

AboitizPower's Proposed Bond Issue of up to ₱30 billion Gets Highest Credit Rating

Philippine Rating Services Corporation (PhilRatings) has assigned an Issue Credit Rating of **PRS Aaa**, with a **Stable Outlook**, to Aboitiz Power Corporation's (AboitizPower) proposed bond issuance of ₱20.0 billion, with an Oversubscription Option of up to ₱10.0 billion. We note that this is the initial tranche of the Company's new three-year Shelf Registration program of up to ₱100.0 billion.

PhilRatings has also maintained its Issue Credit Rating of **PRS Aaa**, with a **Stable Outlook**, to AboitizPower's total outstanding bonds amounting to ₱43.3 billion.

Obligations rated **PRS Aaa** are of the highest quality with minimal credit risk. The obligor's capacity to meet its financial commitment on the obligation is extremely strong. **PRS Aaa** is the highest rating assigned by PhilRatings.

A **Stable Outlook** indicates that the rating is likely to remain unchanged in the next 12 months.

PhilRatings identified the following key considerations in the assignment of the rating and the corresponding Outlook: a) AboitizPower's diversified portfolio with good growth prospects; b) Its highly experienced management team; c) Its healthy liquidity and ample coverage ratios; and d) the Company's sound capital structure.

PhilRatings based its assessment on available information and projections at the time that the rating review was performed. PhilRatings shall continuously monitor developments relating to AboitizPower and may change the rating and Outlook at any time, should circumstances warrant a change.

AboitizPower is involved in power generation, power distribution, and retail electricity supply (RES). It runs hydro, geothermal, solar, coal-fired, and oil-fired power plants across the Philippines. The Company reportedly has the largest installed renewable energy capacity under its market control. Meanwhile, AboitizPower's distribution utilities are geographically diverse, serving several key growth areas across the country. The Company has significant ownership stakes in Visayan Electric Company, Inc. (Visayan Electric) and Davao Light and Power Company, Inc. (Davao Light), the second and third largest distribution utilities in the country in terms of captive customers connections and energy sales. It was also reported that AboitizPower has the largest market share in the RES market at 29.30%, with a contracted capacity of 1,181.98 MW as of December 2024. The Company is also publicly-listed and is 53.09% owned by Aboitiz Equity Ventures, Inc. (AEV; Aboitiz Group) as of March 31, 2025. AEV is one of the largest and most diversified conglomerates in the country with investments in power, banking, food, infrastructure, and real estate.

AboitizPower believes that meeting the country's power demand requires a diverse generation mix. In view of such, the Company pursued more renewable energy projects alongside thermal technologies. To reduce carbon dioxide and other greenhouse gases emissions, AboitizPower continues to invest in

renewable and selective baseload developments. In the coming years, the Company aims to expand its renewable energy portfolio to a net attributable selling capacity of 4,600 MW, with 3,700 MW coming from new renewable energy projects. The Company allocated capital expenditures in 2025 to support these projects including the maintenance of its baseload plants, and further investments in land, new substations, and new meters for its distribution business.

The Company benefits from the senior management expertise of its parent company, AEV, in identifying early growth opportunities. The management team of the Company has an extensive knowledge of the power industry's business and regulatory environment. Most members have longstanding tenures with AboitizPower and its parent, AEV. Additionally, management consults third-party experts to identify and address potential risks that the Company may encounter in its businesses. Most of the major risks previously identified by these consultants have been effectively managed. Management also benchmarks itself with international standards. The Company also realizes synergies from its relationship with the broader Aboitiz Group, benefiting from the latter's extensive business networks and local market knowledge.

AboitizPower demonstrated sound liquidity and sufficient debt-servicing capacity over the past years. In 2023, the Company generated ₱50.3 billion in net cash flows from operating activities, a 46.9% increase from ₱34.2 billion in 2022, driven by favorable movements in operating income and lower working capital requirements. In 2024, however, AboitizPower recorded net cash flows from operating activities of ₱46.1 billion, an 8.2% decrease from the prior year. Current ratio remained healthy at 1.8x in 2023 and 1.6x in 2024. Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) interest coverage ratio remained more than adequate at 5.0x for both years. Debt service coverage ratio, meanwhile, was sufficient at 1.6x in 2023 and 1.3x in 2024.

The Company maintained a healthy capital structure, with its debt-to-equity and debt-to-capitalization ratios at 1.1x and 52.5%, respectively, in 2024. On the other hand, solvency ratio remained stable at 1.7x.

AboitizPower projects a generally declining debt balance in the medium to long term as it settles its debt obligations. It plans to continuously plowback its earnings, supporting equity growth. In turn, the Company expects its leverage to further improve overtime.