

**PHINMA ENERGY CORPORATION  
MINUTES OF THE 48<sup>th</sup> ANNUAL MEETING  
OF THE SHAREHOLDERS**

*Held on 11 April 2018, at 2 p.m.  
at the Coral B Hall, 1 Esplanade Building  
Seaside corner J.W. Diokno Boulevard  
SM Mall of Asia Complex, CB1-A, Pasay City*

**I. CALL TO ORDER**

The Chairman of the Board, Mr. Ramon R. del Rosario, Jr., called the meeting to order and presided over the same. The Corporate Secretary, Atty. Troy A. Luna, recorded the minutes of the proceeding.

Before proceeding with the meeting, the Chairman requested the President and Chief Executive Officer, Dr. Francisco L. Viray, to introduce the members of the Board of Directors who were present at the meeting. Dr. Viray proceeded to introduce the following Directors of the Corporation who were present at the meeting:

Mr. Ramon R. del Rosario, Jr.

Mr. Oscar J. Hilado

Dr. Magdaleno B. Albarracin, Jr.

Dr. Francisco L. Viray

Mr. Victor J. del Rosario

Mr. Roberto M. Laviña

Mr. Pythagoras L. Brion, Jr.

Mr. Ricardo V. Camua (Independent Director)

Mr. Guillermo D. Luchangco (Independent Director)

Ms. Corazon de La Paz - Bernardo (Independent Director)

The Chairman also introduced the Corporation's Corporate Secretary, Atty. Troy A. Luna. He further acknowledged the presence of the Corporation's external auditor, SyCip Gorres Velayo & Co. (SGV) represented by Ms. Marydith Miguel and company,

and the Corporation's stock transfer agent, Stock Transfer Service, Inc. (STSI) represented by Mr. Antonio M. Laviña.

## **II. PROOF OF NOTICE AND DETERMINATION OF QUORUM**

The Corporate Secretary certified that there were present, in person or represented by proxy, stockholders owning or holding Three Billion Two Hundred Seventy Eight Million Three Hundred Four Thousand (3,278,304,000) shares constituting 67.04% of the total issued and outstanding capital stock of the Corporation, as attested by STSI. Accordingly, there was a quorum for purposes of the meeting.

## **III. APPROVAL OF MINUTES OF PREVIOUS MEETING**

The Chairman proceeded to the next item on the Agenda which was the reading and approval of the Minutes of the Annual Meeting of Stockholders held on 10 April 2017. The Chairman explained that said Minutes were given to the stockholders together with the Corporation's Information Statement.

A shareholder moved that the reading of the Minutes of the Annual Meeting of Shareholders held on 10 April 2017 be dispensed with and that said Minutes be approved. Another stockholder seconded the said motion. The said Minutes were approved without objection from any stockholder.

A total of 3,278,304,000 shares were voted as follows: 3,274,898,000 shares for the motion; 0 shares against the motion; and 3,406,000 shares abstaining.

#### IV. ANNUAL REPORT OF MANAGEMENT AND CONFIRMATION OF ALL ACTS OF THE BOARD AND MANAGEMENT SINCE THE LAST SHAREHOLDERS' MEETING

The Chairman called on the President and CEO, Dr. Viray, for the reports.

##### **Annual Report**

Before presenting the Annual Report, the President introduced the following members of the management team who were responsible for the performance of the Corporation for the year 2017:

Mr. Ramon R. del Rosario, Jr.	Chairman
Mr. Oscar J. Hilado	Vice Chairman
Rizalino G. Santos	Senior Vice President for Power Business
Raymundo A. Reyes, Jr.	Senior Vice President
Pythagoras L. Brion, Jr.	Senior Vice President and CFO
Mariejo P. Bautista	Senior Vice President Finance and Controller
Virgilio R. Francisco, Jr.	Senior Vice President; President of SLTEC
Cecille B. Arenillo	Vice President - Compliance Officer
Alan T. Ascalon	Vice President - Legal and Corporate Affairs
Danilo L. Panes	Vice President - Renewable Energy
Ma. Teresa P. Posadas	Asst. Vice President - Human Resources
Danielle R. del Rosario	Asst. Vice President - Sales and Marketing
Arthur R. Villacorte	Asst. Vice President - Materials Management
Troy A. Luna	Corporate Secretary

The President reported that the environment of the power industry had become highly competitive, considering the great number of players that have entered the market, especially using Solar PV technology, due to the low barrier of entry and the dropping prices of solar panels. New taxes, political interventions sought by players, turmoil in regulatory institutions that delayed much-needed approvals, and promulgation and implementation of vital rules and regulations mandated by the Electric Power Industry Reform Act (EPIRA), had further tainted competition with uncertainties.

