

July 30, 2015

**SECURITIES AND EXCHANGE COMMISSION**

SEC Building, EDSA Greenhills,  
Mandaluyong City, Metro Manila

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

**PHILIPPINE STOCK EXCHANGE, INC.**

3rd Floor, Philippine Stock Exchange Plaza  
Ayala Triangle, Ayala Avenue, Makati City

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

**PHILIPPINE DEALING & EXCHANGE CORP.**

Market Regulatory Services Group  
37/F, Tower 1, The Enterprise Center  
6766 Ayala Avenue corner Paseo de Roxas, Makati City

ATTENTION : **MS. VINA VANESSA S. SALONGA**  
Head - Issuer Compliance and Disclosures  
Department

Gentlemen:

We submit for your files the SEC Form 17-C (Current Report) of Aboitiz Equity Ventures, Inc.

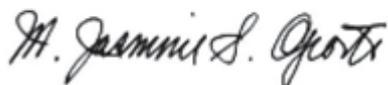
Kindly acknowledge receipt hereof.

Thank you.

Very truly yours,

**ABOITIZ EQUITY VENTURES, INC.**

By:



**M. JASMINE S. OPORTO**

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 )

CATHERINE R. ATAY

Contact Person

(02) 886-2451

Company Telephone Number

1 2 3 1

Month Day

Fiscal Year

1 7 - C

FORM TYPE

3rd Monday of

0 5 1 8

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

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LCU

Document I.D.

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Cashier

STAMPS

Remarks = Pls. use black ink for scanning purposes



75.9%, followed by the Banking, Food and Real Estate SBUs with income contributions of 10.6%, 10.9%, and 2.6%, respectively.

For the period ending June 30, 2015, the Company incurred a non-recurring loss of ₱109.7 mn (versus last year's one-time gain of ₱785.2 mn), which largely resulted from the revaluation of the Power SBU's consolidated dollar-denominated liabilities and placements. Adjusting for these one-offs, AEV's core net income amounted to ₱7.9 bn, which is 9% lower than last year.

### **Strategic Business Units**

#### **Power**

Aboitiz Power Corporation (AboitizPower) ended the semester with an income contribution of ₱6.2 bn vis-à-vis last year's ₱6.8 bn, 9% lower YoY. When adjusted for non-recurring items, the Power SBU recorded a 5% YoY decrease in its earnings share, from ₱6.6 bn to ₱6.3 bn.

As of semester end, AboitizPower's attributable net generation rose by 3% YoY, from 5,555 GWh to 5,709 GWh. Electricity sold through bilateral contracts, which made up 88% of total energy sold during the period, expanded by 7% to 5,025 GWh. This is in line with the Company's efforts to reduce its exposure to spot market sales. Consequently, spot sales decreased by 21% YoY from 863 GWh to 685 GWh.

In terms of capacity, higher sales through bilateral contracts and ancillary services resulted to a 2% YoY increase in AboitizPower's attributable sales from 1,766 MW to 1,795 MW. This was due to SN Aboitiz Power – Benguet, Inc. and Therma Mobile, Inc.'s increase in capacity sales, which more than offset the decline in the capacity sales of the Tiwi-Makban plants during the period. Volume of ancillary sales in particular improved by 18%, as water levels saw an improvement during the period as compared to the year before.

In the first six months of 2015, the group's average price for its energy sales decreased by 26% YoY. This was mainly due to the 28% decrease in the average selling price of the group's bilateral sales as fuel costs continued to decline. The average rate for ancillary services is also down by 10% YoY due to the implementation of the Binga plant's new contract for ancillary services towards the end of February 2014.

In June 2015, AboitizPower began commercial operations of its 14-MW Sabangan run-of-river hydroelectric plant. Meanwhile, works on the Davao Coal plant is ongoing. As stated earlier, Unit 2 is expected to be commissioned by February 2016. Meanwhile, Unit 1 which is currently undergoing testing, is expected to be commissioned within the third quarter of this year.

Meanwhile, the power distribution group's income contribution for the first half of 2015 increased by 20% from ₱1.1 bn to ₱1.3 bn. Total attributable electricity sales increased by 10% YoY, from 2,122 GWh to 2,338 GWh. The increase was driven by the sales growth registered by Davao Light & Power Company, Inc., Visayan Electric Co., Inc., Subic Enerzone Corporation, as well as the fresh contribution from Lima Enerzone Corporation, which was acquired in June 2014. Meanwhile, the group's gross margin during the period was largely unchanged at ₱1.57 per kWh.

