

**July 31, 2019**

**SECURITIES AND EXCHANGE COMMISSION**

Secretariat Building, PICC Complex  
Roxas Boulevard, Pasay City, 1307

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

*via PSE EDGE*

**PHILIPPINE STOCK EXCHANGE, INC.**  
PSE Tower, 28<sup>th</sup> Street, cor. 5<sup>th</sup> Avenue,  
Bonifacio Global City, Taguig City

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

*via electronic mail*

**PHILIPPINE DEALING & EXCHANGE CORP.**  
Market Regulatory Services Group  
29<sup>th</sup> Floor BDO Equitable Tower  
8751 Paseo de Roxas, Makati City

ATTENTION : **ATTY. JOSEPH B. EVANGELISTA**  
Head - Issuer Compliance and Disclosures Department

Gentlemen:

Please see attached 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:



**MANUEL ALBERTO R. COLAYCO**  
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 )

MANUEL ALBERTO R. COLAYCO

Contact Person

(02) 886-2338

Company Telephone Number

1 2 3 1

Month Day

Fiscal Year

1 7 - C

FORM TYPE

4th Monday of April

0 4 2 2

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 31, 2019  
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. 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<br>Outstanding and Amount of Debt Outstanding |
|--|--|
| <u>Common Stock ₱1 Par Value</u>                   | <u>5,632,792,557</u>   |
| <u>Amount of Debt Outstanding (March 31, 2019)</u> | <u>₱290,805,284,086.00</u>   |
11. Indicate the item numbers reported herein: 9

**Item 9: Other Matters**

Aboitiz Equity Ventures Inc. ("AEV" or the "Company") recorded consolidated net income of ₱5.4 billion (bn) for the second quarter of 2019, a 3% increase from the ₱5.3 bn reported in the same period last year. The Company recognized non-recurring gains of ₱412 million (mn) during the period, primarily due to unrealized foreign exchange gains on the revaluation of dollar-denominated net liabilities, versus the ₱42 mn in net foreign exchange losses in the corresponding period in 2018. Without these one-off gains, the Company's core net income was ₱5.0 bn, a 6% decline year-on-year (YoY). For the relevant period, AEV recorded consolidated earnings before interest, tax, depreciation and amortization (EBITDA) of ₱14.1 bn, which was flat YoY.

On a year-to-date (YTD) basis, AEV's net income for the first half of 2019 was ₱9.0 bn, 11% lower than the ₱10.1 bn recorded during the same period of last year. The Company

recognized non-recurring gains of ₱78 mn, versus the ₱467 mn in non-recurring losses recorded in the previous year, representing foreign exchange differential in restating dollar-denominated net debt. Without these one-off gains, AEV's core net income for the first half of 2019 was ₱8.9 bn, 16% lower from ₱10.6 bn YoY. AEV recorded consolidated EBITDA of ₱26.5 bn during the first six months of 2019, a 5% decrease from the ₱28.0 bn recorded in the same period last year.

Power accounted for 67% of the total income contributions from AEV's Strategic Business Unit (SBU) for the first half of 2019, while the Financial Services, Food, Infrastructure, and Real Estate SBUs income contributions were at 24%, 6%, 2%, and 1%, respectively.

## **Strategic Business Units**

### *Power*

Aboitiz Power Corporation's (AboitizPower) net income contribution to AEV for the first half of 2019 decreased by 5% YoY, from ₱7.0 bn to ₱6.7 bn.

On a stand-alone basis, AboitizPower's core net income for the first half of 2019 was ₱8.5 bn, a 19% decrease YoY. Including non-recurring gains of ₱121 mn for the first six months of 2019, AboitizPower's net income was ₱8.6 bn, 5% lower compared to the corresponding period last year.

Income contributions from the generation and retail electricity supply businesses accounted for 82% of total income contributions from AboitizPower's business segments, which totaled ₱8.1 bn during the first six months of 2019, 5% lower YoY. Consolidated EBITDA recorded for the period was ₱17.8 bn, a 12% decrease YoY, which was primarily due to the higher volume of purchased power during the first six months of 2019 combined with high spot market prices during the period. Aboitiz Power had purchased replacement power as a result of outages and contracting ahead in preparation for incoming capacity.

AboitizPower also recorded lower capacity sold for the first half of 2019, from 3,213 megawatts (MW) to 3,035 MW YoY, due to Therma Mobile, Inc.'s bunker C-fired diesel power plants being put on preservation mode in the first quarter of 2019.

AboitizPower's distribution business recorded an income share of ₱1.8 bn during the first half of 2019, a 12% decrease YoY, and accounted for 18% of income contributions from AboitizPower's business segments. Consolidated EBITDA for the distribution business during the period stood at ₱3.7 bn, a 5% decrease compared to the previous year, which was due to lost margins from the decommissioning of the Bajada power plant. On the other hand, energy sales increased by 5% to 2,842 gigawatt-hours (GWh), compared to 2,719 GWh recorded in the first half of 2018. This was primarily driven by the increase in new customers across all segments.

