aboitiz

Equity Ventures

Third Quarter / YTD September 2013
Financial & Operating Results
30 October 2013

AboitizPower

UNIONBANK

pilmico

AboitizLand

AGENDA

- **Review of Business Units**
  - Pilmico Foods Corporation
  - Union Bank of the Philippines
  - AboitizLand
  - Aboitiz Power Corporation
- **AEV Financials**
- **Q&A**

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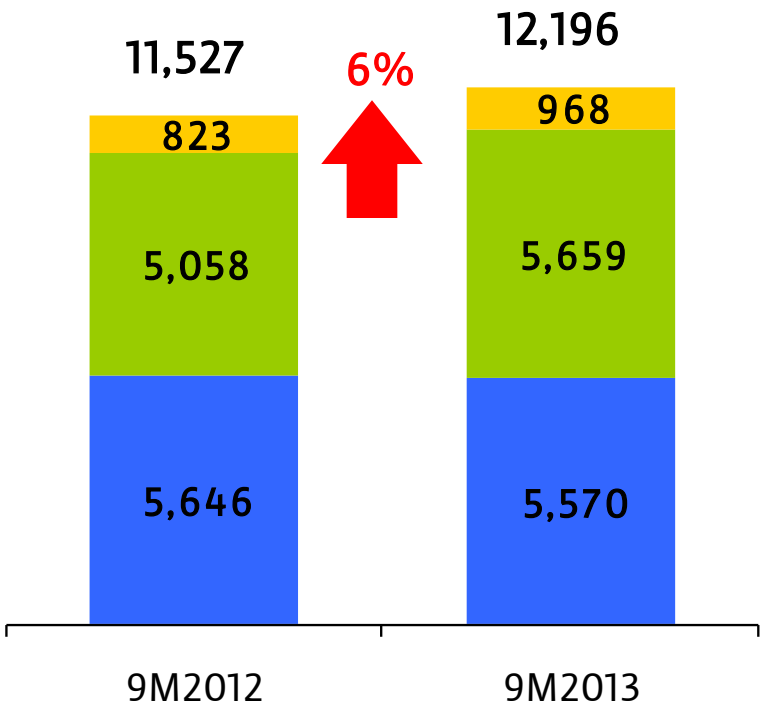
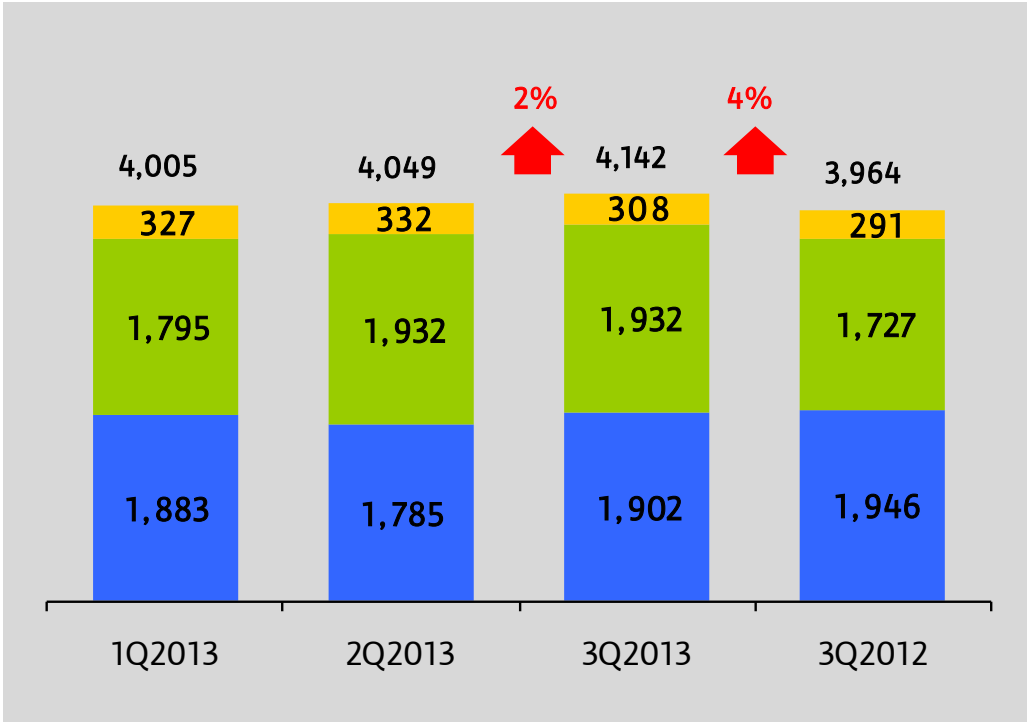
FINANCIAL HIGHLIGHTS

REVENUE (in million pesos)



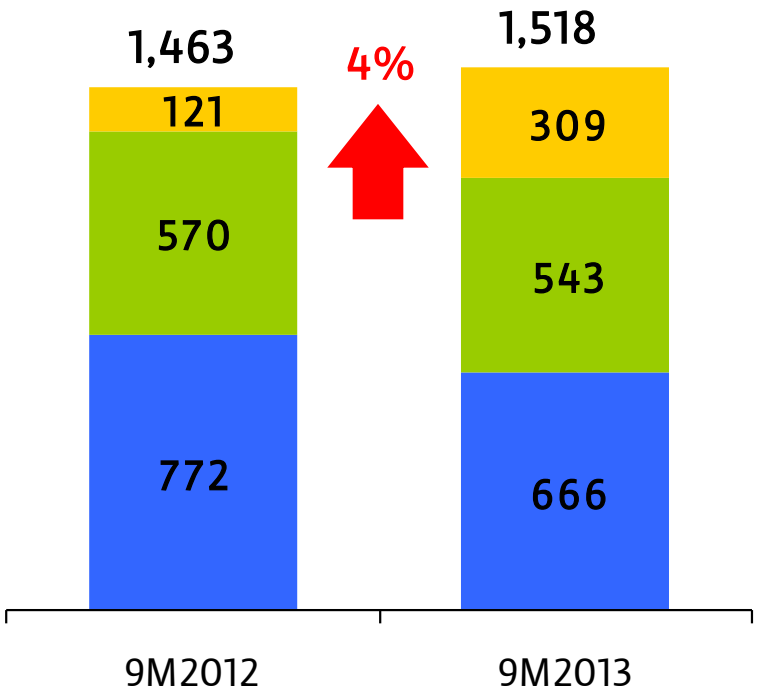
QUARTERLY BREAKDOWN



Flour Feeds Farms

FINANCIAL HIGHLIGHTS

EBITDA (in million pesos)



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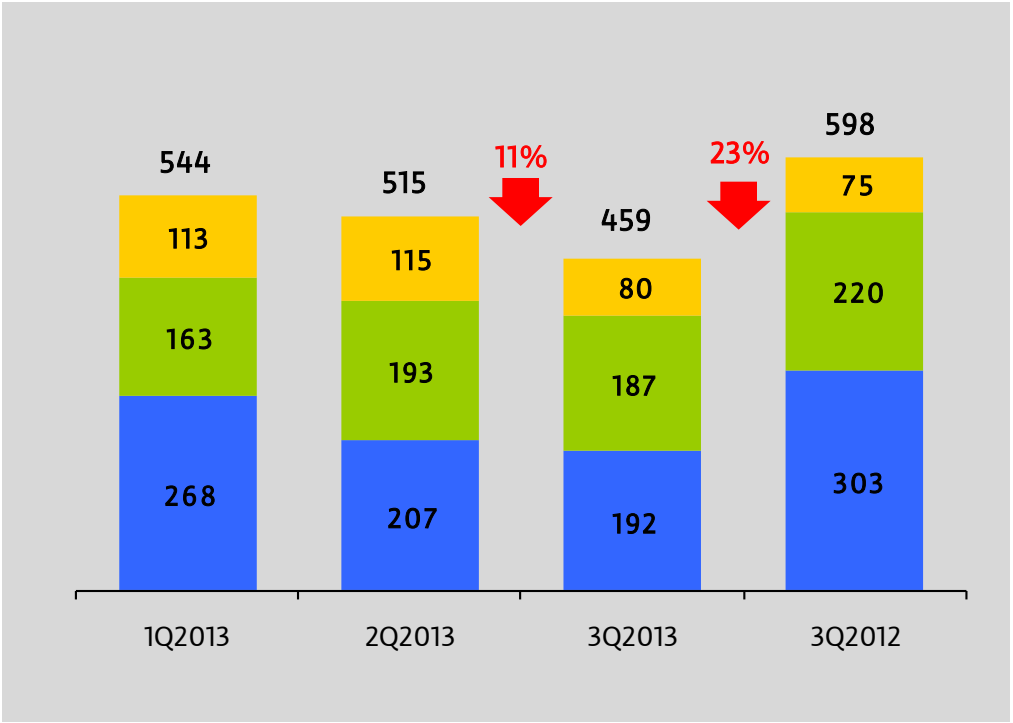
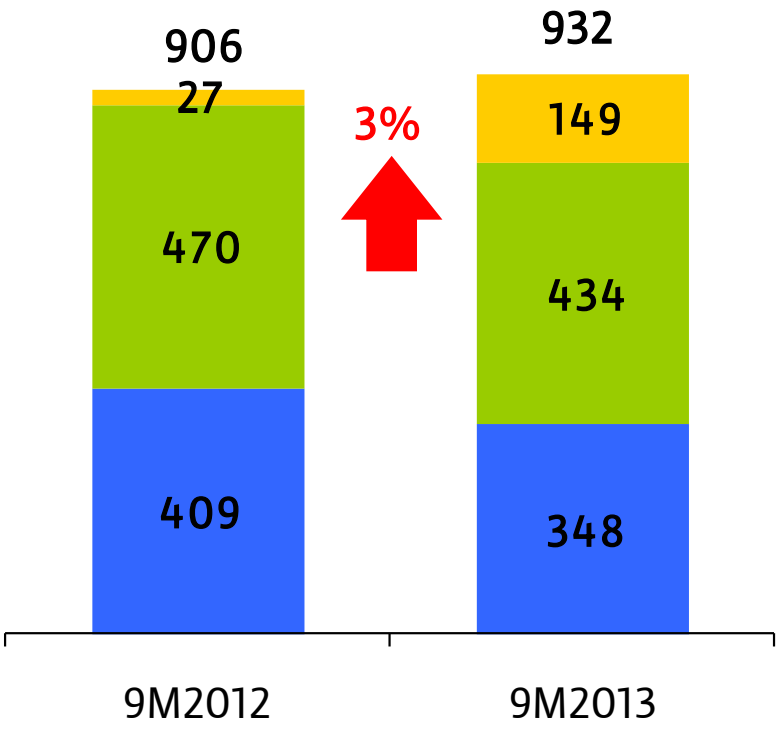


Flour Feeds Farms

FINANCIAL HIGHLIGHTS

NET INCOME (in million pesos)



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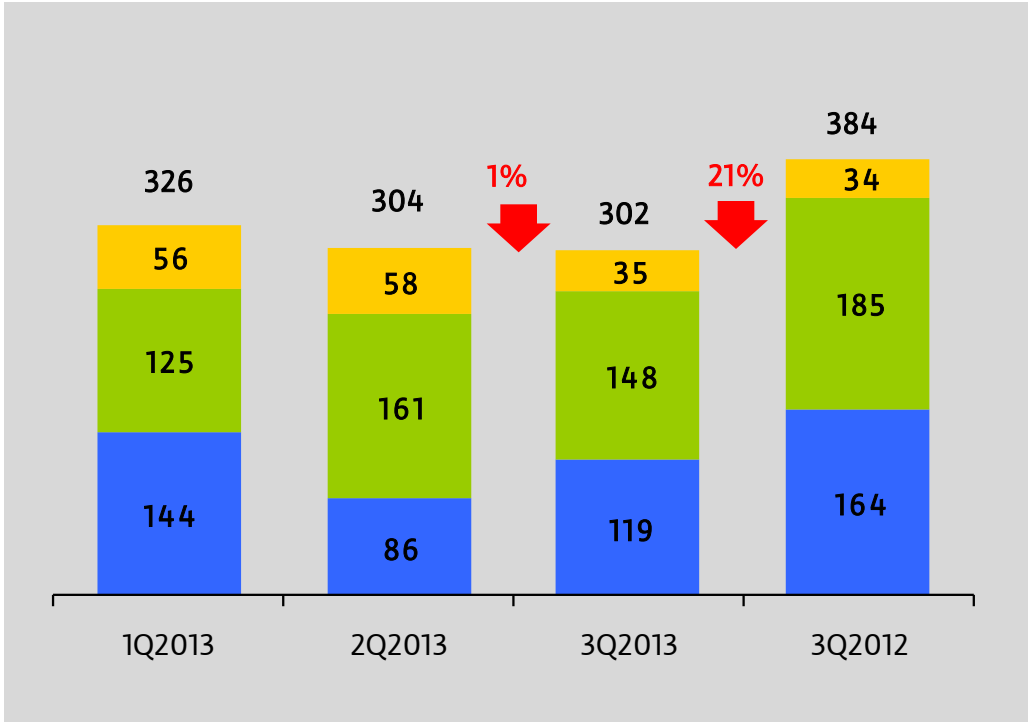
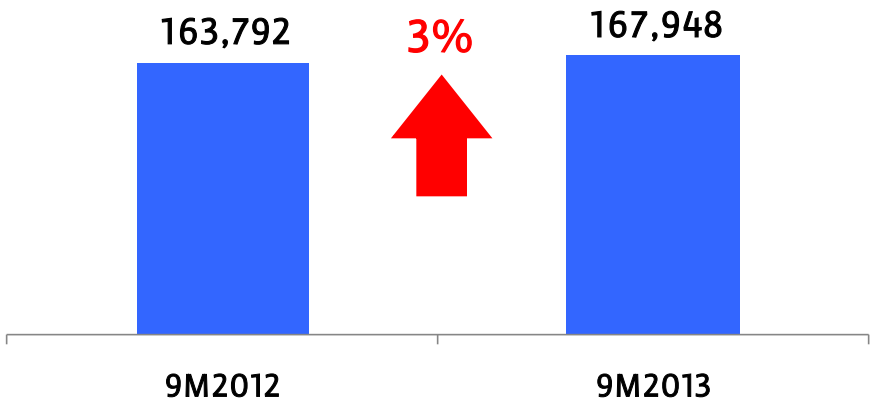


OPERATING HIGHLIGHTS – Flour Division

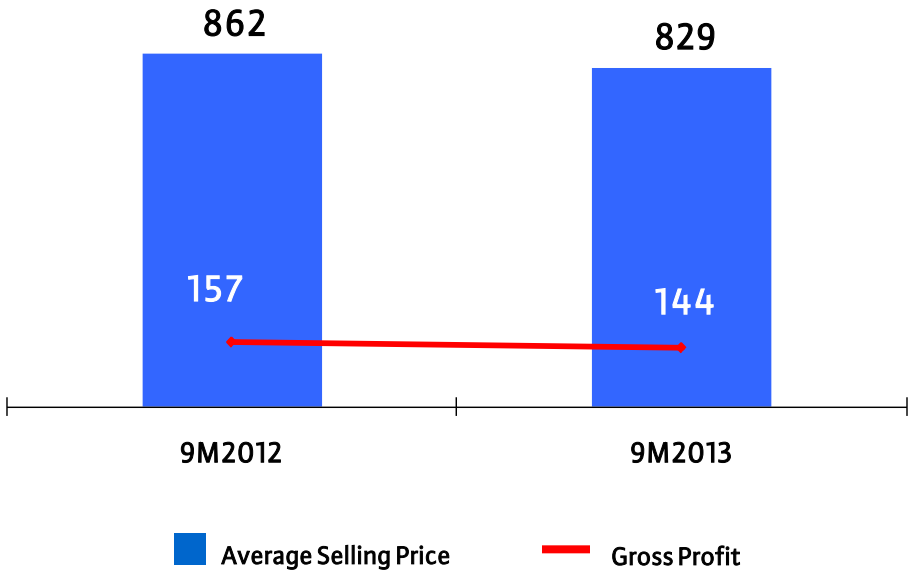
Sales Volume

In MT



Average Selling Prices and Gross Profit

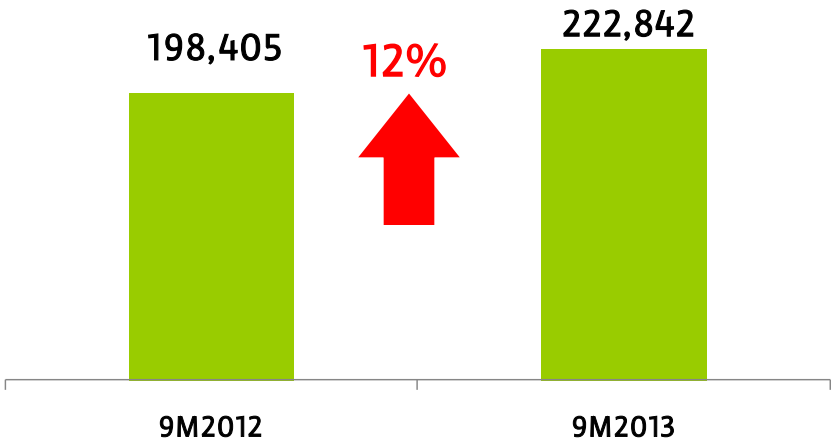
Peso/bag

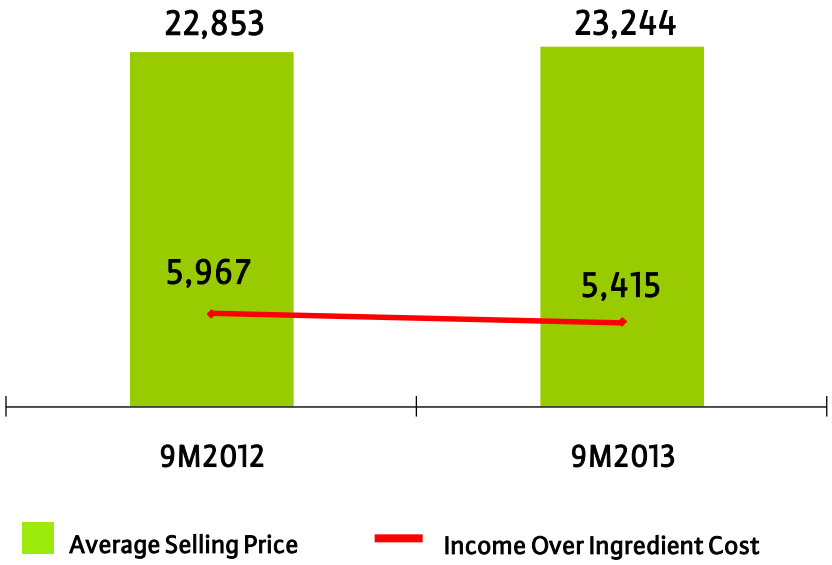


OPERATING HIGHLIGHTS – Feeds Division

Sales Volume

In MT





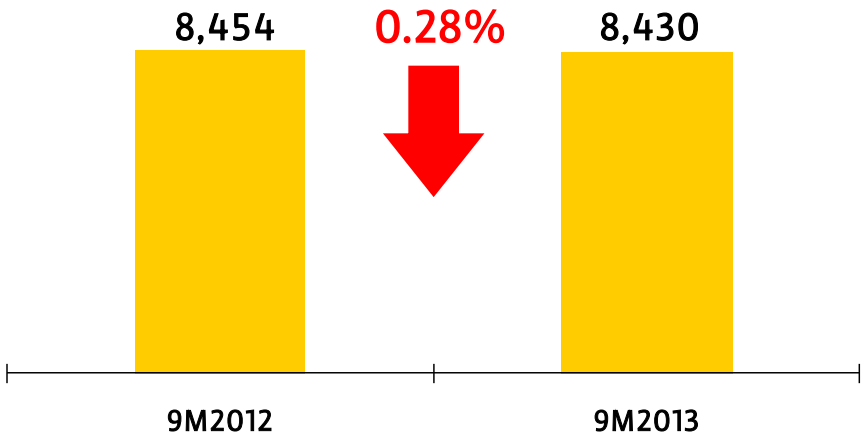
Average Selling Prices and Income Over Ingredient Cost

