

 PHILIPPINE RATING SERVICES CORPORATION	RATING REPORT
	ACEN CORPORATION

Date: July 28, 2025
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MONITORING OF THE ISSUE CREDIT RATING FOR THE COMPANY'S OUTSTANDING BOND ISSUANCE

Amount	Interest Rate	Issue Date	Maturity Date	Assigned Rating and Outlook
₱10.0 billion	6.0526%	September 22, 2022	September 22, 2027	PRS Aaa, Stable

Rating Definition

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.

Outlook Definition

A **Stable Outlook** is defined as: "The rating is likely to be maintained or to remain unchanged in the next 12 months."

RATIONALE

1. Strong parent company support

ACEN Corporation's (ACEN; the Company) immediate parent, AC Energy and Infrastructure Corporation (ACEIC), is the wholly-owned energy and infrastructure holding company of Ayala Corporation (AC; the Ayala Group).

ACEIC was designated in 2011 as AC's vehicle for diversified investments in the power sector. It manages a diversified portfolio of renewable and conventional power generation projects, engaging in power project development and operations both in the Philippines and internationally. ACEN benefits from the track record and experience of ACEIC. The latter's continued capital infusions into ACEN highlight its commitment to supporting the funding needs of the Company. Furthermore, ACEN benefits from the synergies, management support, and financial flexibility of its ultimate parent company, AC. AC currently has an outstanding Issue Credit Rating of PRS Aaa, with a Stable Outlook, for its outstanding bonds worth ₱16.0 billion.

Another majority stakeholder in ACEN is Arran Investment Pte. Ltd. (Arran), a Singaporean investment holding company for investments managed by GIC Private Limited (GIC). GIC, a company wholly owned by the Government of Singapore, was established in 1981 to manage the country's foreign reserves. GIC invests the government's financial assets in long-term instruments with an aim to preserve and enhance the international purchasing power of the funds. It is one of the world's largest global investors, with US\$847.0 billion of assets in more than 40 countries worldwide as of end-2024.¹

2. Highly experienced management team

Mr. Cezar P. Consing is the current Chairman of the Board of Directors. He has been serving as a Director of the Company since April 2021. Mr. Consing is also the President and Chief Executive Officer (CEO) of AC and has been a Director thereof since December 2020. Mr. Consing is currently the Vice Chairman of Ayala Land, Inc. (ALI), Globe Telecom, Inc. (GLO), and Bank of the Philippine Islands (BPI). He obtained his M.A. in Applied Economics from the University of Michigan in 1980 and graduated with an A.B. Economics degree (Accelerated Program), magna cum laude, from De La Salle University in 1979.

Spearheading ACEN as its President and CEO is Mr. John Eric T. Francia. Mr. Francia, who is also a Senior Managing Director of AC and a member of its Management Committee. Under his leadership, the Ayala Group established its energy platform from a standing start in 2011, growing to 7,060 megawatts (MW) of net attributable capacity² as of end-March 2025.

ACEN's senior management team is composed of seasoned professionals with solid experience in their respective fields. Key officers of the Company also hold top positions in other companies under the Ayala Group, indicating the Company's strategic importance to the Group.

3. Aggressive expansion of its renewable energy portfolio throughout the Asia Pacific region

ACEN is ramping up its renewable energy projects and its existing partnerships to achieve a 100% renewables portfolio by 2025 and be one of the largest listed renewables platforms in Southeast Asia. ACEN is strategically constructing these projects in the Philippines, India, Vietnam, and Australia, where partnerships are formed with established local counterparts to complement the Company's internal capabilities.

As of end-March 2025, the Company had a total net attributable capacity of 7,060 MW, with a renewable capacity share of 99% (an equivalent of 6,992MW). ACEN's international operations accounted for 4,595MW of the total net attributable capacity, all sourced from renewable energy, while the balance of 2,465 MW came from its operations in the Philippines. Around 2,397 MW or 97.2% of the net attributable capacity in the Philippines was sourced from renewables, particularly solar power and wind generation, since such technologies are the easiest to build given the technical expertise and track record of ACEN.

4. Conservative capital structure, considering its capital-intensive business

¹ <https://globalswf.com/news/gic-s-results-indicate-bumper-annual-return-for-2023-24-and-aum-of-us-847bn>

² Refers to the gross capacity of owned assets multiplied by ACEN's effective economic ownership. Does not include leased units.

The Company maintains a sound capital structure, with its leverage kept at relatively conservative levels despite the capital-intensive nature of its operations. As of end-March 2025, the Company's debt-to-equity (DE) ratio³ stood at 0.9x, leaving more than ample room for additional borrowings as needed.

Table 1. ACEN's Capital Structure Ratios from 2021 to 2024 and as of end-March 2025

	2021	2022	2023	2024	End-March 2025
DE ratio	0.3x	0.4x	0.5x	0.8x	0.9x
Debt-to-capitalization ratio	25.9%	29.9%	31.4%	45.9%	46.4%

BUSINESS RISK

Company Profile

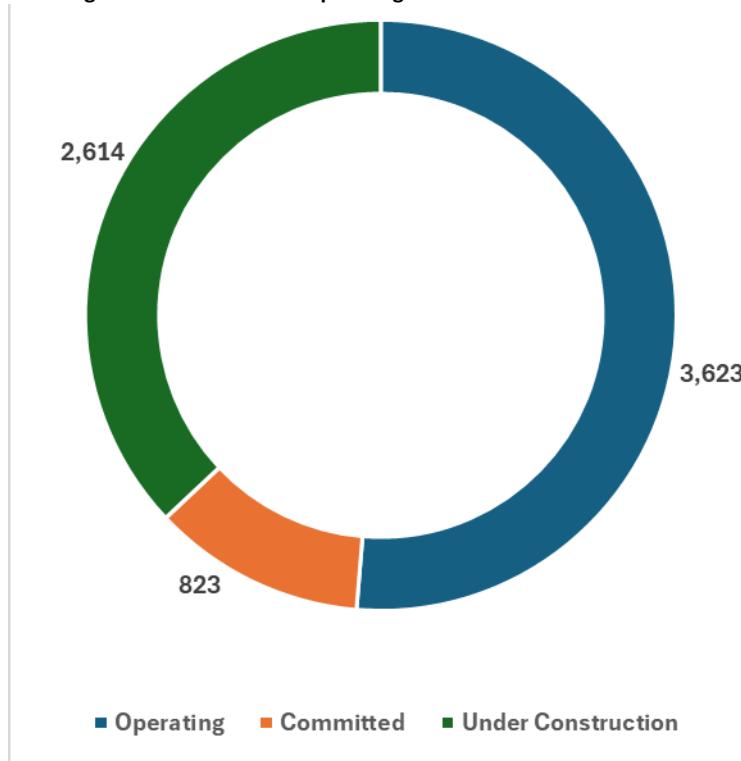
ACEN (formerly AC Energy Corporation) is the publicly listed energy platform of ACEIC, a wholly owned subsidiary of AC.

The Company was originally established and incorporated as Trans-Asia Oil and Mineral Development Corporation on September 8, 1969, to engage in petroleum and mineral exploration and production. To diversify its product and revenue portfolio, the Company invested in power generation and supply. Such eventually became its main business and revenue source. Considering this, the Company's name was changed to Trans-Asia Oil and Energy Development Corporation beginning April 1996. On August 22, 2016, it became formally known as PHINMA Energy Corporation to be identified as part of the management brand of PHINMA, its then parent company. In 2019, ACEN was formally transferred from the PHINMA Group to the Ayala Group, through ACEIC, after the latter acquired controlling interest. On January 5, 2021, after the approval of the Securities and Exchange Commission (SEC), the Company adopted its present name to be recognized as one of the Ayala Group's core businesses.

Currently, ACEN and its subsidiaries (the Group) manage a diversified portfolio of primarily renewable power generation projects and engage in renewable power project development, and wholesale and retail electricity supply (RES) businesses in the Philippines, Australia, Indonesia, Vietnam, India, and other countries. As of end-March 2025, the Company had an attributable capacity of 7,060 MW. This consisted of operating, under construction, and committed projects in the Philippines and across the Asia Pacific region.

³ PhilRatings computes the DE ratio using the standard method of dividing total debt by total equity. Total debt is calculated as the sum of short-term loans, the current portion of long-term debts, the non-current portion of long-term debts, and notes payable.

Figure 1. ACEN's Power Operating Status as of end-March 2025



Ownership

As of end-March 2025, ACEIC was the Company's majority shareholder, with 58.23% ownership stake, while Arran owned 16.86%. The remaining shares are owned by the public.

ACEIC is the energy and infrastructure holding company of AC. The former was designated in 2011 as AC's vehicle for diversified investments in the power sector. It pursues greenfield, as well as currently operating, power-related projects for both renewable and conventional technologies in various parts of the Philippines. Over the years, ACEIC grew from a domestic energy company into a multinational energy player, with investment, development, and operational activities within the Asia Pacific Region.

Arran, on the other hand, is a Singaporean investment holding company for investments managed by GIC. GIC, a company wholly owned by the Government of Singapore, was established in 1981 to manage the country's foreign reserves. GIC invests the government's financial assets in long-term instruments with an aim to preserve and enhance the international purchasing power of the funds. It is one of the world's largest global investors, with US\$847.0 billion of assets in more than 40 countries worldwide as of end-2024.

Operations

Table 2. Revenue Contribution per Operating Segment (FY 2023 – 2024 and 3M2024/25)

Amounts in Php Millions	Philippines International Parent and Others			Total	Philippines International Parent and Others			Total
	Amount	Amount	Amount		%	%	%	
2023	35,429	867	203	36,499	97.1%	2.4%	0.6%	100.0%
Revenue from Sale of Electricity	35,351	831	0	36,182	103.7%	30.5%	0.0%	99.1%
Rental Income	69	0	0	69	0.2%	0.0%	0.0%	0.2%
Dividend Income	0	0	0	0	0.0%	0.0%	0.0%	0.0%
Other Revenues	9	36	203	248	0.0%	1.3%	40.7%	0.7%
2024	34,079	2,722	499	37,300	91.4%	7.3%	1.3%	100.0%
Revenue from Sale of Electricity	33,881	2,253	0	36,134	383.6%	234.9%	0.0%	96.9%
Rental Income	70	0	0	70	0.8%	0.0%	0.0%	0.7%
Dividend Income	115	400	0	516	1.3%	41.7%	0.0%	5.2%
Other Revenues	13	68	499	581	0.1%	7.1%	803.3%	5.9%
3M2024	8,832	959	62	9,853	89.6%	9.7%	0.6%	100.0%
Revenue from Sale of Electricity	8,811	955	0	9,766	99.8%	99.5%	0.0%	99.1%
Rental Income	17	0	0	17	0.2%	0.0%	0.0%	0.2%
Dividend Income	0	0	0	0	0.0%	0.0%	0.0%	0.0%
Other Revenues	3	5	62	70	0.0%	0.5%	100.0%	0.7%
3M2025	7,250	474	43	7,767	93.3%	6.1%	0.6%	100.0%
Revenue from Sale of Electricity	7,097	456	0	7,553	97.9%	96.2%	0.0%	97.2%
Rental Income	18	0	0	18	0.2%	0.0%	0.0%	0.2%
Dividend Income	115	0	0	115	1.6%	0.0%	0.0%	1.5%
Other Revenues	20	18	43	82	0.3%	3.8%	100.0%	1.1%

Analyst's Note: Sum figures will differ due to the rounding effect.

