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via PSE EDGE

PHILIPPINE STOCK EXCHANGE, INC.
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ATTENTION : **MS. JANET A. ENCARNACION**
Head, Disclosure Department

via electronic mail

PHILIPPINE DEALING & EXCHANGE CORP.
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ATTENTION : **ATTY. MARIE ROSE M. MAGALLEN-LIRIO**
Head – Issuer Compliance and Disclosures Department

Gentlemen:

Please see attached Press Release.

Kindly acknowledge receipt hereof.

Thank you.

Very truly yours,

ABOITIZ EQUITY VENTURES INC.

By:



SAMMY DAVE A. SANTOS
Assistant Corporate Secretary

PRESS RELEASE

28 July 2020

Aboitiz Equity Ventures earns P4 billion in net income in the first semester

Aboitiz Equity Ventures, Inc. (AEV) ended the first half of 2020 with ₱4 billion in net income, 55% lower than the ₱9 billion recorded during the same period last year, reflecting the impact of the lower income contribution of its largest business unit, Aboitiz Power Corporation.

The company recognized non-recurring losses of ₱20 million versus the ₱78 million in non-recurring gains recorded 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 billion, 54% lower year-on-year (YoY) (from ₱8.9 billion). AEV recorded consolidated earnings before interest, taxes, depreciation, and amortization (EBITDA) of ₱23 billion during the first six months of 2020, a 13% decrease from the ₱26.5 billion recorded in the same period last year.

Power accounted for 49% of the total income contributions from AEV's Strategic Business Units (SBUs), followed by banking and financial services (39%), food (14%), infrastructure (-1%), and land (-1%).

"The current COVID-19 crisis continues to disrupt and impact our organization in different ways. Throughout this, we have given significant attention to our ability to adapt to changes and to prepare for uncertainties," said Sabin M. Aboitiz, Aboitiz Group President and Chief Executive Officer.

"For the rest of the year, our goal is unchanged: to remain resilient and for our business units to be in the best possible position when we emerge from this crisis, in order to support the country's economic recovery. As One Aboitiz, we will continue to be one with the nation in its fight against COVID-19," Aboitiz added.

The Aboitiz chief looks forward to a better economy in the second half of the year as the country slowly opens up and adapts to the new normal.

Power

Aboitiz Power Corporation's (AboitizPower) net income contribution to AEV for the first half of 2020 decreased by 57% YoY, from ₱6.7 billion to ₱2.9 billion 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, Therma South, Inc. Unit 2, and GN Power Mariveles Coal Plant Ltd. Co. Unit 2. These reductions offset the decrease in purchased power costs during the first half of 2020, and revenues from Therma Visayas, Inc. and Therma Mobile, Inc., which were both online since January of this year, as opposed to the second quarter of last year. Moreover, the first quarter of 2019 also included income from the Generation Rate Adjustment Mechanism and Incremental Currency Exchange Rate Adjustment, which were not available as income during the first half of 2020.

For the first half of 2020, income contributions from the generation and retail electricity supply businesses, which accounted for 68% of total income contribution from AboitizPower's business segments, totaled ₱3.6 billion, 56% lower YoY.

Meanwhile, AboitizPower's distribution business recorded an income share of ₱1.7 billion during the first half of 2020, a 7% decrease YoY, which accounted for 32% of income contributions from AboitizPower's business segments.

Banking & Financial Services

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

On a stand-alone basis, UnionBank and its subsidiaries recorded a net income of ₱4.5 billion in the first half of 2020, 6% lower than the ₱4.8 billion 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.

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 million for the first half of 2020, 44% higher than the ₱552 million recorded in the same period in 2019.

This was due to contributions from the Feeds business segment (which recorded a net income of P448 million, 296% higher YoY, due to lower raw materials and financing costs), Flour business segment (which recorded ₱346 million in net income, 50% higher than the previous year, on the back of improved per unit gross profit and volume), and from Pilmico International (which recorded a net income of ₱502 million in the first half of 2020, a 205% increase from the same period last year, due to the increase in income contribution of Gold Coin Management Holdings Limited resulting from an increased equity ownership, and increased volumes from Gold Coin's China, Vietnam, Malaysia, and Sri Lanka operations). The Farms business segment, however, reported a net loss of ₱501 million 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.

Land

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

AboitizLand contributed ₱1.1 billion in revenues for the first half of 2020, 20% lower than the 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.

Infrastructure

For the Infrastructure group, Republic Cement & Building Materials, Inc. reported a net loss of ₱10 million to AEV for the first half of 2020, compared to ₱249 million in 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.

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About Aboitiz Equity Ventures

Aboitiz Equity Ventures, Inc. (AEV) is the public holding company of the Aboitiz Group with major investments in power, banking and financial services, food, infrastructure, and land. Today, AEV is recognized as one of the best-managed companies in the Philippines and in the region, consistently cited for its commitment to good corporate governance and corporate social responsibility. With five generations of Aboitiz Group business success behind it, AEV continues to drive change for a better world by advancing business and communities.

The Aboitiz Group continues to contribute to the country’s COVID-19 response efforts. To date, the Aboitiz Group has contributed nearly P2.2 billion for its COVID-19 response efforts. This excludes various payments waived, reduced, extended, or restructured to help customers cope with the impact of COVID-19.

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For further queries on this Press Release, please contact:

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