#### **Banking and Financial Services**

Union Bank of the Philippines' (UnionBank) income contribution for the semester recorded a 42% decline YoY, from ₱1.5 bn to ₱866.4 mn.

Net interest income picked up during the second quarter as it posted 15% quarter-on-quarter increase to ₱3.1bn, rebounding from the 2% decline during the first quarter of 2015. Higher average levels of loans during the quarter brought YTD net interest income to ₱5.6 bn, an increase of 7% from the ₱5.2 bn recorded last year. Total other income,

conversely dropped by 37% YTD to ₱2.3 bn, in view of trading losses amounting to ₱0.3 bn incurred this year as compared to almost ₱1.0 bn in trading gains posted in the same period a year ago. Meanwhile, total operating expenses rose by 4% YTD to ₱5.0 bn due principally on the increase in trust fund due consequent with the higher sales of First Union Plans.

UnionBank's total resources declined to ₱359.6 bn as of end-June 2015, weighed down by the contraction in deposit liabilities and bills payable to ₱265.6 bn and ₱12.1 bn, respectively. On the other hand, net loans and other receivables expanded by 14% to ₱158.6 bn, propelled by the robust growth of retail loans. Total capital funds inched downward by 3% to ₱51.3 bn with the increase in net unrealized fair value losses to ₱4.5 bn. Capital ratios (solo basis) remained above the minimum regulatory requirements, with Common Equity Tier 1 and total capital adequacy ratio at 12.8% and 16.1%, respectively.

### **Food**

Meanwhile, AEV's non-listed food subsidiary, Pilmico Foods Corporation (Pilmico), recorded stellar growth of 37% YoY in its first semester income contribution in 2015, from ₱647.8 mn to ₱885.2 mn. The increase was propelled by the remarkable performance of Feeds-Philippines whose income contribution almost doubled from ₱166.4 mn to ₱321.0 mn, and the ₱79.5 mn contribution of the newly acquired Feeds-Vietnam. Flour's earnings also strengthened by ₱48.5 mn to ₱356.7 mn due to the 2% increase in sales volume amplified by better gross profit per bag on lower raw materials. The growth in income of both the Feeds and Flour businesses were able to boost Food Group's income contribution for the period despite the decline in Farms contribution to the bottomline. Farms' income contribution fell 24% to ₱131.2 mn on account of lower prevailing market selling price.

### **Real Estate**

AEV's property SBU, AboitizLand, Inc., recorded real estate revenues of ₱1.2 bn, 48% higher than the ₱823.1 mn posted in the same period last year. The growth was mainly driven by the strong industrial lot sales generated by Lima Land, Inc. Meanwhile, net income contribution for the first half of 2015 grew by 18% YoY to ₱213.1 mn.

The company already spent ₱1.0 bn in capital expenditures during the first half of this year. The bulk or 55% of which was spent on project completion while the remaining balance was used for land acquisition and other initiatives.

### **Other Developments**

On June 1, 2015, AEV announced the acquisition of 51% of PETNET, Inc. (PETNET), a Philippine money remittance business with a national footprint of around 2,500 locations through a mix of own units and business partner agreements. PETNET is currently the largest Western Union agent network in the country. The network of PETNET includes over 250 company owned locations and 2,230 sub-agent locations composed of banks, pawnshops, business centers, moneychangers, and supermarkets.

On July 22, 2015, AEV formalized its investment agreements with CRH plc (CRH), after initially entering into an Exclusivity Agreement with non-binding Memorandum of Understanding last May 15, 2015. The agreement will be by way of an agreed investment in holding companies for the purpose of the acquisition of the various Philippine assets and businesses of Lafarge S.A. (Lafarge), including the cement production and other cement related businesses and services. The estimated total investment of AEV is approximately ₱24 bn in the transaction. Full implementation and completion of the transaction is expected to be completed within the second half of 2015, subject to the conditions under the merger of Holcim Ltd. and Lafarge and the approval of the global sale of Lafarge assets.

In support of these and other transactions, AEV will be issuing ₱24.0 bn in fixed rate retail bonds. Recently, the Securities and Exchange Commission has approved the Company's application for the issuance of the said retail bonds. These will have tenors of five years and three months, seven years, and twelve years.