Bulk of ACEN's total revenues comes from electricity sales, representing over 96% of the total since 2023. Other revenue streams, meanwhile, accounted for less than 2%. As ACEN's primary market, the Philippine operations contribute majority of the Company's total revenues, comprising around 90% of the total since 2023. The balance was accounted for by international operations.

In terms of year-on-year (YoY) change, total revenues from the Philippine operations slightly declined by 3.8% to ₱34.1 billion in 2024 due to an adjustment to the trading protocol with a third-party supplier. Revenues from international operations, on the other hand, grew more than three times to ₱2.7 billion in 2024, from ₱867.2 million in 2023. This exponential growth was driven by higher net generation from new capacities and sale of large-scale general certificates (LGCs)⁴ in Australia. In the first three months of 2025 (3M2025), ACEN registered total revenues of ₱7.3 billion from its domestic operations, 17.9% lower than the ₱8.8 billion in the first three months of 2024 (3M2024). Total revenues from international operations dropped by 50.6% to ₱474.0 million in 3M2025, from ₱959.4 million in 3M2024. The decrease was mainly due to lower LGC sales in Australia, reduced net generation resulting from lower solar irradiance, and weaker spot market prices.

Manila Electric Company (MERALCO) remained ACEN's largest external customer in the Philippines, contributing ₱13.3 billion in revenues in 2023 and ₱9.3 billion in 2024. Such were equivalent to 37.6% and 27.3%, respectively, of ACEN's total revenues from Philippine operations during the respective periods. Following the termination of the power supply agreement with MERALCO for the 200 MW baseload and 100 MW mid-merit demand in November 2024, ACEN recorded no revenues from MERALCO in 3M2025.

Power Business

⁴ A tradable certificate created for eligible large-scale renewable energy power stations.

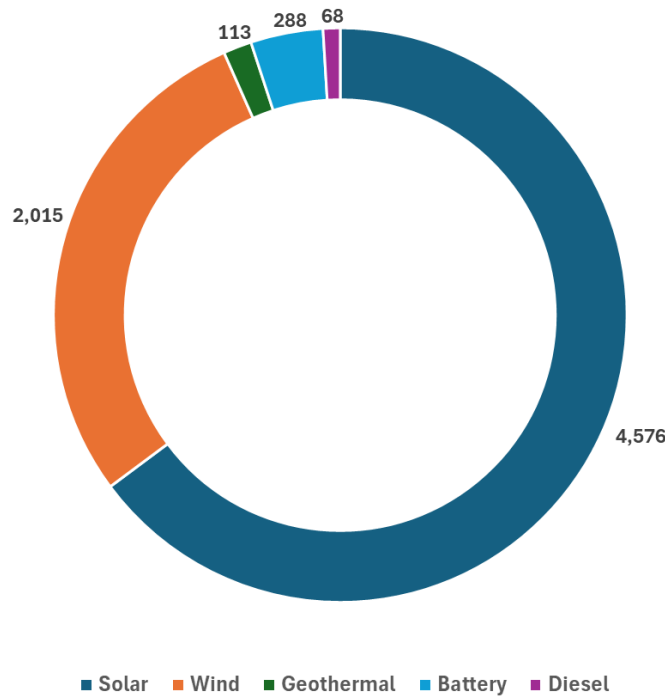
ACEN conducts its power generation and supply activities directly or through its subsidiaries, associates, and joint ventures. The Company sells the electricity generated from its power plants through bilateral contracts and the Wholesale Electricity Spot Market (WESM). Existing off-take agreements assure a certain level of demand from the Company’s customers.

As of end-March 2025, the Company had a total net attributable capacity of 7,060 MW. The share of renewable energy in total capacity was 99% (6,992MW). Conventional energy, on the other hand, had a total share of less than 1% (68 MW) as of March 31, 2025.

In terms of geography, 4,595 MW of ACEN’s total net attributable capacity came from its international operations and were purely sourced from renewable energy. The balance of 2,465 MW was derived from the Company’s operations in the Philippines. About 97.2% or 2,397 MW of the total net attributable capacity in the Philippines was sourced from renewable energy platforms such as solar power, wind generation, geothermal resources, and battery, among others.

As shown in Figure 2, the majority of ACEN’s energy capacity as of end- March 2025 was sourced from solar power, accounting for 64.8% (4,576 MW) of the total. This was followed by wind generation at 28.5% (2,015 MW). The Company has been developing its renewable energy portfolio by focusing on solar and wind projects, since such technologies are the easiest to build, given the technical expertise and track record of ACEN. This also puts the Company in a strong position to achieve its goals to have a 100% renewable energy portfolio by 2025 and its aspiration to be the largest listed renewables platform in Southeast Asia.

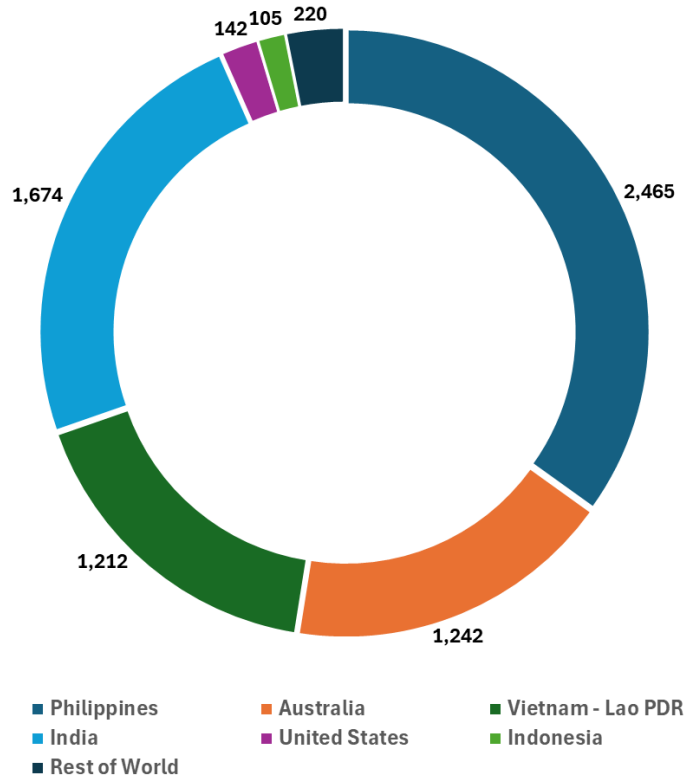
Figure 2. Total Attributable Capacity per Technology as of end-March 2025



In terms of geography, as shown in Figure 3, 34.9% of the Company’s portfolio is in the Philippines. India followed with a share of 23.7% while Australia had a share of 17.6%. When evaluating a foreign market to invest in, ACEN considers the country’s market dynamics, power supply and demand, and government

policies. To complement ACEN’s internal capabilities, the Company forms partnerships and joint ventures with established local counterparts in the foreign markets it wants to invest in. The geographically diverse projects of ACEN are seen as one of the strategic intents of the Company, to mitigate risks and expand its energy sources. In addition, ACEN concentrates on large-scale projects for its international segment to sustain its competitiveness and avoid curtailment.⁵

Figure 3. Total Attributable Capacity per Country as of end-March 2025



⁵ A reduction in the amount of energy delivered by a generator to the electrical grid.

Table 3. New Power Plants Since the Last Rating Review

Plant	Location	Technology	Attributable Capacity (MW)	Start of Operations/Target COD
<i>Operating</i>				
Arayat-Mexico Solar (Greencore) Phase 2	Philippines	Solar	22	2024
Cagayan North Solar (CleanTech/NAREDCO)	Philippines	Solar	106	2024
Capa Wind (Amihan)	Philippines	Wind	57	2024
Chestnut Flats Wind	USA	Wind	32	2025
Hoa Dong (UPC Soc Trang)	Vietnam	Wind	24	2024
Lac Hoa (UPC Soc Trang)	Vietnam	Wind	24	2024
Masaya Solar	India	Solar	336	2024
NEFIN	Various	Rooftop Solar	75	Various ⁶
New England Solar Farm (NESF) Phase 1	Australia	Solar	522	2024
Pagudpud Wind (Bayog/Balaoi)	Philippines	Wind	160	2024
Pangasinan Solar (Sinocalan)	Philippines	Solar	60	2024
Salak Binary Plant	Indonesia	Geothermal	2	2025
SanMar Solar Phase 1	Philippines	Solar	283	2024
SanMar Solar Phase 2	Philippines	Solar	102	2024
Stockyard Wind	USA	Wind	109	2025
SUPER (Solar NT) Phase 1	Vietnam	Solar	141	2019-2020
<i>Under Construction</i>				
Bijapur	India	Wind	96	2027
Dayasinar Solar	Malaysia	Solar	32	2026
Maharashtra C&I (Hybrid Solar-Wind)	India	Hybrid Solar-Wind	123	2025
Monsoon Wind	Lao PDR	Wind	146	2025
NEFIN	Various	Rooftop Solar	27	Various ⁷
Palauig 2 Solar	Philippines	Solar	300	2026
Quezon North Wind 1	Philippines	Wind	345	2026
Quezon North Wind 2	Philippines	Wind	208	2027
Salak Unit 7 Expansion	Indonesia	Geothermal	6	2027
San Mar Solar Phase 3	Philippines	Solar	200	2027
Sonagazi Solar	Bangladesh	Solar	54	2026
Solarscape	Malaysia	Solar	32	2026
Stubbo Solar	Australia	Solar	520	2025
Tejorupa	India	Solar	324	2027

Major Updates

Partnership with Barito Renewables

⁶ Comprises of Mainland China, Hong Kong, Malaysia, Singapore, Thailand, Taiwan

⁷ Comprises of Mainland China, Hong Kong, Malaysia, Singapore, Thailand, Taiwan

On January 3, 2024, ACEN Investments HK Limited, a subsidiary of ACEN Renewables International Pte. Ltd.'s (ACRI), teamed up with Indonesia-based Barito Renewables, through PT Barito Wind Energy, for the acquisition of three late-stage wind development assets with a combined potential capacity of 320 MW. The assets are in South Sulawesi, Sukabumi, and Lombok provinces in Indonesia.

Joint Venture between ACEN, PivotGen, and UPC Power Solutions

On January 23, 2024, ACEN together with its joint venture partners, PivotGen and UPC Solar & Wind Investment LLC (UPC), completed a purchase agreement with EDF Renewables North America. The closing of this agreement involves the purchase of the lessee's interests in the 38 MW Chestnut Flats operating wind project located near Altoona, Pennsylvania, USA. The acquisition was made via the joint venture entity UPC Power Solutions. EDF Renewables will continue to provide asset management, operations, and maintenance services.

ACEN's Green Term Loan

On February 27, 2024, ACEN through its subsidiary, ACEN Australia Pty Ltd. (ACEN Australia), secured a total of AU\$ 150 million green term loans from Australia and New Zealand Banking Group Limited (ANZ) and Westpac Banking Corporation (Westpac). Each bank provided a facility limit of AU\$ 75 million with a tenor of four years. The green term loans show the Company's commitment to the Australian market. As of end-September 2024, ACEN already had more than 1,000 MW of capacity in operation and under construction in Australia, with an additional development pipeline of more than 13,000 MW in renewables.

Joint Development of 200 MW Battery Energy Storage System in Australia

On March 4, 2024, ACEN Australia signed a cooperation agreement with Marubeni Corporation for the joint development of a 200 MW or 400-megawatt hours (MWh) Battery Energy Storage System (BESS) in New South Wales, Australia. The agreement stated that the parties will work together on the delivery of the New England 400 MWh BESS. The 50-50 partnership has a projected investment amount of AU\$ 250 million, with a target completion by the end of 2025.

