



Aboitiz Equity Ventures

Full Year 2018

Financial & Operating Results

8 March 2019

aboitiz

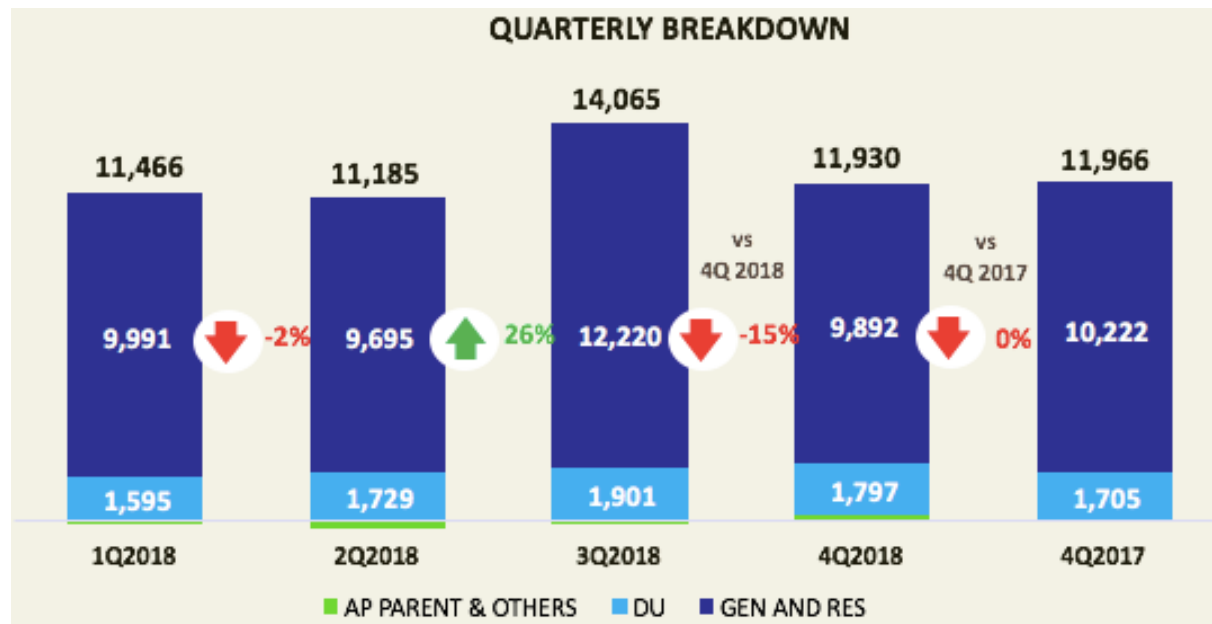
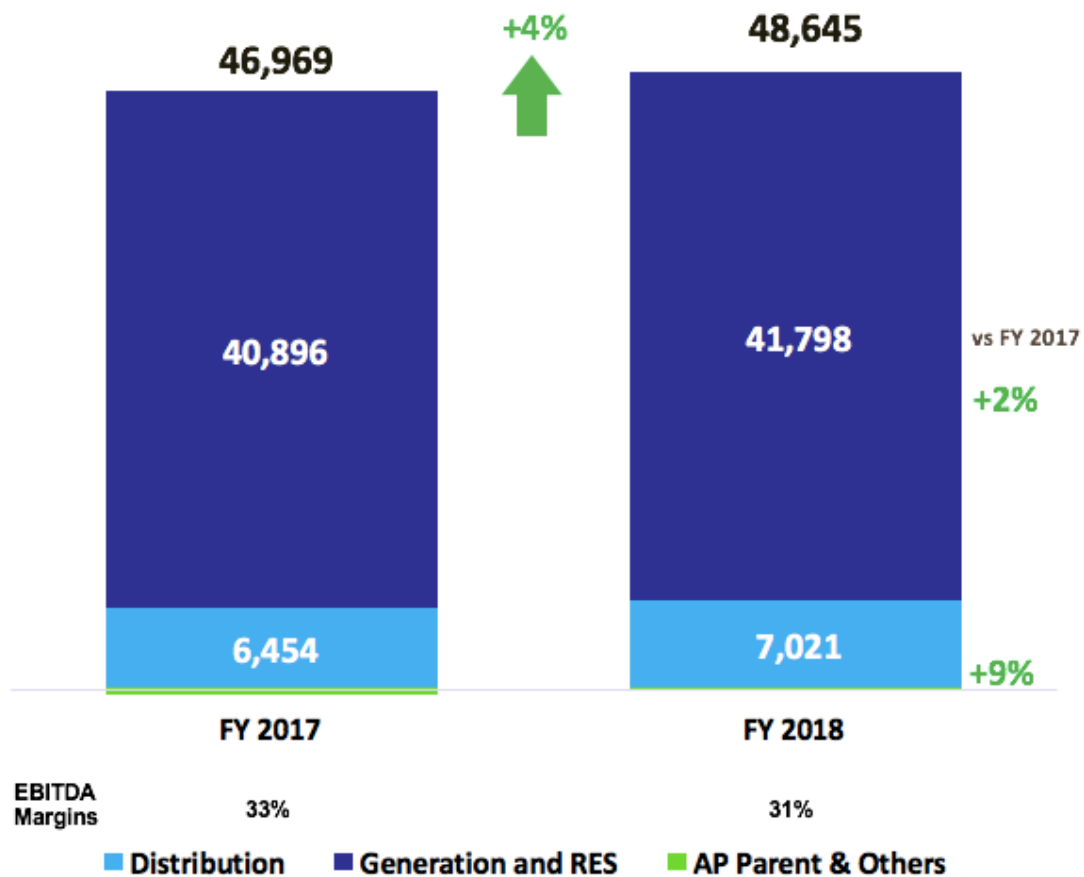


Review of Business Units

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



FY 2018 EBITDA*



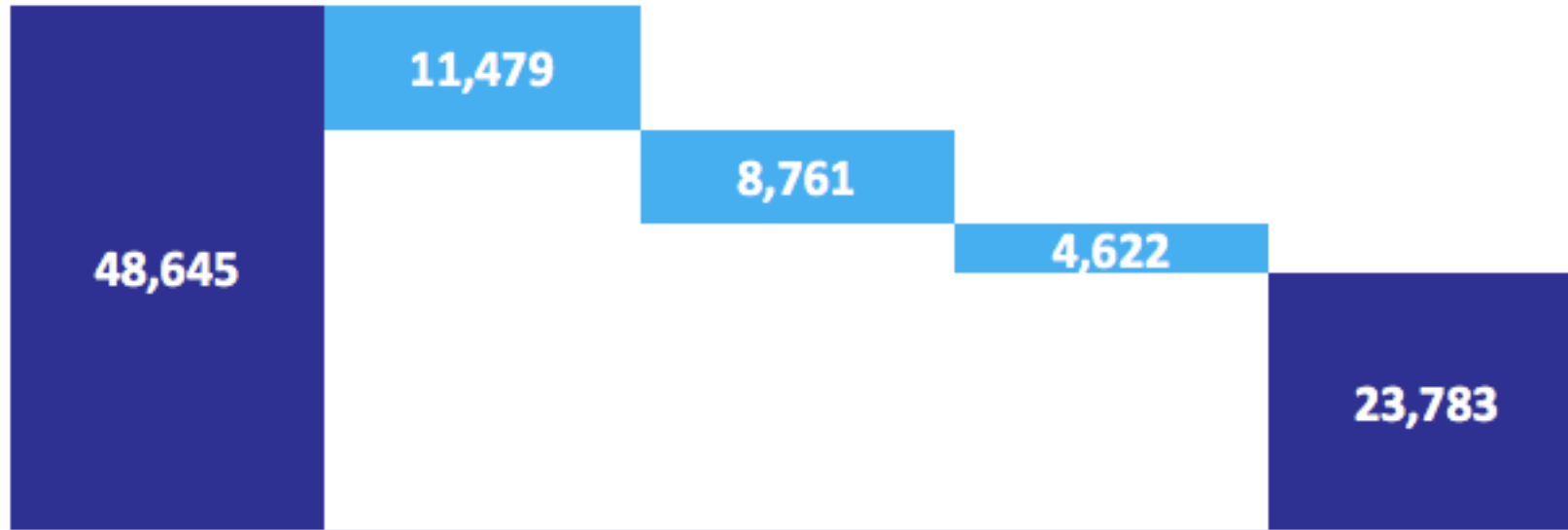
+4% YoY growth, mainly of which...

- +3% from new contributions from PEC and HBI
- +1 distribution group driven by strong growth

**Beneficial figures*



FY 2018 Core Net Income



EBITDA	Interest Expense	Depcn. & Amort.	Tax & Others	Core Net Income
Php mn		FY 2017	FY 2018	Change
EBITDA		46,969	48,645	4%
Interest Expense		11,518	11,479	0%
Depcn. & Amort.		8,084	8,761	8%
Tax & Others		4,016	4,622	15%
Core Net Income		23,350	23,783	2%
EPS		2.17	2.14	



FY 2018 Net Income

	Net Income		
	FY2017	FY2018	Change
Core Net Income	23,350	23,783	2%
Non-recurring losses	(2,934)	(2,075)	-29%
<i>Forex Gain/(Loss)</i>	15	<i>(1,521)</i>	<i>-102 x</i>
<i>Gain on investment</i>	167	-	<i>N/A</i>
<i>GMCP – FV Adjustment</i>	791	-	<i>N/A</i>
<i>Refinancing costs</i>	(650)	-	<i>N/A</i>
<i>Impairment costs</i>	(3,487)	<i>(554)</i>	<i>N/A</i>
<i>Bargain purchase gain</i>	310	-	<i>N/A</i>
<i>Bidding and project expenses</i>	(80)	-	<i>N/A</i>
Net Income	20,416	21,708	6%
EPS	2.77	2.95	

FX in Dec 2017: 49.98 vs 52.58 in 2018



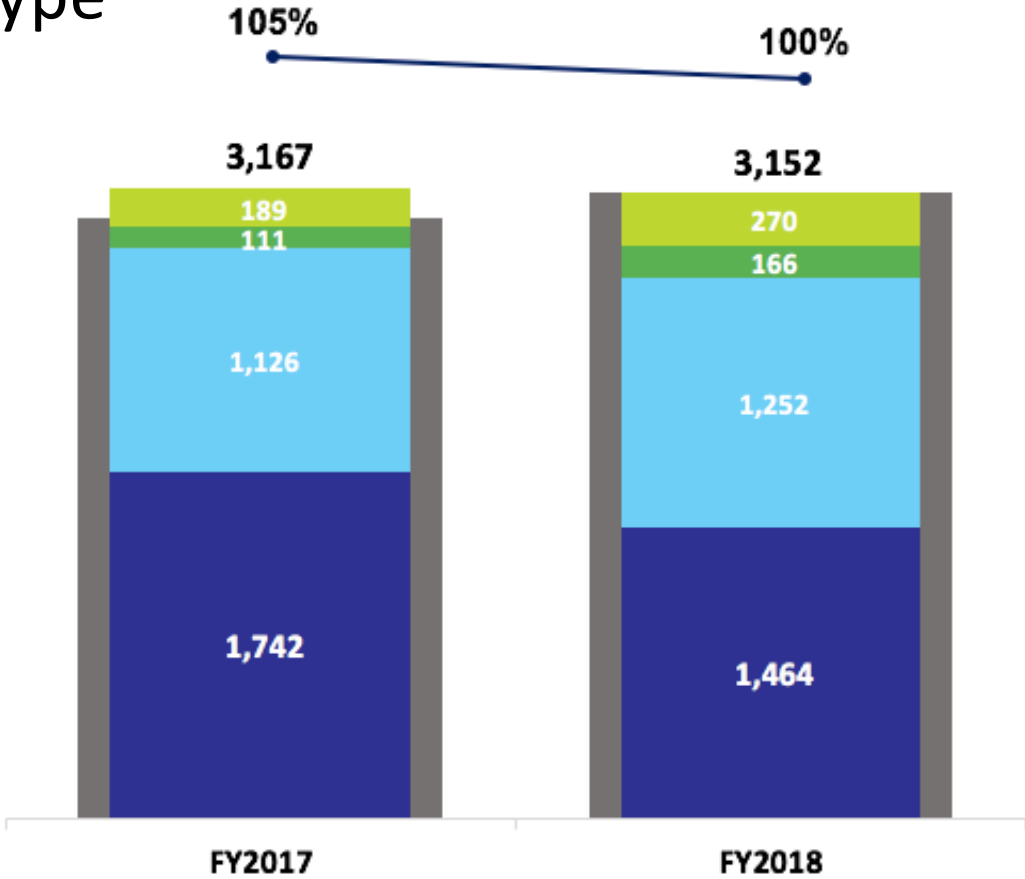
Balance Sheet Highlights

(Php mn)	CONSOLIDATED	
	YE2017	YE2018
Cash and Cash Equivalents	35,700	46,343
Trade and Other Receivables	17,360	21,722
Property, Plant and Equipment	204,025	207,110
Investments and advances	31,249	34,334
Total Assets	361,477	389,662
Total Liabilities	237,499	253,086
Total Equity	123,978	136,577
Total Interest Bearing Debt	205,996	216,499
Net Debt	167,654	164,866
Net Debt to Equity	1.3X	1.2x
Debt to Equity*	1.7X	1.6x

*Interest bearing debt / Total equity



Operating Highlights: Capacity Sales and Capacity Sold Factor by Contract Type



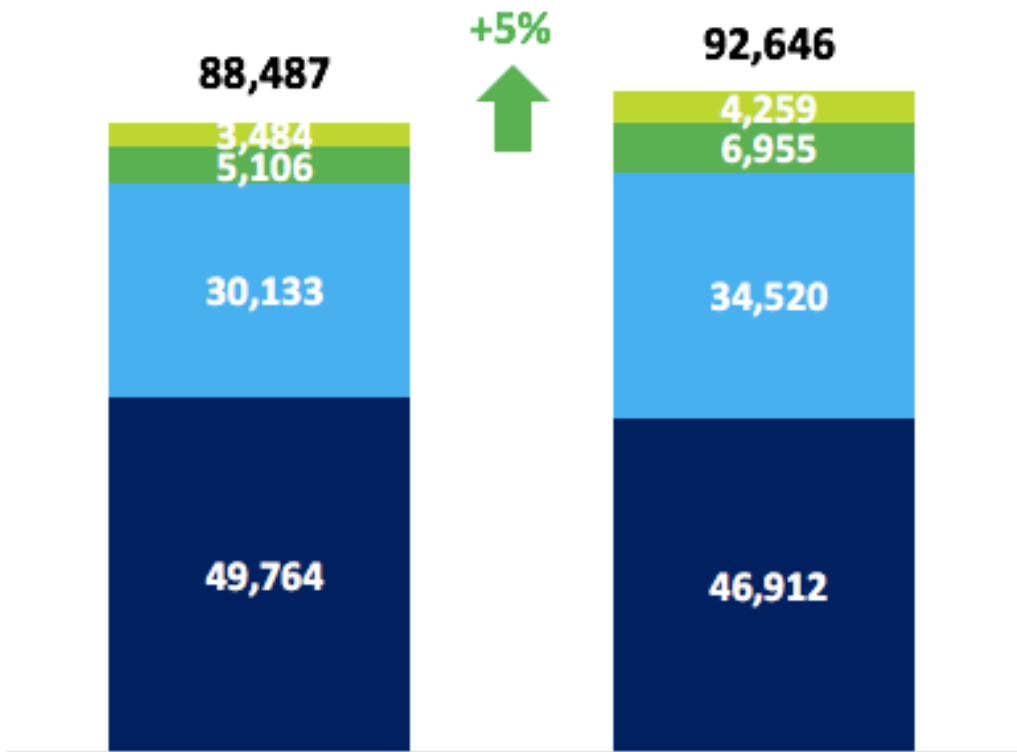
Capacity Sales: Capacity Contracts (MW) + Energy Contracts (MW) + [(Spot (MWh) + Ancillary (MWh))/Days_Year/Hours Day]
Capacity Sold Factor: Capacity Sales (MW) / Net Sellable Capacity (MW)

- Net Sellable Capacity
- Capacity Contracts
- Energy Contracts
- Spot
- Ancillary
- Capacity Sold Factor