#### **Financial Condition**

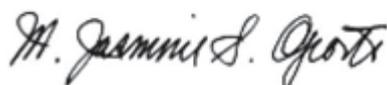
As of June 30, 2015, the Company's consolidated assets amounted to ₱293.7 bn, 5% higher than the year-end 2014 level. Cash and cash equivalents was at ₱52.9 bn, 5% higher than the year-end 2014 level of ₱50.5 bn. Consolidated liabilities amounted to ₱157.6 bn, while Equity Attributable to Equity Holders of the Parent increased by 2% to around ₱110.0 bn. Current ratio as of June 30, 2015 was at 2.2x (versus year-end 2014's 2.8x), while net debt-to-equity ratio was at 0.5x (versus year-end 2014's 0.5x).

#### **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:



**M. JASMINE S. OPORTO**

Corporate Secretary

Date: July 30, 2015

**PRESS RELEASE**  
**30 July 2015**

**AEV posts P7.8 billion in net income in the year's first six months**

Aboitiz Equity Ventures, Inc. ("AEV" or "the Company") saw its consolidated net income decline by 18% year-on-year (YoY) to P7.8 billion from P9.5 billion. This translates to P1.41 in earnings per share. Power accounted for 75.9%, followed by the Banking, Food, and Land strategic business units (SBUs) with income contributions of 10.6%, 10.9%, and 2.6%, respectively.

For the period ending June 30, 2015, the Company incurred a non-recurring loss of P109.7 million (versus last year's one-time gain of P785.2 million), which largely resulted from the revaluation of the Power SBU's consolidated dollar-denominated liabilities and placements. Adjusting for these one-offs, AEV's core net income amounted to P7.9 billion, which is 9% lower than last year.

"We will continue to pursue our strategic growth plans as we strengthen our businesses in line with the country's economic growth and requirements. Expansion opportunities abound, not only on the domestic front, but beyond our borders as well," Erramon I. Aboitiz, AEV President and Chief Executive Officer, said.

"We are preparing our organization to seize these opportunities given the right timing and circumstance," he added.

**Strategic Business Units**

**Power**

Aboitiz Power Corporation (AboitizPower) ended the semester with an income contribution of P6.2 billion vis-à-vis last year's P6.8 billion, 9% lower YoY. When adjusted for non-recurring items, the Power SBU recorded a 5% YoY decrease in its earnings share, from 6.6 billion to P6.3 billion.

As of semester end, AboitizPower's attributable net generation rose by 3% YoY, from 5,555 GWh to 5,709 GWh, as electricity sold through bilateral contracts, which made up 88% of total energy sold during the period, expanded by 7% to 5,025 GWh. This is in line with the Company's efforts to reduce its exposure to spot market sales. Consequently, spot sales decreased by 21% YoY from 863 GWh to 685 GWh.

In terms of capacity, higher sales through bilateral contracts and ancillary services resulted to a 2% YoY increase in AboitizPower's attributable sales from 1,766 MW to 1,795 MW. This was due to SNAP Benguet and Therma Mobile's increase in capacity sales, which more than offset the decline in the capacity sales of the Tiwi-MakBan plants during the period. Volume of ancillary sales in particular improved by 18% as water levels saw an improvement during the period as compared to the year before.

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“The recent formalization of our agreement with CRH, a global leader in the building materials business, signals our determination to play a significant role in our country’s growing infrastructure sector, particularly in cement,” Aboitiz said.

“As the country's need for quality cement is expected to grow alongside a booming economy, we look forward to taking an already successful Philippine cement operations and management team to greater heights,” he added.

In support of these and other transactions, AEV will be issuing P24.0 billion in fixed rate retail bonds. Recently, the Securities and Exchange Commission has approved the Company’s application for the issuance of the said retail bonds. These will have tenors of five years and three months, seven years, and 12 years.

### **About Aboitiz Equity Ventures**

Aboitiz Equity Ventures, Inc. (AEV) is the publicly listed holding and investment company of the Aboitiz Group with major investments in power, banking, food, land, and infrastructure. AEV is recognized as one of the best-managed companies in the Philippines and in the region, and is acknowledged for its good corporate governance.

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For further queries on this Press Release, please contact:

**THET R. MESIAS**

**Corporate Branding and Communication**

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**+639173036766**