



Aboitiz Equity Ventures

Third Quarter / September 2017

Financial & Operating Results

8 November 2017

abotiz

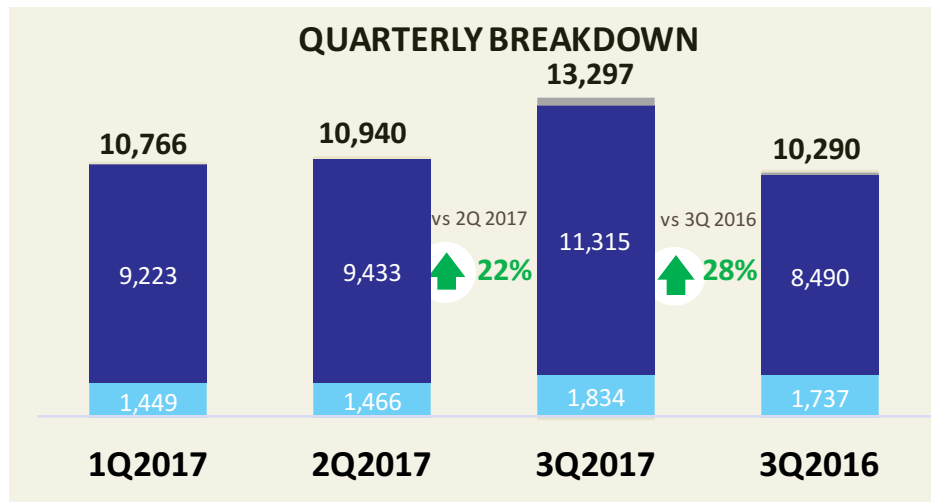
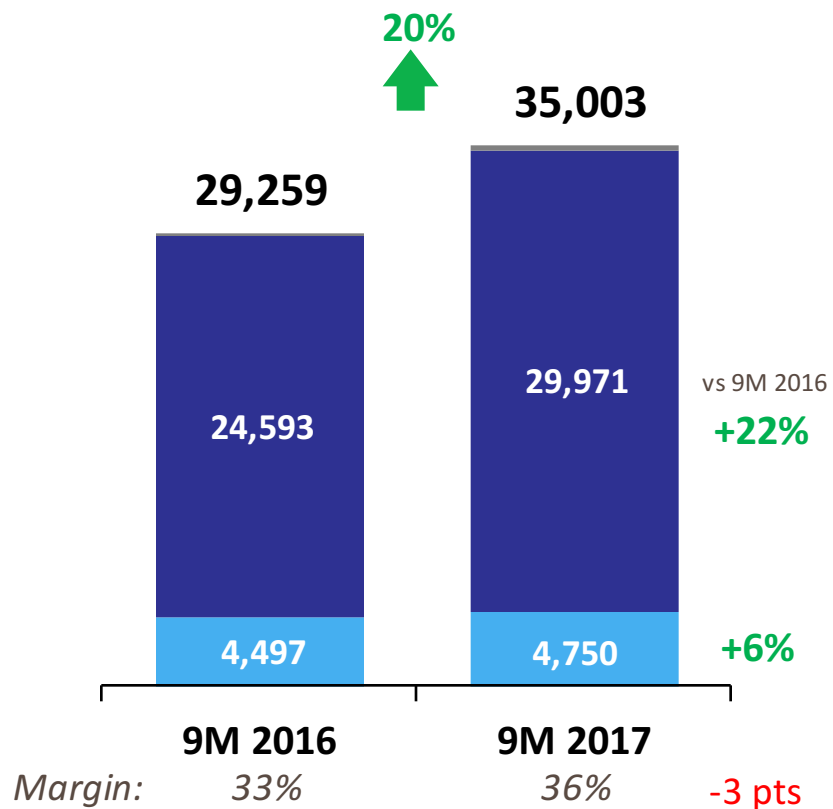


Review of Business Units

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



3Q/9M 2017 EBITDA



20% growth vs 9M2016, of which...

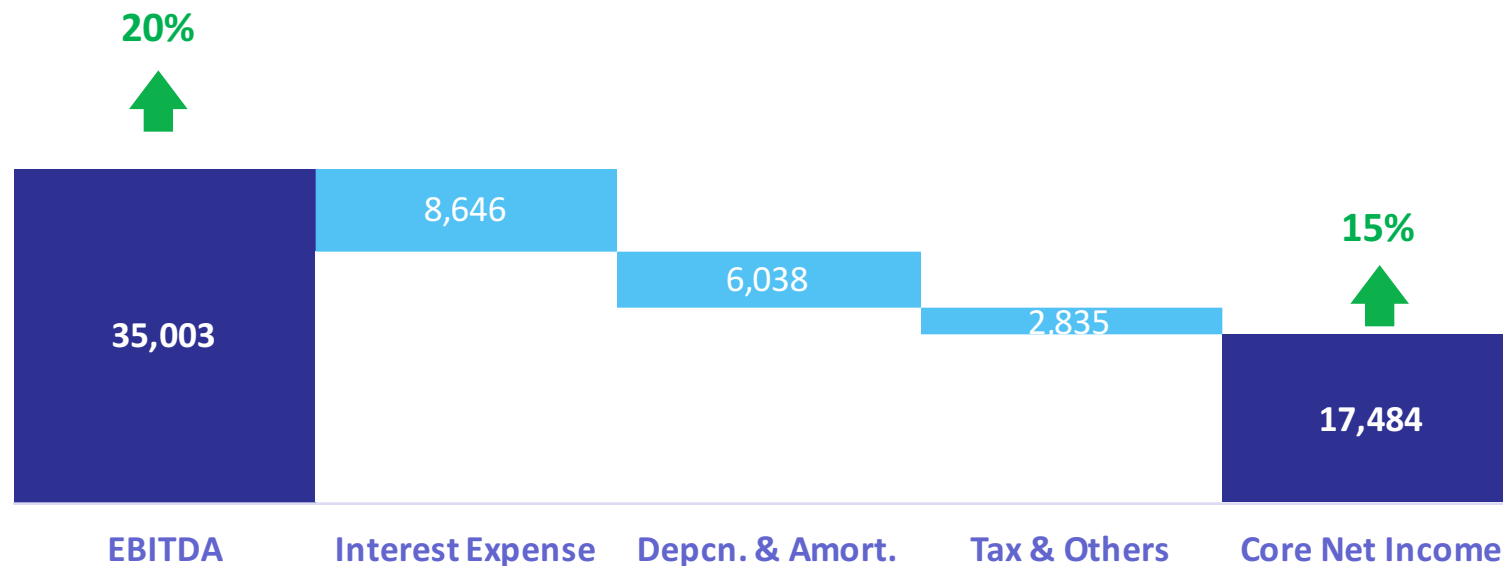
- +14% from coal group (+18% from GMCP addition, narrowed by -2% from TSI supplier settlement in 2016)
- +8% from hydro group driven by better hydrology
- +1% from distribution group on higher margins
- 3% from geothermal group on higher purchased power due to lower steam and maintenance outages

■ Generation ■ Distribution ■ AP Parent & Others

Note: All numbers represent beneficial share.



3Q/9M 2017 Core Net Income



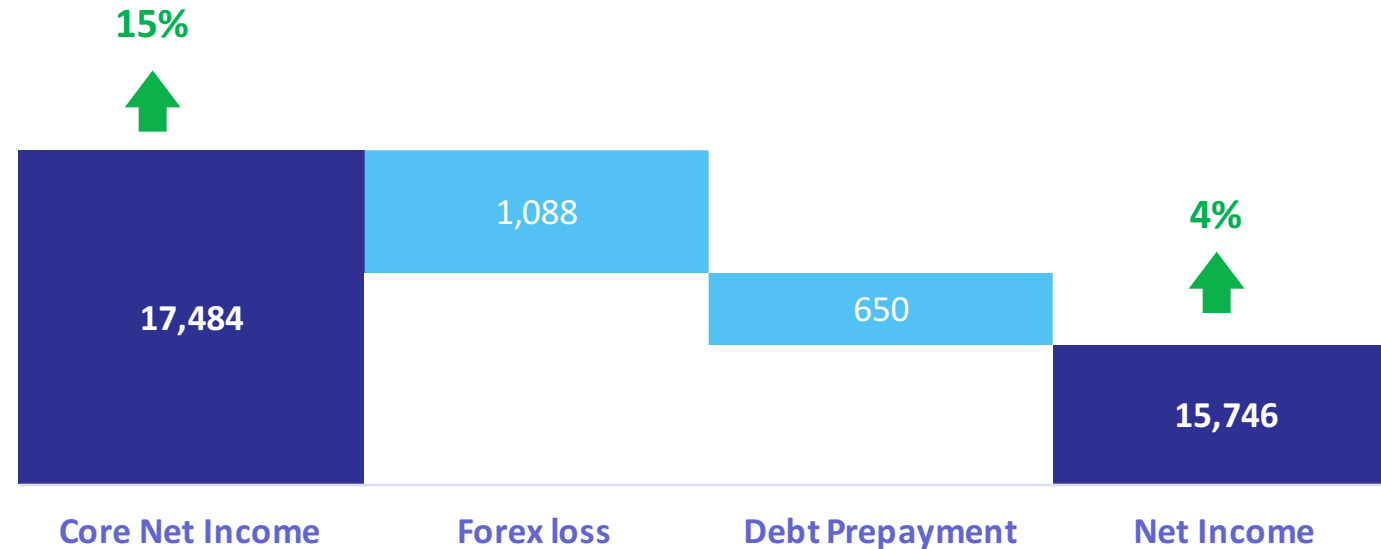
Php mn	9M2016	9M2017	Change
EBITDA	29,259	35,003	20%
-Interest Expense	5,499	8,646	57%
-Depcn. & Amort.	5,040	6,038	20%
-Tax & Others	3,525	2,835	-20%
Core Net Income	15,195	17,484	15%
<i>EPS</i>	2.06	2.38	

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



3Q/9M 2017 Net Income



	Net Income		
	9M2016	9M2017	Change
Php mn			
Core Net Income	15,195	17,484	15%
Non-recurring gains/(losses)	(303)	(1,738)	-473%
Debt prepayment costs	-	(650)	N/A
Gain on acquisition & redemption	201	-	N/A
Net Income	15,093	15,746	4%
EPS	2.05	2.14	

Non-core items decreased...

- Forex losses on revaluation of US dollar denominated liabilities
- Pre-termination costs on refinancing of GMCP

FX in September 2017: 50.82 vs 48.50 in 2016



9M 2017 Balance Sheet

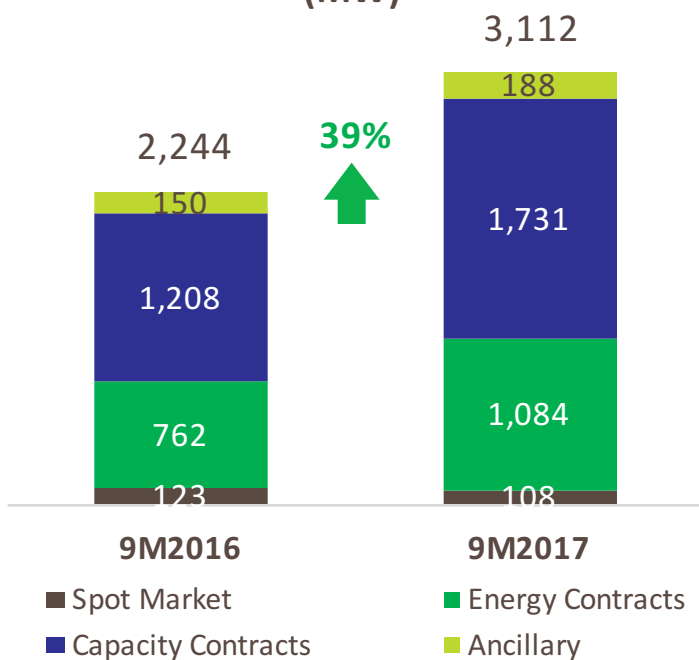
(Php mn)	CONSOLIDATED	
	YE2016	9M2017
Cash and Cash Equivalents	47,095	48,610
Investments and Advances	30,596	31,330
Property, Plant and Equipment	192,634	200,340
Total Assets	354,776	370,814
Total Liabilities	243,147	251,999
Total Equity	111,629	118,815
Total Interest Bearing Debt	214,217	222,294
Net Debt	165,022	171,178
Net Debt to Equity	1.5x	1.4x
Debt to Equity*	1.9x	1.9x

*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	9M2016	9M2017	Change pts
Mini Hydro	42%	51%	9
Large Hydro	67%	92%	25
SNAP Magat	49%	81%	32
SNAP Benguet	94%	109%	15
Geothermal	95%	111%	16
Coal	104%	115%	11
Therma Luzon	107%	133%	26
Therma South	100%	99%	(1)
GN Power Mariveles	-	104%	
Oil	96%	93%	(2)
Others	11%	12%	1
AP Generation	91%	104%	13

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)		
	9M2016	9M2017	Change
Mini Hydro	504	611	21%
Large Hydro	1,335	1,826	37%
SNAP Magat	577	954	65%
SNAP Benguet	758	872	15%
Geothermal	2,020	2,000	-1%
Coal	6,082	8,460	39%
Therma Luzon	4,048	4,044	0%
Therma South	1,296	1,185	-9%
GN Power Mariveles	-	2,581	-
Oil	1,367	554	-59%
Others	13	16	18%
AP Generation	11,322	13,467	19%

- Higher energy dispatched
- The decrease in dispatch of Therma South and Therma Marine don't impact our EBITDA as these have capacity contracts



Operating Highlights: Generation

Average Revenue

Fuel Group	Capacity Contracts (P/kW-h)		Energy Contracts (P/kWh)	
	Capacity based and AS		Energy based and Spot	
	9M2016	9M2017	9M2016	9M2017
Hydro	2.05	2.22	4.44	4.37
Oil	2.23	1.78	6.09	5.69
Coal	3.42	3.61	3.92	4.93
Geothermal & Solar	-	-	3.87	4.42
Biomass	-	-	-	5.34
AP Generation	2.90	3.06	4.05	4.61

- Total average price increased from **P4.05/kWh** to **P4.77/kWh** primarily on account of higher indices.

