



Aboitiz Equity Ventures

FY 2017

Financial & Operating Results

9 March 2018

abotiz

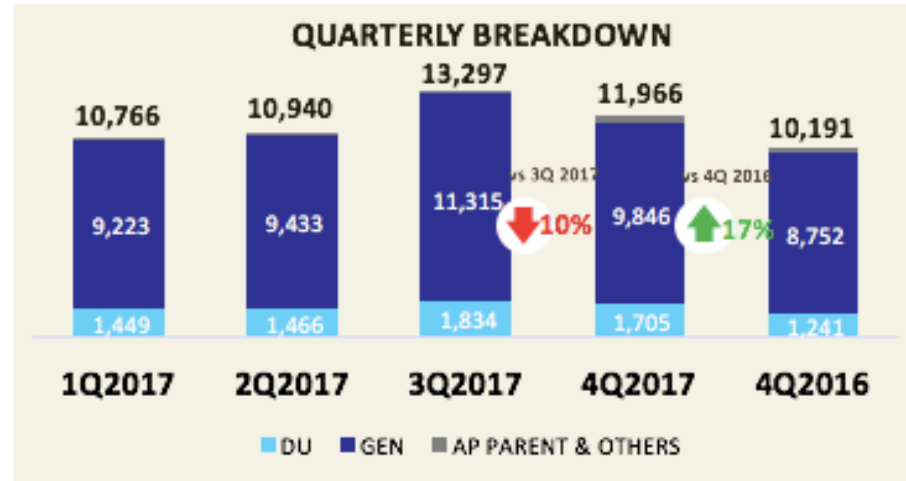
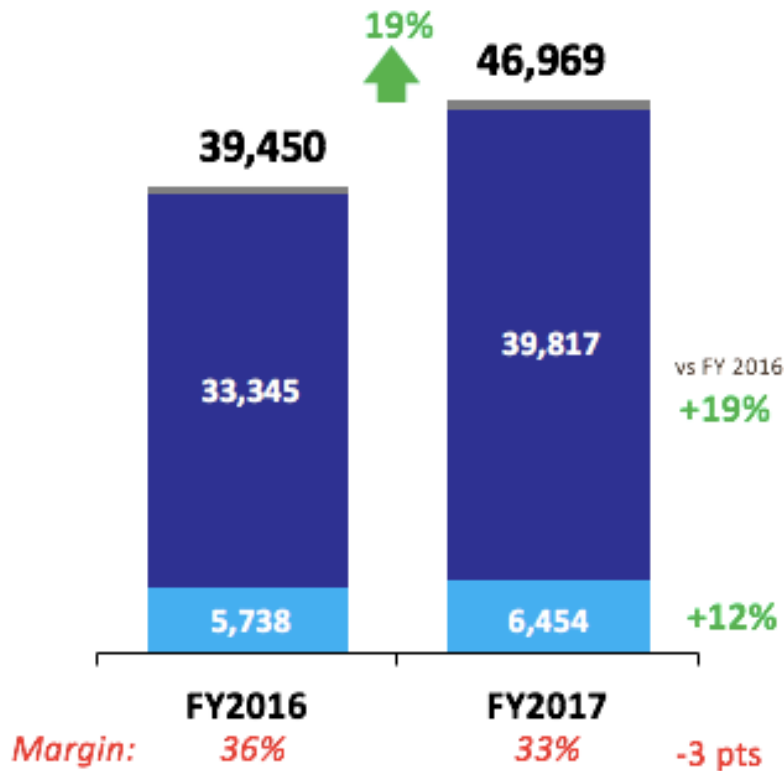


Review of Business Units

- **Power**
- Banking & Financial Services
- Food
- Infrastructure
- Land
- AEV Financials
- **Q&A**



FY 2017 EBITDA



19% growth vs FY2016, of which...

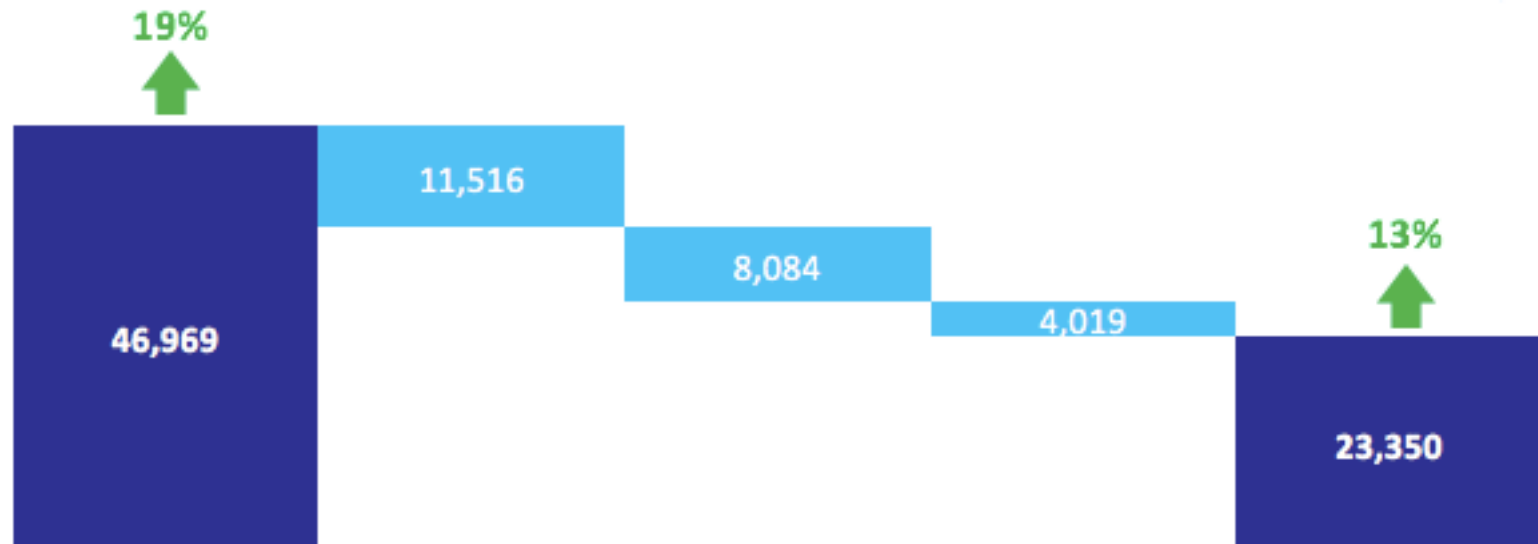
- +15% from coal group (mainly from GMCP addition and overcontracting)
- +5% from hydro group driven by better hydrology

■ Generation
 ■ Distribution
 ■ AP Parent & Others

Note: All numbers represent beneficial share.



FY 2017 Core Net Income



	EBITDA	Interest Expense	Depcn. & Amort.	Tax & Others	Core Net Income
Php mn	FY2016	FY2017	Change		
EBITDA	39,450	46,968	19%		
-Interest Expense	8,138	11,516	42%		
- <u>Depcn. & Amort.</u>	6,854	8,084	18%		
-Tax & Others	3,844	4,019	5%		
Core Net Income	20,614	23,350	13%		
<i>EPS</i>	<i>2.80</i>	<i>3.17</i>			

Interest expense increased...

- Initial take up of share in GMCP interest expense
- Interest expense on TPI Loan
- Depcn & Amort increased due to first time take up of GMCP and first full year of TSI Unit 2 D&A



FY 2017 Net Income

	Net Income		
	FY2016	FY2017	Change
Core Net Income	20,614	23,350	13%
Non-recurring losses	(611)	(2,934)	380%
<i>Aseagas impairment</i>	-	<i>(3,233)</i>	<i>N/A</i>
<i>Refinancing costs</i>	<i>(326)</i>	<i>(650)</i>	<i>99%</i>
<i>Interest expense differential</i>	-	<i>791</i>	<i>N/A</i>
<i>Acquisition/divestment gain - net</i>	<i>197</i>	<i>223</i>	<i>13%</i>
<i>Bidding & project expenses</i>	<i>(452)</i>	<i>(80)</i>	<i>-82%</i>
<i>Forex Gain/(Loss)</i>	<i>(30)</i>	<i>15</i>	<i>-150%</i>
Net Income	20,003	20,416	2%
EPS	2.72	2.77	



YE 2017 Balance Sheet

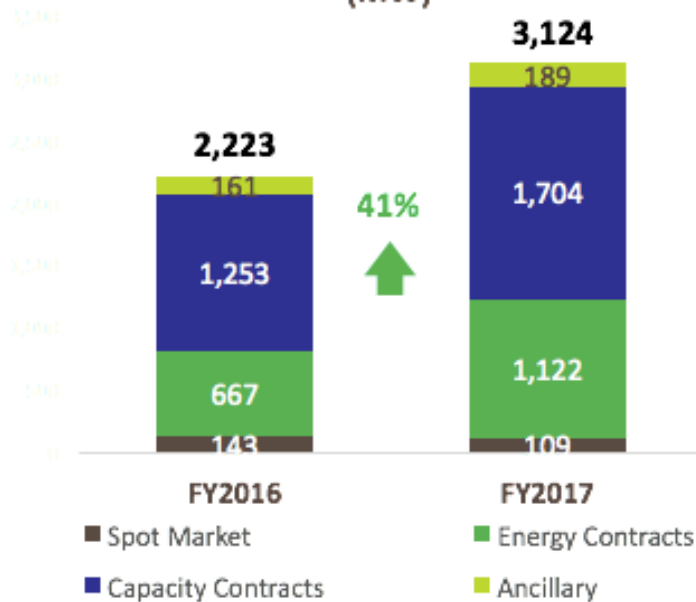
(Php mn)	CONSOLIDATED	
	YE2016	YE2017
Cash and Cash Equivalents	47,095	35,700
Investments and Advances	30,596	31,257
Property, Plant and Equipment	192,634	204,025
Total Assets	354,776	361,730
Total Liabilities	243,147	237,499
Total Equity	111,629	124,232
Total Interest Bearing Debt	214,217	205,996
Net Debt	165,022	167,654
Net Debt to Equity	1.5x	1.3x
Debt to Equity*	1.9x	1.7x

*Interest bearing debt/Total equity



Operating Highlights: Generation

Capacity Sales Breakdown (MW)



- Increased capacity sales driven by GN Power Mariveles and hydro units

Capacity Sold Factor

Fuel Group	FY2016	FY2017	Change pts
Mini Hydro	42%	49%	7
Large Hydro	73%	93%	21
SNAP Magat	57%	84%	27
SNAP Benguet	96%	108%	11
Geothermal	96%	113%	17
Coal	97%	118%	21
Therma Luzon	94%	135%	40
Therma South	100%	100%	(1)
GN Power Mariveles	110%*	104%	(6)
Oil	94%	91%	(3)
Others	10%	13%	3
AP Generation	89%	105%	16

*shown only for comparison purposes

Capacity Sales: Capacity Contracts (MW) + Energy Contracts (MW) + [(Spot (MWh) + Ancillary (MWh)) / Days_Year / Hours Day]

Capacity Sold Factor: Capacity Sales (MW) / Net Sellable Capacity (MW)



Operating Highlights: Generation

	Beneficial Energy Dispatch (GWh)		
	FY2016	FY2017	Change
Mini Hydro	651	788	21%
Large Hydro	895	1,156	29%
SNAP Magat	462	662	43%
SNAP Benguet	433	494	14%
Geothermal	2,688	2,747	2%
Coal	7,873	10,466	33%
Therma Luzon	5,091	5,126	1%
Therma South	1,640	1,647	0%
GN Power Mariveles	3,380*	2,682	-21%
Oil	1,511	670	-56%
Others	18	22	22%
Total Energy Dispatch	16,875	15,849	-6%
AP Generation (2016 excluding GMCP)	13,636	15,849	16%

**shown only for comparison purposes*



Operating Highlights: Generation

Fuel Group	Average Revenue			
	Capacity Contracts (P/kW-h)		Energy Contracts (P/kWh)	
	Capacity based and AS		Energy based and Spot	
	FY2016	FY2017	FY2016	FY2017
Hydro	2.36	2.20	4.30	4.33
Oil	2.03	1.76	5.96	5.72
Coal	3.28	3.69	3.91	4.80
Geothermal & Solar	-	-	3.89	4.43

- Total average price increased from **P4.12/kWh** to **P4.95/kWh** primarily on account of higher indices.

Notes:

Capacity contracts include ancillary; energy contracts include spot

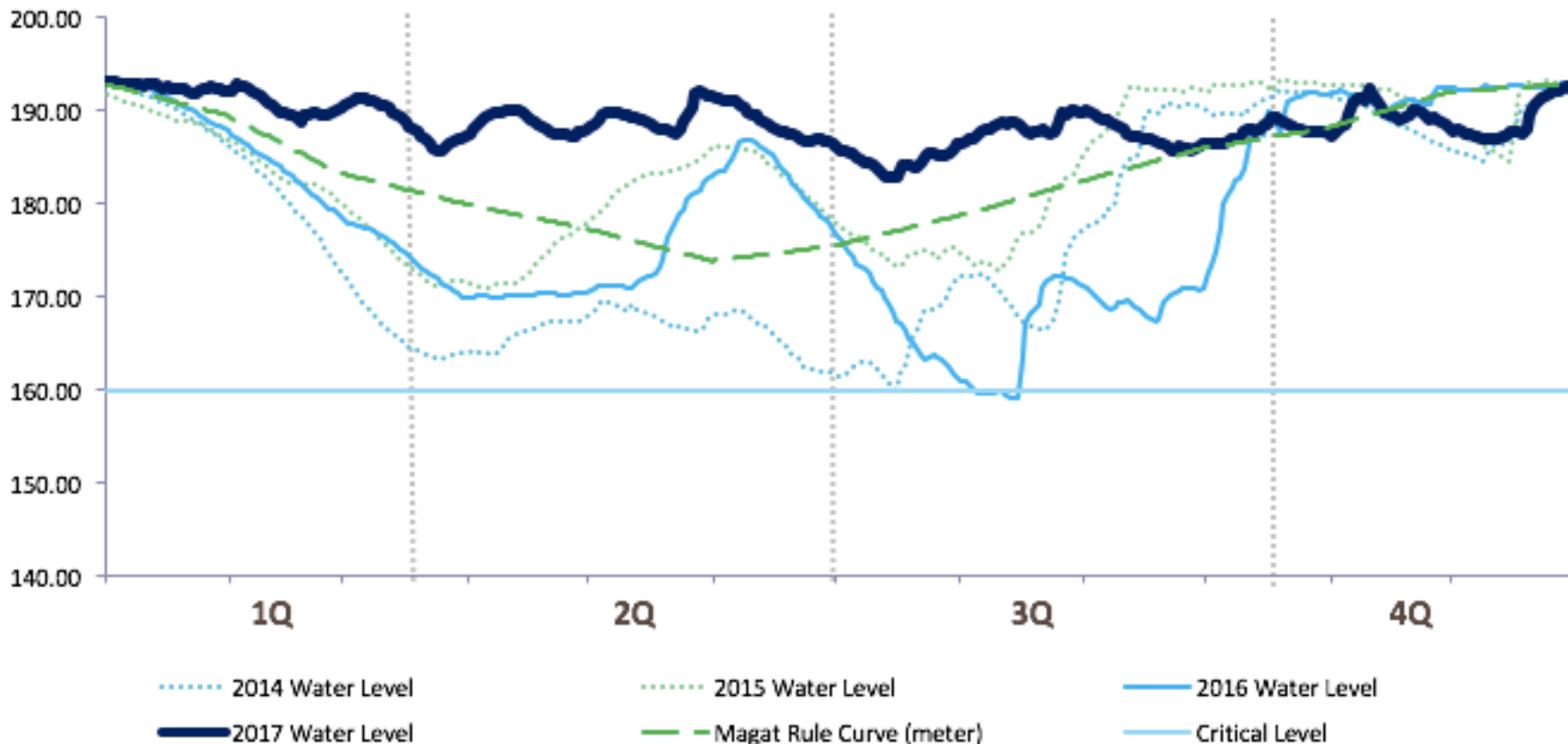
kWh: Based on total energy sold

kW-h: Based on Contracted_capacity *Days_year*Hours_days



Operating Highlights: Generation

Magat's Water Level vs. Rule Curve (in MASL)

