



100 YEARS OF ADVANCING BUSINESS AND COMMUNITIES

March 10, 2020

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, 28th Street, cor. 5th 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
29th Floor BDO Equitable Tower
8751 Paseo de Roxas, Makati City

ATTENTION : **ATTY. MARIE ROSE M. MAGALLEN-LIRIO**
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:

A handwritten signature in blue ink, appearing to read "Mailene".

MAILENE M. DE LA TORRE
Assistant 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) 8 886-2338

Company Telephone Number

1 2 3 1

Month Day

Fiscal Year

1 7 - C

FORM TYPE

4th Monday of April

0 4 2 7

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. **March 10, 2020**
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) 8 886-2800**
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 |
|--|---|
| Common Stock ₱1 Par Value | 5,632,792,557 |
| Amount of Debt Outstanding (September 30, 2019) | ₱308,529,580,608.00 |

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 ₱6.3 billion (bn) for the fourth quarter of 2019, a 28% increase from the ₱4.9 bn reported in the same period in 2018. The Company recognized non-recurring gains of ₱671 million (mn) during the period, versus the ₱484 mn in non-recurring losses for the corresponding period in 2018. Without these one-off gains, the Company's core net income was ₱5.6 bn, a 4% increase year-on-year (YoY). For the relevant period, AEV recorded consolidated earnings before interest, tax, depreciation and amortization (EBITDA) of ₱15.3 bn, which was 1% higher YoY.

AEV's net income for 2019 was ₱22.0 bn, 1% lower than the ₱22.2 bn recorded during the same period last year. The Company recognized non-recurring gains of ₱516 mn during 2019, compared to the previous year's non-recurring losses amounting ₱891 mn,

representing net foreign exchange gains, and gains on reversal of impairment provisions. Without these one-off gains, AEV's core net income for 2019 was ₱21.5 bn, 7% lower YoY from ₱23.1 bn. AEV recorded consolidated EBITDA of ₱60.2 bn for 2019, 1% lower than the ₱60.7 bn recorded during the previous year.

Power accounted for 57% of the total income contributions from AEV's Strategic Business Units (SBU) in 2019, while the Financial Services, Food, Real Estate, and Infrastructure SBUs income contributions were at 30%, 7%, 4%, and 2%, respectively.

Strategic Business Units

Power

Aboitiz Power Corporation's (AboitizPower) net income contribution to AEV for 2019 decreased by 20% YoY, from ₱16.7 bn to ₱13.3 bn.

On a stand-alone basis, AboitizPower's core net income for 2019 was ₱16.6 bn, a 30% decrease from the previous year. Including non-recurring gains of ₱702 mn, AboitizPower's net income for 2019 was ₱17.3 bn, 20% lower compared to 2018.

Income contributions from the generation and retail electricity supply businesses, which accounted for 79% of total income from AboitizPower's business segments, totaled ₱15.3 bn in 2019, 23% lower YoY. EBITDA recorded for 2019 was ₱36.2 bn, a 16% decrease YoY. This was primarily due to the outages experienced by the Company's coal facilities, and exacerbated by the need to purchase replacement power at higher spot market prices. Replacement power was also purchased from the spot market as the Company had contracted ahead in anticipation of TVI's incoming capacity. Decreased spot market sales further eroded YoY earnings.

AboitizPower recorded higher capacity sold for 2019 at 3,184 MW, compared to the 3,154 MW sold in 2018.

Meanwhile, AboitizPower's distribution business recorded an income share of ₱4.1 bn in 2019, a 1% increase YoY, and accounted for 21% of income contributions from AboitizPower's business segments. EBITDA for the distribution business in 2019 was ₱8.2 bn, flat YoY. Energy sales increased by 6% to 5,851 gigawatt-hours (GWh) during 2019, from the 5,540 GWh recorded in 2018. The increase in earnings, however, was mitigated by lost margins from the decommissioning of the Bajada power plant.

Banking & Financial Services

Union Bank of the Philippines' ("UnionBank" or the "Bank") income contribution to AEV for 2019 amounted to ₱7.2 bn, 100% higher than the ₱3.6 bn recorded in the previous year.