Peso/MT

OPERATING HIGHLIGHTS – Farms Division

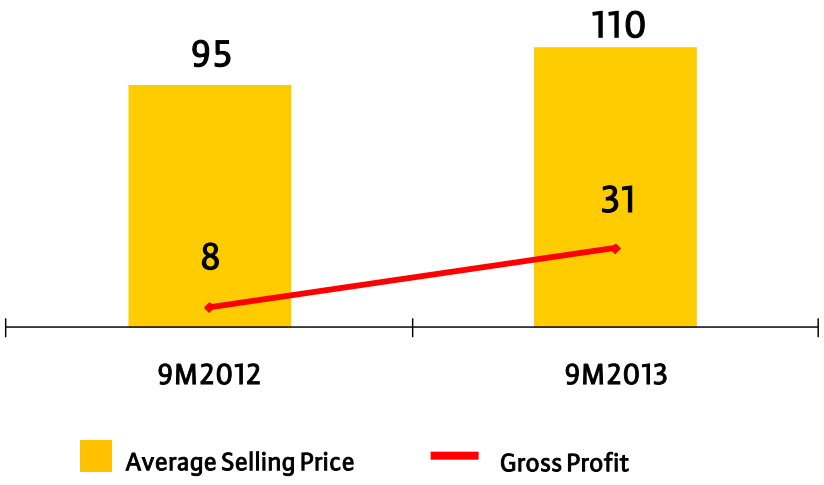
Sales Volume

In '000 kilos



Average Selling Prices and Gross Profit

Peso/kilo



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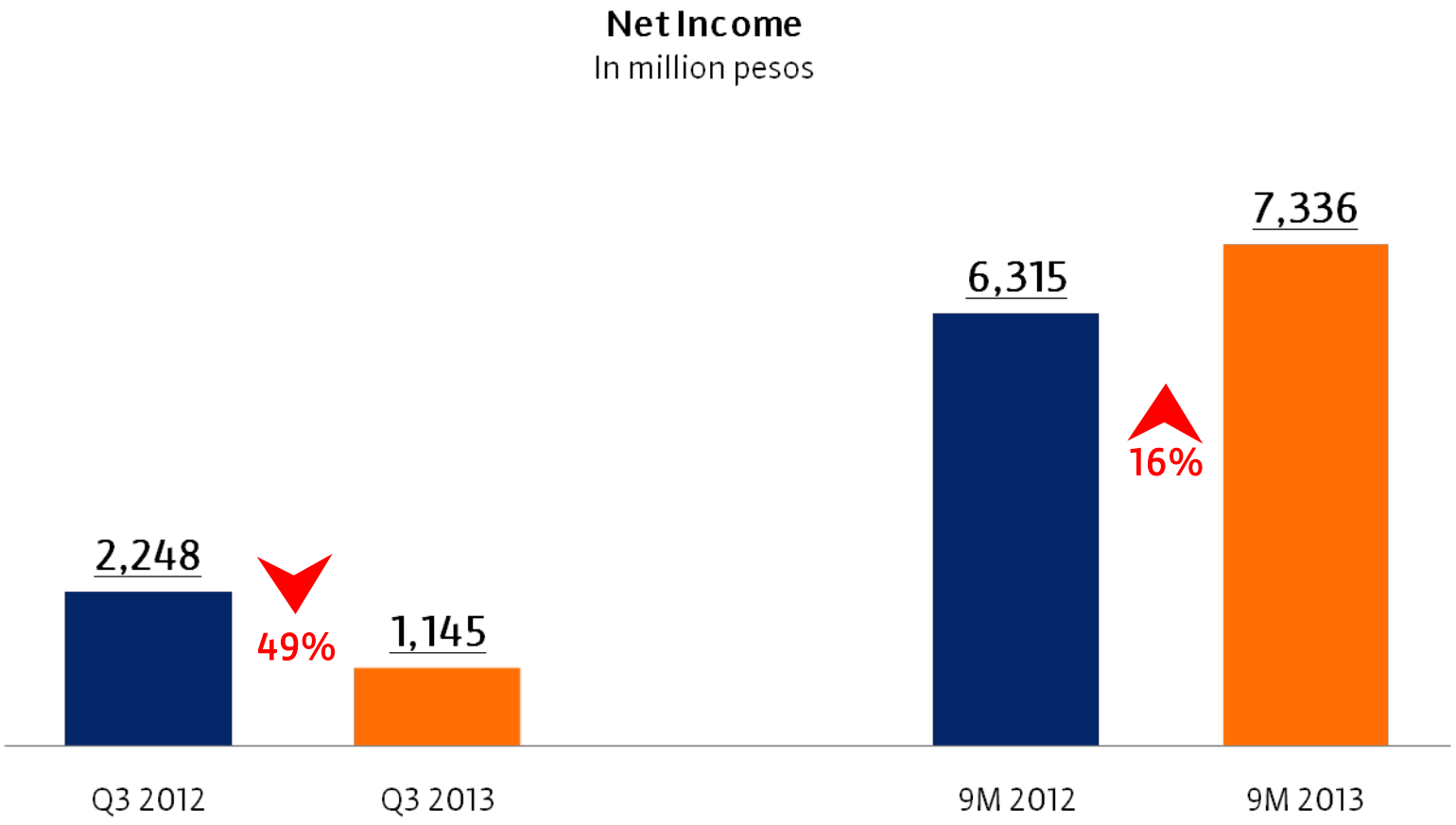
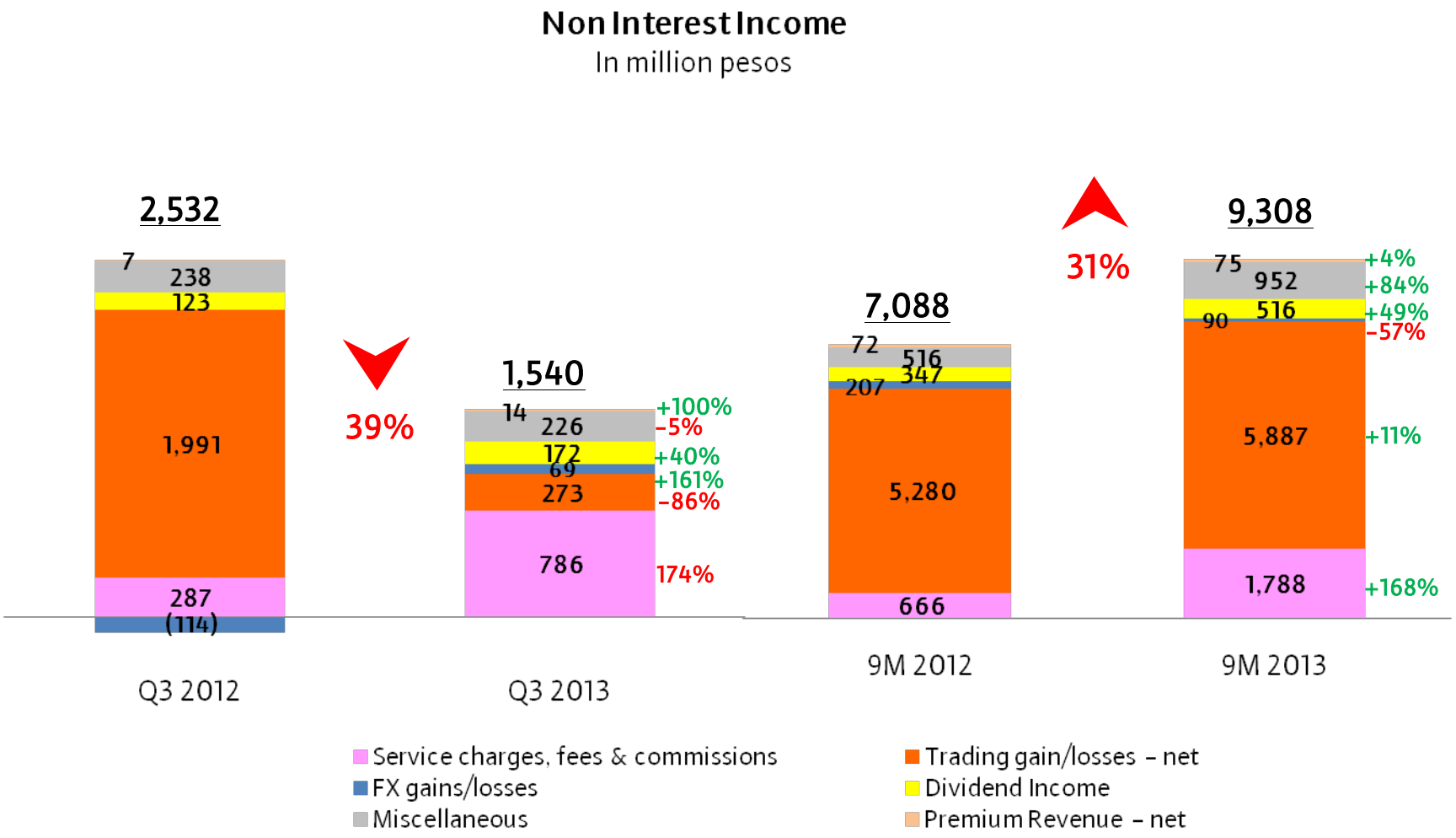
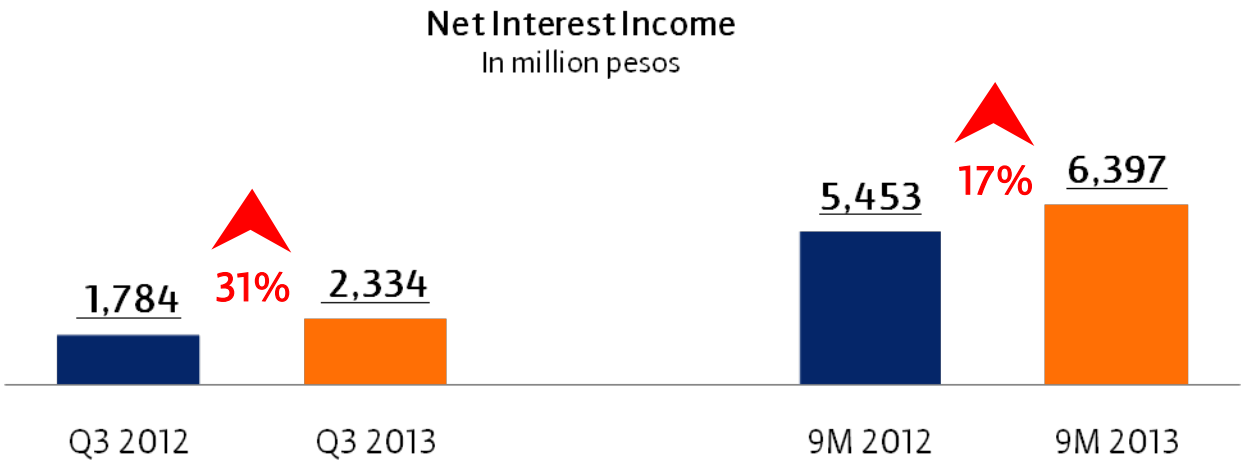
Net income underpinned by trading gains, supplemented by net interest income and income contribution from CitySavings

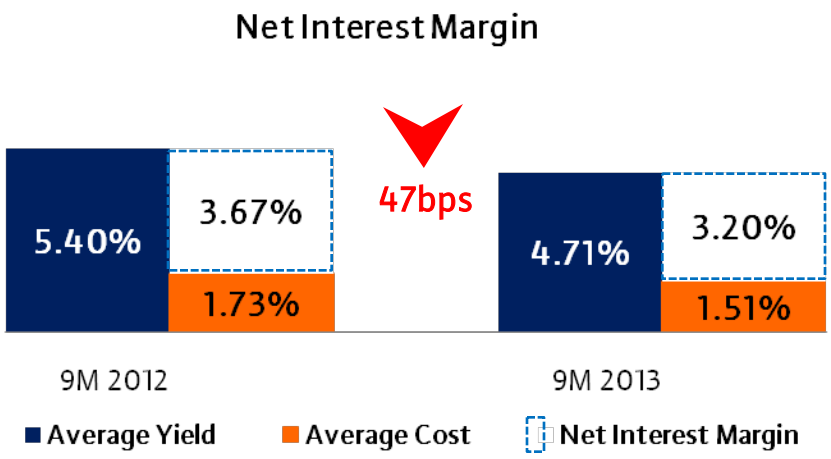


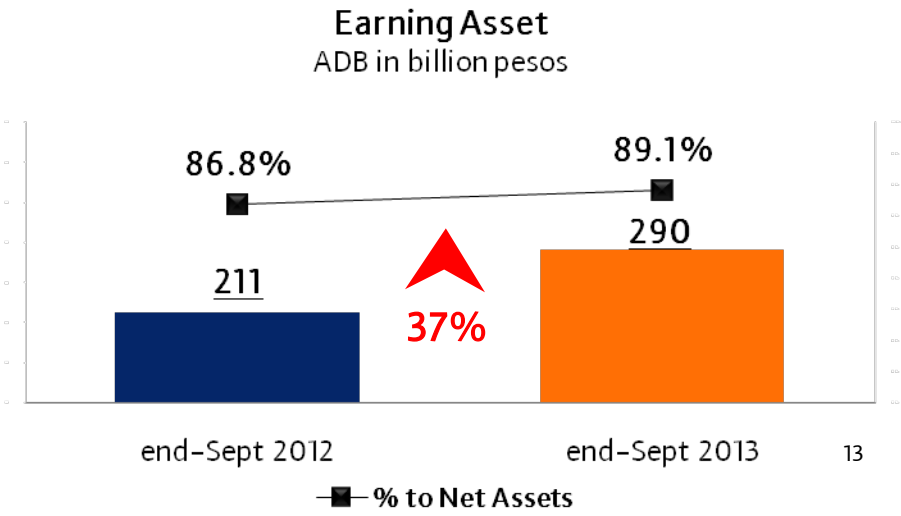
Non-interest income rose on higher fee-based income and trading gains



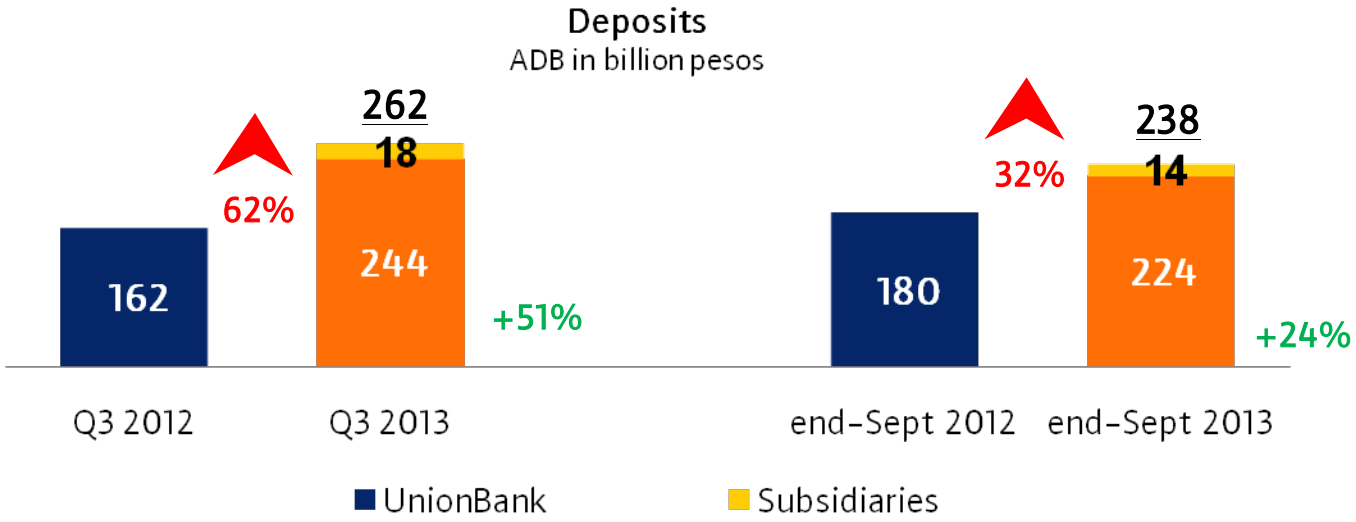
Net interest income improved on account of expansion in earning assets