The President said that the Corporation expected competition to be very fluid for the next five years, but assured the shareholders that the Corporation will be able to navigate headwinds and uncertainties in this period of heightened competition. The Corporation will continue to exploit opportunities most especially those brought about by technology developments. The Company will reportedly diversify along the value chain of the energy business and create new business models, of course subject to economic viabilities and strategic fit with the Company's main business which is power generation and wholesale and retail supply. Cited as equally important, is the development of talents of the Company and engagement of the Company's host communities to plan and implement meaningful CSR programs. The Company's human resource programs were and would reportedly be geared towards being able to nurture talents and building of educational capabilities that will result in an empowered workforce. The President emphasized that the Company strongly believes that inclusion and collaboration is key to sustainable development.

The highlights of the Corporation's operations for the year ending 31 December 2017 were reported to the shareholders through an audio-visual presentation (AVP).

The AVP highlighted the Corporation as an integrated power solutions company engaged in power generation, renewable energy, and resource exploration and development. The Corporation uses renewable and conventional energy resources to provide reliable electricity supply to its valued customers, always striving towards nation building and making lives better.

In the continued effort to reenergize the PHINMA Energy brand, four of the Company's subsidiaries have embraced the name of the parent company: (1) Trans-Asia Petroleum Corporation became PHINMA Petroleum and Geothermal, Inc.; (2) Trans-Asia Renewable Energy Corporation became PHINMA Renewable Energy Corporation; (3) Trans-Asia Wind Power Corporation was changed to PHINMA Solar Energy Corporation; and (4) Trans-Asia Power Generation Corporation became PHINMA Power Generation Corporation.

In 2017, the Company ended the year as the second largest single retail electricity supplier with a market share of 12.22%. The Company also ended 2017 with Php17.02B in revenues from electricity sales, a 10% increase from 2016. However, as a result of excess supply and low energy prices in the wholesale electricity spot market (WESM), the Corporation's consolidated net income decreased to P347M in 2017.

In 2017, total attributable capacity of the Company was at 636.4 MW. The Company's Luzon power plants brought in about P706M in revenues through ancillary service power agreements. Despite increased costs in petroleum brought about by the excise tax on fuel, the Company's diesel plants were continuously considered to be a valuable source of power for the Luzon grid.

South Luzon Thermal Energy Corporation (SLTEC), where the company holds a 45% interest, continued to provide reliable power from its coal fired power plants. In 2017, SLTEC generated 1,850 GWh, a 19% increase from 2016. The Company also owns a 25% stake in the Maibarara Geothermal Inc. (MGI) in Sto. Tomas Batangas. On 2017, MGI produced 160.36 GWh of renewable energy. The plant's additional capacity of 12 MW was successfully synchronized with the Luzon grid on 9 March 2018, which increased its total capacity to 32MW. In addition, PHINMA Renewable Energy Corporation's 54 MGW wind farm in San Lorenzo, Guimaras delivered 89.4 GWh of clean and renewable energy, a testament to the Company's commitment to provide renewable and sustainable energy.

The Company reportedly sees a bright future for solar energy. In July 2017, the Company entered into two (2) solar energy contracts with the Department of Energy in the hope of constructing a 45MW solar farm in each of Pangasinan and Batangas provinces. PHINMA Solar Energy Corporation was reportedly exploring off grid solar applications.

In 2017, PHINMA Petroleum and Geothermal, Inc. (PPG), a listed subsidiary, commenced evaluation of local and overseas geothermal investment opportunities, power generation, and liquefied natural gas or LNG midstream operations. PPG signed an agreement with three (3) international companies for joint development of an LNG-to- power project in Central Philippines.

