

July 28, 2016

via facsimile (632) 584-5593 and by hand
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

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

ATTENTION : **MR. JOSE VALERIANO B. ZUNO 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
Contact Person

(02) 886-2729

Company Telephone Number

1 2 3 1

Month Day
Fiscal Year

1 7 - C

FORM TYPE

3rd Monday of May

0 5 1 6

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

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. July 28, 2016
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 6. 
Province, country or other jurisdiction of incorporation Industry Classification Code
7. 32nd 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 |
|--|--|
| <u>Common Stock ₱1 Par Value</u> | <u>5,565,461,557</u> |
| <u>Amount of Debt Outstanding (March 31, 2016)</u> | <u>₱178,583,494,925.00</u> |
11. Indicate the item numbers reported herein: 9

Item 9 : Other Events

Aboitiz Equity Ventures, Inc. (AEV or the "Company") ended the second quarter of 2016 with a consolidated net income of ₱5.5 billion (bn), recording an increase of 46% year-on-year (YoY). Out of the total earnings contributions from the Company's strategic business units (SBU), Power accounted for 64.6% while the income contribution of the Banking and Financial Services, Food, Infrastructure and Real Estate SBUs were at 18.3%, 8.4%, 8.1% and 0.60%, respectively.

For the three-month period in review, the Company recorded a non-recurring loss of ₱86 million (mn), (versus last year's one-time loss of ₱118 mn). This was mainly due to the net foreign exchange loss generated from the revaluation of consolidated dollar-denominated assets and liabilities, mitigated by the Power unit's gain on step acquisition of East Asia Utilities Corporation (EAUC). Adjusting for these, AEV closed the quarter with a core net income of ₱5.5 bn, higher by 44% YoY.

On a year-to-date (YTD) basis, AEV's consolidated net income increased by 34% YoY to ₱10.5 bn from ₱7.8 bn. This translates to ₱1.89 in earnings per share. Power accounted for 67.1%, followed by the Banking and Financial Services, Food, Infrastructure and Real Estate SBUs with income contributions of 16.8%, 7.8%, 7.6% and 0.7%, respectively.

For the period ending June 30, 2016, the Company incurred a non-recurring gain of ₱100 mn (versus last year's one-time loss of ₱110 mn), which largely resulted from the Power unit's gain on step acquisition of EAUC. Adjusting for these one-offs, AEV's core net income amounted to ₱10.4 bn, 31% higher YoY.

Strategic Business Units

Power

Aboitiz Power Corporation (AboitizPower) ended first half of the year with income contribution to AEV of ₱7.7 bn, registering a 24% increase when compared to the previous year's ₱6.2 bn.

AboitizPower's bottomline performance recorded a 24% YoY increase, from ₱8.0 bn to ₱10.0 bn. Adjusting for the forex losses and the one-offs recognized by the parent in the second quarter, the company's core net income for the first semester of 2016 amounted to ₱9.8 bn, up by 20% YoY.

The power generation business group accounted for 82% of earnings contributions from AboitizPower's business segments, recording an income share of ₱8.1 bn for the first semester of 2016, up 27% YoY. Netting out one-off items, AboitizPower's generation business amounted to ₱8.2 bn for the period, 25% higher than last year.

As of semester end, AboitizPower's attributable capacity sales rose by 13% YoY from 1,795 MW to 2,020 MW. Therma South, Inc.'s new capacity contribution primarily accounts for the increase in capacity. Magat dam's better water inflow, particularly in June, further augmented capacity sales. Consequently, attributable energy sold grew by 21% YoY, from 5,709 GWh to 6,889 GWh. Bilateral sales made up 93% of the total volume sold, which expanded by 28% to 6,414 GWh. Spot sales decreased by 31% YoY from 685 GWh to 475 GWh. Higher dam elevation at the start of the year and better than expected water inflows allowed SN Aboitiz Power – Magat, Inc. to realize 23% higher ancillary sales volume despite El Niño.

In the first six months of 2016, the group's average price for its energy sales decreased by 9% YoY. This was mainly due to the 7% decrease in the average selling price of the group's bilateral sales as fuel costs continued to decline. On the other hand, the average rate for ancillary services was also down by 6% YoY.

Last June, AboitizPower acquired the remaining 50% interest in EAUC. This increased AboitizPower's attributable net sellable capacity to 2,576 MW. In early July 2016, the company acquired Aseagas Corporation, an 8.8 MW biomass plant in Lian, Batangas from AEV. The biomass plant is expected to be commissioned within the year.

The power distribution group's earnings share for the first semester of 2016 grew by 3%, from ₱1.7 bn to ₱1.8 bn. Total attributable electricity sales increased by 7% YoY, from 2,338 GWh to 2,512 GWh. The increase in volume sold came from Visayan Electric Co. Inc., Davao Light & Power Company, Inc. (Davao Light) and San Fernando Electric Light & Power Co., Inc. Meanwhile, the group's gross margin per kWh during the period declined to ₱1.50 per kWh from ₱1.57 per kWh a year ago. This was mainly due to Davao Lights' under-recoveries as a result of a shift in supply mix.

Banking & Financial Services

Union Bank of the Philippines (UnionBank or the "Bank") and its subsidiaries posted ₱1.9 bn of income contribution to AEV during the first half of 2016, registering a 121% increase compared to previous year's in ₱866.7 mn.

