

MINUTES OF THE 2020 ANNUAL STOCKHOLDERS' MEETING
SPC POWER CORPORATION
Held on June 25, 2020, 10:00 A.M.
Through Zoom Videoconferencing

PRESENT:

(See attached Record of Attendance)

ABSENT:

ROBERTO DE OCAMPO

ALSO PRESENT:

JAIME M. BALISACAN
MA. LUZ L. CAMINERO
CESAR O. VILLEGAS
JAMES ROY N. VILLAREAL
CORAZON L. GAMEZ
NINO RAY D. AGUIRRE
REMIGIO MICHAEL A. ANCHETA III
MISHELLE ANNE R. RUBIO-
AGUINALDO

1. Call to Order

The Chairman, Mr. Alfredo L. Henares, called the meeting to order at 10:00 A.M. The Corporate Secretary, Atty. Remigio Michael A. Ancheta III, with the assistance of the Assistant Corporate Secretary, Atty. Mishelle Anne R. Rubio-Aguinaldo, recorded the proceedings of the meeting.

2. Certification of Due Notice and Presence of a Quorum

Atty. Ancheta certified that (a) notices of the Annual Stockholders' Meeting were given to stockholders of record as of June 3, 2020 pursuant to the By-Laws of the Corporation and the SEC Memorandum Circular No. 6, Series of 2020 and the SEC Notice dated April 20, 2020; (b) the notice of the Annual Stockholders' Meeting was published in the business sections of two (2) newspapers of general circulation in the Philippines, namely, Manila Bulletin and the Philippine Star, both in their print and online formats, for two (2) consecutive dates on June 2 and 3, 2020; and (c) the meeting was held pursuant to the Internal Procedure for Annual Stockholders' Meeting by Teleconference approved by the Board of Directors during its May 7, 2020 regular meeting.

Atty. Ancheta certified that there were present, in person or by proxy, stockholders representing **1,473,739,542** or **98.48%** shares which constitute more than a majority of the total issued and outstanding shares and that there was quorum to transact business.

3. Approval of Minutes of the Previous Annual Stockholders' Meeting of 30 May 2019

Upon motion duly made and seconded, without any objection, the stockholders present or represented by proxy agreed to dispense with the reading of the minutes of the annual stockholders meeting on May 30, 2019, and unanimously approved the same.

4. Report of the Chairman and Presentation of the Audited Financial Statements as of and for the Year Ended December 31, 2019

The Chairman, Mr. Alfredo L. Henares, reported that for 2019, the Group registered a total comprehensive income of PhP1,810.2 Million which is 4.8% lower compared to PhP1,900.9 Million registered in 2018, due mainly to the (1) non-recurrence of a large non-core income from disposal of inventories and tax refund that the Group had in 2018 and (2) lower earnings from power generation business segment in 2019.

The Chairman also reported that the total assets which stood at PhP11,095.7 Million increased by 1.4% or PhP151.1 Million from end of 2018. He also reported that liabilities are manageable and there are no outstanding bank loans, with debt-ratio at 0.08:1, indicating great long-term financial resilience.

He further reported that free cash flows remained robust in 2019 which enabled the payment of cash dividends amounting to PhP1.6 Billion, the highest annual payment representing 86.6% of prior year's earnings.

The Chairman shared that while the growth plan has been disrupted by the corona virus pandemic, interim reports show that strong power demand in the first quarter was tempered by the implementation of strict quarantine measures and business closures which resulted to reduced earnings in April. However, according to the Chairman, demand is expected to pick up as industries and commercial establishments resume operations. Nonetheless, he ensured that the Group is focused on the welfare of its employees, the needs of its customers, and the measures to improve earnings performance.

The Chairman then discussed the highlights of 2019 operational performance of the Group's power generation and assets and distribution utilities.

On PDPP1, the Chairman reported that it has sustained its total dependable capacity at 15MW, with both the availability and utilization rate increasing by 8.1% & 8.0%, respectively. Its net generation also increased by 1.4% due to relatively similar power situation in the Panay sub-grid. As such, plant performance improved significantly to achieve a 98.7% availability and the high utilization rate of 90.5% shows how well the plant capacity was managed.

On PDPP3, the Chairman reported that it also sustained its total dependable capacity at 50MW and while the plant's availability remained high at 96.7%, the utilization rate decreased by 19.1%. Unlike PDPP1, PDPP3's net generation was reduced by 39.0%.

The Chairman discussed that though the plant maintained high availability at 96.7%, the increased market competition and locational disadvantage of the plant due to current line constraints contributed to the low utilization rate of 71.7%

On Bohol Diesel Power Plant (BDPP), the Chairman reported that after the completion of massive maintenance works in 2018, the plant sustained its 12.2 MW and its availability and utilization rate increased substantially by 43.4% and 75.3% respectively. The increase is mainly due to the plant's firm capacity contracting.

As per the Chairman, with 94.5% availability and 91.7% utilization rate, the plant's improvement project proved to be very effective and commercially appropriate. Correspondingly, the net generation increased by 47.2%, and the plant outage was significantly reduced by 83.9%.