Aside from the solar SCs, the Company also developed the 21.6 MW hydroelectric powerplant in Mabinay, Negros Oriental. The Company reportedly was looking forward to continue cultivating relationships with alternative suppliers in the region to mitigate supply delivery risks. The Company also announced that it will enter into the downstream oil industry through its subsidiary, One Subic Oil Distribution Corporation.

2017 was a remarkable year for the Company's flagship Corporate Social Responsibility (CSR) programs. The Company also received numerous awards both local and international, in connection with its CSR initiatives.

With the projected fluidity of the energy industry for the next five (5) years, the Corporation assured its shareholders that it will position itself with agility, prepared to act quickly to market changes despite long gestation periods of power plant projects and volatile WESM prices. The Company committed to seize new opportunities leading towards clean energy in serving the electricity requirements of its customers.

## **Financial Report**

Ms. Mariejo P. Bautista, Senior Vice President – Finance and Controller, presented the Audited Consolidated Financial Statements of the Company for calendar year 2017. Copies were reportedly distributed to the shareholders prior to the meeting.

According to Ms. Bautista, total net income of the Company was P347M for 2017, lower than the P1.38B net income reported in 2016.

There are reportedly three components of last year's income performance:

1. Revenues from sale of electricity increased by 10%, primarily due to higher energy sales as the Company was able to secure new retail electricity supply (RES) contracts in 2017. However, margins in the electricity supply business were challenged by continued low market prices. Despite this, the Company ended the year as the 2nd largest single retail electricity supplier with a market share of 12.2%
2. Equity in net earnings from associates and joint ventures rose to P1.02B in 2017.
3. Other income amounted to P106M, from financial and other income. Said amount represents an increase in interest and other financial income due to higher fair value gains in cash and investments held for trading.

According to Ms. Bautista, the Company declared a cash dividend at P0.04/share to shareholders of record as of 14 March 2018. This was paid to shareholders last 5 April 2018.

As a result of the income performance of company, total assets increased, mostly due to increased inventory of bunker fuel oil and increase in other current assets due to higher creditable withholding tax and receivables brought about by the increase in new RES customers.

Property, plant and equipment went down by P284M because of depreciation of plant assets.

Total liabilities reportedly was maintained at the same level, with lower current liabilities offset by the increase in noncurrent liability. Total capital increased primarily due to increase in retained earnings. Ms. Bautista said that the Company had sufficient capital from investible cash holdings of about P1.4B. The Company was also compliant with key financial ratios.

### **Open Forum**

The Chairman then invited questions from the shareholders. Mr. Nestor Lim asked about the Company's earnings and price per share and if management foresees an improvement in the future. The President said that management is always working hard to improve and increase the earnings of the Company and all efforts are geared towards that goal.

No other question was raised.

A shareholder then moved that the Corporation's Annual Report, together with the Audited Financial Statements and the notes thereto for the year ended 31 December 2017 be approved, and that all acts of the Board and Management be confirmed and ratified. The motion was thereafter duly seconded and no objection was made.

As to the motion to approve the Annual Report together with the Audited Financial Statements, a total of 3,278,304,000 shares were voted as follows: 3,276,584,000 shares for the motion; 0 shares against; and 1,720,000 shares abstaining.

As to the motion to confirm and ratify all acts of the Board and Management, a total of 3,278,304,000 shares were voted as follows: 3,278,304,000 shares for the motion; 0 shares against; and 0 shares abstaining.

The Chairman declared that said motions were carried. The Corporation's Annual Report, together with the Audited Financial Statements and the notes thereto for the year ended 31 December 2017 were approved, and all acts of the Board and Management were thereby confirmed and ratified.

### **V. ELECTION OF DIRECTORS**

The Chairman then requested the Corporate Secretary to inform the shareholders of the nominees for election to the Corporation's Board of Directors.

The Corporate Secretary reported that there are eleven (11) nominees to fill eleven (11) seats on the Board. He explained that the following nominees were pre-screened by the Corporate Governance and Related Party Transactions Committee and were found to be qualified to be elected as Directors of the Corporation for 2018-2019 and until their successors are duly elected and qualified:

1. Mr. Ramon R. del Rosario, Jr.
2. Mr. Oscar J. Hilado
3. Dr. Magdaleno B. Albarracin, Jr.
4. Dr. Francisco L. Viray
5. Mr. Victor J. del Rosario
6. Mr. Roberto M. Laviña
7. Mr. Pythagoras L. Brion, Jr.
8. Mr. David L. Balangue (Independent Director)
9. Mr. Ricardo V. Camua (Independent Director)
10. Mr. Guillermo D. Luchangco (Independent Director)
11. Ms. Corazon de La Paz – Bernardo (Independent Director)

Upon motion made by a stockholder and duly seconded, considering that only eleven (11) were nominated to fill the eleven (11) seats on the Board, the nominations were closed and the Corporate Secretary was directed to cast votes in favor of the said nominees.