Notes:

Capacity contracts include ancillary; energy contracts include spot

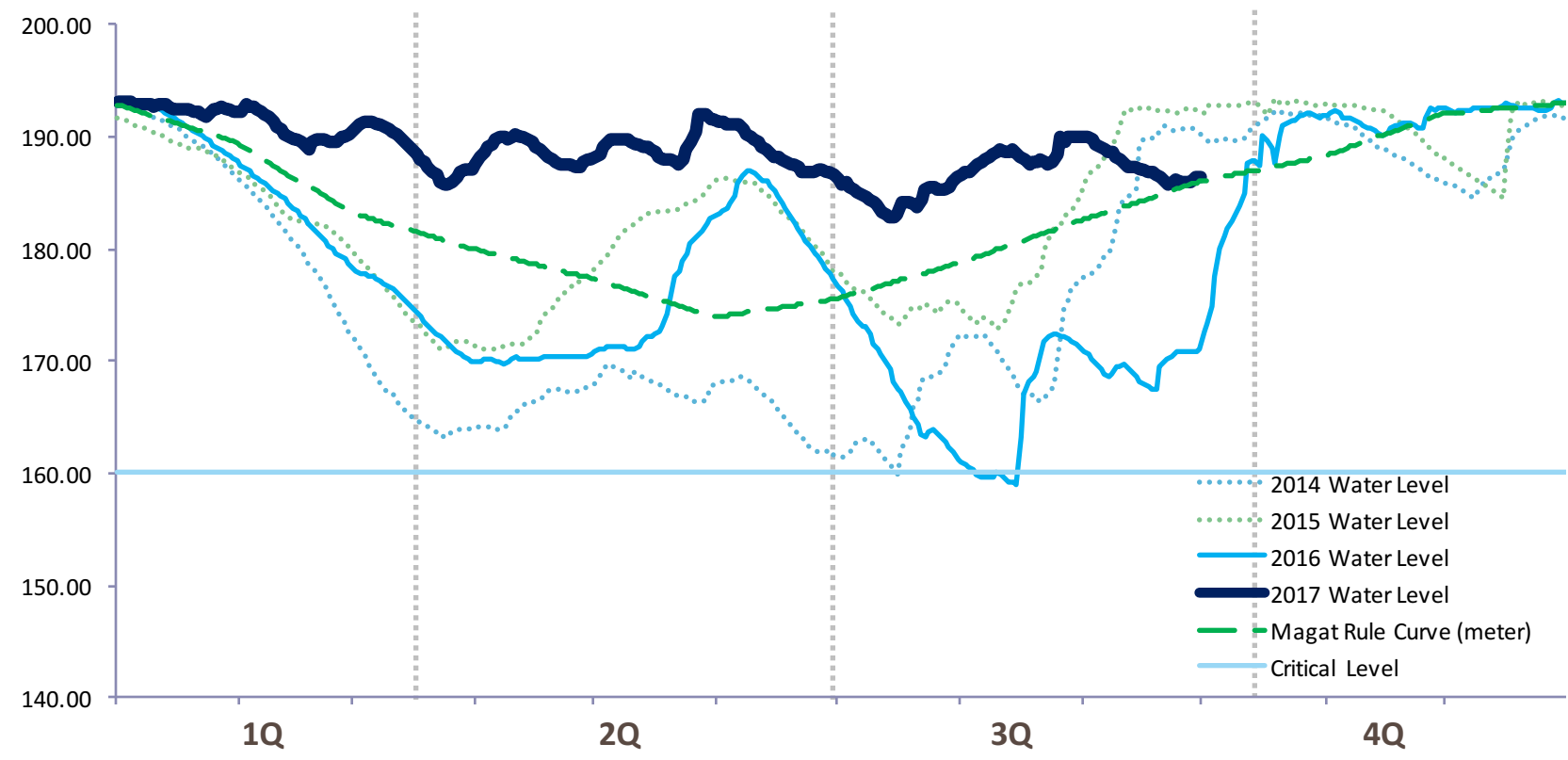
kWh: Based on total energy sold

kW-h: Based on Contracted_capacity *Days_year*Hours_days



Operating Highlights: Generation

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

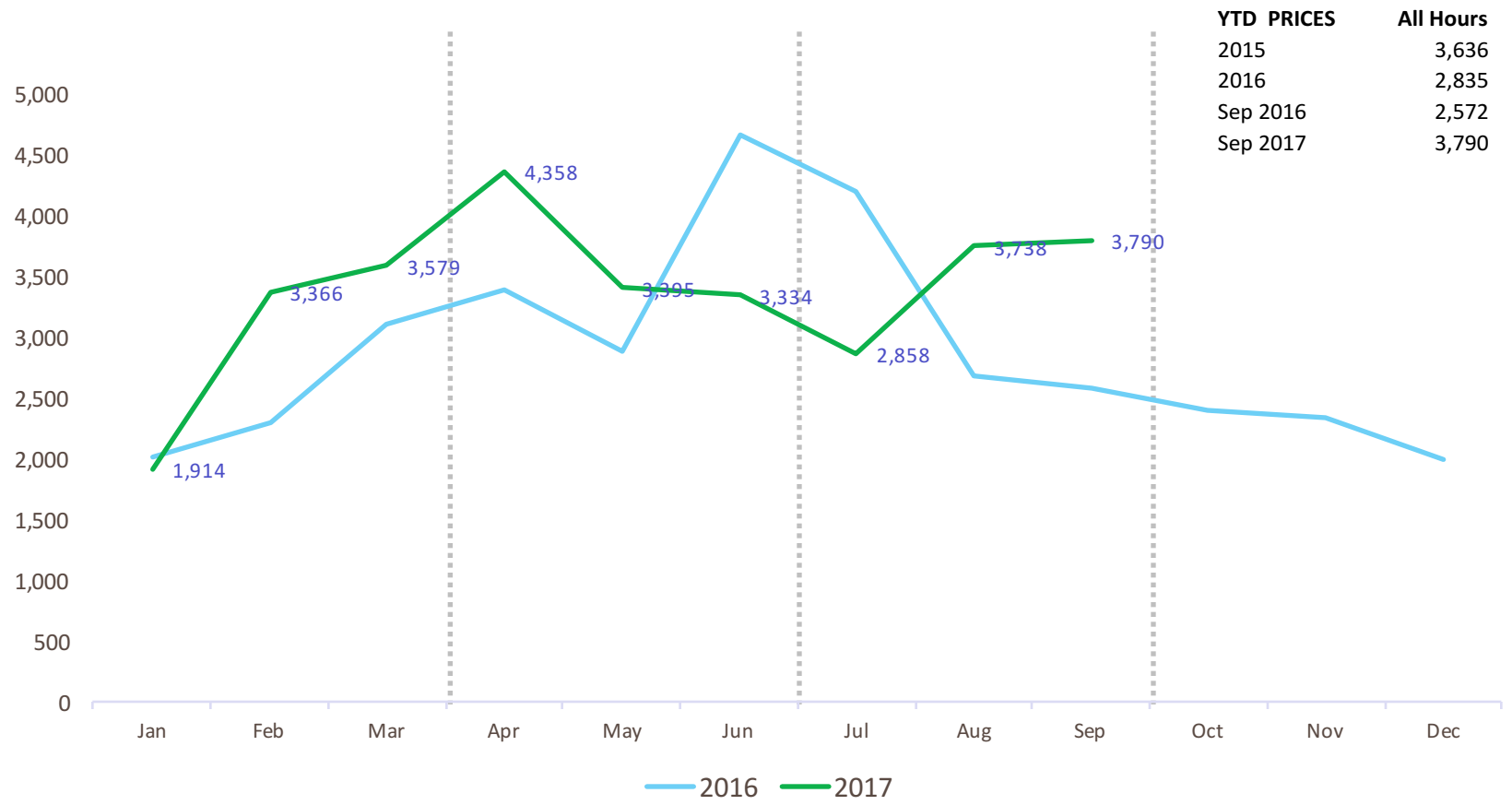


■ Water levels remained above the rule curve throughout summer



Operating Highlights: Generation

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



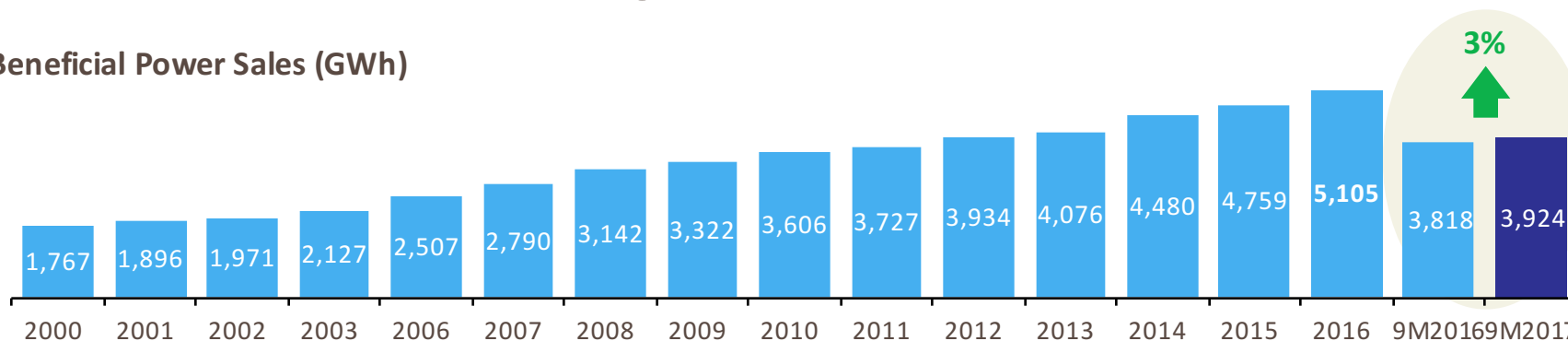
Source: WESM, SNAP



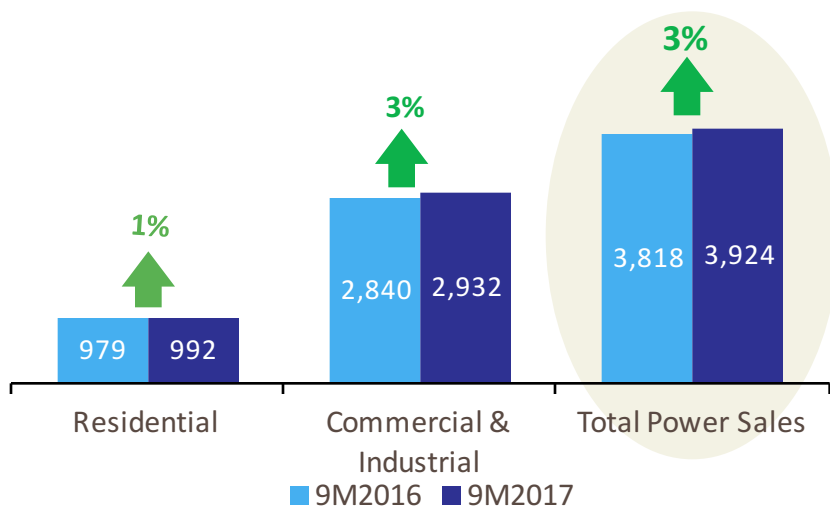
Operating Highlights: Distribution

Almost flat growth in distribution sales

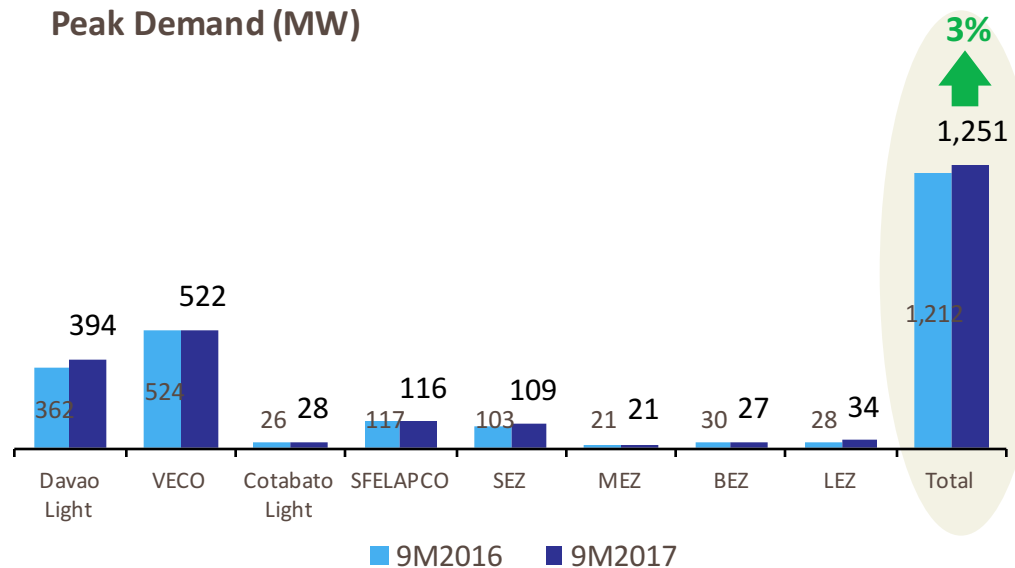
Beneficial Power Sales (GWh)



Beneficial Power Sales By Customer Type (GWh)

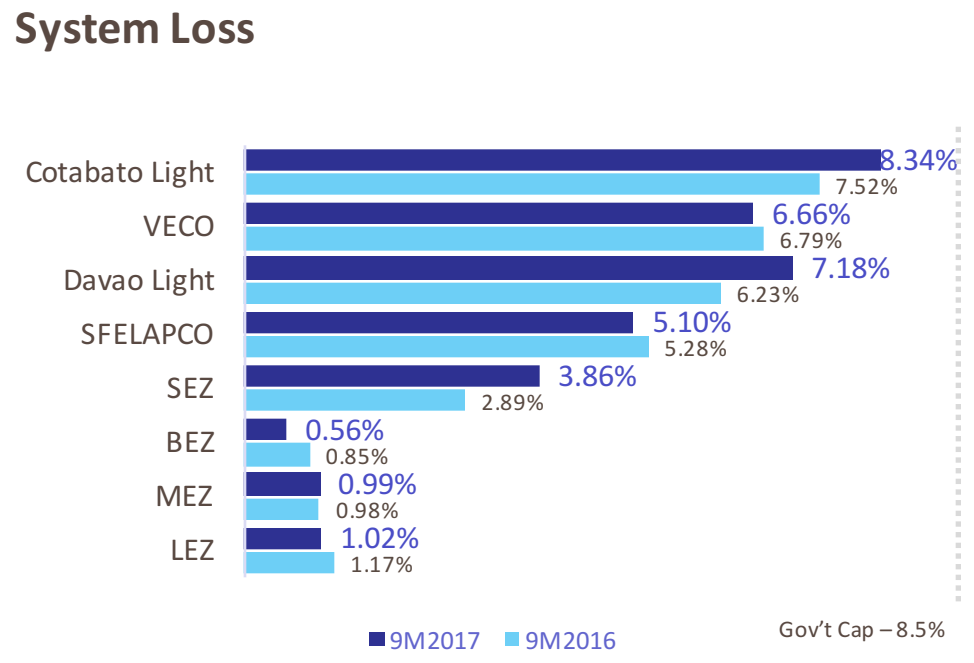
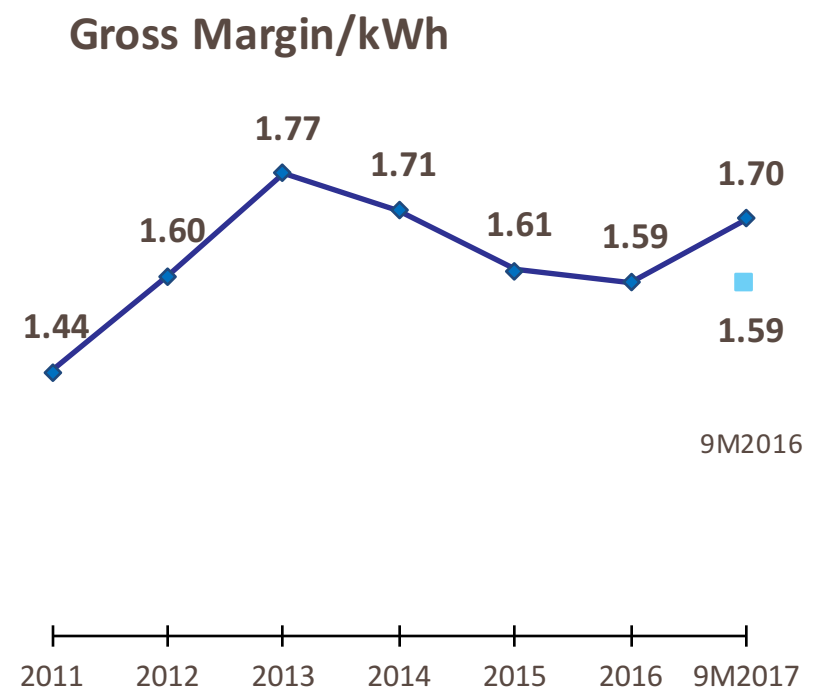