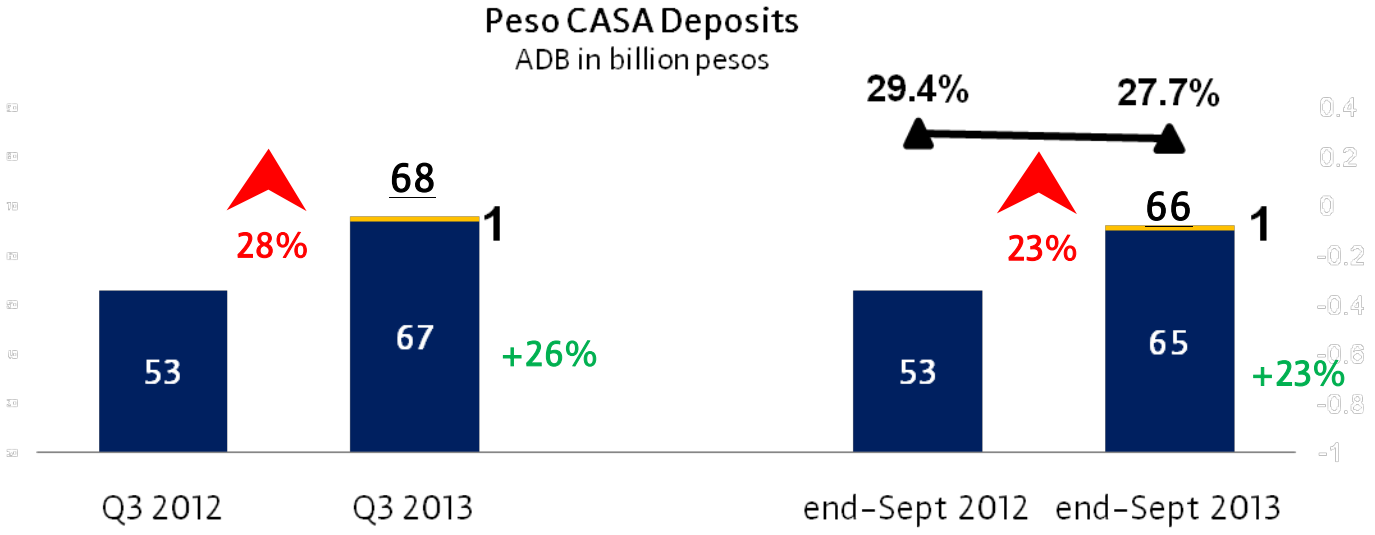




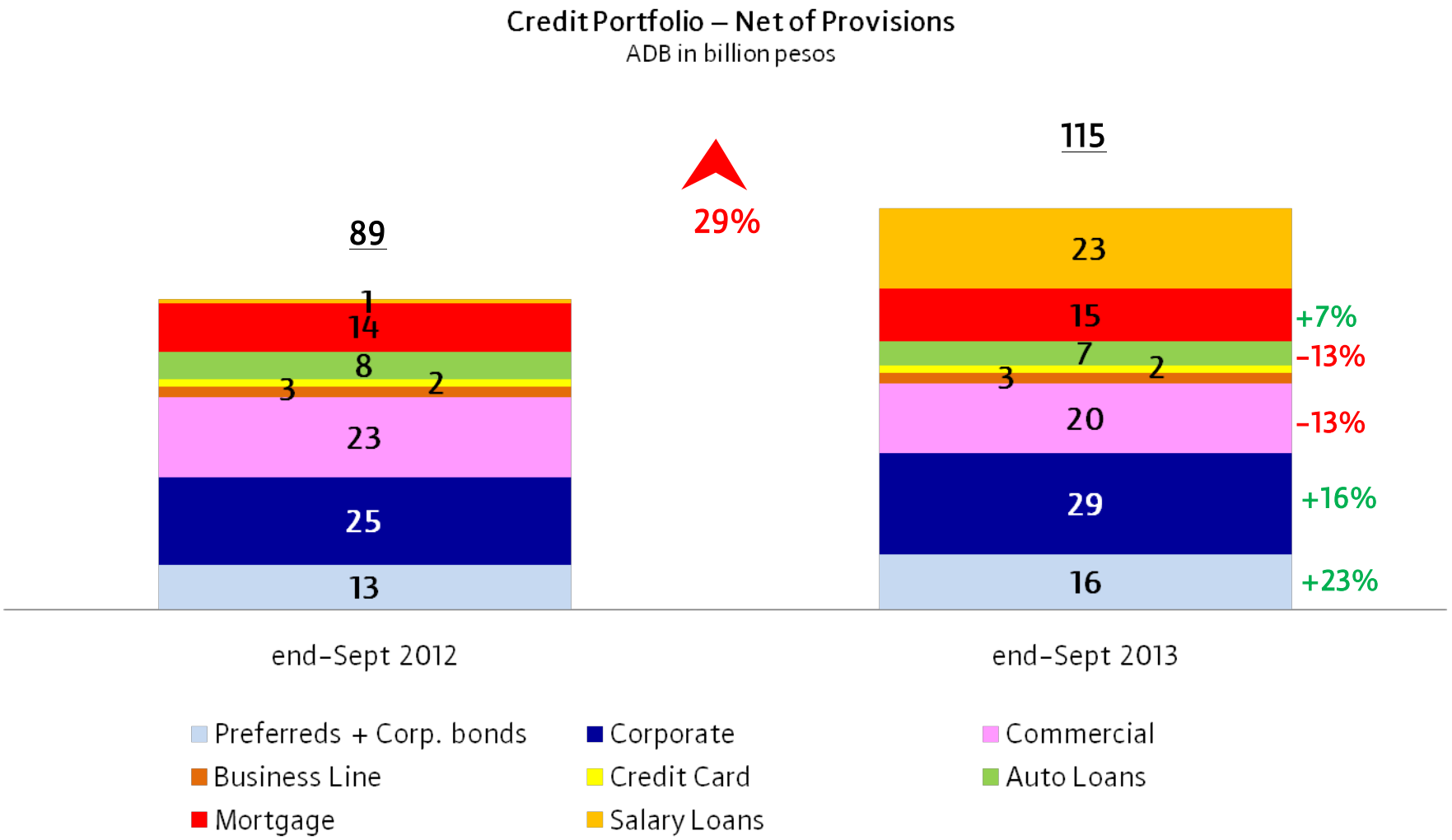


Deposit base continued to exhibit strong growth

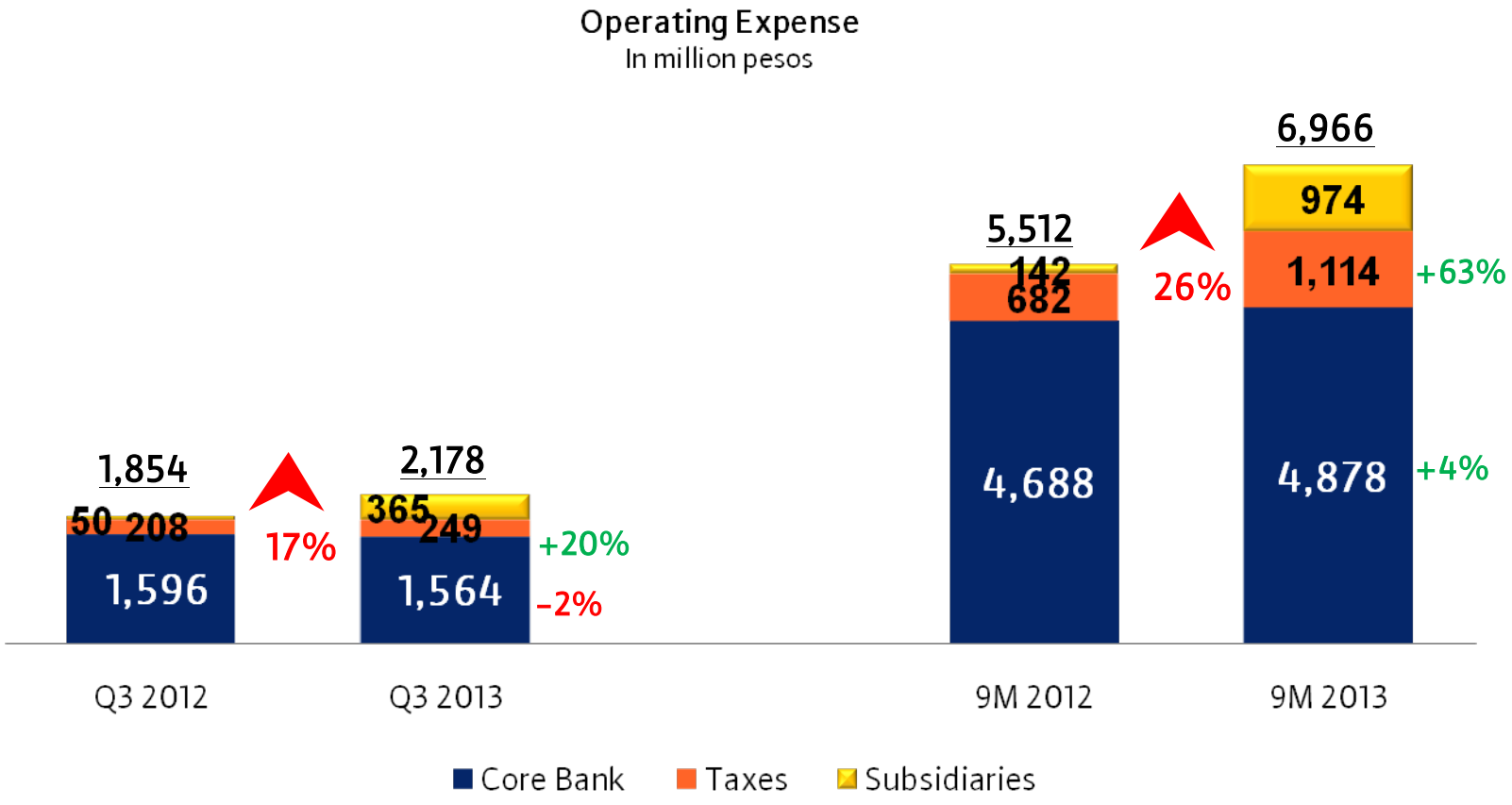




Credit portfolio posted double-digit growth led by robust expansion in retail loans

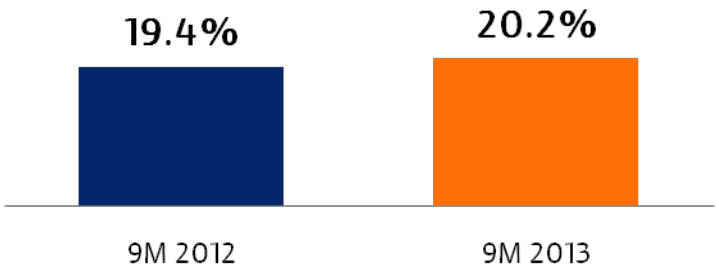


Operating expenses rose on tax-related expenses and consolidation of CitySavings

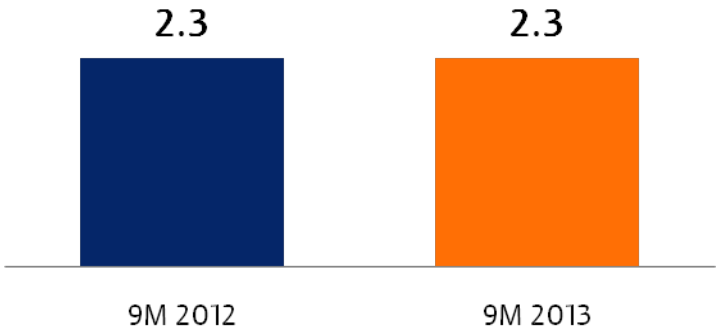


Key financial ratios maintained at high levels

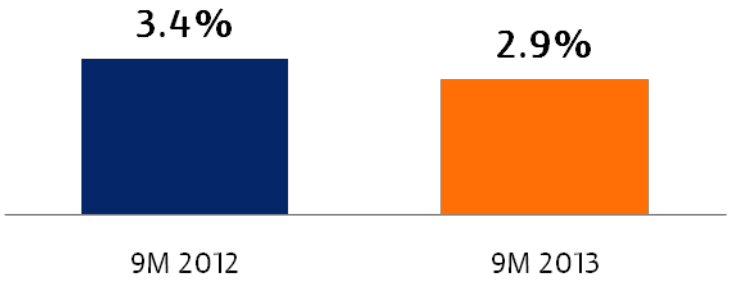
Return on Equity



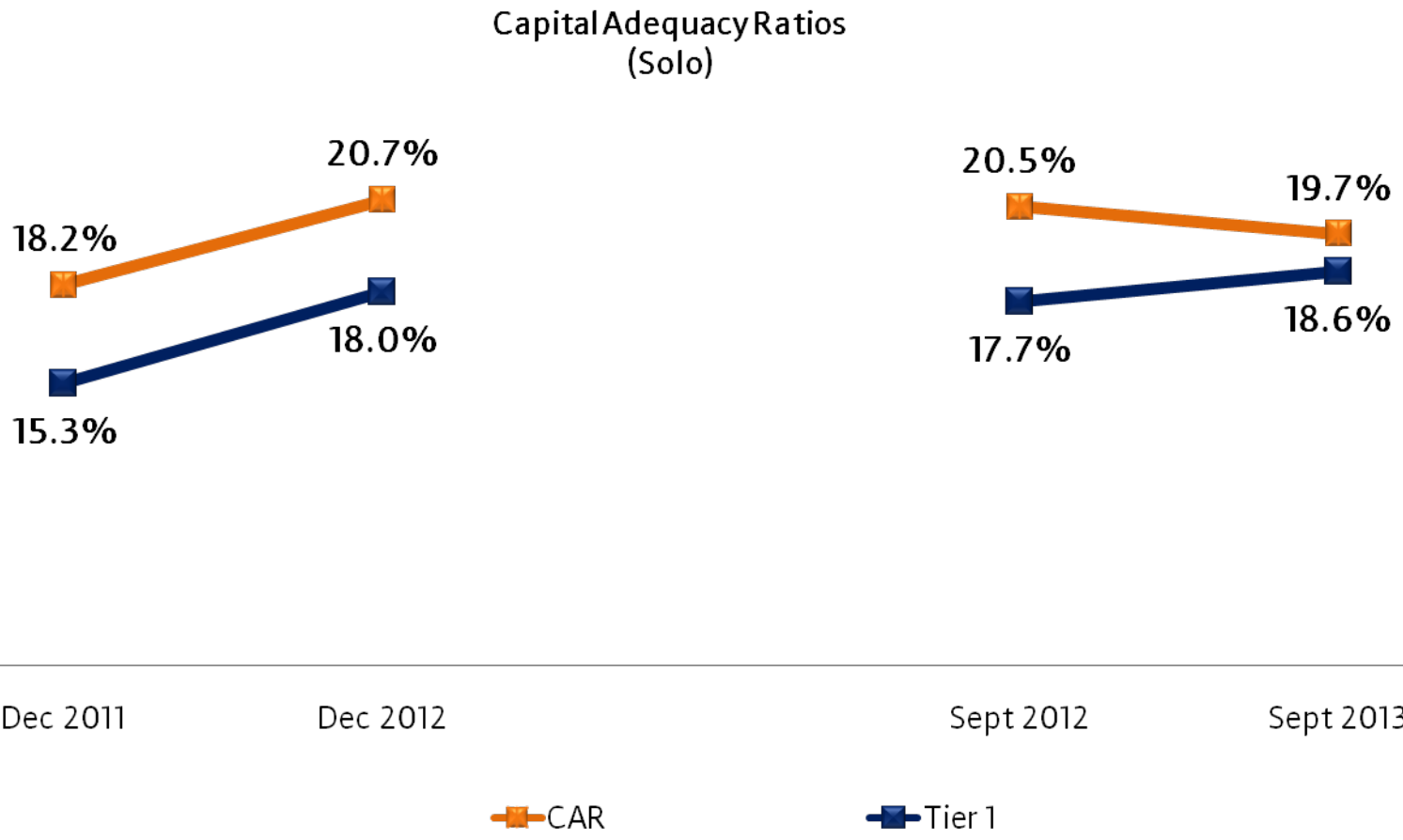
Revenue to Expense



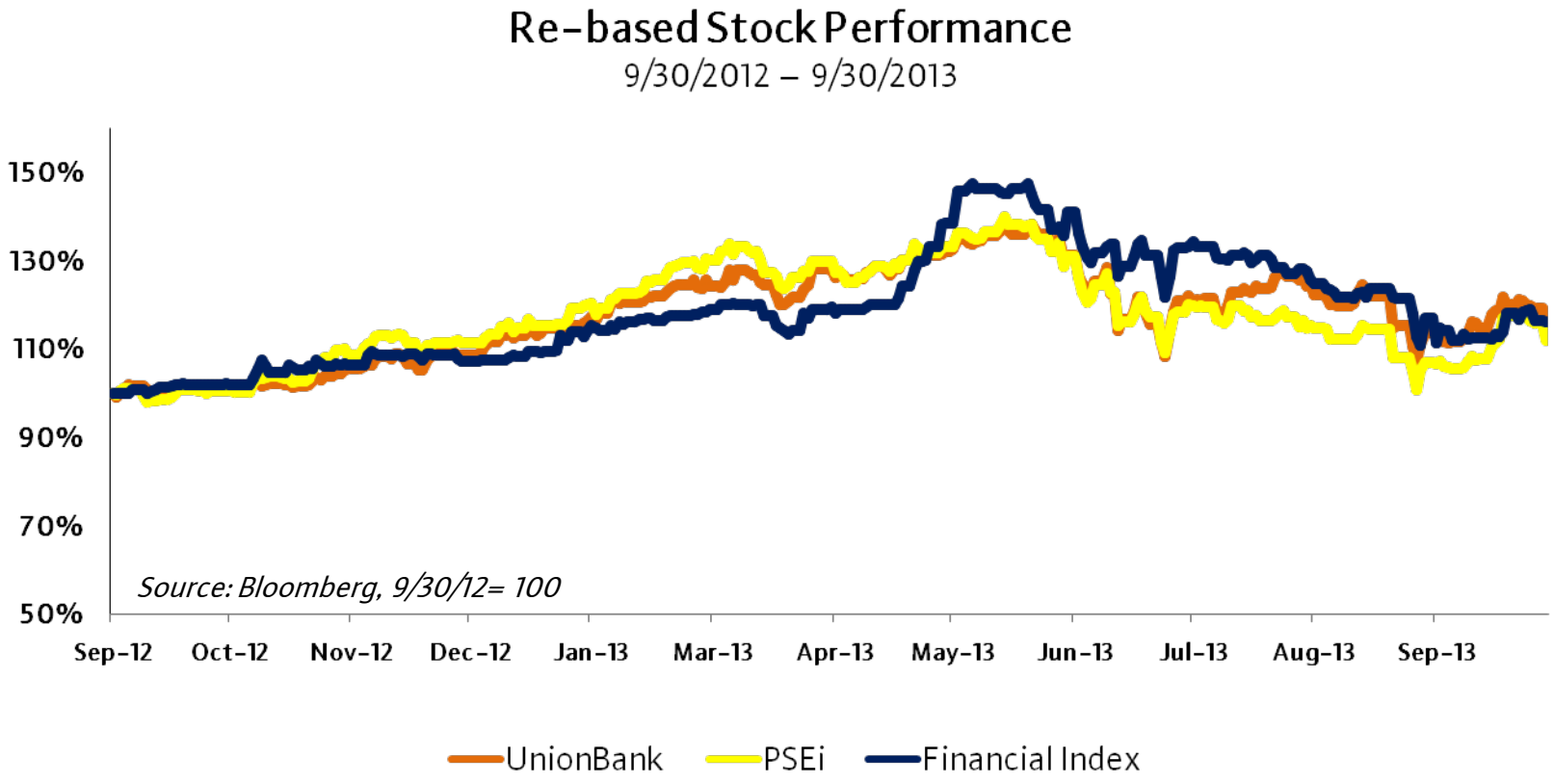
Return on Average Asset



Capital ratios remained healthy and supportive of growth



UBP stock performed at par with the stock market and slightly better than the financial index



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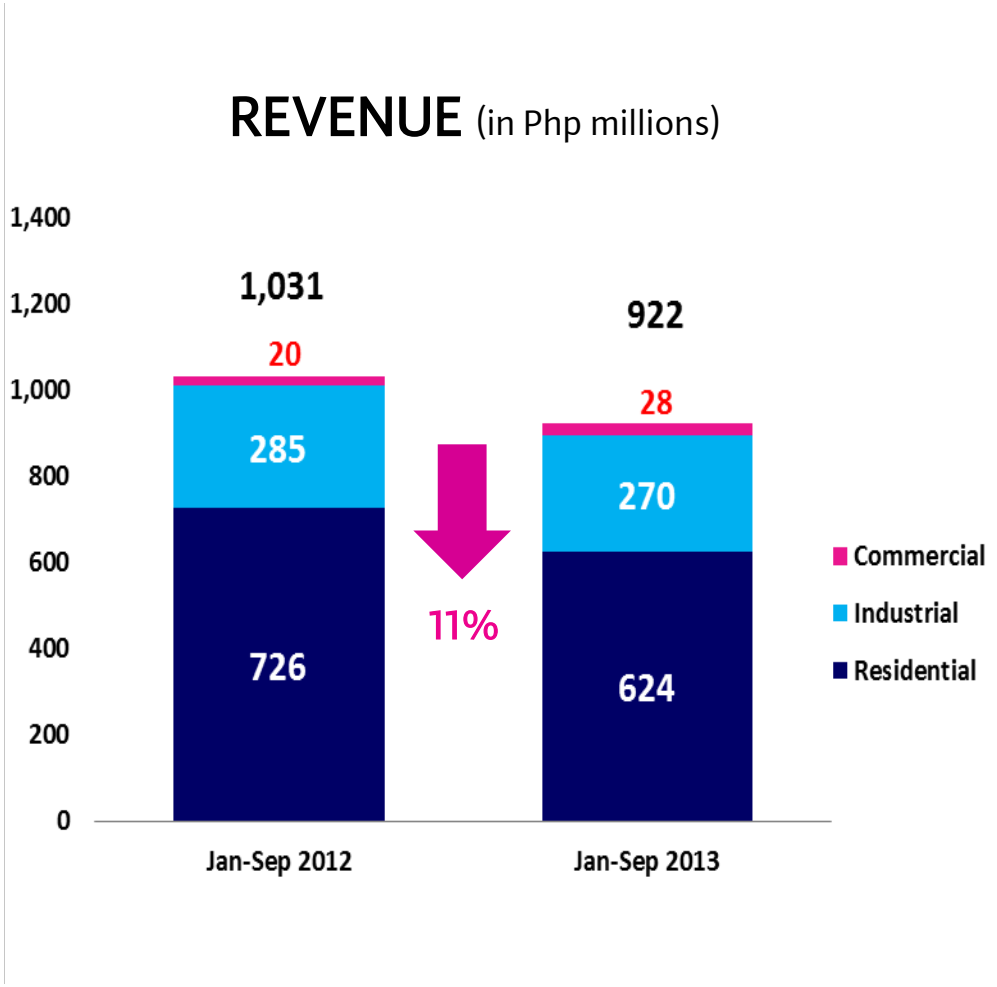
FINANCIAL HIGHLIGHTS

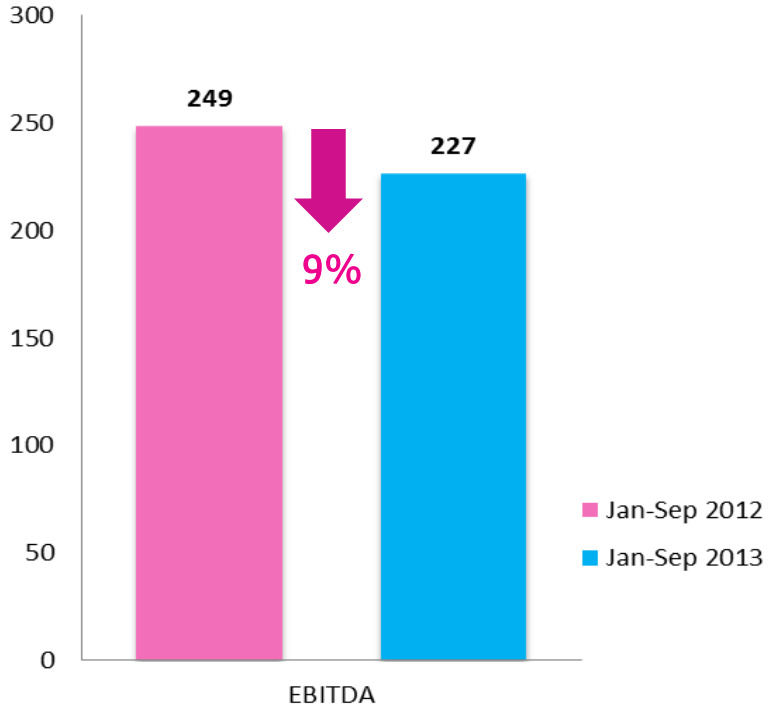
Revenue dropped as new sales came from newly launched projects