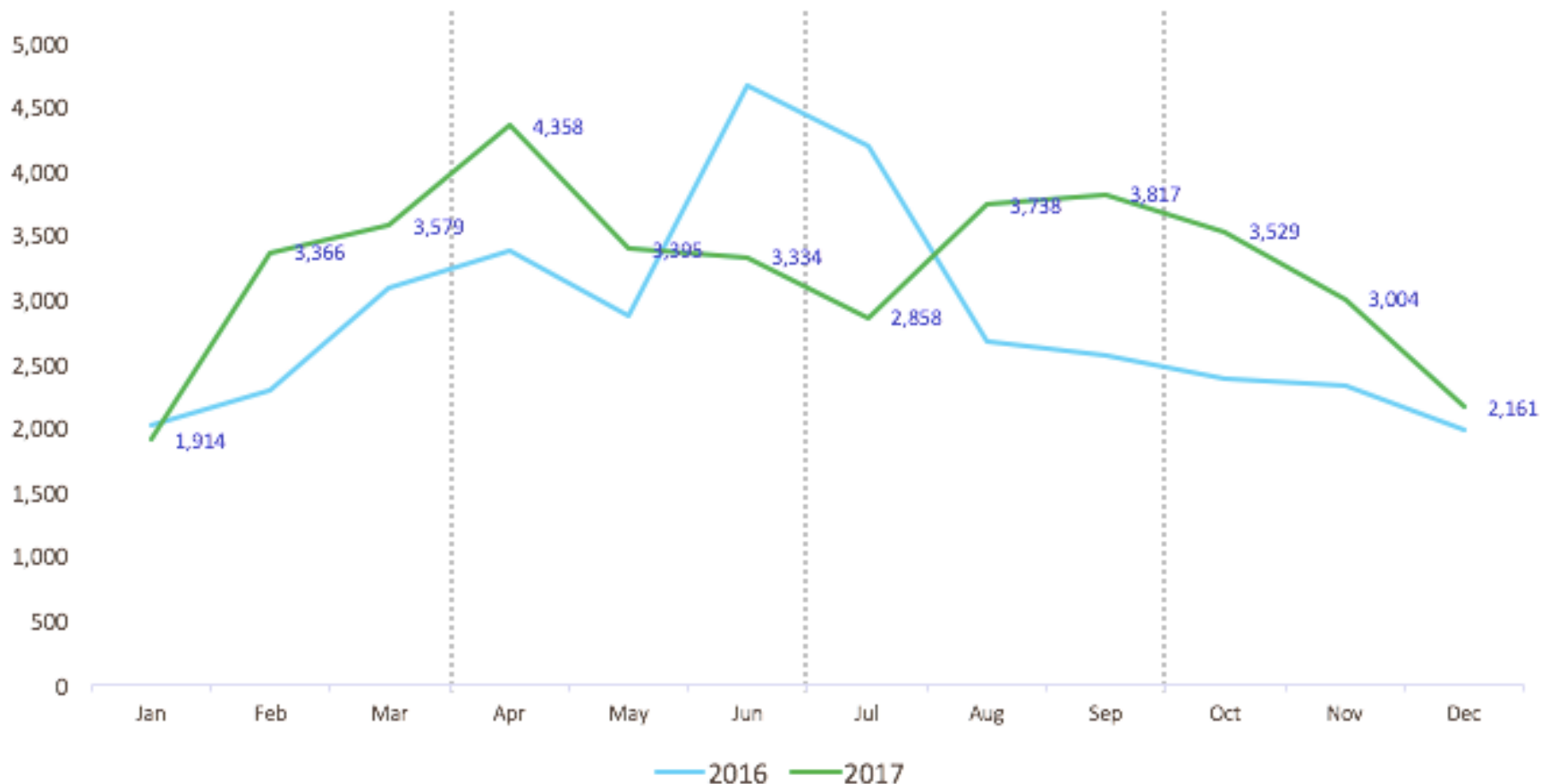


Water levels ended almost the same level of the rule curve



Operating Highlights: Generation

WESM TIME WTD AVERAGE PRICES (P/MWh) – Luzon Grid



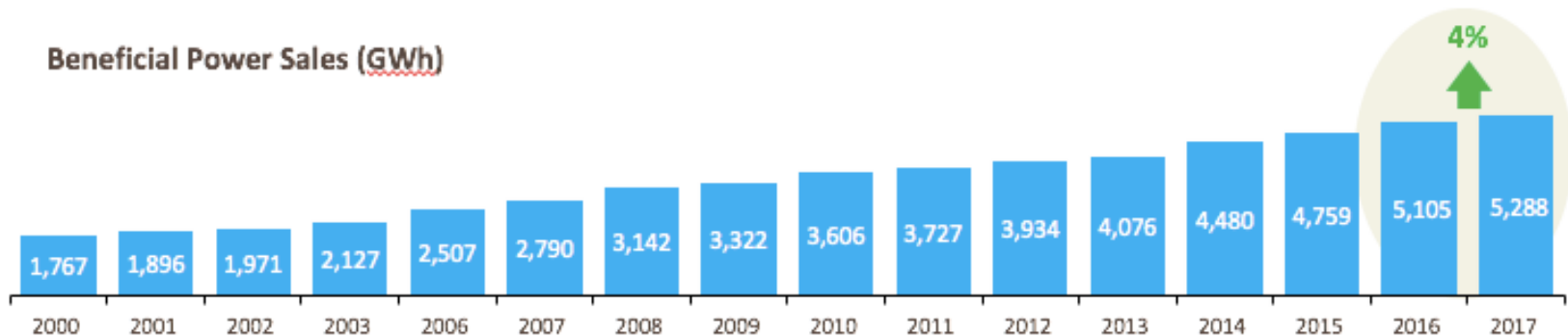
Source: WESM, SNAP



Operating Highlights: Distribution

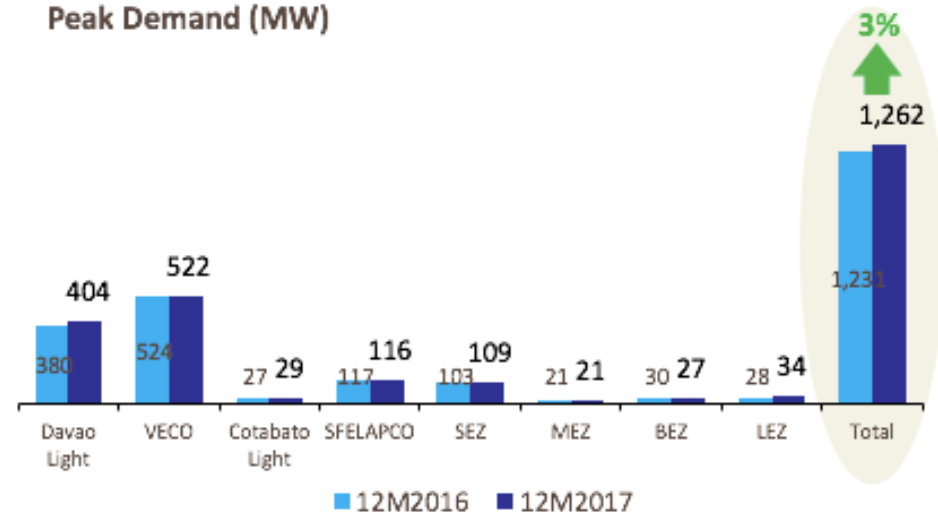
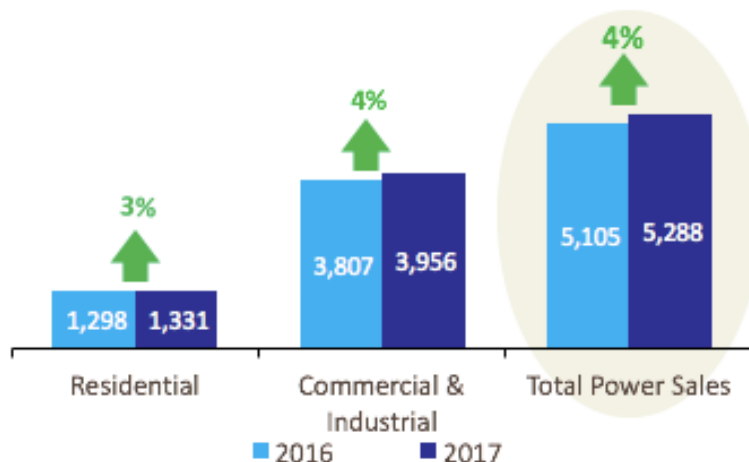
Slight growth in distribution sales

Beneficial Power Sales (GWh)



Beneficial Power Sales By Customer Type (GWh)

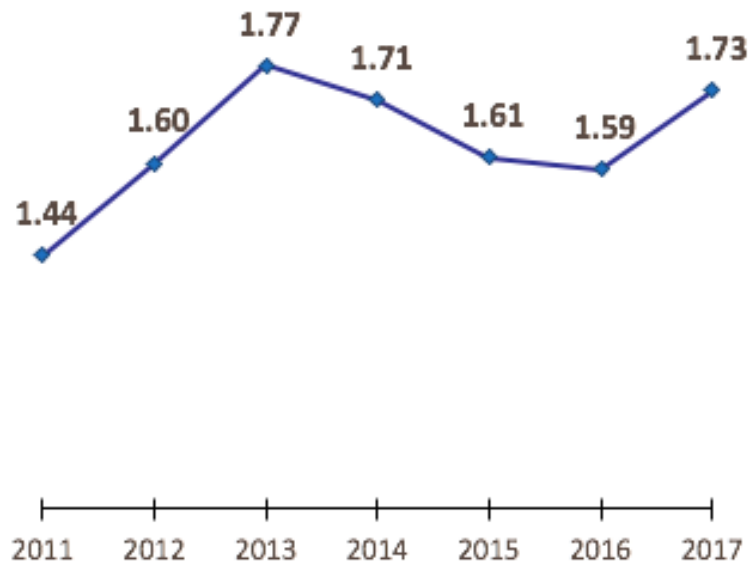
Peak Demand (MW)



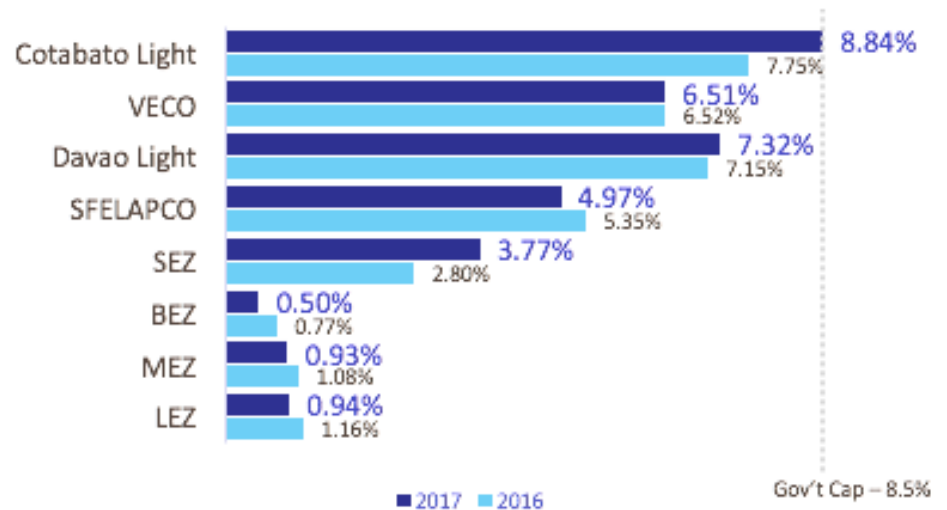


Operating Highlights: Distribution

Gross Margin/kWh



System Loss





Project Update

Pipeline on track to track to reach our target of 4,000 MW by 2020

GRID	Project	Capacity (Net)	% Ownership	Attributable Net Capacity	Estimated Completion
	Maris (Hydro – SNAP Magat)	8.5 MW	50%	4.3 MW	Jan 2018 (done)
LUZON	Pagbilao 3 (Coal – Pagbilao Energy)	400 MW	50%	200 MW	Mar 2018
	Bineng Combined (Hydro – Hedcor Inc)	19 MW	100%	19 MW	2019
	Dingin Unit 1 (Coal – GNPDP)	668 MW	40%	267 MW	2019
	Dingin Unit 2 (Coal – GNPDP)	668 MW	40%	267 MW	2020
	Subic (Coal – RP Energy)	300 MW	25%	75 MW	
VISAYAS	Cebu (Coal – Therma Visayas)	300 MW	80%	240 MW	Unit 1 - Aug 2018 Unit 2 - Aug 2018
MINDANAO	Manolo Fortich (Hydro – Hedcor Bukidnon)	68 MW	100%	68 MW	Unit 1 Apr 2018 Unit 2 Jul 2018
		2,432 MW		1,140 MW	



Project Update

Maris – 8.5 MW of Hydro





Project Update

Pagbilao 3 – 400 MW of Coal power





Project Update

Manolo Fortich – 68 MW of Hydro





Project Update

Therma Visayas Inc – 300 MW of Coal Power





Review of Business Units

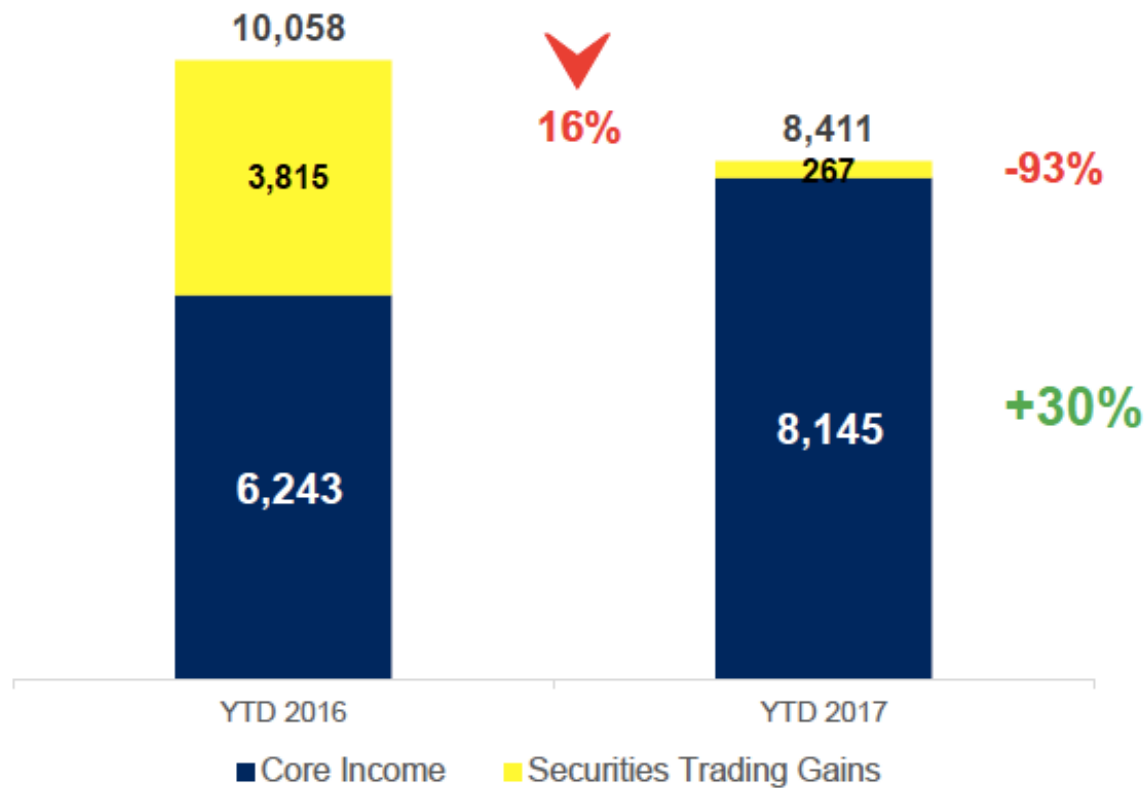
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FY 2017 Net Income

(in Php mn)

Core income (ex-trading gain) up 30% YoY



Attributable to Parent Bank's Stockholders



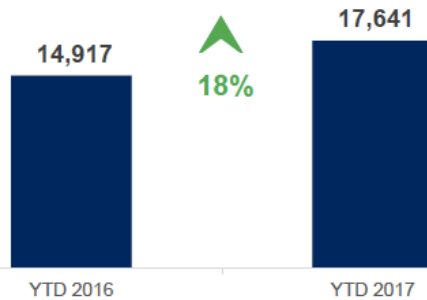
FY 2017 Net Interest Income

(in Php mn)

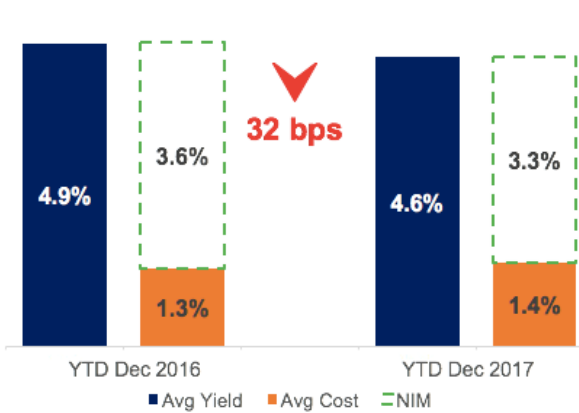
Net interest income driven by growth of earning assets