Second Partnership with BrightNight

ACEN signed another partnership with BrightNight on March 8, 2024, to advance the development, construction, and operation of BrightNight's renewable power portfolio in the Philippines. The newly formed partnership plans to develop and construct one gigawatt alternating current (GWac) of renewable energy project in the Philippines with an estimated capital deployment of US\$ 1.2 billion over the next five years. This is the second partnership of ACEN with BrightNight. It builds on the success of the one established in India in March 2023, which has already produced the 100 MW Maharashtra Hybrid Solar-Wind project.

ACEN Upgraded to "B" Rating for its Climate Change Disclosure

On March 13, 2024, ACEN has elevated its commitment to environmental stewardship by securing a “B” rating for its climate change disclosure through Climate Disclosure Project (CDP)⁸. This rating puts the Company two levels higher than its 2023 rating.

Since the beginning of its disclosure with CDP in 2022, ACEN has actively participated in the Climate Change questionnaire, contributing to the world’s most comprehensive inventory of self-reported environmental data. The Company’s ongoing efforts align with the increasing demand for environmental transparency from financial institutions, customers, and policymakers.

Investment into the Quezon North Wind Power Project

In October 2024, ACEN’s Board approved the construction of the first two phases of its largest wind project in the Philippines - the Quezon North Wind complex – which will be in the provinces of Laguna and Quezon. This wholly owned project will have a capacity of up to 553 MW.

ACEN Boosts Presence in Vietnam with US\$ 70.5 million Investment

In November 2024, ACEN Vietnam Investment Pte. Ltd., an affiliate of ACEN, signed an agreement to purchase a 49.0% stake in the Vietnamese renewable energy firm BIM Energy Holdings Corporation for US\$ 70.5 million or ₱4.15 billion to expand its project portfolio in Vietnam.

Acquisition of Negros Island Solar Power Inc. (IslaSol) Shares

On March 6, 2025, the Company signed a Share Purchase Agreement with Asian Energy Impact Trust Plc (AEIT) to acquire 7,371 Redeemable Preferred Shares E of IslaSol for ₱141.27 million. Upon securing the necessary registration certificate from the Bureau of Internal Revenue (BIR), ACEN will gain full ownership of IslaSol. Simultaneously, IslaSol redeemed 15,906 Redeemable Preferred Shares E held by AEIT for ₱488.73 million.

RES Business

ACEN began its active participation in the WESM when its membership as a Wholesale Aggregator⁹ was obtained on September 20, 2007. The WESM serves as a platform where electricity generated by power producers is centrally coordinated and traded like any other commodity in a market of goods. On November 19, 2012, ACEN secured its RES license from the Energy Regulatory Commission (ERC) to supply electricity to the contestable market. The issued RES license is valid until November 19, 2027.

The Company’s revenues from its RES business grew by 5.5% in 2023, increasing from ₱11.0 billion in 2022 to ₱11.6 billion. In 2024, revenues from the RES further rose by 10.3% to ₱12.8 billion. In terms of its RES contracted capacity, ACEN held a total of 374 MW as of end-2024. Data from ERC showed that the Company’s market share in the retail electricity market was at 4.8% in 2023 and 4.0% in July 2024, respectively.¹⁰

⁸ A global non-profit that runs the world’s leading environmental disclosure platform.

⁹ An aggregator is a type of energy service provider which can increase or moderate the electricity consumption of a group of consumers according to total electricity demand on the grid. An aggregator can also operate on behalf of a group of consumers producing their own electricity by selling the excess electricity they produce.

¹⁰<https://buyyourelectricity.erc.ph/Files/Render/media/336/>

Contracts

The Group's revenues are derived from a combination of long-term bilateral contracts and short-term retail electricity contracts, as well as revenues from feed-in-tariffs (FIT), ancillary services procurement agreement (ASPA), and sales to the spot market.

Table 4. Revenue from Sale of Electricity (FY 2022 –2024 and 3M2024/25)

Amounts in Php Millions	2022	2023	2024	3M2024	3M2025
Revenue from Power Supply Contracts	22,835	24,970	22,108	5,750	2,971
Revenue from Power Generation and Trading	12,161	11,211	14,027	4,016	4,582
Total	34,995	36,181	36,135	9,766	7,553

With ACEN's diversified mix of supply and customer contracts across different international markets, the Company can seize opportunities from different kinds of off-takers.

In the Philippines, ACEN can manage its exposure to the WESM through a balance between contracted RES customers and long-term power purchase agreement (PPA) with MERALCO. In 2019, the Company was awarded to supply MERALCO with a 200 MW baseload demand, from December 26, 2019 to December 26, 2029, and 110 MW in mid-merit power, from December 26, 2019 to December 26, 2024. In July 2024, ACEN and MERALCO agreed to another two ten-year contracts for ACEN to supply a total of 160 MW in mid-merit renewable energy to MERALCO. Of this, ACEN's Palauig Solar will begin to supply 10 MW in February 2025 and 129 MW in February 2026, while its SanMar Solar will supply the remaining 21 MW starting in February 2026. In addition to such, 797 MW of solar and wind projects in the Company's renewable energy portfolio is under the FIT system¹¹ in the Philippines as of September 2024.

Internationally, ACEN's operating portfolio provides power mainly to: Australia, Vietnam, India, and Indonesia. Similar with the Philippine market, ACEN Australia is also seeking the right balance between trading in the National Electricity Market (NEM)¹² and customer contracting since the partial opening of its solar farm in Australia. Single off-taker markets such as Vietnam and Indonesia, on the other hand, provide the Company with stable and reliable sources of income. These markets mainly contribute through long-term offtake agreements with the likes of Vietnam Electricity (EVN)¹³ in Vietnam, Perusahaan Listrik Negara (PLN)¹⁴ in Indonesia, and state electricity companies in India. In Vietnam, most of ACEN's portfolio consist of FIT subsidies.¹⁵

Other Business

ACEN conducts its petroleum exploration¹⁶ business through its subsidiary ENEX Energy Corporation (ENEX), formerly known as ACE Enexor, Inc. ENEX's primary business is the exploration, development, and production of oil and gas through interests in petroleum contracts and holdings in resource development

¹¹ Ensures fixed payments to renewable energy producers for electricity fed into the grid, encouraging renewable energy development.

¹² Wholesale electricity market in Australia.

¹³ EVN has total control of the national power transmission and distribution market in Vietnam.

¹⁴ The sole electricity business authority in Indonesia.

¹⁵ Refer to the financial support provided by governments or regulatory authorities to encourage the generation of renewable energy.

¹⁶ Petroleum exploration involves searching for commercially exploitable subsurface deposits of oil and gas through geological, geophysical, and drilling techniques.

companies. In 2017, ENEX likewise started its foray into the exploration and development of geothermal resources. As of end-March 2025, ENEX has not started its commercial operations yet. Since projects of ENEX are still in the exploratory stage, the Company derives no revenues from petroleum production.

Management

Cezar P. Consing was appointed as the Chairman of the Board of ACEN in April 2024, replacing Mr. Delfin L. Lazaro whose term as Director and Chairman expired the same month. Mr. Consing has been serving as a Director of the Company since April 2021. He is also the President and CEO of AC and has been a Director thereof since December 2020. Mr. Consing is currently the Vice Chairman of ALI, GLO, and BPI. He also holds the following positions in the Ayala Group: Chairman of AC Logistics Holdings Corporation, AC Infrastructure Holdings Corporation, AC Industrial Technology Holdings, Inc., ACE Ventures Holding Corporation, and AC Mobility Holdings Incorporated, Vice Chairman of ACEIC and Ayala Healthcare Holdings, Inc., and Director of Asiacom Philippines, Inc. and ACEN International, Inc. Concurrently, he is the Chairman of the Philippine Dealing System Holdings and the College of St. Benilde. Mr. Consing obtained his M.A. in Applied Economics from the University of Michigan in 1980 and graduated with an A.B. Economics degree (Accelerated Program), magna cum laude, from De La Salle University in 1979.

Gerardo C. Ablaza, Jr. was appointed as ACEN's Vice Chairman of the Board and Director in April 2024, succeeding Mr. Cezar P. Consing. Mr. Ablaza is also a Director in the following publicly listed companies: ENEX, iPeople Inc., Roxas and Company Inc., and Advanced Info Services Public Company Limited, a Thailand-based company. He concurrently serves as a Director in other Philippine corporations operating in the fields of retail banking, property development, education, infrastructure, and health. Prior to joining the Company, Mr. Ablaza holds other significant positions in GLO as Chief Operating Officer (COO) in 1997 and President and CEO from 1998 to April 2009. He was also the President and CEO of Manila Water from June 2010 to April 2017. His experience spanned a variety of industries: Fast-Moving Consumer Goods (FMCG), agribusiness, retail banking, telecommunication, and water distribution. Mr. Ablaza graduated as summa cum laude and earned his degree in Liberal Arts (Honors Accelerated Program) major in Mathematics from the De La Salle University.

Spearheading ACEN as its President and CEO is John Eric T. Francia. Mr. Francia is also AC's Senior Managing Director and a member of its Management Committee. Under his leadership, Ayala established its energy platform from a standing start in 2011, growing to 7,060 MW of net attributable capacity as of end-March 2025. He is also a Director of various companies in the Ayala Group including AC Infrastructure, AC Health, AC Ventures, and Chairman and CEO of ENEX. Mr. Francia earned a Master's Degree in Management Studies at the University of Cambridge in the United Kingdom, graduating with First Class Honors. He received his undergraduate degree in Humanities and Political Economy from the University of Asia & the Pacific, graduating magna cum laude.

Jose Maria Zabaleta is the Company's Chief Operating and Development Officer. He concurrently serves as Chief Development Officer of ACEIC. Prior to joining the Company, he was the Co-Founder and CEO of Bronzeoak Clean Energy, a pioneer and leader in clean technology energy development in the Philippines. Bronzeoak's energy business was integrated into ACEN in 2017. He obtained his Master's in Business Administration degree in the Fuqua School of Business, Duke University, USA and graduated with BS Management Honors degree from the Ateneo de Manila University.

Jonathan P. Back was appointed Chief Finance Officer (CFO) in January 2024. Mr. Back is also the Chief Strategy Officer of the Company. He is a lawyer and a banker, with over 25 years of experience in the

legal, investment banking, and private investment sectors. He also has significant experience in equity capital markets, corporate finance, and in advising on large infrastructure, power, and telecom projects. Previously, he was a Director and Executive Chairman of BPI International Finance Ltd., the Hong Kong banking subsidiary of BPI and co-head of Wealth Management and head of international businesses of BPI. He was also a Director of BPI Research & Management SPC (a Cayman fund vehicle) and Schools Relief Initiative Ltd., a Hong Kong based charity supporting education in Southern Sri Lanka. Mr. Back holds a Bachelor of Civil Laws degree from the University of Oxford, where he graduated with First Class Honors.

As of end-February 2025, ACEN had 333 employees. All employees of ACEN are not unionized.

As for report-writing date, there are no major legal or regulatory cases involving the Company that are foreseen to have a material impact on its operation, reputation, or financial condition.

