Group does not have any seasonal aspect that has a material effect on the financial condition or results of operations.

### **Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

There are no changes in and disagreements with Accountants on accounting and financial disclosures.

### **External Audit Fees**

For the annual review of the Parent Company's and Subsidiaries' financial statements and other assurance and related services, the audit fees were ₱1.4 million and ₱1.5 million in 2019 and 2018, respectively, exclusive of VAT and out-of-pocket expenses. The fees were inclusive of consultancy services on tax matters amounting to ₱0.3 million in 2018.

Engagement of external auditor's services is bid out among qualified auditing firms. For the audit of the Parent Company's and Subsidiaries' annual financial statements, award is endorsed by the Board Audit Committee, recommended by the Board to the shareholders and approved by the shareholders during its annual meeting. Award of other services are approved by the Audit Committee as endorsed by the Internal Audit Department.

### **Other Operational & Financial Information**

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region. On various dates thereafter, the respective Office of the Governor of the provinces of Cebu, Bohol and Iloilo implemented similar response through issuance of Executive Orders. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and enjoined all government agencies and local government units to render full assistance and cooperation to curtail and eliminate the threat of COVID-19. These measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve.

The Group considers the events surrounding the outbreak as non-adjusting subsequent events, which do not impact its financial position and performance as of and for the year ended December 31, 2019 and for the quarter ended March 31, 2020. However, the outbreak could have a material impact on its financial results after March 31, 2020. Considering the evolving nature of this outbreak, the Group cannot determine at this time the impact to its financial position, performance and cash flows. The Group will continue to monitor the situation.

## **Financial Statements**

The audited annual consolidated financial statements of the Parent Company and Subsidiaries as of and for the year ended December 31, 2019 and the unaudited interim financial statements for the quarter ended March 31, 2020 (together with the management's discussion and analysis) as set forth in SEC Form 17-A and SEC Form 17-Q are incorporated in this information statement.

UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY WILL PROVIDE FREE OF CHARGE, A COPY OF THE COMPANY'S SEC FORM 17- A (ANNUAL REPORT) DULY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE STOCKHOLDER MAY BE CHARGED A REASONABLE COST FOR PHOTOCOPYING THE EXHIBITS.

ALL REQUESTS MAY BE SENT TO THE FOLLOWING ADDRESS:

SPC POWER CORPORATION  
7<sup>TH</sup> FLOOR, CITIBANK CENTER  
8741 PASEO DE ROXAS, MAKATI CITY  
1226 PHILIPPINES

ATTENTION: REMIGIO MICHAEL A. ANCHETA II

**EXHIBIT "A"****Ratification of Material Actions of the Board of Directors and Officers Since the 2019 Annual Stockholders' Meeting Until the Date of this Report**

Date of Meeting	Material Actions
May 30, 2019	<ol style="list-style-type: none"><li>1. Approval of Directors Fees/Bonus for CY 2018</li><li>2. Election of Directors for CY 2019 – 2020</li><li>3. Appointment/Reappointment of SyCip Gorres Velayo and Company as the External Auditor for CY 2019</li><li>4. Creation of Board Committees and election of respective Chairman and members</li><li>5. Nomination and Election of Officers of the Corporation</li><li>6. Financial Statements as of April 30, 2019</li></ol>
November 25, 2019	<ol style="list-style-type: none"><li>1. Resignation of Mr. Alfredo L. Henares as Treasurer of the Corporation and the Nomination and Election of Mr. Jaime M. Balisacan as His Replacement</li><li>2. Approval of the Budget for Operating Expenses and Capital Expenditures for CY 2020</li><li>3. Interim Actual Financial Statements as of September 30, 2019</li><li>4. Approval of the Declaration of Additional Cash Dividends in the Amount of ₱0.70 per share for a total of ₱1.0476 Billion, to all Stockholders of Record as of December 10, 2019, payable on or before December 17, 2019</li><li>5. Projected Financial Statements for the year ending December 31, 2019</li><li>6. Material Related Party Transaction Policy and other governance requirements</li></ol>
May 7, 2020	<ol style="list-style-type: none"><li>1. Appointment of Mr. Niño Ray D. Aguirre as Vice President for Finance</li><li>2. Approval of the Audited Financial Statements for the Year Ended December 31, 2019</li><li>3. Approval of the Schedule of the Annual Stockholders' Participation Therein through Teleconferencing or Remote Communication, and Internal Procedures for Participation</li><li>4. Delegation of Approval of SEC Form 17-Q (for Quarter Ended March 31, 2020) to the EXECOM</li><li>5. Approval of the declaration of cash dividend in the amount of ₱0.40 per share, or the equivalent of ₱598.6 Million, to all stockholders of record as of May 22, 2020, payable on May 29, 2020</li></ol>