Operating Highlights: Revenue and Energy Sold

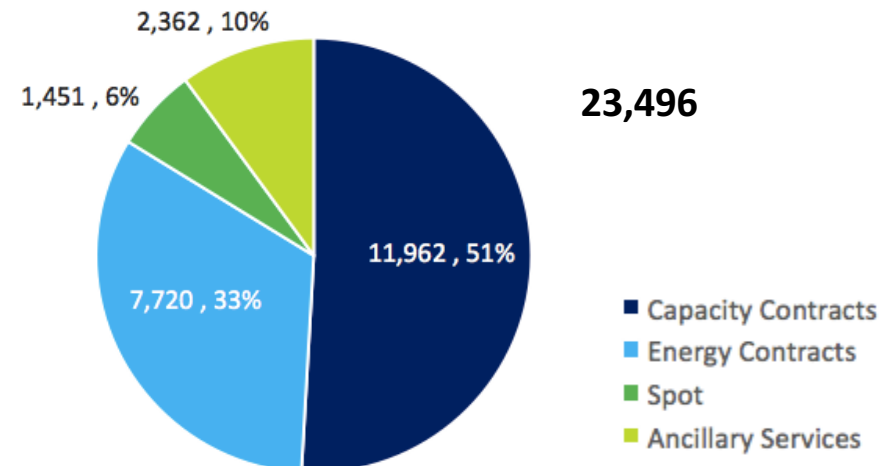
Php MN



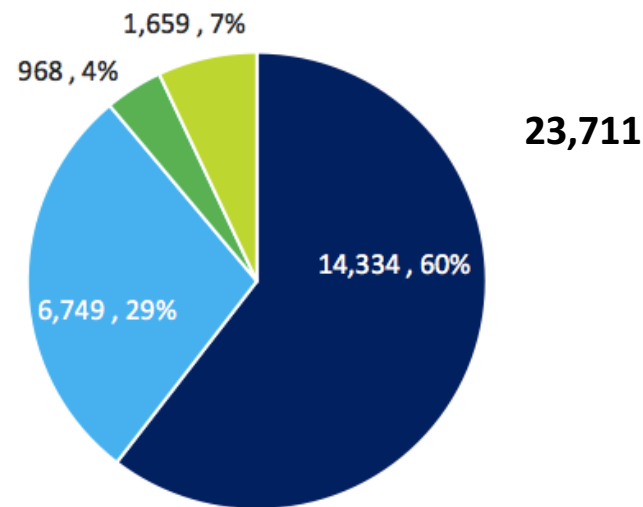
+5%
↑

- Capacity Contracts
- Energy Contracts
- Spot
- Ancillary Services

GWh



FY2018

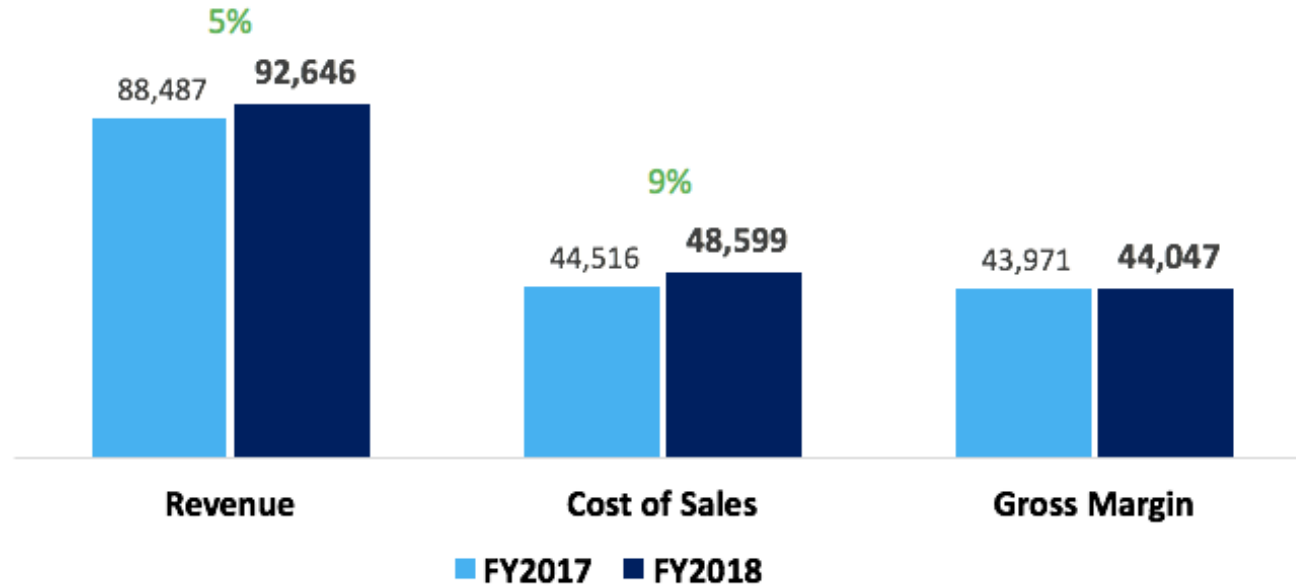


FY2017

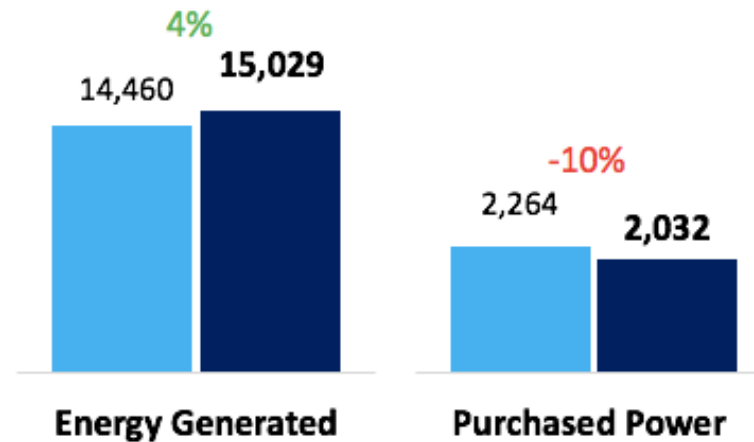


Operating Highlights: Gross Margin

In Php MN



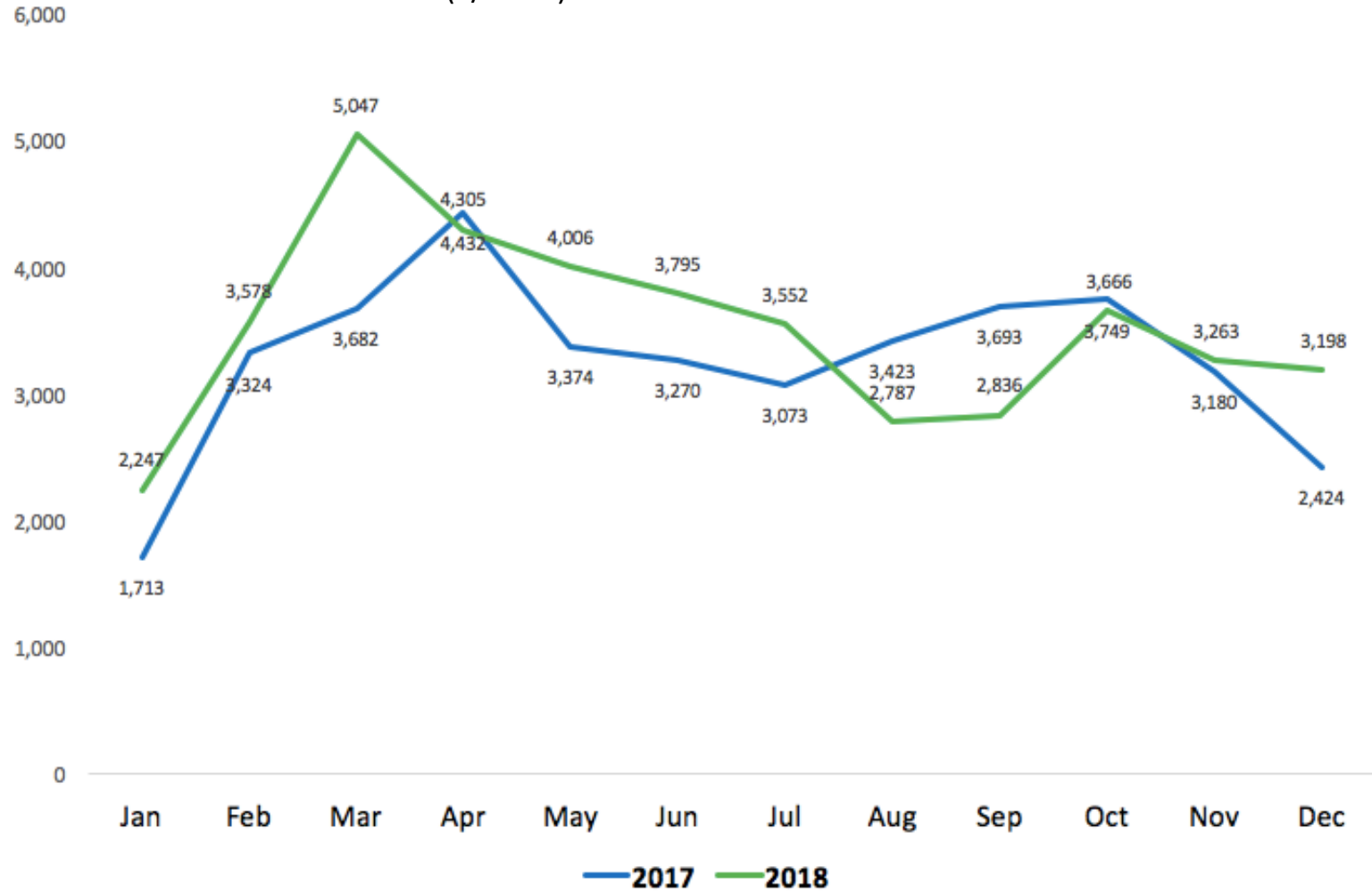
In GWh





Operating Highlights: WESM

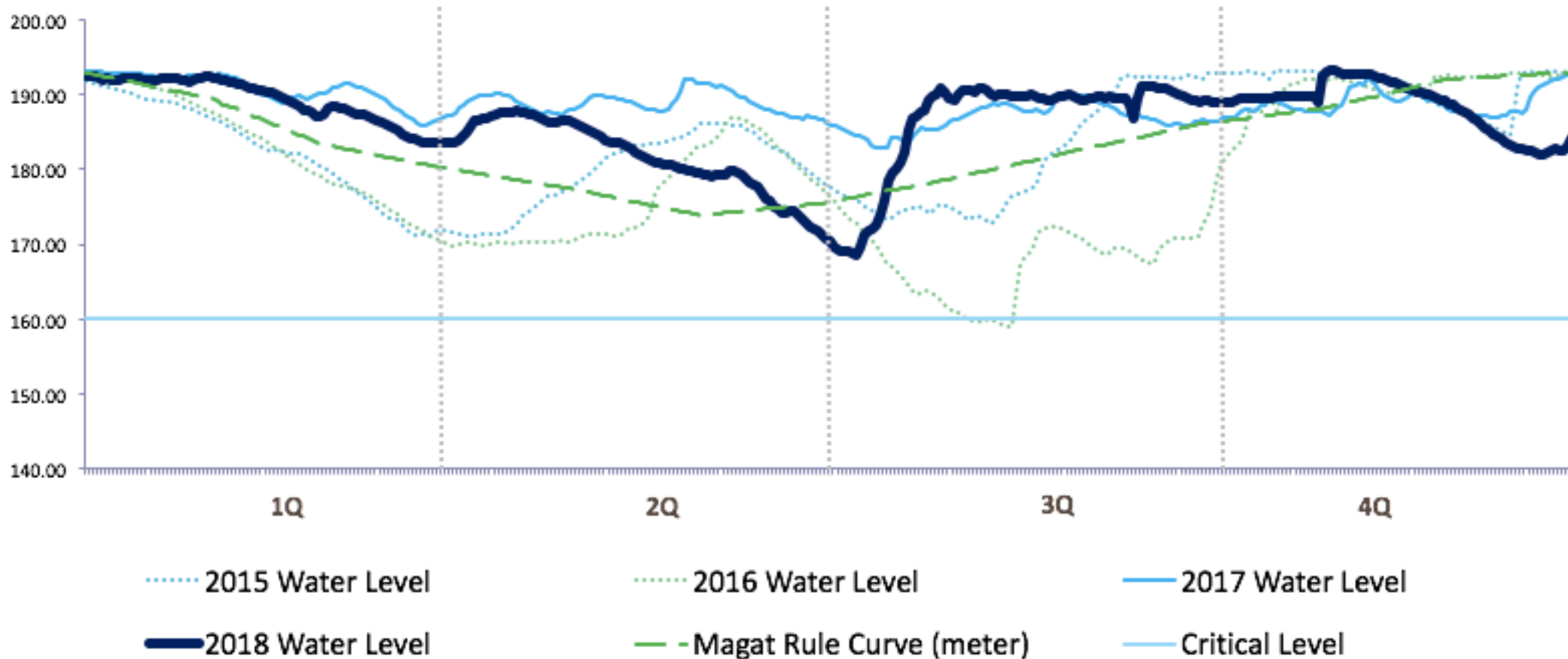
WESM LOAD WEIGHTED AVERAGE PRICES (P/MWh)





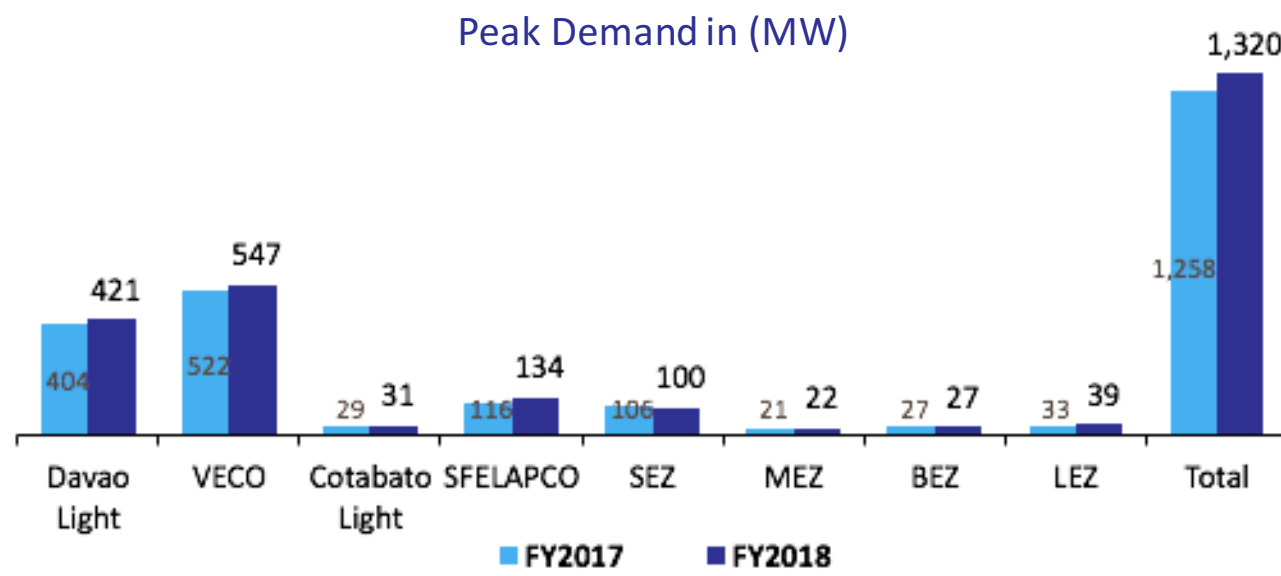
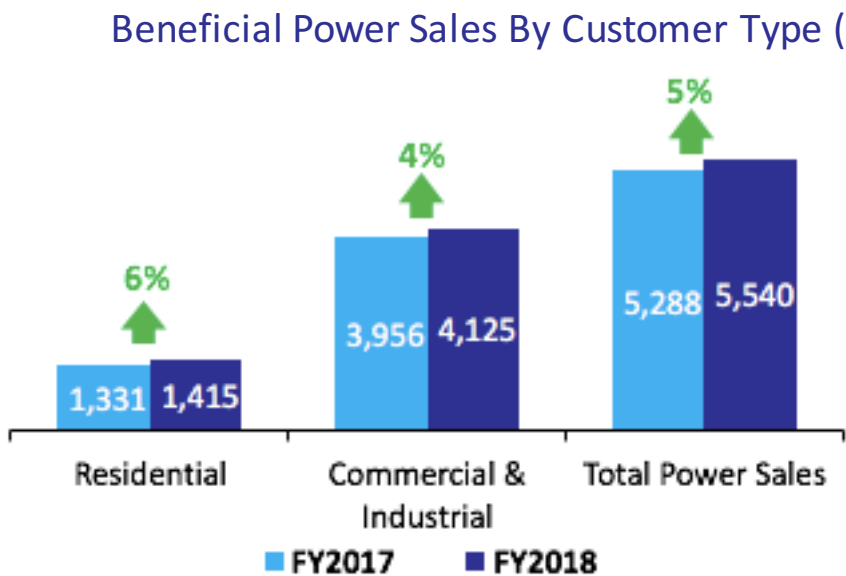
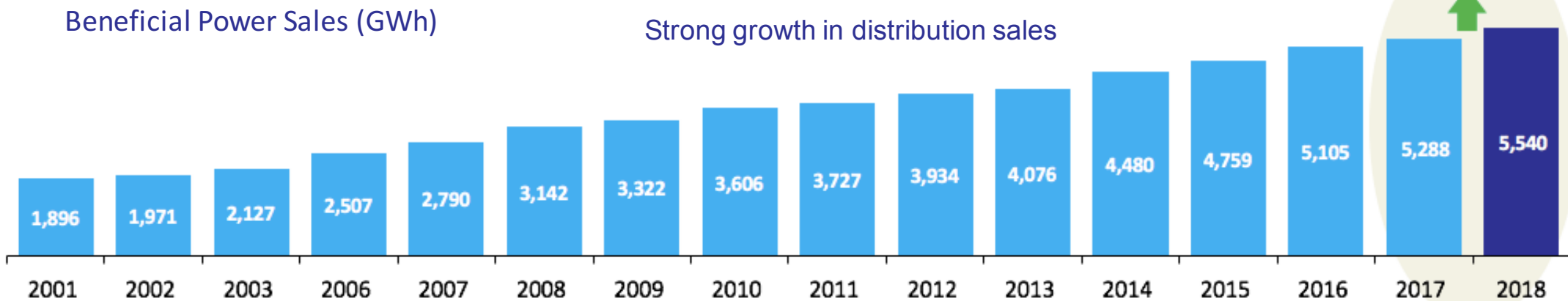
Operating Highlights: Water Level

