November 4, 2020

SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City, 1307

ATTENTION
: DIR. VICENTE GRACIANO P. FELIZMENIO, JR.
Markets and Securities Regulation Department

via PSE EDGE
PHILIPPINE STOCK EXCHANGE, INC.
PSE Tower, 28th Street, cor. 5th Avenue,
Bonifacio Global City, Taguig City

ATTENTION
: MS. JANET A. ENCARNACION
Head, Disclosure Department

via electronic mail
PHILIPPINE DEALING & EXCHANGE CORP.
Market Regulatory Services Group
29th Floor BDO Equitable Tower
8751 Paseo de Roxas, Makati City

ATTENTION
: ATTY. MARIE ROSE M. MAGALLEN-LIRIO
Head - Issuer Compliance and Disclosures Department

Gentlemen:

Please see attached the SEC Form 17-C (Current Report) of Aboitiz Equity Ventures Inc. filed in compliance with the Securities Regulation Code, its 2015 Implementing Rules and Regulations, the Revised Disclosure Rules of the Philippine Stock Exchange (PSE), and the Issuer Disclosure Operating Guidelines of the Philippine Dealing Exchange Corp. (PDEx).

Kindly acknowledge receipt hereof.

Thank you.

Very truly yours,

ABOITIZ EQUITY VENTURES INC.
By:

SAMMY DAVE A. SANTOS
Assistant Corporate Secretary
COVER SHEET

S.E.C. Registration Number

( Company's Full Name )

(Business Address: No. Street City / Town / Province )

Contact Person

Company Telephone Number

4th Monday of April

Secondary License Type, if Applicable

Dept. Requiring this Doc

Amended Articles Number/Section

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

Remarks = Pls. use black ink for scanning purposes
Aboitiz Equity Ventures Inc. (AEV or the “Company”) recorded consolidated net income of ₱4.4 billion (bn) for the third quarter of 2020, a 35% decrease from the ₱6.8 bn reported during the corresponding period in 2019. The Company recognized non-recurring gains of ₱16 million (mn) during the period, compared to the ₱234 mn in non-recurring losses for the corresponding period in 2019. Without these one-off gains, the Company's core net income for the third quarter of 2020 was ₱4.4 bn, a 37% decrease year-on-year (YoY). For the relevant period, AEV recorded consolidated earnings before interest, tax, depreciation and amortization (EBITDA) of ₱16 bn, which was 13% lower YoY.
On a year-to-date (YTD) basis, AEV’s net income for the first three quarters of 2020 was ₱8.3 bn, 47% lower than the ₱15.7 bn recorded during the same period of last year. The Company recognized non-recurring losses of ₱5 mn for the first nine months of 2020, versus the ₱155 mn in non-recurring losses recorded during the same period in the previous year. Without these one-off losses, AEV’s core net income for the first nine months of 2020 was ₱8.3 bn, 48% lower than the ₱15.9 bn recorded in the corresponding period last year. AEV recorded consolidated EBITDA of ₱38.8 bn during the first nine months of 2020, a 13% decrease from the ₱44.8 bn recorded in the same period last year.

Power accounted for 49% of the total income contributions from AEV’s Strategic Business Units (SBU) during the first three quarters of 2020, while Financial Services accounted for 39%. Income contributions from Food, Infrastructure, and Real Estate SBUs were at 9%, 3%, and 1%, respectively.

"The first nine months of the year brought about unprecedented challenges that truly tested the resilience of the nation and the Aboitiz Group as well. We saw some signs of recovery in the third quarter, but we will continue to operate with caution and focus on providing the country with the services it needs to cope and recover.

Moving forward, we expect our environmental, social, and governance initiatives will help us achieve our targets by the end of the decade and in the years to come. Digital innovation played an important role in helping us cope with this year’s challenges, and will continue to enable us in the future.

The Aboitiz Group will continue to support the government in addressing our country’s needs under a ‘better normal.’ As One Aboitiz, it is important that we stay agile, self-motivated, and collaborative moving forward in order to advance business and communities and create long-term value for all our stakeholders." - Sabin M. Aboitiz, President and CEO, Aboitiz Group

**Strategic Business Units**

**Power**

Aboitiz Power Corporation’s (AboitizPower) net income contribution to AEV for the first three quarters of 2020 decreased by 48% YoY, from ₱10.4 bn to ₱5.4 bn.

On a stand-alone basis, AboitizPower’s core net income for the first nine months of 2020 was ₱6.5 bn, 53% lower than what was recorded in the same period last year. Including non-recurring gains of ₱528 mn, AboitizPower’s net income for the first three quarters of 2020 was ₱7 bn, 48% lower YoY.

For the first three quarters of 2020, income contribution from the generation and retail electricity supply businesses, which accounted for 69% of total income contribution from AboitizPower’s business segments, totaled ₱6.3 bn, 50% lower YoY. Consolidated EBITDA for the generation and retail electricity supply business recorded for the first nine months of 2020 was ₱24.9 bn, a 13% decrease YoY. The variance was primarily due to reduced demand resulting from the enforcement of COVID-related community quarantines, as well as lower water inflow.
AboitizPower recorded higher capacity sold for the first three quarters of 2020 at 3,394 megawatts (MW), compared to 3,123 MW in the same period in 2019. This was due to increased contracting levels driven by the new capacity of TVI and additional portfolio contracts. However, due to the lower demand brought about by the pandemic and to lower water inflow, energy sold in the first nine months of 2020 declined by 8% to 16,689 gigawatt-hours (GWh) from 18,083 GWh.