Peak Demand (MW)





Operating Highlights: Distribution





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
LUZON	Pagbilao 3 (Coal – Pagbilao Energy)	400 MW	50%	200 MW	Jan 2018
	Maris (Hydro – SNAP Magat)	8.5 MW	50%	4.3 MW	Nov 2017
	Dinginin Unit 1 (Coal – GNPD)	668 MW	40%	267 MW	2019
	Subic (Coal – RP Energy)	300 MW	25%	75 MW	2020
VISAYAS	Cebu (Coal – Therma Visayas)	300 MW	80%	240 MW	2018
MINDANAO	Manolo Fortich (Hydro – Hedcor Bukidnon)	68 MW	100%	68 MW	Dec 2017
		2,045 MW		929 MW	



Project Update

Maris – 8.5 MW of Hydro





Project Update

Manolo Fortich – 68 MW of Hydro





Project Update

Pagbilao 3 – 400 MW of Coal power





Project Update

Therma Visayas Inc – 300 MW of Coal Power





Review of Business Units

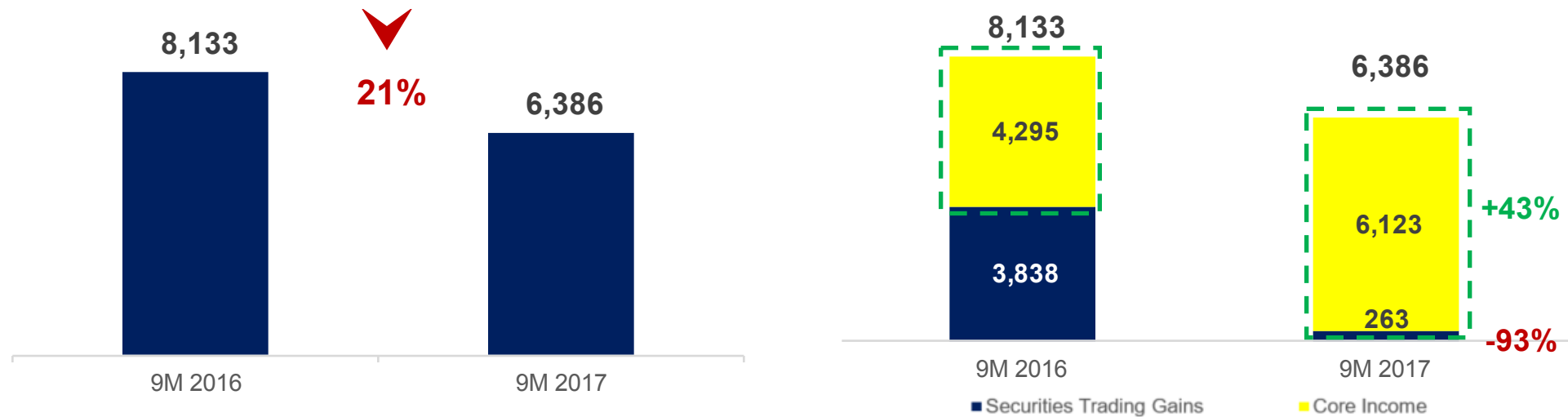
- Power
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3Q/9M 2017 Net Income

(in Php mn)

Net income declined on lower trading gains; Excluding securities trading, core income up 43% YoY



Attributable to Parent Bank's Stockholders



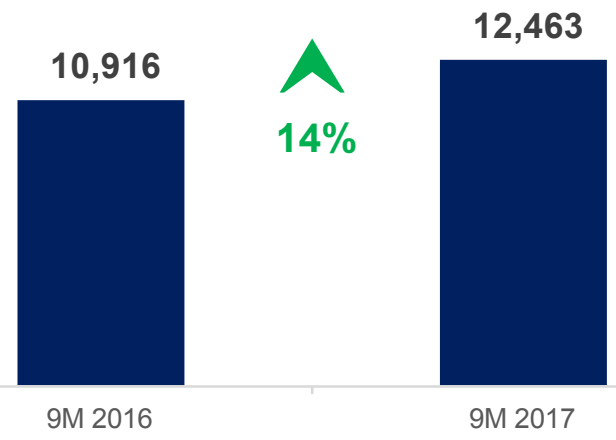
3Q/9M 2017 Net Interest Income

(in Php mn)

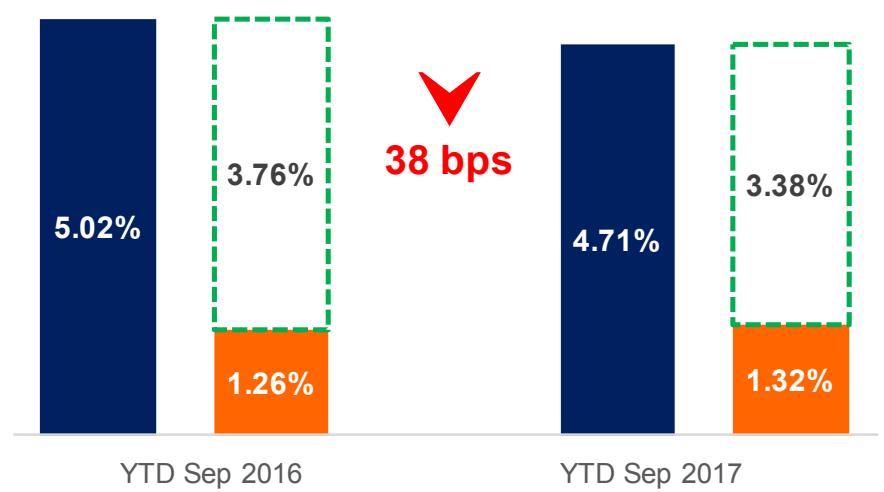
Net interest income driven by expansion in customer loans and investment securities

NET INTEREST INCOME

In Millions

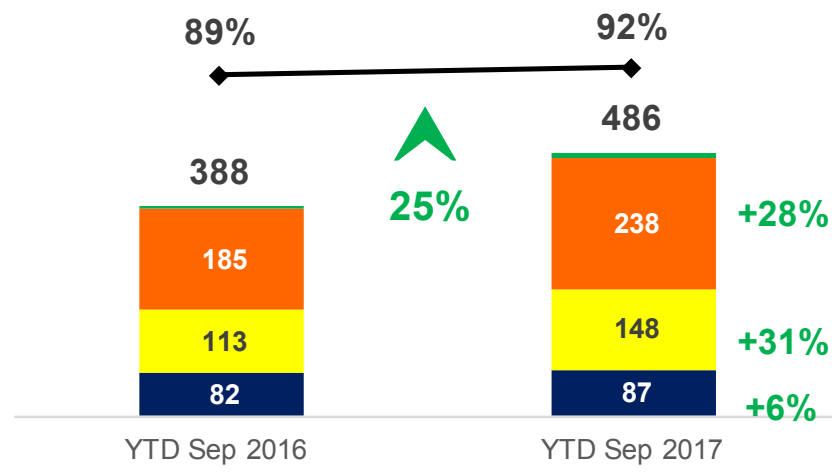


NET INTEREST MARGIN



EARNING ASSETS

ADB In Billions



■ Avg Yield ■ Avg Cost □ NIM

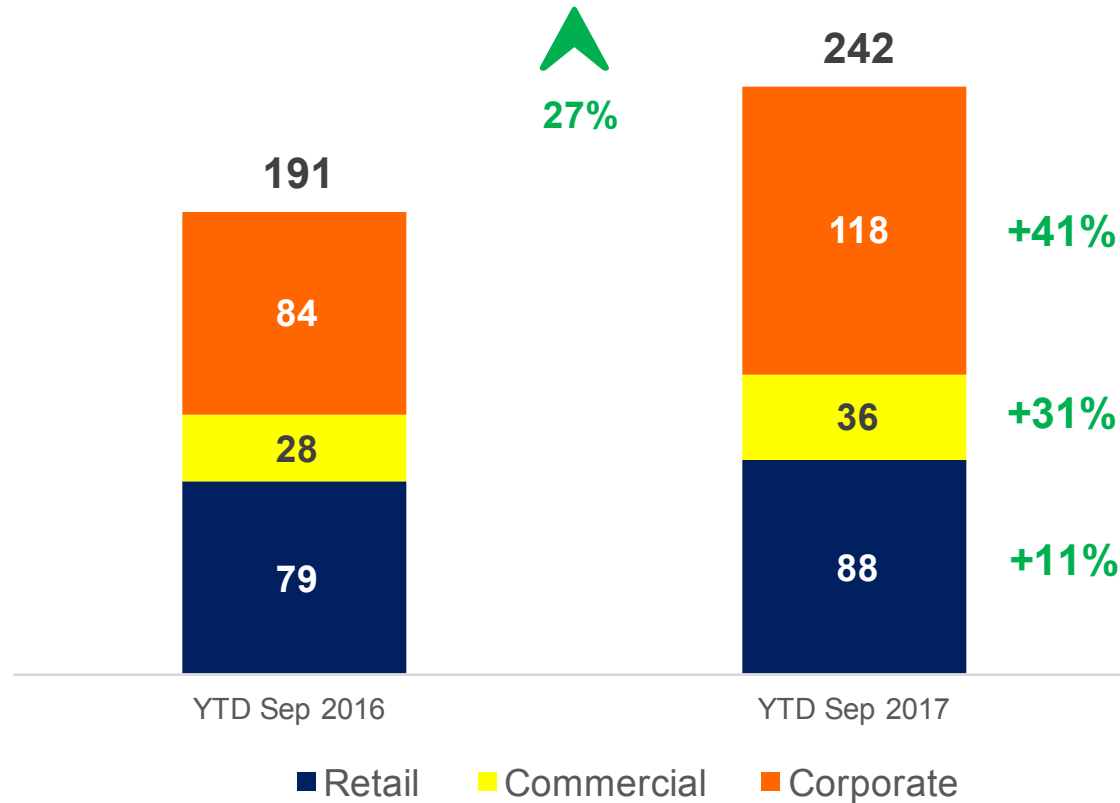
■ Liquid Earning Assets ■ Loans ■ Securities ■ Others
— Share of EA to Net Assets



3Q/9M 2017 Net Interest Income

(ADB in Php bn)

Credit portfolio sustained double-digit growth

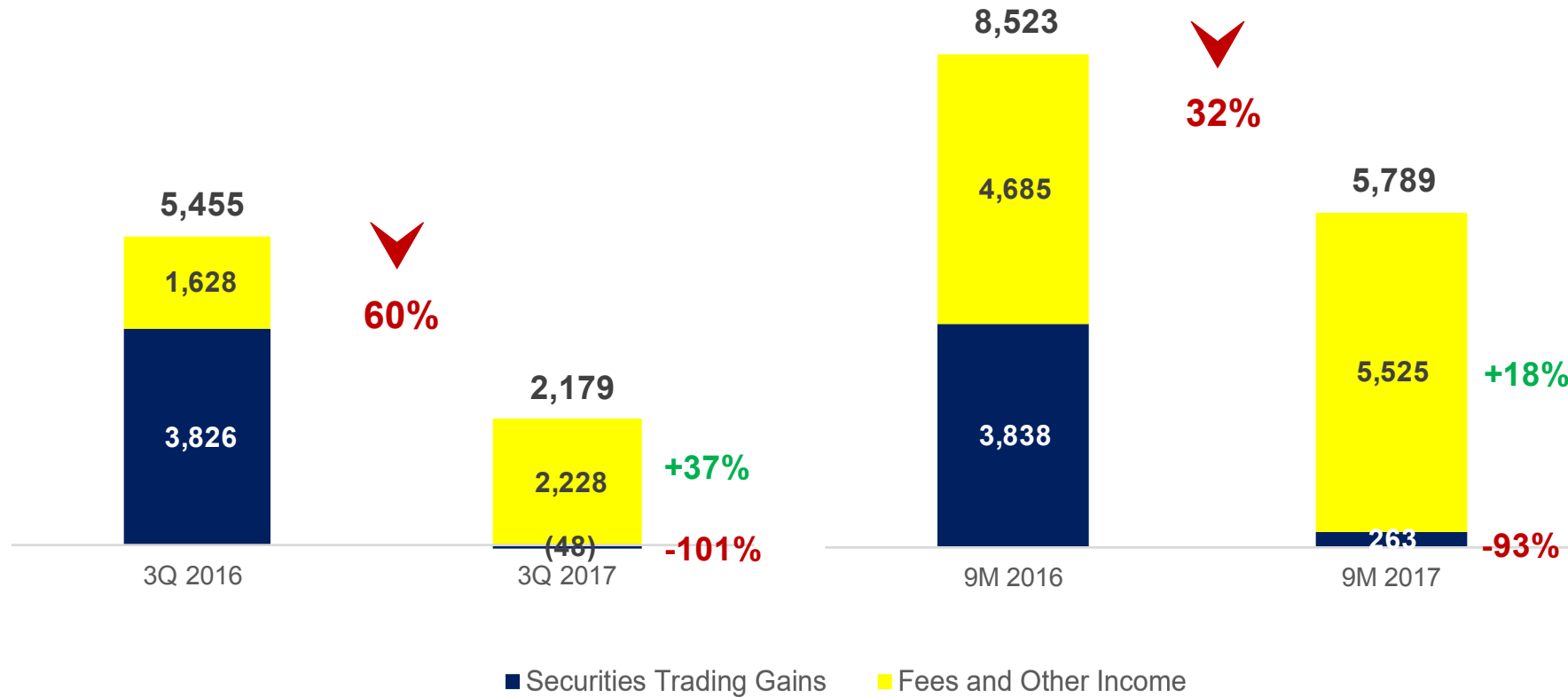




3Q/9M 2017 Non-Interest Income

(in Php mn)