Strategy¹⁷

ACEN's aspiration is to be the largest listed renewables platform in Southeast Asia. To achieve this, the Company identified the following strategies:

1. Geographic Diversification: Balancing ACEN's footprint between the Philippines and priority International markets;
2. Greenfield Development Focus: Pursing projects in markets and high-potential scalable sites;
3. Strategic Transmission Access: Securing early access to transmission infrastructure to enable delivery of renewable energy from new projects;
4. Renewables and Storage Integration at Scale: Focus on assets that combine renewables and storage to deliver mid-merit power; and
5. Optimal Contracting: Contract majority of generation across multiple market segments while retaining room to capitalize on market opportunities.

Environmental, Sustainability, and Governance (ESG) Report¹⁸

Sustainability has been a key component of ACEN's business strategy. It has strengthened the base of the entire Company and influenced its way of thinking and decision-making. To make its sustainability efforts more strategic and focused, ACEN anchored its sustainability initiatives on the strategic pillars of: climate, biodiversity, people, and governance, as stated in its ESG Policy.¹⁹ This helped the Company develop metrics and targets for assessing material sustainability impacts, risks, and opportunities.

In 2021, ACEN declared its commitment to achieve Net Zero²⁰ greenhouse gas (GHG) emissions by 2050 together with the entire Ayala Group. This aligns with the global movement to fight against climate change and prevent the continued decline in biodiversity. ACEN collaborated with the global climate solutions provider, South Pole, in the calculation of a detailed GHG footprint and the development of a robust Net Zero roadmap. Having completed its Net Zero roadmap in December 2022, ACEN is the first energy

¹⁷ https://www.acenrenewables.com/wp-content/uploads/2023/08/ACEN-CORPORATION-Prospectuswith-Annexes_0810.pdf
<https://www.acenrenewables.com/ir2023/>

¹⁸ https://www.acenrenewables.com/wp-content/uploads/2024/10/ACEN-Integrated-Report-2023-_vF-0824.pdf

¹⁹ https://www.acenrenewables.com/storage/2025/04/ACEN-ESG-Policy_042825.pdf

²⁰ Net zero is an ideal state in which the greenhouse gases going into the atmosphere are balanced by removal out of the atmosphere

company in Southeast Asia²¹ to take this critical step towards achieving Net Zero. The roadmap includes near-term emission reduction targets aligned with the GHG Protocol and the latest climate-science and long-term targets that are consistent with the deep decarbonization of the power sector. As part of its transition plan, the Company aims to deliver reduction-led decarbonization by 2040 with an interim target for 2030, and a Net Zero status (including neutralization) by 2050. The Company's move to achieve Net Zero involved the transition to a 100% renewable energy generation portfolio by 2025 and the early retirement of coal plants that form part of its retail electricity initiatives by 2040. Consistent with the abovementioned targets, 99% or 6,978 MW of ACEN's total generation portfolio (7,060 MW) as of end-March 2025 came from renewable technologies.

In November 2022, the Company completed the world's first market-based Energy Transition Mechanism (ETM) transaction for the divestment and early retirement of the 246 MW South Luzon Thermal Energy Corporation (SLTEC) coal plant in Batangas, Philippines. This is part of the transition to clean technology by 2040, cutting the coal plant's potential 50-year operating life by half. ACEN decided to apply the ETM concept, promoted by the Asian Development Bank (ADB), to help reduce up to 50 million metric tons of carbon dioxide emissions. The Company generated ₱7.2 billion in net proceeds from this landmark transaction, which will be used for its renewable energy investments.

Guided by its own ESG policy, ACEN is highly sensitive in selecting project sites and is mindful of its environmental impact. To strengthen its biodiversity conservation efforts, the Company refers to the mitigation hierarchy principle set by international conservation organizations and international standards in developing its sites. Using the Integrated Biodiversity Assessment Tool (IBAT), ACEN conducts a rapid desktop assessment to determine biodiversity risks and the impact of potential project sites during the pre-development phase. These biodiversity strategies of the Company are not only intended to mitigate potential risks but also to create a meaningful impact on host communities.

The Company continuously enhances its competitiveness in the market by giving importance to career growth, safety, and an inclusive environment for its people. With this in mind, ACEN's Just Energy Transition (JET) roadmap was developed in partnership with the Coal Asset Transition Accelerator (CATA) in December 2023. This was established not only to repurpose coal-fired power assets and deliver replacement clean energy, but also to provide programs for meaningfully transitioning workers and communities through redeployment, reskilling, and upskilling.

ACEN's commitment also extends to fostering inclusive growth in the communities in which the Company operates. ACEN aims to protect and improve the lives of communities where it conducts its business, including indigenous and vulnerable populations affected by its operations. The Company engages with its host communities and local government units throughout the lifecycle of its power plants to develop and implement programs tailored to their needs and to deliver services through job creation, livelihood improvement, and enhanced access to basic human needs.

ACEN adheres to good corporate governance principles that are essential for the achievement of its strategic goals. To ensure that the good governance principles and business ethics of the Company are cascaded well across the entire organization, ACEN provides governance programs that are embedded in the learning and development of each employee. These programs cover the Company's Code of Conduct, cybersecurity, and data privacy. ACEN also recognized the importance of transparency. Given this, the Company has been aligning its disclosures and policies with the different ESG frameworks and data

²¹ Based on research of CDP responses, Science Based Targets initiative (SBTi) website and annual reports

providers to help its investors make decisions, as well as proactively improving its ESG reporting to deliver on its sustainability ambitions.

The Company publishes its reports, policies and other relevant documents on ESG on its website.²²

ECONOMY

Philippines

*Gross Domestic Product (GDP)*²³

The country's GDP grew by 5.2% in 4Q2024, unchanged from the previous quarter. The expected boost in economic activity in 4Q2024 due to the holiday season was dampened by the impact of destructive storms and other climate-related disruptions. Such brought the full-year 2024 GDP growth to 5.6%, lower than the government's revised full-year target of 6.0%-6.5%. Nonetheless, the Philippines remained one of the fastest-growing economies in the Asia Pacific region, trailing Vietnam (7.5%) and China (5.4%).

The Industry and Services sectors grew by 5.6% and 6.7%, respectively. In contrast, Agriculture, Forestry and Fisheries contracted by 1.6%, and which was attributed to the record-breaking typhoon season – six typhoons struck the country from the end of October until the middle of November.

Household final consumption expenditure (HFCE) expanded by 4.8% in 2024, slower compared with the 5.6% growth recorded in 2023. Government final consumption expenditure (GFCE), on the other hand, grew by 7.2%, notably higher than its marginal 0.6% growth in 2023.

In 1Q2025, Philippine GDP grew by 5.4%, lower compared with the 5.9% growth recorded in the same period of 2024. The main contributors to the growth were as follows: Wholesale and retail trade, repair of motor vehicles and motorcycles (6.4%); Financial and insurance activities (7.2%); and Manufacturing (4.1%). Major economic sectors, Services, Industry, and Agriculture all posted YoY growth in 1Q2025, at 6.3%, 4.5% and 2.2%, respectively.

On the demand side, HFCE grew by 5.3% in 1Q2025, higher compared with the 4.7% growth in 1Q2024. Government spending grew significantly by 18.7% in 1Q2025, from 2.6% in 1Q2024.

The peso-dollar exchange rate hit a 12-month high in April 29, amid the easing of U.S. China trade tensions. In late April, the Trump administration announced its plan to ease the impact of automotive duties on local car manufacturers and its prospect of tariff deals with some trading partners. The Philippine Peso averaged to ₱56.888 against the United States Dollar in April 2025.

*Inflation Rate*²⁴

²² <https://www.acenrenewables.com/sustainability/policy-reports/>

²³ <https://psa.gov.ph/content/gdp-expands-52-percent-fourth-quarter-2024-brings-full-year-2024-gdp-year-year-growth-rate>
<https://www.philstar.com/headlines/2025/01/30/2417970/philippines-ends-2024-56-economic-growth-missing-govt-target>
<https://psa.gov.ph/content/gdp-expands-54-percent-first-quarter-2025>

²⁴ <https://www.bworldonline.com/top-stories/2025/06/06/677615/inflation-eases-to-over-5-year-low/>
<https://mb.com.ph/2025/06/16/peso-drop-vs-safe-haven-us-dollar-wont-stop-bsp-rate-cut-on-june-19>
<https://www.reuters.com/markets/asia/philippine-central-bank-cut-key-rate-june-19-support-economic-growth-2025-06-17/>

Inflation in the country continued to ease in May 2025, slowing from 1.4% in April 2025 to 1.3%. This marked the lowest inflation print in more than five years, as reported by Philippine Statistics Authority (PSA). The continued deceleration was mainly attributable to slower increases in housing and utility costs, a deeper contraction in transport prices, and sustained stability in food inflation.

Inflation in housing, water, electricity, gas, and other fuels index further decelerated to 2.3% in May 2025 from 2.9% in April 2025, reflecting lower utility charges. Transport inflation, meanwhile, declined more deeply to negative 2.4% from negative 2.1% in the prior month, as fuel prices remained soft and base effects continued to weigh in.

Regionally, inflation in the National Capital Region (NCR) slowed from 2.4% in April to 1.7% in May 2025, reversing the previous month's uptrend. Areas outside NCR also posted slower inflation, easing to 1.2% from 1.8%, as most regions saw tempered price adjustments in major commodity groups.

With the year-to-date average inflation settling at 1.9%, the pace remains comfortably below the Bangko Sentral ng Pilipinas' (BSP) target range of 2.0% to 4.0% for 2025. Following its 25-basis-point cut in April 2025, which lowered the benchmark interest rate to 5.5%, the BSP is widely expected to deliver another 25-basis-point cut at its next Monetary Board meeting on June 19, 2025. This would bring the policy rate down to 5.25%, as the central bank continues its cautious easing cycle. BSP Governor Eli M. Remolona, Jr. earlier signaled a "baby steps" approach, noting that any further rate cuts would be gradual. Despite recent depreciation pressures on the peso, analysts and the BSP maintain that the country's favorable inflation path provides room to lower interest rates further to support economic growth.

Outlook²⁵

In December 2024, the Development Budget Coordination Committee (DBCC) revised the government's GDP growth target for 2025 to 2028, widening this to 6.0%-8.0% from the previous range of 6.5%-7.5% for 2025 and 6.5%-8.0% in 2026 to 2028. Despite the below-target economic growth in 2024, the Philippine government kept the 2025 GDP target at 6.0%-8.0%. According to the BSP, however, while the outlook for domestic economic activity remains firm, growth is seen to be moderate compared with previous assessments, amid the elevated global commodity prices and the ongoing trade uncertainties. The BSP also stated that the country's economic output might only reach the lower end of the government's target.

In April 2025, the International Monetary Fund (IMF), Asian Development Bank (ADB), World Bank, and Asean Macroeconomic Research Office (AMRO) all trimmed their 2025 GDP growth forecasts for the Philippines.

The IMF, World Bank, and AMRO, whose forecasts fall below the government's target, attributed the downgrade primarily to the global trade uncertainty, particularly the reciprocal tariffs imposed by the U.S. The World Bank lowered its GDP growth forecast from 6.1% early this year to 5.3%. According to the World Bank, the possible slowdown in the economy of U.S. and China (the Philippines' key trading

²⁵ https://www.bsp.gov.ph/Price%20Stability/MonetaryPolicyReport/EconomicOutlook_February2025.pdf
<https://www.bworldonline.com/top-stories/2025/03/19/660260/bsp-sees-gdp-growth-hitting-the-lower-end-of-6-8-target/>
<https://think.ing.com/snaps/apac-hit-by-tariffs-in-the-range-of-10-49/>
<https://bilyonaryo.com/2025/03/15/ph-economy-on-track-despite-political-noise-trade-risks-rcbcs-ricafort/money/>

partners) brought by the trade war could weaken external demand for export-oriented countries like the Philippines.