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





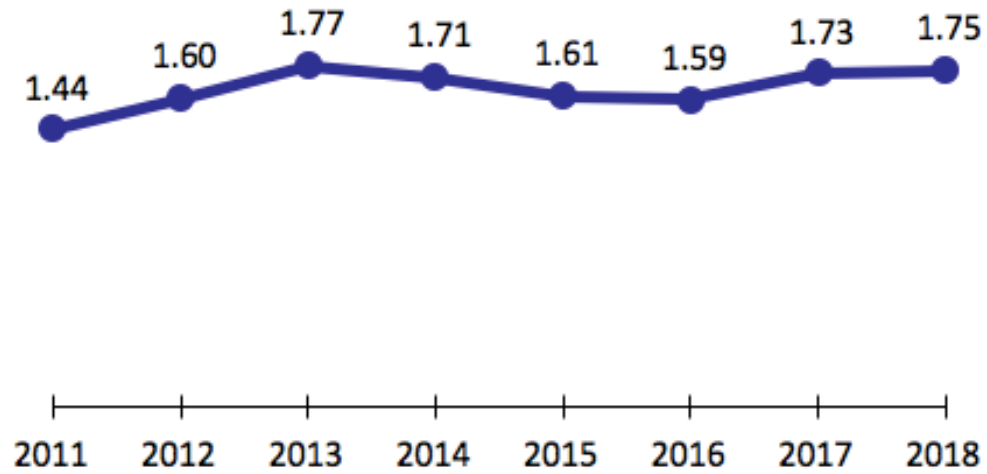
Operating Highlights: Distribution



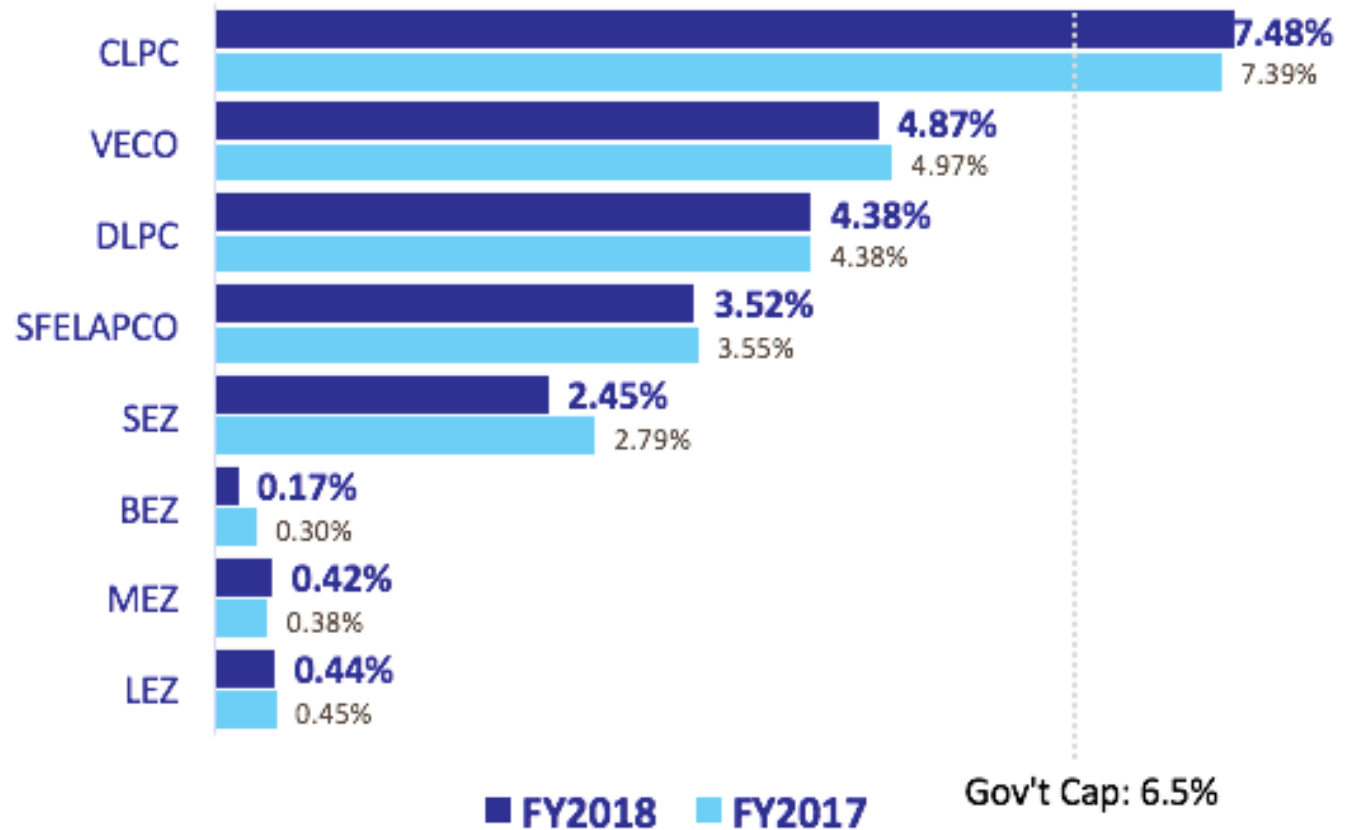


Operating Highlights: Distribution

Gross Margin / kWh



Feeder Loss





Project Update

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

GRID	Project	Capacity (Net)	% Ownership	Attributable Net Capacity	Estimated Commercial Operation Date
LUZON	La Trinidad (Hydro – Hedcor Inc)	19 MW	100%	19 MW	Jul 2019
	Dinginin Unit 1 (Coal – GNPD)	668 MW	40%	267 MW	Nov 2019
	Dinginin Unit 2 (Coal – GNPD)	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 Apr 2019
					Unit 2 Jun 2019
MINDANAO	Manolo Fortich (Hydro – Hedcor Bukidnon)	68 MW	100%	68 MW	On commercial operations
		2,023 MW		936 MW	



Project Update

Manolo Fortich - 68 MW of Hydro Power





Project Update

Cebu - 300 MW of Coal Power





Project Update

La Trinidad - 19 MW of Hydro Power





Project Update

Dinginin - 2 x 668 MW of Coal Power





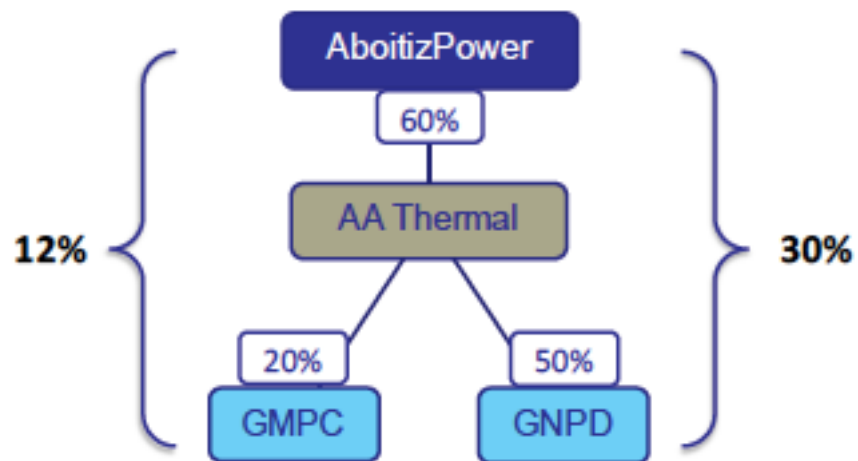
Project Update

Naga Power Plant Complex





AP Received Approval From Philippine Competition Commission



	PREV	ADDTL	NEW
	%		
GMCP	66%	12%	78%
GNPD	40%	30%	70%

	PREV	ADDTL	NEW
	MW		
	418	77	495
	534	401	935
		478	



Review of Business Units

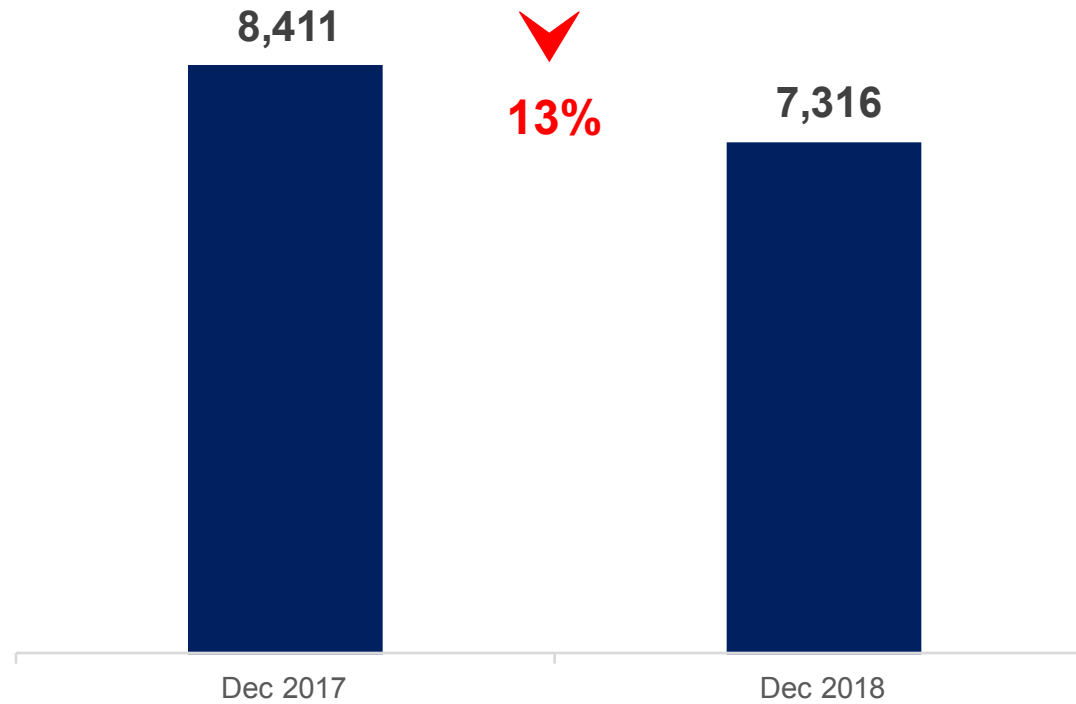
- Power
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-
- Strategic Overview
 - Q&A



FY 2018 Net Income

(in Php mn)

Net income at P7.3 Bn

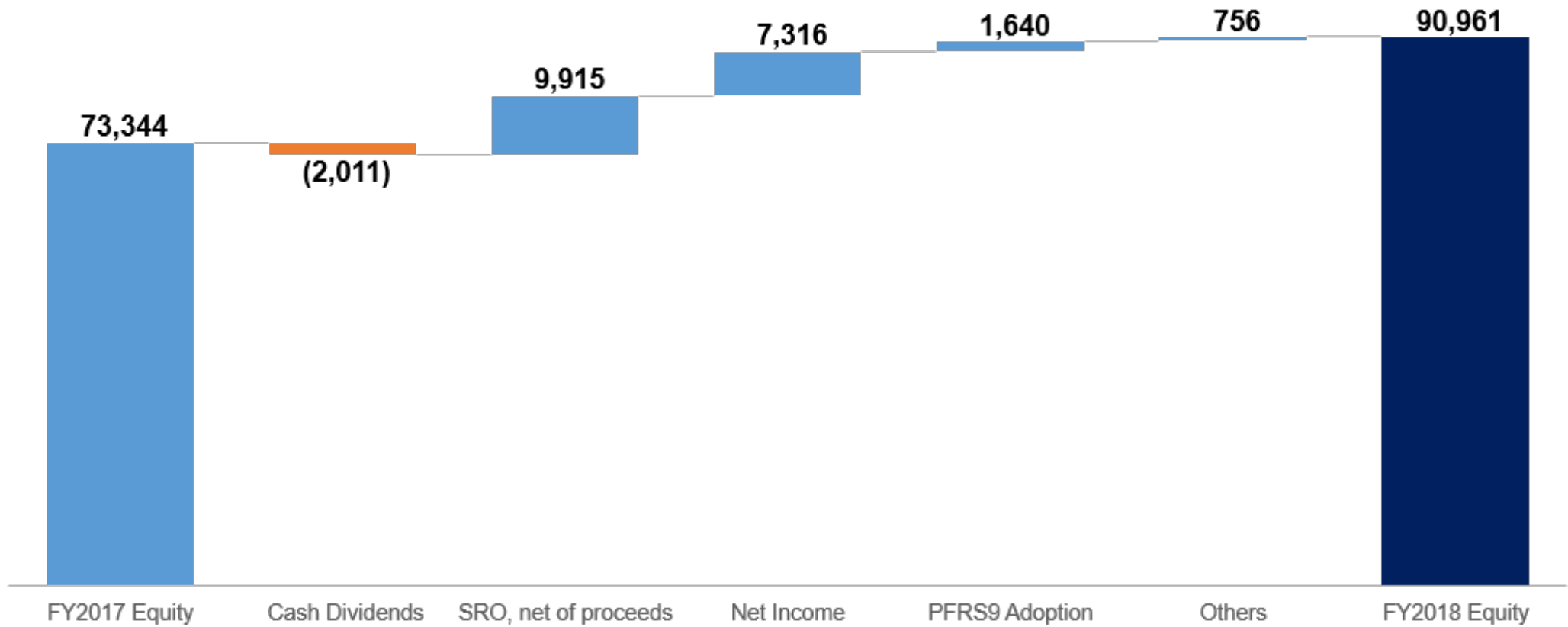


*Attributable to Parent Bank's Stockholders



FY 2018 Movements in Equity

(in Php mn)

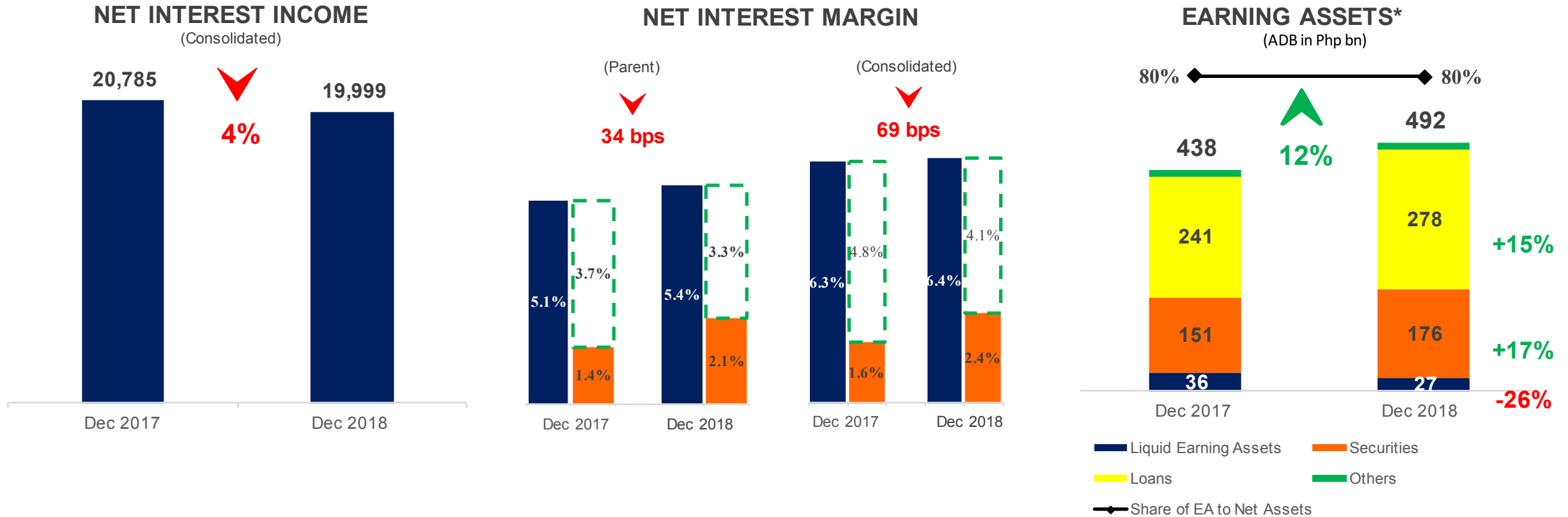




FY 2018 Net Interest Income

(in Php mn)