# COVER SHEET

for  
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	0	9	4	0	0	2	3	6	5
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## COMPANY NAME

S	P	C		P	O	W	E	R		C	O	R	P	O	R	A	T	I	O	N		A	N	D		S	U	B	S
I	D	I	A	R	I	E	S																						

## PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

7	t	h		F	l	o	o	r	,		C	e	b	u		H	o	l	d	i	n	g	s		C	e	n	t	e
r	,		A	r	c	h	b	i	s	h	o	p		R	e	y	e	s		A	v	e	n	u	e	,		C	e
b	u		B	u	s	i	n	e	s	s		P	a	r	k	,		C	e	b	u		C	i	t	y			

Form Type

A	A	C	F	S
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

N	/	A
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## COMPANY INFORMATION

Company's Email Address

www.spcpowergroup.com

Company's Telephone Number

(032) 232-0377

Mobile Number

N/A

No. of Stockholders

775

Annual Meeting (Month / Day)

06/25

Fiscal Year (Month / Day)

12/31

## CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Jaime M. Balisacan

Email Address

jmbalisacan@spcpower.com

Telephone Number/s

(032) 232-0377

Mobile Number

(0917) 3231469

## CONTACT PERSON'S ADDRESS

7<sup>th</sup> Floor, Cebu Holdings Center, Archbishop Reyes Avenue, Cebu Business Park, Cebu City

**NOTE 1:** In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

**2:** All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



**SPC POWER CORPORATION AND SUBSIDIARIES**  
**INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY SCHEDULES**  
**SEC FORM 17-A**

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**\*SGVCEB19080\***



# SPC Power Corporation

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

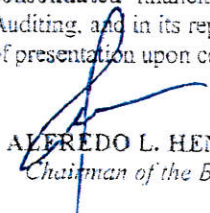
The management of SPC Power Corporation and Subsidiaries (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2019 and 2018, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.


The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein and submits the same to the stockholders or members.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

  
**ALFREDO L. HENARES**  
*Chairman of the Board*

  
**DENNIS T. VILLAREAL**  
*Chief Executive Officer and President*

  
**JAIME M. BALISACAN**  
*Treasurer/Senior Vice President – Finance and Administration*

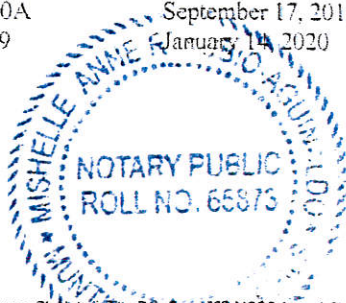
Signed this 7<sup>th</sup> day of May, 2020.


**MAY 12 2020**

**SUBSCRIBED AND SWORN TO** before me this \_\_\_\_\_ day of May 2020 at Makati City;  
Affiants exhibited to me their CTC/Passport Nos. as follows:

<u>Names</u>	<u>CTC/Passport No.</u>	<u>Date of Issue</u>	<u>Place of Issue</u>
Alfredo L. Henares	EC6872847	February 29, 2016	DFA NCR East
Dennis T. Villareal	P8767960A	September 17, 2018	DFA Manila
Jaime M. Balisacan	11008909	January 14, 2020	Cebu City

Doc. No. 164  
Page No. 34  
Book No. J  
Series of 2020.



  
**MISHELLE ANNE R. RUBIO-AGUINALDO**  
Notary Public for Muntinlupa City  
Appointed on: 06/11/2010  
Valid until: 31 December 2020  
Unit 301 Under Center Bldg., Acacia Ave.  
Madrigal Business Park, Alvaro Aunang  
Muntinlupa City 1760

• MANILA OFFICE: 7th Floor, Citibank Center, 8741 Paseo De Roxas St., Makati City, P.O. Box 1222 MCPC, Makati City, Philippines. Tels. (632) 8844111 to 117 Fax No. (632) 8844144

• CEBU OFFICE: 7th Floor, Cebu Holdings Center Cebu Business Park, Cebu City, Philippines. Tels. (032) 2320377 / 2319372 to 730 Fax No. (032) 2320378 / 2319369

• PLANT: Naga Power Plant Complex, Cocolon, Naga City, Cebu, Philippines. Tels. (032) 2726830 to 33 Fax No.: (032) 2726836 to 38 E-mail address: info@spcpower.com

Roll No. 65873  
Muntinlupa  
PRLM  
MOLE Compliance No. 17-0003438-1 dated 8/3/22



## INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders  
SPC Power Corporation  
7<sup>th</sup> Floor, Cebu Holdings Center  
Archbishop Reyes Avenue, Cebu Business Park  
Cebu City

### Opinion

We have audited the consolidated financial statements of SPC Power Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2019 in accordance with Philippine Financial Reporting Standards (PFRSs).

### Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