NET INTEREST INCOME

In Millions

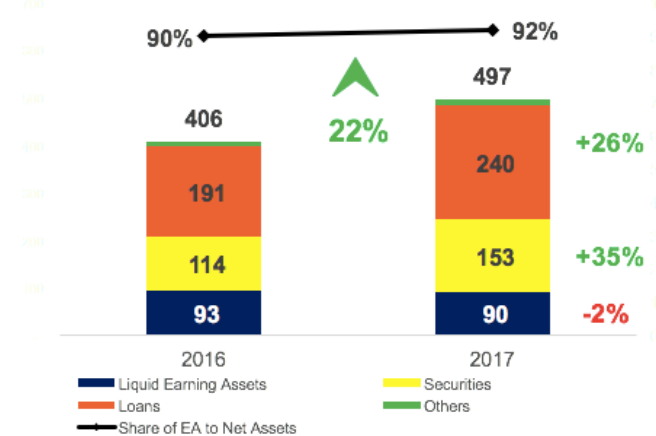


NET INTEREST MARGIN



EARNING ASSETS

ADB In Billions

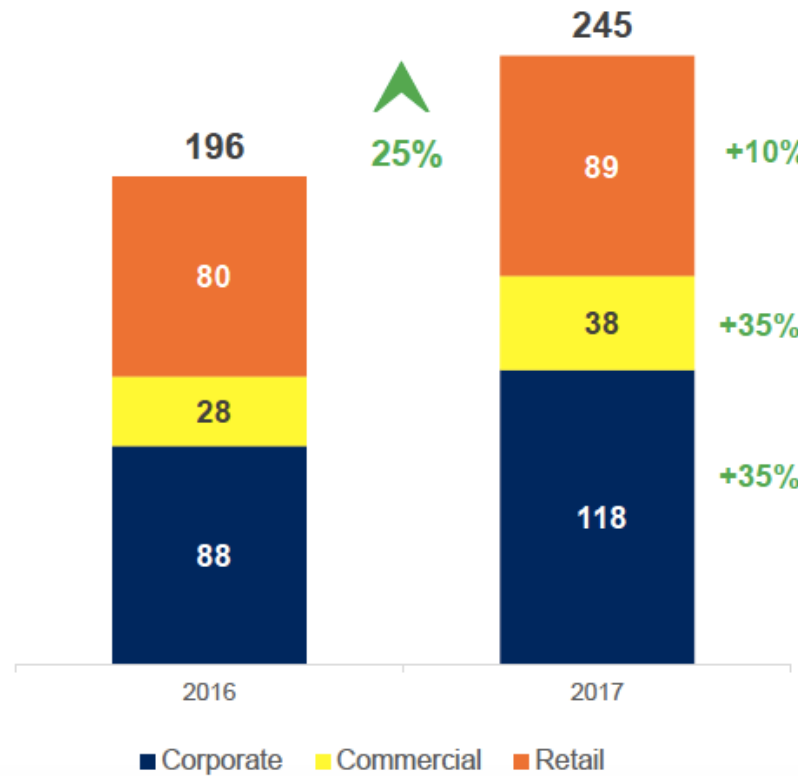




FY 2017 Credit Portfolio

(ADB in Php bn)

Double-digit growth across all major segments

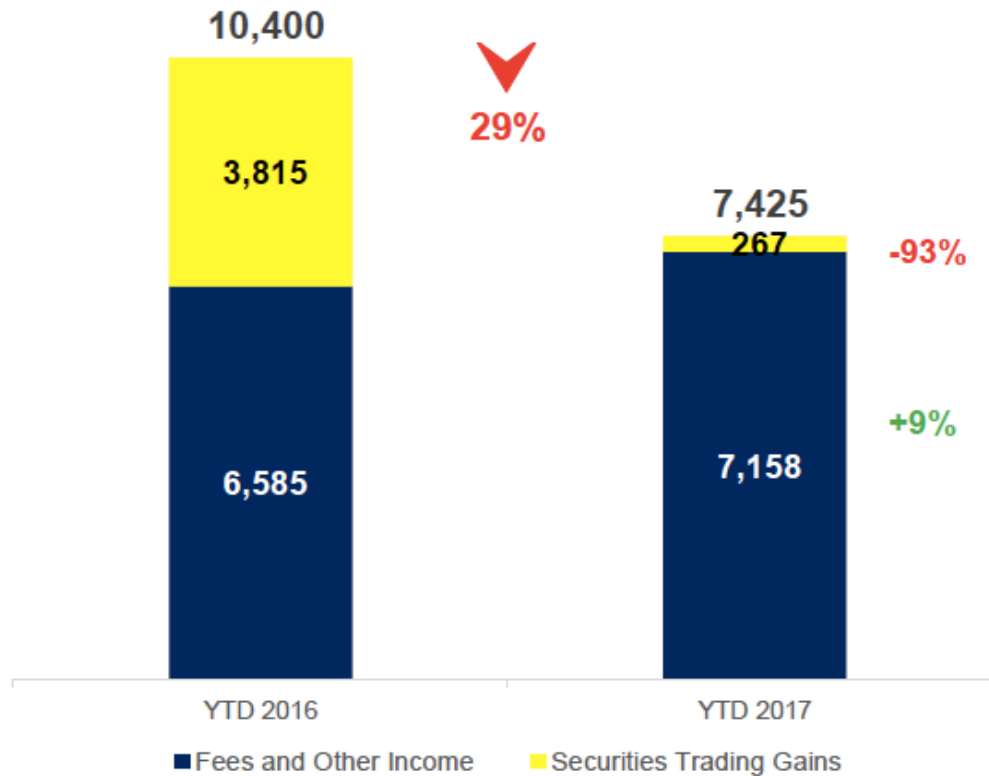




FY 2017 Non-Interest Income

(in Php mn)

Non-interest income driven by fee-based income



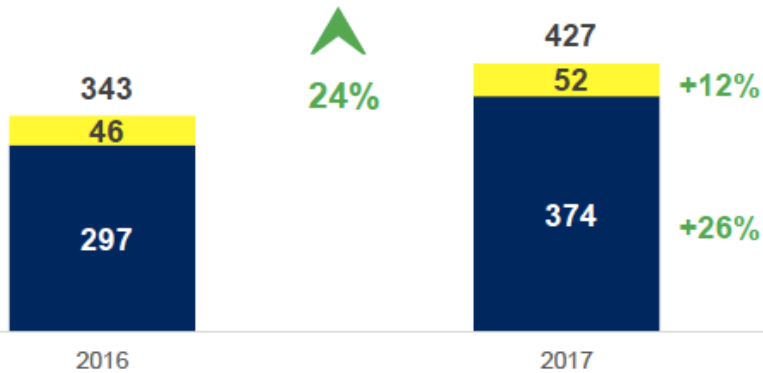


FY 2017 Total Deposits & CASA Deposits

(ADB in Php bn)

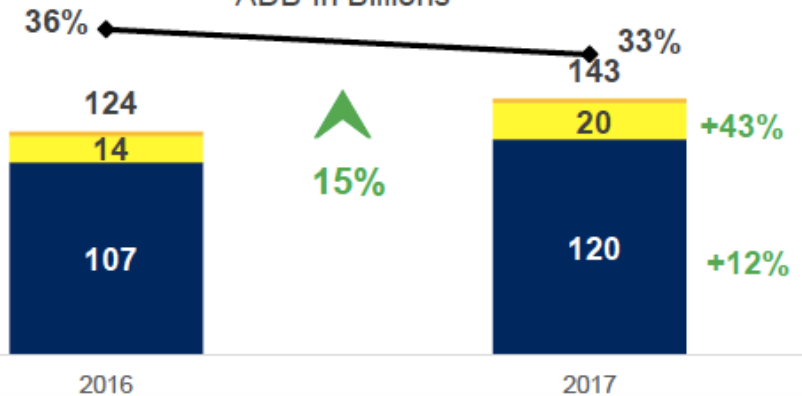
Deposits in line with strong asset growth

TOTAL DEPOSITS ADB In Billions



■ UnionBank ■ Subsidiaries

CASA DEPOSITS ADB In Billions



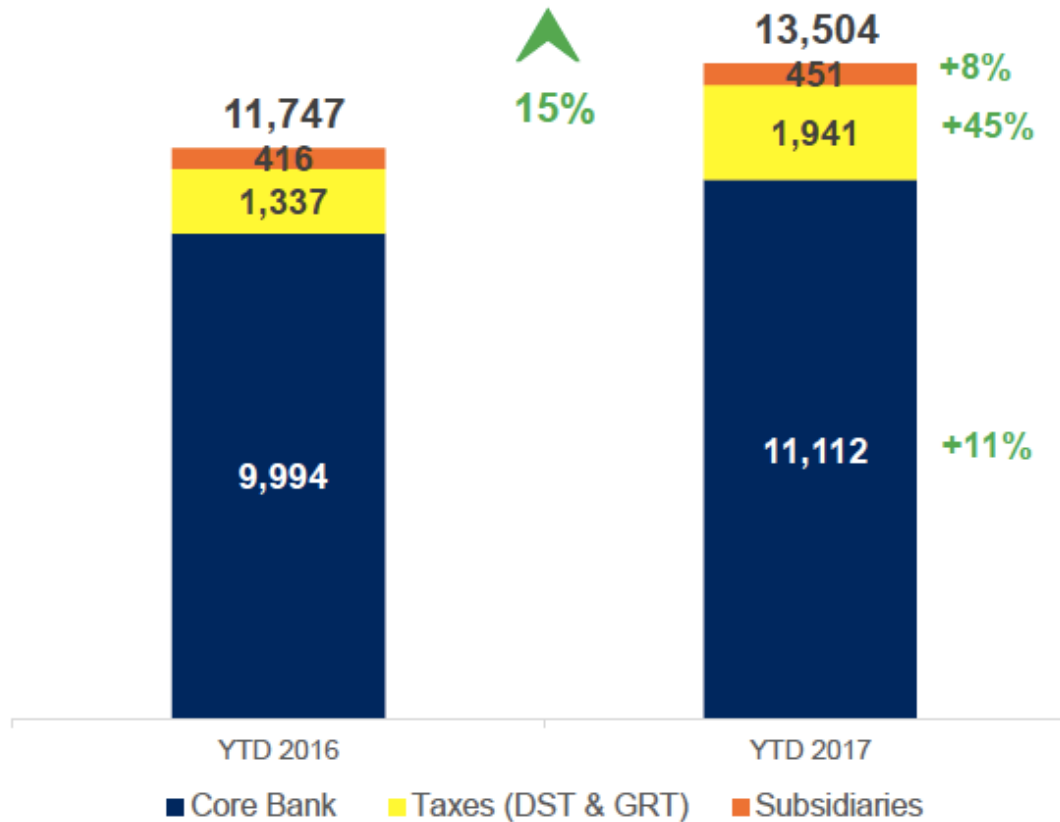
■ Peso ■ FCUDU ■ Subsidiaries → Share of CASA to Total



FY 2017 Operating Expenses

(in Php mn)

Higher Operating Expenses driven by business expansion

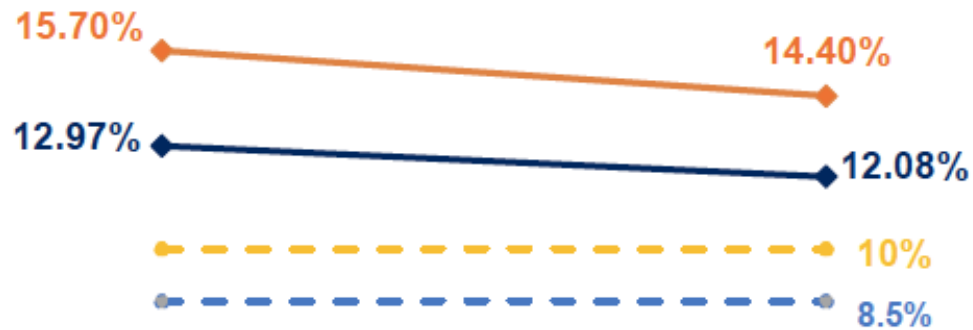




Capital Adequacy Ratios

Consolidated Basis

Capital ratios well-above regulatory minimum



YTD Dec 2016

YTD Dec 2017

◆ Tier 1 Capital Ratio
-●- Min. req. Tier 1 ratio

◆ Total Capital Adequacy Ratio
-●- Min. req. CAR



Profitability Ratios

Sustained above-industry profitability ratios

RETURN ON EQUITY



YTD 2016



YTD 2017

RETURN ON AVE. ASSETS

2.3%



YTD 2016



YTD 2017

COST-TO-INCOME RATIO

46.4%



YTD 2016

53.9%



YTD 2017



Recent Milestone

ACQUISITIONS*

- 100% stake in Philippine Resources (PR) Savings Bank (Dec-17)



- 51% stake in PeraHub (Feb-18)



CREDIT RATING

- Moody's Rating (Baa2)

CUSTOMER EXPERIENCE

- EON (Mar-17)



- UnionBank Chatbot "Rafa" (Apr-17)



- UnionBank Online Mobile App and Web (Jul-17)



- "The Ark" (Sep-17)



*Subject to closing conditions and regulatory approval







Review of Business Units

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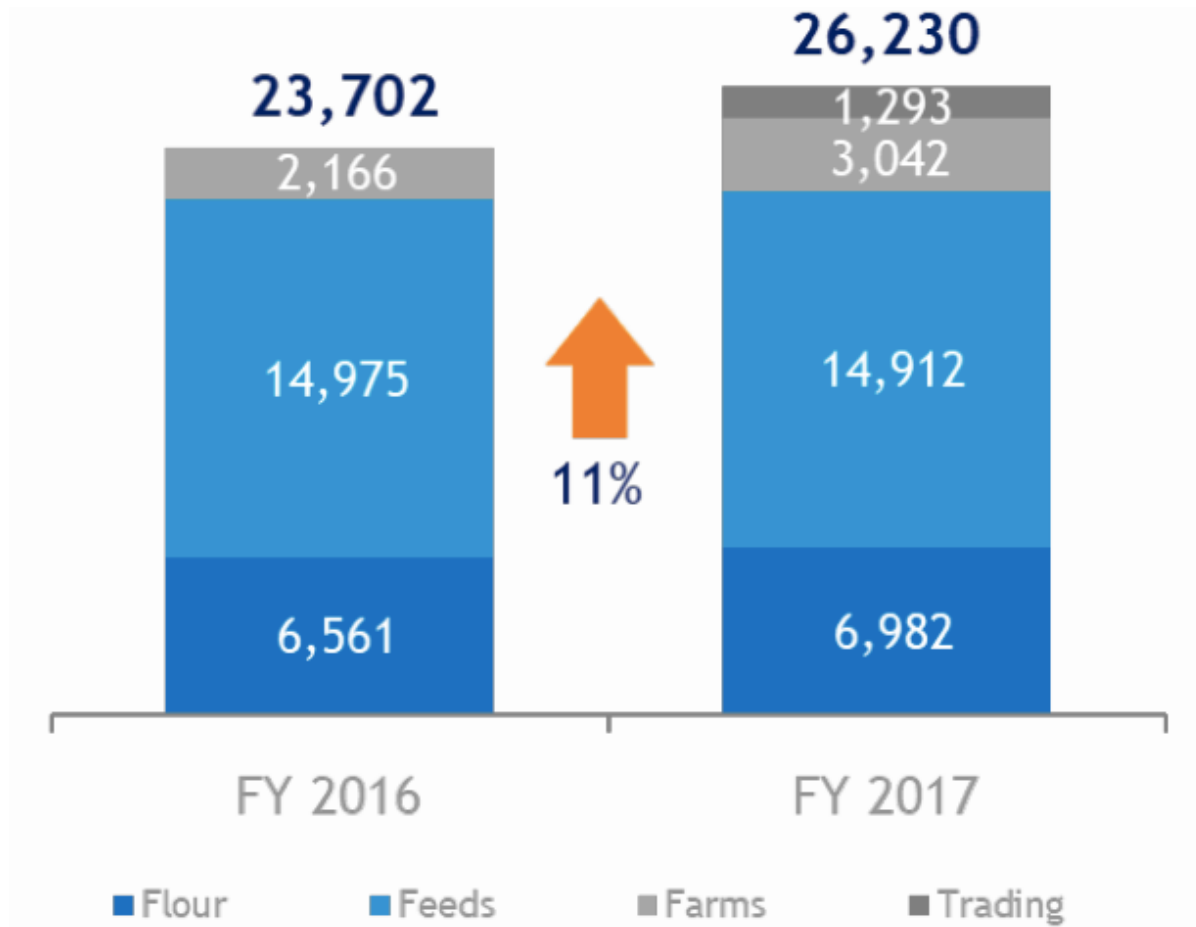
FY 2017 Financial Highlights