Lower net interest income driven by margin compression



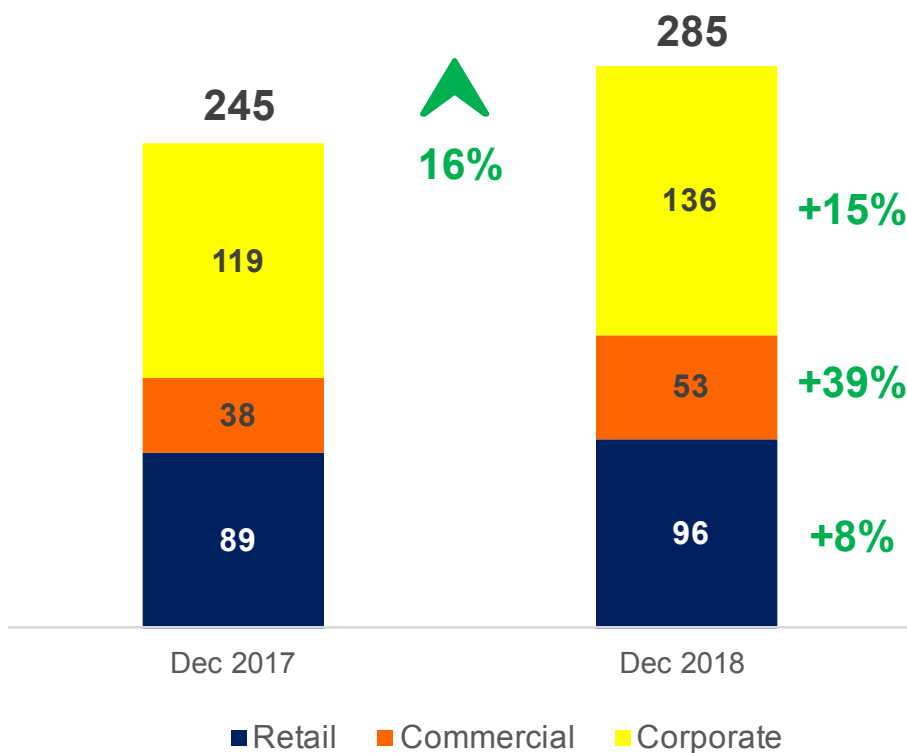
*excludes cash and reserve requirements



FY 2018 Credit Portfolio

(in Php mn)

Credit portfolio sustained double-digit growth



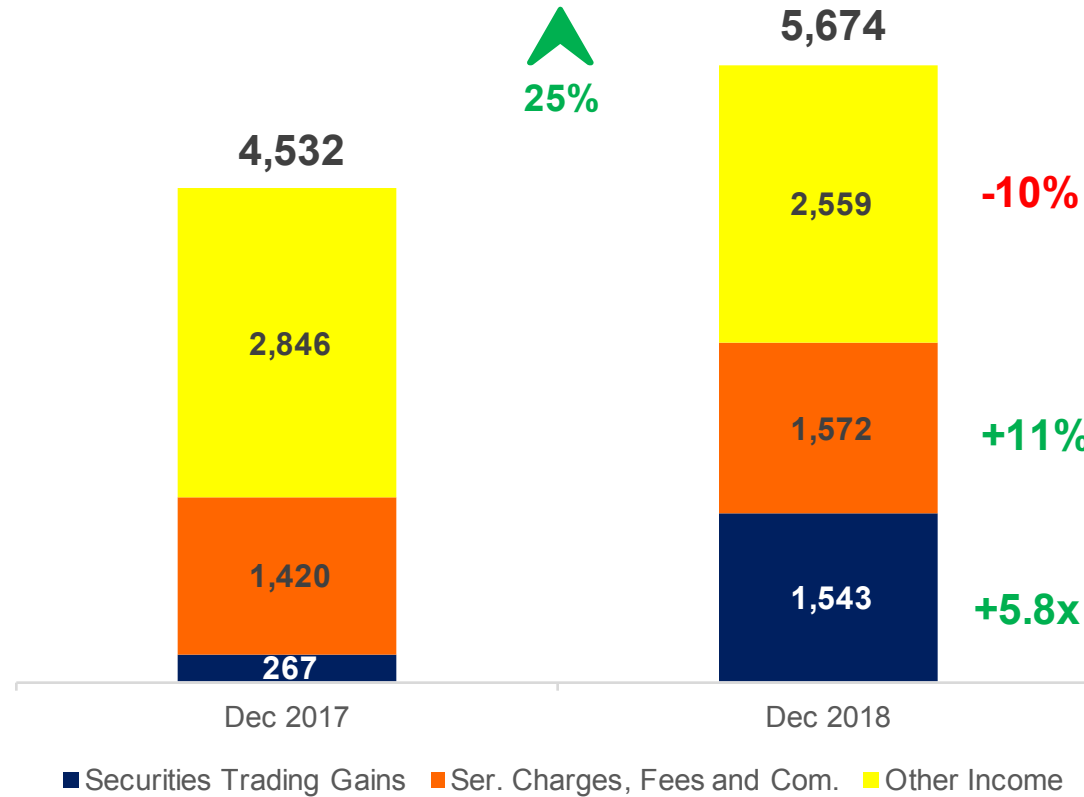
Retail Loans	Dec 2017	Dec 2018	Var	% Δ
Mass Market Loans	57.6	56.5	(1.1)	-2%
Credit Card	4.3	5.9	1.6	37%
Mortgage	23.5	31.1	7.6	32%
Auto Loans	3.5	2.8	(0.7)	-20%



FY 2018 Non-Interest Income

(in Php mn)

Non-interest income up on profits on sale of securities

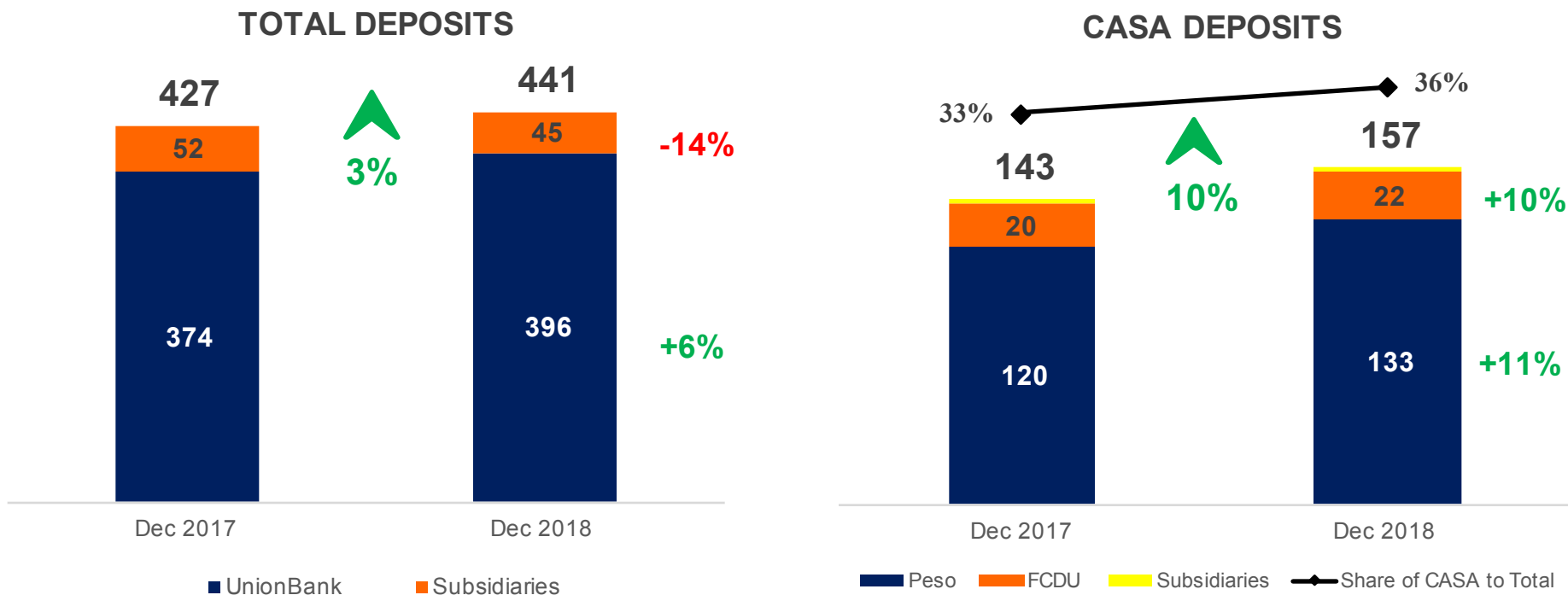




FY 2018 Total Deposits & CASA Deposits

(in Php mn)

Double-digit CASA growth

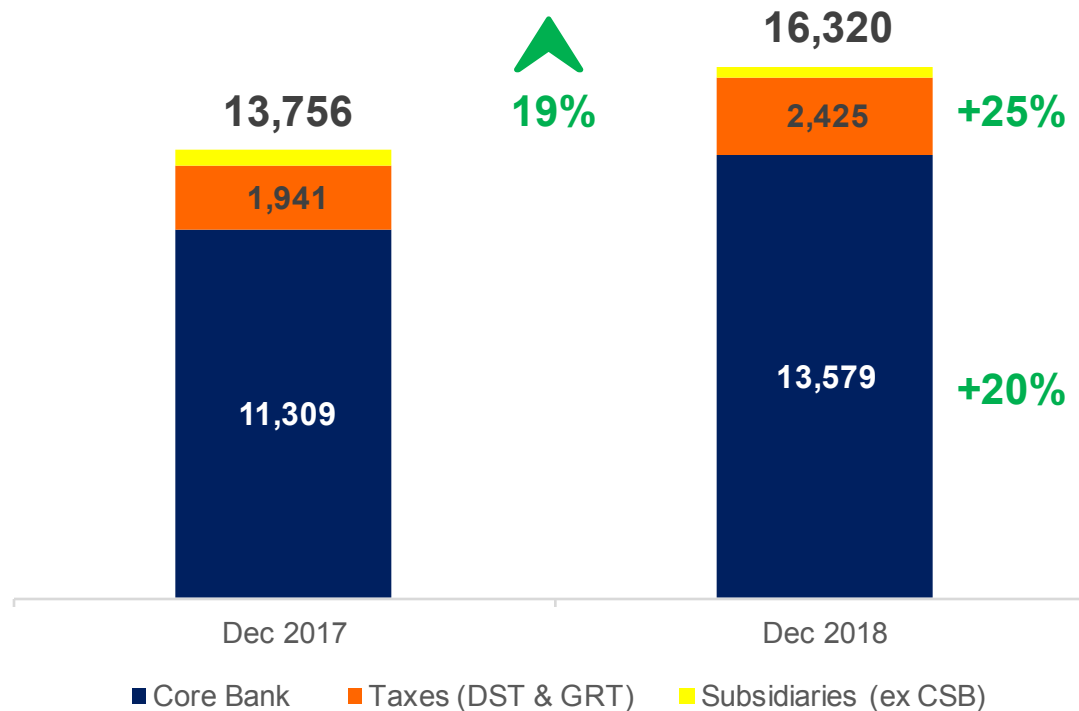




FY 2018 Operating Expenses

(in Php mn)

Operating Expenses increased primarily on business growth

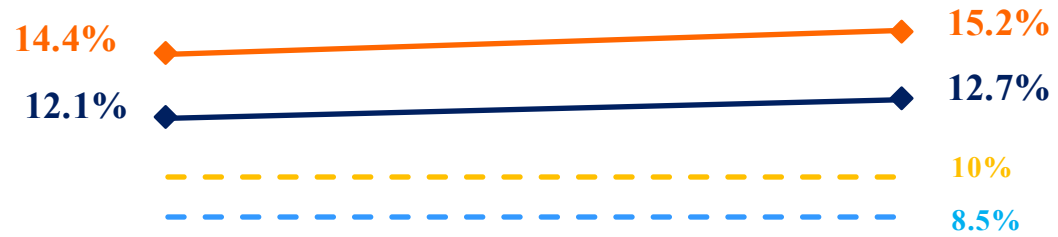




Capital Adequacy Ratios

Consolidated Basis

Capital ratios remain healthy



Dec 2017

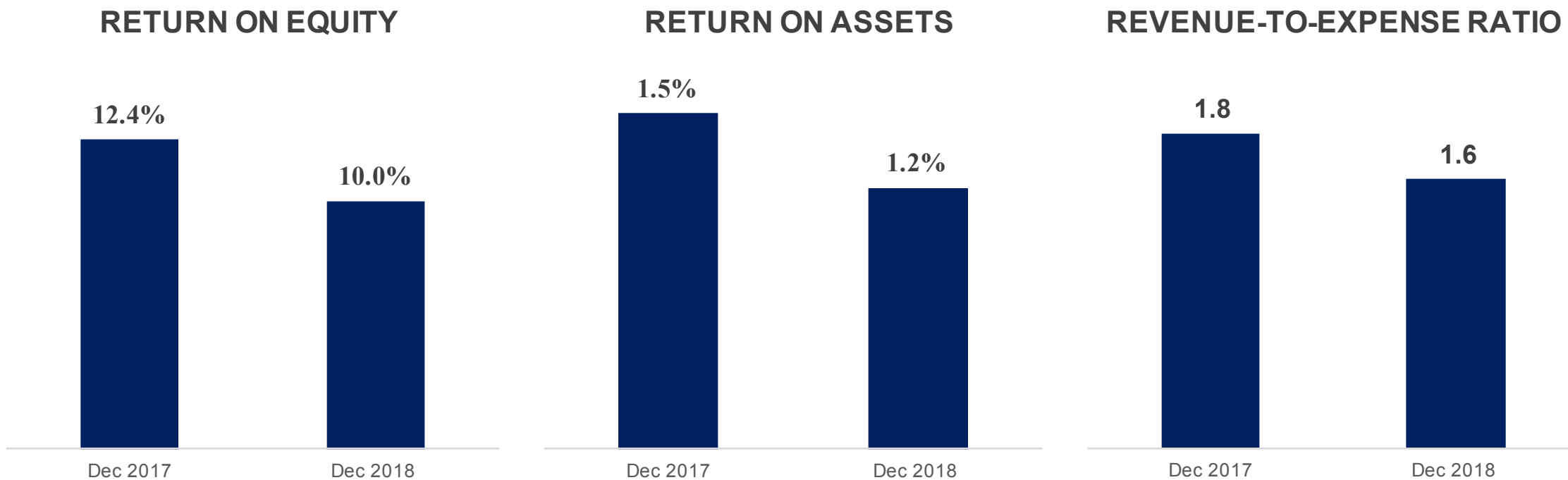
Dec 2018

◆ Tier 1 Capital Ratio ◆ Total Capital Adequacy Ratio - - - Min. req. Tier 1 ratio - - - Min. req. CAR



Profitability Ratios

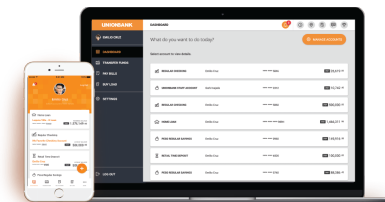
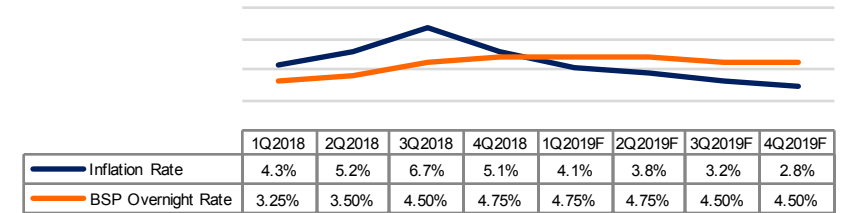
Sustained above-industry profitability ratios





