

May 4, 2017

*via facsimile (632) 584-5593 and by hand*  
**SECURITIES AND EXCHANGE COMMISSION**  
Secretariat Building, PICC Complex  
Roxas Boulevard, Pasay City, 1307

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

*via PSE EDGE*  
**PHILIPPINE STOCK EXCHANGE, INC.**  
3rd Floor, Philippine Stock Exchange Plaza  
Ayala Triangle, Ayala Avenue, Makati City

ATTENTION : **MR. JOSE VALERIANO B. ZUÑO III**  
OIC – Head, Disclosure Department

*via electronic mail*  
**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:

Attached is 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).

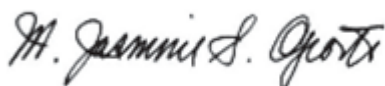
Kindly acknowledge receipt hereof.

Thank you.

Very truly yours,

**ABOITIZ EQUITY VENTURES, INC.**

By:



**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 )

M. JASMINE S. OPORTO

Contact Person

(02) 886-2729

Company Telephone Number

1 2 3 1

Month Day

Fiscal Year

1 7 - C

FORM TYPE

3rd Monday of

0 5 1 5

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.

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Cashier


STAMPS

Remarks = Pls. use black ink for scanning purposes

**SECURITIES & EXCHANGE COMMISSION**

**SEC FORM 17-C**

CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE (SRC)  
AND SRC RULE 17.2(c) THEREUNDER

1. **May 4, 2017**  
Date of Report (Date of earliest event reported)
  
2. SEC Identification Number **CEO2536**
3. BIR TIN **003-828-269-V**
  
4. **ABOITIZ EQUITY VENTURES, INC.**  
Exact name of registrant as specified in its charter
  
5. **Philippines**  
Province, country or other jurisdiction of incorporation
6.   
Industry Classification Code
  
7. **32<sup>nd</sup> Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines** **1634**  
Address of principal office Postal Code
  
8. **(02) 886-2800**  
Registrant's telephone number, including area code
  
9. **N.A.**  
Former name or former address, if changed since last report
  
10. Securities registered pursuant to Sections 4 and 8 of the RSA
 

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<b>Common Stock ₱1 Par Value</b>	<b>5,633,792,557</b>
<b>Amount of Debt Outstanding (December 31, 2016)</b>	<b>₱255,786,255,493.00</b>
  
11. Indicate the item numbers reported herein: 9

**Item 9: Other Events**

Aboitiz Equity Ventures, Inc. (AEV or the "Company") ended the first quarter of 2017 with a consolidated earnings before interest, tax, depreciation and amortization (EBITDA) of ₱ 12.7 billion (bn), recording an increase of 14% year-on-year (YoY). Considering interest, tax, depreciation and amortization expenses, the higher income contributions from associates brought core net income for the quarter 5% higher YoY, from ₱4.9 bn to ₱5.1 bn. The Company recognized non-recurring losses of ₱442 million (mn) (versus last year's gain of ₱186 mn) coming from forex losses recognized upon revaluation of dollar-denominated liabilities and mark-to-market losses on derivatives. With these one-off losses, AEV's net income for the first quarter of 2017 amounted to ₱4.7 bn, which is 7% lower YoY.

Out of the total earnings contributions from the Company's strategic business units (SBU), Power accounted for 67% while the income contribution of the Financial Services, Food, Infrastructure and Real Estate SBUs were at 22%, 6%, 4% and 1%, respectively.

## **Strategic Business Units**

### **Power**

Aboitiz Power Corporation's (AboitizPower) income contribution to AEV decreased by 13% YoY, from ₱3.9 bn to ₱3.4 bn.

On a stand-alone basis, AboitizPower recorded an increase of 4% YoY in core net income for the quarter, from ₱4.8 bn to ₱5.0 bn. It recognized non-recurring losses of ₱577 mn (versus last year's gain of ₱242 mn) comprising forex losses resulting from restatement of dollar-denominated debt and mark-to-market losses on derivatives. These one-off losses brought AboitizPower's net income for the first quarter of 2017 to ₱4.4 bn, 13% lower YoY.

The generation business accounted for 81% of earnings contributions from AboitizPower's business segments, recording an income share of ₱3.6 bn for the first quarter of 2017, 15% lower as compared to the same period last year. Despite higher EBITDA for the generation group coming from strong performance of the hydro units and fresh GNPowder Mariveles Coal Plant Ltd. Co. (GNPower-Mariveles) contribution, net income decreased due to higher interest and depreciation expenses from the initial take up of GNPowder-Mariveles costs, and increase in unrealized forex and mark-to-market losses. When adjusted for non-recurring items, generation group registered a 5% YoY increase in its core net income, from ₱3.9 bn to ₱4.1 bn.

For the period, generation group's attributable net energy sold remained flat YoY, from 3,451 gigawatt-hours (GWh) to 3,448 GWh, as the contribution of GNPowder-Mariveles and the increase in the hydro plants' output are offset by the outages of Therma South, lower dispatch of the oil units, and lower steam supply affecting the Tiwi geothermal plant output as it continues to recover from the effects of typhoon Nina.

The power distribution group's earnings share for the first quarter of 2017 increased by 7% YoY, from ₱851 mn to ₱908 mn. This is equivalent to 21% of earnings contributions from AboitizPower's business segments. Its attributable sales for the period was at 1,208 GWh, remaining close to flat compared to the same period last year.