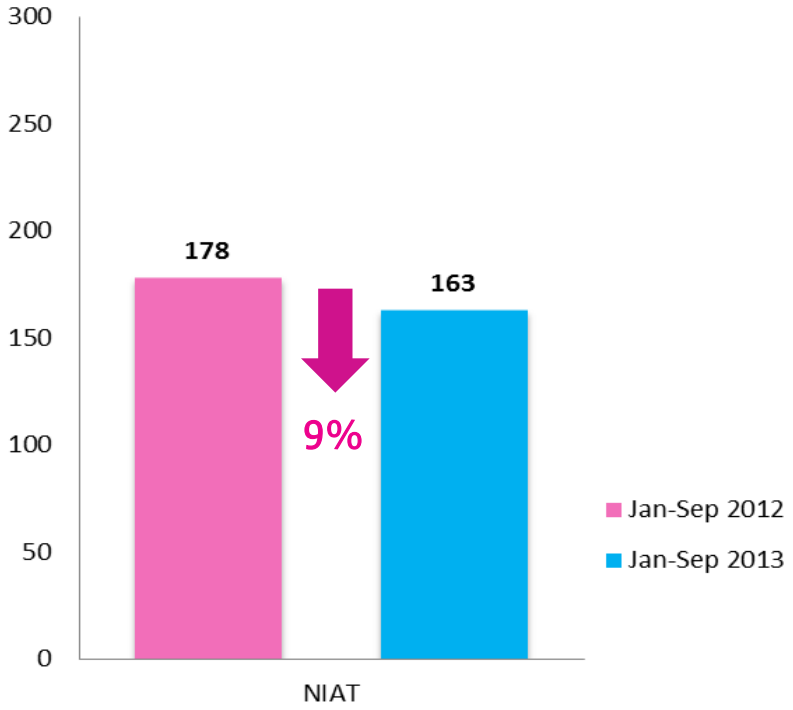
FINANCIAL HIGHLIGHTS

Decline in EBITDA and NIAT due to lower revenues

EBITDA (in Php millions)

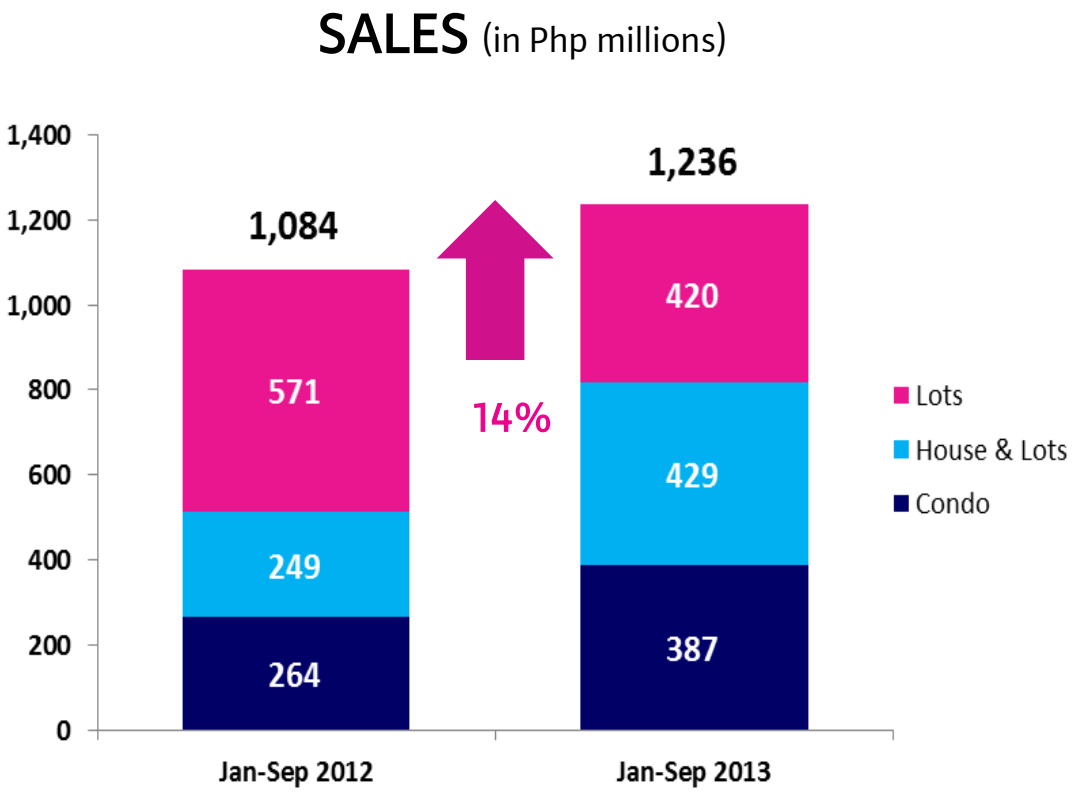


NIAT (in Php millions)



FINANCIAL HIGHLIGHTS

Sales growth driven by The Persimmon Studios and launch of 2 new residential projects: Priveya Hills 2 and Almiya



CAPITAL EXPENDITURE

AboitizLand to exceed its target CAPEX of P1 billion

- Land acquisition initiatives
- Priveya Hills Phase 1 and 2
- Persimmon Studios
- Ajoya

RESIDENTIAL

PRIVEYA HILLS

Phase 2 launched in April

High-end lot-only subdivision

ALMIYA made for Life

Phase 1 launched in June

House & Lot ; mid-market

THE PERSIMMON STUDIOS

Construction contract awarded in October

Building construction to commence in November

COMMERCIAL

Opening of The Outlets slated for Dec 2013

GROWTH INITIATIVES

Lima Land Acquisition

Acquired 60% of Lima Land in Oct

PPP: Cala-X

Partnered with Ayala Infrastructure and Macquarie Infrastructure for Cala-X project

Pre-qualification documents submitted

PPP: Mactan Airport

Mactan International Airport bid submission : Nov 15, 2013

50-50 JV with Ayala Land Inc. to develop strategic properties

Working on details of the agreement

Assessing properties for consideration

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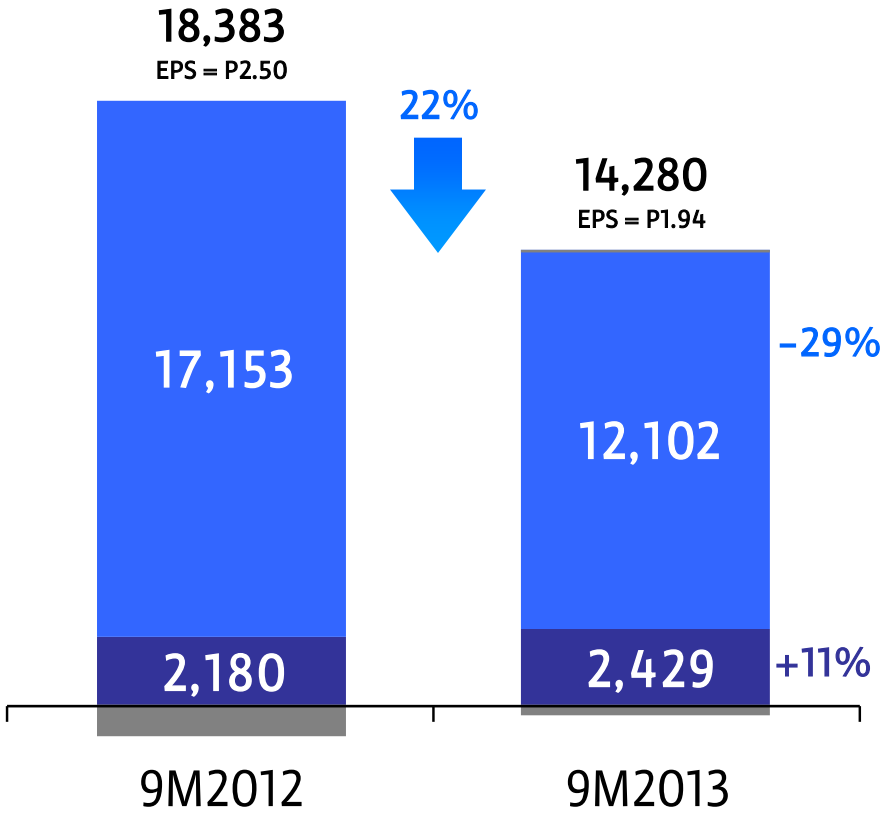
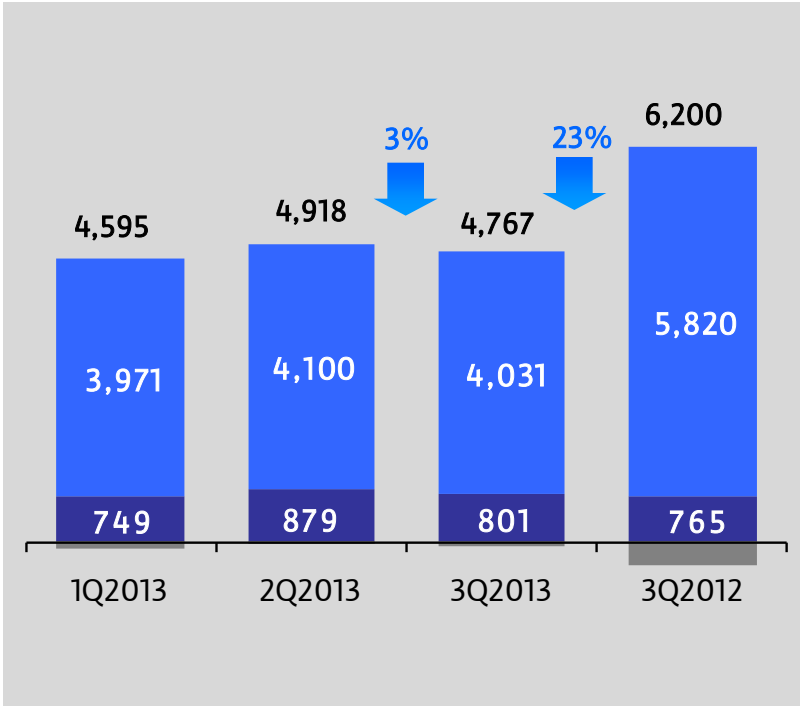
NET INCOME (in million pesos)





Distribution Generation AP Parent & Others

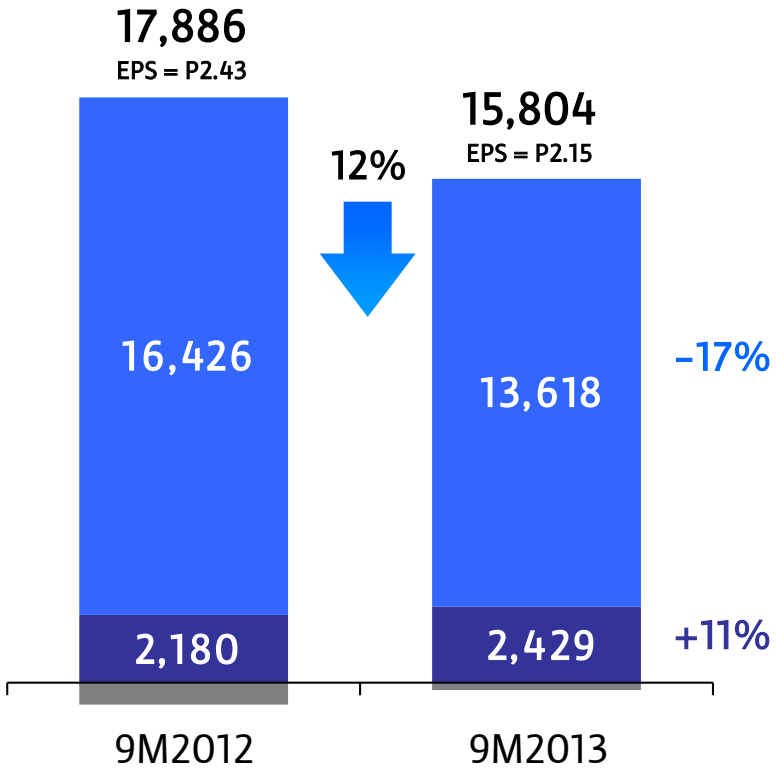
CORE NET INCOME (in million pesos)

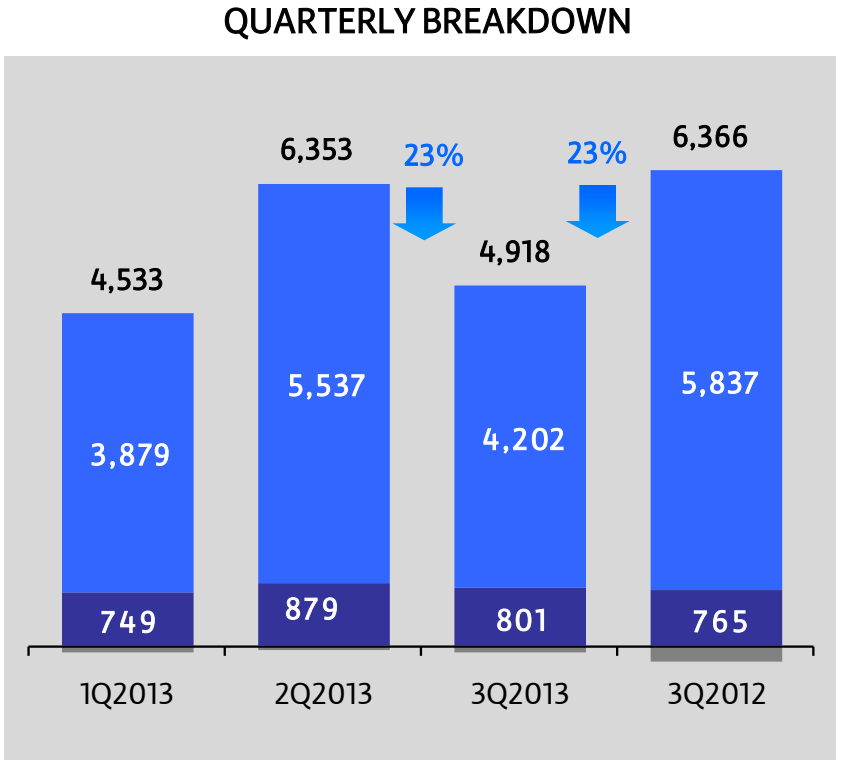
Non-Recurring Items

	9M2012	9M2013
FX gains/(loss) – Parent	(62)	22
Debt prepayment costs	(181)	(93)
FX gains/(loss) – Generation	1,227	(1,458)
TMI Revenue Adjustment	(263)	5
Gain on redemption	14	
Fuel cost adjustment	(238)	
	497	(1,524)

Non-Recurring Items

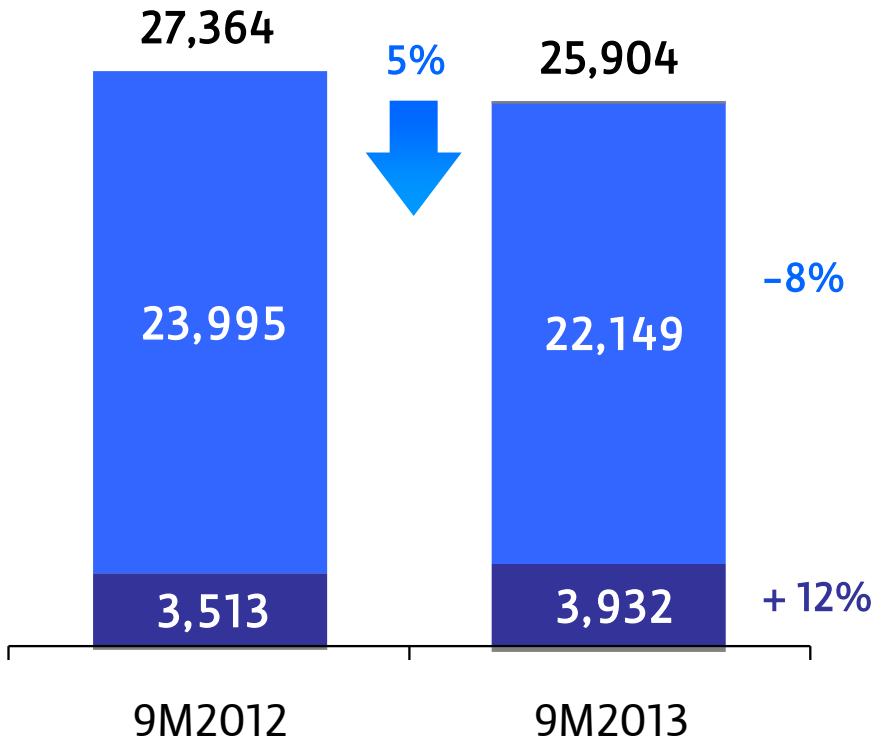
	1Q2013	2Q2013	3Q2013	3Q2012
FX gains/(loss)	154	(1,435)	(156)	220
Gain on redemption			5	
TMI Revenue Adjustment				(263)
Debt prepayment costs	(93)			(122)
	62	(1,435)	(151)	(165)





Distribution Generation AP Parent & Others

BENEFICIAL EBITDA (in million pesos)



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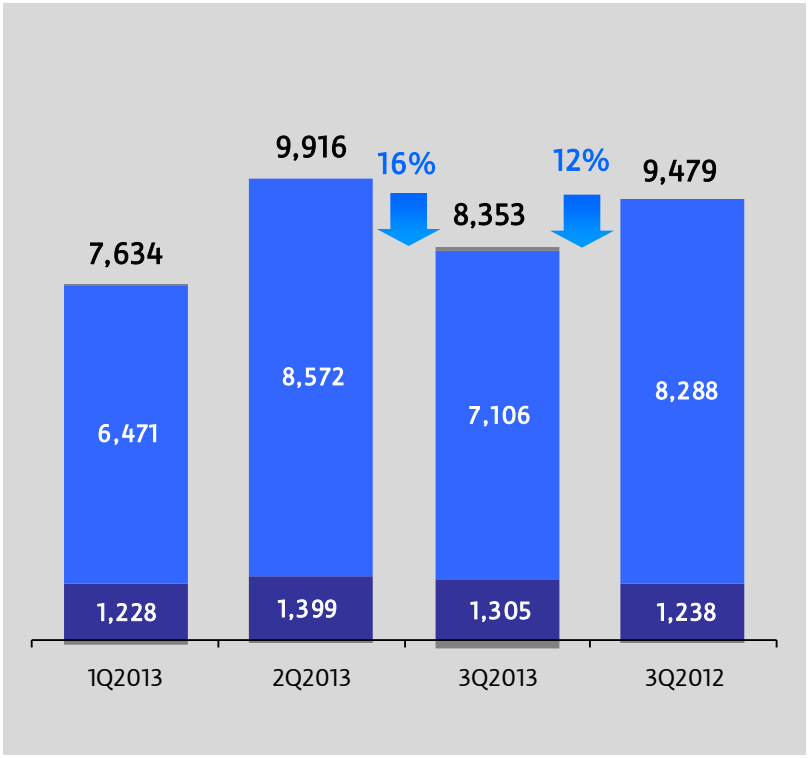
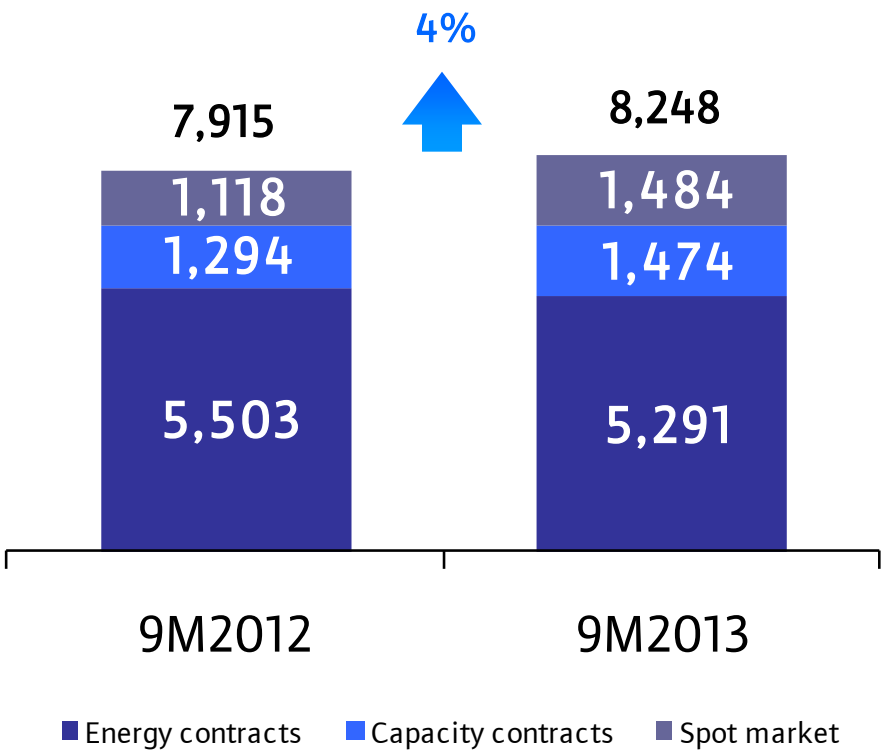