Non-interest income was lower due to trading gains last year



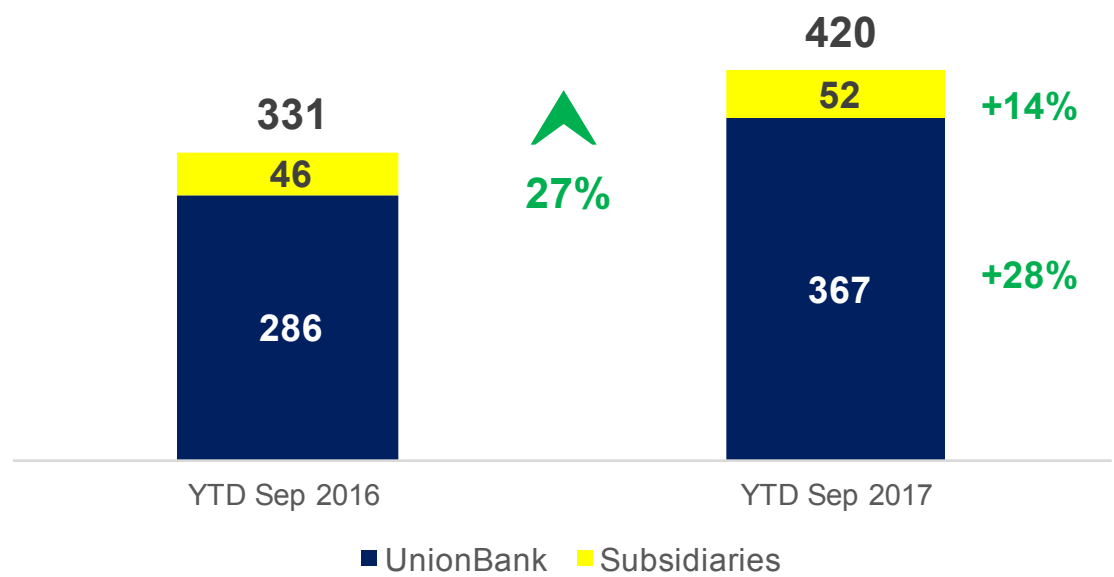


3Q/9M 2017 Total Deposits & CASA Deposits

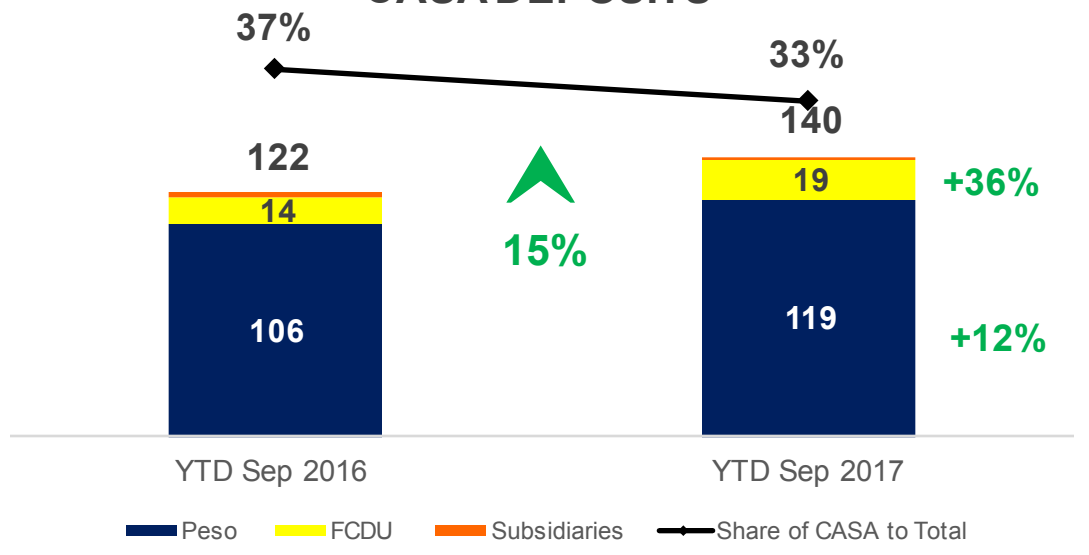
(ADB in Php bn)

Deposits grew in line with earning assets

TOTAL DEPOSITS



CASA DEPOSITS

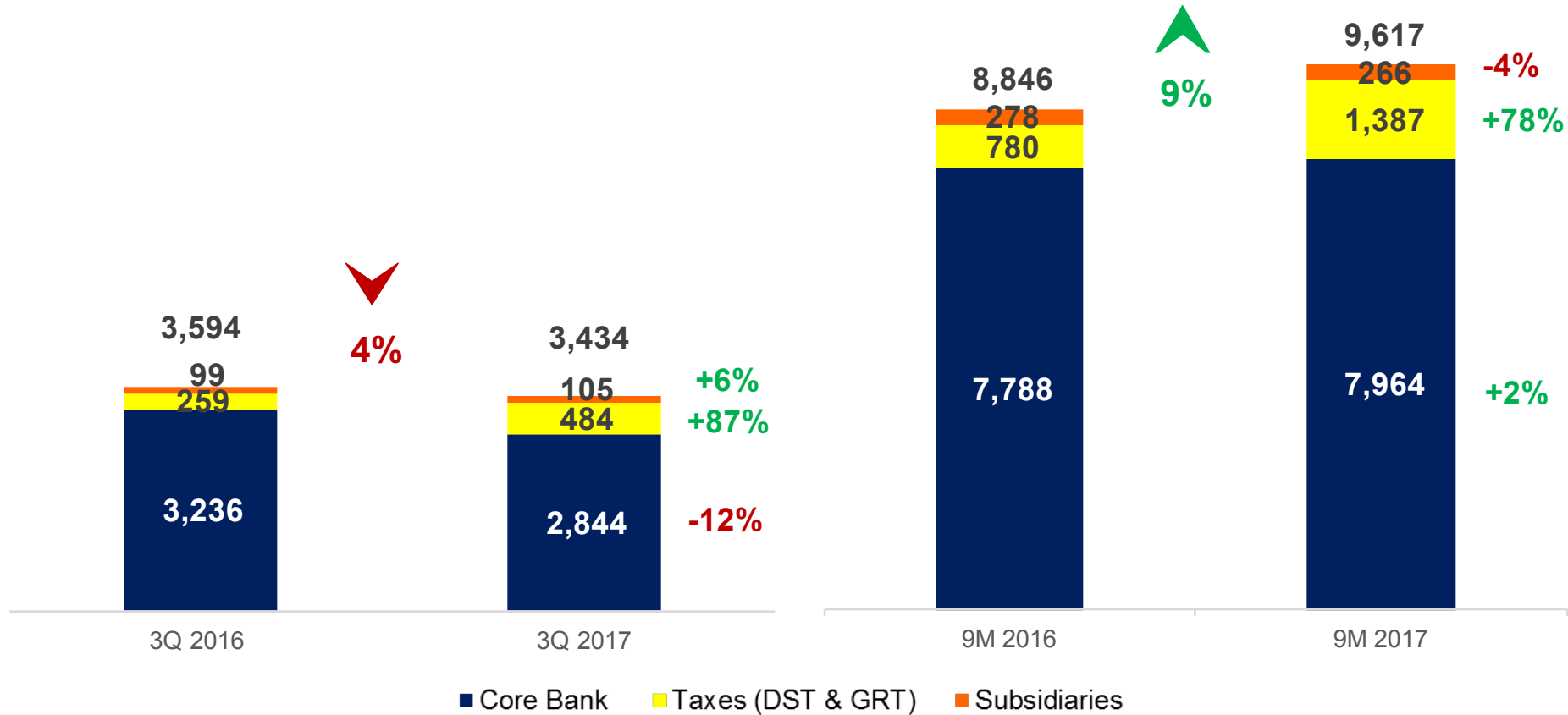




3Q/9M 2017 Operating Expenses

(in Php mn)

Operating Expenses grew by a single-digit amid business growth

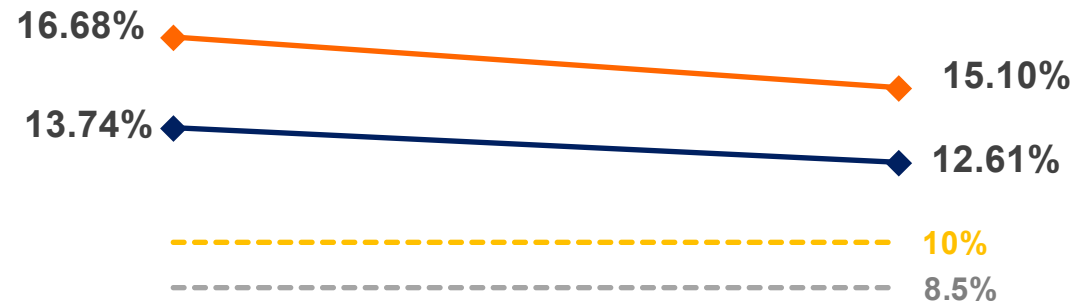




Capital Adequacy Ratios

Consolidated Basis

Capital ratios remained above regulatory minimum



YTD Sep 2016

YTD Sep 2017

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

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



Profitability Ratios

Profitability ratios above industry average

RETURN ON EQUITY



RETURN ON AVE. ASSETS



COST-TO-INCOME RATIO



9M 2016

9M 2017

9M 2016

9M 2017

9M 2016

9M 2017



Rebased Stock Performance

9/30/2016-9/30/2017

UnionBank outperformed PSE and Financial indices



	UBP	BPI	BDO	Metrobank	Security Bank	PNB	Chinabank	RCBC	PSEi	Financial Index
09/30/2016	73.35	105.00	104.92	85.30	241.60	58.30	33.51	35.90	7,629.73	1,838.43
09/30/2017	86.65	99.45	130.70	86.50	243.20	59.15	32.73	49.60	8,171.43	1,961.24
% Change	18%	-5%	25%	1%	1%	1%	-2.3%	38%	7%	7%
Rank	3	8	2	5	6	4	7	1		







Review of Business Units

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- **Food**
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3Q/9M 2017 Financial Performance

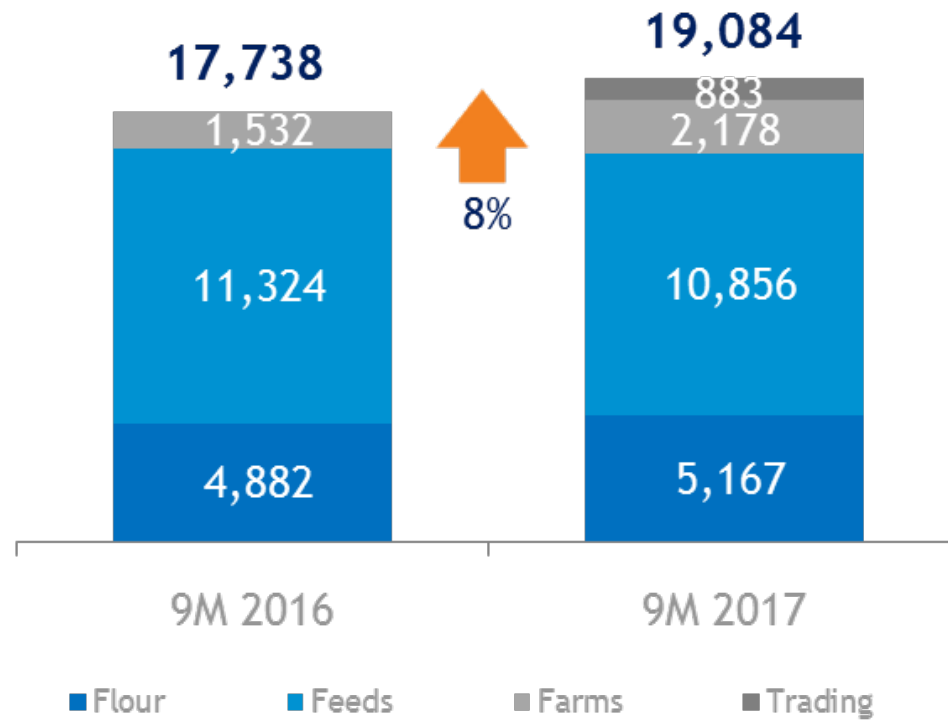
(in Php mn)

Revenue	19,084	 vs. 9M 2016 +8%
EBITDA	2,233	 -11%
EBITDA Margin	12%	 -200bps
NIAT	1,203	 -13%



3Q/9M 2017 Revenue

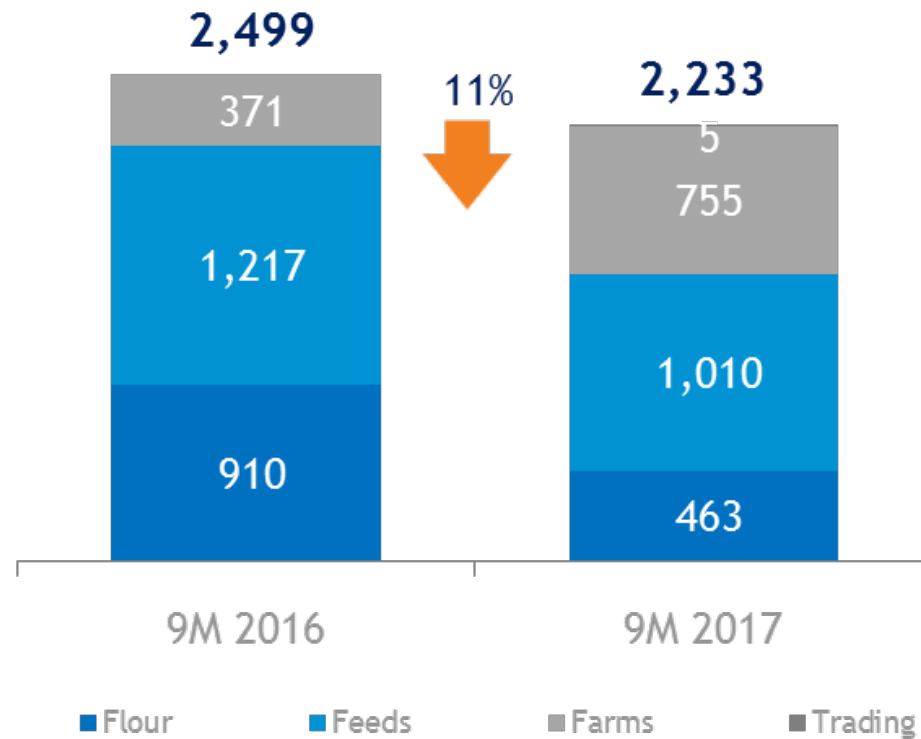
(in Php mn)