IMF sees GDP growing by 5.5% in 2025, also a steep downgrade from its previous forecast of 6.1%. In addition to the global trade uncertainty, the downgrade was also attributed to the lower-than-expected GDP growth in 4Q2024. Nonetheless, despite the cut, the IMF reported that the country's economic growth would remain robust, with the Philippines poised to become the second-fastest growing economy in emerging and developing Asia, next to India.

AMRO also cut its growth forecast to below 6.0%, from a previous forecast of 6.3%. AMRO's Chief Economist Hoe Ee Khor, however, acknowledged that the Philippines will be less affected by the tariffs compared with its regional peers, given the country's relatively smaller manufacturing sector compared to other ASEAN countries. Vietnam, Taiwan, and Thailand are expected to be notably affected by the tariffs, given their high exposure to U.S. imports as well as exports to the U.S.

ADB, on the other hand, attributed its GDP growth downgrade (from 6.2% to 6.0%) to the slower-than-expected household spending growth in 4Q2024. Nonetheless, household consumption and investments will continue to drive the economy, with moderating inflation and the more accommodative monetary policy to boost growth. It should be noted, however, that ADB's GDP growth outlook of at least 6.0% was finalized prior to the announcement of new tariffs by the U.S. administration.

Dindo Manhit, President and CEO of Stratbase Group and Managing Director of BGA Philippines, stated in a policy paper for Bower Group Asia that the arrest of former President Rodrigo Duterte by the International Criminal Court (ICC) is expected to have minimal impact on the Philippines' financial markets and economic stability, with no anticipated immediate disruptions to policies or business operations.

Mr. Manhit also stated that widespread violence is unlikely given that former President Duterte is no longer as popular as he was during his presidency and lacks military support at this time. He noted that while followers of the former President remain influential on social media, such followers face limitations in mobilizing large-scale protests or uprisings, even in Mindanao - the Duterte family's stronghold. Rizal Commercial Banking Corp. chief economist Michael Ricafort shared the same view, saying that the arrest of former President Rodrigo Duterte has had little impact on the country's economic outlook. Mr. Ricafort noted that the current political noise has remained manageable so far. He also noted the Philippines' favorable credit ratings, kept at one to three notches above the minimum investment grade rating, despite political uncertainties and ongoing tensions with China.

India²⁶

Given the elevated retail inflation and high interest rates in Fiscal Year (FY) 2022-2023, India's economy grew slower from 9.1% in FY 2021-2022 to 7.2%. However, this was 20 basis points higher than the government's expectation for FY 2022-2023. The economic growth during the period was propelled by

²⁶<https://www.rbi.org.in/Scripts/AnnualReportPublications.aspx?year=2023>

https://www.business-standard.com/economy/news/india-s-economic-growth-shoots-up-by-6-1-in-march-quarter-of-fy23-123053101056_1.html

<https://www.businesstoday.in/latest/economy/story/expect-indian-economy-to-expand-by-a-strong-72-fitch-raises-growth-forecast-from-7-433636-2024-06-18>

<https://www.businesstoday.in/latest/economy/story/rbi-mpc-announcements-gdp-growth-for-2024-25-projected-to-be-72-says-gov-shaktikanta-das-432473-2024-06-07>

the expansion in manufacturing and construction sectors, reflecting the continuous focus of the country's government on capital expenditure (capex). India's manufacturing and construction sectors managed to register a combined average growth rate of 11.5% for the period on account of the sectors' higher margins and lower input costs. In addition, the 11.8% average growth in India's gross fixed capital formation, which represents investment, further highlighted its government's thrust on capex. Domestic demand recovered during the period. Discretionary spending on contact-intensive services, higher festival season spending, and the restoration of consumer confidence were the main drivers of the recovery of domestic demand.

In FY 2023–2024, the Indian economy registered a notable growth rate of 8.2%, beating the projected growth rate of 6.7% to 7.6% and making India the world's fastest growing major economy. The continuous push of the government for large investment and the strong performance of manufacturing and construction remained the main contributors to the sharp jump of the country's GDP growth. The growth of gross fixed capital formation (9.0%) continued to be faster than private consumption (4.0%) and government expenditure (3.2%) in FY 2023–2024, despite lower inflation. Sector-wise, manufacturing and construction recorded a combined average growth of 9.8%. Such was due to the sustained lower input costs, as well as the incentives given by the government for manufacturing companies to increase the production of phones, electronics, drones, and semiconductors for exports in order to compete with the likes of Vietnam and Thailand.

Fitch Ratings projected 7.2% GDP growth for India for FY 2024–2025. This was an upward revision from the 7.0% forecast in March 2024, on the back of recovery in domestic demand, particularly in private consumption, and the sustained growth of investment. With the restoration of consumer confidence, private spending is likely to increase, according to Fitch Ratings. It also added that total investment will continue to rise, but at a slower pace. Similarly, the Reserve Bank of India (RBI) expects the country's economy to expand by 7.2% in FY 2024–2025. RBI attributes such to the country's robust manufacturing activity, boosted by investments in physical and digital infrastructure over the past years, as well as higher private consumption.

Vietnam²⁷

In 2023, Vietnam's economic growth slowed to 5.1% from a remarkable expansion of 8.0% in 2022. This was mainly due to the 4.4% decline in exports to US\$355.5 billion. Shipments of smartphones and components, the largest foreign currency earner of the country, fell by 8.3% due to weak global demand. Such weighed down on the economic growth of Vietnam last year, given that it is heavy reliant on trade and that it is one of the regional manufacturing hubs in Asia. Despite missing the government's GDP growth target of 6.5% in 2023, the country's economic growth remained to be among the fastest in Southeast Asia.

After experiencing a slowdown in 2023, Vietnam showed mixed signs of economic recovery in 1Q2024, with its GDP growing at 5.7%. Such is the highest growth for a three-month period since 2020. However, this was still slower than the recorded economic growth of 6.7% in the last quarter of 2023. The robust performance of the manufacturing and service sectors, which grew by 6.3% and 6.1%, respectively, propelled the country's economic growth momentum in 1Q2024. In terms of GDP components, exports

²⁷ <https://www.businesstimes.com.sg/international/asean/vietnams-2023-gdp-growth-slows-505-trade-surplus-hits-new-record>

<https://www.gso.gov.vn/en/data-and-statistics/2024/04/socio-economic-situation-report-in-the-first-quarter-of-2024/>

<https://www.worldbank.org/en/news/press-release/2024/04/23/viet-nam-s-economy-poised-for-gradual-recovery-world-bank-report>

experienced a notable growth of 18.0% during the period, while imports also rose by 17.1%. This resulted in a trade surplus of 19.2% GDP growth. Final consumption and asset accumulation showed moderate growth of 4.9% and 4.7%, respectively, accounting for 56.8% and 24.1% of the GDP growth in 1Q2024. For Vietnam's economic outlook, the World Bank projected its GDP growth to reach 5.5% by 2024 and rise to 6.0% in 2025 on the back of increased export activities and infrastructure investment projects financed using public resources.

Australia²⁸

Australia's GDP growth eased to 0.2% in the fourth quarter of 2023, down from 0.3% in the prior quarter, as economic activity in the country continued to weaken due to the tightened monetary conditions. One of the main factors in the slow GDP growth was the decline in imports as consumers and businesses required fewer overseas goods and services. Such is also consistent with the overall decline in aggregate demand during the period.

In 1Q2024, GDP growth further edged down to just 0.1% and fell short of market forecasts of 0.2%. This brought down the annual growth rate from 1.5% in the previous quarter to 1.1%, showing a remarkably steady slowdown in sequential growth since the fourth quarter of 2022. Australia's slow economic growth in 1Q2024 was attributable to the subdued domestic demand, as increased consumption expenditure was offset by a decline in total investment. The 0.9% downturn of fixed investment in 1Q2024, compared with 0.2% in the last quarter of 2023, was driven by lower investment in both public and private projects. The marginal increase of household expenditure to 0.4% in 1Q2024, on the other hand, was due to higher spending on essential items such as electricity, rent, and food, as well as discretionary spending. Government spending, meanwhile, grew to 1.0% in 1Q2024 on the back of higher social expenditures which consisted of cash benefits and tax reductions for social purposes.

According to the Reserve Bank of Australia (RBA), the country's GDP growth is set to moderate over the next two years. From a YoY growth rate of 1.5% in 2023, GDP growth will slightly increase to 1.6% in 2024 and will reach 2.3% by the end of 2025. The expected subdued growth of GDP in the short term was attributable to the anticipated decline in domestic demand, total investment, and exports.

INDUSTRY

Philippines²⁹

Installed Generating Capacity

Data from the Department of Energy (DOE) showed that the country's on-grid capacity marginally increased from 28,258 MW in 2022 to 28,291 MW in 2023. Of this, coal-fire power continued to be the

²⁸ <https://think.ing.com/snaps/australia-gdp-growth-slows-even-more/>
<https://www.reuters.com/markets/australia-economy-slows-crawl-q1-grows-01-qq-2024-06-05/>
<https://www.aigroup.com.au/resourcecentre/research-economics/economics-intelligence/2024/australian-forecasts-february/>

²⁹ <https://doe.gov.ph/energy-statistics/philippine-power-statistics>

<https://globalenergymonitor.org/report/a-race-to-the-top-southeast-asia-2024-operating-solar-and-wind-capacity-in-southeast-asia-grows-by-a-fifth-since-last-year-but-only-3-of-prospective-projects-are-in-construction/>
<https://www.mckinsey.com/ph/our-insights/the-philippines-economy-in-2024-stronger-for-longer>
<https://www.gmanetwork.com/news/topstories/nation/914264/marcos-calls-on-congress-to-review-epira/story/>

country's leading energy source with an installed capacity of 12,406 MW, which represented 43.9% of the energy mix in 2023. It should be noted, however, that such was lower than 12,428 MW reported in 2022. Coal was followed by renewable energy sources comprised of geothermal, hydroelectric, biomass, solar, and wind, with an overall share of 29.7%. The foregoing also observed a marginal increase of 1.9% in installed capacity, from 8,264 MW in 2022 to 8,417 MW in 2023. Lastly, oil-based (3,737 MW) and natural gas (3,732 MW) each accounted for 13.2% of the total installed capacity in 2023.

In 2023, hydroelectric power remained the leading contributor to the total installed capacity of renewable energy, accounting for 3,799 MW (45.1%). It was followed by geothermal at 1,952 (23.2%), solar at 1,653 MW (19.6%), biomass at 585 MW (7.0%), and wind at 427 MW (5.1%). In terms of geographic distribution, 19,883 MW or 70.28% of the country's total installed generating capacity in 2023 was in Luzon, 4,578 MW or 16.18% was in Mindanao, and the remaining 3,830 MW or 13.54% was in Visayas.

Power Generation

In 2023, the country's total generation output from all power plants stood at 118,004 gigawatt hours (GWh), up by 5.8% from 111,516 GWh in 2022. Coal-fired power continued to account for the bulk of the country's total power generation at a share of 63.0% (73,754 GWh). This was followed by natural gas, geothermal, and hydroelectric, with a share of 14.1% (16,668 GWh), 9.1% (10,730 GWh), and 8.7% (10,287 GWh), respectively. Renewable energy sources—solar, wind, and biomass—contributed 5,261 GWh, accounting for 4.5% of the total power generation in 2023, while oil-based sources contributed 1,304 GWh, or 1.1%.

