

November 6, 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, 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:



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) 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 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. **November 6, 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. **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 (June 30, 2019) | ₱312,037,849,106.00 |
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 ₱6.8 billion (bn) for the third quarter of 2019, a 6% decrease from the ₱7.2 bn reported in the same period last year. The Company recognized non-recurring losses of ₱234 million (mn) in unrealized foreign exchange losses during the period, versus the ₱60 mn in foreign exchange gains for the corresponding period in 2018. Without these one-off losses, the Company's core net income was ₱7.0 bn, a 2% decline year-on-year (YoY). For the relevant period, AEV recorded consolidated earnings before interest, tax, depreciation and amortization (EBITDA) of ₱18.3 bn, which was 4% higher YoY.

On a year-to-date (YTD) basis, AEV's net income for the first nine months of 2019 was ₱15.7 bn, 9% lower than the ₱17.3 bn recorded during the same period last year. The Company recognized non-recurring losses of ₱155 mn, lower than the previous year's

₱407 mn, representing net foreign exchange and derivative losses. Without these one-off losses, AEV's core net income for the first nine months of 2019 was ₱15.9 bn, 10% lower from ₱17.7 bn YoY. AEV recorded consolidated EBITDA of ₱44.8 bn during the first three quarters of 2019, a 2% decrease from the ₱45.5 bn recorded in the same period last year.

Power accounted for 60% of the total income contributions from AEV's Strategic Business Unit (SBU) for the first nine months of 2019, while the Financial Services, Food, Real Estate, and Infrastructure SBUs income contributions were at 25%, 6%, 5%, and 4%, respectively.

Strategic Business Units

Power

Aboitiz Power Corporation's (AboitizPower) net income contribution to AEV for the first three quarters of 2019 decreased by 19% YoY, from ₱12.8 bn to ₱10.4 bn.

On a stand-alone basis, AboitizPower's core net income for the first three quarters of 2019 was ₱13.7 bn, a 26% decrease YoY. Including non-recurring losses of ₱220 mn for the first nine months of 2019, AboitizPower's net income was ₱13.5 bn, 19% lower compared to the corresponding period last year.

Income contributions from the generation and retail electricity supply businesses, which accounted for 80% of total income contributions from AboitizPower's business segments, totaled ₱12.6 bn during the first nine months of 2019, 18% lower YoY. Consolidated EBITDA recorded for the period was ₱28.7 bn, a 13% decrease YoY. This was primarily driven by the higher volume and cost of purchased power, lower spot market revenues, and lower plant availability. In the first half of 2019, AboitizPower purchased replacement power, and paid then-prevailing higher spot market prices, due to outages and contracting ahead in preparation for Therma Visayas, Inc.'s incoming capacity. Plant availability for the first nine months of 2019 was lower YoY due to outages from the Group's coal facilities.

AboitizPower also recorded lower capacity sold for the first nine months of 2019 (3,123 MW) compared to the same period from 2018 (3,169 MW), primarily due to lower availability.

Meanwhile, AboitizPower's distribution business recorded an income share of ₱3.1 bn during the first three quarters of 2019, a 6% decrease YoY, and accounted for 20% of income contributions from AboitizPower's business segments. Consolidated EBITDA for the distribution business during the period stood at ₱6.0 bn, a 3% decrease compared to the previous year due to lost margins from the decommissioning of the Bajada power plant in Davao. For the first nine months of 2019, energy sales increased by 5% YoY to 4,341 gigawatt-hours (GWh), from the 4,136 GWh recorded in the corresponding period in 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 nine months of 2019 increased by 41% to ₱4.2 bn, from ₱3.0 bn recorded in the same period in 2018.

On a stand-alone basis, UnionBank and its subsidiaries recorded a net income of ₱8.5 bn in the first nine months of 2019, 40% higher compared to the ₱6.1 bn recorded in the

same period last year. This growth was primarily driven by robust revenues coming from the sustained double-digit growth in earning assets as well as strong trading gains for the first three quarters of 2019.