Updates / Outlook

- Double-digit growth in lending business
- More benign interest rate environment, as impact of US rates taper off and outlook on PH economy strengthens
- Mass market plans to continue given recent mergers/acquisitions
- Digital transformation initiatives are on-stream, with further improvements on UnionBank Online app and launch of more Arks/Arklites









Review of Business Units

- Power
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FY 2018 Financial Highlights

			vs. FY 2017
Revenue	64,264		+145%
EBITDA	4,142		+35%
EBITDA Margin	6%		-500bps
NIAT	1,866		+8%



VOLUME GROWTH 2017 vs 2018

PILMICO FEEDS (PH + VN)
+ 25%

GOLD COIN FEEDS*
+ 1.8M MT

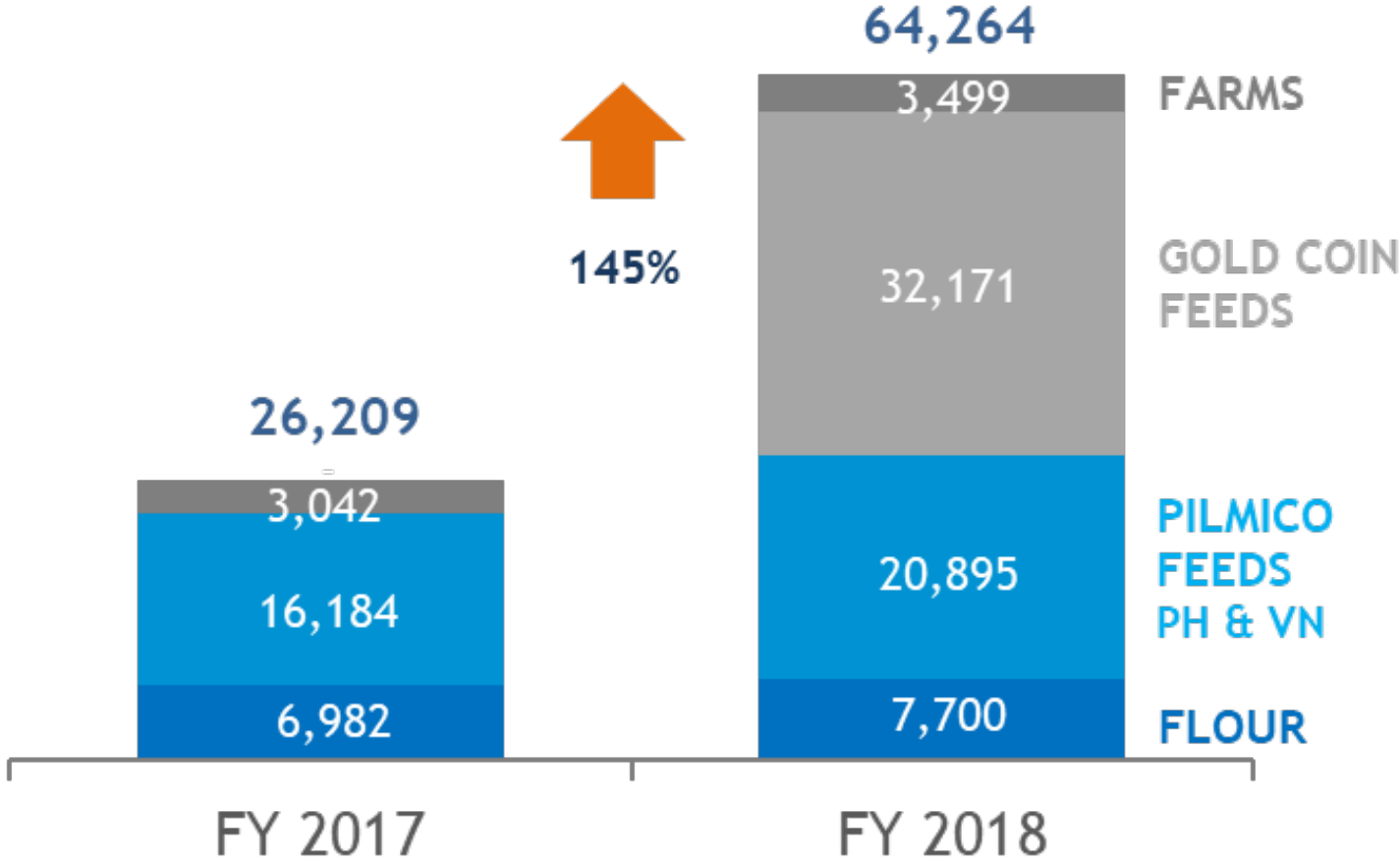
PILMICO FLOUR
+ 3%

PILMICO FARMS
+ 12%

**Gold Coin volume is for full year 2018*

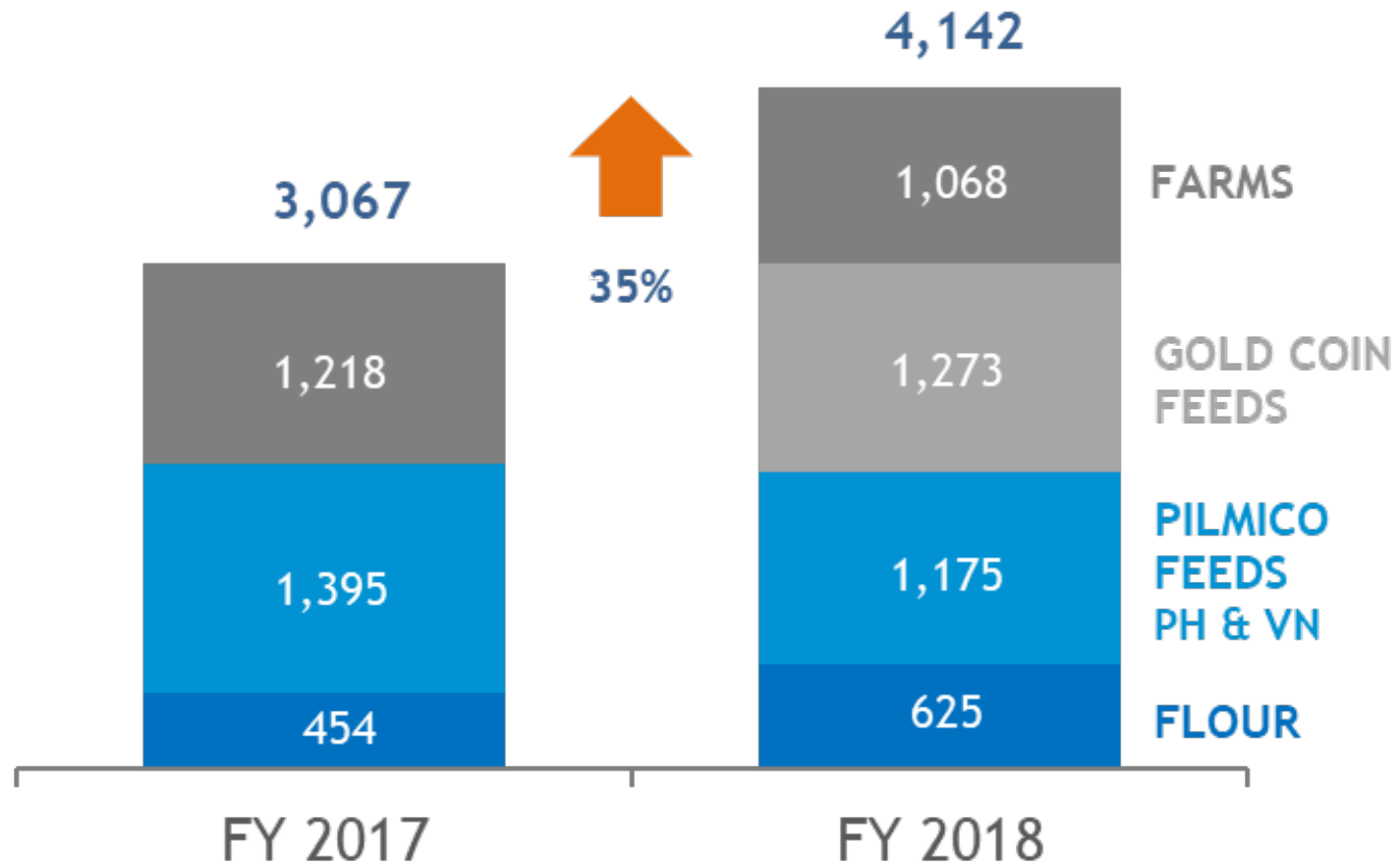


FY 2018 Financial Highlights: Revenue



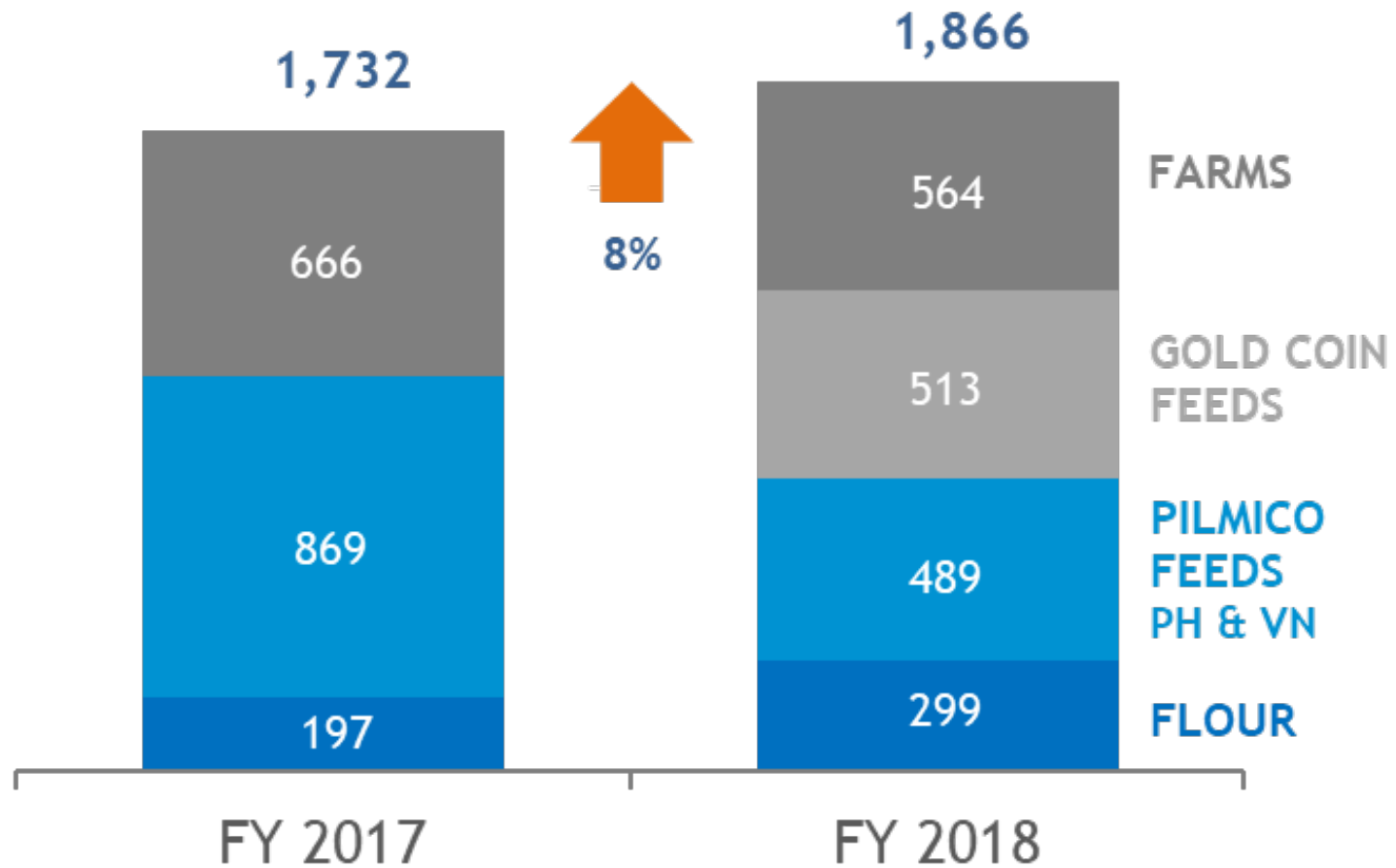


FY 2018 Financial Highlights: EBITDA





FY 2018 Financial Highlights: Net Income





Business Highlights



Layer Farm Expansion

- Rearing Farm Expansion to grow Ready-To-Lay hens
- Capacity: 260K Layer Birds by end of 2019
- Completion Rate: 71%
- Estimated Completion Date: April 2019



Business Highlights



Meat Fabrication Plant

- Forward integration of the farms business
- Capacity: 345,600 Heads
- Completion Rate: 40%
- Estimated Completion date: November 2019



Business Highlights



Two Biogas Facilities

- Source of renewable energy in Tarlac for farms business
- Capacity: 148 KW each
- Completion Rate: 78%
- Estimated Completion Date: August 2019



Business Highlights



Iligan Feedmill Expansion

- Additional Capacity to support Visayas & Mindanao Region
- Capacity: 20TPH
- Completion Rate: Bidding Stage
- Estimated Completion Date: December 2019



pilmico +



ANIMAL NUTRITION PLATFORM ACROSS ASIA



Livestock &
Aqua Feeds



Specialty
Nutrition

Harnessing Synergies and Executing Business Plan

- Alignment and Integration is underway
- Synergies identified:
 - Raw Materials
 - Access to leverage and capital
 - Research & Development & Formulation
 - Opportunities for cross selling of products
 - Manufacturing best practices

Project Pipeline

China

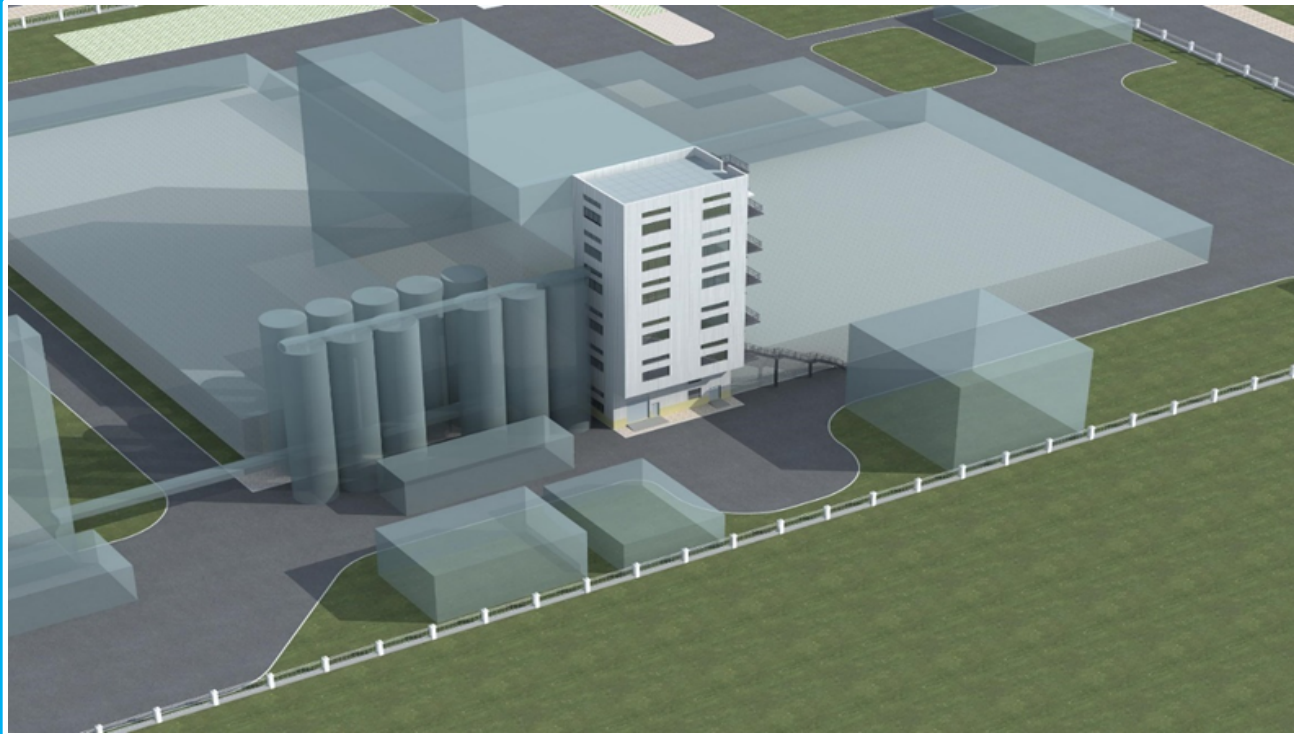
- Dongguan Feedmill Fish Line
- Dongguan Feedmill Hog Line
- Zhangzhou Feedmill Pelleting Line
- Packing Line Automation