(in Php mn)

Revenue	26,230	 vs. FY 2016 +11%
EBITDA	3,049	 -3%
EBITDA Margin	12%	 -300bps
NIAT	1,732	 -5%

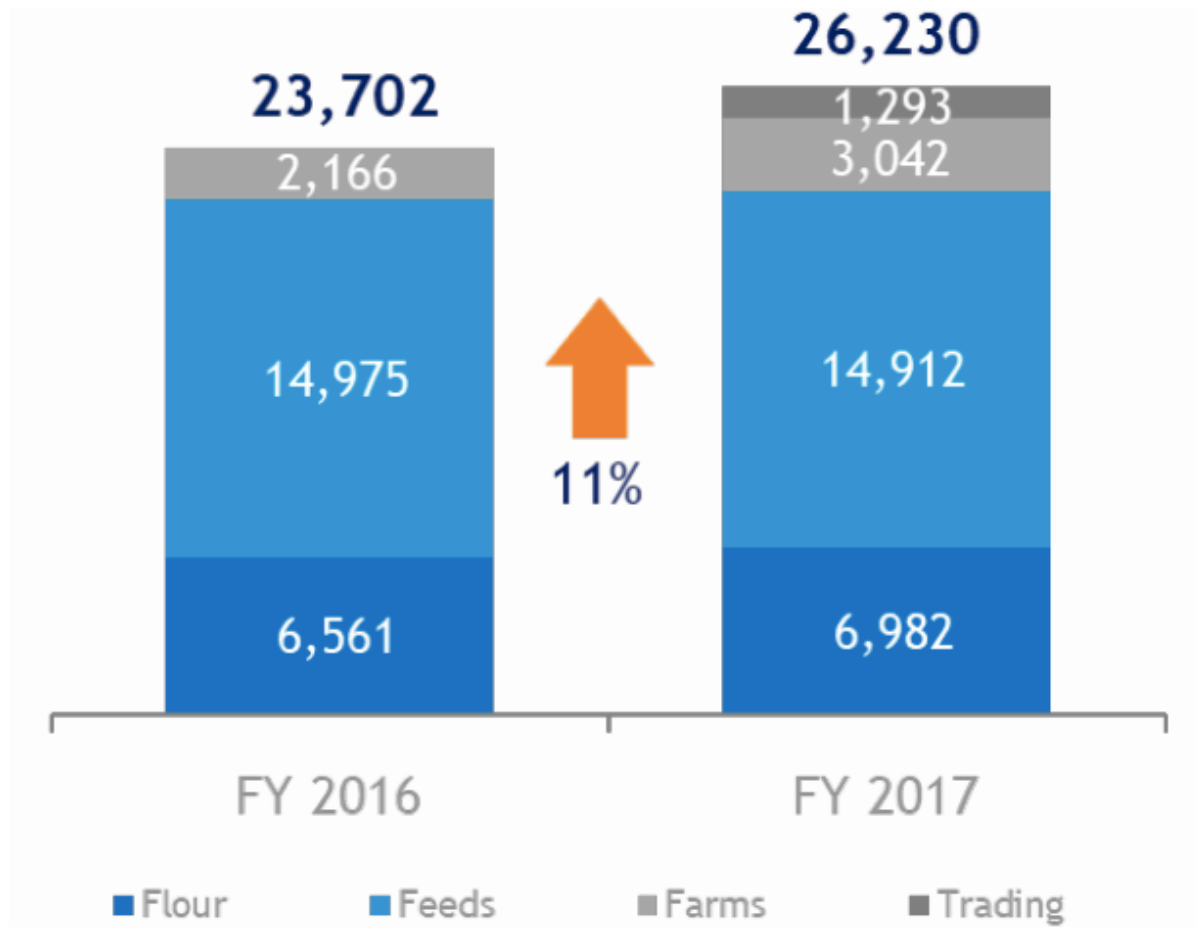


FY 2017 Revenue





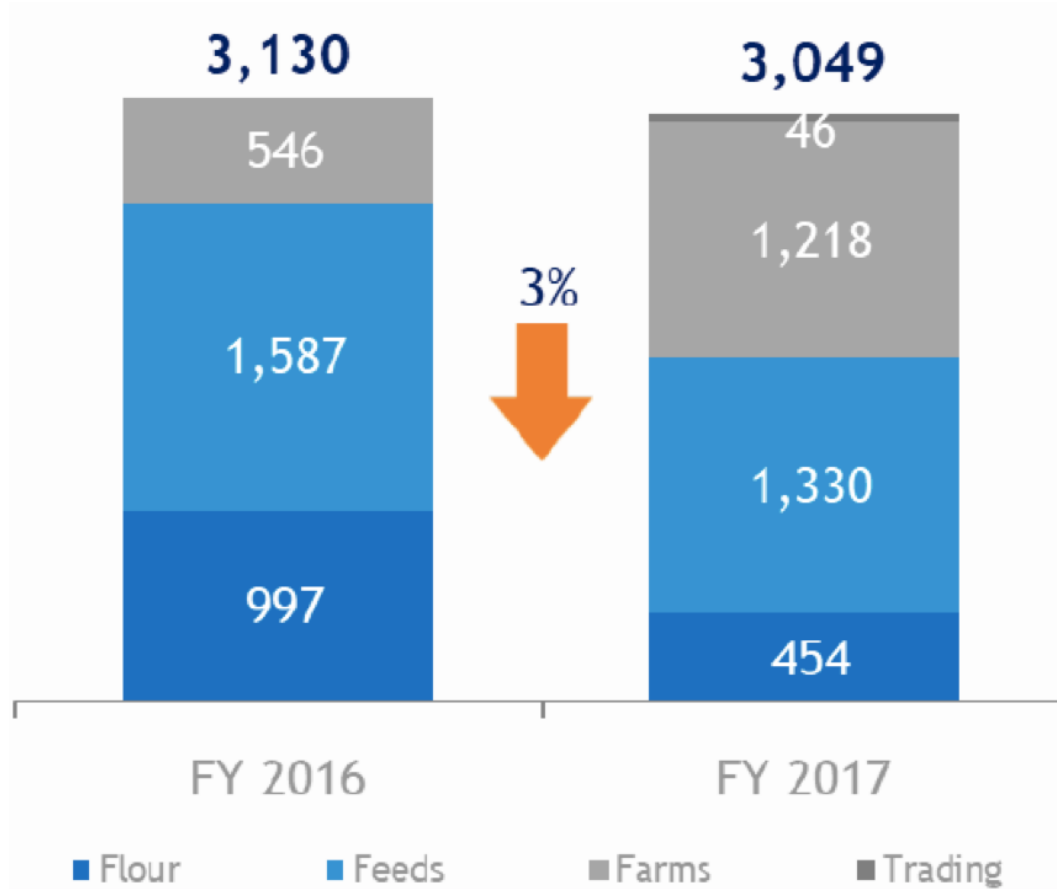
FY 2017 Revenue





FY 2017 EBITDA

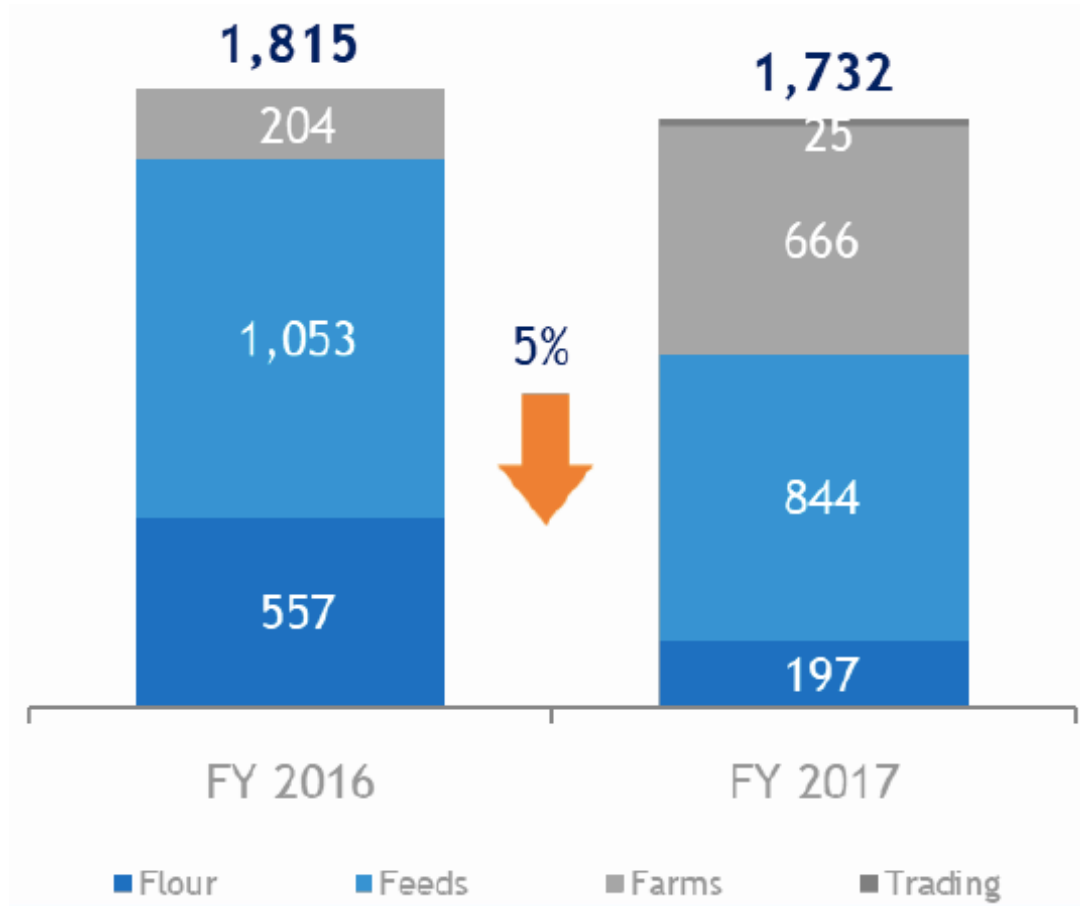
(in Php mn)





FY 2017 Net Income

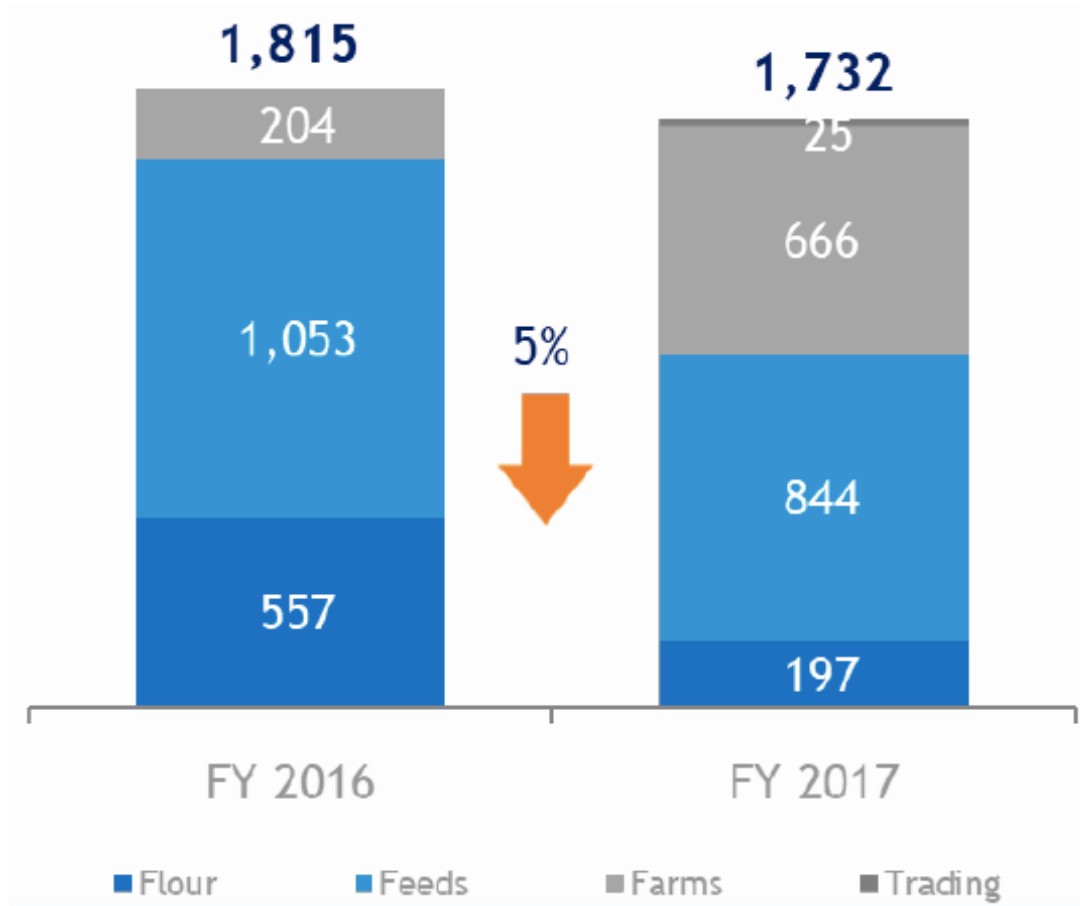
(in Php mn)





FY 2017 Net Income

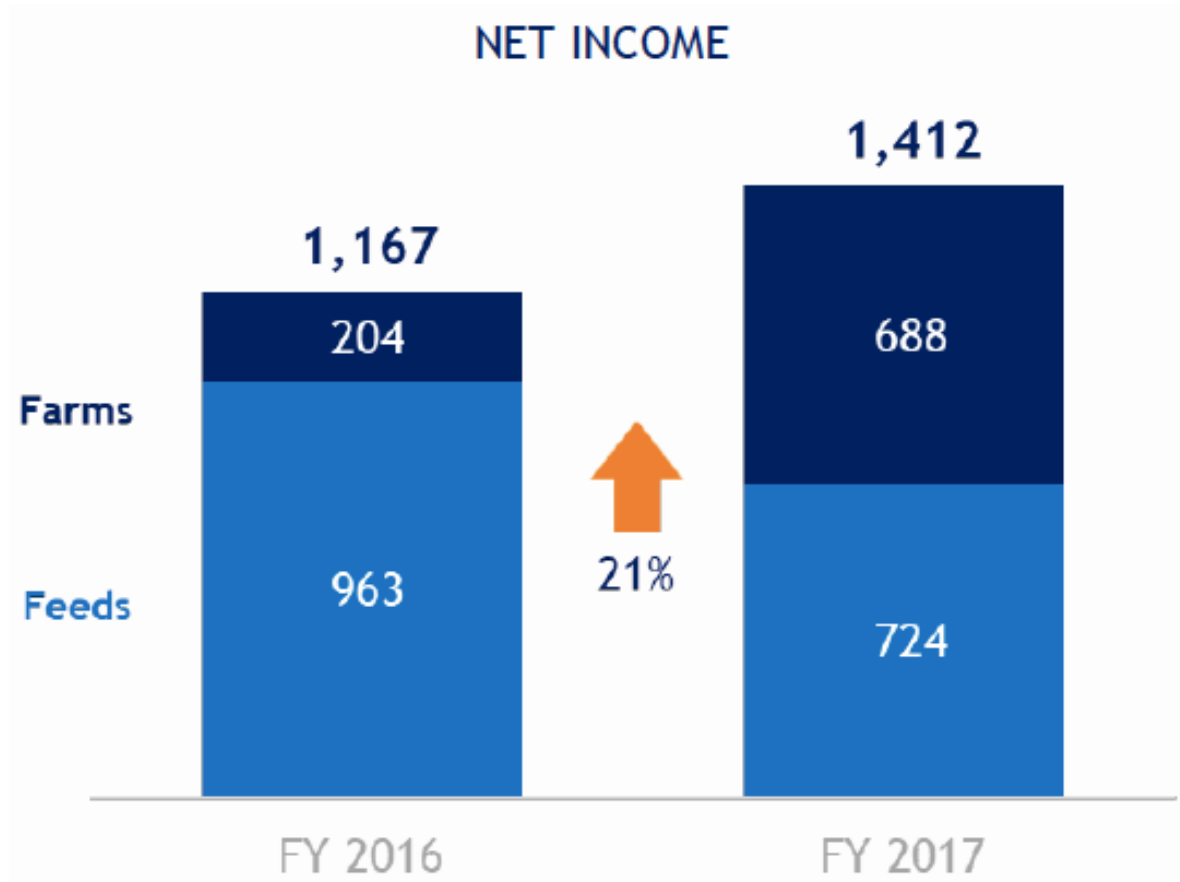
(in Php mn)





FY 2017 Financial Highlights: Feeds and Farms

(in Php mn)





Project Updates



Capacity Expansion



HOG FARMS
Sow Level Capacity
(in heads)