### *Banking & Financial Services*

Union Bank of the Philippines' ("UnionBank" or the "Bank") income contribution to AEV for the first half of 2019 increased by 3% to ₱2.4 bn, from ₱2.3 bn recorded in the same period in 2018.

On a stand-alone basis, UnionBank and its subsidiaries recorded a net income of ₱4.8 bn in the first half of 2019, 2% higher compared to the ₱4.7 bn recorded in the same period last year, as the Bank sustained the growth of earning assets despite lower margins and

strategic investment in its digital transformation. Higher fee income from consumer businesses and securities trading gains also contributed to the improved bottom line in the first half of 2019.

UnionBank's earnings performance translated to a return on equity (ROE) of 10.6%, return on assets (ROA) of 1.4%, and revenue-to-expense ratio of 1.7x.

As of end-June 2019, UnionBank's total assets amounted to ₱704.4 bn, 13% higher YoY, as customer loans reached ₱328.3 bn, with credit cards, consumer business, and commercial loans driving the portfolio's growth.

UnionBank's capitalization remained well-above regulatory minimum levels, with total capital adequacy ratio of 15.0% and Common Equity Tier 1 ratio of 12.9%.

### *Food*

AEV's non-listed food subsidiaries' (Pilmico Foods Corporation, Pilmico Animal Nutrition Corporation, and AEV International Pte. Ltd. (AEVI)) income contribution to AEV amounted to ₱552 mn for the first half of 2019, a 17% decrease from the ₱662 mn recorded in the corresponding period last year.

For the first half of 2019, the Food SBU's Philippine subsidiaries reported net income amounting to ₱387 mn. The Feeds business segment recorded a net income of ₱113 mn during this period, 62% lower YoY due to higher operating expenses. The Farms business segment reported a net income of ₱44 mn, 85% lower YoY, resulting from decreased margins following high cost of feeds and lower selling price of live hogs. Meanwhile, the Flour business segment's net income amounted to ₱230 mn, 283% higher YoY on the back of improved selling prices.

Pilmico International Pte. Ltd. (Pilmico International), a subsidiary of AEVI, delivered a net income of ₱412 mn in the first semester of 2019, fifty-eight times the amount reported in the corresponding period last year. This was primarily due to fresh contributions from Gold Coin Management Holdings (Gold Coin), a newly acquired regional feeds player.

AEVI reported a consolidated net income of ₱165 mn from the ₱412 mn contribution of Pilmico International, which was tempered by the ₱245 mn in financing costs related to the acquisition of Gold Coin and ₱3 mn in holding company expenses.

For the first half of 2019, 30% of the Food Group's total earnings were generated offshore, versus 1% recorded in the previous year.

### *Real Estate*

AEV's non-listed real estate segment, comprising AboitizLand, Inc. ("AboitizLand") and its subsidiaries, reported a consolidated net income of ₱60 mn for the first half of 2019, 79% lower than the ₱283 mn recorded in the same period in 2018.

AboitizLand's revenues for the first half of 2019 totaled ₱1.4 bn, 28% lower YoY. This was primarily attributable to the deferred revenue recognition of industrial lot sales for the industrial business unit, which was offset by revenue contributions from the residential business unit due to significant construction progress primarily in key projects such as Seafont Residences and Amoa.

Of AboitizLand's revenue for the first six months of 2019, the residential business unit contributed ₱935 mn, the industrial business unit contributed ₱388 mn, while the

commercial business unit and others contributed the remaining ₱104 mn, equivalent to 66%, 27%, and 7%, respectively.

#### *Infrastructure*

For the Infrastructure group, Republic Cement & Building Materials, Inc.'s income contribution to AEV for the first half of 2019 amounted to ₱249 mn, 473% higher than the ₱44 mn reported in the same period last year. This was primarily due to improved control on production costs together with higher market prices and increased private sector demand.

#### **Financial Condition**

As of June 30, 2019, the Company's consolidated assets totaled ₱572.4 bn, a 3% increase from end-2018's level of ₱554.5 bn. Cash and cash equivalents at the end of the first half of 2019 stood at ₱44.1 bn, 25% lower than the ₱59.0 bn as of end-2018. Consolidated liabilities totaled ₱369.7 bn, a 10% increase from the year-end 2018 level of ₱336.0 bn, while equity attributable to equity holders of the parent decreased by 7% to ₱165.0 bn. AEV's current ratio as of June 30, 2019 stood at 1.4x while its net debt-to-equity ratio was 1.3x.

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:



Manuel Alberto R. Colayco  
Corporate Secretary

Date: July 31, 2019