On PB104, the Chairman reported that the barge finally completed the restoration of all its four (4) units and while it finalized its supply contract only at the last quarter of 2019, the plant still managed to register acceptable performance by year-end, as compared to 2018.

According to the Chairman, while the [barge's] annual availability and utilization rate reached only 75.3% and 27.2% respectively, the growing demand in Bohol required more in-island power supply to support the limited capacity of the Leyte-Bohol Transmission Line, thus, resulting to a net generation of over 14,000 MWHs.

On KEPCO-SPC Power Corporation (KSPC), the Chairman informed that it has 2x 100 MW CFBC coal-fired power plants, with units sustaining its rated capacity of 100MW each in 2019. Except for the forced outage, the plant performed better than its 2019 Annual Plan. Combined availability reached 88.4% or just 1.1% lower than the previous year.

On Bohol Light Company, Inc. (BLCI), a distribution utility (DU) based in Tagbilaran, the Chairman reported that it has generated a 2.2% increase in its total customer base increasing the number to 21,900. He added that the monthly peak demand increased by 4.8% from 28.0 MW in 2018 to 29.3 MW in 2019 which contributed to the 4.6% increase in the total energy sold by the DU from 126.8 GWH in 2018 to 132.7 GWH in 2019 and that BLCI's efforts to improve overall operations resulted in a decrease on system loss by 7.0%.

On Mactan Electric Company, Inc. (MECO), a DU based in Lapu-Lapu City, Cebu. There was a 5.7% increase in its total customer base of 95,217 households and establishments as compared to the previous year's 90,092. MECO's monthly peak demand increased by 10.7%, from 84.2 MW in 2018 to 93.2 MW in 2019 which contributed to the 10.8% increase in the total energy sold by the DU from 504.6 GWH in 2018 to 559.2 GWH in 2019 and like BLCI, efforts to improve overall operations reduced system loss by 4.4%.

The Chairman expressed his gratitude to the directors for their invaluable guidance, to the stockholders, partners, staff, and employees for continued confidence, loyalty, and support.

Thereafter, the Senior Vice President for Finance and Administration, Mr. Jaime M. Balisacan, reported on the highlights of the consolidated financial performance of SPC Power and its subsidiaries ("the Group") as of and for the year ended December 31, 2019.

Mr. Balisacan echoed the Chairman's report that the Group registered a total comprehensive income of PhP1,810.20 Million in 2019, 4.8% lower compared to the previous year. Consequently, earnings per share slightly declined from PhP1.24 in 2018 to PhP 1.19 in 2019. Performance translated to a lower but respectable return on average equity of 17.81% as compared to 19.61% in 2018.

According to Mr. Balisacan, the investee companies accounted for 73.3% of the Group's total comprehensive income in 2019, with a combined equity share of PhP1,327.5 Million in 2019 which is 4.9% higher as compared to 2018. He mentioned that 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 power generation and power distribution business units, on the other hand, accounted for 22.8% and 3.9%, respectively. Mr. Balisacan further reported that the distribution business increased contribution to the total comprehensive income to

Php68.8 Million in 2019, from Php46.9 Million in 2018 which attributed mainly to 4.6% increase in the volume of electricity sold and partial return of previous years' under-recovery of purchased power. Meanwhile, the net income contribution of the power generation business, excluding interest and non-recurring income, fell by 27.9% triggered by lower prices due mainly to competitive environment and higher operating expenses which were mitigated by improvements in availability and overall capacity utilization of the plants.

On consolidated financial position, Mr. Balisacan reported that total assets stood at Php11,095.7 Million which increased by 1.4% or 151.1 Million due to higher net cash inflows and higher value of inventories; while total liabilities remained about the same at Php933.3 Million in 2019 and Php919.9 Million in 2018. He mentioned that the increases in customers' deposits and asset retirement obligation were offset by reduction of other noncurrent liabilities.

Mr. Balisacan emphasized that the growth in the value of total assets along with minimal change in total liabilities, increased total stockholders' equity by 1.4% to P10,162.4 Million in 2019. The growth, according to him, came from the total comprehensive income in 2019 amounting to Php1,810.2 Million, net of cash dividends declared amounting to Php1,672.0 Million.

He also reported that out of Php10,162.4 Million stockholders' equity, Php8,477.2 Million is in the retained earnings account.

Based on Mr. Balisacan's report, the current ratio improved to 7.82 from 7.33 in the previous year; while, debt-to-equity ratio remains very favorable at 0.09 as of December 31, 2019.

In addition, Mr. Balisacan shared that the Group's total comprehensive income further boosted the balance of retained earnings as at end-2019 to Php8,477.2 Million, out of which the Board of Directors has appropriated Php2.8 Billion for expansion projects. He announced that the balance of retained earnings as at end-2019 is net of cash dividends declared by the parent company in 2019 that added up to Php1.6 Billion, the highest annual payment representing 86.6% of prior year's earnings.