The surge in net income is primarily attributed to the robust growth in core recurring income. This translated to return on average equity and return on average assets at 15.6% and 1.9%, respectively. Core recurring income (net interest income and fees), accounting for 88.8% of total income, increased by a quarter to ₱9.2 bn. Net interest income soared by 29.9% to ₱7.3 bn in view of higher interest income on loans, and trading and investment securities. Fee-income, likewise, increased by 11.0% to ₱2.0 bn owing to the expanded customer base in both loans and deposits. Notwithstanding business and branch expansion, operating expenses rose by only 5.8% to ₱5.3 bn.

As of end-June 2016, UnionBank's total resources was at ₱443.5 bn, slightly higher as compared to the ₱433.3 bn reported as of end-December 2015. The Bank continues to build-up its loans and securities portfolio registering a combined YTD growth of 16.6% to ₱327.7 bn. Low-yielding liquid assets declined by 32.5% to ₱72.0 bn. Loans and other receivables – net, in particular, expanded 12.3% attributed to the strong growth across all business segments. Deposit liabilities, similarly, posted an 8.0% growth to ₱336.4 bn driven by the 8.3% increase in both demand and savings deposits. Meanwhile, the Bank's capitalization remains healthy, with a total capital adequacy ratio of 16.3% (solo basis).

Food

AEV's non-listed food subsidiaries, Pilmico Foods Corporation, Pilmico Animal Nutrition Corporation and Pilmico International Pte. Ltd., posted ₱885 mn income contribution to AEV, remaining relatively flat YoY during the first half of 2016 compared to previous year.

Feeds Philippines' bottomline improved by 36% to ₱436 mn from last year's ₱321 mn on account of strong volume and lower raw material prices. Despite depressed flour prices, Flour's net income for the first half of the year was 3% higher YoY at ₱366 mn from last year's ₱357 mn with increased volume and better by-product performance. On the other hand, Feeds Vietnam and Farms both reported a drop in net income contributions largely driven by lower prevailing selling prices. Feeds Vietnam fell to ₱24 mn with the decline in volume due to decreased demand from external customers; income over ingredient cost (IOIC) likewise dropped on account of the decrease in selling prices, reducing net income by 68% YoY from last year's ₱75 mn. Despite the increase in Farms' volume attributable to the sow level expansion, the significant drop in live hog prices against last year resulted to the 55% decrease in first half performance of net income to ₱59 mn from last year's ₱131 mn.

Real Estate

AEV's real estate subsidiary, Aboitiz Land, Inc.'s (AboitizLand) income contribution to AEV for the first half of 2016 decreased by 60% YoY to ₱85 mn from last year's ₱213 mn.

AboitizLand posted revenue of ₱1.0 bn for the first half of the year, 16% lower YoY from last year's ₱1.2 bn. The drop was driven by the 63% decrease in revenues of the Industrial business unit (BU) due to the lower Lima Land, Inc. sales as prospective locators held off commitments in light of the recent national elections, mitigated by the residential and commercial BUs recording a revenue growth of 8% and 16% YoY, respectively, supported by their respective markets' growing interest. Hence, residential sales grew by 59% YoY to ₱1.1 bn from last year's ₱690 mn largely driven by house and lot products in the high-end and mid-market segments (*Pristina North Residences 2* and *Amoa*) and lot-only products from the high-end market (*Priveya Hills*). Residential BU accounted for 61% (₱621 mn) of revenues, while the contributions of Industrial and Commercial BUs were at 32% (₱330 mn) and 7% (₱69 mn), respectively.

Higher operational expenditures (opex) spending to strengthen the organization and its systems and to support entry into the national real estate scene likewise contributed to the decline in net income.

AboitizLand gears up for an exciting 2016 as various projects in the pipeline are being prepared for launch. To support growth initiatives, the company has spent ₱935 mn of capital expenditures (capex) out of the annual target of ₱4.6 bn. Project development

accounted for 89% of capex, while corporate initiatives and land acquisition accounted for 9% and 2%, respectively.

Infrastructure

AEV's infrastructure unit, Republic Cement and Building Materials, Inc. (RCBM) posted an income contribution to AEV of ₱869 mn for the period in review. It started contributing mid-September last year.

RCBM had a strong performance in the first half of 2016 with cement demand supported by growth in commercial and other non-residential spaces, sustained demand in the residential sector and sustained government infrastructure spending.

Financial Condition

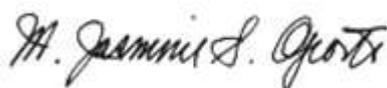
As of June 30, 2016, the Company's consolidated assets amounted to ₱374.2 bn, reflecting a 10% increase as compared to the year-end 2015 level. Cash and cash equivalents was at ₱72.8 bn, 14% higher than the year-end 2015 level of ₱63.6 bn. Consolidated liabilities amounted to ₱217.0 bn while Equity Attributable to Equity Holders of the Parent increased by 7% to ₱129.2 bn. Current ratio as of June 30, 2016 remained benign at 2.7x (versus year-end 2015's 2.8x), while the net debt-to-equity ratio was at 0.7x (versus year-end 2015's 0.7x).

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 28, 2016