2014 - 8,360
2017 - 14,376
2020 - 20,000

LAYER FARMS
Ready-to-Lay Hen
Capacity
(in heads)

2017 - 172,800
2020 - 1 Million



ANIMAL FEEDS
Capacity
(tons per hour)

2014 - 73 TPH
2017 - 113 TPH
2020 - 153 TPH




AQUA FEEDS
Capacity
(tons per hour)

2014 - 24 TPH
2017 - 44 TPH
2020 - 64 TPH



Project Updates



Farms

29%
Completed


GrowFin
Farm 12

11%
Completed

Meat Processing
Plant

PROJECT PIPELINE

- Breeder Farm 3
- Nursery Farm 3



Feeds

82%
Completed

Grain Storage
Facility

52%
Completed

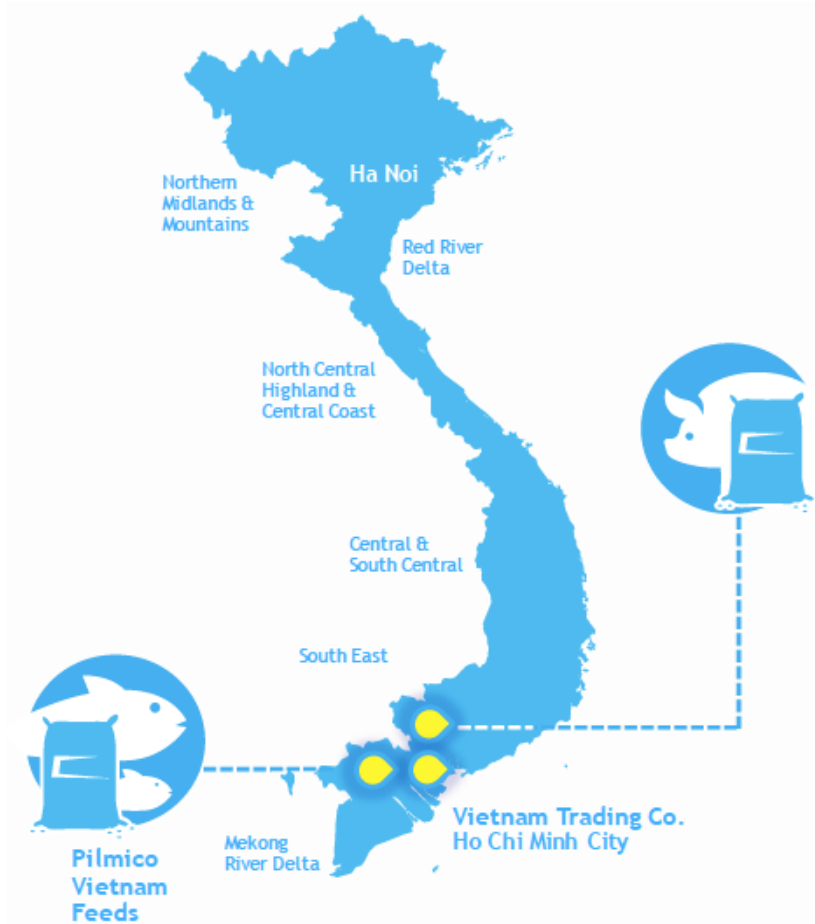
PowerMix
Project

PROJECT PIPELINE

- Tarlac Feedmill +20 TPH



Vietnam Growth Strategy



EUROFEED (Animal)

- Intro to animal feed milling industry in Vietnam
- 16 TPH Animal Feed Mill in Binh Duong, South Vietnam (26km N of HCMC)
- 70% equity stake valued at USD 3.71 million
- Turn-over scheduled on September 2017

FEEDS VIETNAM (Aqua)

- 44 TPH Aqua Feed Mill in Dong Thap, South Vietnam
- Additional 15% Equity Buy-out of minority valued at USD4.5M last August 1



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Modest cement demand growth in 2017



- Government's infrastructure projects picked up in 2H 2017
- Steady demand growth in residential and non-residential segments
- Strong headwinds from imports, cost inflation and competitive pressures
- Contribution to AEV amounts to PHP 670M



Water Sector: Project Updates



300 MLD Bulk Water project in Davao

One of the country's largest private bulk water supply projects

A partnership with JV Angeles Construction Corporation



- Permitting almost complete
- Detailed design works in progress, expected to be finalized in 2018
- Continuous stakeholder engagement campaigns in preparation for commencement of construction in 2018



Water Sector: Strategic Developments

LiMA Water Corporation

- Acquisition from Lima Land (a 100%-owned subsidiary of AboitizLand)
- 6.0 MLD industrial park water supply, distribution and waste water treatment
- Acquisition was completed August 1, 2017



Balibago Waterworks System, Inc.

- Acquisition of 11.14% from San Fernando Electric Light & Power Co. Inc.
- BWSI provides running water to almost 200,000 households in its franchise area





Transport Infrastructure: NAIA Unsolicited Proposal



- In line with the government's 'Build, Build, Build' program to modernize NAIA
- Balance short- and long-term needs to provide immediate action and long term solutions
- Strategic alliance with strong local partners and experienced foreign operator
- Proposal aims to improve, upgrade facilities, enhance operational efficiencies



Transport Infrastructure: Regional Airports Unsolicited Proposal

- Gateways to high growth regions in Visayas and Mindanao
- In line with the 'Build, Build, Build' program to develop sustainable airport facilities
- Proposal to upgrade, expand, operate and maintain the four airports: Iloilo, Bacolod-Silay, Laguindingan, New Bohol










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FY 2017 Financial Performance

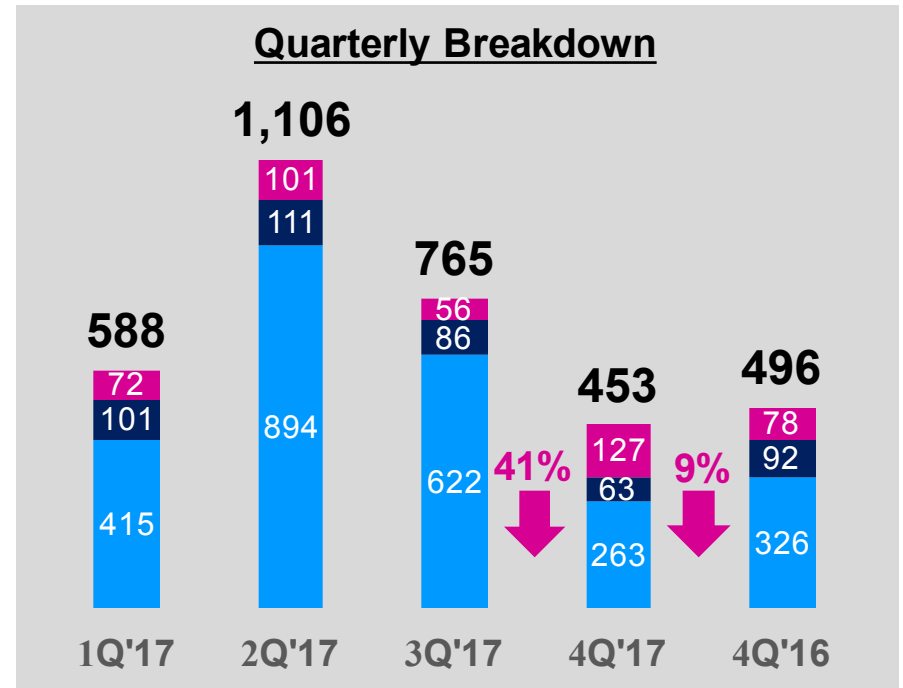
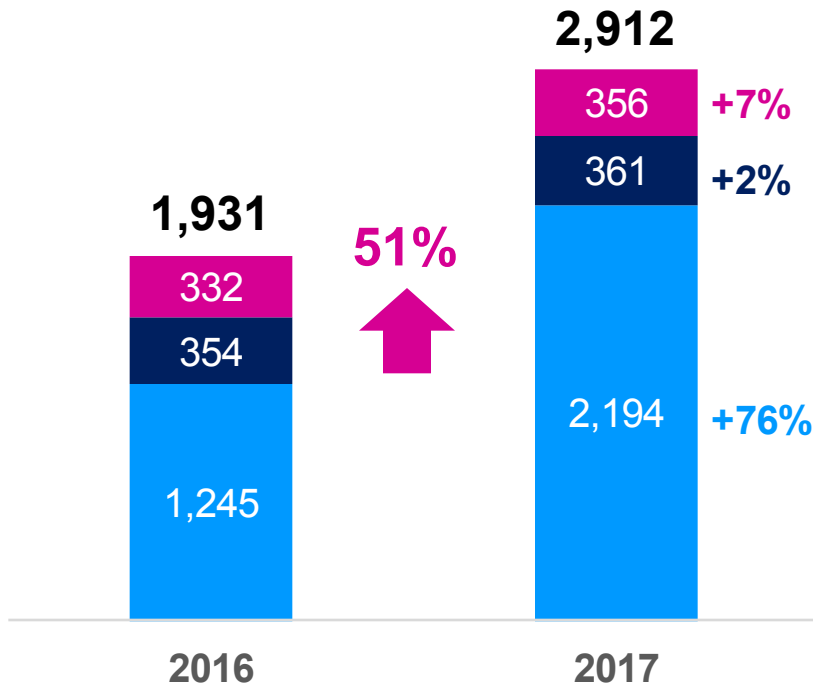
	FY 2017	<i>vs FY 2016</i>
 Residential Sales	2.9B	+51%
 Revenues	3.7B	+51%
 GP	1.5B	+47%
 NOP	554M	+125%
 NIAT	726M	+286%



FY 2017 Residential Sales

(in Php mn)

Residential sales well exceed the previous year, attributable to H&L products



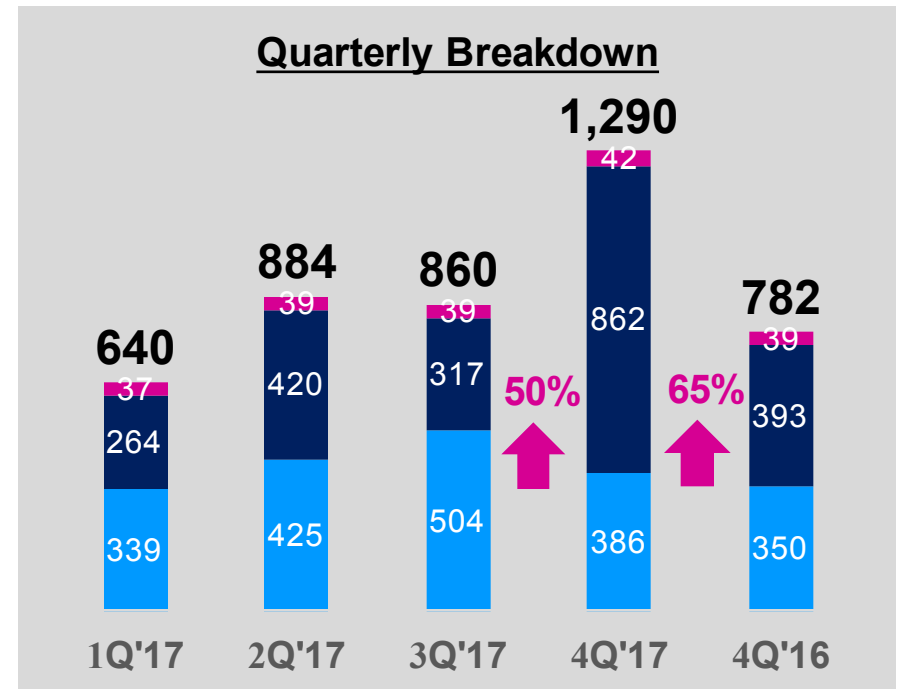
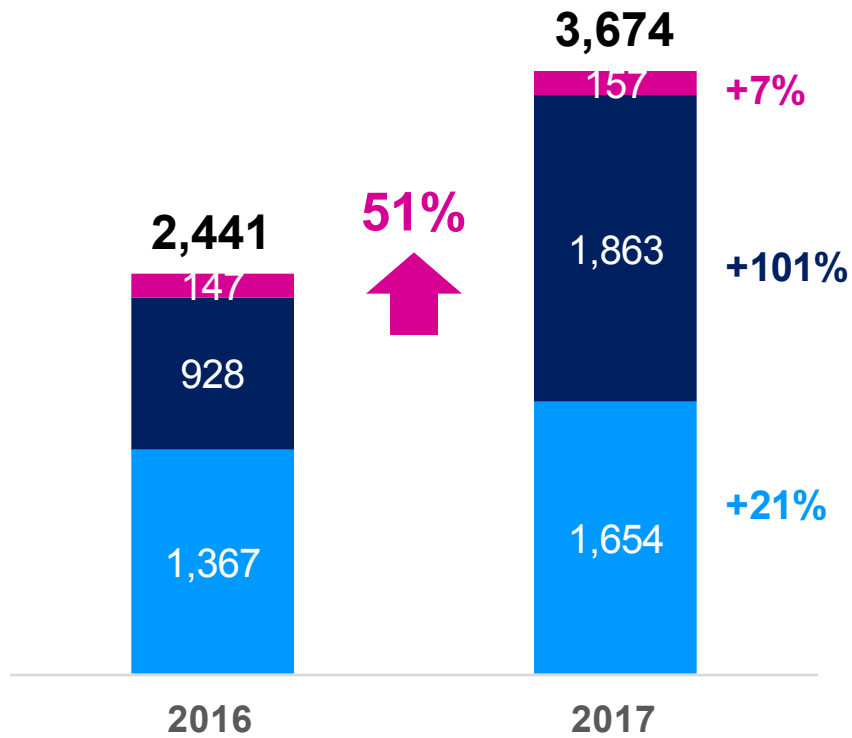
■ H&L ■ Condo ■ Lots



FY 2017 Revenues

(in Php mn)

Revenues increase with improved operational and business performance



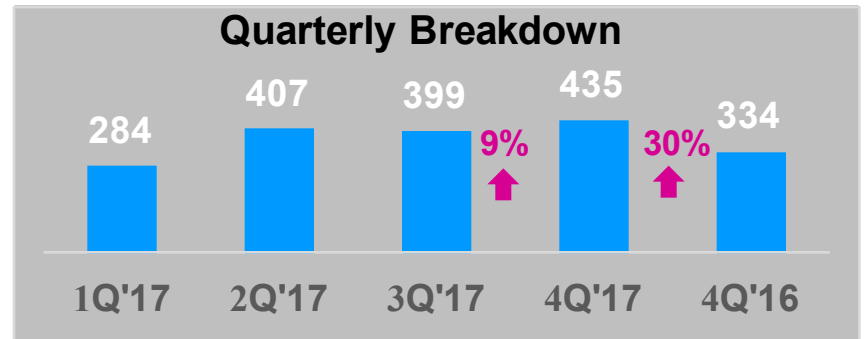
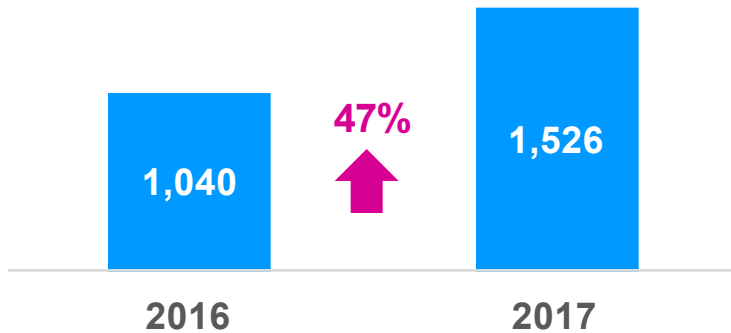
■ Residential ■ Industrial ■ Commercial and Others



FY 2017 Gross Profit & Net Operating Profit

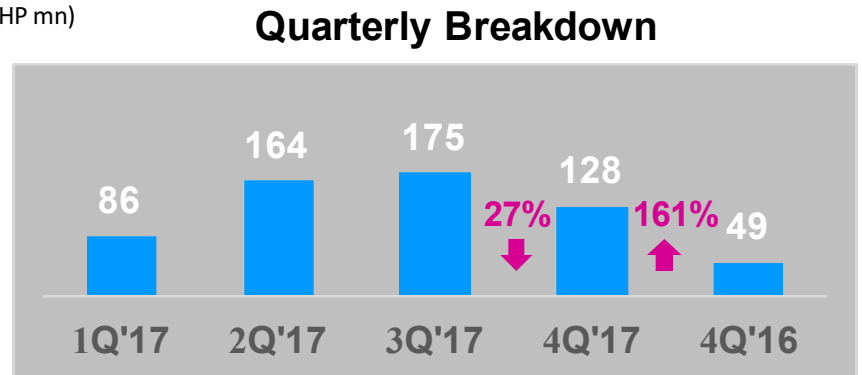
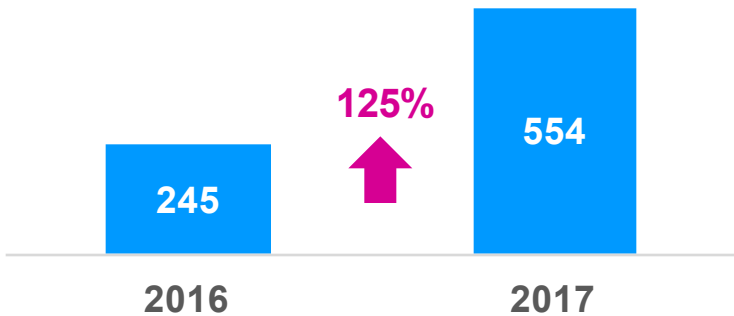
Gross Profit