On cash flows, Mr. Balisacan reported that 2019 continued to be characterized by robust cash flows and that liquidity was supported mainly from (a) cash generated from operating activities amounting to Php663.8 Million and (b) cash dividends received from investee companies amounting to Php1,412.0 Million. He also informed the stockholders that the Group ended the year with cash and cash equivalents amounting to Php3,227.4 Million, up 9.9% from Php2,937.0 Million as at end-2018.

Mr. Balisacan ended his report and extended his sincere thanks to the team members and partners for their contributions.

The Chairman opened the floor for questions. There was no question raised.

5. Approval of Directors Fees/Bonus for CY 2018

Upon motion duly made and seconded, without any objection, the stockholders present or represented by proxy approved the payment of (1) a Director's Fee of P600,000.00 to each director who served during the calendar year ended December 31, 2019 for a full year, or pro rata thereof, if his service was less than a year, (2) an extra payment of PhP200,000.00 for the Chairman, and (3) an additional amount aggregating to PhP13,192,813.00 to directors who performed executive functions.

6. Ratification of All Previous Actions of the Board of Directors and Officers of the Corporation Since the Last Annual/Regular Meeting

The Chairman referred to the list of previous actions to be ratified which was included in the Definitive Information Statement distributed to all stockholders.

Upon motion duly made and seconded, without any objection, the stockholders present or represented by proxy ratified all the past acts of the Board of Directors and of the management and officers during CY 2018.

7. Election of Directors for CY 2019-2020

The Chairman informed the stockholders that they were going to elect eleven (11) Directors in accordance with the Articles of Incorporation and By-Laws. He then opened the floor for nominations.

Upon motion duly made and seconded, the stockholders present or represented by proxy unanimously elected the following persons to serve as Directors for CY 2020-2021 and to act as such until their successors shall have been elected:

- i. Dennis T. Villareal
- ii. Alfredo L. Henares
- iii. Alberto P. Fenix, Jr.
- iv. Kim, Jung-In
- v. Yoon, Jong-Ryoon
- vi. Kim, Yong-Uk;
- vii. Kim, Jeong-Heon
- viii. Ramon Y. Sy
- ix. Roberto F. De Ocampo
- x. Enrique L. Benedicto
- xi. Sergio R. Ortiz-Luis, Jr.

Messrs. Sy, De Ocampo, Benedicto, and Ortiz-Luis, Jr. were elected as Independent Directors.

The Chairman congratulated the newly-elected members of the Board of Directors and announced that the Organizational Meeting of the Board would be held immediately after the stockholders meeting.

8. Appointment/Reappointment of External Auditors

Upon motion duly made and seconded, without any objection, the stockholders present or represented by proxy reappointed the auditing firm of SyCip Gorres Velayo & Co. as the external auditor of the Corporation for the CY 2020.

9. Other Matters

No other matter was raised at the meeting.

10. Adjournment

The meeting was adjourned at 10:36 A.M.

ATTESTED BY:

ALFREDO L. HENARES
Chairman



MISHELLE ANNE R. RUBIO-AGUINALDO
Assistant Corporate Secretary

SPC POWER CORPORATION
ANNUAL STOCKHOLDERS' MEETING
25 June 2020

RECORD OF ATTENDANCE

STOCKHOLDER	PROXY	NO. OF SHARES	%
KEPCO Philippines Holdings, Inc.		568,098,817	37.96
Intrepid Holdings, Inc.		118,047,145	7.89
JAD Holdings, Inc.		64,492,545	4.31
KV Holdings, Inc.		74,749,847	4.99
Jaime M. Balisacan		52,000	0.00
Alfredo L. Henares		1	0.00
Dennis T. Villareal		6,425,501	0.43
Alfredo P. Fenix Jr.		855,933	0.06
Ramon Y. Sy		2	0.00
Enrique L. Benedicto		1	0.00
Sergio R. Ortiz-Luis		1	0.00
Kim Jung-In		1	0.00
Yoon, Jong-Ryoon		1	0.00
Kim, Yong Uk		1	0.00
Ma. Luz L. Caminero		137,098	0.01
Cesar O. Villegas		685,492	0.05
James Roy N. Villareal		274,196	0.02
Dennis Lawrence N. Villareal		274,196	0.02
Victor Anthony N. Villareal		274,196	0.02
Corazon L. Gamez		826,797	0.06
PDS Group		568,037,869	37.96
Cancorp, Inc.		21,000,000	1.40
Elsa G. Dorotheo		27,519	0.00
Lorenzo D. Inocando		56,000	0.00
Stanley Krug		299,196	0.02
Sonia M. Magno		60,549	0.00
Mali, Ni		10,000,000	0.67
Rowell Plastic Corp.		38,864,638	2.60
Landmark Holdings		200,000	0.01
Total (Outstanding)		1,473,739,542	98.48

ATTESTED BY:

ALFREDO L. HENARES
Chairman

MISHELLE ANNE R. RUBIO-AGUINALDO
Assistant Corporate Secretary