

Highest Credit Rating Maintained for Energy Development Corporation's Outstanding ASEAN Green Bonds

Philippine Rating Services Corporation (PhilRatings) maintained its Issue Credit Rating of **PRS Aaa**, with a **Stable Outlook**, for Energy Development Corporation's (EDC) ₱12.5 billion outstanding Fixed-Rate ASEAN Green Bonds.

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**, on the other hand, indicates that the rating is likely to remain unchanged in the next 12 months.

The assigned rating and Outlook take into account the following key considerations: (1) EDC's leading position as a pure renewable energy (RE) company; (2) its strong parent company support and highly experienced management team; (3) the Company's healthy liquidity and cash flows; (4) its manageable capital structure; and (5) the government's supportive policies in the RE sector.

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

EDC remains as the country's largest pure RE company, with its 1,389 megawatts (MW) of installed capacity from geothermal, wind, hydroelectric, and solar power sources as of end-March 2025. The Company's core business, geothermal, has a total installed capacity of 1,095 MW, accounting for 56% of the country's aggregate installed geothermal capacity.

First Gen Corporation (FGen), the controlling shareholder of EDC, likewise ranked as the third largest domestic power producer in the country (in terms of generating capacity and market share) in 2024. FGen had a total installed capacity of 3,639 MW as of end-2024, equivalent to about 12% of the Philippines' total installed capacity.

To support further growth, EDC aims to complete more projects and improve efficiency in its operations. The Company's growth projects include a mix of brownfield developments, which expand existing geothermal plants, and greenfield projects, which involve developing new energy facility in an unused or underutilized land. Moreover, EDC has expanded into Battery Energy Storage System (BESS).

Several of the Company's growth projects reached significant milestones over the past year. Two expansion projects under the BacMan facility, the Palayan Bayan Binary Project and the Tanawon Geothermal Project, secured provisional authority to operate and achieved commercial operations in March 2025 and August 2025, respectively. Additionally, one of the Company's three ongoing BESS projects has achieved commercial operations in September 2025. The two other BESS projects are

mechanically complete, with commercial operations expected to begin within the fourth quarter of 2025 (4Q2025). EDC also ramped up its steam augmentation and drilling program to address natural decline and well retirements in its geothermal facilities.

In 2024, the Company's consolidated net income decreased by 36% to ₱9.2 billion, driven by higher expenses to support the Company's drilling and growth activities. Notwithstanding this, EDC continued to record healthy, albeit lower, cash flow from operations amounting to ₱20.6 billion. In the first six months of 2025 (6M2025), operating cash flows amounted to ₱7.9 billion. The Company expects the benefits of its drilling activities to materialize beginning in late 2025 or early 2026. This will result in improvements in cash flows and earnings moving forward. Current ratio was also adequate at 1.2x as of end-June 2025.

EDC's debt-to-equity (DE) ratio as of end-June 2025 stood at 1.1x, higher than the 0.7x DE ratio recorded as of end-2023. The increase was driven by higher debt level, as the Company incurred additional debt to fund its growth projects. Nonetheless, the Company's leverage level remained manageable. Additionally, EDC's EBITDA interest coverage and debt service coverage ratio were more than adequate at 4.9x and 1.5x, respectively, as of end-June 2025.

The Company is expected to remain well-positioned and continue to benefit as the country shifts toward a low-carbon economy. Government initiatives like the lower Retail Competition Open Access threshold, Green Energy Auction Program, Green Energy Option Program, and Retail Aggregation Program, which allows broader participation in the electricity market, have allowed the Company to engage with a more diverse customer base.