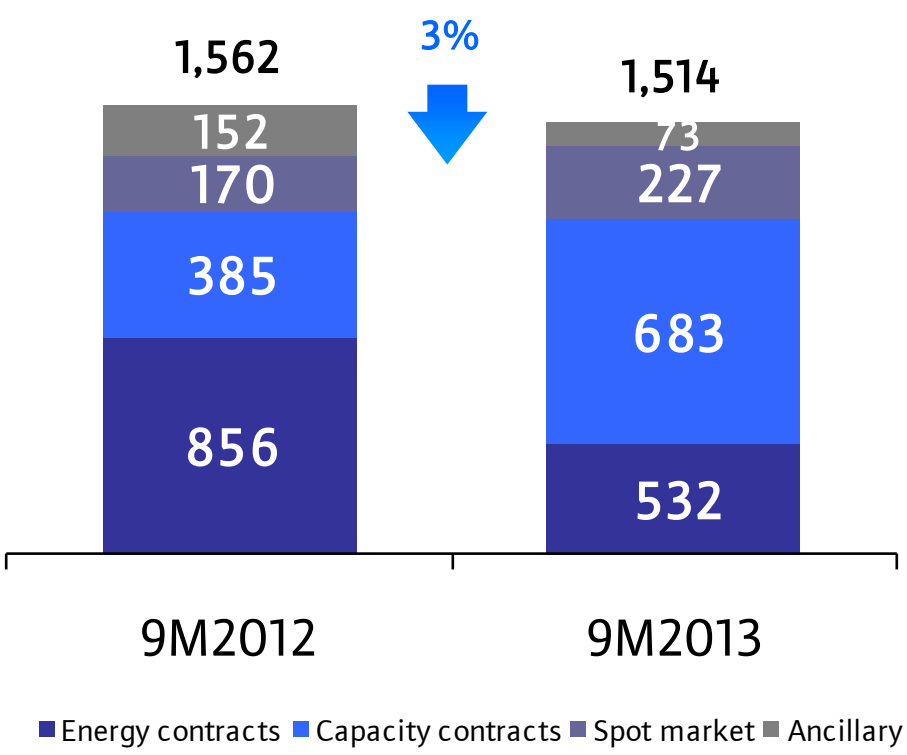
Distribution Generation AP Parent & Others

OPERATING HIGHLIGHTS: GENERATION

ENERGY SALES BREAKDOWN (GWh)



CAPACITY SALES BREAKDOWN (MW)



P/kWh	9M2012	9M2013
Bilateral	5.23	4.73
Spot Market	5.89	4.54

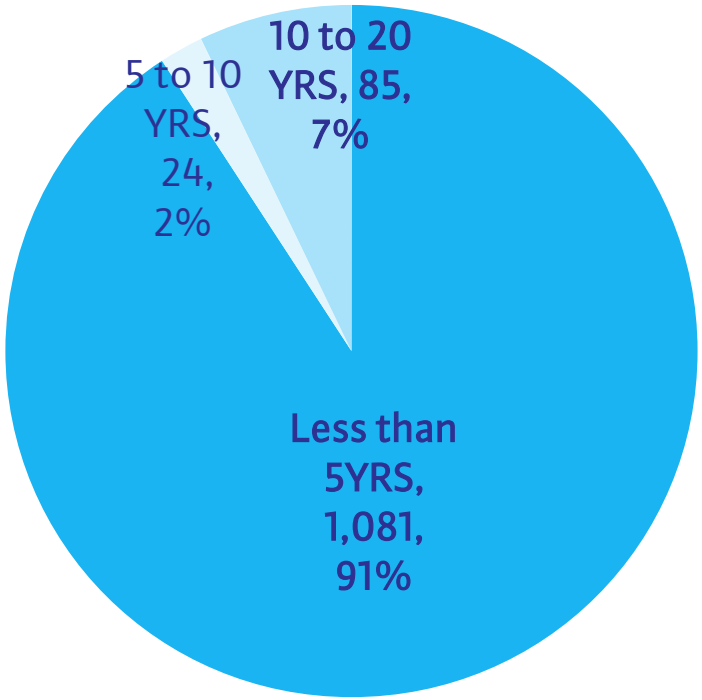
Open Access – Market Profile

- In September 2012, the ERC declared the start of Open Access on December 26, 2012..
- Commercial transactions under an interim development system have been implemented starting June 26, 2013.
- Contracts range from 3 to 10 years.

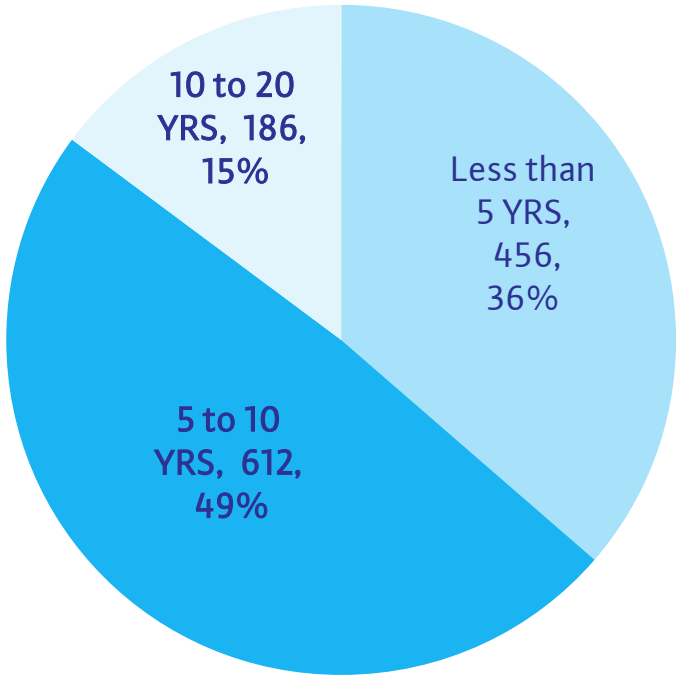
	CUSTOMERS NUMBER		DEMAND MW	
TOTAL CONTESTABLE MARKET	817		1,500	
CONTRACTED CONTESTABLE CUSTOMERS	233	*29%*	772	*51%*
AP CONTRACTED CONTESTABLE CUSTOMERS	49	*21%*	279	*36%*

APC Portfolio Contracts – Tenors

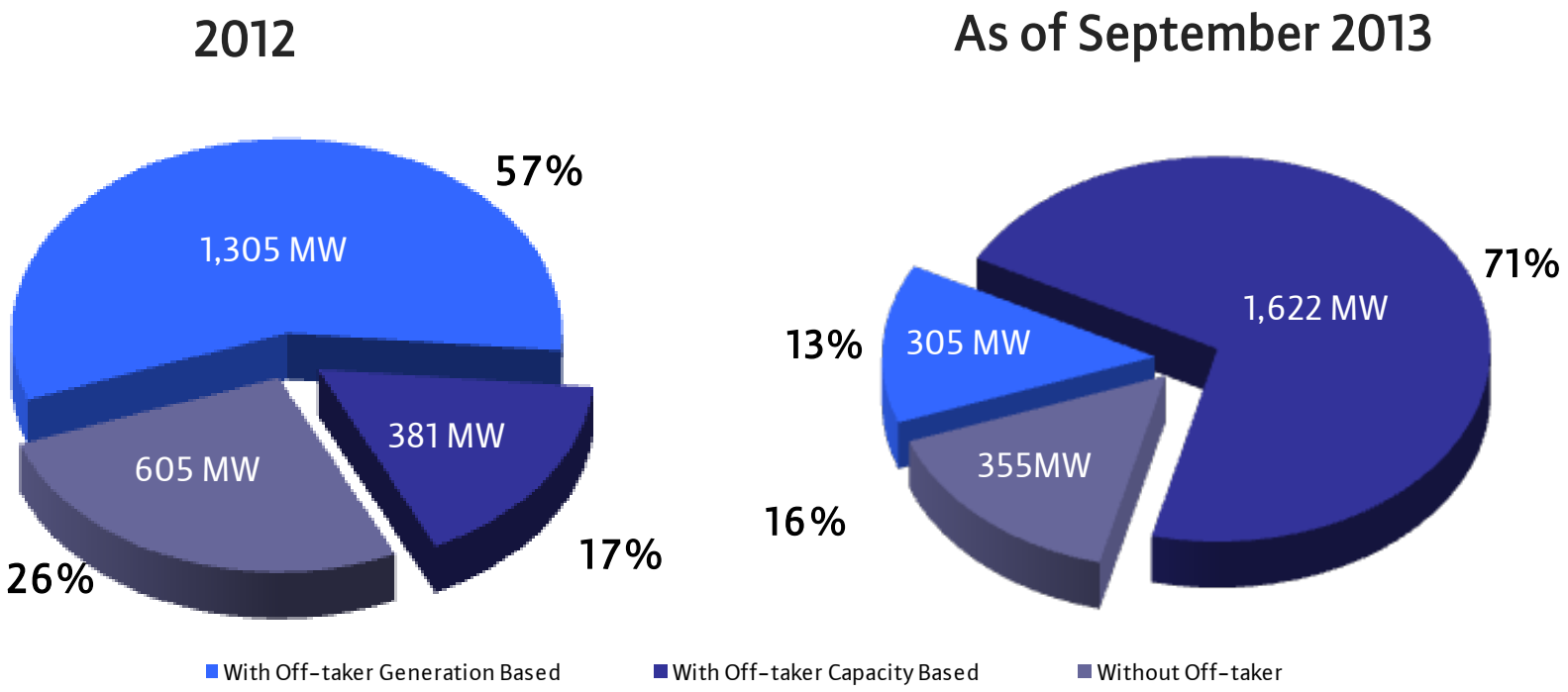
All Contracts (As of End of 2011)



All Contracts (As of September 2013)



OPERATING HIGHLIGHTS: GENERATION



Notes:

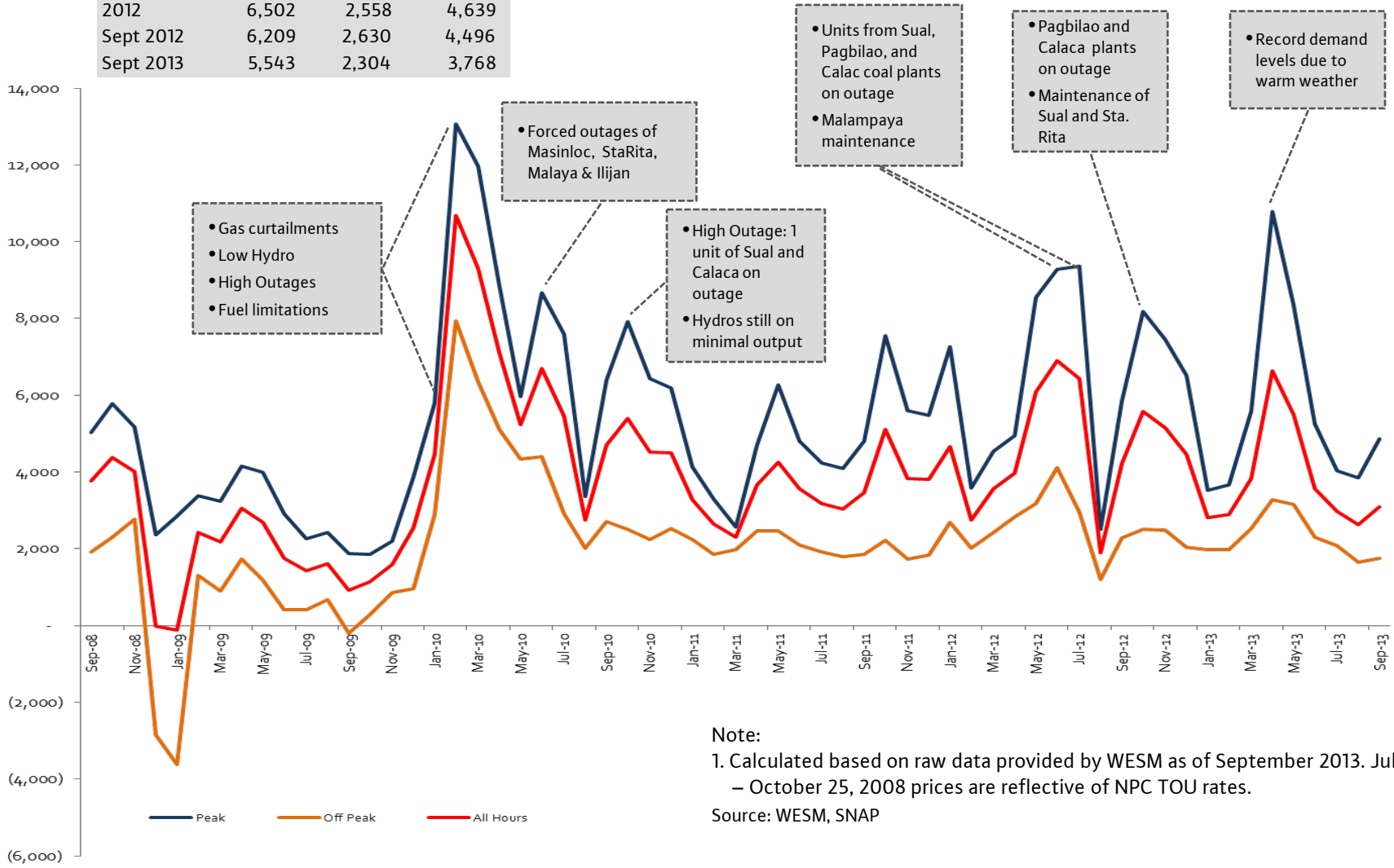
- 225 MW under capacity-based contracts, which represents the recently-signed contract of Therma Mobile with Meralco, is still subject to ERC approval
- With Off-taker Capacity Based includes 90 MW of firm ancillary offers under the new ASPAs for Magat and Pagbilao
- Includes diversity equivalent to 94 MW
- Open access contracts implemented – 259 MW

Bulk of the Power Supply Agreements are now under capacity-based contracts

OPERATING HIGHLIGHTS: 9M2013 WESM HIGHLIGHTS

WESM TIME WTD AVERAGE PRICES (P/MWh) – Luzon Grid

YTD Prices	Peak	Off Peak	All Hours
2011	4,796	2,035	3,508
2012	6,502	2,558	4,639
Sept 2012	6,209	2,630	4,496
Sept 2013	5,543	2,304	3,768

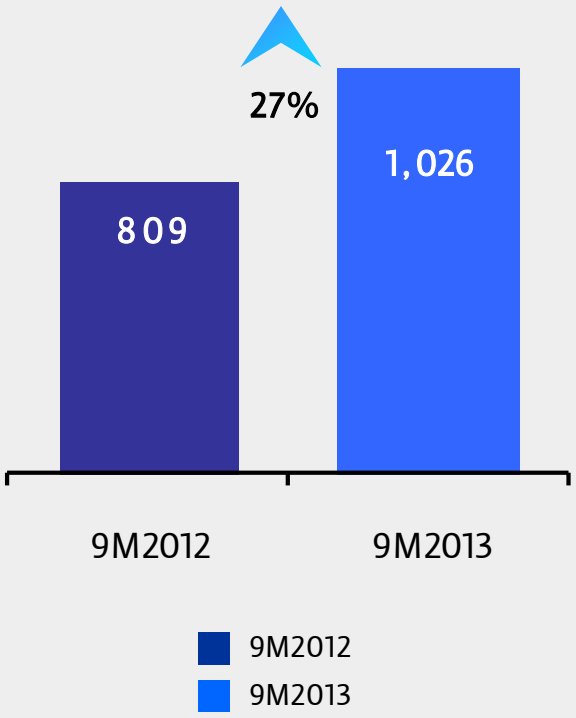


Note:
1. Calculated based on raw data provided by WESM as of September 2013. July 26 – October 25, 2008 prices are reflective of NPC TOU rates.

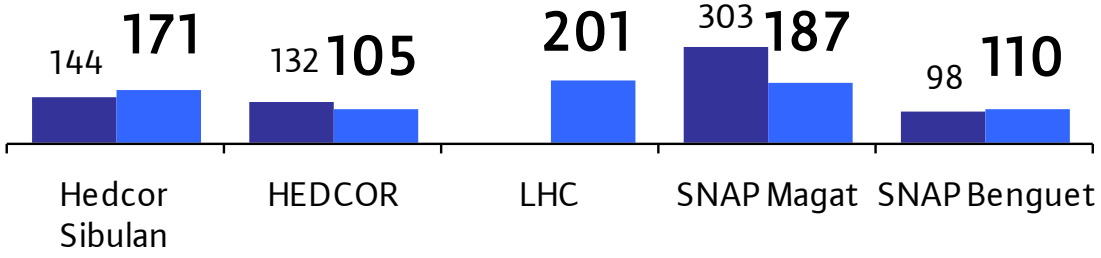
Source: WESM, SNAP

OPERATING HIGHLIGHTS: HYDRO

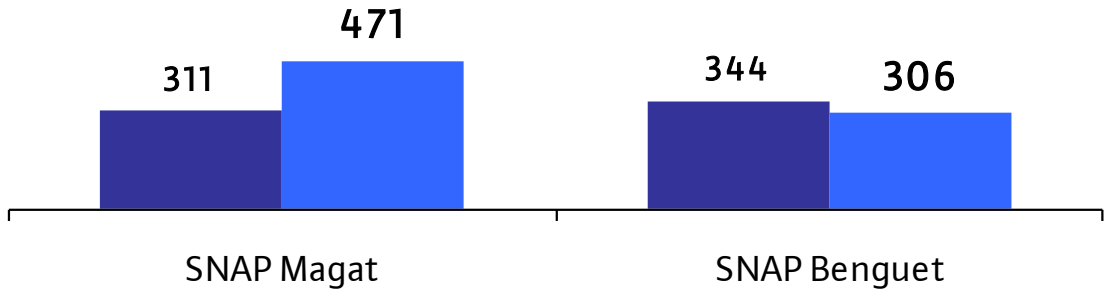
ATTRIBUTABLE ENERGY SALES (GWh)