Meanwhile, AboitizPower’s distribution business recorded an income share of ₱2.8 bn during the first nine months of 2020, a 10% decrease YoY, which accounted for 31% of income contribution from AboitizPower’s business segments. Consolidated EBITDA for the distribution business in the first three quarters of 2020 was ₱5.8 bn, 3% lower YoY. This was driven by lower energy consumption from the Commercial and Industrial customer segments resulting from the enforcement of the COVID-related community quarantines. Energy sales for the distribution business decreased to 3,994 GWh during the first nine months of 2020, compared to 4,341 GWh for the corresponding period in 2019.

Banking & Financial Services

The income contribution of Union Bank of the Philippines (UnionBank or the “Bank”) to AEV for the first three quarters of 2020 amounted to ₱4.3 bn, 2% higher than the ₱4.2 bn recorded in the same period last year.

On a stand-alone basis, UnionBank and its subsidiaries recorded net income of ₱8.5 bn in the first nine months of 2020, 1% lower than the ₱8.6 bn recorded in the corresponding period last year. This was mainly due to higher provisions for loan losses for 2020. Net interest income grew to ₱21.4 bn, 36% higher YoY, due to higher earning assets and margins compared to the same period in 2019, while non-interest income was ₱10.4 bn, up 26% YoY, mainly due to higher trading gains.

UnionBank’s earnings performance during the first three quarters of 2020 resulted in a return on equity (ROE) of 11.6%, a return on assets (ROA) of 1.5%, and a revenue-to-expense ratio of 2.1x.

As of September 30, 2020, UnionBank’s total assets amounted to ₱758 bn, 11% higher YoY, driven by growth in its customer loan portfolio which stood at ₱355.8 bn due to the expansion of consumer loans, commercial lending, and SME banking.

UnionBank’s provisions for loan losses amounted to ₱7.5 billion in the first nine months of the year, which was set aside mainly due to continued weakness in the economy as a result of the COVID-19 crisis.

Food

AEV’s non-listed food subsidiaries (Pilmico Foods Corporation, Pilmico Animal Nutrition Corporation, and Pilmico International Pte. Ltd. - which includes Gold Coin Management Holdings Pte. Ltd.) income contribution to AEV amounted to ₱969 mn for the first three quarters of 2020, 5% lower than the ₱1.0 bn recorded in the same period in 2019.

The Food SBU’s Philippine subsidiaries reported net income amounting to ₱585 mn in the first three quarters of 2020. The Farms business segment reported a net loss of ₱703 mn due to decreased margins due to higher production costs and lower selling prices caused by the industry-wide effect of the African Swine Fever. This was exacerbated by lower sales volume due to transport restrictions on pork and pigs.
imposed in several provinces in Luzon. The Feeds business segment recorded net income of ₱728 mn, 137% higher YoY, due to better margins and lower financing costs. The Flour business segment recorded ₱572 mn in net income, 27% higher than the previous year, on the back of improved per unit gross profit and volume.

Meanwhile, income contributions from the Food SBU’s international subsidiaries totaled ₱383 mn, a 22% increase from the same period last year. This was due to the full year effect of the 100% ownership in Gold Coin Management Holdings Pte. Ltd. (Gold Coin).

Real Estate

AEV’s real estate businesses, comprising AboitizLand, Inc. (AboitizLand) and its subsidiaries, reported a consolidated net income of ₱85 mn for the first nine months of 2020, 90% lower than the ₱829 mn in income recorded in the same period last year.

AboitizLand contributed ₱2.1 bn in revenues for the first three quarters of 2020, 2% higher than revenue contributions from the same period in 2019. This was primarily due to higher revenue for AboitizLand’s industrial business, resulting from an increase in revenue recognized from industrial lots sold. However, the performance of AboitizLand’s residential business offset the gains from the industrial business due to a slowdown caused by restrictions in operations resulting from the government-imposed community quarantines in response to the COVID-19 pandemic.

Of AboitizLand’s revenue for the first three quarters of 2020, the residential business unit contributed ₱715 mn, the commercial business unit contributed ₱159 mn, while the industrial business unit and other subsidiaries contributed the remaining ₱1.3 bn, equivalent to 33%, 7%, and 60%, respectively.

Infrastructure

For the Infrastructure group, Republic Cement & Building Materials, Inc. reported a net income of ₱400 mn to AEV for the first nine months of 2020, 37% lower compared to the ₱631 mn in net income recorded during the same period last year. This negative variance was mainly due to the contraction in the demand for cement as COVID-19 dramatically slowed down construction activities, particularly during the enforcement of COVID-related community quarantines.

Financial Condition

As of September 30, 2020, the Company’s consolidated assets totaled ₱608.6 bn, a 3% increase from end-2019’s level of ₱588.4 bn. Cash and cash equivalents stood at ₱65.4 bn, 41% higher than the ₱46.4 bn as of end-2019. Consolidated liabilities totaled ₱393.7 bn, a 6% increase from the year-end 2019 level of ₱371.2 bn, while equity attributable to equity holders of the parent decreased by 0.3% to ₱175.9 bn. AEV’s current ratio as of September 30, 2020 stood at 1.3x while its net debt-to-equity ratio was 1.2x.
Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ABOITIZ EQUITY VENTURES INC.
By:

Sammy Dave A. Santos
Assistant Corporate Secretary

Date: November 4, 2020