UnionBank's earnings performance translated to a return on equity (ROE) of 12.6%, return on assets (ROA) of 1.6%, and revenue-to-expense ratio of 1.7x.

As of September 30, 2019, UnionBank's total assets amounted to ₱685.8 bn, 7% higher YoY, as customer loans reached ₱346.3 bn, with credit cards, consumer business, and commercial loans leading the portfolio's growth.

UnionBank's capitalization remained above regulatory minimum levels, with total capital adequacy ratio of 15.0% and Common Equity Tier 1 ratio of 15.5%.

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 ₱1.0 bn for the first nine months of 2019, a 31% decrease from the ₱1.5 bn recorded in the corresponding period last year.

For the first three quarters of 2019, the Food SBU's Philippine subsidiaries reported net income amounting to ₱704 mn. The Feeds business segment recorded a net income of ₱307 mn during this period, 7% lower YoY due to higher manufacturing costs and operating expenses. The Farms business segment reported a net income of ₱42 mn, 91% lower YoY, resulting from decreased margins following increased feeds costs and lower live hog selling prices. Meanwhile, the Flour business segment's net income amounted to ₱450 mn, 63% higher YoY on the back of improved selling prices, growth in sales volume, and higher by-product contributions.

Pilmico International Pte. Ltd. (Pilmico International), a subsidiary of AEVI, delivered a net income of ₱683 mn in the first nine months of 2019, 84% higher YoY. This was due to the higher full nine-month income contribution of Gold Coin Management Holdings (Gold Coin), which was acquired during the second quarter of 2018, and Pilmico Vietnam Feeds' increase in margins due to better selling prices and lower raw material cost.

AEVI reported a consolidated net income of ₱314 mn from the ₱683 mn contribution of Pilmico International, which was tempered by the ₱369 mn in financing costs related to the acquisition of Gold Coin.

As of September 30, 2019, 31% of the Food Group's total earnings were generated offshore, compared to the 17% recorded in the same period last year.

Real Estate

AEV's non-listed real estate businesses, comprising AboitizLand, Inc. ("AboitizLand") and its subsidiaries, reported a consolidated net income of ₱829 mn for the first nine months of 2019, 106% higher than the ₱404 mn recorded in the same period in 2018. This was mainly attributed to the fair valuation gains on investment properties recognized in the third quarter of 2019 which were not present in the same period last year.

AboitizLand's revenues for the first nine months of 2019 totaled ₱2.1 bn, 29% lower for the corresponding period last year. This overall decrease was primarily due to the deferral in revenue recognition of industrial lot sales of the industrial business unit.

Of AboitizLand's revenue for the first nine months of 2019, the residential business unit contributed ₱1.3 bn, the commercial business unit contributed ₱167 mn, while the industrial business unit and others contributed the remaining ₱659 mn, equivalent to 61%, 8%, and 31%, respectively.

Infrastructure

For the Infrastructure group, Republic Cement & Building Materials, Inc.'s income contribution to AEV for the first nine months of 2019 amounted to ₱631 mn, 186% higher than the ₱221 mn reported in the same period last year. This was primarily due to improved controls on production costs, increased private sector demand, and the completion of several debottlenecking projects.

Financial Condition

As of September 30, 2019, the Company's consolidated assets totaled ₱575.6 bn, a 4% increase from end-2018's level of ₱554.5 bn. Cash and cash equivalents at the end of the first nine months of 2019 stood at ₱41.1 bn, 30% lower than the ₱59.0 bn as of end-2018. Consolidated liabilities totaled ₱365.5 bn, a 9% increase from the year-end 2018 level of ₱336.0 bn, while equity attributable to equity holders of the parent decreased by 2% to ₱170.9 bn. AEV's current ratio as of September 30, 2019 stood at 1.2x 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:



Manuel Alberto R. Colayco
Corporate Secretary

Date: November 6, 2019