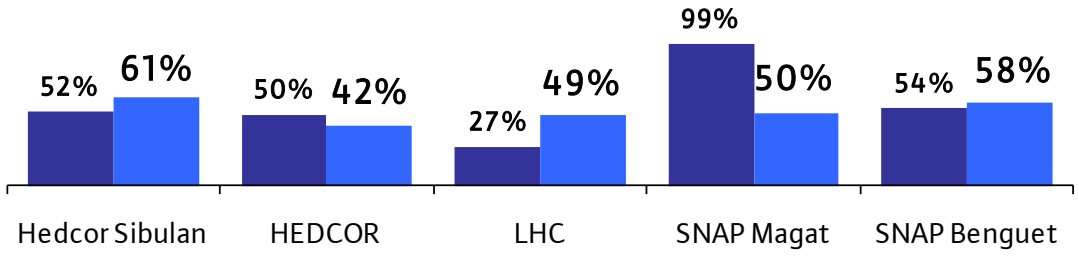
CONTRACTED ENERGY (GWh), at 100%



SPOT MARKET (GWh), at 100%

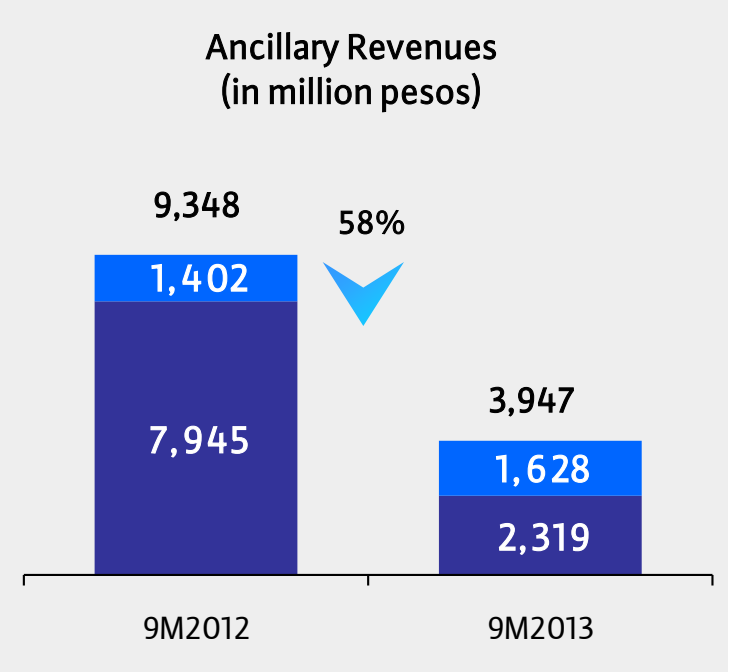


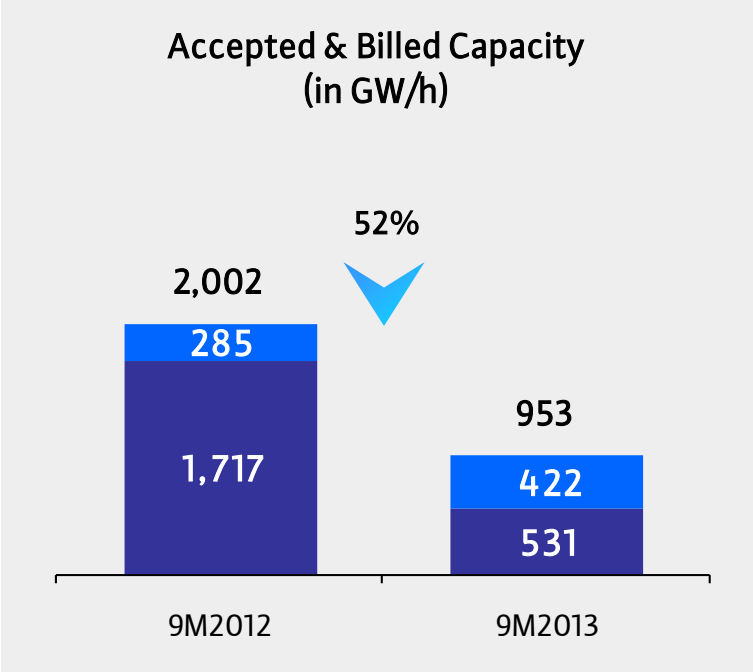
NET CAPACITY SOLD FACTOR



OPERATING HIGHLIGHTS: HYDRO

SNAP MAGAT & SNAP BENGUET ANCILLARY SERVICES
(at 100%)



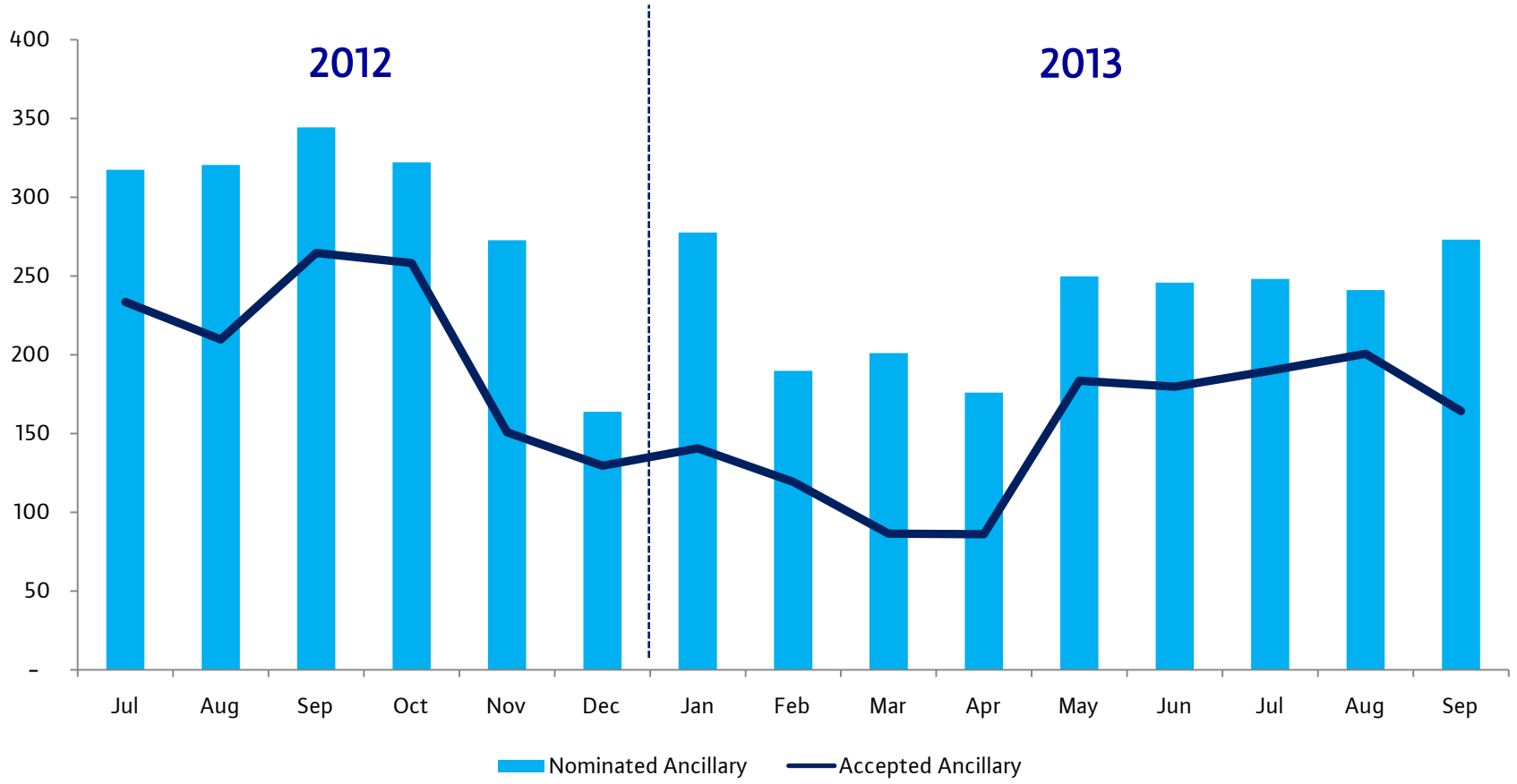


	9M2012	9M2013
P/kW/h	4.67	4.14

Operating Highlights: Hydro

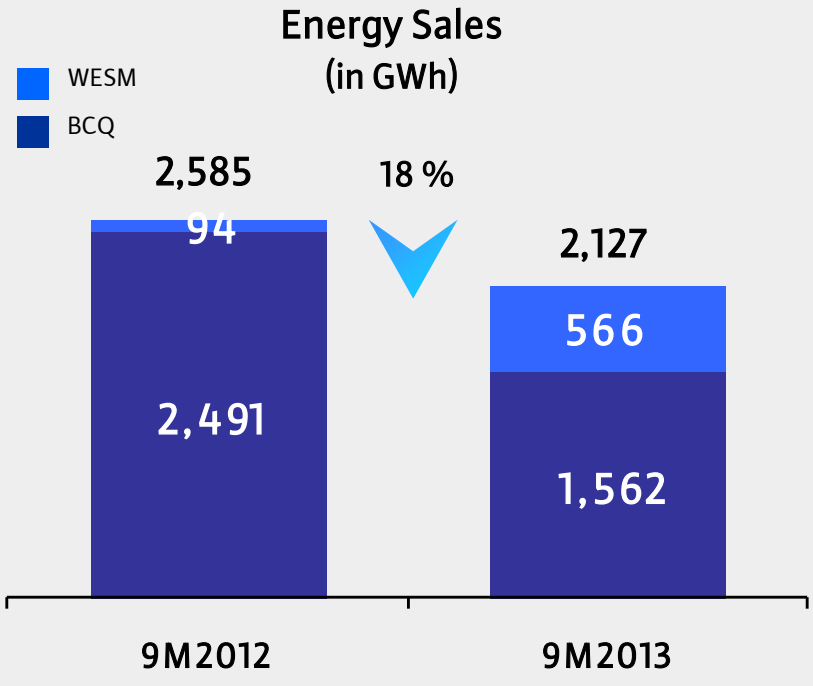
ANCILLARY SERVICES – Nomination and Acceptance

Nominated and Accepted Ancillary (GW/h)



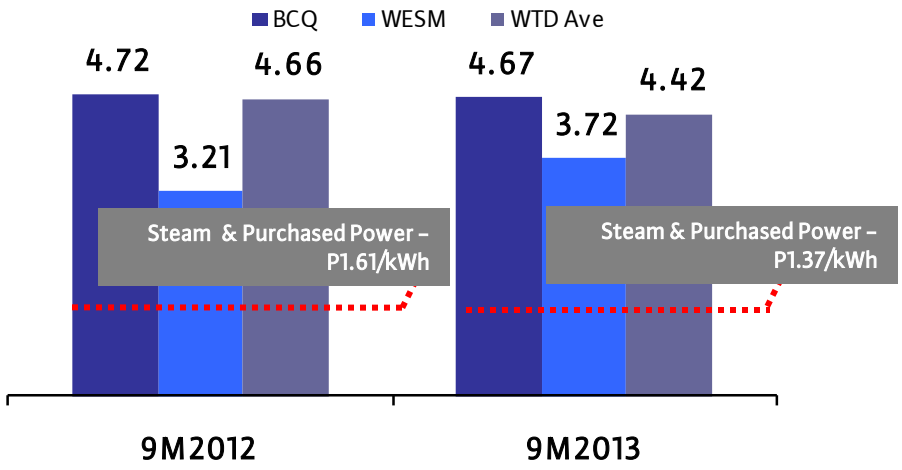
OPERATING HIGHLIGHTS: GEOTHERMAL

AP RENEWABLES (Tiwi-Makban)

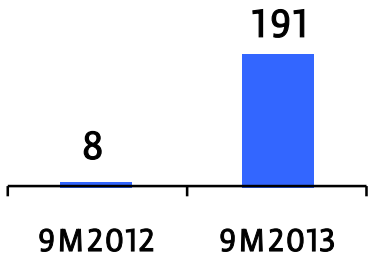


Capacity Sold Factor	85%	81%

Average Selling Prices (P/kWh)

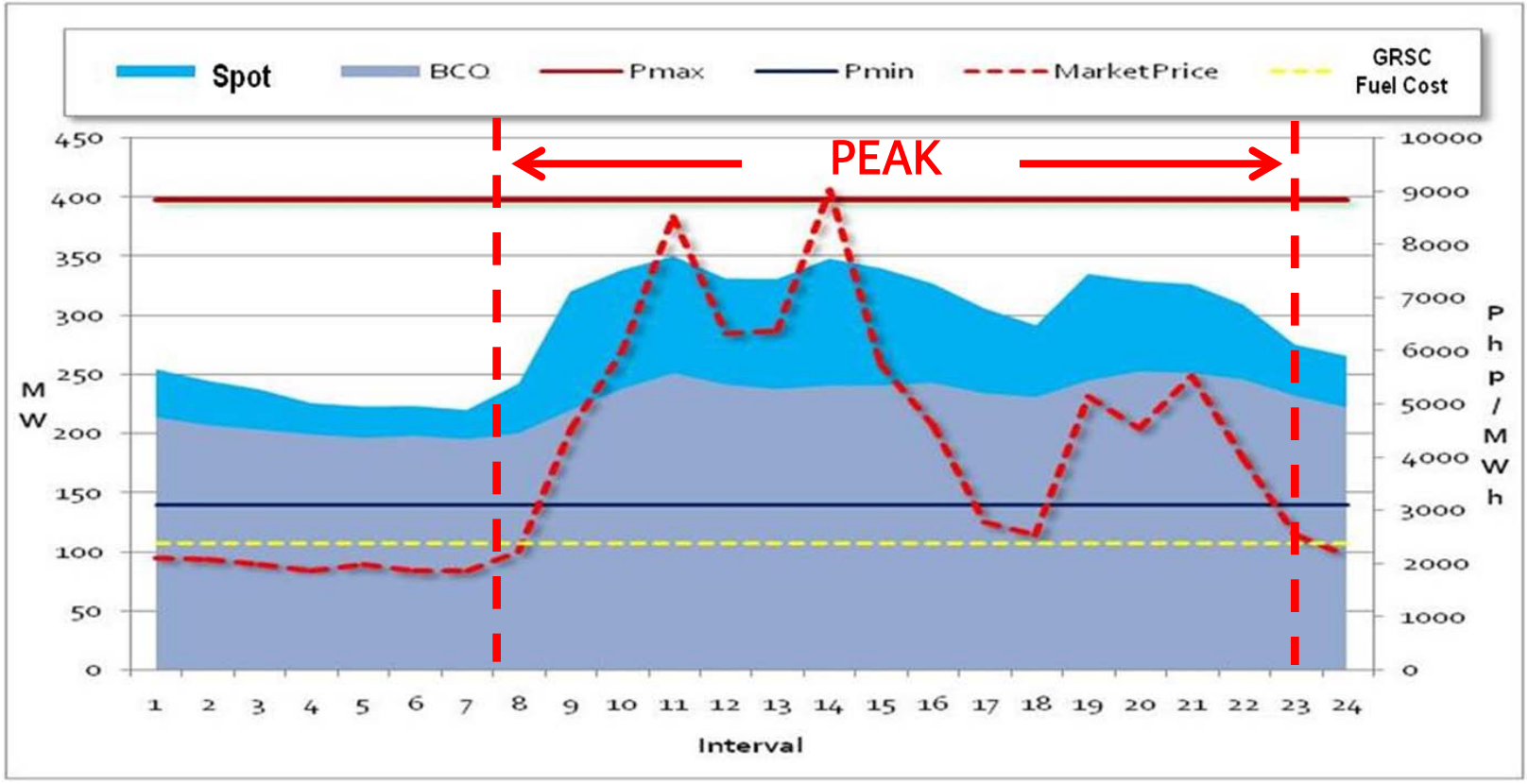


Steam Vented (GWh)



OPERATING HIGHLIGHTS: GEOTHERMAL

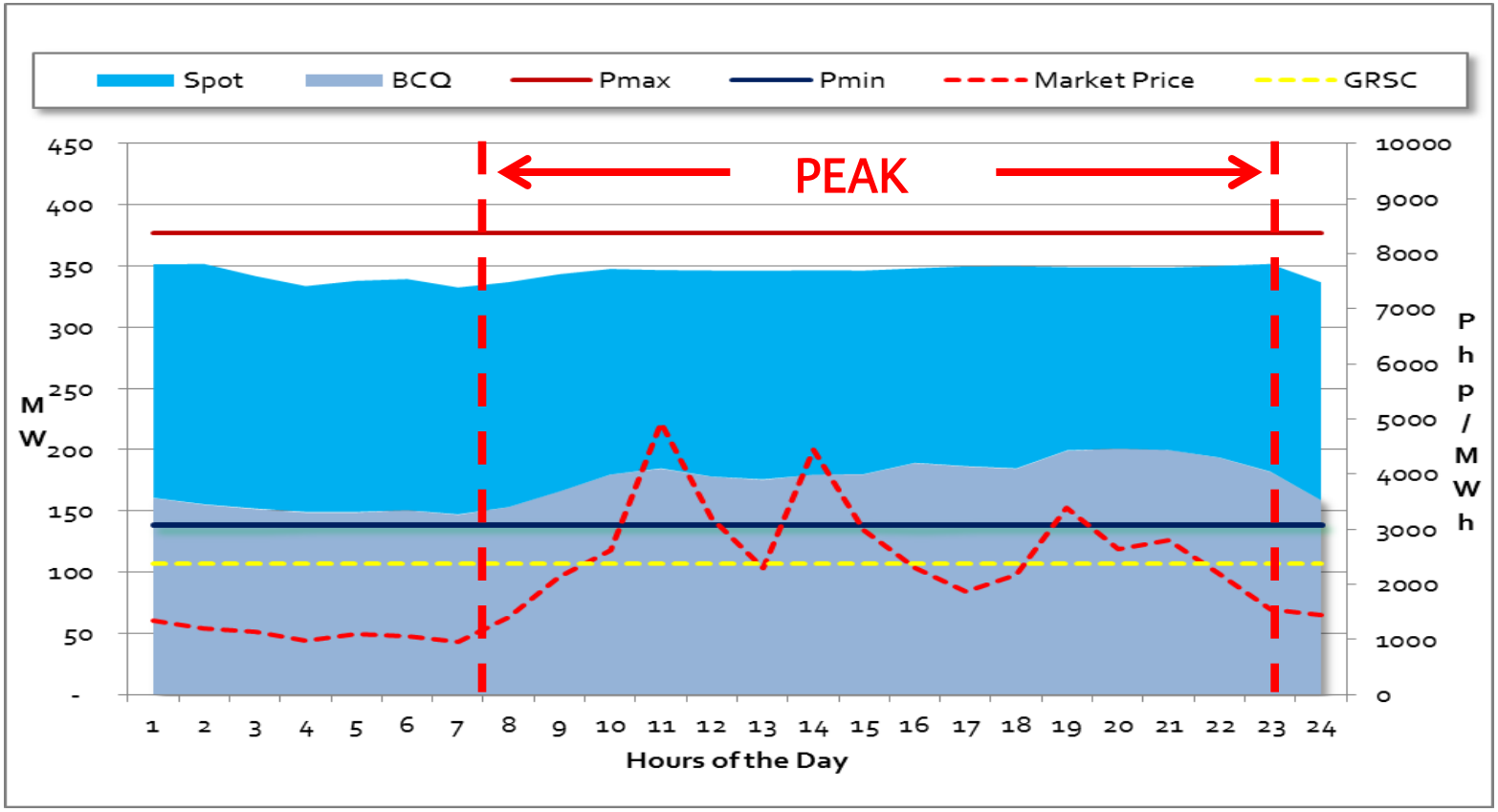
Situation under GRSC (July 2013)



- For July 2013, APRI was selling energy on a peaking profile, as shown in the graph. The rest of the capacity (total of 71 GWh) was vented.
- On average, market prices are below GRSC fuel cost during off-peak hours, which limit Spot sales opportunities.
- An interim agreement supplementing the GRSC was implemented on Aug. 14, 2013. This will result in a lower fuel cost during off-peak hours, thus allowing AP to maximize sales even during this period.

