



100 YEARS OF ADVANCING BUSINESS AND COMMUNITIES

July 27 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

C E O 2 5 3 6

S.E.C. Registration Number

A B O I T I Z E Q U I T Y V E N T U R E S I N C .

(Company's Full Name)

3 2 N D S T R E E T , B O N I F A C I O G L O B A L

C I T Y , T A G U I G C I T Y , M E T R O M A N I L A

P H I L I P P I N E S

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

MANUEL ALBERTO R. COLAYCO

Contact Person

(02) 8886-2338

Company Telephone Number

1 2 3 1

Month Day

Fiscal Year

1 7 - C

FORM TYPE

4th Monday of April

0 4 2 7

Month Day

Annual Meeting

N/A

Secondary License Type, if Applicable

SEC

Dept. Requiring this Doc

N/A

Amended Articles Number/Section

Total No. of Stockholders

x

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = Pls. use black ink for scanning purposes

On a year-to-date (YTD) basis, AEV's net income for the first half of 2020 was ₱4.0 bn, 55% lower than the ₱9.0 bn recorded during the same period of last year. The Company recognized non-recurring losses of ₱20 mn, versus the ₱78 mn in non-recurring gains recorded during the same period in the previous year, representing foreign exchange losses from the revaluation of dollar-denominated assets. Without these one-off losses, AEV's core net income for the first half of 2020 was ₱4.0 bn, which was 54% lower YoY (from ₱8.9 bn). AEV recorded consolidated EBITDA of ₱23.0 bn during the first six months of 2020, a 13% decrease from the ₱26.5 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 half of 2020, while Financial Services accounted for 39%. Income contributions from Food, Infrastructure, and Real Estate SBUs were at 14%, -1%, and -1%, respectively.

Strategic Business Units

Power

Aboitiz Power Corporation's (AboitizPower) net income contribution to AEV for the first half of 2020 decreased by 57% YoY, from ₱6.7 bn to ₱2.9 bn.

On a stand-alone basis, AboitizPower's core net income for the first half of 2020 was ₱3.5 bn, 59% lower than for the same period during the previous year. Including non-recurring gains of ₱224 mn, AboitizPower's net income for the first half of 2020 was ₱3.7 bn, 57% lower YoY.

For the first half of 2020, income contribution from the generation and retail electricity supply businesses, which accounted for 68% of total income contribution from AboitizPower's business segments, totaled ₱3.6 bn, 56% lower YoY. Consolidated EBITDA recorded for the first half of 2020 was ₱14.8 bn, a 17% decrease YoY. The variance was primarily due to reduced demand resulting from the enforcement of COVID-related community quarantines, as well as forced outages during the first half of 2020 involving Pagbilao units 1-3, TSI Unit 2, and GMCP Unit 2. These reductions offset the decrease in purchased power costs during the first half of 2020, and revenues from Therma Visayas, Inc. (TVI) and Therma Mobile, Inc. (TMO), which were both online since January of this year, as opposed to the second quarter of last year. Moreover, EBITDA for the first quarter of 2019 also included income from the Generation Rate Adjustment Mechanism (GRAM) and Incremental Currency Exchange Rate Adjustment (ICERA), which were not available as income during the first half of 2020.

AboitizPower recorded higher capacity sold for the first half of 2020 at 3,388 megawatts (MW), compared to 3,035 MW in the same period in 2019. This was due to increased contracting levels driven by the new capacity of TVI and TMO. Due to the lower demand brought about by the pandemic and forced outages, energy sold in the first half of 2020 declined by 6% to 10,764 gigawatt-hours (GWh) from 11,460 GWh.

Meanwhile, AboitizPower's distribution business recorded an income share of ₱1.7 bn during the first half 2020, a 7% decrease YoY, which accounted for 32% of income contribution from AboitizPower's business segments. Consolidated EBITDA for the distribution business in the first half of 2020 was ₱3.7 bn, 0.5% lower YoY. This was driven by lower energy consumption from the Commercial and Industrial customer segments due to reduced activities resulting from the enforcement of the COVID-

related community quarantines. Energy sales for the distribution business decreased to 2,629 gigawatt-hours (GWh) during the first half of 2020, compared to 2,842 GWh for the same period in 2019.