Distribution group's gross margin on a per kilowatt-hours (kWh) basis for the period increased to ₱1.59 from ₱1.46 in the first quarter of 2017. The increase came from improved margins as operating costs decreased due to lower dispatch of Davao Light's Bajada Power Plant versus the same period last year. Further improving margins were better recoveries on purchased power costs.

### **Banking & Financial Services**

Union Bank of the Philippines' (UnionBank or the "Bank") income contribution to AEV increased by 30% YoY, from ₱837 mn to ₱1.1 bn.

On a stand-alone basis, UnionBank and its subsidiaries recorded a net income of ₱2.2 bn for the first quarter of 2017, 27% higher as compared to the ₱1.7 bn earned for the same period last year. The increase in net income was largely in view of the sustained growth in recurring income, coupled with trading profits. The strong earnings performance translated to a return on equity and return on average assets of 15.1% and 1.8%, respectively.

Recurring revenues increased by 12% from ₱4.5 bn to ₱5.1 bn. Anchored on the Bank's sustained expansion of earning asset portfolio, net interest income was up by 11% to

₱3.9 bn. Meanwhile, fee income surged by 18% to ₱1.1 bn, underpinned by the continuous customer acquisition in both loans and deposits. Operating expenses was up 15% to ₱3.0 bn as a result of business expansion.

As of end-March 2017, UnionBank's total resources rose 23% YoY to ₱514.5 bn from ₱419.7 bn same period a year ago. Loans and other receivables expanded 33% to ₱253.2 bn in view of the double-digit growth across all major business segments. Deposit liabilities, likewise, registered a 28% growth to ₱405.1 bn, anchored on the Bank's continuous thrust on cash management. The Bank's capitalization remained healthy, with a total capital adequacy ratio of 15.1% and Common Equity Tier 1 ratio of 12.4%.

Likewise, the income contribution of PETNET, the other financial service company, increased by 207% YoY to ₱4.4 mn.

### **Food**

AEV's 100%-owned food subsidiaries' (Pilmico Foods Corporation, Pilmico Animal Nutrition Corporation and Pilmico International Pte Limited) income contribution for the first quarter of 2017 decreased by 25% YoY from ₱389 mn to ₱292 mn.

Feeds Philippines and Flour reported a drop in net income contributions largely driven by lower selling prices and higher raw material (RM) and operating costs. Feeds Philippines' bottomline weakened by 46% to ₱110 mn on account of the change in sales mix in favor of the low-margin lines and higher RM costs. Depressed flour prices, higher wheat cost, and increase in operating costs dragged Flour's net income for the period to ₱87 mn, 46% lower YoY.

On the other hand, Feeds Vietnam and Farms showed improvements in income. Feeds Vietnam's income doubled to ₱7M driven by the 5% volume growth, a result of the expansion in new markets: export and commercial, and better margins. The recovery in live hog selling prices of Farms resulted to a 4x higher YoY net income of Farms division to ₱81 mn.

### **Real Estate**

AEV's 100%-owned real estate subsidiary, Aboitiz Land Inc. (AboitizLand), registered a net income of ₱72 mn, 46% higher than last year's ₱50 mn.

The increase in net income was mainly attributed to higher revenue recognition by the industrial business unit, and improved sales and construction progress by the residential business unit. AboitizLand posted a revenue of ₱640 mn for the first quarter of 2017 – an increase of 28% from the same period last year. Of this revenue, the residential business unit contributed 53% (₱339 mn), the industrial business unit 41% (₱264 mn), and the commercial business unit and others 6% (₱37 mn).

Residential sales amounted to ₱588 mn – an increase of 12% compared to the same period last year. On top of consistent sales from *Amoa (H&L)*, *Almiya (H&L)*, *Ajoya (H&L)*, *Priveya Hills (Lots)*, and *The Persimmon Studios (Condo)*, sales were augmented by the newly launched *Seafront Residences (H&L)*.

In the first quarter, AboitizLand spent ₱538 mn out of its ₱ 5.0 bn CAPEX budget for the year, with 95% of the spending going towards project development. The company expects CAPEX spending to pick up throughout the year as more projects are launched.

### **Infrastructure**

From the infrastructure group, Republic Cement and Building Materials, Inc.'s (Republic) income contribution to AEV decreased by 48% YoY from ₱391 mn to ₱202 mn. Cement demand slowdown was experienced in the first quarter of 2017, as compared to the same period last year when there was strong demand due to the election season.

### **Financial Condition**

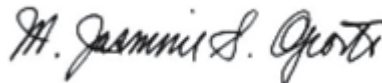
As of March 31, 2017, the Company's consolidated assets amounted to ₱474.5 bn, reflecting a 2% increase as compared to the year-end 2016 level. Cash and cash equivalents was at ₱67.0 bn, 5% higher than the year-end 2016 level of ₱63.9 bn. Consolidated liabilities amounted to ₱301.2 bn while Equity Attributable to Equity Holders of the Parent decreased by 1% to ₱139.3 bn. Current ratio as of March 31, 2017 stood at 2.1x (versus year-end 2016's 2.5x), while the net debt-to-equity ratio was at 1.1x (versus year-end 2016's 1.1x).

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: May 4, 2017