OPERATING HIGHLIGHTS: GEOTHERMAL

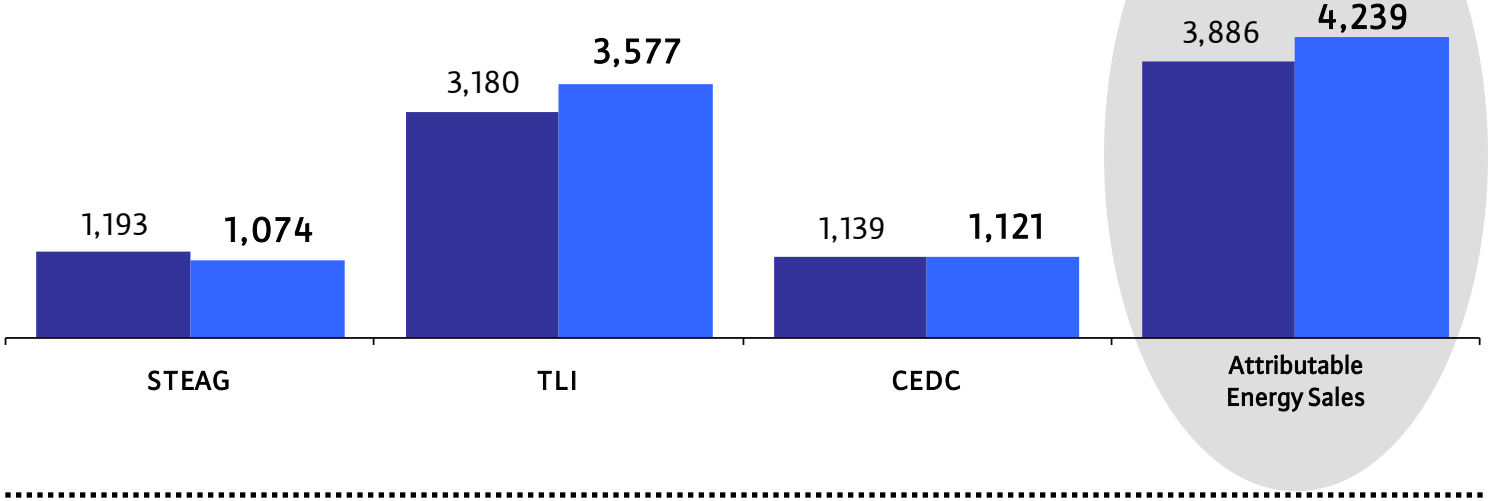
Situation under 50:50 Sharing (Effective Aug. 2013)



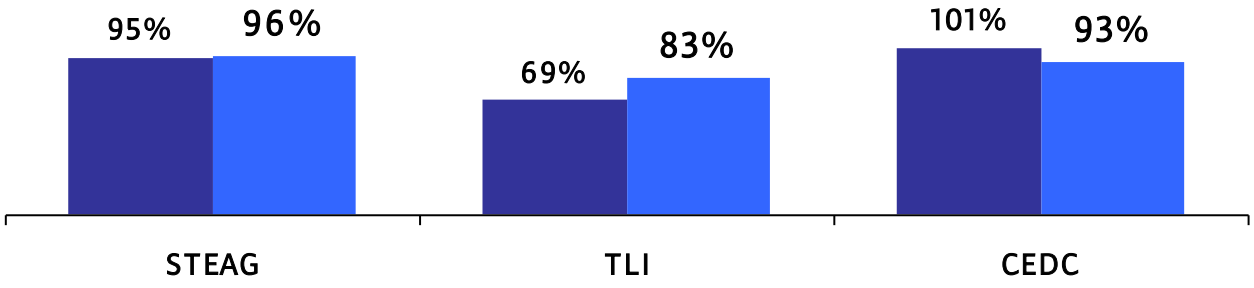
- The Interim Agreement with PGPC (formerly Chevron) proposed a revenue sharing arrangement when Market Prices are less than GRSC (fuel cost)
- Under these market conditions (WESM Price < GRSC) APRI is assured that its Fuel Cost will be 50% of its selling price to WESM
- The arrangement has a two fold effect:
  - Margin Improvement
  - Incremental sales

OPERATING HIGHLIGHTS: COAL

ENERGY SALES (GWh)

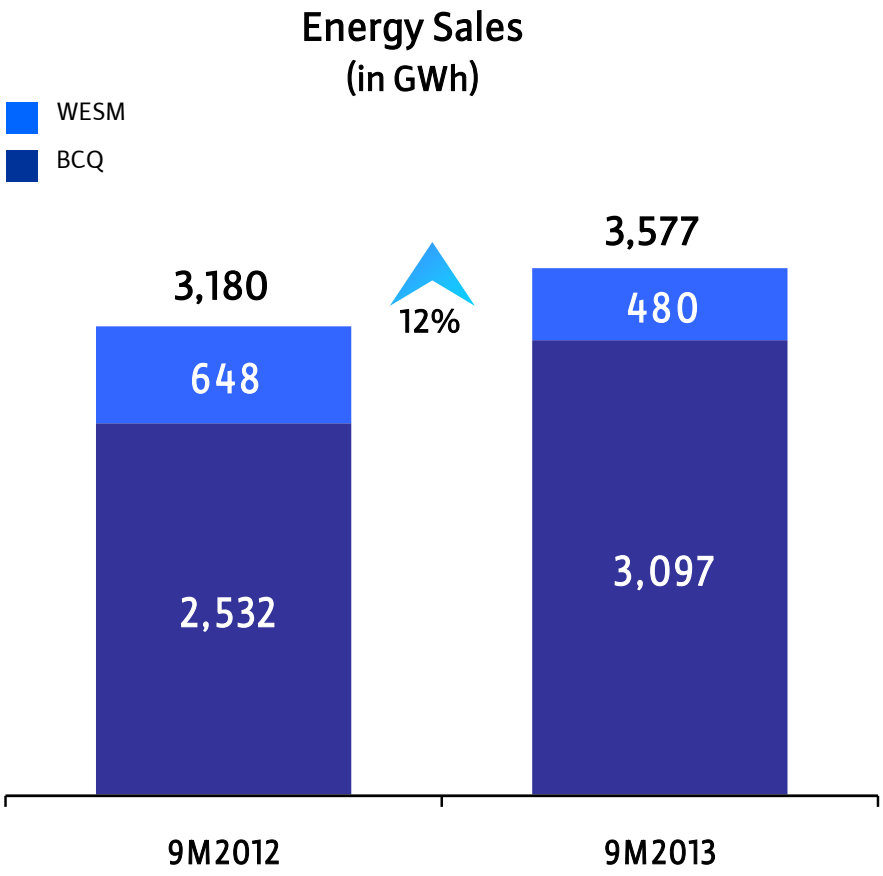


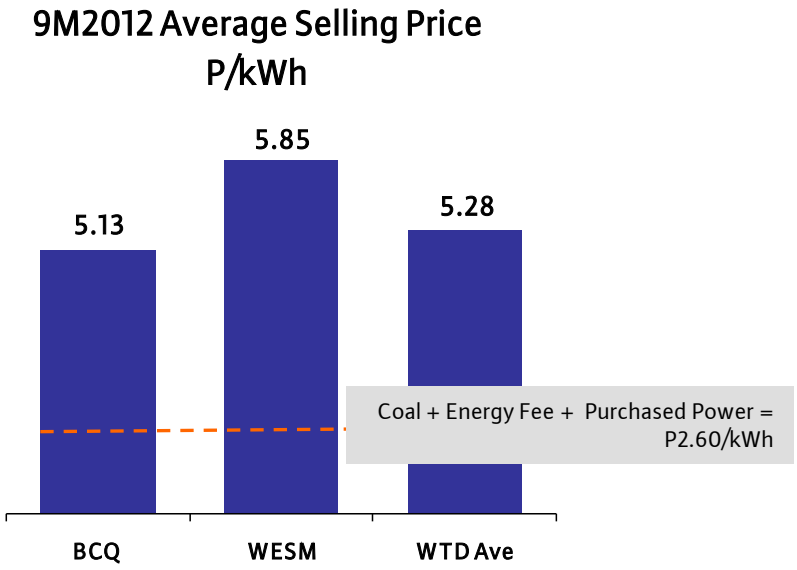
NET CAPACITY SOLD FACTOR

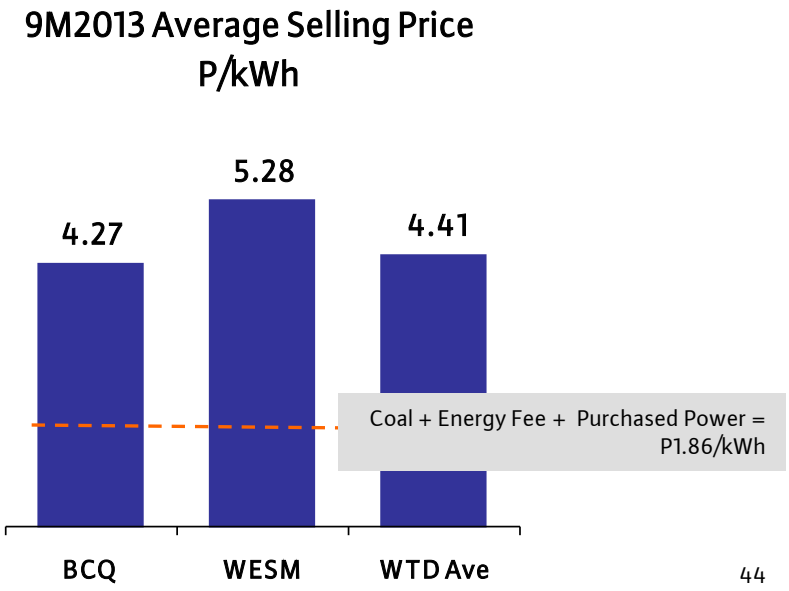


OPERATING HIGHLIGHTS: COAL

THERMA LUZON (Pagbilao)

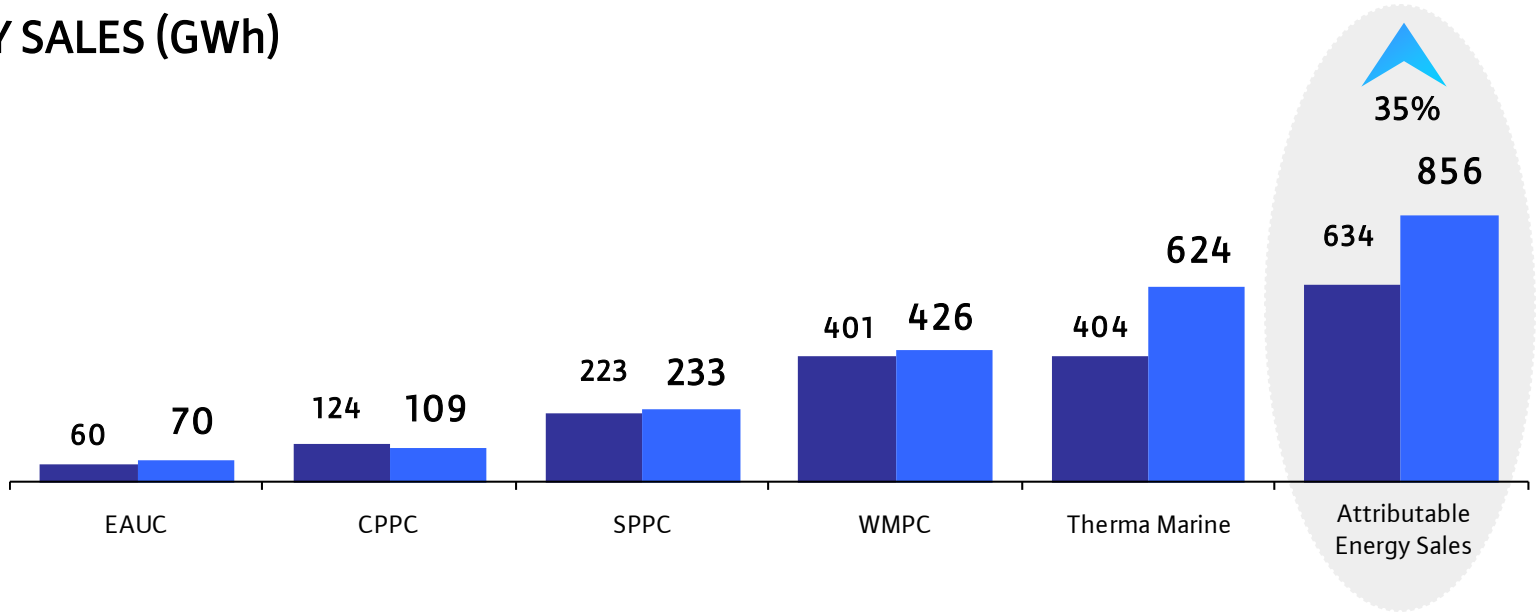




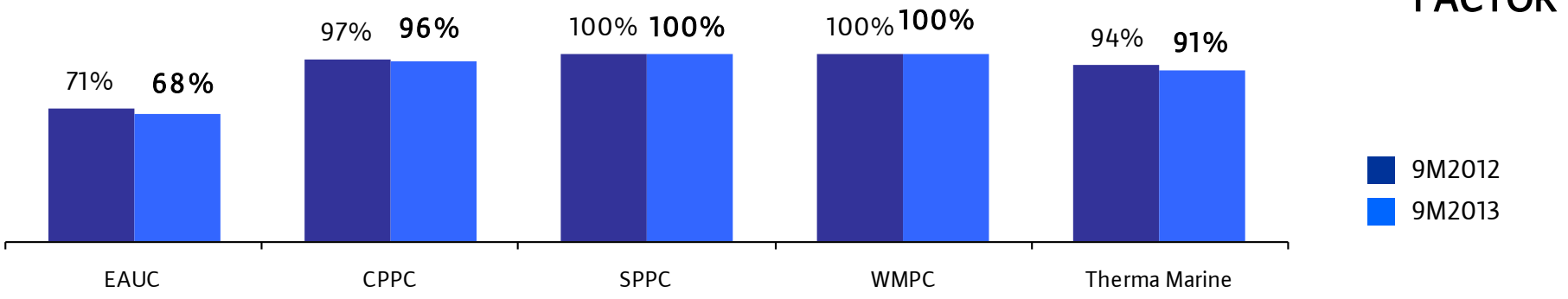


OPERATING HIGHLIGHTS: OIL

ENERGY SALES (GWh)

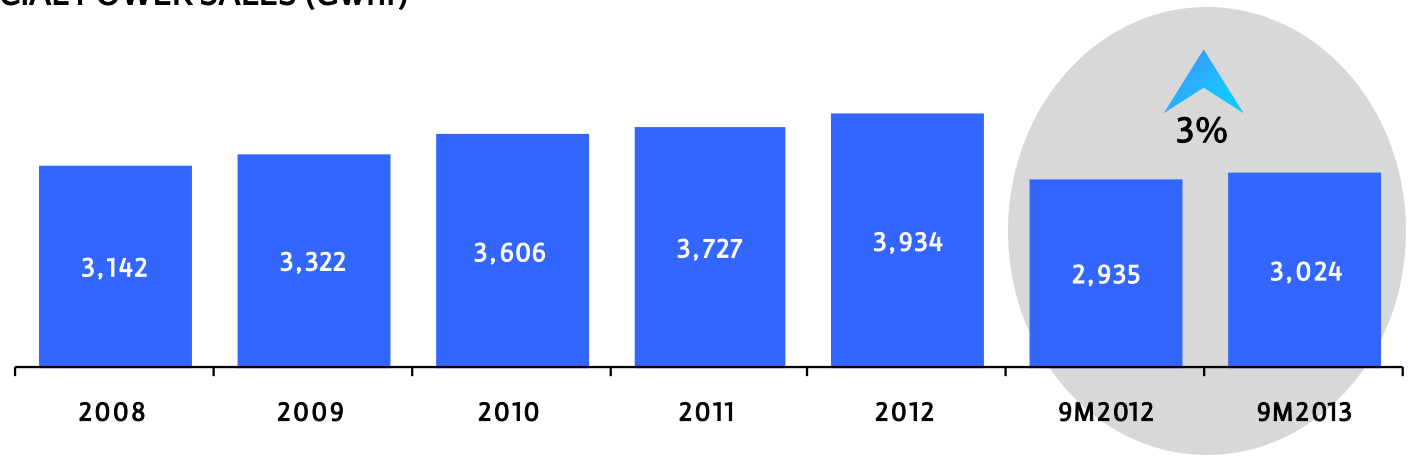


NET CAPACITY SOLD FACTOR

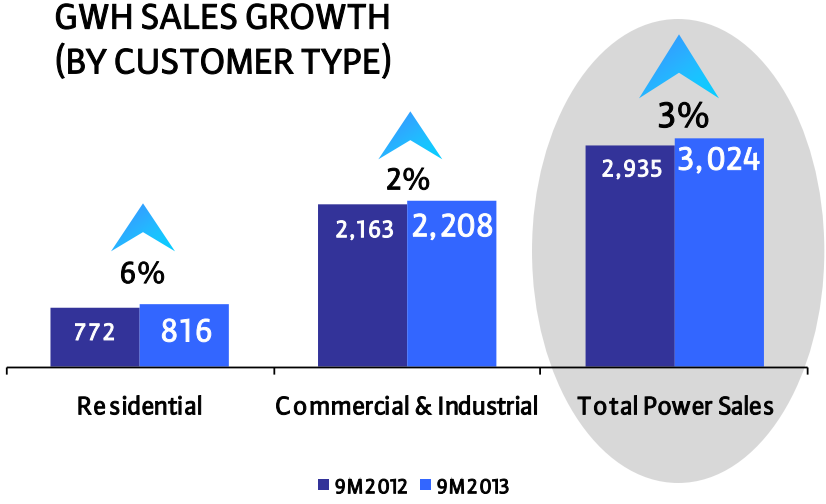


OPERATING HIGHLIGHTS: DISTRIBUTION

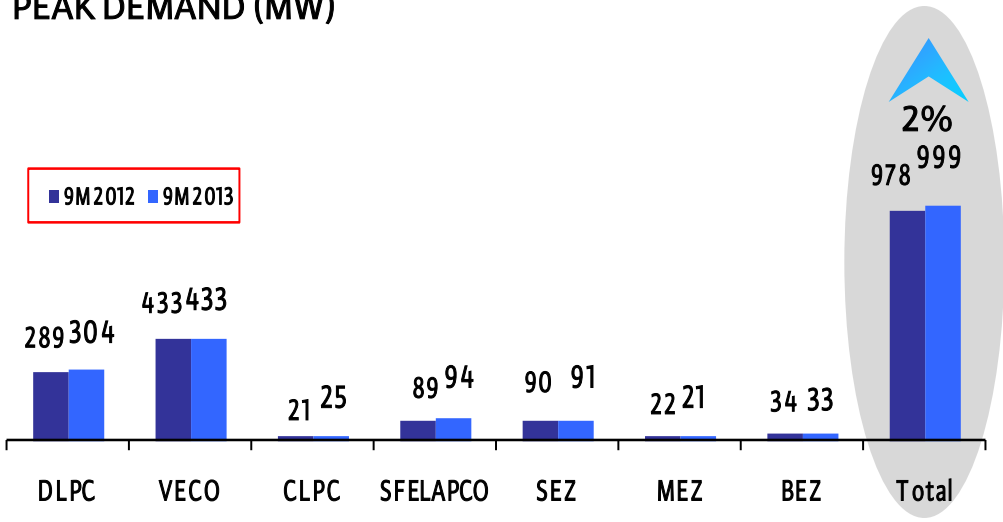
BENEFICIAL POWER SALES (Gwhr)



BENEFICIAL GWH SALES GROWTH (BY CUSTOMER TYPE)

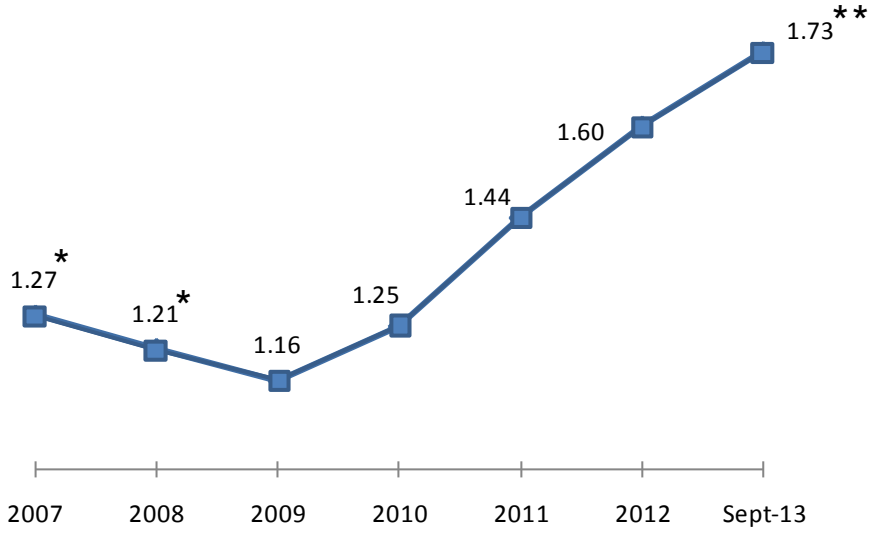


PEAK DEMAND (MW)