Vietnam

- Ha Nam Feedmill Fish Line
- Integration of Eurofeed into GoldCoin



Business Highlights



Dongguan Feedmill Expansion

- Additional capacity for Floating Fish & Pig lines in Southern China
- Capacity: Floating Fish feed 5TPH
Pig feed 9TPH
- Completion Rate: Building Extension Approval obtained
- Estimated Completion Date:
Floating Fish feed Aug-2019
Pig feed Jun-2019



Business Highlights



Zhangzhou Feedmill Expansion

- Additional capacity for pelleting line to support strong demand in Eastern China
- Capacity: 9TPH
- Completion Rate: Contract signed, manufacturer preparing machine
- Estimated Completion Date: Jun-2019



Business Highlights



China Automated Finished Goods Packing Line

- Efficiency Improvement & lower labor costs
- Capacity: 600bags/H per line
- Completion Rate: 95%
- Estimated Completion Date: March 2019



Business Highlights



Ha Nam Fish Feed Line

- Cater Strong demand for fish feed line in North Vietnam
- Capacity: 5TPH
- Completion Rate: Signed Installation Contract
- Estimated Completion Date: November 2019



Business Highlights



Integration of Pilmico Animal Nutrition Joint Stock-Company (Eurofeed) to Gold Coin

- To supplement the growing animal feeds requirement in South Vietnam
- Capacity: 10TPH
- Completion Rate: 100%
- Estimated Completion Date: January 2019



Review of Business Units

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Water Infrastructure: Project Updates



300 MLD Bulk Water project in Davao

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

- Achieved financial close for Php 9B loan
- Issued NTP to EPC contractor
- On-going physical construction at the water treatment plant site and access roads to Tamugan river





Water Infrastructure: Lima Water Corporation



- Revenues grew by 23% YoY due to robust water sales growth from both existing and new locators
- Demand expected to maintain positive trend with influx of new locators and opening of The Outlets





Transport Infrastructure: Airport Proposals

NAIA



Original Proponent Status (OPS)

to rehabilitate, develop, operate and maintain for 15 years



PHP102 billion

estimated total project cost



Annual Passenger Capacity:



31 Million
2018



47 Million
2020



65 Million
2022



Transport Infrastructure: Airport Proposals

Bohol-Panglao International Airport



Original Proponent Status (OPS)

to operate and maintain, and undertake future expansions of the airport



2 Million

passenger capacity, more than double the size of Tagbilaran airport



The airport
opened on
Nov 25, 2018



Transport Infrastructure: Airport Proposals

Laguindingan Airport – OPS awarded on February 26, 2019



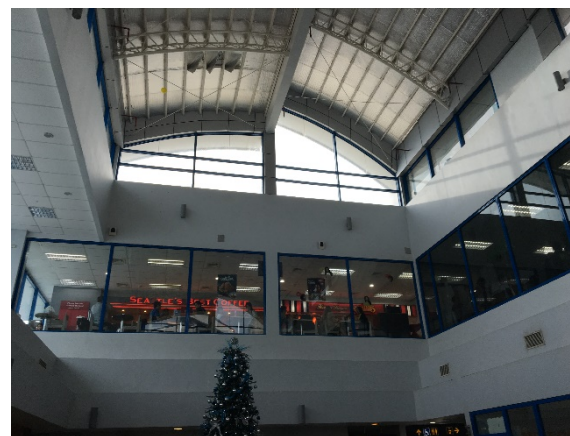
Unsolicited Proposal

to operate and maintain, and undertake Immediate upgrade and future expansions of the airport



2.1 Million vs 1.6 Million

2018 actual traffic vs current terminal capacity



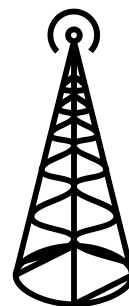


Digital Infrastructure: Telecom Towers



MoU with DICT

To become a Common Tower Operator



50,000 new sites needed

For the country to catch up with other SEA countries





Strong Demand But Challenging Environment



- Robust infrastructure demand
- Stable private sector demand
- Prices have improved slightly
- Significant increases in energy costs impacting results
- Contribution to AEV amounts to PhP213M in FY 2018



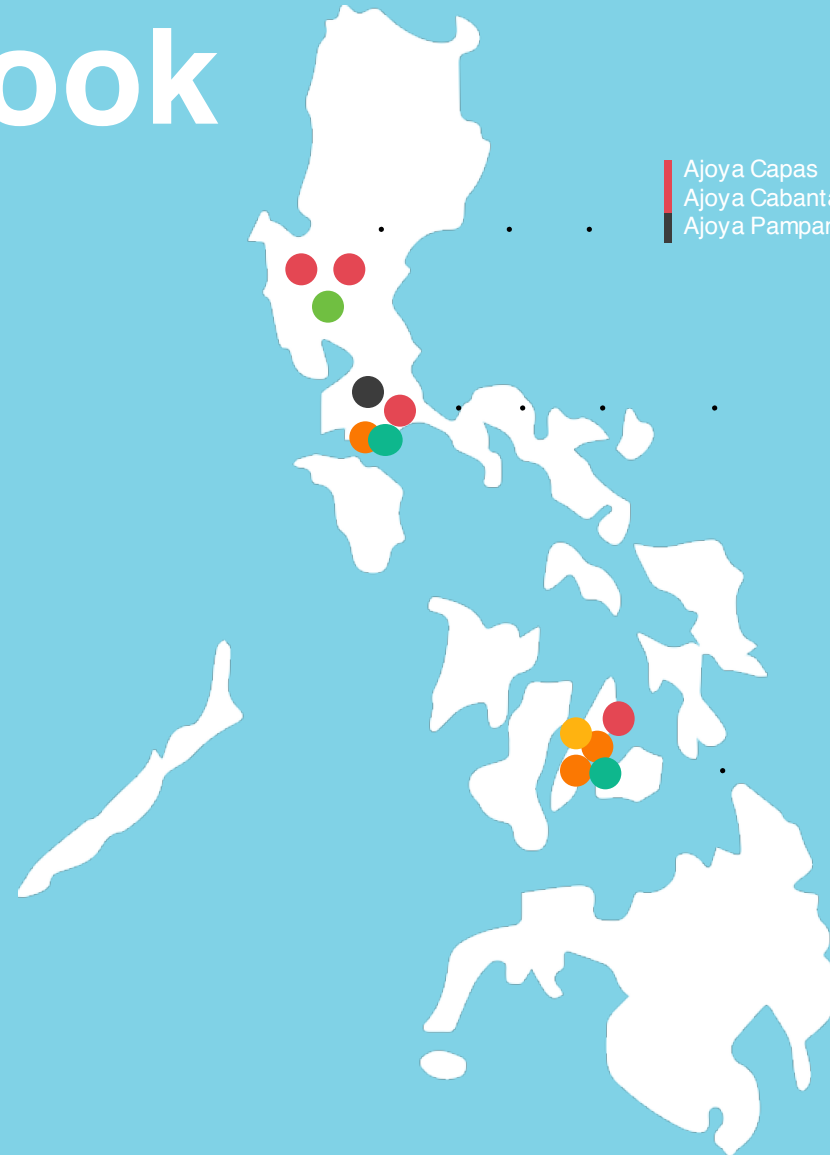
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2019 Outlook

- Residential (Developed)
- Residential (Ongoing)
- Residential (For Launch)
- Commercial
- Industrial



- Ajoya Capas
- Ajoya Cabantauan
- Ajoya Pampanga

- Seafront Residences
- Seafront Villas
- The Villages at Lipa
- The Outlets at Lipa
- Lima Exchange
- Lima Technology Center
- North Town Woods
- North Town Homes
- Kishanta
- Mahogany
- Briza
- Molave
- Pristina North
- The Persimmon Studios
- Priveya Hills
- Ajoya Mactan
- Almiya
- Amoa
- Foessa Mountain Town
- Outlets at Pueblo Verde
- iMez
- The Persimmon Plus
- Gatewalk Central
- MEZ II
- West Cebu Industrial Park



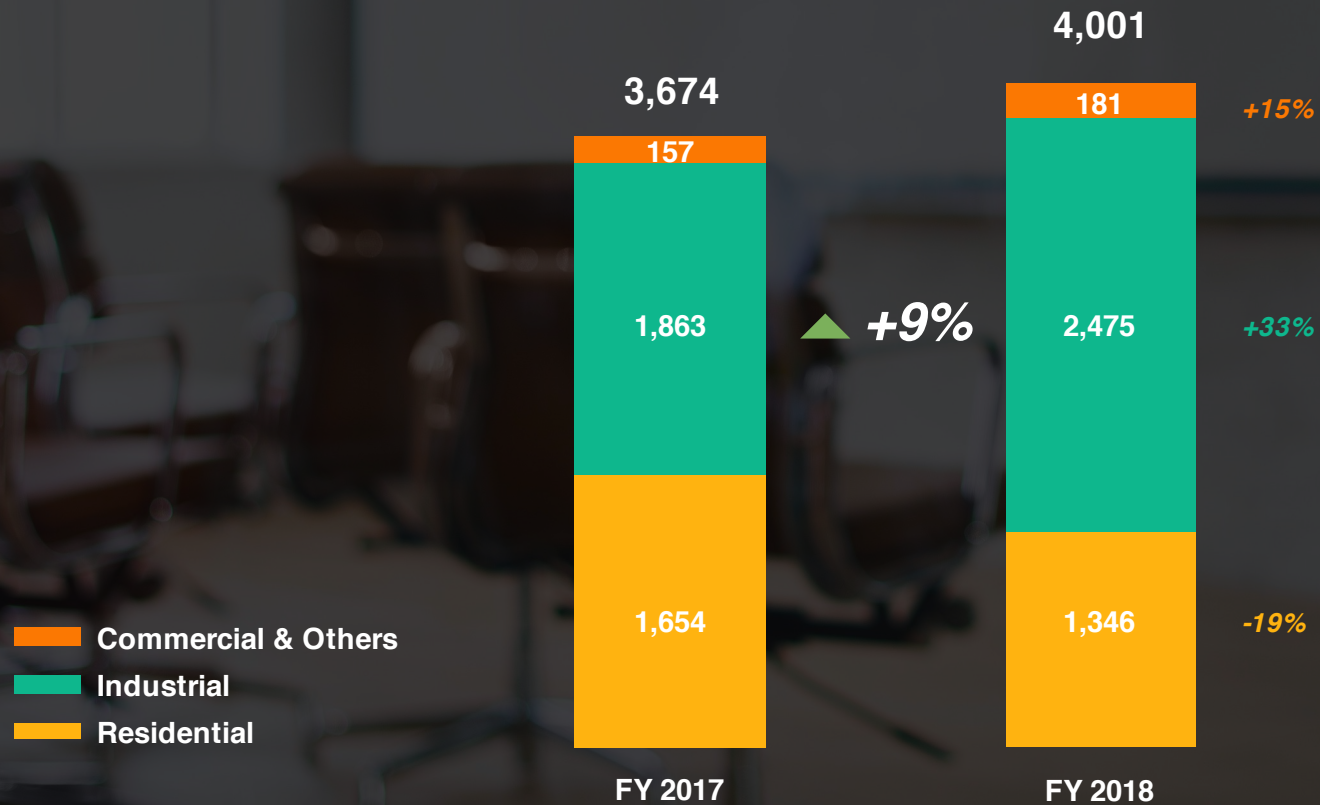
FY 2018 Financial Performance

	FY 2018	<i>vs FY 2017</i>
Residential Sales	2.3B	▼ -20%
Revenues	4.0B	▲ +3%
GP	1.8B	▲ +17%
NOP	959M	▲ +73%
NIAT	645M	▼ -11%



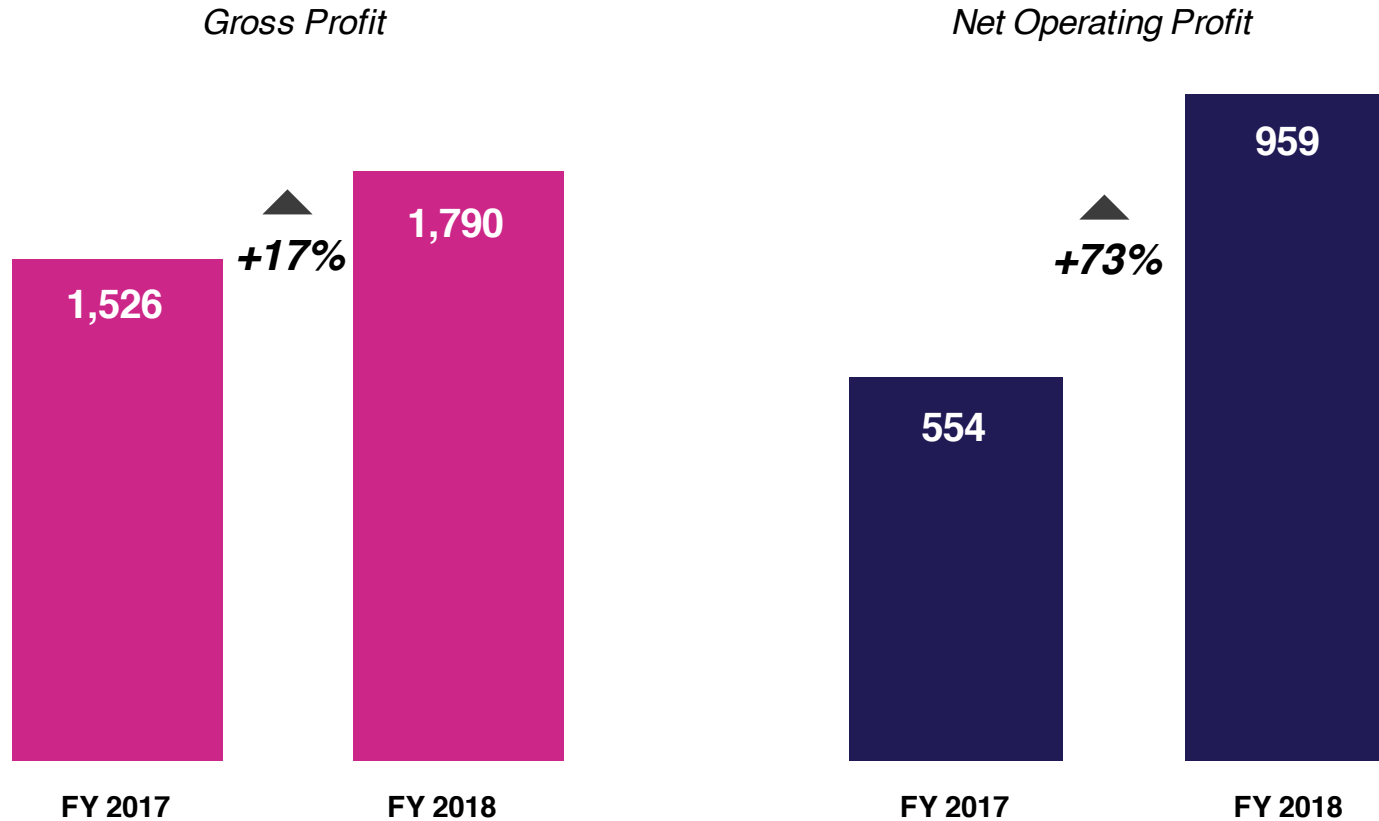
FY 2018 Revenues

(in Php Million)





FY 2018 Gross Profit & Net Operating Profit





2018 Business Highlights



Construction & sales momentum to expand as new phases for the *Seafront Residences & Amoa* were launched in 2018