3Q/9M 2017 EBITDA

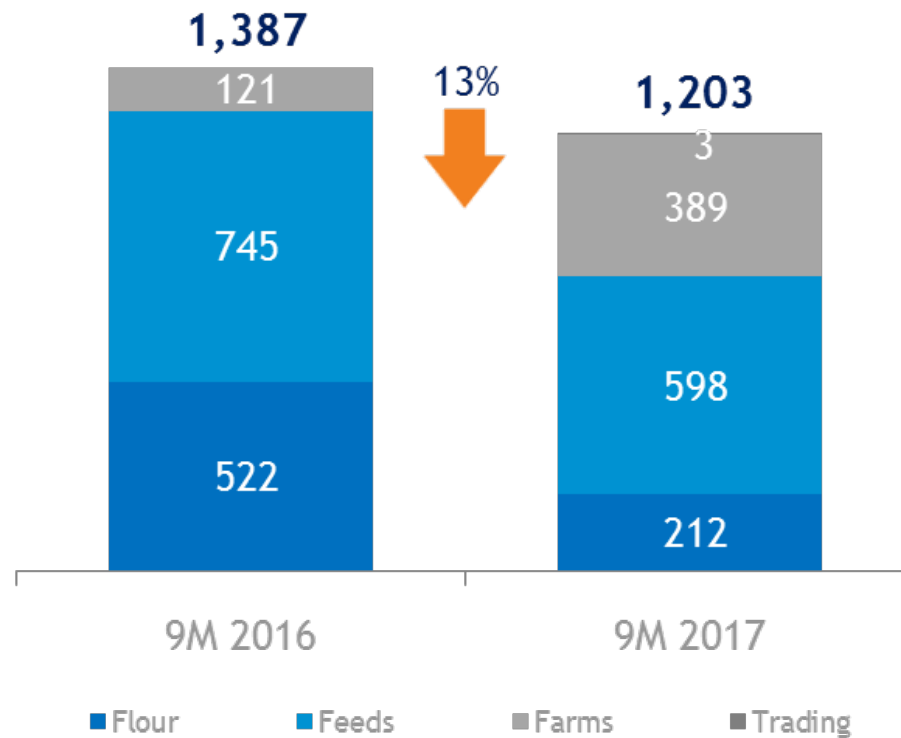
(in Php mn)





3Q/9M 2017 Net Income

(in Php mn)

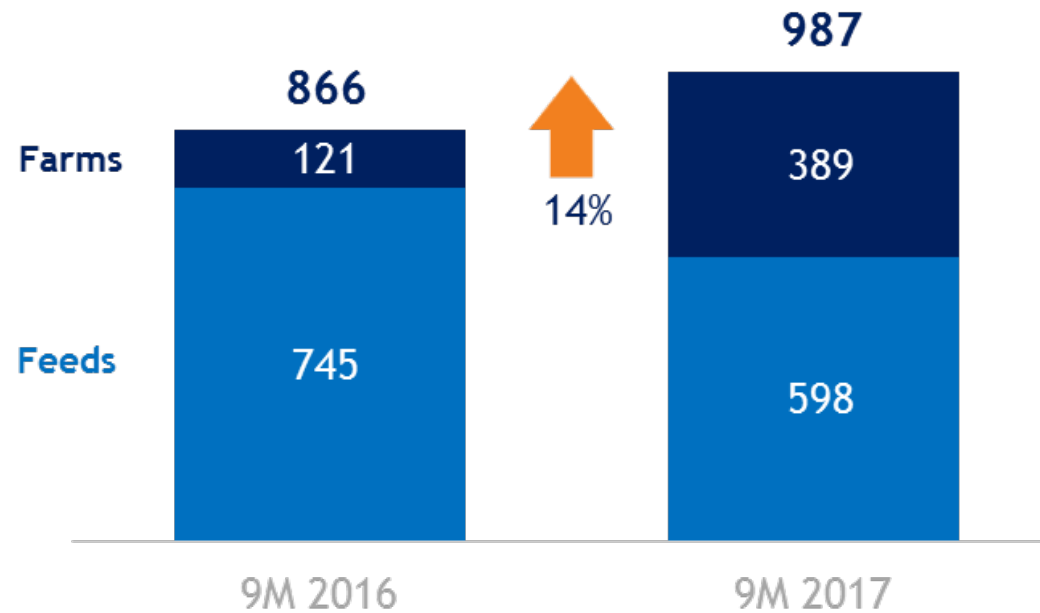




3Q/9M 2017 Financial Highlights: Feeds and Farms

(in Php mn)

NET INCOME

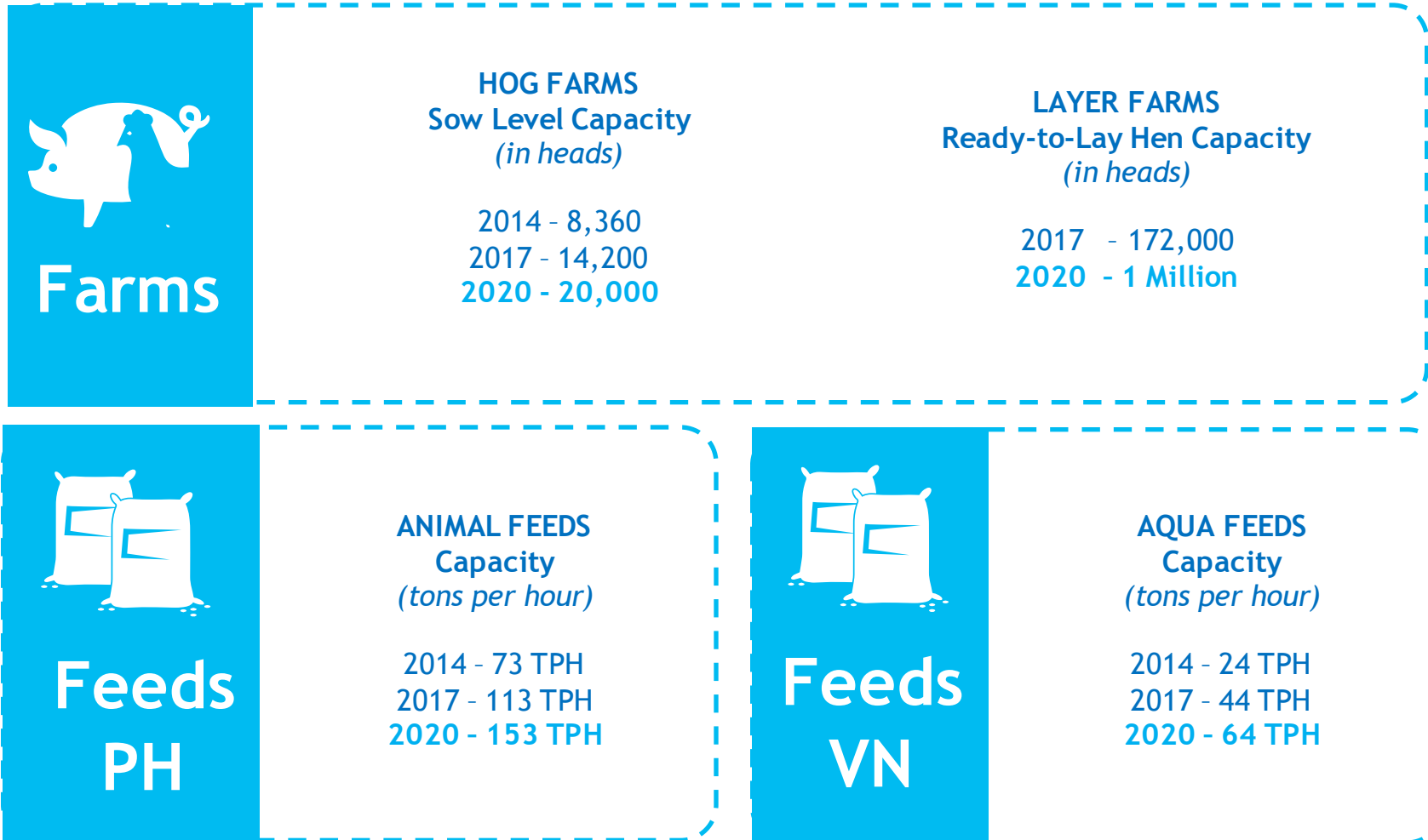




Project Updates



Capacity Expansion





Project Updates

Farms

100% Completed
GrowFin Farm 11

18% Completed
Meat Processing Plant

PROJECT PIPELINE

- Growfin Farm 12
- Breeder Farm 3
- Nursery Farm 3

Feeds

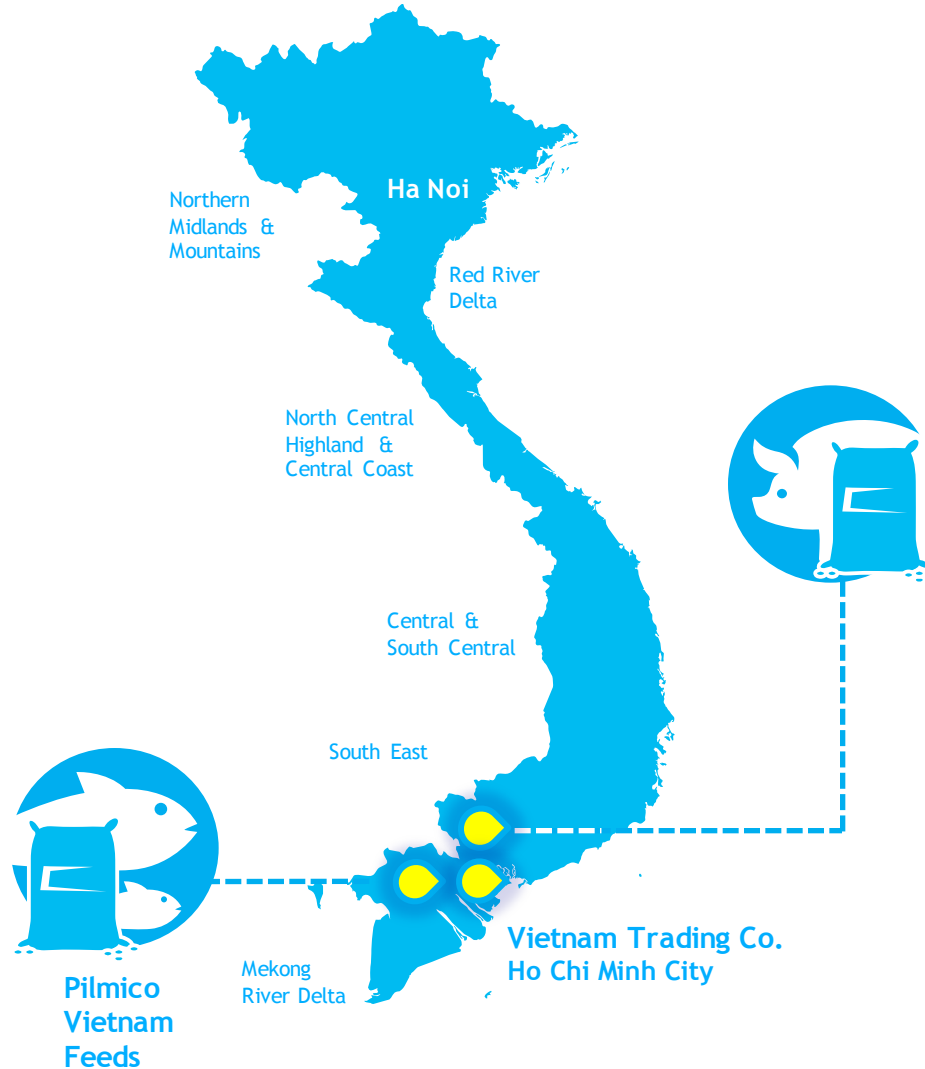
82% Completed
Grain Storage Facility

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



Review of Business Units

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



Modest cement demand growth in 9M 2017



- Steady demand in residential and non-residential segments
- Government's infrastructure projects progressing, mostly under development phase
- Prices softened due to competitive pressures
- Contribution to AEV amounts to PHP 0.25B in 9M 2017








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3Q/9M 2017 Financial Performance

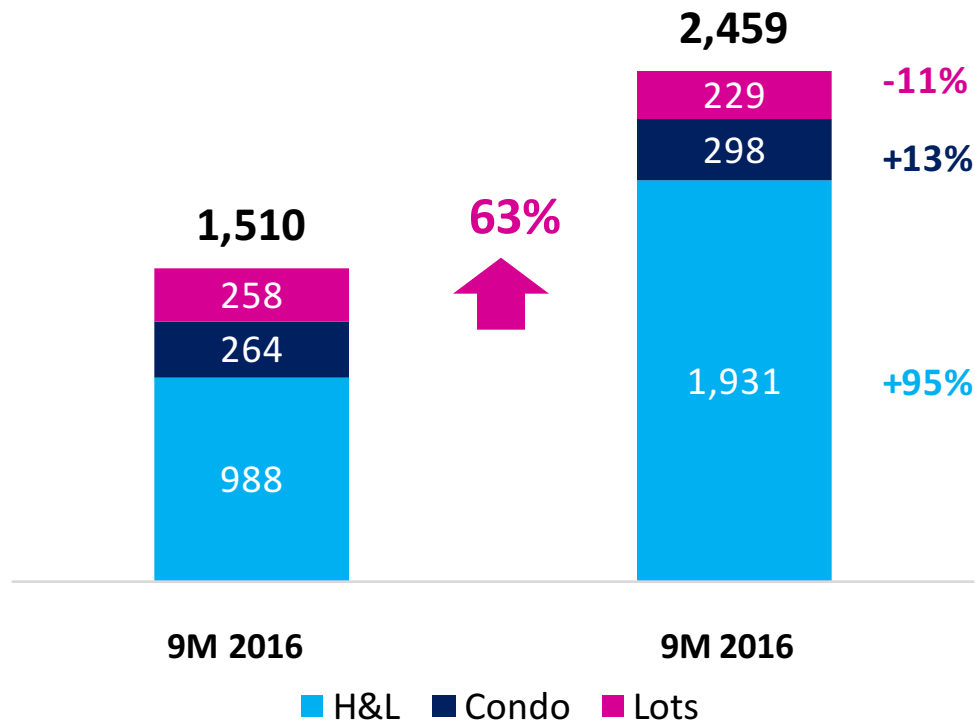
	9M 2017	vs 9M 2016
 Residential Sales	2.5B	+63%
 Revenues	2.4B	+44%
 GP	1.1B	+55%
 NOP	426M	+116%
 NIAT	330M	+122%