Energy Demand and Consumption

The Philippines recorded a total peak demand of 17,331 MW in 2023, 4.4% higher than the 16,596 MW in 2022. About 72.4% of the total demand in 2023, equivalent to 12,550 MW, came from the Luzon Grid. This was followed by the Visayas with 2,458 MW (14.2%) and Mindanao with 2,323 MW (13.4%).

In 2023, energy sales/consumption rose by 5.8% from 111,516 GWh in 2022 to 118,004 GWh. Of this, the residential sector accounted for the largest share, with 36,968 GWh (31.3%). It was followed by the industrial sector with 29,493 GWh (25.0%), and then the commercial sector with 26,236 GWh (22.2%).

Energy Outlook

Considering that the energy sector plays a vital role in the economic growth of the country, the DOE identified the following strategic direction for the energy sector: (i) ensure energy security; (ii) expand energy access; (iii) promote a low carbon future; (iv) strengthen partnership between government agencies and private sector on energy-related issues; (v) implement, monitor, and integrate sector and technology roadmaps and action plans; (vi) advocate the passage of DOE's legislative agenda; (vii) strengthen consumer welfare and protection; and (viii) foster international relations and partnerships. According to McKinsey and Company, the outlook for the Philippine energy sector seems positive, with the potential to grow by 7% in 2024, as the country focuses more on renewable energy generation.

While coal remains to be the country's main source of power, the government is paving the path for cleaner energy sources and resilient energy systems to complement conventional energy sources and provide energy security. The DOE established the Philippine Energy Plan (PEP) 2020–2040 to attain a clean energy future that is sustainable and resilient. The Plan commits to a cleaner energy transition by having

a target of 35% and 50% renewable energy share in the power generation mix by 2030 and 2040, respectively. In the PEP, two scenarios are considered: the Reference Scenario (REF, i.e. Business-as-Usual) and the Clean Energy Scenario (CES). Under both scenarios, the government acknowledges the greater role of renewable energy in installed capacity and generation. However, the key difference between the two scenarios is that the CES indicates a reducing reliance on coal by 2040 while the REF suggests that coal will continue to account for around 35% and 55% of the country's installed capacity and generation, respectively. Data from the DOE showed that the total peak demand in the Philippines is expected to grow by 7% annually until 2040. To meet this demand and the aspirational 50% renewable energy target, the country should have an installed capacity of approximately 114,601 MW by 2040, coming from existing, committed, and newly built capacities. As of end-2023, the country's total installed capacity was at 28,291 MW, of which 8,417 MW or 29.8% came from renewable energy.

The development of renewable energy sources will be facilitated by favorable government policies, such as the 15,000 MW target of installed renewable capacity by 2030 and the FIT scheme. These policies aim to encourage private sector participation in financing these power projects. The Philippines adopted the FIT scheme in 2010 for eligible renewable power projects. FIT is designed to accelerate the development of renewable energy by offering guaranteed payment on a fixed rate per kilowatt-hour (kWh) basis.

During the SONA of President Ferdinand Marcos Jr. on July 22, 2024, he called on the lawmakers to review the Electric Power Industry Reform Act of 2001 (EPIRA)³⁰ to determine if current energy policies are still appropriate for the country's present situation and to help address the country's high electricity rates. To ease the burden of high electricity rates on consumers, President Marcos Jr. emphasized the continuous implementation of the Lifeline Rate program for poor families and the temporary suspension of the FIT-All on electric bills. President Marcos Jr. vowed that the government would continue to diagnose power shortages and systemic blackouts in the country, especially in unserved and underserved areas, through microgrid and off-grid systems. He also mentioned that the energization of the Mindanao-Visayas Interconnection is a defining moment not only for the power sector but also for the entire country. With the completion of this project, the power grids of all three major island groups in the country—Luzon, Visayas, and Mindanao—are now connected.

India³¹

Power Supply and Demand

According to India's Ministry of Power, total electricity generation grew by a compounded annual growth rate (CAGR) of 5.5% from 1,020.2 terawatt-hour (TWh) in 2014 to 1,738.8 TWh in 2024. Renewable energy sources (excluding large hydro) accounted for around 12.1% of the total generation in 2024, with solar power being the largest contributor to India's total renewable energy generation. The report of India's Ministry of Power further noted that the country's total installed generation capacity likewise increased

³⁰ Ordered the re-structure of the electric power industry by privatizing the generation, transmission, distribution, and supply of the power sector.

³¹ <https://pib.gov.in/PressReleaseDetailm.aspx>

https://powermin.gov.in/sites/default/files/uploads/power_sector_at_glance_May_2024.pdf

<https://www.rbi.org.in/Scripts/AnnualReportPublications.aspx?year=2023>

<https://www.businesstoday.in/latest/economy/story/expect-indian-economy-to-expand-by-a-strong-72-fitch-raises-growth-forecast-from-7-433636-2024-06-18>

<https://www.businesstoday.in/latest/economy/story/rbi-mpc-announcements-gdp-growth-for-2024-25-projected-to-be-72-says-gov-shantikanta-das-432473-2024-06-07>

by 4% to 428,299.3 MW in 2023, from 410,339.2 MW in 2022. In 2023, renewable installed capacity growth (10%) outpaced the growth of thermal installed capacity (2%). This showed that India's energy mix has been seeing a shift from conventional energy sources to renewable sources. As of the end of October 2024, the country's total installed capacity stood at 452,690 MW, with renewable energy sources accounting for 203,180 MW or 44.9% of the total.

Based on provisional results as of May 31, 2024, the total electricity consumption in India for the first quarter reached 692.07 TWh, 7% higher than 646.17 TWh in the same period of the prior year. Such was attributable to the following: (1) cold waves during the first quarter, which increased the use of heating equipment; (2) the onset of summer, which forced its people to excessively use cooling appliances; and (3) increased industrial activities in sectors like steel and power.

Power Prices

In 2016, the Indian government established the National Tariff Policy (NTP), replacing the Tariff Policy of 2006, to focus on renewable energy (solar, wind, and hydroelectric power), energy security, and ensuring affordable tariffs in the power sector. In line with the NTP, the government has been mandated to implement necessary measures to obtain power from renewable energy sources, through competitive bidding, to keep the tariff low. The NTP states that the government can also acquire 35% of the installed capacity at the tariff set by the State Electricity Regulatory Commissions (SERC).

Energy Outlook

According to the International Energy Agency (IEA), India is expected to rely on coal to meet its growing electricity demand through 2026, despite its net-zero target by 2070. Coal-fired generation is projected to supply 68% of the country's electricity demand and is anticipated to grow by 2.5% annually until 2026. Given that coal power is expected to dominate the country's energy generation in the near term, the Indian government established the Panchamrit action plan to halve global emissions by 2030 and reach net zero by 2070. Under the Panchamrit action plan, the government is set to reach a non-fossil energy capacity of 500,000 MW by 2023; meet 50% of the country's energy requirement from renewable energy sources by 2030; reduce CO₂ emissions by one billion tons by 2030; reduce the carbon intensity of India's economy by 45% by 2030; and, finally, pave the way for achieving a net-zero emission target by 2070.

Vietnam³²

Power Supply and Demand

Vietnam's power sector is characterized by a heavy dependence on fossil fuels, particularly coal. Nonetheless, a considerable portion of its energy mix is sourced from clean, low-carbon energy. According to EVN, the country registered a power generation capacity of 80,555 MW in 2023, 4% higher than 77,755 MW in 2022. Of the total, coal-fired power contributed 33% or 26,757 MW, followed by hydropower at 28% or 22,872 MW. The share of hydropower, however, was lower than the normal level of around 35% in previous years due to drought conditions in hydropower reservoirs across the country. Solar and wind,

³² <https://theinvestor.vn/vietnam-tops-asean-in-electricity-sources-output-up-456-in-2023-evn-d8076.html>
<https://www.trade.gov/country-commercial-guides/vietnam-power-generation-transmission-and-distribution>
<https://sblaw.vn/regulations-on-the-mechanism-for-adjusting-the-average-retail-electricity-price/>
ACEN's Economic and Sector Overview

on the other hand, contributed 27% or 21,664 MW to the country's total generation capacity in 2023. Such was a significant improvement from 13% in the prior year. Lastly, gas-fired power accounted for 9% or 7,160 MW of the total. EVN further notes that Vietnam's power output likewise grew by 5%, from 267.8 billion kWh in 2022 to 280.6 billion kWh in 2023. Coal-fired power was the largest contributor with a share of 46%.

In 2023, electricity demand in the country increased slightly by 3.7% to 251.25 billion kWh, up from 242.39 billion kWh in the prior year. The moderate growth was attributable to the prolonged drought which affected the country's hydropower generation, as reported by EVN.

Power Prices

In March 2024, the Vietnamese government regulated a new mechanism for adjusting the average electricity retail price. The law says that EVN is responsible for reducing the average electricity selling price in case the calculated average electricity selling price decreases by 1% or more compared to the current average electricity selling price. On the other hand, the EVN decides to adjust the increase in the average electricity selling price to a corresponding level when it needs to be adjusted to increase from 3% to less than 5% compared to the current average electricity selling price. The adjustment is based on the updated power generation costs, power purchase costs from power plants providing auxiliary services (according to basic input parameters in the power generation stage), and other costs not included in the electricity price.

Energy Outlook

In 2023, the Vietnamese government implemented the Power Development Master Plan for 2021-2030 (PDP8). The plan aims to make renewable energy the country's primary energy source by 2050. PDP8 intends to increase Vietnam's total installed generation capacity by 150,000 MW in 2030 for its decarbonization commitment of having at least 67.5% renewable energy sources by 2050 to materialize. To build up the required capacity and the supporting network infrastructure, the government would need US\$8.0 billion to US\$17 billion of investment annually. The expansion will be driven by renewable energy projects and gas-fired power plants. The foregoing sources will make up almost 50% of the system in 2030, reducing the share of coal-sourced capacity to 20%.

Given its goal of reducing dependency on coal power generation, the country aims to increase the share of renewable energy (excluding hydroelectric plants) from less than 10% in 2020 to up to 30% by 2030. The country plans to pursue both domestic and foreign private investment in order to speed up the privatization of state-owned power entities and build new power plants. In the near term, however, the Vietnamese government will rely on the produced electricity from coal and oil power to compensate for the gap in the power supply.

Australia³³

³³ <https://www.energy.gov.au/publications/australian-energy-update-2024>
<https://cleanenergycouncil.org.au/news-resources/clean-energy-australia-report>
<https://cleanenergycouncil.org.au/getmedia/0cb12425-37ab-479e-9a4b-529622cc9c02/clean-energy-australia-report-2024.pdf>
<https://www.aer.gov.au/industry/registers/charts/quarterly-volume-weighted-average-spot-prices-regions>
<https://www.aer.gov.au/news/articles/communications/aer-reports-q4-2023-high-electricity-price-events>
ACEN's Economic and Sector Overview

Power Supply and Demand

Data from the Australian Energy Regulator (AER) showed that the country's energy generation capacity posted a CAGR of 4.2%, from 41,067 MW as of end-2014 to 62,145 MW as of end-2024. Renewable energy capacity accounted for approximately 27,500 MW or 44.3% of the total energy capacity in 2024.