(in PHP mn)



Net Operating Profit

(in PHP mn)





FY 2017 Business Highlights



Holiday Wonderfair event (featured above)

The largest Outlet mall to open in the Philippines (~27,000 GLA) by 1H of 2018



FY 2017 Business Highlights



Residential

- Launch of *Seafront Residences* – 1st residential project in Luzon
- Launch of *Foressa Mountain Town* – ~250 hectare second-home mountain community in Cebu
- Significant construction progress in various projects such as *Seafront Residences*, *Amoa*, *Almiya*, *Pristina North*,

Commercial

- *The Outlets at Pueblo Verde* – a prime shopping destination as foot traffic increased by 94% from the previous year, whilst maintaining full occupancy
- The much awaited *Outlets at Lipa* is expected to open by the 1H of 2018

Industrial

- 50 hectares sold for the year
- Rank 1 in industrial lot sales within Calabarzon

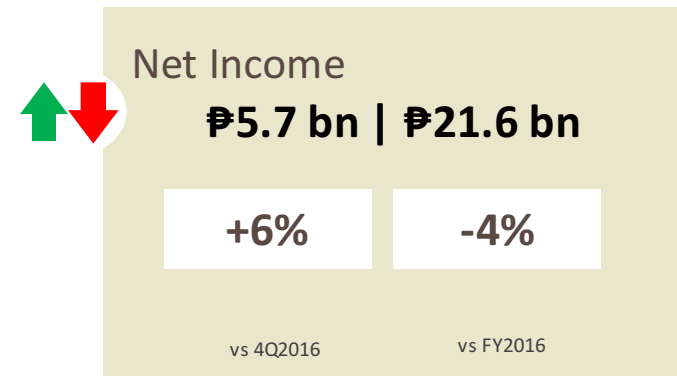
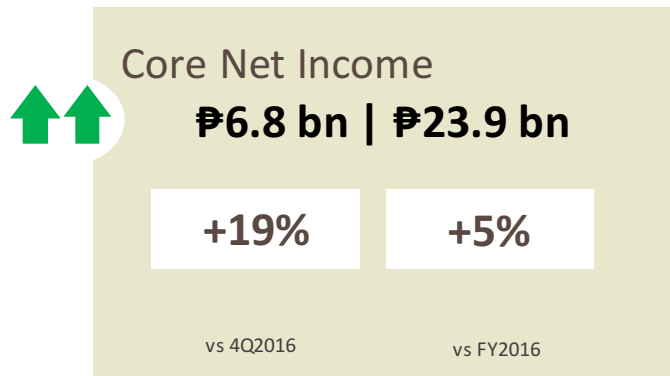
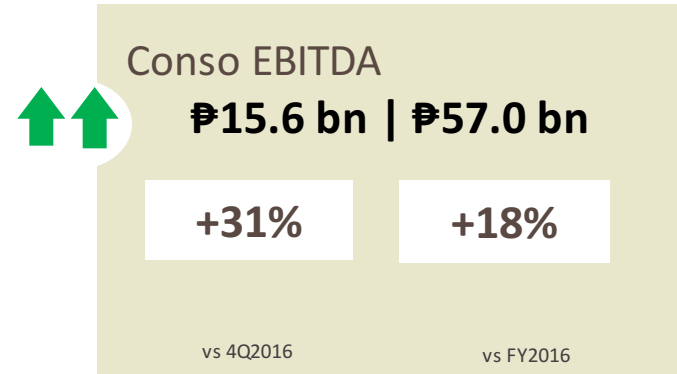
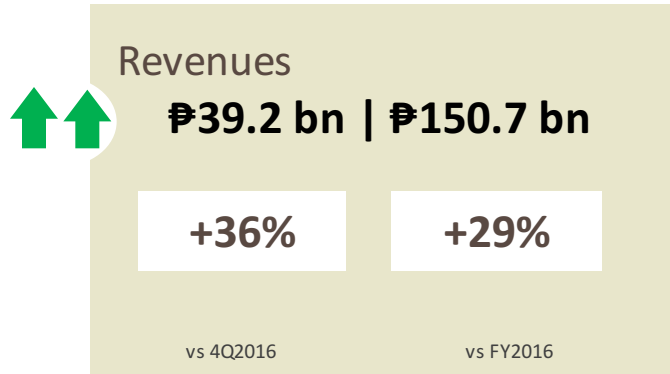


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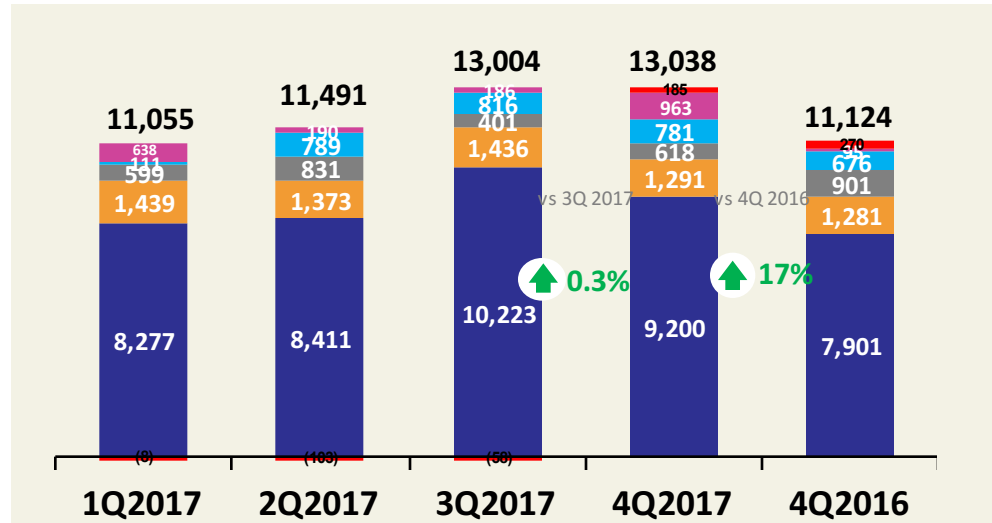
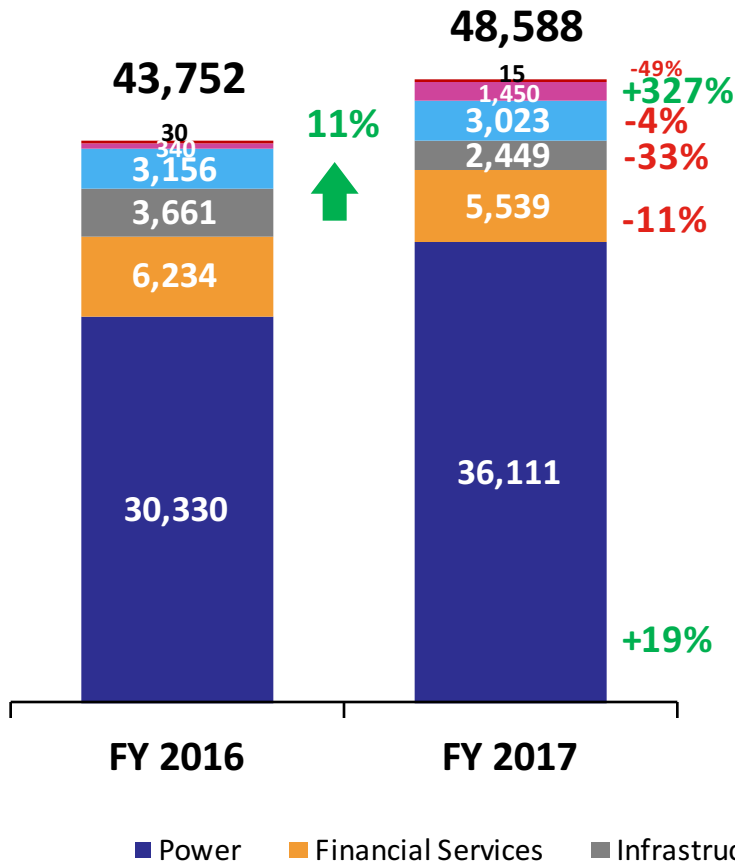
FY 2017 Financial Performance





FY 2017 Beneficial EBITDA

(in Php mn)



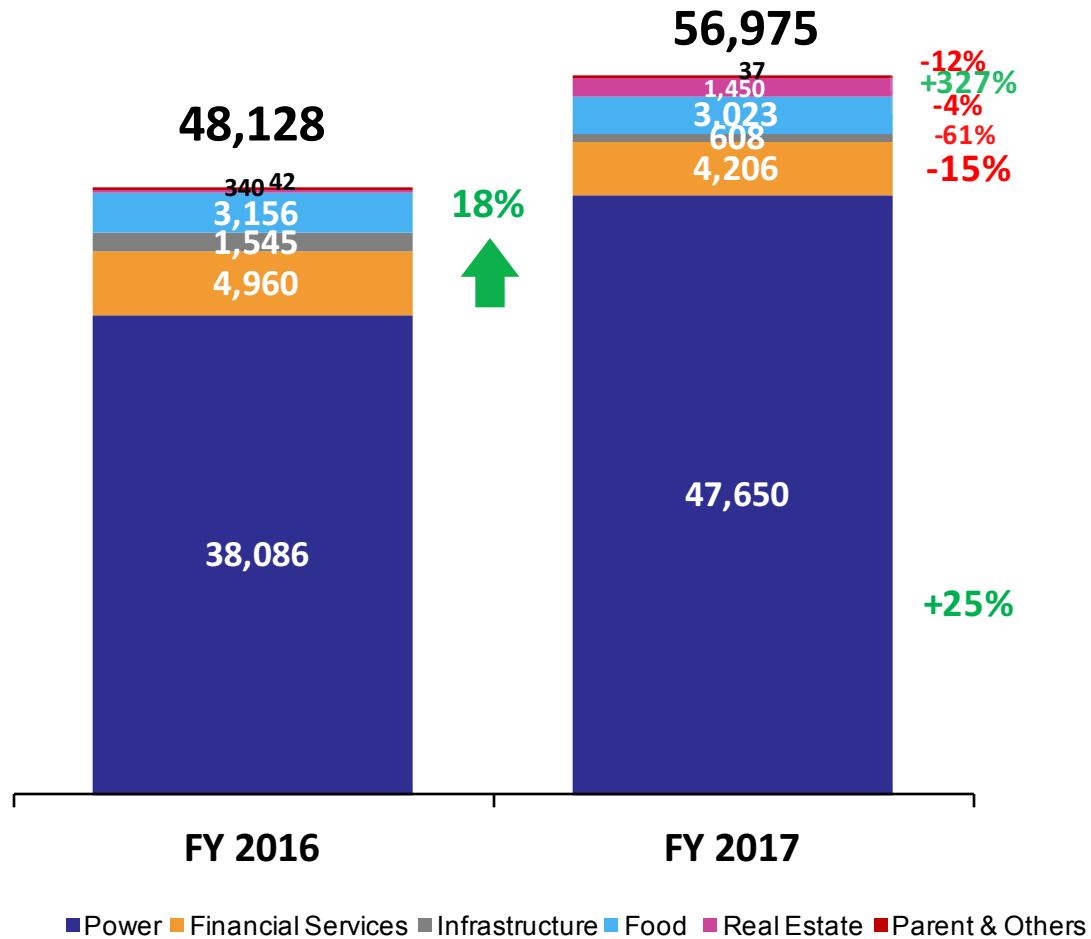
11% growth vs 2016, of which...

- +13% from power group driven by better hydrology and fresh contribution from GN Power Mariveles
- +3% from land on strong industrial sales
- -3% from infrastructure on lower RCBM volume and selling prices
- -2% from banking on lower trading gains



FY 2017 Consolidated EBITDA

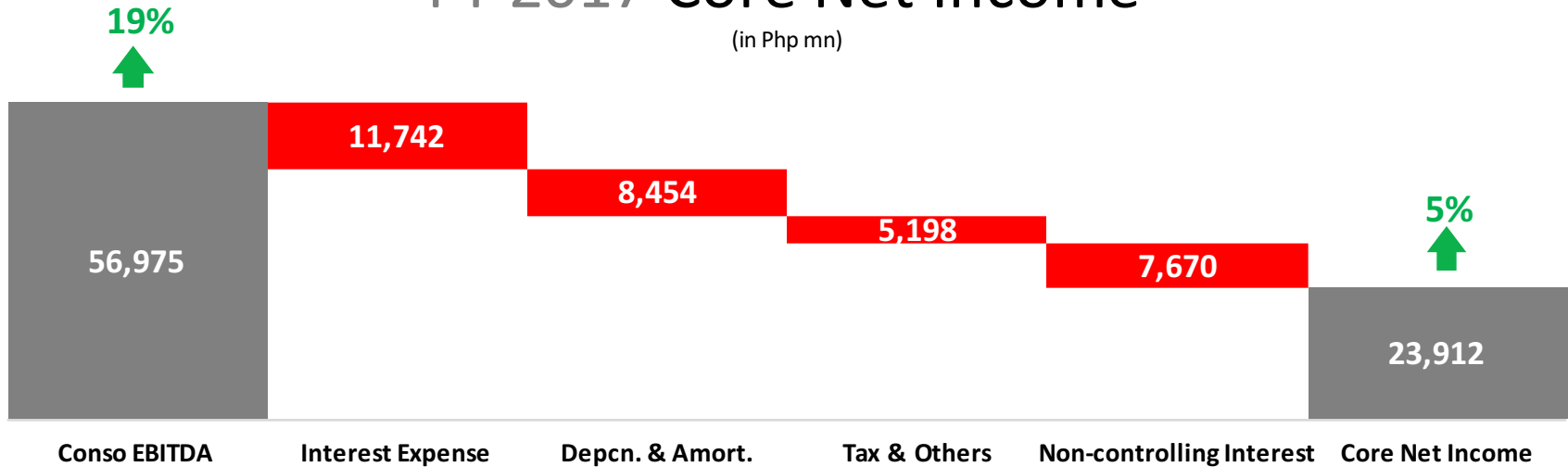
(in Php mn)





FY 2017 Core Net Income

(in Php mn)



	FY2016	FY2017	Change
Conso EBITDA	48,128	56,975	18%
Interest Expense	8,131	11,742	44%
Depcn. & Amort.	6,829	8,454	24%
Tax & Others	4,167	5,198	25%
Non-controlling Interest	6,180	7,670	24%
Core Net Income	22,820	23,912	5%
EPS	4.08	4.24	

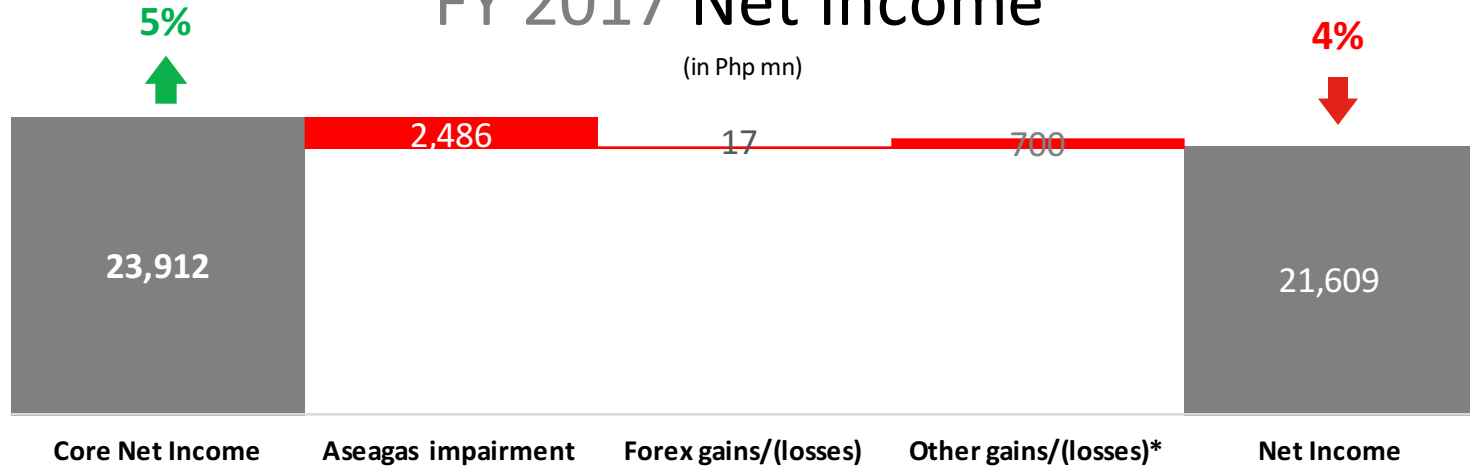
• **Interest expense** increased due to additional loan taken up by Power