On a stand-alone basis, UnionBank and its subsidiaries posted a record net income of ₱14.0 bn in 2019, 100% higher than the ₱6.9 bn recorded in 2018. This growth was mainly due to revenue growth from the increase in earning assets and improved margins, as well as from healthy trading gains during 2019.

UnionBank's earnings performance in 2019 resulted in a return on equity (ROE) of 16.3%, a return on assets (ROA) of 2.0%, and a revenue-to-expense ratio of 1.8x.

As of December 31, 2019, UnionBank's total assets amounted to ₱770.0 bn, 15% higher than at the end of 2018, driven by a growth in its customer loan portfolio to ₱393.4 bn, with credit cards, consumer business, and commercial loans also contributing to the growth of the bank's portfolio.

UnionBank's capitalization remained above regulatory minimum levels, with total capital adequacy ratio of 15.3% and Common Equity Tier 1 ratio of 13.2%.

Food

AEV's non-listed food subsidiaries' (Pilmico Foods Corporation, Pilmico Animal Nutrition Corporation, and Pilmico International Pte. Ltd. (Pilmico International)) income contribution to AEV amounted to ₱1.58 bn for 2019, 2% higher than the ₱1.56 bn recorded in the previous year.

The Food SBU's Philippine subsidiaries reported net income amounting to ₱822 mn in 2019, 38% lower than 2018. The Feeds business segment posted net income of ₱456 mn, 44% higher YoY, due to improved margins and reduced financing costs. The Flour business segment recorded ₱711 mn in net income, 138% higher than 2018, following increases in margins and volume. Simultaneously, the Farms business segment reported a net loss of ₱281 mn, 149% lower YoY, due to decreased margins and volume due to the spread of African Swine Fever in Northern Luzon.

Pilmico International recorded net income of ₱1.2 bn in 2019, 128% higher than 2018. This was due to the full year income contribution of Gold Coin Management Holdings (Gold Coin) and Pilmico Vietnam Feeds' improved margins due to lower raw material cost and the increased contribution of higher margin segments.

Income contribution from the Food SBU's international subsidiaries totaled ₱760 mn on the ₱1.2 bn contribution of Pilmico International, which was offset by the ₱472 mn in financing costs related to the acquisition of Gold Coin.

For 2019, 48% of the Food Group's total earnings were generated offshore, compared to the 15% recorded in the same period in 2018.

Real Estate

AEV's non-listed real estate businesses, comprising AboitizLand, Inc. ("AboitizLand") and its subsidiaries, reported a consolidated net income of ₱943 mn for 2019, a 46% increase from the ₱645 mn recorded in 2018. This was primarily due to fair valuation gains on investment properties recognized in 2019 which were not present in 2018.

AboitizLand reported ₱4.2 bn in revenues in 2019, 5% higher than 2018. This overall increase was mainly attributable to higher contributions from the residential and commercial business segments following the ramp up in operational and business performance.

Of AboitizLand's revenue for 2019, the residential business unit contributed ₱1.6 bn, the commercial business unit contributed ₱241 mn, while the industrial business unit and others contributed the remaining ₱2.4 bn, equivalent to 38%, 6%, and 56%, respectively.

Infrastructure

For the Infrastructure group, Republic Cement & Building Materials, Inc.'s income contribution to AEV for 2019 amounted to ₱612 mn, 187% higher than the ₱213 mn recorded last year. This was primarily due to a slight increase in private sector demand for cement, the completion of several debottlenecking projects, and improved controls on production costs.

Financial Condition

As of December 31, 2019, the Company's consolidated assets totaled ₱588.4 bn, a 6% increase from end-2018's level of ₱554.5 bn. Cash and cash equivalents stood at ₱46.4 bn, 21% lower than the ₱59.0 bn as of end-2018. Consolidated liabilities totaled ₱371.2 bn, a 10% increase from the year-end 2018 level of ₱336.0 bn, while equity attributable to equity holders of the parent increased by 1% to ₱176.5 bn. AEV's current ratio as of December 30, 2019 stood at 1.3x while its net debt-to-equity ratio was 1.2x.

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:



Mailene M. de la Torre
Assistant Corporate Secretary

Date: March 10, 2020