Australia's total electricity generation remained relatively flat, from 271 TWh in 2022 to 274 TWh in 2023, on the back of higher demand across the country brought about by warmer and cooler weather at different points of the year. In the same year, the country was still heavily reliant on non-renewable energy. Fossil fuels accounted for 65.0% of its total electricity generation—46.0% from coal, 17.0% from gas, and 2.0% from oil. On the other hand, renewables contributed 35.0% to the total electricity generation in 2023. This marked a 3.0% increase from the 2022 level. Solar power and wind generation continued to be the biggest contributors to the total renewable energy generation, with shares of 16.0% and 12.0%, respectively, in 2023. The growth in solar power generation was on the back of new capacities coming online. Hydropower, on the other hand, comprised 6.0% of the country's total renewable energy generation in 2023, as its output fluctuated around a consistent level according to rainfall and market conditions.

The country's total electricity demand, on the other hand, increased slightly by 2.42%, from 32,569 MW in 2023 to 33,358 MW in 2024.

In terms of energy consumption, Australia registered a 2.1% growth rate from 1,600.6 TWh in 2022 to 1,633.9 TWh in 2023, after three consecutive years of decline. Such was on account of cumulative improvements in energy efficiency and the shift of the country's economy towards less energy-intensive industries. In 2023, oil-based energy continued to account for majority of Australia's energy consumption at 38.9%, followed by coal at 25.9%, gas at 25.8%, and renewables at 9.4%. Renewable energy consumption grew by 8.0%, from 142.4 TWh in 2022 to 153.8 TWh in 2023. This was mainly due to higher usage of solar and wind energy, which rose by 27.3% and 20.4%, respectively, in 2023.

Power Prices

According to AER, power spot prices across Australia grew at a CAGR of 6.03%, from AU\$44.75 per MWh in 2013 to AU\$85.25 per MWh in 2023. The main drivers of growth were weather conditions and network outages that adversely affected the supply and demand in the wholesale market. In 2023, limited access to cheaper power output from neighboring regions during network outages, along with a shortage of supply for low-cost capacity, resulted in upward pressure on electricity prices. Rebidding by market participants also contributed to the already elevated spot power prices. In 9M2024, the average power spot price across the country was at AU\$125.60 per MWh, higher than the AU\$94.40 per MWh in the same period in 2023.

Energy Outlook

Given Australia's abundant reserves of coal, it has been the primary energy source for the country for a long time. However, in order to align with its commitment to decarbonize the economy and shift to cleaner energy sources, the Australian government started to reduce the nation's coal-fired capacity in 2012. Considering Australia's vast natural resources of renewables, minerals, and fossil fuels, the country is marked as one of the top exporters of energy in the world and is working to become a top renewable energy exporter in the long term.

The Australian government entered into the Paris Agreement in 2016, wherein the country pledged to lower its GHG emissions by 26% to 28% below 2005 levels by 2030. By that time, it is expected that all brown coal power plants and over two-thirds of black coal power plants will be decommissioned. According to the Australian Energy Market Operator (AEMO), up to 63% of the existing coal-fired power plants may be shut down throughout the next 20 years.

The country's renewable energy generation capacity is projected to grow by 85% to 40,000 MW by 2027 as a result of PPAs, new projects in renewable energy zones, and higher clean energy subsidies at the federal and state levels, as reported by the IEA. The report by the IEA further notes that the country can reach 57,000 MW of renewable energy capacity by 2027 if it can accelerate the implementation of renewable zone projects and related grid projects, as well as shift away from coal. The IEA also expects Snowy Hydro Limited³⁴ to produce 2,000 MW by 2026-2027.

FINANCIAL PROFILE

Analysts' Note: PhilRatings' calculations for certain financial metrics might differ from those used by the Company.

Table 5. Financial Highlights

	In P millions					% / Abs Change			
	2021	2022	2023	2024	3M2025	2022	2023	2024	24 vs 3M25
Cash and Cash Equivalents	26,445	34,630	39,697	25,158	22,552	30.9	14.6	(36.6)	(43.2)
Total Assets	171,161	232,773	284,934	329,542	333,277	36.0	22.4	15.7	17.0
Total Debt	41,137	63,765	79,278	133,512	136,813	55.0	24.3	68.4	72.6
Total Liabilities	53,193	83,179	111,558	172,099	175,523	56.4	34.1	54.3	57.3
Total Equity	117,969	149,593	173,376	157,443	157,754	26.8	15.9	(9.2)	(9.0)
Current Ratio (x)	8.2	4.0	3.6	2.0	1.7	(4.3)	(0.4)	(1.6)	(1.9)
Debt to Equity Ratio (x)	0.3	0.4	0.5	0.8	0.9	0.1	0.0	0.3	0.4
Solvency Ratio (x)	3.2	2.8	2.6	1.9	1.9	(0.4)	(0.2)	(0.7)	(0.7)

	In P millions					% / Abs Change				
	2021	2022	2023	2024	3M2024	3M2025	2022	2023	2024	3M2025
Revenue from sale of electricity	25,878	34,995	36,181	36,134	9,766	7,553	35.2	3.4	(0.1)	(22.7)
Total revenues	26,081	35,239	36,499	37,300	9,853	7,767	35.1	3.6	2.2	(21.2)
Cost of sale electricity	21,470	34,183	31,730	27,359	7,064	6,012	59.2	(7.2)	(13.8)	(14.9)
Operating income (loss)	1,826	(2,847)	(2,702)	2,959	1,231	-130	(255.9)	(5.1)	(209.5)	(110.6)
Equity in net income of associate	1,953	938	1,765	1,191	355	1,197	(52.0)	88.2	(32.5)	236.8
Other income	5,724	18,202	12,256	10,084	2,038	2,061	218.0	(32.7)	(17.7)	1.1
Net income	7,666	14,598	9,107	10,112	2,936	2,084	90.4	(37.6)	11.0	(29.0)
Net Cash Flow from Operations	3,424	2,296	3,187	11,730	1,079	2,965	(32.9)	38.8	268.0	174.8
Operating Profit Margin (%)	7.0	(8.1)	(7.4)	7.9	12.5	(1.7)	(215.4)	(8.4)	(206.7)	(113.6)
Interest Coverage Ratio (x)	2.3	(0.3)	(0.6)	1.7	2.4	0.7	(2.6)	(0.3)	2.3	(1.7)

Profitability

2023

ACEN's revenue from sale of electricity slightly grew by 3.4%, from ₱35.0 billion in 2022 to ₱36.2 billion in 2023. Such growth was primarily driven by higher net generation, brought about by improved wind resources, as well as the start of commissioning of the Pagudpud Wind project in the Philippines and the New England Solar Farm in Australia. Rental income likewise slightly increased by 0.6% to ₱68.9 million

³⁴ An electricity generation and retailing company in Australia that owns, manages, and maintains the Snowy Mountains Hydro-electric Scheme or Snowy Hydro. Snowy Hydro is a hydroelectricity and irrigation complex in Australia

on the back of higher lease rates. Similarly, other revenues, comprised of management fees earned from joint ventures and bulk water sales, rose by 45.6% from ₱171.0 million in 2022 to ₱248.9 million in 2023. Revenues from sale of electricity continued to account for the bulk of total revenues in 2023, with a share of 99.1%. The rest was accounted for by rental income and other revenue.

Despite higher energy sales, the cost of sales of electricity in 2023 managed to decrease by 7.2%, from ₱34.2 billion in 2022 to ₱31.7 billion in 2023. This was due to lower coal prices and spot market prices for WESM purchases. General and administrative expenses, however, went up to ₱7.5 billion, 91.5% higher than ₱3.9 billion in the prior year. Such was on account of the following: (i) provision for impairment of development loans of UPC Solar, amounting to ₱1.1 billion; and (ii) provision for impairment of investments at amortized cost from redeemable preferred shares of UPC-ACE Solar, amounting to ₱878.4 million, and convertible loans of Vietnam Wind Energy Ltd. (Vietnam Wind), amounting to ₱982.5 million. With the foregoing, the Company registered an operating loss³⁵ of ₱2.7 billion.

In terms of equity in net income of associates and joint ventures, ACEN recorded an 88.2% jump from ₱937.8 million in 2022 to ₱1.8 billion in 2023. This was mainly propelled by the income contributions of wind plants in northern Luzon and in Vietnam resulting from better wind regime, as well as the enhanced geothermal availability in Indonesia. Other income, however, declined by 32.7%, from ₱18.2 billion in 2022 to ₱12.3 billion in 2023. This decline was due to inclusion of one-time gain of ACRI from the remeasurement of previously held interest amounting to ₱10.9 billion in 2022, as well as the net fair value losses on investments in fair value through profit or loss (FVTPL), amounting to ₱262.4 million. Nevertheless, ACEN still managed to acquire income from interest and other financial income from banks and short-term deposits, investments in redeemable preferred shares, debt replacements, and development loans which increased by ₱1.4 billion annually. This also includes: (i) gain on disposal of investments of ACEHI Netherlands, amounting to ₱1.1 billion; (ii) gain on remeasurement of ACEHI Netherlands' retained interest, amounting to ₱3.4 billion; (iii) gain from the partial payment of development loan, amounting to ₱515.0 million; and (iv) gain on sale of financial assets at FVTPL, amounting to ₱49.9 million.

As a result of the foregoing, ACEN posted a net income of ₱9.1 billion in 2023, a 37.6% decrease from ₱14.6 billion in the prior year. Given the marginal growth of gross revenues and the significant jump in general and administrative expenses, net profit margin (NPM)³⁶ declined from 41.4% in 2022 to 25.0% in 2023.

2024

In 2024, ACEN's total revenues from the sale of electricity decreased marginally by 0.1% to ₱36.1 billion. This was mainly due to an adjustment in the trading protocol with a third-party supplier in the Philippines, where volumes previously acquired from the supplier and the spot market were instead nominated for direct sale to contracted customers. While this did not reduce the total electricity sold, it affected revenue recognition. Furthermore, the Company recorded a dividend income of ₱516.0 million during the period. Rental income increased by 1.1% to ₱69.6 million, while other revenues more than doubled to ₱580.6 million. As a result, total revenues rose by 2.2% to ₱37.3 billion.

³⁵ PhilRatings' computation of operating income (loss) follows the standard method of subtracting total costs and general and administrative expenses from total revenues.

³⁶ PhilRatings' computation uses the standard method of dividing net income by total revenues. This reflects the percentage of revenue retained as profit after accounting for all costs and expenses.

On the other hand, the cost of electricity sales declined by 13.8% to ₱27.4 billion. This was on the back of lower WESM purchases attributable to a lower average WESM price resulting from easing commodity prices, security limits, and new power plants coming online. General and administrative expenses also decreased by 6.5% to ₱7.0 billion, due to a reduction in impairment provisions. Consequently, ACEN recorded an operating income of ₱3.0 billion, a reversal from the operating loss in 2023. This translated to an improved operating profit margin³⁷ of 7.9%.

Moreover, the Company reported a 32.5% lower equity in net income from associates and joint ventures of ₱1.2 billion in 2024. This was largely on account of higher pre-operating losses in the USA and other international markets, as activities ramped up for projects under construction or refurbishment. A normalized wind regime and higher foreign exchange losses in Vietnam also contributed to the decline. Similarly, Other income decreased by 17.7% to ₱10.1 billion. This was on account of the decline in interest and other finance income due to lower cash in banks and short-term deposits, along with the recorded gain on the remeasurement of investments in joint ventures in 2023.

As a result of the foregoing, net income increased by 11.0% to ₱10.1 billion. Such translated to a higher net profit margin of 27.1%.

