

FINANCIAL RATIOS

December 31, 2019

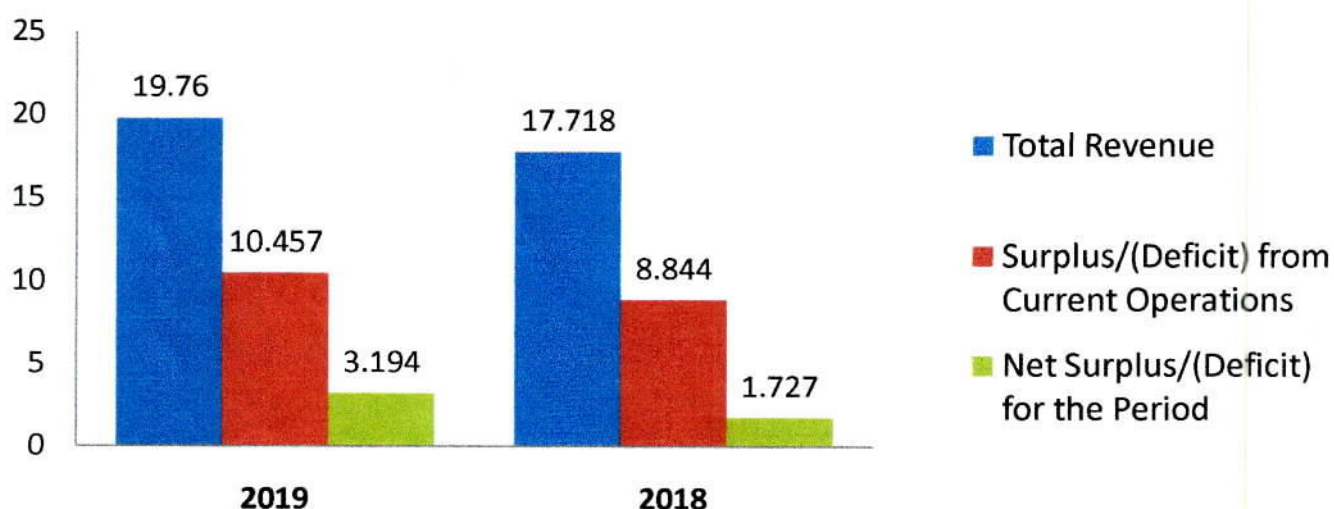
(With Comparative Figures as of December 31, 2018)

	<u>2019</u>	<u>2018</u>
I. Measures of Operational Efficiency		
1.1 Gross Margin Ratio	0.53	0.50
1.2 Profit Margin Ratio	0.16	0.10
1.3 Return on equity	0.10	0.06
1.4 Return on total assets	0.07	0.03
1.5 Asset Turnover Ratio	0.40	0.36
II. Measures of Liquidity/Solvency		
2.1 Current ratio	3.27	3.15
2.2 Quick Ratio	2.25	2.43
2.3 Cash Flow from Operations to Current Liabilities	(0.06)	0.05
2.3 Cash Flow from Operations to Total Liabilities	(0.03)	0.03
2.4 Receivable turnover	10.66	9.20
2.5 Age of Receivables	33.77	39.15
2.6 Working Capital Turnover	1.01	0.81
2.7 Current Asset turnover	0.69	0.59
2.8 Debt to Asset ratio	0.36	0.40
2.8 Debt to Equity ratio	0.56	0.65
III. Investment Analysis		
3.1 Equity Ratio	0.64	0.60
3.2 Creditor's Equity to total Assets	0.36	0.40

9

FINANCIAL HIGHLIGHTS

	2019 (Bn Pesos)	2018 (Bn Pesos)
Total Revenue ^{1/}	19.760	17.718
Surplus/(Deficit) from Current Operations ^{2/}	10.457	8.844
Net Surplus/(Deficit) for the Period ^{2/}	3.194	1.727



Notes:

^{1/} Total Revenue includes the following:

	2019	2018
Total Business Income	4.339	4.119
Total Shares, Grants and Donations	15.421	13.599
Total Revenue	19.760	17.718