OPERATING HIGHLIGHTS: DISTRIBUTION

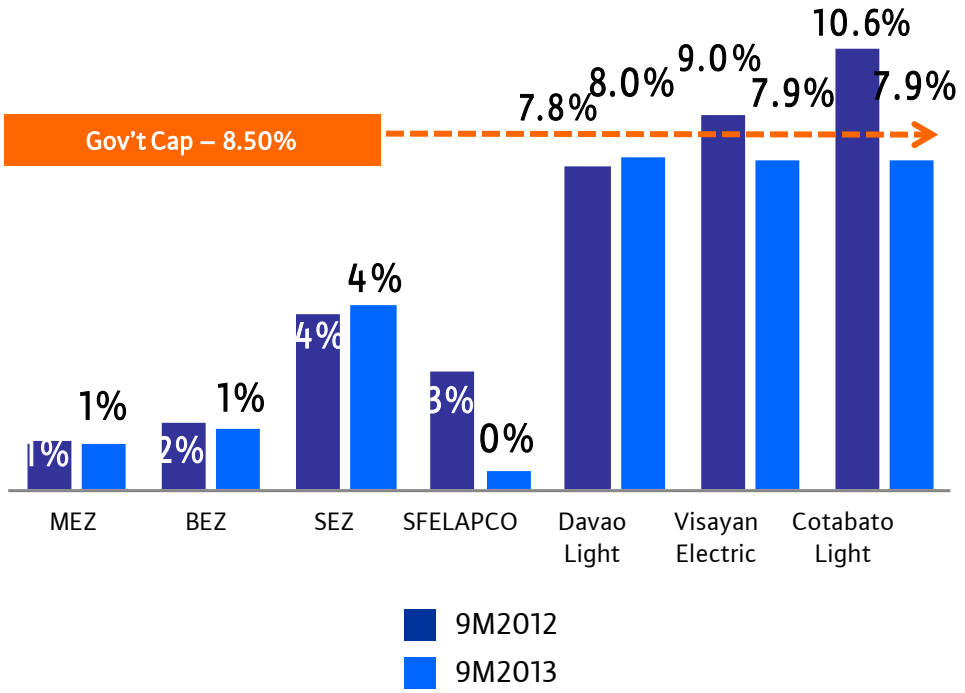
GROSS MARGIN / KWH SALE



* Adjusted for timing of transmission charge recovery

** Year-to-date

SYSTEMS LOSS



FINANCIAL CONDITION

BALANCE SHEET (In million Pesos)	PARENT		CONSOLIDATED	
	YE2012	End Sept 2013	YE2012	End Sept 2013
Cash and Equivalents	8,234	3,457	30,678	15,546
Investments and Advances	62,411	70,025	25,831	27,763
Total Assets	71,120	74,153	163,137	157,442
Total Interest Bearing Debt	4,970	-	66,879	58,477
Total Liabilities	6,694	12,346	80,635	72,555
Net Debt	-	-	36,201	42,932
Total Equity	64,426	61,807	82,502	84,888
Current Ratio	5.0x	0.3x	2.7x	2.3x
Net Debt to Equity	-	-	0.4x	0.5x

Project Update

FIVE YEAR PROJECT PIPELINE TO SECURE LONG-TERM GROWTH

LUZON GRID	VISAYAS GRID	MINDANAO GRID
▪ Subic Coal 600 MW (2017)	▪ Cebu Coal 300 MW	▪ Davao Coal 300 MW (2015)
▪ Sabangan Hydro 14 MW (2015)		▪ Davao Coal 3rd Unit 150 MW
▪ Pagbilao Coal 400 MW (2017)		▪ Tudaya 14 MW (2014)
		▪ Tamugan 12 MW (2016)
		▪ Manolo Fortich 52 MW

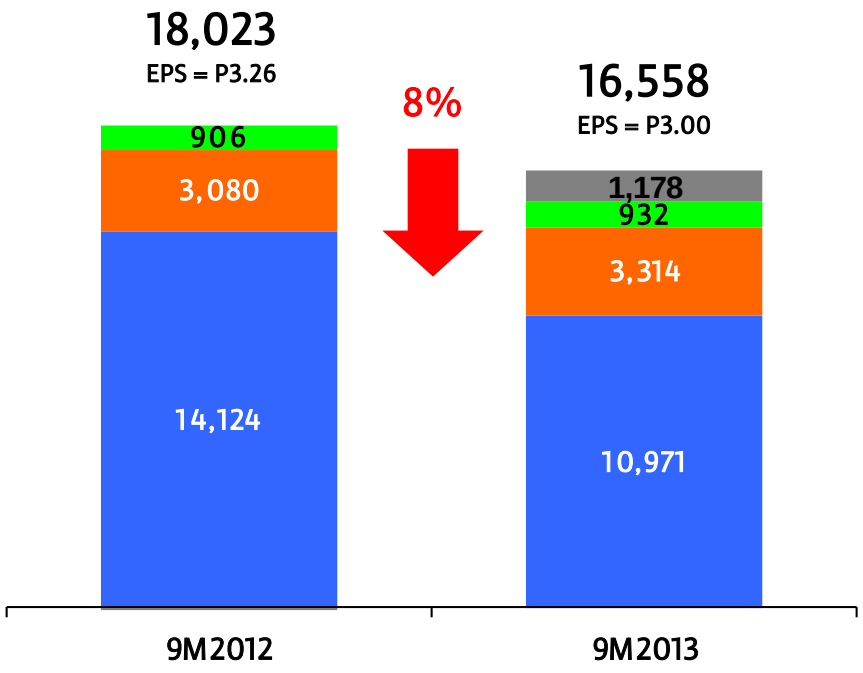
AGENDA

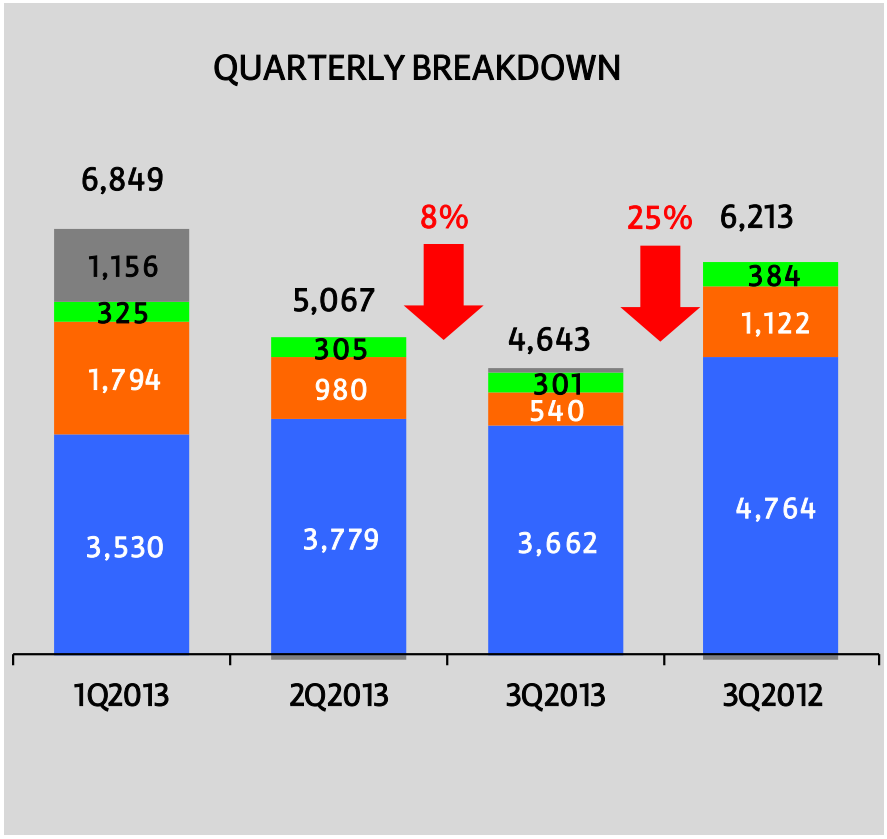
- **Review of Business Units**
  - Pilmico Foods Corporation
  - Union Bank of the Philippines
  - AboitizLand
  - Aboitiz Power Corporation
- **AEV Financials**
- **Q&A**

CONSOLIDATED PROFIT & LOSS (In Million Pesos)

	3Q2012	3Q2013	% Ch	9M2012	9M2013	% Ch
Revenues	20,447	20,162	-1%	60,791	58,977	-3%
Equity Earnings	3,466	2,127	-39%	10,577	7,450	-30%
EBITDA	10,793	8,802	-18%	30,847	28,535	-7%
Net Income	6,213	4,643	-25%	18,023	16,558	-8%
Core Net Income	6,340	4,733	-25%	17,642	16,431	-7%

NET INCOME (In Million Pesos)





Power Banking Food Real Estate Parent & Others

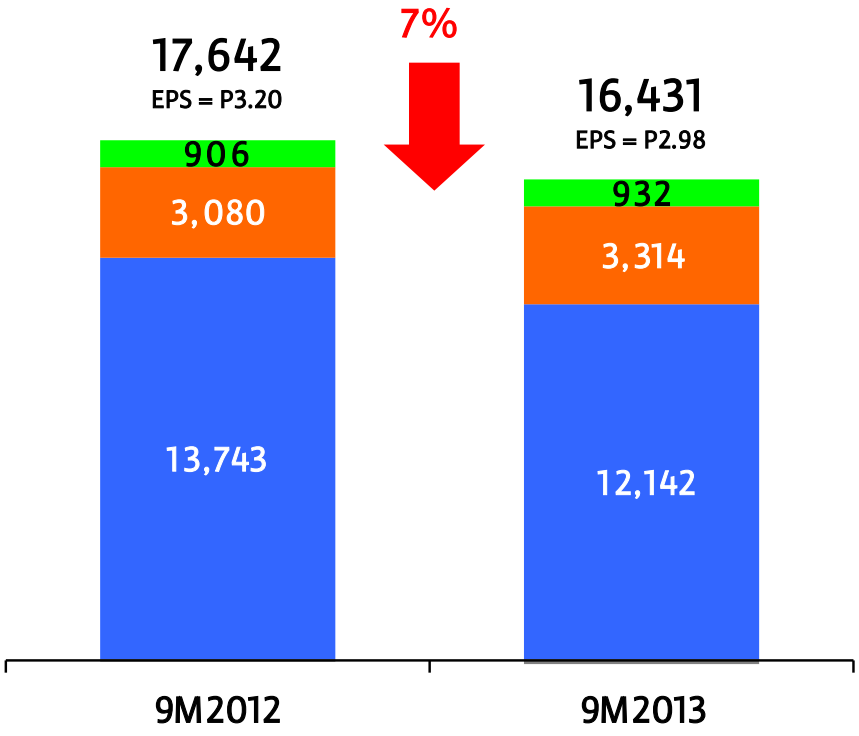
CORE NET INCOME (In Million Pesos)

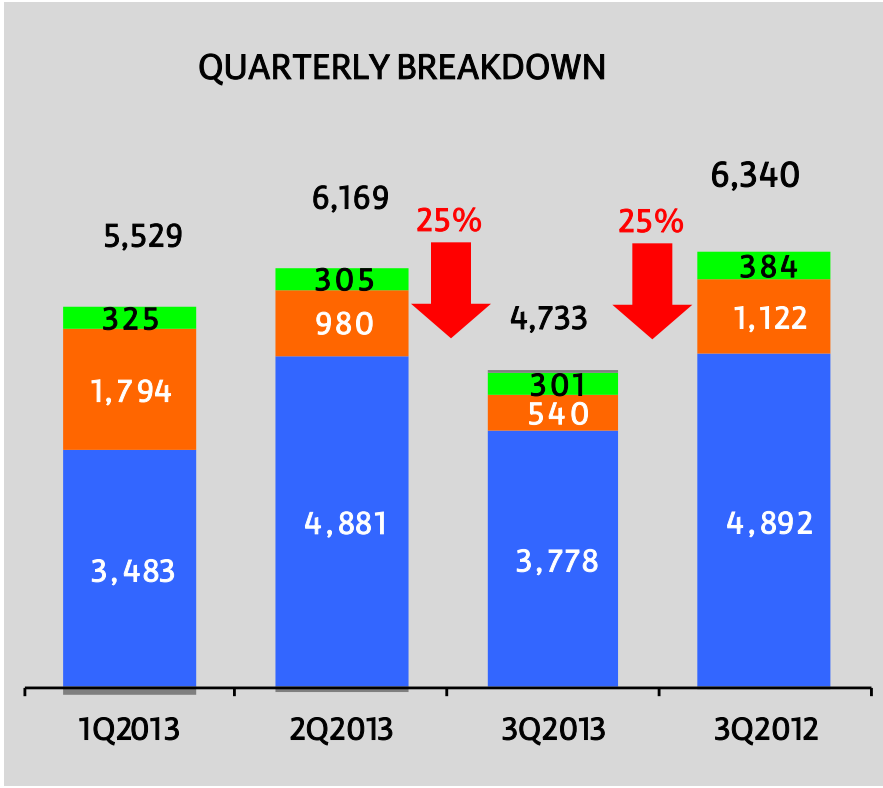
Non-Recurring Items

	9M2012	9M2013
Parent	(1)	1,298
Power	382	(1,171)
Total Gains/(Losses)	381	128

Non-Recurring Items

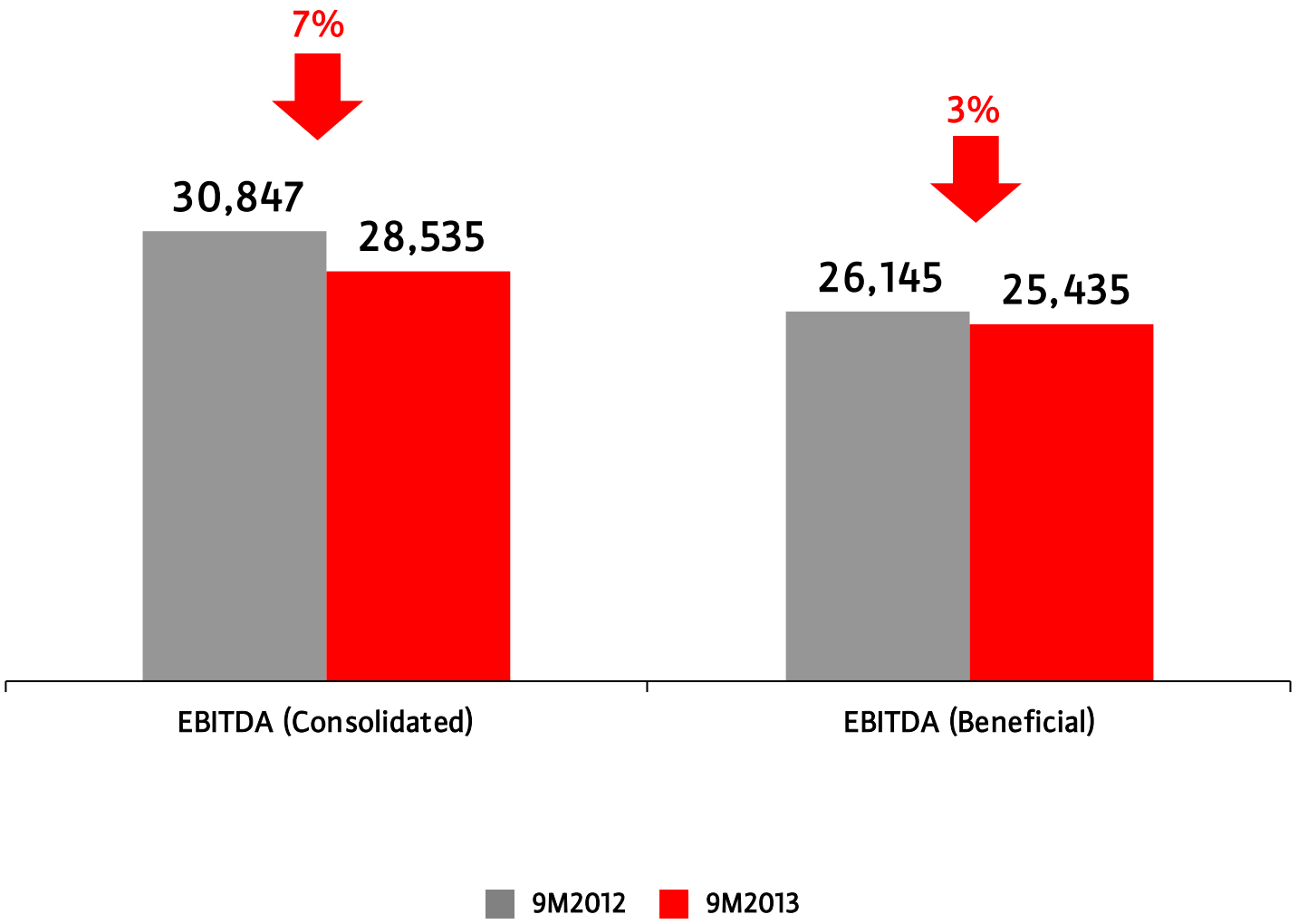
	1Q2013	2Q2013	3Q2013	3Q2012
Parent	1,272	0.1	26	-
Power	47	(1,102)	(116)	(127)
Total Gains/(Losses)	1,320	(1,102)	(90)	(127)





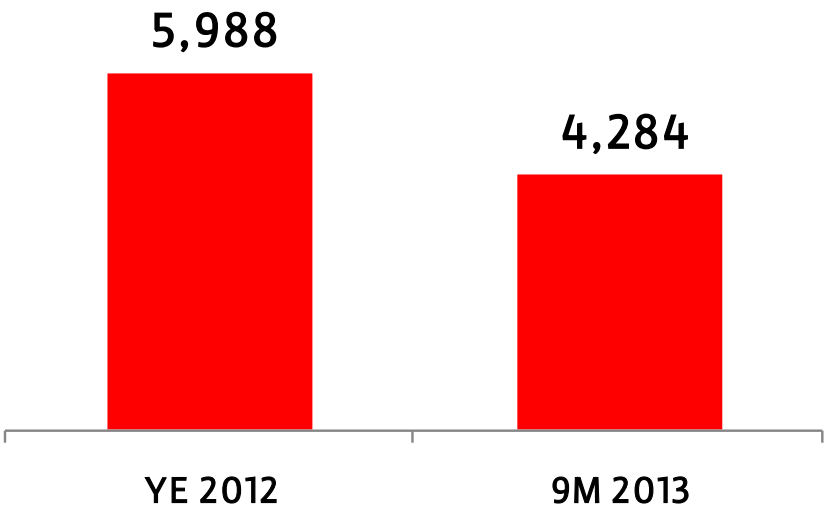
Power Banking Food Real Estate Parent & Others

EBITDA (In Million Pesos)

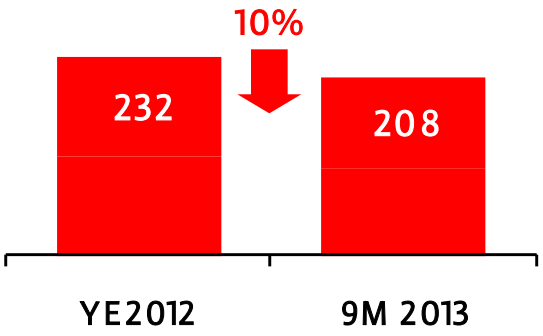


PARENT NET DEBT (In Million Pesos)

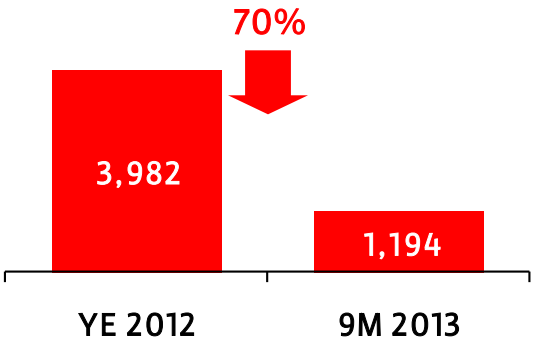
- Parent net debt decreased by 28%



Cash & Equivalents



Long-term Debt



CONSOLIDATED BALANCE SHEET / KEY RATIOS

(In Million Pesos, except ratios)	YE 2012	9M 2013	% Change
Cash and Cash Equivalents	33,731	18,103	-46%
Total Assets	222,419	201,610	-9%
Total Liabilities	109,473	86,401	-21%
Total Equity	112,946	115,209	1%
Equity Attributable to Parent	90,986	92,970	2%
Book Value Per Share	16.48	16.84	
Current Ratio	2.6x	1.9x	
Debt to Equity	0.97x	0.75x	
Net Debt to Equity	0.45x	0.44x	

ANNEX A: EARNINGS CONTRIBUTION (In Million Pesos)

	3Q2012	3Q2013	% Ch	9M2012	9M2013	% Ch
Aboitiz Power Corp.	4,764	3,662	-23%	14,124	10,971	-22%
City Savings Bank	121	--	--	318	--	--
Union Bank	1,001	540	-46%	2,762	3,314	20%
Pilmico	384	301	-21%	906	932	3%
AboitizLand	--	52	--	--	163	--
Parent & Others	(57)	88	255%	(88)	1,178	1,447%
Net Income	6,213	4,643	-25%	18,023	16,558	-8%
Core Net Income	6,340	4,733	-25%	17,642	16,431	-7%

AGENDA

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- **Q&A**

aboitiz

Equity Ventures

Third Quarter / YTD September 2013
Financial & Operating Results
30 October 2013

AboitizPower

UNIONBANK

pilmico

AboitizLand