3Q/9M 2017 Residential Sales

(in Php mn)

3Q Residential Sales exceed that of FY2016 (1.9B)

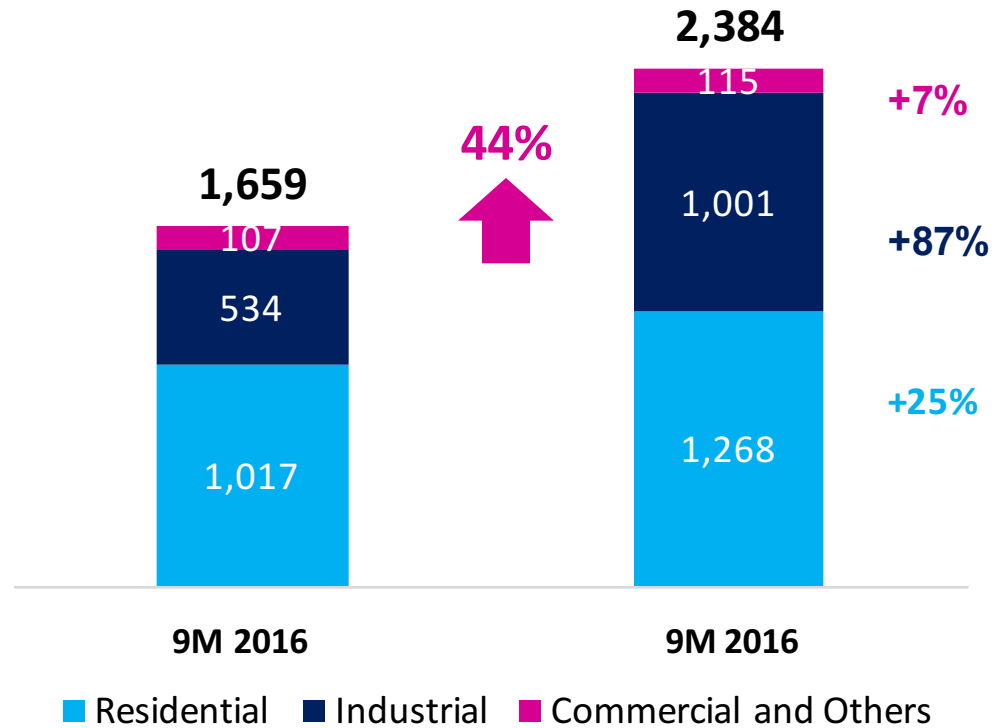




3Q/9M 2017 Revenues

(in Php mn)

Revenues upbeat with better industrial and residential performance

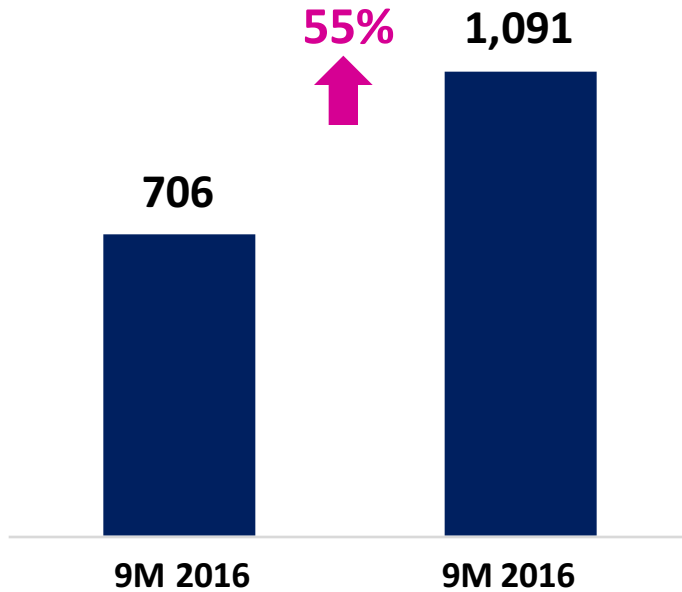




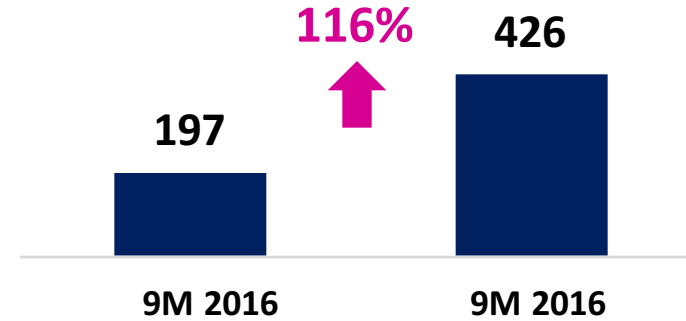
3Q/9M 2017 Gross Profit & Net Operating Profit

GP and NOP increase with revenues

Gross Profit



Net Operating Profit





3Q/9M 2017 Business Highlights

- ~250-hectare second-home mountain community in Balamban, Cebu
- Outdoor activities (Hiking, Biking, Spelunking)
- Nature *itself* is the amenity in *Foressa*

FORESSA
TRAILS





3Q/9M 2017 Business Highlights



● Residential

- *Seafront Sessions* events and the launch of *Foressa Trails* generated sales and heightened interests in the two projects
- Launch of *Seafront's* second phase accelerated from 2018 to 2017
- Notable construction progress in various projects such as *Almiya*, *Amoa*, *Pristina North*, and *Priveya Hills*



● Commercial

- In addition to *Pueblo Verde* and *The Outlets at Pueblo Verde* maintaining full occupancy levels, *The Persimmon Plus* is now also approaching full occupancy
- *The Outlets at Lipa* continues to make strides in construction, and is expected to be operational by 1H 2018



● Industrial

- 32 hectares sold to date
- Completed construction of expansions totaling to 71 hectares
- 57 hectares of other expansions also nearing completion



3Q/9M 2017 Capex Update

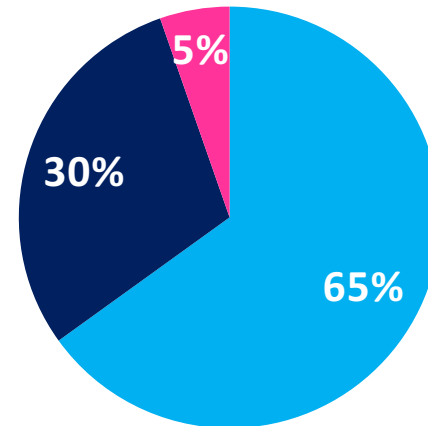


The Outlets at Lipa (Lipa, Batangas)

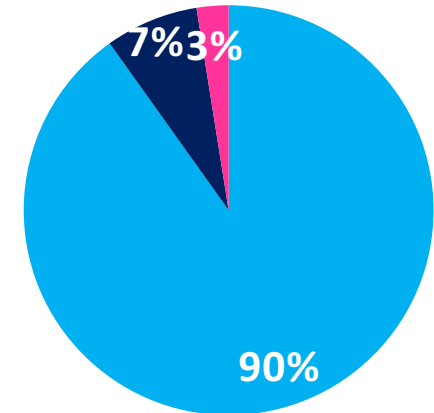


Amoa (Compostela, Cebu)

2017 CAPEX Target: P5.0B



9M 2017 CAPEX spent: P1.6B



■ Project Development ■ Land Acquisition ■ Other Initiatives

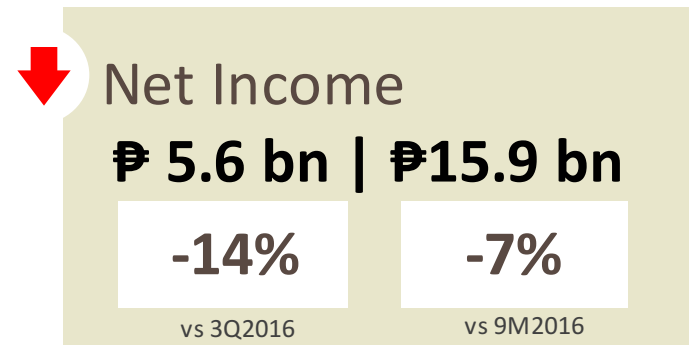
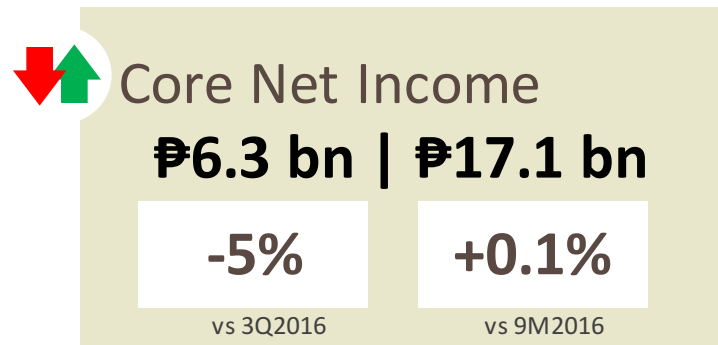
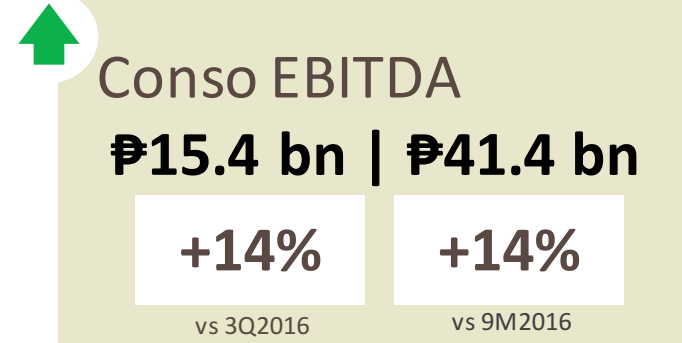
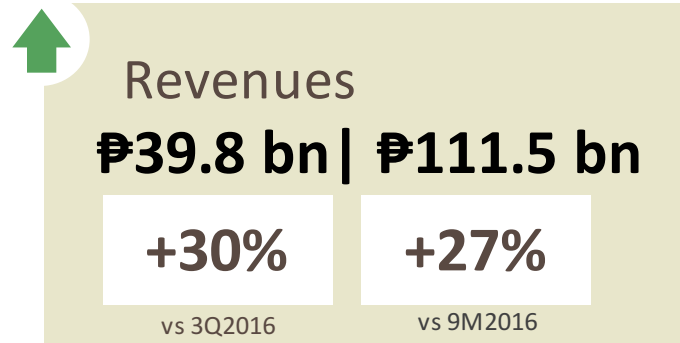


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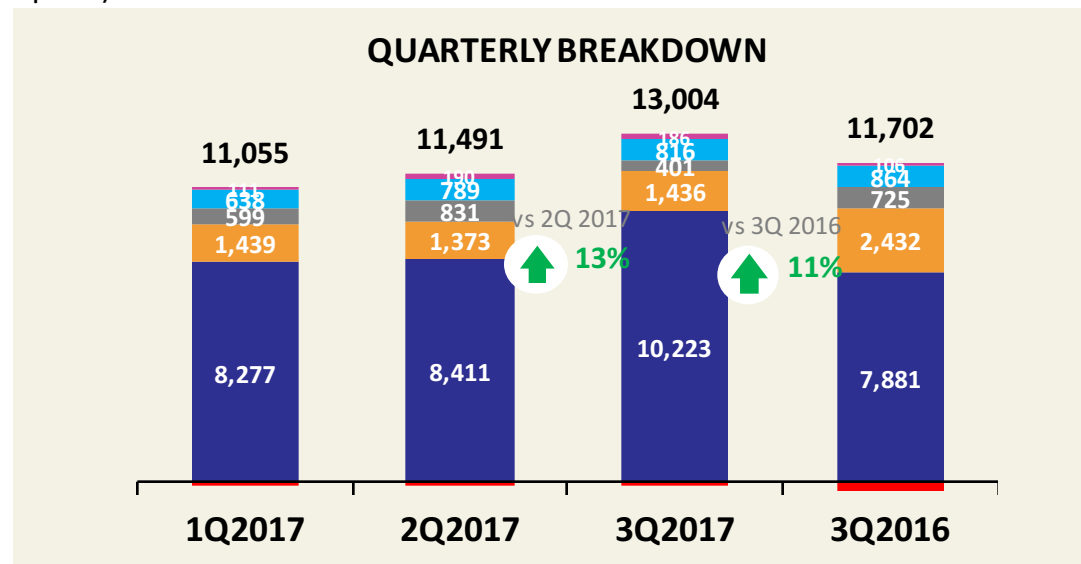
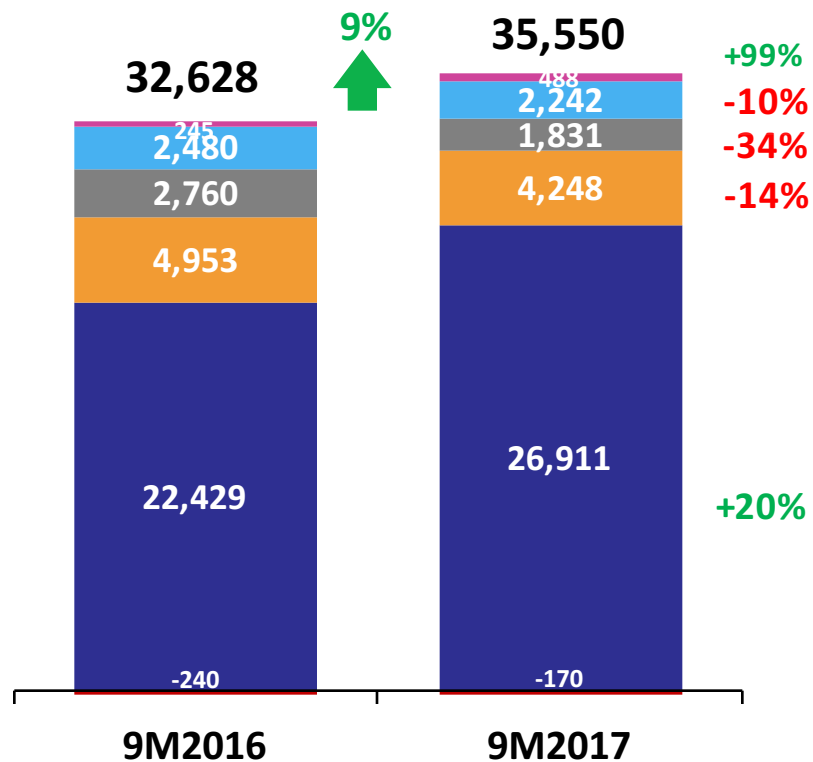
3Q/9M 2017 Financial Performance





3Q/9M 2017 Beneficial EBITDA

(in Php mn)



9% growth vs 9M 2016, of which...