Banking & Financial Services

The income contribution of Union Bank of the Philippines (UnionBank or the “Bank”) to AEV for the first six months of 2020 amounted to ₱2.3 bn, 3% lower than the ₱2.4 bn recorded in the same period last year.

On a stand-alone basis, UnionBank and its subsidiaries recorded net income of ₱4.5 bn in the first half of 2020, 6% lower than the ₱4.8 bn recorded in the same period last year. This was mainly due to revenue growth from the sustained increase in net interest income, as well as higher trading gains. Net interest income grew to ₱13.8 bn, 41% higher YoY, due to higher earning assets and margin improvement, while other income was ₱8.3 bn, up 86% YoY, mainly due to trading gains.

UnionBank’s earnings performance during the first quarter of 2020 resulted in a return on equity (ROE) of 9.2%, a return on assets (ROA) of 1.2%, and a revenue-to-expense ratio of 2.2x.

As of March 31, 2020, UnionBank’s total assets amounted to ₱751.5 bn, 7% YoY, driven by growth in its customer loan portfolio which stood at ₱351.6 bn due to the expansion of commercial lending, consumer loans, and SME banking.

UnionBank further increased provisions for loan losses to Php7.0 billion in the first half of the year. The Bank deemed it prudent to add reserves ahead of the potential impact of the COVID-19 crisis on its credit portfolio.

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 Limited) income contribution to AEV amounted to ₱795 mn for the first half of 2020, 44% higher than the ₱552 mn recorded in the same period in 2019.

The Food SBU’s local subsidiaries reported net income amounting to ₱293 mn in the first half of 2020. The Farms business segment reported a net loss of ₱501 mn due to decreased selling prices and sales volume resulting from the spread of the African Swine Fever in Luzon, as well as a decline in margins following higher farms and meat processing costs. The Feeds business segment recorded net income of ₱448 mn, 296% higher YoY, due to lower raw materials and financing costs. The Flour business segment recorded ₱346 mn in net income, 50% 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 ₱502 mn, a 205% increase from the same period last year. This was due to the increase in income contribution of Gold Coin Management Holdings Limited (Gold Coin) resulting from an increased equity ownership, and increased volumes from Gold Coin’s China, Vietnam, Malaysia, and Sri Lanka operations.

Real Estate

AEV's non-listed real estate businesses, comprising AboitizLand, Inc. (AboitizLand) and its subsidiaries, reported a consolidated net loss of ₱39 mn for the first half of 2020, versus ₱60 mn in income recorded in the same period last year.

AboitizLand contributed ₱1.1 bn in revenues for the first half of 2020, 20% lower than revenue contributions from the same period in 2019. This negative variance was primarily due to decreased revenue for AboitizLand's residential business, as AboitizLand felt the impact of the slowdown and restrictions in operations resulting from the government-imposed community quarantines in response to the COVID-19 pandemic. The projects' percentage of completion, driven by the construction progress, is a key factor in the recognition of revenue. The company's construction activities were brought to a standstill during the second quarter of 2020.

Of AboitizLand's revenue for the first half of 2020, the residential business unit contributed ₱331 mn, the commercial business unit contributed ₱119 mn, while the industrial business unit and others contributed the remaining ₱697 mn, equivalent to 29%, 10%, and 61%, respectively.

Infrastructure

For the Infrastructure group, Republic Cement & Building Materials, Inc. reported a net loss of ₱10 mn to AEV for the first half of 2020, compared to ₱249 mn in net income recorded during the same period last year. This was due to the contraction in the demand for cement as construction activities dramatically slowed down, particularly during the enforcement of COVID-related community quarantines.

Financial Condition

As of June 30, 2020, the Company's consolidated assets totaled ₱621.9 bn, a 6% increase from end-2019's level of ₱588.4 bn. Cash and cash equivalents stood at ₱73.2 bn, 58% higher than the ₱46.4 bn as of end-2019. Consolidated liabilities totaled ₱410.2 bn, an 11% increase from the year-end 2019 level of ₱371.2 bn, while equity attributable to equity holders of the parent decreased by 3% to ₱171.7 bn. AEV's current ratio as of June 30, 2020 stood at 1.3x while its net debt-to-equity ratio was 1.2x.

SIGNATURE (S)

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: July 27, 2020