• **Depcn & Amort** increased due to first time take up of Power acquisition D&A



FY 2017 Net Income

(in Php mn)



	FY2016	FY2017	Change
Core Net Income	22,820	23,912	5%
Non-recurring Income/(Loss)	(347)	(2,303)	564%
Aseagas impairment	-	(2,486)	n/a
Forex gains/(losses)	100	(17)	-117%
Prepayment costs	(251)	(500)	99%
Other gains/(losses)	(196)	700	-457%
Net Income	22,473	21,609	-4%
<i>EPS</i>	<i>4.02</i>	<i>3.84</i>	

None core items

- Aseagas impairment cost (mainly from Power)
- Prepayment costs incurred from the GMCP refinancing
- Other gains mainly from interest expense adjustment on GMCP loan and gain on sale of BWSI

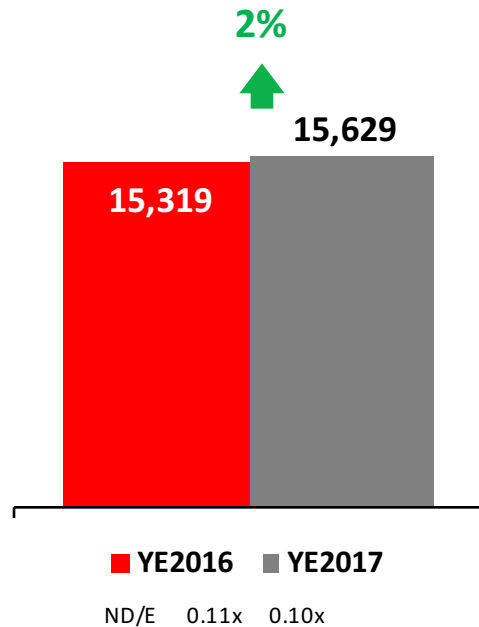
FX in December 2017: 49.93 vs 49.72 in 2016



YE 2017 Balance Sheet

(in Php mn, except ratios)

Parent Net Debt

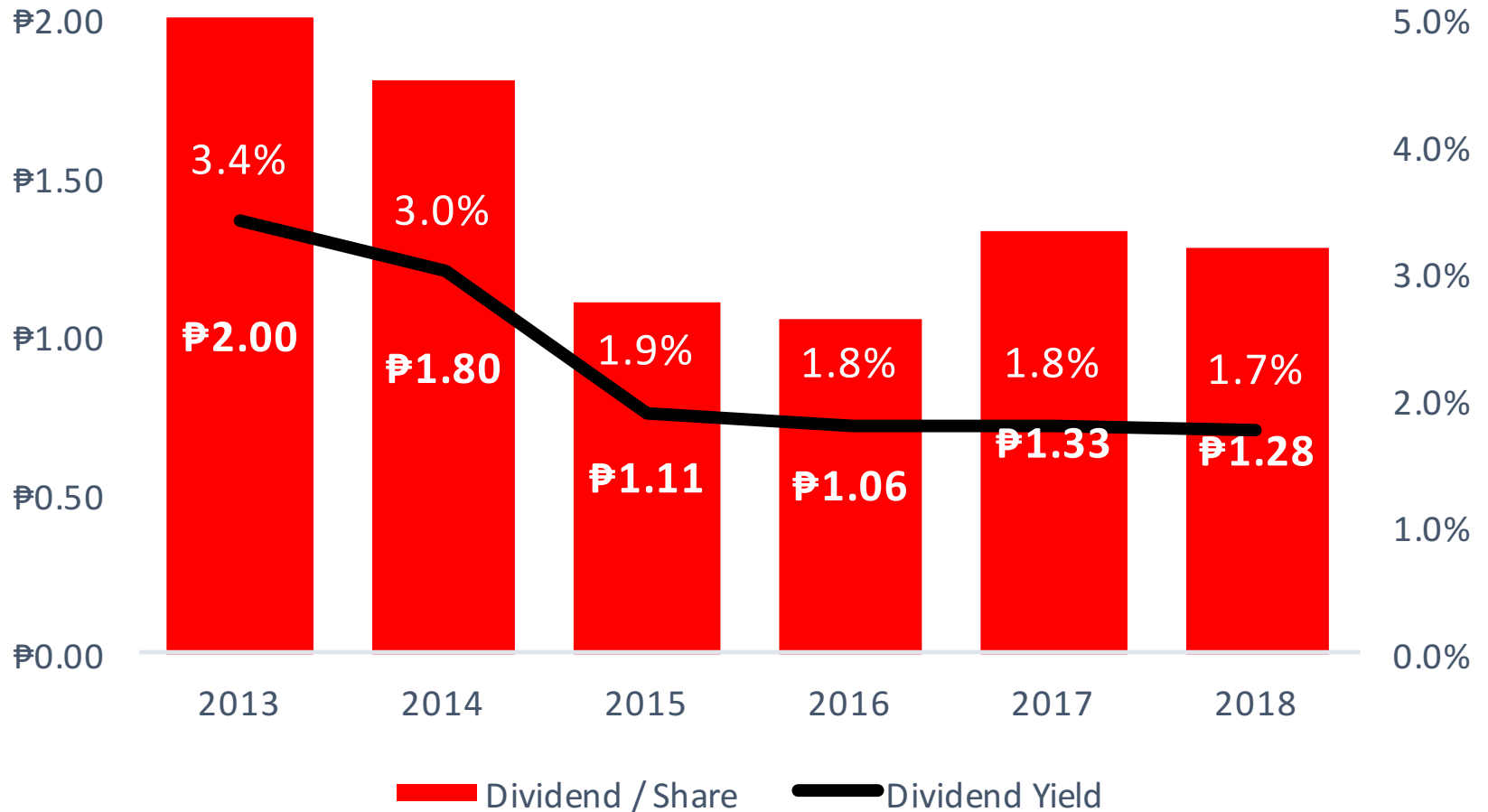


Consolidated Balance Sheet/Key Ratios

	YE2016	YE2017
Cash and Cash Equivalents	63,858	64,870
Total Assets	464,077	492,542
Total Liabilities	290,681	299,713
Total Equity	173,396	193,181
Equity Attributable to Parent	140,299	192,829
Book Value Per Share	24.90	27.51
Current Ratio	2.5x	1.6x
Debt to Equity	1.7x	1.6x
Net Debt to Equity	1.1x	1.0x



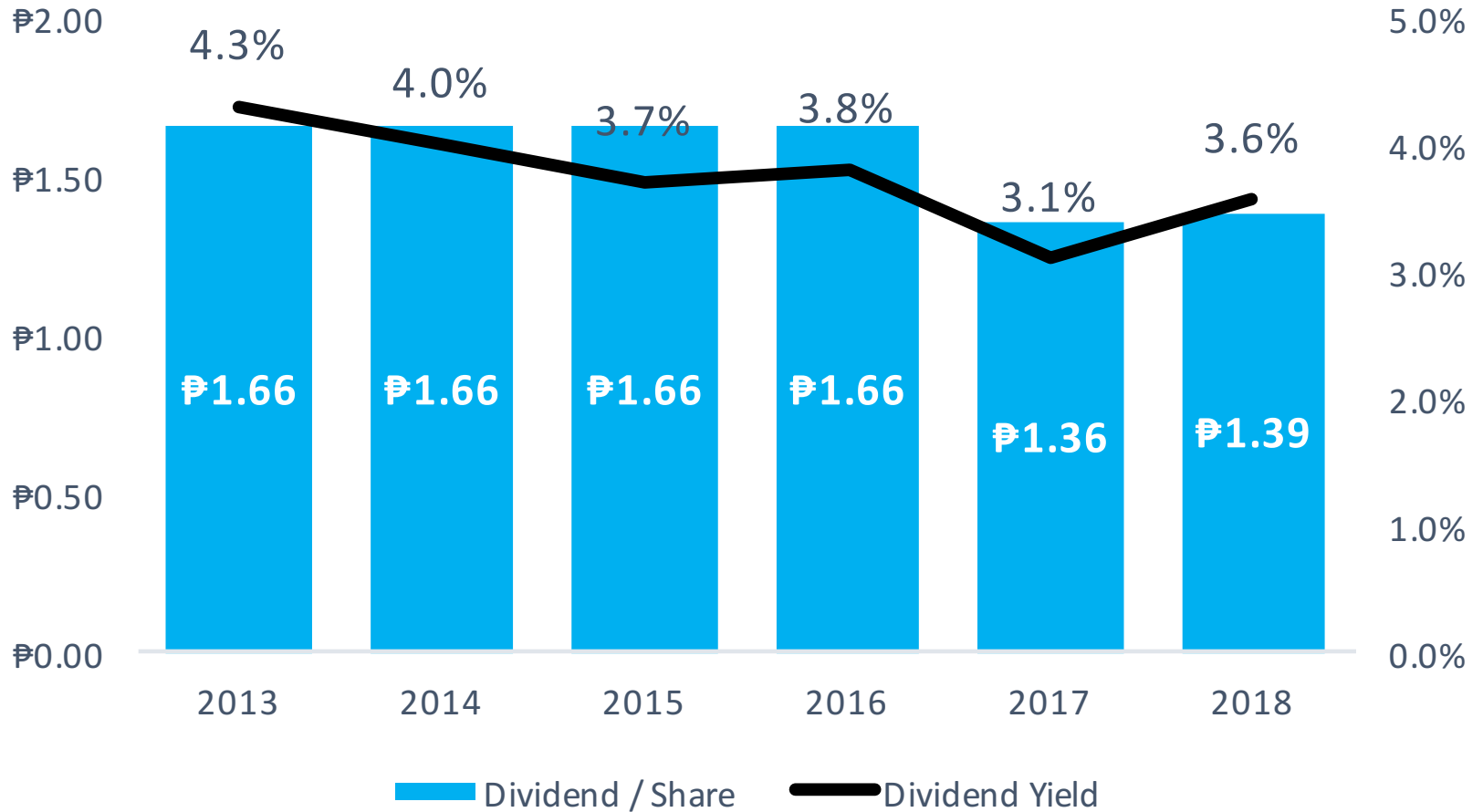
AEV Dividend Payments



Payout Ratio: 1/3 of previous year's consolidated net income



AP Dividend Payments



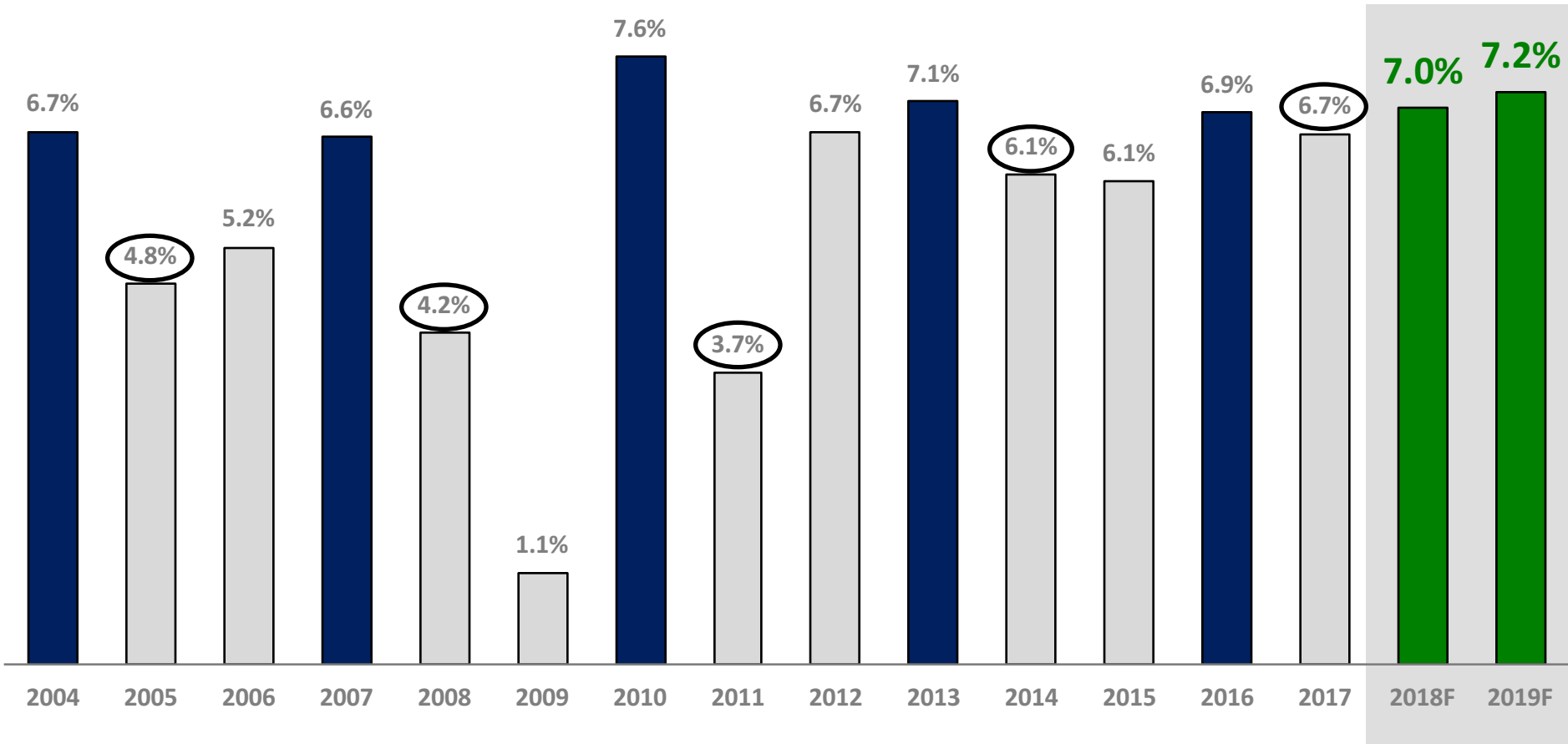
Payout Ratio: 1/2 of previous year's consolidated net income



2017 Posted a Better Post-Election Year Performance

GDP Growth (in %)

■ Election Year



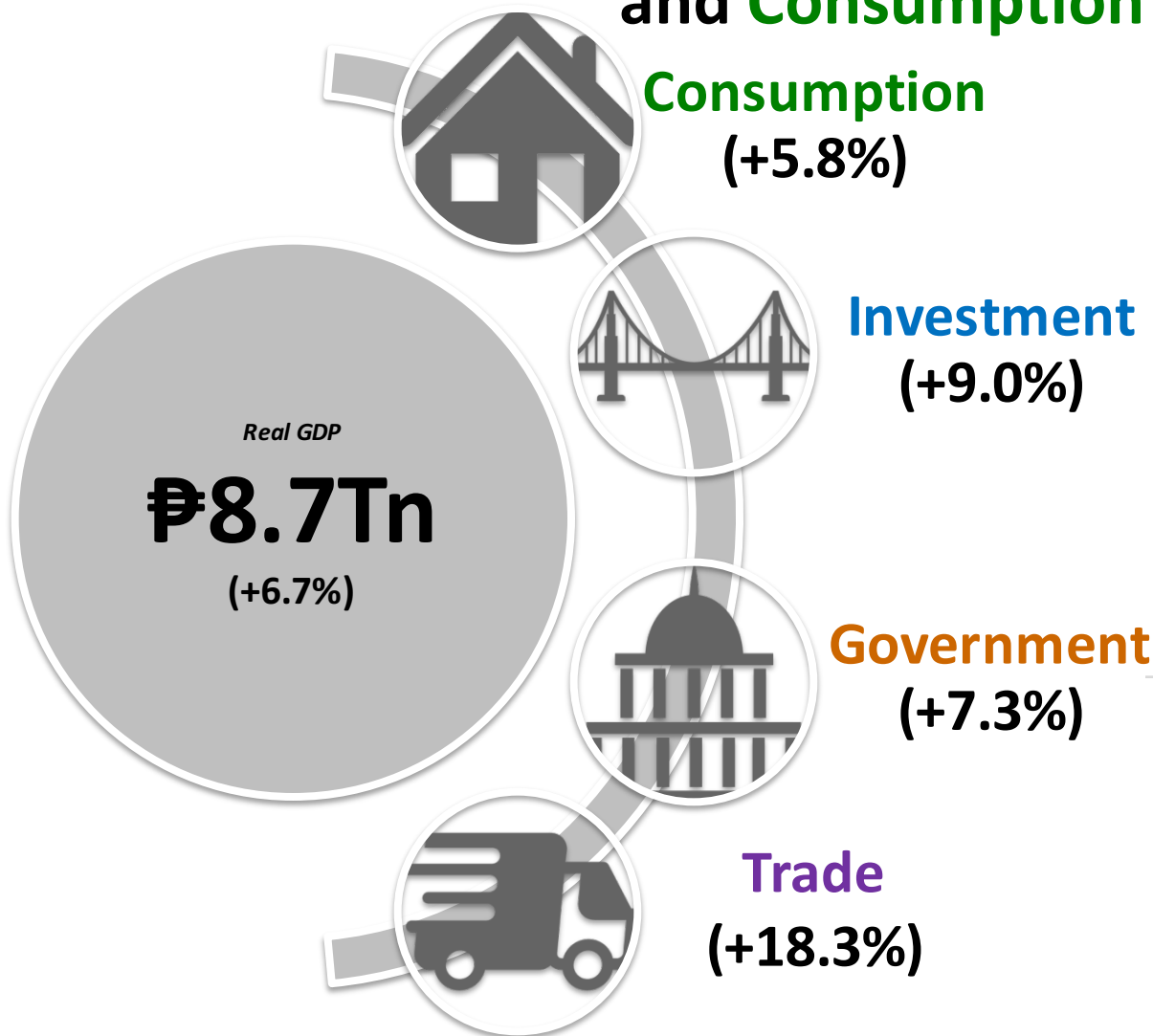
Source/s

1: Philippine Statistics Authority (www.psa.gov.ph)