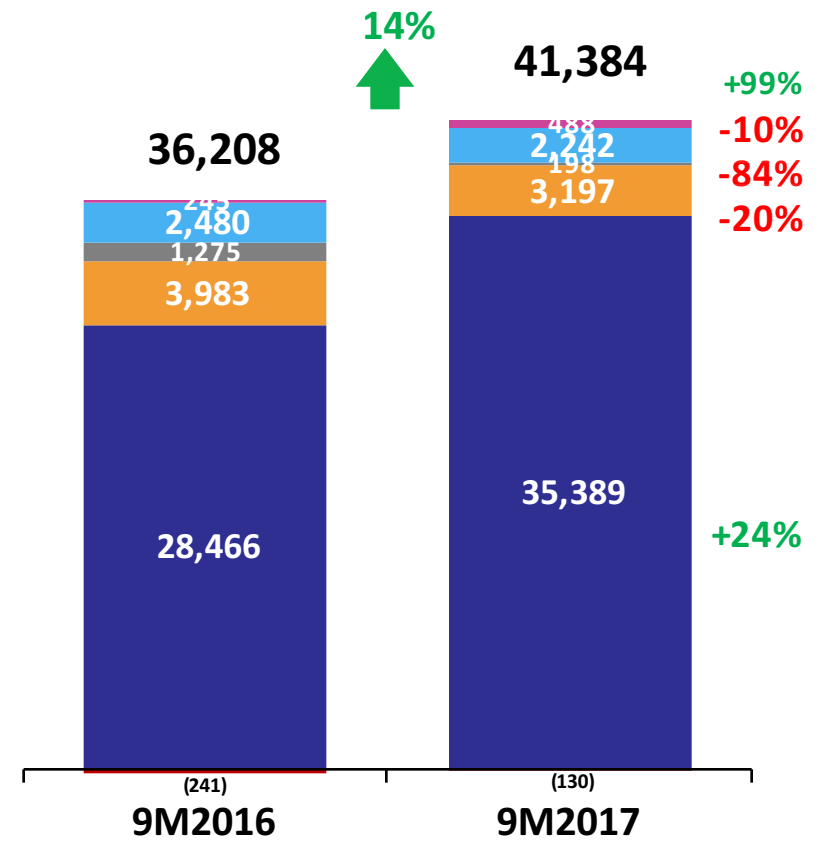
- +14% from power group driven by better hydrology and fresh contribution from GN Power Mariveles
- 3% from infrastructure on lower RCBM volume and selling prices
- 2% from Unionbank due to lower trading gains

■ Power ■ Financial Services ■ Infrastructure ■ Food ■ Real Estate ■ Parent & Others



3Q/9M 2017 Consolidated EBITDA

(in Php mn)

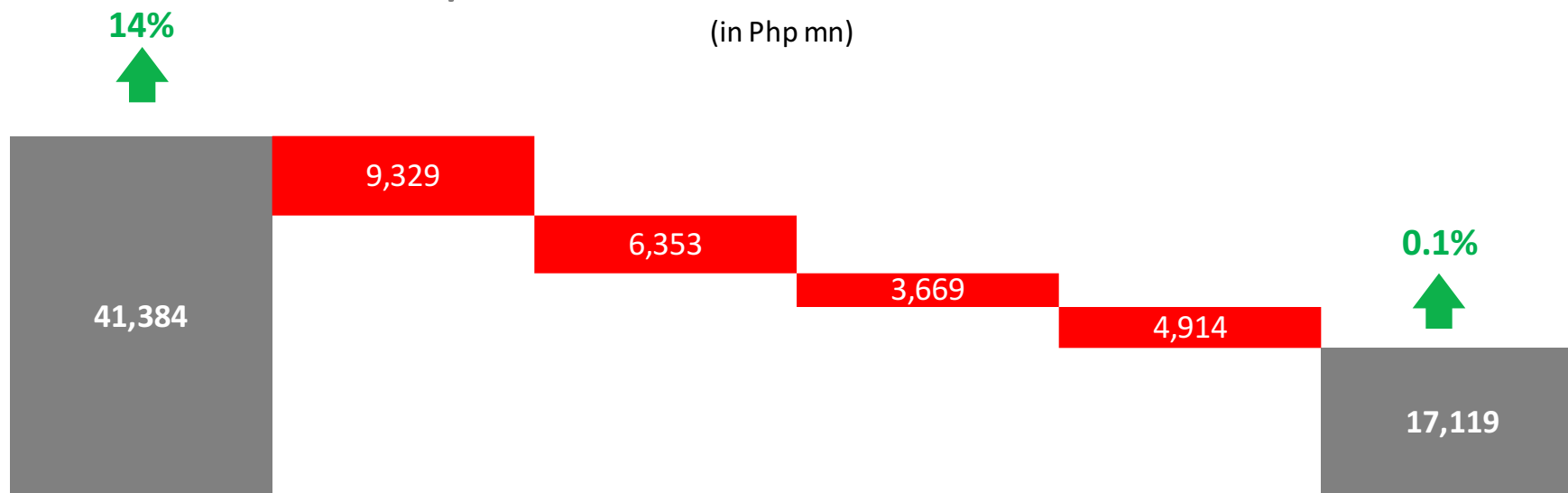


■ Power ■ Financial Services ■ Infrastructure ■ Food ■ Real Estate ■ Parent & Others



3Q/9M 2017 Core Net Income

(in Php mn)



	9M2016	9M2017	Change
Php mn			
Conso EBITDA	36,208	41,384	14%
Interest Expense	5,735	9,329	63%
Depcn. & Amort.	5,088	6,353	25%
Tax & Others	3,518	3,669	4%
Non-controlling Interest	4,764	4,914	3%
Core Net Income	17,103	17,119	0.1%
EPS	3.06	3.04	

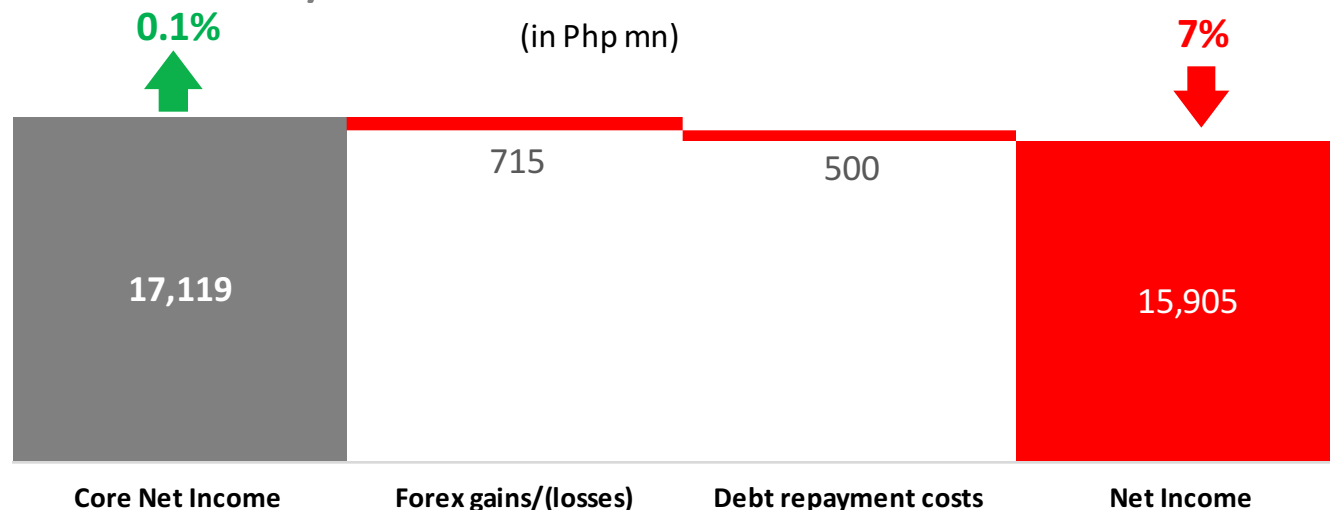
- **Interest expense** increased due to additional loan taken up by Power

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



3Q/9M 2017 Net Income

(in Php mn)



Php mn	9M2016	9M2017	Change
Core Net Income	17,103	17,119	0.1%
Non recurring gains/(loss)	(17)	(1,215)	
Forex gains/(losses)	(171)	(715)	317%
Debt prepayment costs	-	(500)	n/a
Other gains/(losses)*	155	-	n/a
Net Income	17,087	15,905	-7%
EPS	3.05	2.82	

None core items

- Forex losses in 2017 from the revaluation of dollar denominated liabilities (mainly from Power)
- Pre-termination costs incurred from the GMCP refinancing

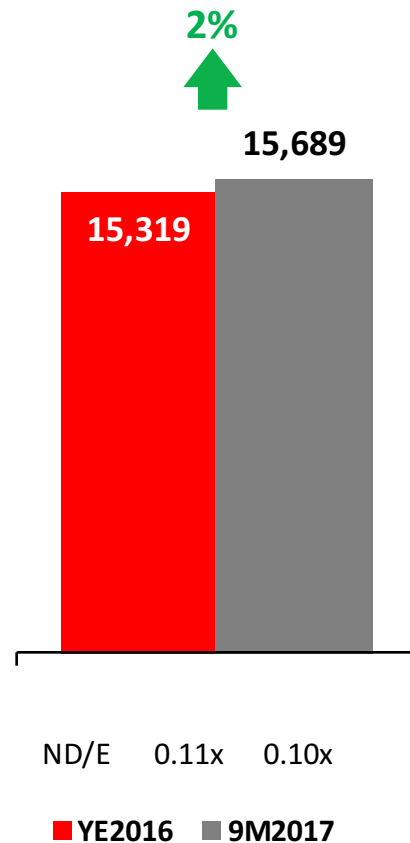
*mainly from Power's gain on EAUC step acquisition
 FX in September 2017: 50.82 vs 48.50 in 2016



9M 2017 Balance Sheet

(in Php mn, except ratios)

Parent Net Debt

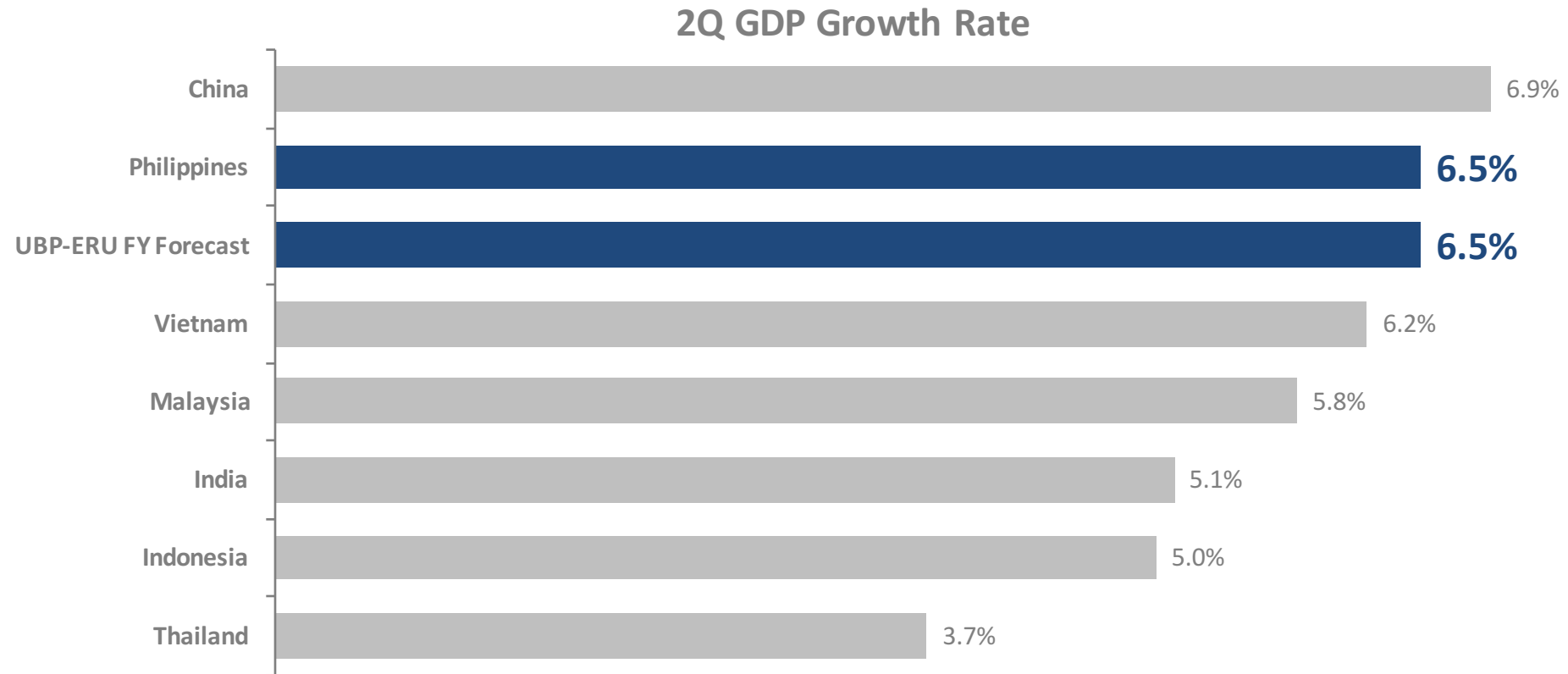


Consolidated Balance Sheet/Key Ratios

	YE2016	9M2017
Cash and Cash Equivalents	63,858	73,054
Total Assets	464,077	495,310
Total Liabilities	290,681	307,898
Total Equity	173,396	187,412
Equity Attributable to Parent	140,275	152,216
Book Value Per Share	24.90	27.02
Current Ratio	2.5x	2.5x
Debt to Equity	1.7x	1.6x
Net Debt to Equity	1.1x	1.0x



The Philippines continues its Robust Growth



Sources

1: National Economic and Development Authority (www.neda.gov.ph)