^{2/} Net operating income and Net Income were derived as follows:

	2019	2018
Total Revenue	19.760	17.718
Total Operating Expenses	(9.303)	(8.874)
Net Operating Income	10.457	8.844
Other Non-Operating Income/(Expense)	.078	.071
Income Taxes and Net Subsidy	(7.341)	(7.188)
Net Income	3.194	1.727

g



National Power Corporation
Financial Highlights
For the Years Ended 2019 and 2018

1. TOTAL REVENUES

	<u>2019</u>	<u>2018</u>
Basic Revenue	2,193,967,153	2,108,279,378
Universal Charge (UCME)	15,411,179,101	13,589,697,010
Interest Income	1,122,742,841	868,617,959
Income from Administrative Fee	989,073,025	1,114,404,089
Rental Income	21,160,468	11,730,086
Income from Liquidated Damages	12,176,106	16,116,584
Income from Donation	9,613,565	8,956,500
Other Income	73,321	226,863
TOTAL REVENUE	19,759,985,580	17,718,028,469

The increase in Total Revenue was due to the higher UCME recognized in 2019 as compared from previous year needed to cover for the total operating expenses, NPP subsidies and return on rate base of 12% using the application of the ERC methodology in the computation of UCME.

2. CURRENT OPERATING EXPENSES

	<u>2019</u>	<u>2018</u>
Generation	5,395,187,180	5,212,878,043
Depreciation	569,916,508	522,667,507
Transmission and Distribution	58,946,278	61,044,531
Administrative and General Expenses	1,257,406,189	898,526,568
Bad Debts	425,992,698	431,784,328
Other Operating Expenses	535,712,046	631,255,019
Financial Expenses	2,995,947	5,742,597
Other Taxes	138,268,232	98,962,091
Miscellaneous Expense (OMA/NONOMA)	919,048,299	1,011,210,529
TOTAL CURRENT OPERATING EXPENSES	9,303,473,377	8,874,071,213

The increase in Current Operating Expenses was mainly attributable to the following increases: administrative and general expenses due to the implementation of Modified Salary Schedule and higher expenses for training programs, athletics and recreation; generation expenses due to higher fuel consumption from 120 Mn liters to 126 Mn

during CY 2019; and other taxes due to the increase in interest income earned on bank deposits and temporary investments.

This movement was partly offset by the following decreases: other operating expenses as a result of lower expenses incurred by Head Office Support Group and Engineering, which are covered by Job Orders (JOs) and termination of some genset rentals; and miscellaneous expenses due to the lower OMA income movement and penalties imposed to contractors.

3. SURPLUS FROM CURRENT OPERATIONS

	<u>2019</u>	<u>2018</u>
Total Revenue	19,759,985,580	17,718,028,469
Current Operating Expenses	9,303,473,377	8,874,071,213
SURPLUS FROM CURRENT OPERATIONS	10,456,512,203	8,843,957,256

The Surplus from Current Operations remained positive from 2018 to 2019, higher by 18.2% or P1.6 Bn when compared with last year of P8.8 Bn.

4. NET SURPLUS FOR THE PERIOD

	<u>2019</u>	<u>2018</u>
Total Revenue	19,759,985,580	17,718,028,469
Current Operating Expenses	9,303,473,377	8,874,071,213
SURPLUS FROM CURRENT OPERATIONS	10,456,512,203	8,843,957,256
Other Non-Operating Income	78,330,804	76,403,622
Other Non-Operating Expense	85,857	4,928,543
SURPLUS BEFORE TAX	10,534,757,150	8,915,432,335
Income Tax	494,862,029	425,942,399
SURPLUS AFTER TAX	10,039,895,121	8,489,489,936
Financial Assistance/ Subsidy	6,846,264,329	6,762,752,996
NET SURPLUS FOR THE PERIOD	3,193,630,792	1,726,736,940

The Corporation's Financial Performance had increased from a Net Surplus of P1.72 Bn in 2018 to P3.19 Bn in 2019, higher by 85% or P1.47 Bn. The increase in Net Surplus for the period is attributable to the significant increase of UCME and the Subsidy from the National Government.

a