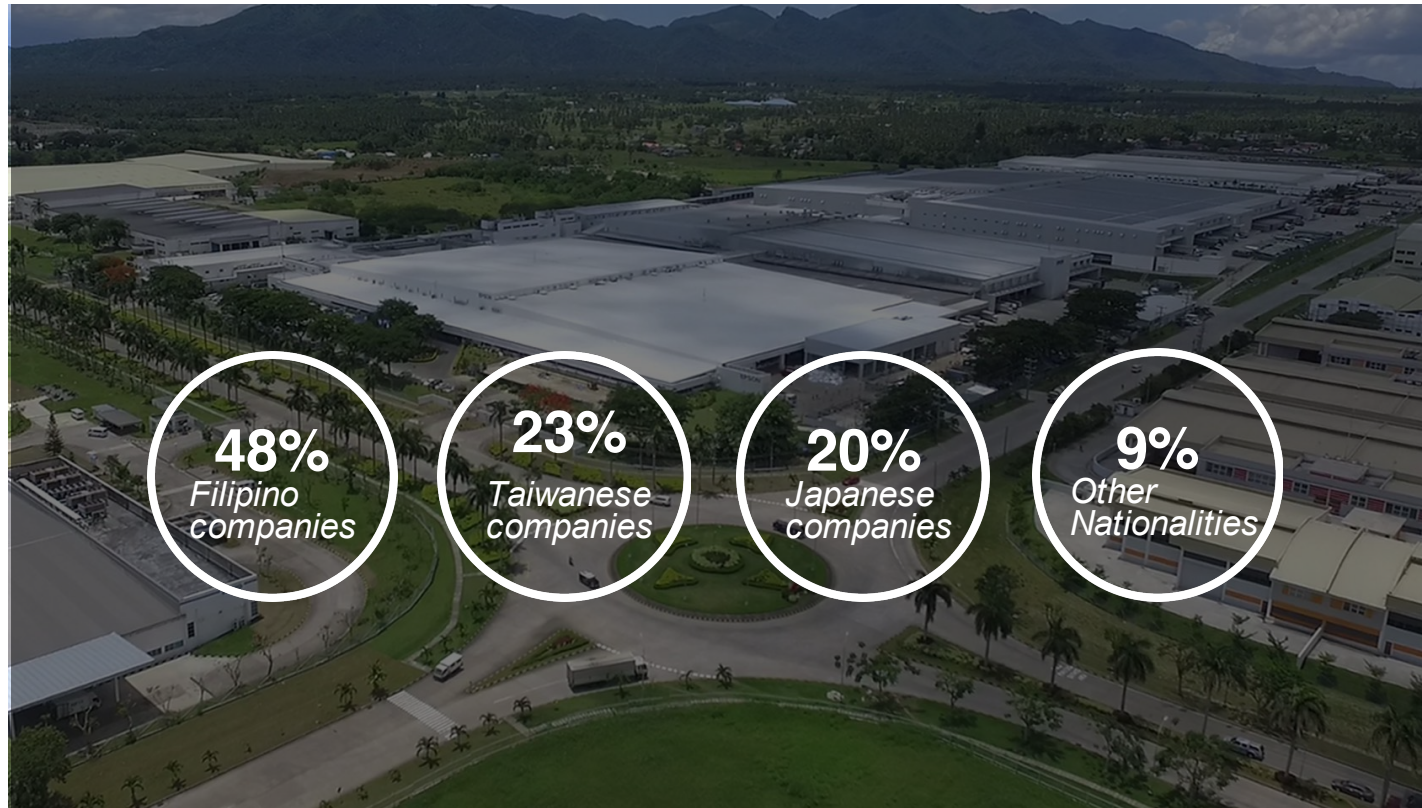
2018 Business Highlights



Ajoia brand introduced in Capas, Tarlac & Cabanatuan, Nueva Ecija



2018 Business Highlights



**Strong performance from the Lima Technology Center
with 43 hectares sold in 2018**



2018 Business Highlights



% THE OUTLETS AT LIPA

365 DAYS OF GREAT DEALS, GREAT FINDS

NIKE HONOLULU BALANCE REEF Sams@nite VIVO KANGAROO BARLEY BIRCHBOX
Dress@one 4eatfirst TRIPPETS Optique Outlet CrossFit
LINCOLN BANK METROBANK SECURITY BANK BDO 2GO LDC
FLAVORS cafe delipon DRESS@ONE LSCORP LSCORP Pure Clean
gilgan's
adidas PLANET SPORTS H&M Korean Lounge Rivero Clinic
H&M LEVI'S
AND MANY MORE

[f](#) [t](#) theoutletsatlipa www.outletsatlipa.com.ph

Opened The Outlets at Lipa, the country's largest outlet mall and AboitizLand's first commercial project in Luzon



Synergy



Harnessed synergies with AboitizPower, Aboitiz Construction and Aboitiz InfraCapital



25 Years of Creating Better Lives

AboitizLand

65,666 +
Workers

Industrial

23,000
Vecinos

Residential

60,475
Footfall

Commercial

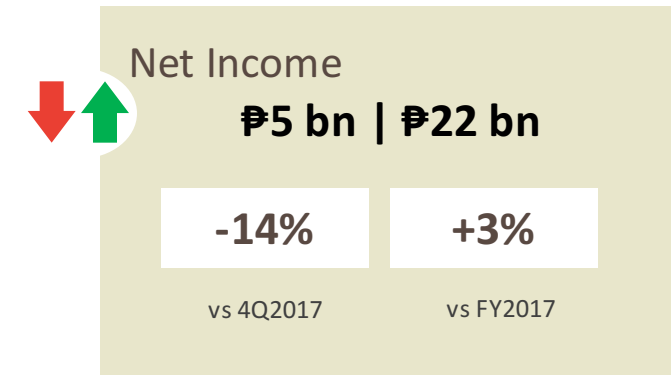
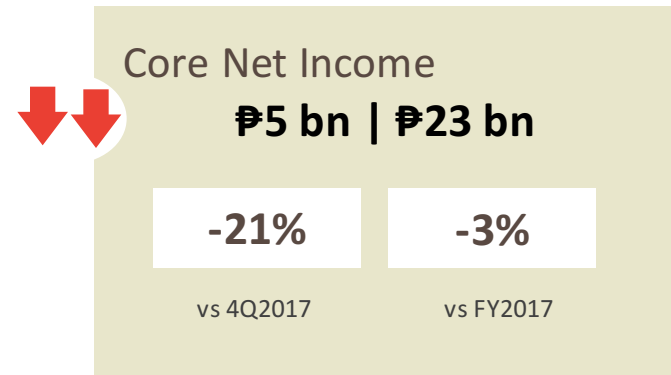
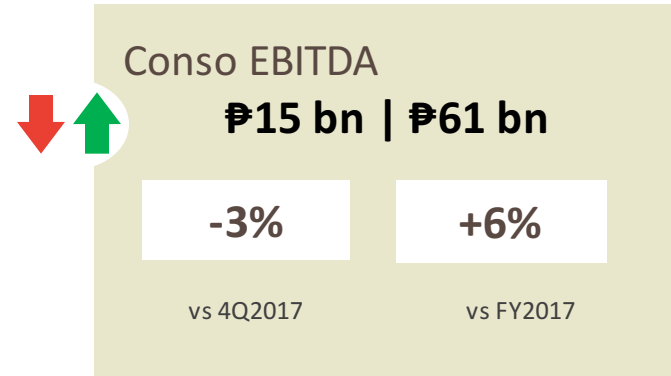
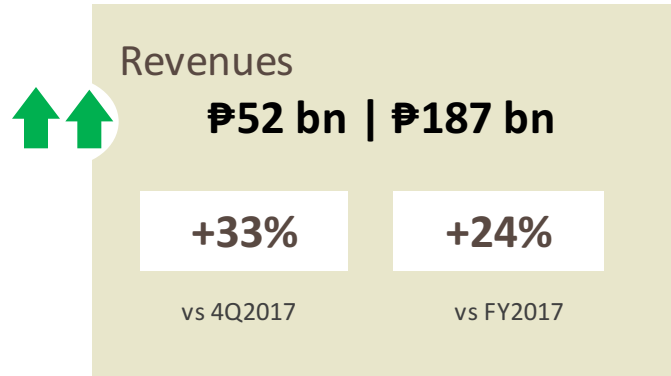


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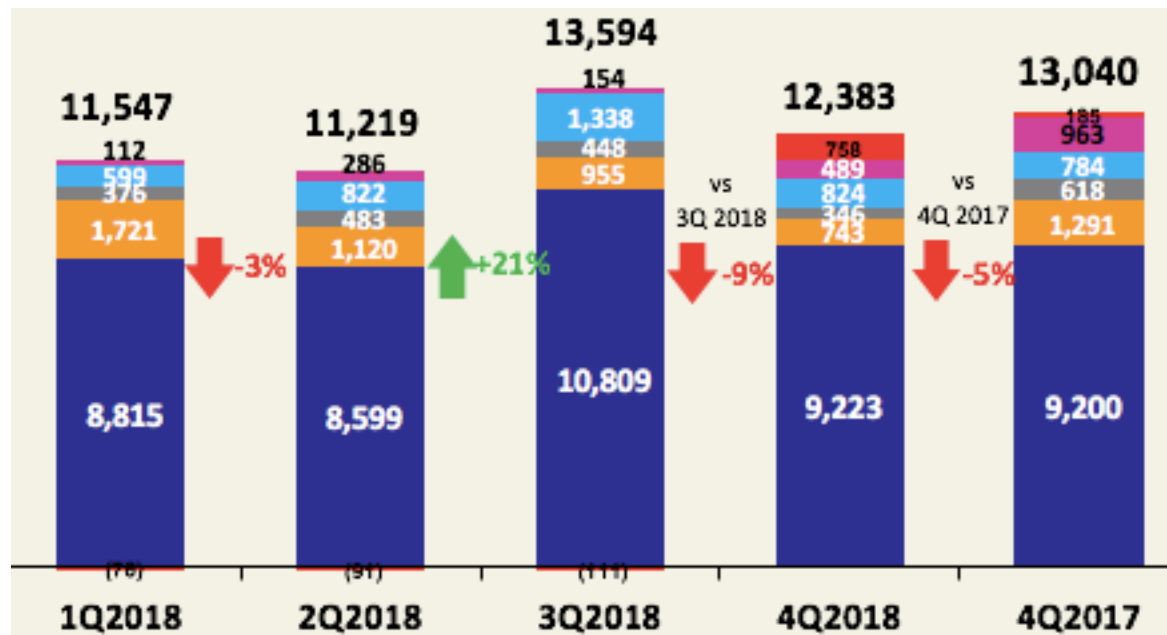
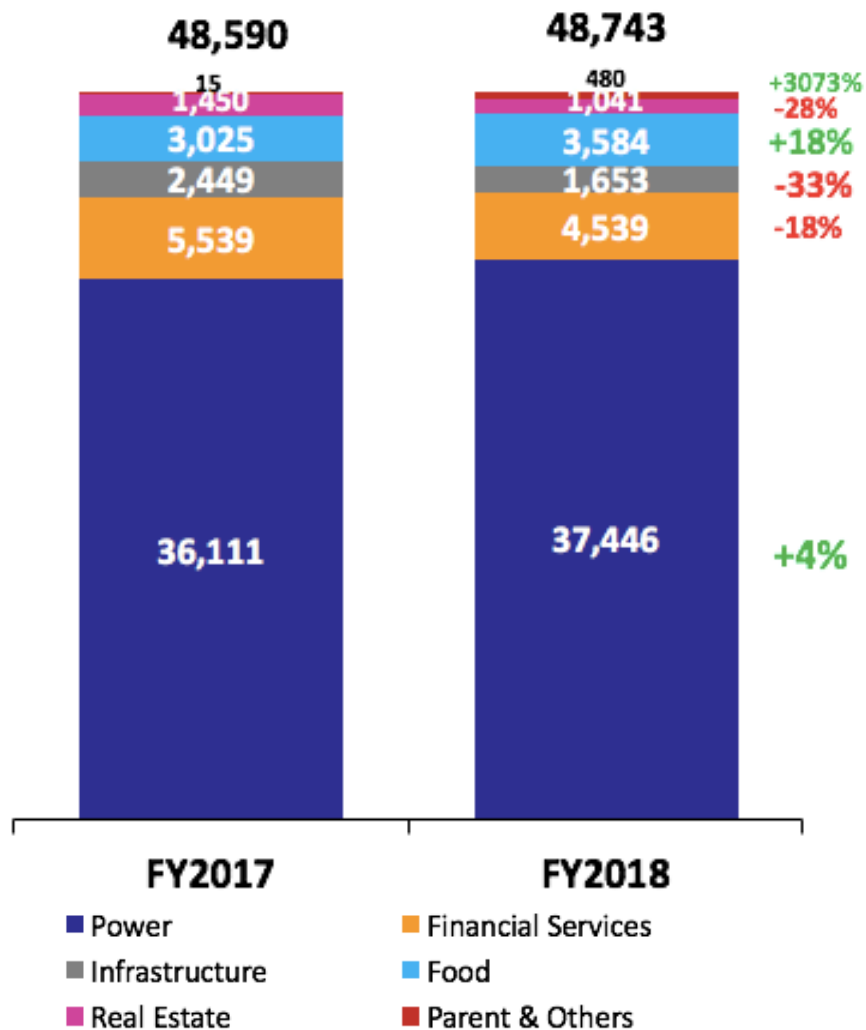
FY 2018 Financial Performance





FY 2018 Beneficial EBITDA

(in Php mn)



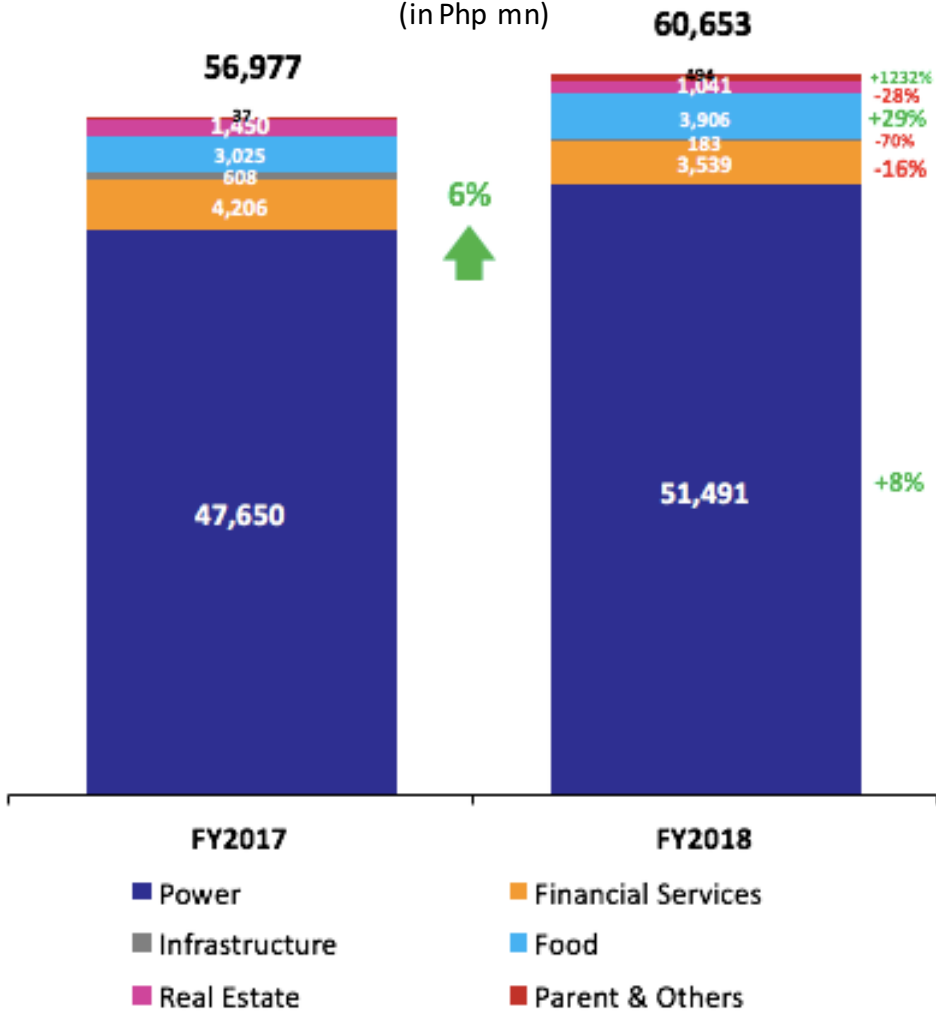
flat vs FY 2017 due to...