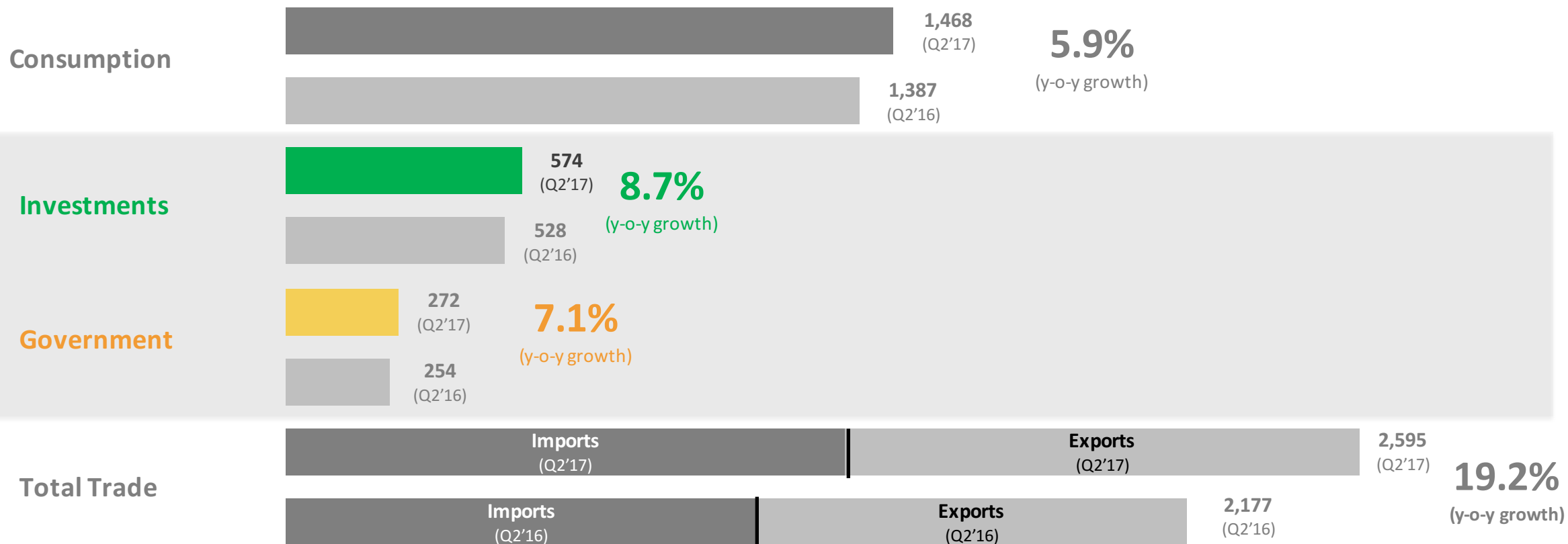
2: Unionbank Economic Research Unit (UBP-ERU)

3: Trading Economics (www.tradingeconomics.com)



Government Spending faster while, Investments slowed

GDP Demand Side (in Php Bn)



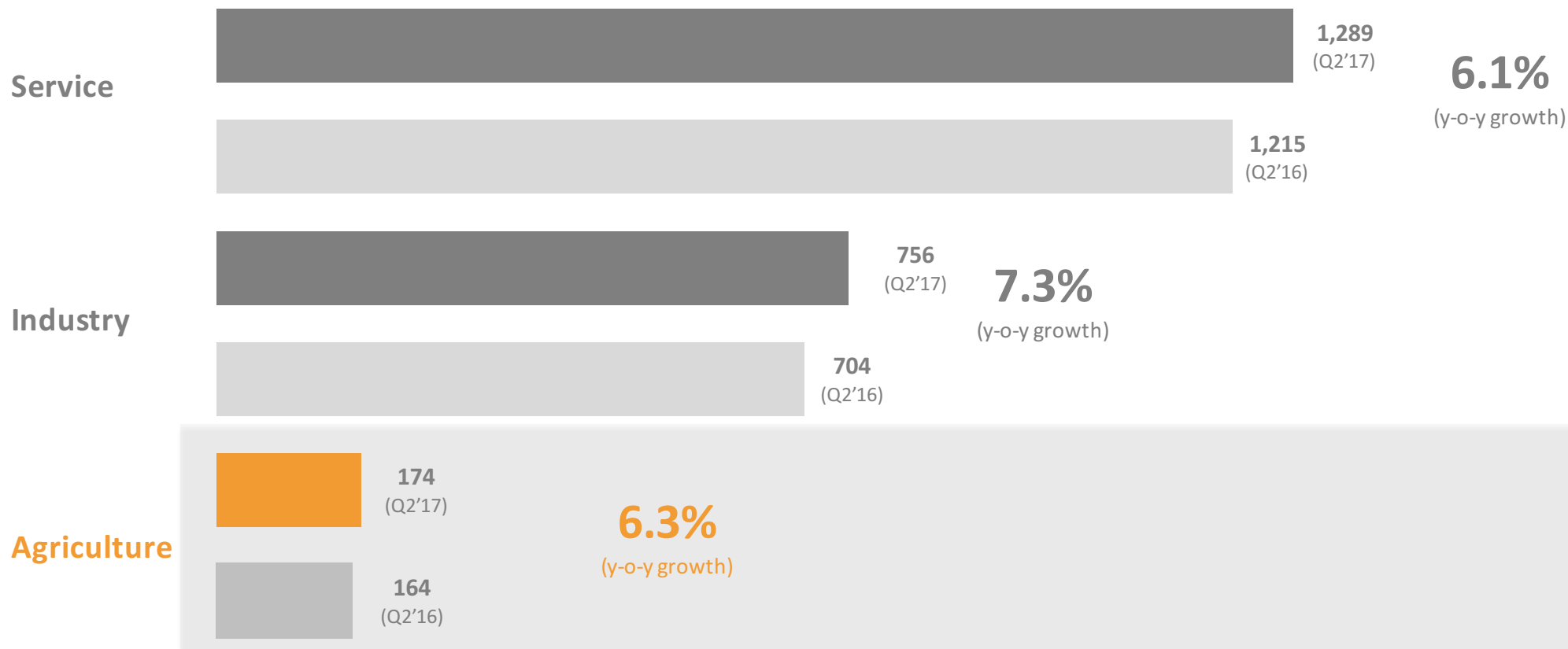
Source

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



Agriculture sector continued its resurgence

GDP Supply Side (in Php Bn)

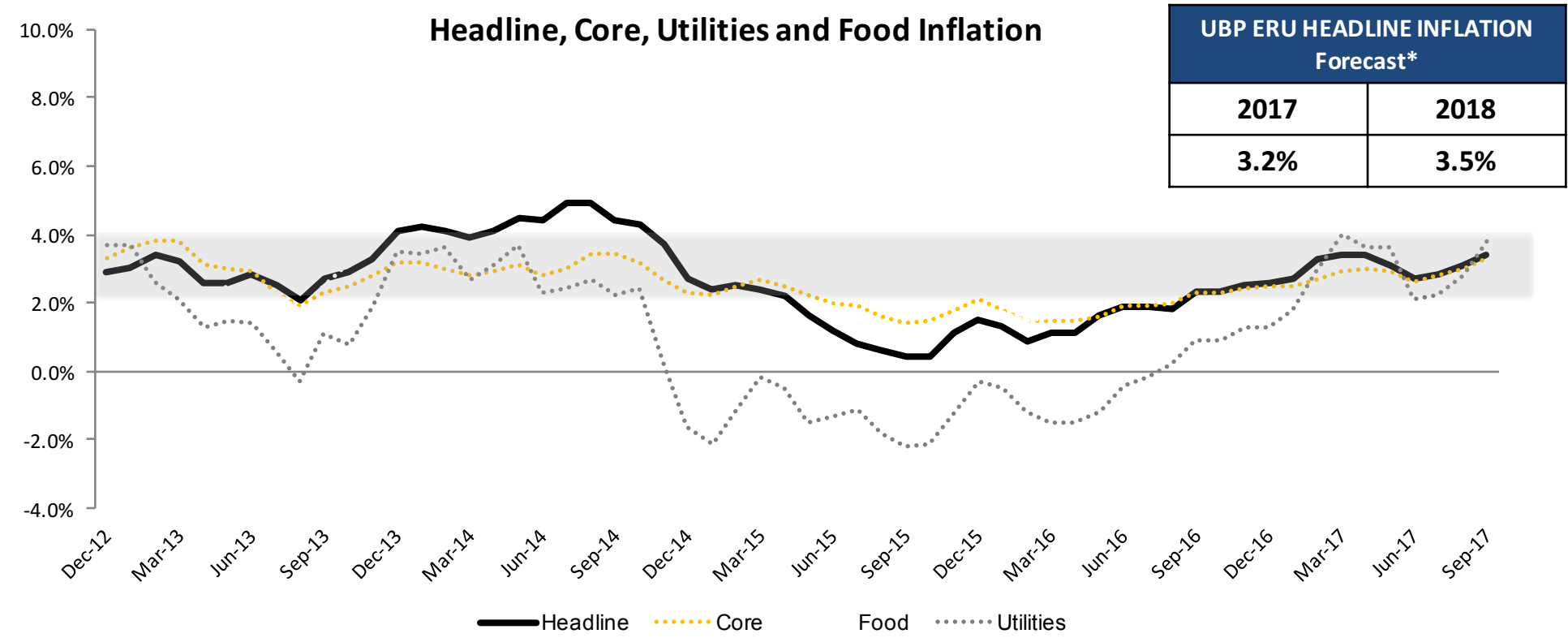


Source

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



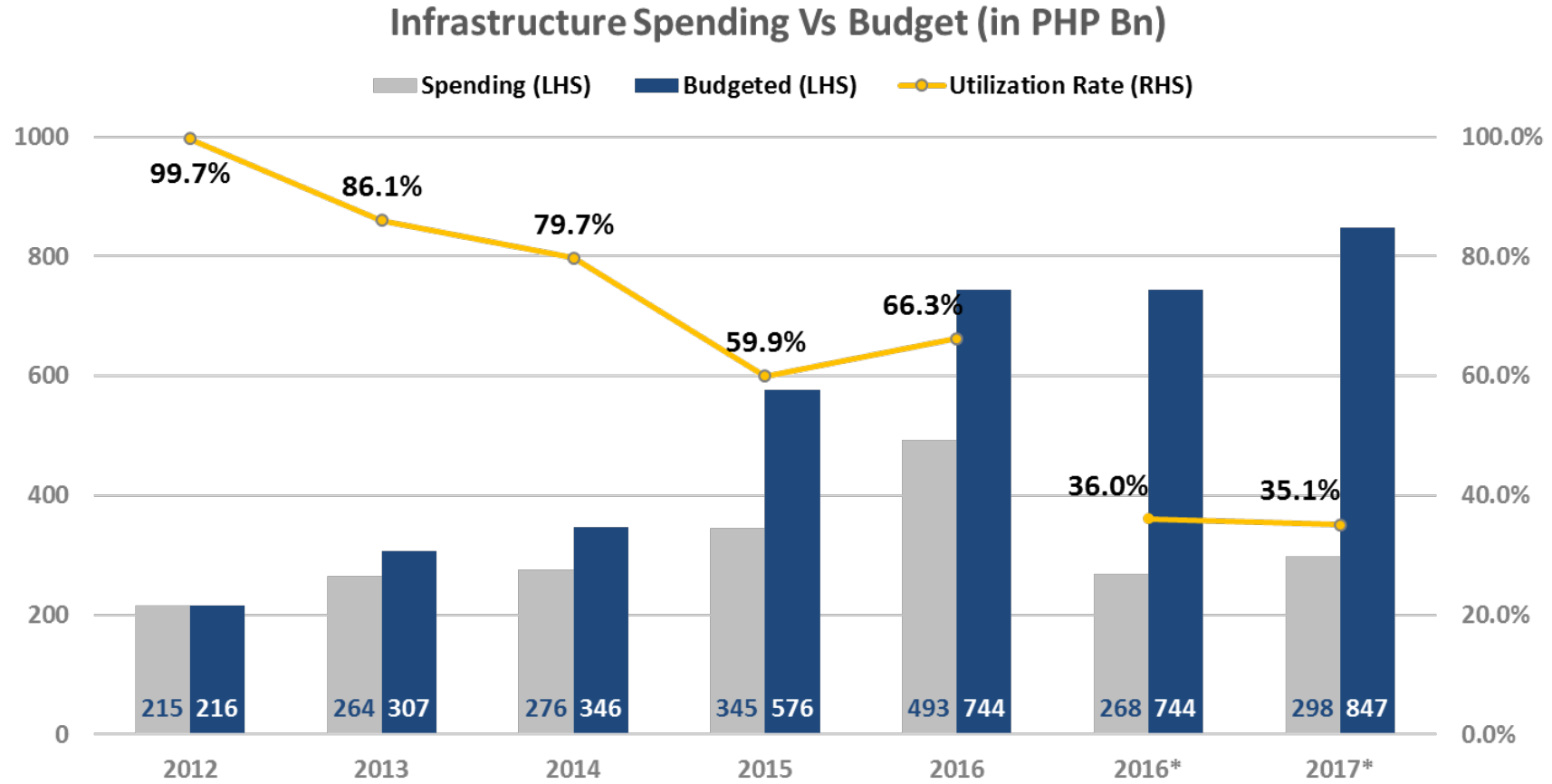
Food and Utility pushing 2017, Tax Reform will drive 2018F



Sources
1: Philippines Statistics Authority (www.psa.gov.ph)
2: Unionbank Economic Research Unit (UBP-ERU)



Government's weak absorptive capacity seen in utilization



Source 1: Department of Budget and Management (www.dbm.gov.ph)

* YTD as of July



Our outlook remains robust

UnionBank ERU
Growth Target
(2018F)

7%

Drivers

- Tax Reform coming online
- Sound Macroeconomic Fundamentals
- Being in the demographic sweet spot
- Household consumption continues being the support to the economy
- Investments starts playing a bigger role in the economy

Threats

- “Build, Build, Build” slow to gain traction
- Emergence of AI could disrupt the BPO Sector
- Peace and order situation
- Unstable political environment

Source

1: Unionbank Economic Research Unit (UBP-ERU)



Review of Business Units

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



Thank you!

abotiz



Annex: Earnings Contribution

(in Php mn)

	3Q2016	3Q2017	% Ch	9M2016	9M2017	% Ch
AboitizPower	3,948	4,632	17%	11,604	12,106	4%
UnionBank	2,030	1,004	-51%	3,963	3,117	-21%
Petnet	13	12	-11%	(10)	20	315%
Pilmico	469	450	-4%	1,354	1,167	-14%
AboitizLand	64	138	115%	149	340	128%
Republic Cement	409	(245)	-160%	1,278	249	-80%
Aboitiz Infra	(1)	(4)	-329%	(2)	(49)	-2144%
Parent & Others	(351)	(353)	-1%	(1,250)	(1,045)	16%
Net Income	6,582	5,635	-14%	17,087	15,905	-7%
Core Net Income	6,699	6,354	-5%	17,103	17,119	0%