3M2025

ACEN registered ₱7.6 billion in revenues from electricity sales in 3M2025, 22.7% lower than the ₱9.8 billion in the same period in 2024. This was primarily attributable to the following: (i) the termination of a power supply contract with MERALCO last November 2024; (ii) lower spot market prices in the Philippines; and (iii) reduced output in the Philippines due to plant availability issues in Northern Luzon as well as in Australia lower solar irradiance. Nonetheless, the Company's RES portfolio nearly tripled to 653 MW, brought about by increases in commercial and industrial customers, as well as in contracts linked to distribution utility rates. Furthermore, ACEN reported a dividend income of ₱115.5 million in 3M2025. Rental income marginally rose by 0.6% to ₱17.5 million, while other revenues grew by 17.1% to ₱81.6 million. Overall, the Company posted total revenues of ₱7.8 billion in 3M2025, down by 21.2% from ₱9.9 billion in 3M2024.

Cost of sales of electricity likewise fell by 14.9%, from ₱7.1 billion in 3M2024 to ₱6.0 billion in 3M2025. Such was due to reduced power purchases following the termination of a MERALCO contract, coupled with lower costs from solar plants under testing and commissioning in early 2024. In contrast, general and administrative expenses rose by 21.0% to ₱1.9 billion from ₱1.6 billion in the same period in 2024. The increase was primarily driven by provisions for expected credit losses related to investments in Vietnam Wind and UPC-ACE Solar, as well as higher development activity and the start of operations for new capacities aligned with the Group's long-term strategic objectives. As a result, an operating loss of ₱130.1 million was recorded in 3M2025. This was a complete reversal from the ₱1.2 billion operating income posted in 3M2024. Operating profit margin therefore was negative at 1.7% in 3M2025, compared to a positive 12.5% in the same period of 2024.

In terms of equity in net income of affiliates, ACEN recorded a nearly fourfold YoY increase to ₱1.2 billion in 3M2025. This growth was mainly driven by: (i) the high wind season and favorable wind conditions in

³⁷ The operating profit margin is computed using the standard method of dividing operating income (loss) by total revenues. This ratio indicates the percentage of revenue that remains as profit after accounting for all operating expenses.

the Philippines and Vietnam; (ii) additional equity acquired in wind and solar projects in Vietnam; and (iii) increased generation and the completion of Masaya Solar in India. Similarly, other income rose by 1.1% to ₱2.1 billion, primarily due to recognized liquidated damages from onshore and offshore contractor delays, as well as tolling fees.

With the foregoing, the Company posted a net income of ₱2.1 billion in 3M2025, a 29.0% decline from ₱2.9 billion in 3M2024. Net profit margin also decreased from 29.8% in 3M2024 to 26.8%.

Projections

ACEN projects robust topline growth in the coming years, driven by anticipated capacity additions from new solar and wind projects in the Philippines and international markets. The cost of power operations, however, is expected to decline in the near term as capacity expands and power purchase prices fall. Over the medium term, the Company expects costs to rise gradually.

Earnings from equity investments are also projected to increase steadily. With sustained revenue growth, net income is expected to rise at double-digit rates moving forward.

Cash Flow and Liquidity

2023

After a decline in 2022, ACEN's net cash used in operating activities increased by 1.4x to ₱3.2 billion in 2023. This was mainly due to the inclusion of remeasurement of ACRI's previously held interest in UPC-ACE Australia in 2022. Net cash flows from investing activities, on the other hand, remained relatively flat at ₱24.9 billion in 2023. Such was on the back of: (1) multiple ongoing construction of renewable projects; (2) investments in equity instruments of UPC Solar (₱1.9 billion), BrightNight (₱2.8 billion), and Puri Prakarsa Batam (₱341.5 million); and (3) reclassification (₱353.3 million) of UPC Solar instruments from financial assets at amortized cost to fair value through other comprehensive income (FVOCI). Cash flow from financing activities declined to ₱26.9 billion in 2023. Such was primarily due to the repayment of short-term loans and the acquisition of the remaining shares of UPC-ACE Australia, counterbalanced by new loan availments and issuance of additional capital stock.

With the foregoing, ACEN registered cash and cash equivalents of ₱39.7 billion in 2023, up by 14.6% from ₱34.6 billion in 2022. Total current assets, however, marginally rose by 2.2% to ₱71.6 billion as of end-2023. Total current liabilities, on the other hand, grew by 13.3% to ₱20.0 billion, driven by an increase in accounts payable due to higher power purchases. Nonetheless, current and quick ratios, albeit slightly lower, maintained at healthy levels of 3.6x and 3.3x, respectively. EBITDA³⁸ interest coverage ratio³⁹ and debt service coverage ratio (DSCR)⁴⁰ both fell to negative 0.6x and negative 0.2x, respectively, in 2023.

³⁸ PhilRatings' computation is based on the standard method of revenue less costs, expenses, and depreciation. The Company, however, computes its statutory EBITDA by adding back provisions for impairment, equity in net income of associates and joint ventures, cash from value realization, and interest income. With these adjustments, the Company's computed statutory EBITDA in 2023 is P10.54 billion. Consequently, the Company's computed DSCR is positive.

³⁹ PhilRatings' computation of the interest coverage ratio is based on the standard method of dividing EBITDA by interest expense and other financing charges.

⁴⁰ PhilRatings calculates the DSCR using the standard method of dividing EBITDA by the total of interest expense, other financing charges, and current debt. Current debt, as defined by PhilRatings, includes short-term loans and the current portion of long-term debt.

2024

In 2024, net cash flows from operating activities grew nearly fourfold to ₱11.7 billion. This was primarily driven by the Company's improved operating income and higher collections from accounts and other receivables. Net cash outflows from investing activities rose by 84.7% to ₱46.0 billion, driven by additions to property, plant, and equipment, and increased investments in financial assets at fair value through profit or loss and in affiliates. Net cash flows from financing activities declined by 24.6% to ₱20.3 billion in 2024, primarily due to the absence of capital stock issuance which amounted to ₱25.0 billion in 2023. The decrease also reflected the debt repayments and the redemption of non-controlling interests, partially offset by higher drawdowns from short- and long-term borrowings.

As a result of the foregoing, cash and cash equivalents fell by 36.6% to ₱25.2 billion as of end-2024. This contributed to a 17.4% drop in total current assets to ₱59.1 billion. Meanwhile, total current liabilities increased by 48.0% to ₱29.7 billion, primarily due to higher borrowings. Consequently, the current and quick ratios declined, albeit remaining ample, at 4.0x and 3.7x, respectively.

EBITDA interest coverage ratio was at 0.9x, while DSCR improved to 0.3x.

3M2025

ACEN's net cash flow from operations remained positive at ₱3.0 billion in 3M2025, nearly tripling from ₱1.1 billion in 3M2024. The substantial increase was primarily driven by improved working capital movements, particularly higher collections, as reflected in the decrease in accounts and other receivables, reversing the increase posted in the same period in 2024. In addition, an increase in accounts payable and other current liabilities further supported cash inflows. Lower income tax payments in 3M2025 also contributed to the improvement. Net cash outflows from investing activities declined by 59.0%, from ₱13.3 billion in 3M2024 to ₱5.4 billion in 3M2025, largely due to lower additions to property, plant, and equipment, as well as reduced investments in associates and joint ventures. In addition to funding investment requirements, cash was also utilized for debt servicing, dividend distributions, and capital redemptions of non-controlling interests in a subsidiary. Despite these outflows, net cash used in financing activities dropped by 55.2% to ₱90.9 million in 3M2025, mainly due to the significant decline in long-term loan availments.

As such, the Company's cash balance decreased by 10.4% to ₱22.6 billion as of end-March 2025. Total current assets therefore fell by 5.9% to ₱55.7 billion. Total current liabilities, on the other hand, rose by 7.6% to ₱31.9 billion, driven by higher short-term borrowings. The foregoing resulted in a lower, albeit still sound current ratio of 1.7x and a quick ratio of 1.4x.

Both EBITDA interest coverage ratio and DSCR weakened to 0.7x and 0.1x, respectively, in 3M2025.

Projections

The Company's net cash from operations will remain positive over the projected period. Planned projects will be primarily funded through external borrowings, particularly project financing. This approach aligns debt servicing with project cash flows, spreads financing risk across individual projects, frees up the Company's bank lines, and reduces its financing costs. Proceeds from project financing are expected to

increase steadily going forward. Nonetheless, corporate debt will continue to be a source of funding for the Company.

Cash outlays over the projected period will be mainly directed toward capex for the development of renewable projects, mostly in the Philippines and Australia. Notwithstanding such, ACEN's cash balance is expected to grow over time. Interest coverage ratio will remain sound throughout the projected period.

Capital Structure

2023

ACEN's total debt increased by 24.3%, from ₱63.8 billion as of end-2022 to ₱79.3 billion as of end-2023. Such was due to additional loan drawdowns to support the ongoing construction of Philippine and international projects of the Company. Similarly, total equity grew by 15.9% to ₱173.4 billion as of end-2023, from ₱150.0 billion as of end-2022. The foregoing was on account of higher additional paid-in capital due to the issuance and listing of the Company's ₱25.0 billion redeemable preferred shares in September 2023. Such was met with a strong demand from both institutional and retail investors, allowing ACEN to fully exercise its oversubscription option of up to ₱12.5 billion on top of the base offer of ₱12.5 billion.⁴¹

As a result, the Company's DE ratio was kept at a conservative level of 0.5x, albeit marginally higher than the 0.4x in the prior year. Similarly, debt-to-capitalization ratio increased from 29.9% in 2022 to 31.4% in 2023.

2024

As of end-2024, total debt rose by 68.4% to ₱133.5 billion as the Company secured additional long- and short-term loans to support its renewable energy projects and working capital requirements. On the other hand, total equity declined by 9.2% to ₱157.4 billion, primarily due to the reduction in non-controlling interests following the redemption of shares and the subsequent acquisition of the remaining equity stake in IslaSol. The decline in stockholders' equity was partly offset by the continued reinvestment of earnings.

Given the aforementioned, DE and total debt-to-capitalization ratios increased to 0.8x and 45.9%, respectively.

End-March 2025

The Company's total interest-bearing debt slightly went up by 2.5% to ₱136.8 billion as of end-March 2025, from ₱133.5 billion as of end-2024. This was primarily attributable to additional drawdowns from loan facilities by ACRI, ACEN Australia, and ACEN International, Inc. Total equity likewise rose marginally by 0.2% to ₱157.8 billion as of end-March 2025, mainly due to earnings retention.

In turn, ACEN's DE ratio remained comfortably below 1.0x at 0.9x as of end-March 2025. The total debt-to-capitalization ratio, meanwhile, stood at 46.4%.

Projections

⁴¹ Under ACEN's shelf registration of up to ₱50.0 million preferred shares.

ACEN expects a significant growth in its total assets over the projected period, primarily driven by its continued investment in renewable energy projects. Both total debt and equity are also expected to increase, with project financing being the major source of funding in the coming years.

The Company expects to maintain a healthy DE ratio going forward, leaving adequate room to take on additional debt if necessary. The debt-to-capitalization ratio is likewise expected to remain sound throughout the forecast period.

Financial Flexibility

As of November 30, 2024, ACEN maintained clean credit facilities with various banks, comprising long-term credit facilities and short-term loan lines. The Company is also listed on the Philippine Stock Exchange (PSE) and had a market capitalization of ₱100.0 billion as of July 18, 2025.

ACEN also benefits from the track record and experience of its parent company, ACEIC. The latter's continued capital infusion in the Company indicates its commitment to support the funding requirements of ACEN.