- +3% from power group driven by fresh contributions of PEC and HBI, and strong growth from Distribution units
- +1% from food driven by fresh contributions of Gold Coin
- -2% from banking on lower CSB loans
- -2% from infrastructure on higher production costs



FY 2018 Consolidated EBITDA

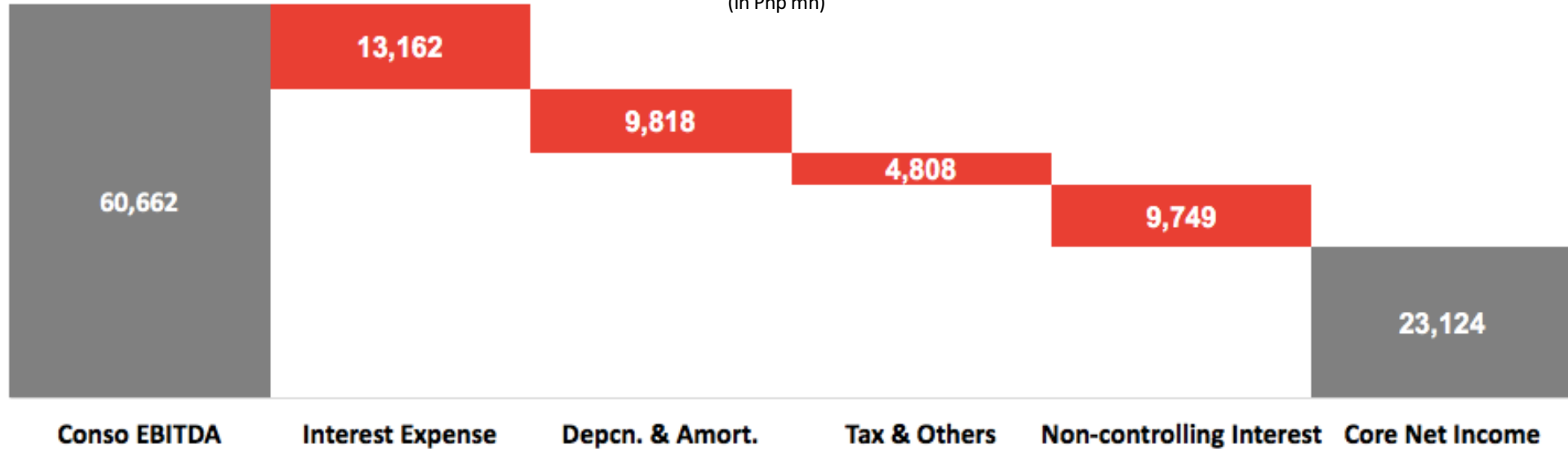
(in Php mn)





FY 2018 Core Net Income

(in Php mn)

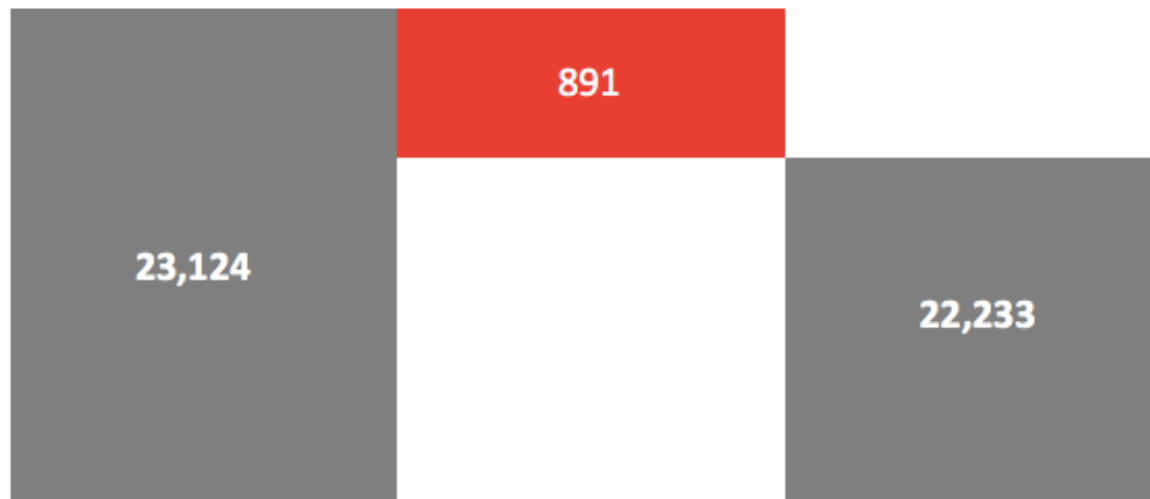


	FY2017	FY2018	Change
Conso EBITDA	56,977	60,653	6%
Less: Interest Expense	11,742	13,162	12%
Depcn. & Amort.	8,456	9,818	16%
Tax & Others	4,521	4,799	6%
Non-controlling Interest	8,347	9,749	17%
Core Net Income	23,912	23,124	-3%
<i>EPS</i>	<i>4.24</i>	<i>4.10</i>	



FY 2018 Net Income

(in Php mn)



Core Net Income **Non-recurring Income/(Loss)** **Net Income**

	FY2017	FY2018	Change
Core Net Income	23,912	23,124	-3%
Non-recurring losses	(2,303)	(891)	61%
Net Income	21,609	22,233	3%
<i>EPS</i>	3.84	3.95	

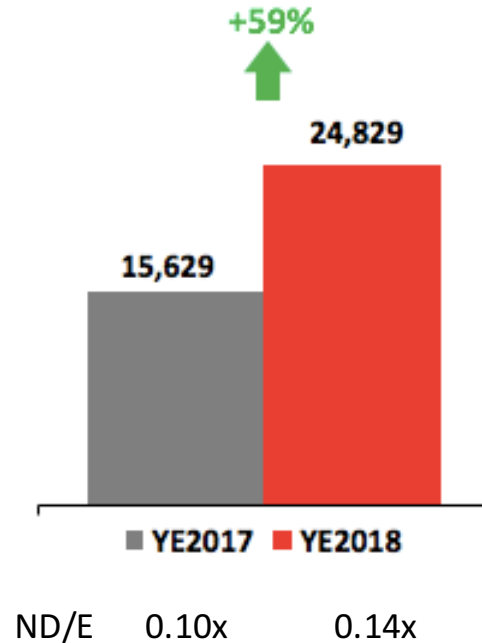
FX rate as of 31 Dec 2018: 52.58 vs 49.93 in 2017



Balance Sheet Highlights

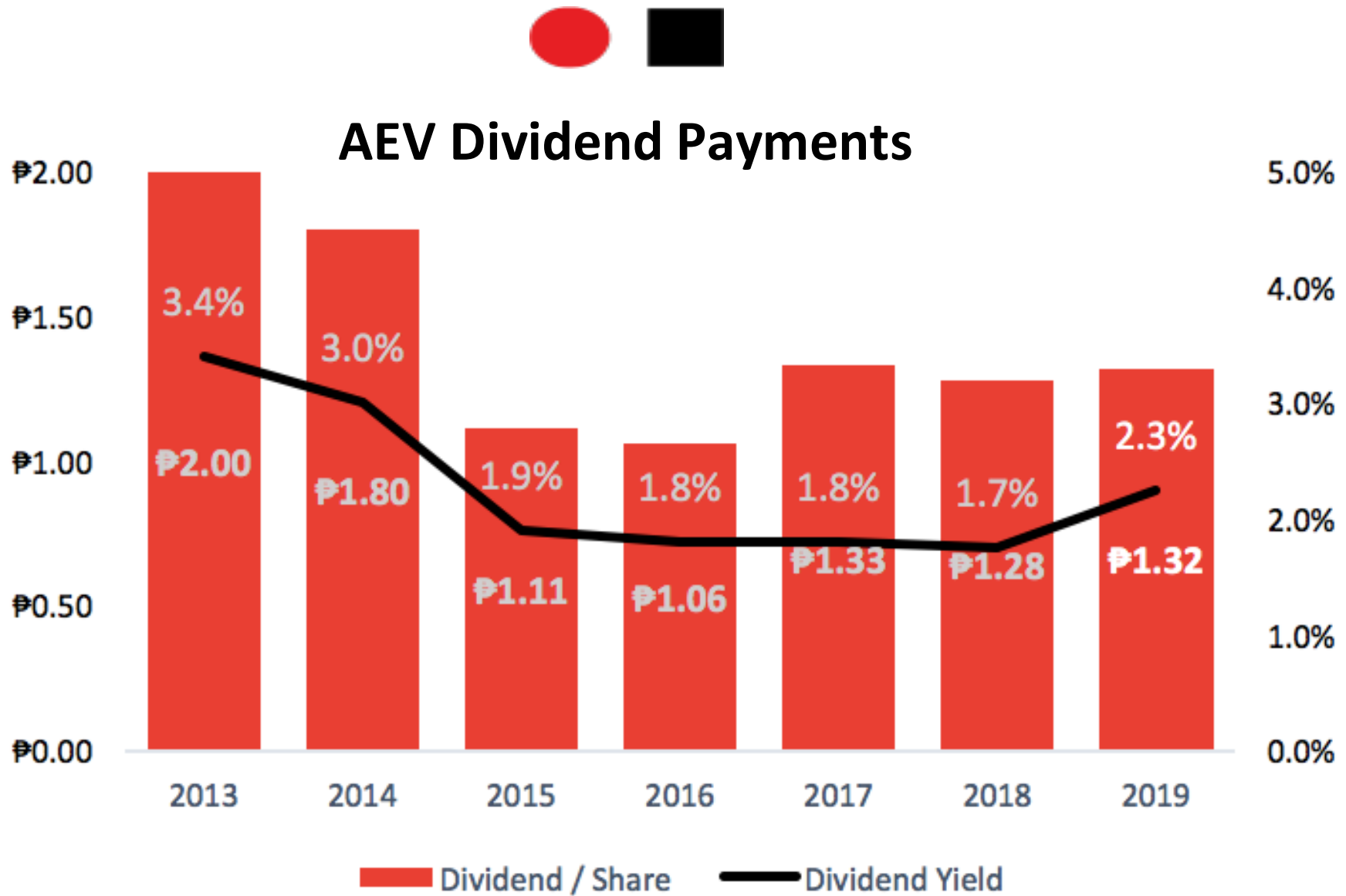
(in Php mn, except ratios)

Parent Net Debt



Consolidated Balance Sheet/Key Ratios

	YE2017	YE2018
Cash and Cash Equivalents	64,870	59,033
Total Assets	492,244	554,588
Total Liabilities	299,661	337,325
Total Equity	192,584	217,264
Equity Attributable to Parent	155,011	174,705
Book Value Per Share	27.51	31.02
Current Ratio	1.6x	1.8x
Debt to Equity	1.6x	1.6x
Net Debt to Equity	1.0x	1.0x

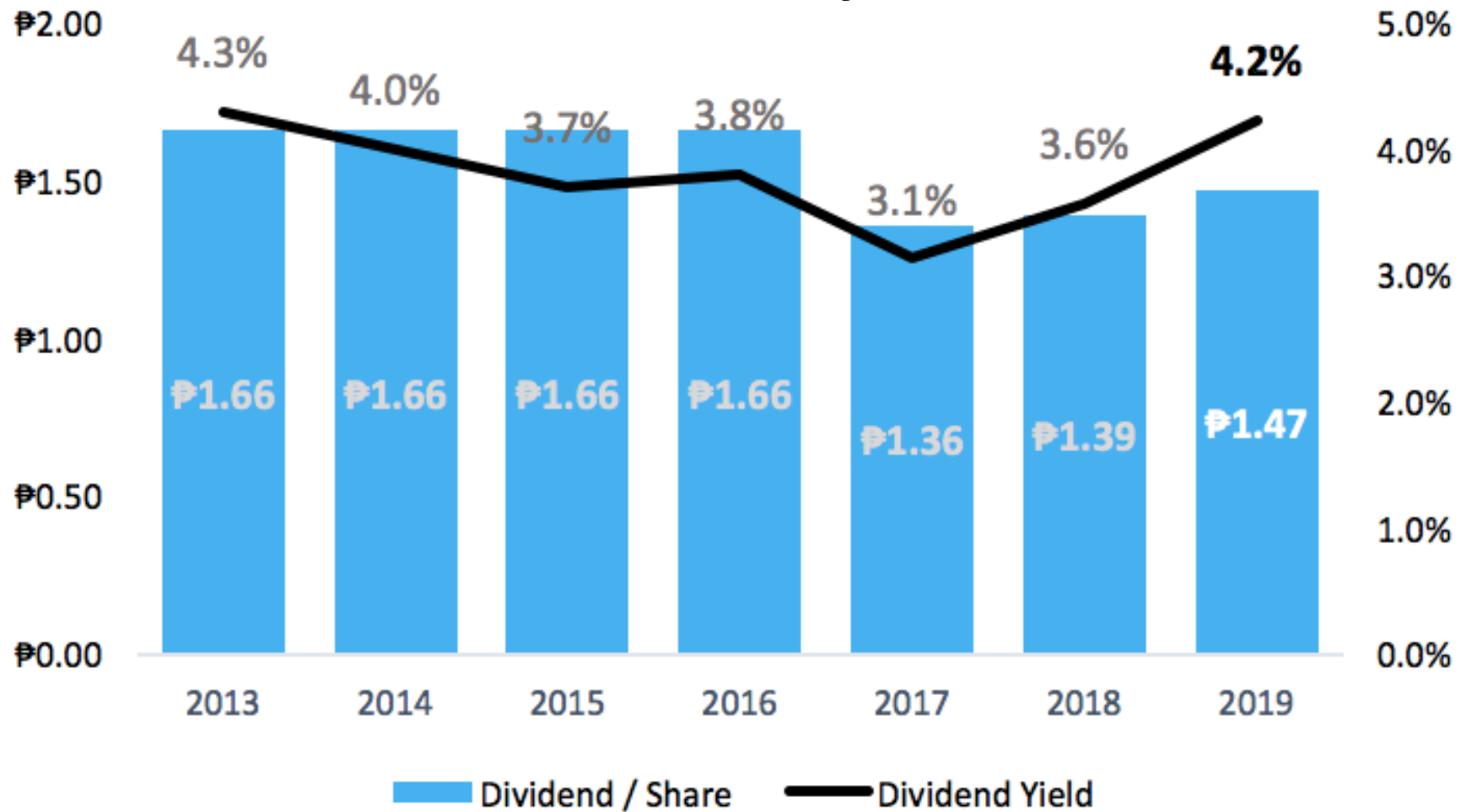


Payout Ratio: 1/3 of previous year's consolidated net income

2019 Dividend Yield: Computed based on March 07, 2019 closing price



AP Dividend Payments

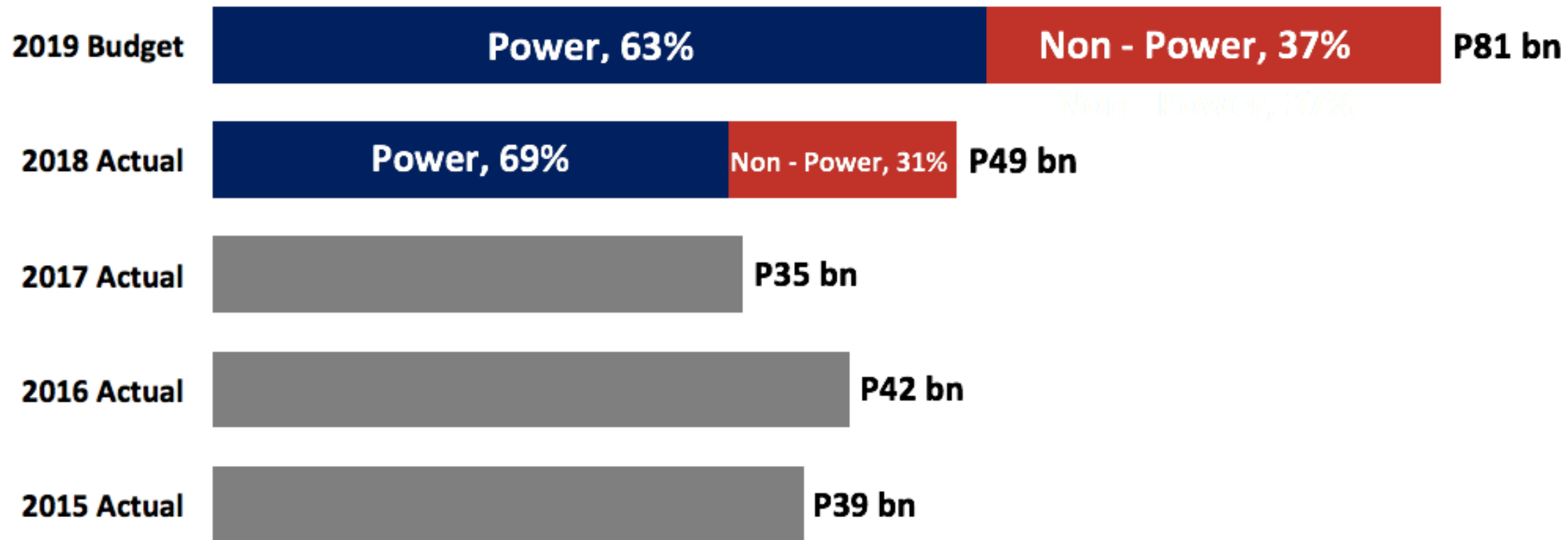


Payout Ratio: 1/2 of previous year's consolidated net income

2019 Dividend Yield: Computed based on March 07, 2019 closing price



AEV Group Capital Expenditure (with partners)





Capital Raising Activities for 2019





Review of Business Units

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



Thank you!

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