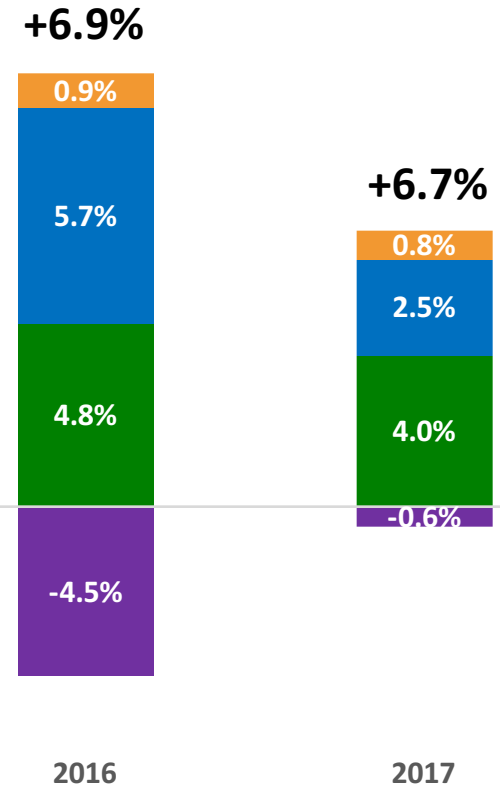
2: Unionbank Economic Research Unit (UBP-ERU)



Improved Trade balance mitigated declines in Investment and Consumption

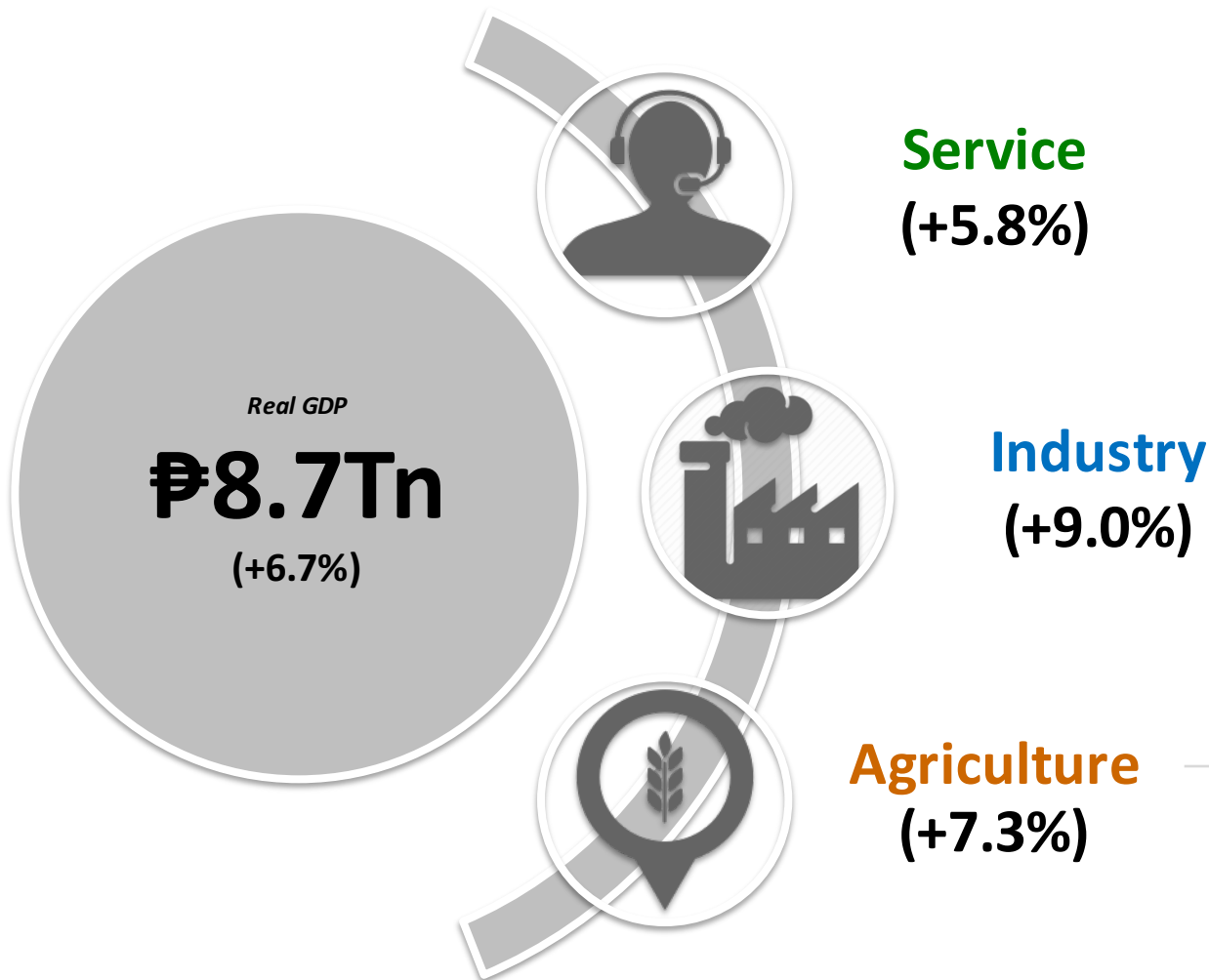


Growth Contribution to GDP (in %)

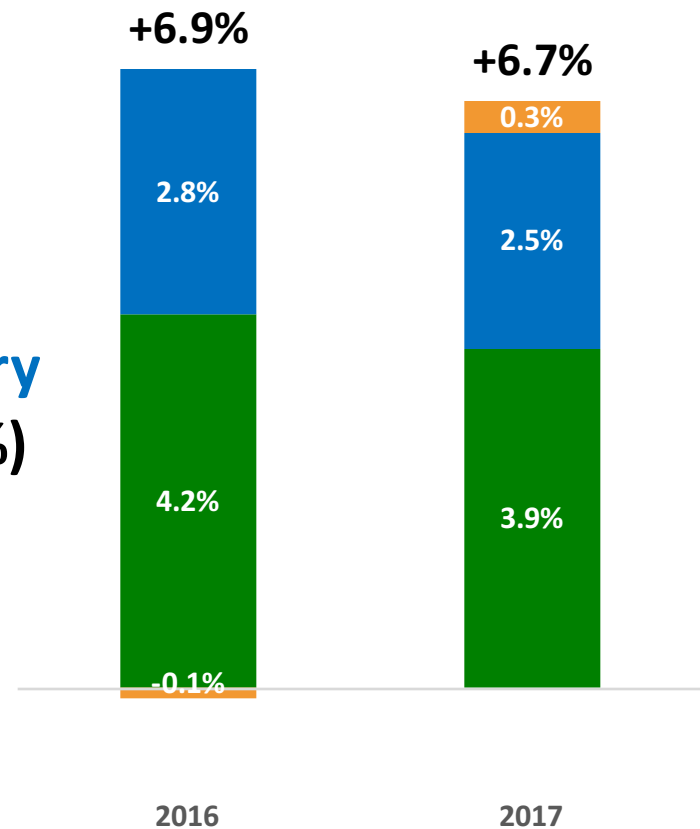




Agriculture continued its resurgence in 2017

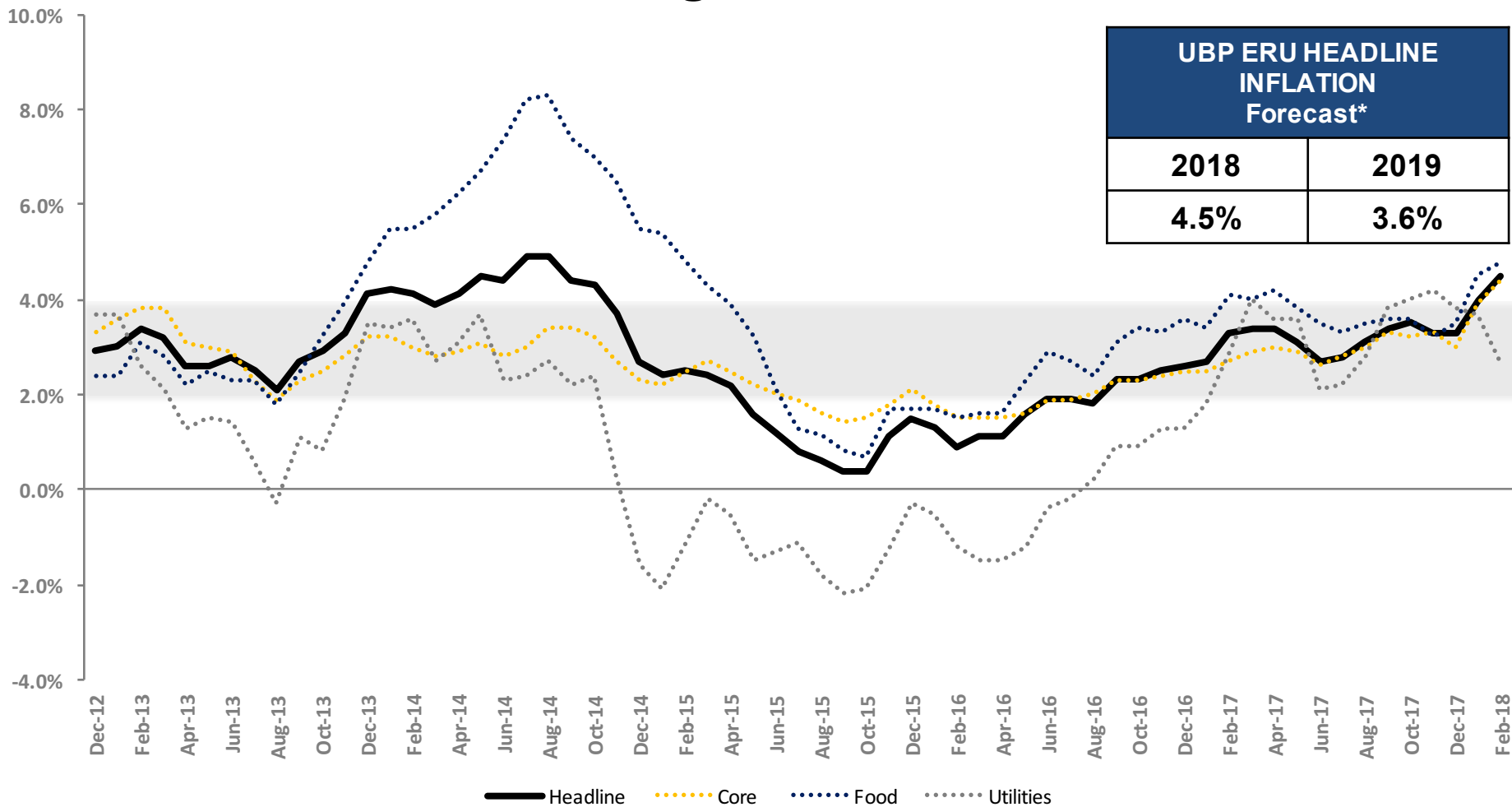


Growth Contribution to GDP (in %)





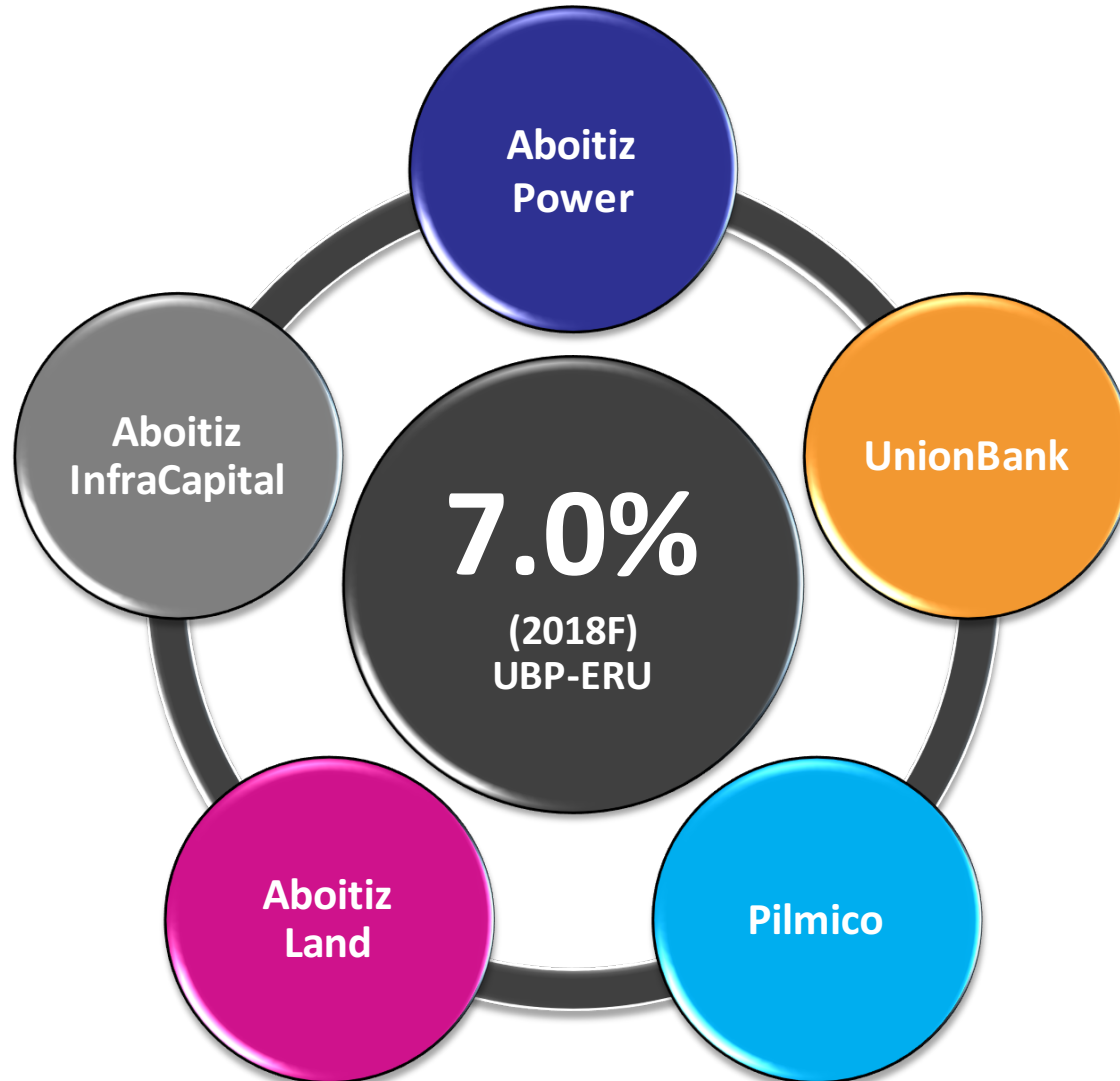
2018 inflation is expected to average 4.5% driven by the effects of TRAIN and rising Oil Prices in the Global Market



— Headline ····· Core ····· Food ····· Utilities



Our Group Outlook





Review of Business Units

- Power
- Banking & Financial Services
- Food
- Infrastructure
- Land
- AEV Financials
- **Q&A**



Thank you!

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