3,278,304,000 shares which represent 67.04% of the issued and outstanding capital stock of the Corporation were cast as follows:

Nominee	Votes	%
Mr. Ramon R. del Rosario, Jr.	3,278,026,000	67.04
Mr. Oscar J. Hilado	3,277,372,000	67.03
Dr. Magdaleno B. Albarracin, Jr.	3,278,304,000	67.04
Dr. Francisco L. Viray	3,278,304,000	67.04
Mr. Victor J. del Rosario	3,278,304,000	67.04
Mr. Roberto M. Laviña	3,278,304,000	67.04
Mr. Pythagoras L. Brion, Jr.	3,278,304,000	67.04
Mr. David L. Balangue	3,278,304,000	67.04
Mr. Ricardo V. Camua	3,278,304,000	67.04
Mr. Guillermo D. Luchangco	3,278,304,000	67.04
Ms. Corazon de La Paz – Bernardo	3,278,304,000	67.04

The Chairman then declared the foregoing nominees as the duly elected Directors of the Corporation.

## **VI. RENEWAL OF MANAGEMENT CONTRACT**

The Chairman announced that at its meeting held on 28 February 2018, the Board of Directors approved the renewal of the Management Contract between the Corporation and the Philippine Investment-Management (PHINMA), Inc. and the presentation thereof for approval and ratification by the stockholders. The corresponding Board resolution with the key terms of the contract were projected and shown to the stockholders. The Chairman then asked if there were any questions on the said Management Contract renewal.

There being no question on the renewal of the Management Contract, a shareholder then moved that the resolution and recommendation of the Board of Directors at its meeting held on 28 February 2018 to renew the Management Contract between Philippine Investment Management (PHINMA), Inc. for a period of five (5) years from 31 August 2018 and as presented at the meeting, be approved, ratified and confirmed. Said motion was duly seconded and no objection was made.

A total of 3,278,304,000 shares were voted as follows: 3,278,017,000 shares for the motion, 290,000 shares against the motion; and 0 shares abstaining.

The Chairman declared the motion as carried. The resolution to renew the Management Contract between Philippine Investment Management (PHINMA), Inc. for a period of five (5) years from 31 August 2018 and as presented at the meeting was approved, confirmed and ratified.

## **VII. APPOINTMENT OF EXTERNAL AUDITORS**

The Chairman proceeded to the next item on the agenda which was the appointment of the Corporation's external auditors for the ensuing fiscal year. The Chairman explained that the Audit Committee and the Board have selected and recommended the appointment of SyCip Gorres Velayo & Co. as external auditors of the Corporation.

A shareholder moved that the auditing firm of SyCip Gorres Velayo & Co., as recommended by the Audit Committee and the Board of Directors, be appointed as the external auditors of the Corporation for the fiscal year 2018, and until their successor is duly appointed. Said motion was duly seconded and no objection was made.

A total of 3,278,304,000 shares were voted as follows: 3,278,304,000 shares for the motion, 0 against the motion; and 0 shares abstaining.

The Chairman declared the motion carried. The appointment of accounting firm of SyCip Gorres Velayo & Co., as recommended by the Audit Committee and the Board of

Directors, as the external auditors of the Corporation for the fiscal year 2018, and until their successor was duly appointed, was approved.

#### **VIII. OTHER MATTERS/ADJOURNMENT**

The Chairman asked if there were any other matters or business that the shareholders wished to raise. None of the shareholders came forward with any question or concern.

There being no other matters to discuss, on motion made and duly seconded, the meeting was thereupon adjourned.

Prepared by:



**TROY A. LUNA**  
*Corporate Secretary*

Attest:



**RAMON R. DEL ROSARIO, JR.**  
*Chairman*